Corporate governance report
1. The board of directors

1.1 Composition of the board of directors (as of December 31, 2019)

The board of directors shall have at least three and up to eighteen members, all of whom must be natural persons elected by the shareholders at the Shareholders’ Meeting. However, in case of death or resignation of a member, the board may co-opt a new member. This appointment is then subject to ratification at the next Shareholders’ Meeting.

Throughout their term, pursuant to the internal regulations, each director must hold at least 1,000 Schneider Electric SE shares.

Directors are appointed for four-year terms (renewable). However, from the age of 70, directors are re-elected or appointed for a period of two years. No more than one-third of the directors may be 70 years old or over.

As of December 31, 2019, the board of directors counted 12 directors.

Overview of the composition of the board of directors

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Chairman and Chief Executive Officer – Director

Jean-Pascal Tricoire 56 M – 2013 6 2021

Vice-chairman independent lead director

Léo Apotheker 66 M 1 2008 11 2020 ● ●

Director

Cécile Cabanis 48 F 2 2016 3 2020 ●
Fred Kindle 60 M 2 2016 3 2020 ● ●
Willy Kissling 75 M – 2001 18 2020 ● ● ●
Linda Knoll 59 F 1 2014 5 2022 ● ●
Fleur Pellerin 46 F 2 2018 1 2022 ● ● ●
Anders Runevad 59 M 1 2018 1 2022 ● ●
Gregory Spierkel 62 M 2 2015 4 2023 ● ● ●
Lip-Bu Tan 60 M 2 2019 – 2023 ● ●

Director representing employee shareholders

Xiaoyun Ma 56 F 2017 2 2021 ● ●

Director representing employees

Patrick Montier 63 M – 2017 2 2021 ●

* To the exclusion of Schneider Electric SE directorship.
** As a director or member of the supervisory board (if any, the period of presence at the board as a non-voting member is not taken into account).
Average age of directors

59

Women directors*

36%

Independent directors**

8
(80%)

* Director representing employees excluded.

** Director representing employee shareholders and director representing employees excluded.
1. The board of directors

List of directorships and other functions of directors as of December 31, 2019

Mr. Jean-Pascal Tricoire
Chairman of the board of directors and Chief Executive Officer

Age: 56 years
Nationality: French
Business address: Schneider Electric 35, rue Joseph Monier, 92500 Rueil-Malmaison, France

Experience and qualifications
After graduating from ESEO Angers and obtaining a MBA from EM Lyon, Jean-Pascal Tricoire spent his early career with Alcatel, Schlumberger and Saint-Gobain and joined the Schneider Electric Group (Merlin Gerin) in 1986. From 1988 to 1999 he occupied operational functions within Schneider Electric abroad, in Italy (five years), China (five years) and South Africa (1 year). He held corporate positions from 1999 to 2001: Director in charge of Strategic Global Accounts and the "Schneider 2000 +" strategic plan. From January 2002 to the end of 2003, he was Executive Vice-President of Schneider Electric's International Division. In October 2003, he was appointed Deputy CEO, before becoming Chairman of the management board of Schneider Electric SA on May 3, 2006. On April 25, 2013, following the change in mode of governance of the Company, he was appointed Chairman and CEO then re-elected on April 25, 2017.

Term of office
First appointed: 2013/Term ends: 2021

Current directorships
Chairman and CEO of Schneider Electric SE, Chairman and director of the board of directors of Schneider Electric Industries SAS, Director of Delixi Electric Ltd, Director of the board of directors of Schneider Electric Asia Pacific Ltd, Chairman of the board of directors of Schneider Electric Holdings Inc.

Current external appointments
Other directorships or functions:
Vice-chairman of the France-China Committee, Director of the board of the United Nations Global Compact (USA), Co-founder and director of the Alliance for Societas Europaea Promotion (Belgium), Member of the board of Trustees of Northeastern University (USA).

Previous directorships
Chairman of the Supervisory board of Signavio GmbH (Germany) (2019), Director (2019) and Chairman of the board of KMD A.S. (Denmark), Manager of "Efficiency Capital" fund, Member of the supervisory board of Steria.

Committee memberships
Chairperson of the Governance and remunerations committee and member of the Digital committee.

Honorary Chairman: Mr. Didier Pineau-Valenciennes

Mr. Léo Apotheker*
Vice-Chairman independent lead director

Age: 66 years
Nationality: French/German
Business address: Flat A, 15 Eaton Square, London SW1W 9DD, England

Experience and qualifications
Léo Apotheker began his career in 1978 in management control after graduating with a degree in international relations and economics from the Hebrew University in Jerusalem. He then held management and executive responsibilities in several firms specializing in information systems including SAP France & Belgium, where he was Chairman and CEO between 1988 and 1991. Mr. Apotheker was founding Chairman and CEO of ESoft. In 1995, he returned to SAP as Chairman of SAP France. After various appointments within SAP as regional director, in 2002 he was appointed as a member of the Executive Committee and Chairman of Customer Solutions & Operations, then in 2007 as Chairman CSO and Deputy CEO of SAP AG and in 2008 CEO of SAP AG. In 2010, he became CEO and Chairman of Hewlett-Packard, a position he held until the fall of 2011. Voting member of the Schneider Electric SA, now Schneider Electric SE, board since 2008, Léo Apotheker was appointed Vice-Chairman independent lead director in May 2014.

Term of office
First appointed: 2008/Term ends: 2020

Current directorships
Vice-Chairman independent lead director of Schneider Electric SE.

Current external appointments
Other directorships or functions at listed companies:
Director of NICE-Systems Ltd (Israel).

Other directorships or functions:
Chairman of the board of directors of Unit 4 NV (the Netherlands), Chairman of Syncron International AB (Sweden), Director of P2 Energy Solutions (USA), Taulia (USA), MercuryGate (USA).

Previous directorships and functions held in the past five years:
Chairman of the Supervisory board of Signavio GmbH (Germany) (2019), Director (2019) and Chairman of the board of KMD A.S. (Denmark), Manager of "Efficiency Capital" fund, Member of the supervisory board of Steria.

Note: bold indicates the names of companies whose securities are listed on a regulated market.
(1) Held directly or through the FCPE.
* An independent director within the meaning of the AFEP-MEDEF corporate governance Code.
Ms. Cécile Cabanis*
Director of Schneider Electric SE

Age: 48 years
Nationality: French
Business address: Danone, 17 boulevard Haussmann, 75009 Paris, France
1,000 Schneider Electric SE shares

Experience and qualifications
Engineer graduated from Agro Paris Grignon, Cécile Cabanis began her career in 1995 at L'Oréal in South Africa, where she worked as logistics manager and head of management control, then in France as an internal auditor. In 2000, she joined Orange as Assistant Director in the group’s Mergers-Acquisitions division. Cécile Cabanis came to Danone in 2004 as Corporate Financial Officer, then Head of Development. In 2010, she was appointed Chief Financial Officer of the Fresh Dairy Products Division. Since February 2015, she has been Danone’s Chief Financial Officer and a member of the Executive Committee. In 2017, she became the Head of Information Systems and Technologies and has been in charge of Cycles, Procurement and Sustainable Resources Development at Danone. Since 2018, she has been a member of the board of directors of Danone SA and the Chairperson of the board of directors of Livelihoods Fund SICAV SIF, a fund created to accelerate its partners’ actions in favor of the climate and the most vulnerable people.

Term of office
First appointed: 2016/Term ends: 2020

Current directorships
Director of Schneider Electric SE.

Previous directorships
Non-voting director of Schneider Electric SE (France), Director of Central Danone (Morocco), Fromagerie des Doukkala (Morocco), Danone Djoudra (Algeria), Produits Laitiers Frais Iberia (Spain), Danone SA (Spain), Compagnie Gervais Danone (France), Dan Trade (Russia), Danone Limited (United Kingdom), Danone Industria LLC (Russia), JSC Danone Russia (Russia), Danonewave (Public Benefit Corporation – USA), Member of the supervisory board of Danone Sp. z o.o (Poland), Toeca International Company B.V. (the Netherlands), Chief Executive Officer of Danone CIS Holdings B.V. (the Netherlands).

Committee memberships
Chairperson of the Audit and risks committee.

Mr. Fred Kindle*
Director of Schneider Electric SE

Age: 60 years
Nationality: Swiss
Business address: Vaistligasse 1 9490 Vaduz, Liechtenstein
40,000 Schneider Electric SE shares

Fred Kindle graduated from the Swiss Federal Institute of Technology (ETH) in Zurich and holds an MBA from Northwestern University, Evanston, USA. He began his career in the Marketing Department of Hitit AG in Liechtenstein from 1984 to 1986. From 1988 to 1992, he worked as a consultant at McKinsey & Company in New York and Zurich. He then joined Sulzer AG, Swinstead, where he held various management positions. In 1999, he was appointed Chief Executive Officer of Sulzer Industries and in 2001, he became CEO of Sulzer AG.

After joining ABB Ltd in 2004, Fred Kindle was appointed Chief Executive Officer of the ABB group, a position which he held until 2008. He then became a partner at Clayton, Dubilier & Rice LLP, a private equity fund based in London and New York. He is now an independent consultant and director at several companies.

Term of office
First appointed: 2016/Term ends: 2020

Current directorships
Director of Schneider Electric SE.

Other directorships or functions at listed companies:
Chairperson of the board of directors of VZ Holding AG (Switzerland) and Chairman of the Compensation Committee, Director of Stadler Rail AG (Switzerland) and Chairperson of the Strategy committee.

Previous directorships
Non-voting director of Schneider Electric SE; Director of ExovaPlc (United Kingdom) and member of the Appointments Committee, Partner of Clayton Dubilier & Rice LLC (USA), Chairman of the board of directors and Chairman of the Compensation Committee of Exova Group PLC (United Kingdom), Chairman of the board of directors of BCA Marketplace Plc (United Kingdom), Director of Rexel SA (France); Lead Director of VZ Holding Ltd (Switzerland), Member of the Development Committee of the Royal Academy of Engineering (London), Vice-Chairman of Zurich Insurance Group Ltd (Switzerland), member of the Governance and Appointments Committee and member of the Remuneration Committee, Chief Executive Officer of Kinon AG (Switzerland). Chairperson of the Investment committee and member of the Audit and risks committee and of the Governance and remunerations committee.

Note: bold indicates the names of companies whose securities are listed on a regulated market.
* An independent director within the meaning of the AFEP-MEDEF corporate governance Code.
1. The board of directors

Mr. Willy R. Kissling
Director of Schneider Electric SE

Age: 75 years
Nationality: Swiss
Business address: Poststrasse n° 4 BP 8808 Pfäffikon, Switzerland
1,600 Schneider Electric SE shares

Experience and qualifications
Willy R. Kissling, a Swiss citizen, is a graduate from the Universities of Bern (Dr. Rer.pol) and Harvard (P.M.D). He has extensive experience and recognized expertise in both CEO and director positions in multinational companies based in Switzerland, and particularly in the following fields: construction and energy management technologies (acquired as CEO of the former Landis&Gyr Ltd), information technology and vacuum processing (acquired as Chairman of Oerlikon Bührle Ltd, which became OC Oerlikon Ltd), construction materials (Holcim Ltd. renamed LafargeHolcim Ltd., Cement, Forbo Ltd Floring, Rigips GmbH, Gypsum), packaging (Chairman of SIG Ltd) and logistics (acquired at Kühne&Nagel Ltd). Willy R. Kissling has also been a member on various supervisory boards including those of Pratt & Whitney and Booz Allen Hamilton.

He began his career at Amiantus Corporation and then joined Rigips, a plasterboard manufacturer, in 1978. He was appointed to the Rigips executive committee in 1981 and subsequently became CEO. From 1987 to 1996, Mr. Willy Kissling served as CEO of Landis&Gyr Corporation, a provider of services, systems and equipment for energy management, building control and payment systems for payphone operators. From 1998 to 2005 he was executive chairman of Oerlikon Bührle Holding AG (renamed OC Oerlikon Corp.).

Term of office
First appointed: 2001/Term ends: 2020

Current directorships
Director of Schneider Electric SE.

Current external appointments

Previous directorships

Committee memberships
Member of the Audit and risks committee, of the Governance and remunerations committee and of the Human Resources and CSR committee.

Note: bold indicates the names of companies whose securities are listed on a regulated market.

Ms. Linda Knoll*
Director of Schneider Electric SE

Age: 59 years
Nationality: American
Business address: Fiat Chrysler Automobiles, 1000 Chrysler Drive, CIMS # 485-05-97 Auburn Hills, Michigan 48326, United States
1,000 Schneider Electric SE shares

Experience and qualifications
Linda Knoll holds a Bachelor of Science Degree in Business Administration from Central Michigan University. After a career in the land systems division of General Dynamics, Ms. Knoll joined CNH Industrial in 1994 (Case Corporation at the time). She held various positions there, culminating in her appointment to multiple senior management positions.

In 1999, Ms. Knoll became Vice-President and General Manager of the Group’s Crop Production Global Product Line. From 2003 to 2005, she was Vice-President for North America Agricultural Industrial Operations. She then served as Vice-President for Worldwide Agricultural Manufacturing until 2007, managing 20 plants in ten countries, before being appointed Executive Vice-President for Development of Agricultural Products. From 2007 to 2011, she represented CNH as a board member for the National Association of Manufacturers. Ms. Knoll was appointed CHRO in CNH Industrial and Fiat Chrysler Automobiles in 2007 and 2011 respectively. In January 2019, Ms. Knoll stepped down from her CHRO position in CNH Industrial, dedicating her focus to Fiat Chrysler Automobiles.

Term of office
First appointed: 2014/Term ends: 2022

Current directorships
Director of Schneider Electric SE.

Current external appointments
Other directorships or functions at listed companies:
Chief Human Resources Officer and member of the Group Executive Council of Fiat Chrysler Automobiles N.V. (the Netherlands).

Previous directorships or functions held in the past five years:
Chief Human Resources Officer and member of the Group Executive Council of CNH Industrial N.V. (the Netherlands) (January 2019).

Committee memberships
Chairperson of the Human Resources and CSR committee and member of the Governance and remunerations committee.

* An independent director within the meaning of the AFEP-MEDEF corporate governance Code.
Ms. Xiaoyun Ma
Director of Schneider Electric SE

Age: 56 years
Nationality: Chinese
Business address: 8F, Schneider Electric Building, No. 6, East Wangjing Rd. Chaoyang District Beijing 100102, China
11,369 (1) Schneider Electric SE shares

Experience and qualifications
Graduated from top Chinese universities and holding China Certificate of Public Accountant, Ms. Xiaoyun Ma started her career as a finance professional at an audit firm (PWC). She joined Schneider Electric in 1997 as the controller of Schneider (Beijing) Medium Voltage Co., Ltd. in Beijing China. Since then, she has worked in many different controller and CFO positions, covering manufacturing, supply chain and front office, in the China and Asia Pacific zone, while getting an MBA from New York City University in 2004. She is currently the CFO for Schneider’s China Operations, in charge of China daily finance operations, organization simplification and internal digital transformation. She has also been a director of about 40 Chinese companies and Asia Pacific entities within the Group in the past ten years.

Term of office
First appointed: 2017/Term ends: 2021

Current directorships
Director of Schneider Electric SE.

Current external appointments
Other directorships or functions within Schneider Electric Group:
- Director of Full Excel (Hong Kong) Limited (Hong Kong), Schneider Electric (China) Co., Ltd., Tianjin Merlin Gerin Co., Ltd., Schneider Shanghai Power Distribution Electrical Apparatus Co., Ltd., Schneider Shanghai Low Voltage Terminal Apparatus Co., Ltd., Schneider Shanghai Industrial Control Co., Ltd., Schneider Busway (Guangzhou) Ltd., Schneider (Beijing) Medium Voltage Co., Ltd., Schneider (Beijing) Medium and Low Voltage Co., Ltd., Schneider Merlin Gerin Low Voltage (Tianjin) Co., Ltd., Schneider Shanghai Apparatus Parts Manufacturing Co., Ltd., Schneider Great Wall Engineering (Beijing) Co., Ltd., Schneider Wingoal (Tianjin) Electric Equipment Co., Ltd., Shanghai ASCO Electric Technology Co., Ltd. (formerly known as Schneider Automation Solutions (Shanghai) Co., Ltd.), Schneider (Shanghai) Baoguang Electric Apparatus Co., Ltd., Clipsal Manufacturing (Huizhou) Co., Ltd., Schneider Electric Power Automation Co., Ltd., Schneider Switchgear (Suzhou) Co., Ltd., Schneider Smart Technology Co., Ltd., Tianjin Wingoal Electric Equipment Co., Ltd. (formerly known as Wingoal Nirvana (Suzhou) Low Voltage Electric Equipment Co., Ltd.), Schneider South China Smart Technology (Guangdong) Co. Ltd. (China); Supervisor of Zircon Investment (Shanghai) Co., Ltd. (China); Executive director of Beijing Leader Harvest Energy Efficiency Investment Co., Ltd. (China).

Other directorships or functions outside Schneider Electric Group:
- Vice-Chairman of the board of directors of Sunten Electric Equipment Co., Ltd. (China).

Previous directorships

Committee memberships
Member of the Human Resources and CSR committee and of the Investment committee.

Note: **bold** indicates the names of companies whose securities are listed on a regulated market.
(1) Held directly or through the FCPE.
1. The board of directors

Mr. Patrick Montier
Director of Schneider Electric SE

Age: 63 years  
Nationality: French  
Business address: ZAC de la Chantrerie, Route de Gachet,  
BP 80701, 44307 Nantes Cedex 3, France

4,124(1) Schneider Electric SE shares

Experience and qualifications
Graduated from the Institute of Business Administration of the University of Nantes (France), Patrick Montier began his career at Schneider Electric in 1978 as a Business Engineer of the applications and systems department. In 1986, he joined France Country organization and contributed to the development of business activities in the instrumentation and automation fields and in regional marketing as project manager for launching new offers. In 1999, he was appointed regional executive of the France Training Institute in charge of relations with educational institutions (universities, engineering schools, academies). Since 2010, he has been in charge of partnerships with organizations imparting vocational training. Meanwhile, in 2003 he joined the trade union Force Ouvrière and became its Group deputy coordinator in 2010 until the end of January 2017.

In September 2017, he was designated director representing the employees of Schneider Electric SE. Over 2018 and 2019, he followed the training conducted jointly by SciencesPo and the French Institute of Directors (“Institut Français des Administrateurs”-IFA) and he successfully obtained the “Director of Companies” certificate.

Term of office
First appointed: 2017/Term ends: 2021

Current directorships
Director of Schneider Electric SE

Committee memberships
Member of the Investment committee.

Ms. Fleur Pellerin*
Director of Schneider Electric SE

Age: 46 years  
Nationality: French  
Business address: Korelya Capital, 87 rue Réaumur,  
75002 Paris, France

1,000 Schneider Electric SE shares

Experience and qualifications
Ms. Fleur Pellerin graduated from the Ecole Supérieure des Sciences Economiques et Commerciales (ESSEC), the Paris Institut d’Etudes Politiques (IEP-Sciences-Po), and the Ecole Nationale d’Administration (ENA).

She became a magistrate at the Court of Auditors in the early 2000s. In addition, she worked for the United Nations as an external auditor. In 2007, she joined “Club XXIe Siècle”, a not-for-profit association dedicated to diversity and equal opportunities, and served as its president between 2010 and 2012. She took over as French Minister for SMEs, Innovation and Digital Economy in 2012 where she launched a program for the development of French startups referred to as "French Tech". In April 2014 she was appointed Secretary of State for Foreign Trade, Tourism Development and French people residing abroad, a position that she held till August 2014. Additionally, Fleur Pellerin is a lecturer at the ENA and was a Director of the Public Sénat channel from 2011-2012. In 2016 she left politics and founded Korelya Capital, an investment fund with €200 million in funding which promotes and supports investments in technology start-ups in France and in Europe.

Term of office
First appointed: 2018/Term ends: 2022

Current directorships
Director of Schneider Electric SE

Committee memberships
Member of the Investment committee.

Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

* An independent director within the meaning of the AFEP-MEDEF corporate governance Code.

(1) Held directly or through the FCPE.
Mr. Anders Runevad*
Director of Schneider Electric SE

Age: 60 years
Nationality: Swedish
Business address: Vestas Wind Systems A/S, Hedeager 42, 6200 Aarhus N, Denmark
1,000 Schneider Electric SE shares

Experience and qualifications

Anders Runevad holds a Master of Science Degree in Electrical Engineering from the University of Lund (Sweden), where he also studied business and economy.

He joined Ericsson in 1984 as a Design Engineer before assuming roles in R&D, Product Management, Marketing and Sales in Sweden and abroad (Singapore and the US). He then held various management positions at Ericsson in different countries (Sweden, Singapore, US, Brazil and UK). In 1998 he was appointed President Ericsson Singapore. From 2000 to 2004 he served as Vice President Sales and Marketing, Ericsson Mobile Communications AB. In 2004 he was appointed President of Ericsson Brazil, where he was responsible for Ericsson’s overall telecommunications infrastructure and service business. From 2007 until 2010 he served as Executive Vice-President, and director of the board at Sony Ericsson Mobile Communications AB. He then became President of Western & Central Europe at Telefonaktiebolaget LM Ericsson (public company) in 2010. In 2013, he left Ericsson to join Vestas Wind Systems A/S as Chief Executive Officer and Group President, a position from which he stepped down on August 1, 2019. Since then, he serves as a senior advisor of the current Chairman and CEO of Vestas Wind Systems A/S. He also serves as a Director of Nilfisk Holding A/S (former division of NKT A/S).

Current directorships

Director of Schneider Electric SE.

Current external appointments

Other directorships or functions at listed companies:
- Director of Nilfisk Holding A/S (Denmark).

Other directorships or functions:
- Chairman of the Board of MHI Vestas Offshore Wind (Denmark).

Previous directorships

Previous directorships and functions held in the past five years:
- President & CEO of Vestas Wind Systems A/S (Denmark) (August 2019).
- Positions of trust (2019): Member of the General Council of the Confederation of Danish Industry; Member of the Industrial Policy Committee of the Confederation of Danish Industry; Director of NKT A/S (Denmark) (2018).

Committee memberships

Member of the Human Resources and CSR committee and of the Investment committee.

Mr. Gregory Spierkel*
Director of Schneider Electric SE

Age: 62 years
Nationality: Canadian
Business address: 325 Weymouth Place, Newport Beach, California, United States
1,000 Schneider Electric SE shares

Mr. Spierkel holds a Bachelor’s degree in Commerce from Carleton University (Ottawa) and a Master’s Degree in Business Administration from Georgetown University. He also attended the Advanced Manufacturing program at INSEAD.

Mr. Spierkel began his career working for Bell Canada in sales and product development, followed by a period with Nortel Inc. in market research. For four years, he served as Managing Director of Mitel Telecom with responsibilities over Europe and Asia. He then spent five years at Mitel Corp. where he served as President of North America and President of Global Sales and Marketing. In August 1997, he joined Ingram Micro as a Senior Vice-President Asia-Pacific. In June 1999, he was appointed as Executive Vice-president and President of Ingram Micro Europe. He was promoted to President of the Ingram Micro Inc. group in 2004, before assuming the role of CEO of Ingram Micro Inc. in 2005. He retained this position, and his seat on the board of directors, until his departure in 2012. Since 2012, Mr. Spierkel has been providing advisory and consulting services to private equity firms with investments in the information technology sector.

Current directorships

Director of Schneider Electric SE.

Other directorships or functions at listed companies:
- Chairman of the Audit Committee and member of the Governance Committee; Director of PACCAR Inc. (USA), Chairman of the Compensation Committee and member of the Audit Committee.
- Member of McLaren Advisory Group (McLaren Technology Group) (United Kingdom), Advisor at cybersecurity firm Cylance (USA).

Previous directorships

Non-voting director of Schneider Electric SE.

Committee memberships

Chairperson of the Digital committee and member of the Governance and remunerations committee and of the Investment committee.
Mr. Lip-Bu Tan*
Director of Schneider Electric SE

Age: 60 years
Nationality: American
Business address: One California Street, Suite 1750, San Francisco, CA 94111, United States
1,000 Schneider Electric SE shares

Experience and qualifications
Lip-Bu Tan holds a Master of Science in Nuclear Engineering from the Massachusetts Institute of Technology, an MBA from the San Francisco University and a Bachelor of Science degree from the Nanyang University of Singapore.

Mr. Tan is currently CEO and board member of Cadence Design Systems, Inc., position that he has been holding since 2009 and 2004 respectively. He also serves as Chairperson of Walden International, a venture capital firm he founded in 1987. Prior to founding Walden, he was Vice-president of Chappell & Co. and held management positions at EDS Nuclear and ECHO Energy. He has been an independent member of the board of Hewlett Packard Enterprise Co. since November 2015.

Term of office
Co-optation as non-voting member: October 2018
First appointed: 2019/Term ends: 2023

Current directorships
Director of Schneider Electric SE.

Current external appointments
Other directorships or functions at listed companies:
CEO and board member of Cadence Design Systems, Inc. (USA), board member of Hewlett Packard Enterprise (USA).

Other directorships or functions:
Board member of Advanced Micro-Fabrication Equipment Inc (Shanghai), CNEX Labs, Inc. (USA), Fungible, Inc. (USA), Innovium, Inc. (USA), Komprise (USA), RF Pixels, Inc. (USA), LightBits Labs (Israel), Movandi Corporation (USA), NuVia, Inc. (USA), Cryx Vision (Israel), Proximo, Inc. (USA), Proteantechs (Israel), Rosetal System Information Ltd. (dba Localize) (Israel), Vayyar Imaging (Israel), HiDeep, Inc. (South Korea), Silicon Mits, Inc. (South Korea), SambaNova Systems, Inc. (USA), board of The Electronic System Design Alliance (ESD Alliance), Member of the board of trustees and the School of Engineering Dean’s Council at Carnegie Mellon University (CMU), Global Advisory board Member of METI Japan, Member of the board of Global Semiconductor Alliance (GSA), Member of The Business Council and Committee 100.

Previous directorships
Previous directorships and functions held in the past five years:
Board member of Habana Labs Ltd. (Israel), Tagore Technology, Inc. (USA), WekalO, LTD (Israel), Aquanta Corporation (USA) (June 2019), Semiconductor Manufacturing International Corporation (China), SINA Corporation (China), Quantenna Communications, Inc. (USA) and Ambarella Inc. (USA), non-voting member of the Board of Schneider Electric SE (France) (April 2019).

Committee memberships
Member of the Investment committee and of the Digital committee.

Note: bold indicates the names of companies whose securities are listed on a regulated market,

* An independent director within the meaning of the AFEP-MEDEF corporate governance Code.
Independent directors

Each year, as provided under the AFEP-MEDEF corporate governance Code, the board of directors, on the report of the Governance and remunerations committee, dedicates one of the points on its agenda to the qualification of its members as independent with regard to the criteria for independence set out in Article 9.5 of the Code and presented in the table below.

Criterion 1: Employee or corporate officer within the previous five years
Not to be and not to have been within the previous five years:
- an employee or executive corporate officer of the Company;
- an employee, executive corporate officer or director of a company consolidated with the Company;
- an employee, executive corporate officer or director of the Company’s parent company or a company consolidated with this parent company.

Criterion 2: Cross-directorships
Not to be an executive corporate officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive corporate officer of the Company (currently in office or having held such office within the last five years) holds a directorship.

Criterion 3: Significant business relationships
Not to be a customer, supplier, commercial banker, investment banker or consultant:
- that is significant to the Company or its group;
- or for which the Company or its group represents a significant portion of its activity.

The assessment of the significance or otherwise of the relationship with the Company or its group must be debated by the board and the quantitative and qualitative criteria that led to this evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the annual report.

Criterion 4: Family ties
Not to be related by close family ties to a corporate officer.

Criterion 5: Auditor
Not to have been an auditor of the Company within the previous five years.

Criterion 6: Period of office exceeding 12 years
Not to have been a director of the Company for more than 12 years. Loss of the status of independent director occurs on the date of the 12th anniversary.

Criterion 7: Status of non-executive corporate officer
A non-executive corporate officer cannot be considered independent if he or she receives variable compensation in cash or in the form of securities or any compensation linked to the performance of the Company or group.

Criterion 8: Status of the major shareholder
Directors representing major shareholders of the Company or its parent company may be considered independent, provided these shareholders do not take part in the control of the Company. Nevertheless, beyond a 10% threshold in capital or voting rights, the board, upon a report from the Governance and remunerations committee, should systematically review the qualification as independent in light of the Company’s shareholding structure and the existence of a potential conflict of interest.

With regard specifically to independence in terms of business relations, the board of directors noted that, due to:

(i) the nature of Schneider Electric activities and those of the companies in which members of the board of directors are employed or serve as directors;
(ii) the amounts, either unitary or global, of operations performed or that may be performed between Schneider Electric and these companies that are agreed at arm’s length and that are by no means likely to be referred to the board of directors;

the existing business relations between Schneider Electric and these companies in which the members of the board of directors are employed or serve as officers are not likely to prejudice their independence, indeed, when such operations exist, they are agreed at arm’s length and their amounts, representing less than 0.1% of the consolidated turnover of each group, are without a doubt insignificant for each party, in particular with regard to respective size of the groups concerned.

The directors have no business relations with Schneider Electric other than those approved under the regime of the regulated agreements, if any.

As of December 31, 2019, there are twelve directors, eight of whom are independent according to the definition prescribed by the AFEP-MEDEF corporate governance Code. These are Mr. Léo Apotheker, Ms. Cécile Cabanis, Mr. Fred Kindle, Ms. Linda Knoll, Ms. Fleur Pellerin, Mr. Anders Runevad, Mr. Gregory Spierkel and Mr. Lip-Bu Tan.
1. The board of directors

Mr. Jean-Pascal Tricoire, as Chief Executive Officer, Ms. Xiaoyun Ma, as employee shareholder representative, Mr. Patrick Montier as employee representative, and Mr. Willy Kissling, who has served on the board for over 12 years, are not considered to be independent directors under the AFEP-MEDEF corporate governance Code.

The AFEP-MEDEF corporate governance Code recommends that, in non-controlled companies, the board comprised at least 50% independent directors. Directors representing employee shareholders and directors representing employees are not computed in calculating this percentage. The proportion of independent directors of the Company, excluding Xiaoyun Ma, who represents employee shareholders, and Patrick Montier, who represents employees, is therefore 80%.

The following table shows the status of each director with regard to the criteria for independence set out in Article 9.5 of the AFEP-MEDEF corporate governance Code.

<table>
<thead>
<tr>
<th>Criterion(1)</th>
<th>Jean-Pascal Tricoire</th>
<th>Léo Apotheker</th>
<th>Cécile Cabanis</th>
<th>Fred Kindle</th>
<th>Willy Kissling</th>
<th>Linda Knoll</th>
<th>Xiaoyun Ma</th>
<th>Patrick Montier</th>
<th>Fleur Pellerin</th>
<th>Anders Runevad</th>
<th>Gregory Spierkel</th>
<th>Lip-Bu Tan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion 1: Employee or corporate officer within the past five years</td>
<td>✗ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
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<td>✓ ✓ ✓ ✓ ✓ ✓</td>
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</tr>
<tr>
<td>Criterion 2: Cross-directorships</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
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<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Criterion 3: Significant business relationships</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
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<tr>
<td>Criterion 4: Family ties</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
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<tr>
<td>Criterion 5: Auditor</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
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<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
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<tr>
<td>Criterion 6: Period of office exceeding 12 years</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
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</tr>
<tr>
<td>Criterion 7: Status of non-executive corporate officer</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
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<td>✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Criterion 8: Status of the major shareholder</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
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<td>✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Conclusion</td>
<td>✗ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
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<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
</tbody>
</table>

(1) In this table, ✓ signifies that a criterion for independence is satisfied and ✗ signifies that a criterion for independence is not satisfied.

Diversity policy within the board of directors

The board of directors pays due attention to its composition and that of its committees. It relies on the works of the Governance and remunerations committee which reviews regularly and proposes as often as required the relevant changes to the composition of board of directors and its committees depending on the Group’s strategy.

In that respect, in conformity with its internal regulations, the board of directors ensures through its proposals and its decisions that:

- its composition reflects the international nature of the Group’s activities and of its shareholders by having a significant number of members of non-French nationality;
- it protects the independence of the board through the competence, availability and courage of its members;
- it encourages open and unrestricted speech;
- it pursues its objective of diversifying the board in compliance with the legal principle of attaining balanced representation between men and women on the board;
- it appoints persons with the expertise required for developing and implementing the Group strategy while considering the objectives of diversity based on criteria such as age, professional skills and experiences;
- employee shareholders and employees shall continue to be represented on the board in compliance with the provisions set forth in Articles 11.3 and 11.4 of the Articles of Association; and
- it preserves the continuity of the board by changing some of its members at regular intervals, if necessary by anticipating the expiry of members’ terms of office.
Out of 12 directors and excluding the Chairman and Chief Executive Officer:

- 9 have financial or accounting skills
- 8 have industrial expertise
- 5 have digital skills
- 5 have a deep knowledge of the US market
- 4 have a deep knowledge of the Asian market
- 3 are former or current CEOs of listed companies in energy sector

Ms. Xiaoyun Ma represents the employee shareholders in accordance with the provisions of Article L. 225-23 of the French Commercial Code. She was elected at the Annual Shareholders’ Meeting upon the recommendation of the supervisory boards of the FCPEs.

Mr. Patrick Montier represents the employees in accordance with the provisions of Article L. 225-27-1 of the French Commercial Code. He was appointed by the most representative trade union organization in France in pursuance of Article 11.4 of the Articles of Association.

As of December 31, 2019:

**Directors’ nationality**
- 67% of non-French origin or nationality
- 36% are women

**Board representation by gender**
- (director representing employees excluded as per AFEP-MEDEF corporate governance Code)*
- 67% of non-French origin or nationality
- 36% are women

**Directors’ age**
- 55 years old or less (2)
- 56 to 65 years old (8)
- > 65 years old (2%)

**Board tenure**
- 1–five years (8)
- 5–12 years (2)
- > than 12 years (1)
- < or equal to 1 year (1)

* In addition, out of 5 committees, 2 are chaired by a woman: the Audit and risks committee (Ms. Cécile Cabanis) and the Human Resources and CSR committee (Ms. Linda Knoll).

Following Ms. Carolina Dybeck Happe’s resignation on November 25, 2019, the ratio fell down to 36% and would be brought back to 42% within the 6-month deadline, at the close of the Annual Shareholders’ Meeting of April 23, 2020, should Ms. Jill Lee be elected.

The last self-assessment of the board of directors conducted in September-October 2019, highlighted, concerning its composition, that Ms. Xuezheng Ma’s demise deprived the board of valuable skills and, as a consequence, it was required to diversify the digital expertise within the board and to rebuild its knowledge of Asian markets. The latter need is addressed by Ms. Jill Lee’s candidacy, presented on page 238, appointed by the board of directors of December 11, 2019 as a non-voting member starting from January 1, 2020. It also enables the board to reach again the balanced gender representation brought down to less than the legal requirement after Ms. Carolina Dybeck Happe’s resignation.

Schneider Electric is deeply committed towards diversity in general and gender diversity in particular. Schneider Electric focuses on taking proactive measures to encourage a balanced representation of men and women at the leadership level: the portion of women at the Executive committee had been increased on January 1, 2019 to 27%. For the leadership pool comprising of the Top 1,000 leaders, the female representation slightly increased (22.1%), while among NDVC (senior management), representing as much as 65,181 employees, the female representation reaches 33%.

At its meeting of December 11, 2019, the board of directors reviewed senior management’s ambitions regarding the balanced representation of men and women at the leadership level and noted that the objective in 2020 was set to at least 30% of women at the Executive committee and 35% among NDVC (senior management). To achieve these objectives and further improve gender diversity, the Group aims at attracting female talents by offering a training leadership program and dedicated mentoring, implementing an equal treatment policy and a tailored family leave policy. A focus is made on the identification of talents internally as soon as possible: hence, among the talent having competencies as VP, SVP or EVP, 36% are women.
1.2 Proposal to the Annual Shareholders’ Meeting on the composition of the board of directors

Four directors’ terms are expiring following the Annual Shareholders’ Meeting of April 23, 2020, namely those of Mr. Léo Apotheker, Ms. Cécile Cabanis, Mr. Fred Kindle and Mr. Willy Kissling.

The board of directors unanimously decided to propose at the Annual Shareholders’ Meeting of April 23, 2020:

• the renewals of Ms. Cécile Cabanis and Mr. Fred Kindle for a four-year term;
• the renewals of Mr. Léo Apotheker and Mr. Willy Kissling for respectively a three and two-year term due to the statutory provisions relating to the age of the directors;
• the appointment of Ms. Jill Lee for a four-year term.

In that respect, should the Shareholders’ Meeting approve these proposals, Ms. Jill Lee, who joined Schneider Electric SE’s board of directors as a non-voting member on January 1, 2020, will be appointed for a four-year term. She will qualify as an independent director with regard to all the criteria set by Article 9.5 of the AFEP-MEDEF corporate governance Code. Ms. Jill Lee, 56 years old, a Singaporean citizen, has been serving as the Group Chief Financial Officer of Sulzer Ltd., since April 2018. Ms. Lee began her career in finance in 1986 at AT&T and Tyco Electronics in Singapore. She pursued her career within Siemens and then ABB, mainly in China and Europe. In addition to strong financial skills, Ms. Lee brings to the board her thorough knowledge of Schneider Electric’s activities and an expert understanding of the Asian markets. Ms. Lee is an advisory board member of Nanyang Business School (Nanyang Technological University) in Singapore and a member of the supervisory board of the Dutch leading lighting company Signify Ltd. (formerly Philips Lighting).

The renewed board would comprise:

• 13 members;
• 73% of independent directors (excluding consideration of the director representing employee shareholders and the director representing the employees, in accordance with the recommendations of the AFEP-MEDEF corporate governance Code);
• a percentage of women which will rise to 42% (director representing employees excluded as per the provisions of the French Commercial Code) should Ms. Jill Lee be appointed; and
• a strong proportion of directors of non-French origin (69%) reflecting the international nature of the Group.

<table>
<thead>
<tr>
<th>Directors</th>
<th>Independent directors</th>
<th>Women directors</th>
<th>Employee directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>8</td>
<td>42%</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>(73%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Board members spread across all geographies

- North America (3)
- Europe (5)
- France (3)
- Asia (2)

Board expertise

- accounting/financial skills (10)
- industrial expertise (9)
- digital expertise (5)
- deep knowledge of NAM market (5)
- deep knowledge of Asian market (5)

Besides, out of 6 former or current CEOs of listed companies, 3 are from the energy sector and 3 from the digital industry.
2. Organizational and operating procedures of the board of directors

2. Organizational and operating procedures of the board of directors

2.1 Governance structure

The Company is a European company with a board of directors. The functions of the Chairman and the Chief Executive Officer are carried out by Mr. Jean-Pascal Tricoire, who was appointed Chairman and Chief Executive Officer on April 25, 2013 and renewed on April 25, 2017.

The performance by Mr. Tricoire of the duties of Chairman and Chief Executive Officer seems particularly appropriate to the board of directors taking into account:

- the composition of the board, which comprises 80% independent directors within the meaning of the AFEPI MEDEF corporate governance Code;
- the economic environment, which requires responsiveness through strong leadership and clarity in designating the person in charge of leading the Group. This clarification given by the use of the title of Chairman (Président) is particularly necessary vis-à-vis employees, customers and partners, in France and abroad;
- mechanisms provided for by the Articles of Association and internal regulations to ensure accurate information and effective mode of operation of the board of directors, in particular the appointment of a Vice-Chairman independent lead director and a Deputy Chief Executive Officer, the principle of proposing an executive session at each meeting of the board chaired by the Vice-Chairman independent lead director, and the creation of five board committees;
- the requirement for the board to deliberate each year on the unification of the functions of Chairman and Chief Executive Officer.

The board assessment performed in 2018 which had confirmed the findings of the one conducted in 2017 with the assistance of an external consultant, had highlighted that the combination was unanimously considered as the best mode of management considering the specific situation of Schneider Electric, the profile of Mr. Jean-Pascal Tricoire and the governance mechanisms put in place to safeguard the balance of power between the board and the management.

On April 25, 2019, given the leadership needs of the Group and the very high level of transparency maintained by Mr. Jean-Pascal Tricoire, confirmed once again by the self-assessment of 2019, the board of directors decided the continuation of the combination of the functions of Chairman and CEO, in accordance with Article 1 of its internal regulations which provides that when the board decides to unify the functions of Chairman and Chief Executive Officer, the board shall deliberate each year thereafter on this decision.

Powers and responsibilities of the Vice-Chairman independent lead director

Article 1 of the internal regulations of the board of directors defines the duties and missions of the Vice-Chairman independent lead director who is mandatorily appointed when the board decides to unify the functions of Chairman and Chief Executive Officer. As such, the Vice-Chairman:

- is informed of major events in the life of the Group within the framework of regular contacts and monthly meetings with the Chairman, as well as through contacts that he/she can have with managers of Schneider Electric and possible visits to the Group’s sites he/she can undertake. In addition, he/she can attend all meetings of committees of which he/she is not a member;
- can answer shareholders’ questions or meet them on governance issues when it is considered that he/she is the most appropriate spokesperson;
- sets the agenda for board meetings with the Chairman;
- chairs the Governance and remunerations committee which, starting from the evaluation of the functioning of the board and that of the CEO, proposes each year to the board to the continuation or separation of the unified functions of Chairman and Chief Executive Officer and, as needed, makes proposals for a successor in one or both functions;
- chairs the "executive sessions", i.e. meetings of the board of directors not in the presence of any executive member, namely the CEO and the Deputy CEO;
- reports to the Chairman on the results of the "executive sessions";
- leads the annual evaluations of the board of directors;
- informs the Chairman and CEO and the board of any conflicts of interest which could be identified or which may be reported to him/her;
- reports on his/her activities during the annual shareholders’ meeting.

The charter for the Vice-Chairman independent lead director is found on page 432. As every year, Mr. Léo Apotheker, Vice-Chairman independent lead director, reported on the missions he carried out in 2019 in line with his functions (pages 422-423).

At the close of the Annual Shareholders’ Meeting of April 23, 2020, Mr. Léo Apotheker will no longer qualify as an independent director due to his long years of service on the board under AFEP-MEDEF corporate governance Code and, as a consequence, will no longer serve as Vice-chairman independent lead director. At its meeting of February 19, 2020, the board of directors designated Mr. Fred Kindle, whose biography is provided on page 229 to become Vice-chairman independent lead director of Schneider Electric SE. In application of Article 10 of the internal regulations which prescribe that the Governance and remunerations committee shall be presided by the Vice-chairman lead director, Mr. Fred Kindle shall chair this committee of which Mr. Léo Apotheker shall remain a member.
2. Organizational and operating procedures of the board of directors

2.2 Missions and powers of the board of directors

The board of directors shall determine the strategic orientation of the Company’s business in accordance with its social interest and while considering its social and environmental aspects, and oversee implementation thereof. It shall examine any and all matters related to the efficient operation of the business and make decisions about any and all issues concerning the Company, within the limits of the corporate purpose, except for those matters which, by law, can only be decided on by the shareholders in a Shareholders’ Meeting.

Specific powers are vested in the board of directors under French law and the Company’s Articles of Association. These include the power to:

- determine the method of exercising the senior management of the Company;
- appoint executive corporate officers and also remove them from office (Chief Executive Officer and Deputy Chief Executive Officers); subject to shareholders’ control, set their compensation and the benefits granted to them as well as the compensation policy applicable to the non-executive directors;
- co-opt directors whenever necessary;
- call Annual Shareholders’ Meetings and, where applicable, of bondholders, based on the agenda it sets;
- approve the corporate and consolidated financial statements;
- draw up business reviews and reports for Annual Shareholders’ Meetings;
- draw up management planning documents and the corresponding reports;
- approve the corporate governance report as provided for in Article L.225-37 of the French Commercial Code;
- decide on the use of authorizations granted at Shareholders’ Meetings, more particularly for increasing Company capital, buying back the Company’s own shares, carrying out employee shareholding transactions and cancelling shares;
- authorize the issue of bonds;
- decide on the allocation of options or free/performance shares within the limits of authorizations given at Annual Shareholders’ Meetings;
- authorize regulated agreements (agreements covered by Article L.225-38 et seq. of the French Commercial Code);
- implement a process to regularly assess that the rules used to qualify a related party transaction as regulated agreement or not, are relevant and effective;
- authorize the issue of sureties, endorsements and guarantees; and
- decide on the dates for the payment of dividends and any possible interim dividends.

The board of directors may appoint between one and three non-voting members and decide to create board committees. It draws up internal regulations. It determines the allocation of the directors’ remuneration within the total maximum amount as was determined by the Annual Shareholders’ Meeting.

2.3 Internal regulations and procedures of the board of directors

On April 25, 2013, the board of directors adopted its own internal regulations. These were later modified on December 11, 2019 to reflect the regulatory changes which took place in 2019 (PACTE Law, Bill on corporate officers’ compensation, European regulation on the “Universal Registration Document” replacing the “Registration Document” or “Annual report”).

These internal regulations include the rules of procedure of the board committees (the Audit and risks committee, the Governance and remunerations committee, the Human Resources and CSR committee, the Investment committee and the Digital committee), and the directors’ charter as recommended by the AFEP-MEDEF corporate governance Code. The regulations are reproduced on pages 424 to 432 of this Universal Registration Document and published on the Company’s website, www.se.com. They comprise 14 articles:

Article 1 deals with the method of exercising Senior Management and the Chairmanship and Vice-Chairmanship of the board of directors. It provides that the board shall deliberate each year on the decision to unify the functions of Chairman and Chief Executive Officer and also defines the duties and missions of the Vice-Chairman independent lead director as set out on page 239 of this Universal Registration Document.

Article 2 defines the role and powers of the board of directors. It states that the board of directors shall determine Company business policies in accordance with its social interest and while considering its social and environmental aspects, and ensure that they are implemented. To enable the board to perform its missions, the Chairman or the committees must inform the board of any significant event affecting the Company’s efficient operation. In addition, any acquisitions or disposals of assets amounting to more than EUR250 million, as well as any strategic partnership agreements, must be submitted to the board for approval. In addition, the board of directors must conduct an annual review of its composition, organization and operation.

Article 3 establishes the principles which the board of directors intends to follow to ensure its renewal. These include assuring international representation by maintaining a significant number of non-French directors, maintaining independence through the skills, availability and commitment of its members, applying the principle of balanced representation of women and men on the board, enabling representation of employee shareholders and employees on the board, and ensuring continuity through the reappointment of a certain proportion of the members at regular intervals.

Article 4 organizes meetings of the board of directors. In addition to the legal rules on the convocation of the board, the modes of participation of the directors, the minutes, etc., this Article provides for a minimum of six meetings per year, the presence of the Chief Financial Officer at board meetings as well as the presence of the relevant operational managers for the major issues presented for review by the board.

Article 5 specifies how information is handled by the board of directors. In particular, it provides that the Chairman and CEO shall meet with each director individually once a year.
Article 6 defines the status of the directors. This is in compliance with the director’s charter contained in the AFEP-MEDEF corporate governance guidelines.

The charter provides that directors:

- represent all shareholders and act in the corporate interest;
- must resign from the board when they have not participated in at least half the board meetings;
- are bound by an overall obligation of confidentiality;
- have a permanent duty to ensure that their personal situation shall not give rise to a conflict of interest with the Company; the member of the board of directors having a conflict of interest, even a potential one, shall not take part in the discussions nor in the vote on the corresponding decision and shall leave the meeting of the board of directors when the decision is debated;
- may not hold more than four other directorships in listed companies outside the Group;
- hold at least 1,000 shares of Company stock;
- are bound by the compliance Code governing stock-market transactions, which provides strict rules concerning their transactions on Schneider Electric SE shares (see below); and
- attend the shareholders’ meeting.

Article 7 provides that non-voting members who attend board meetings in an advisory capacity are subject to the same code of ethics as directors.

Articles 8 to 13 apply to committees. The content of these Articles is provided in the section on committees below.

Article 14 defines the scope of the internal regulations of the board of directors.

2.4 Information and training of the board of directors and its members

To ensure that the board of directors is well informed at all times, Schneider Electric SE applies the following rules: members of the board have access, via a secure dedicated platform, in principle ten days before every board meeting, to the agenda for the meeting and to the draft minutes of the last meeting and, four to five days before, to the board’s file. The documentation includes a quarterly activities report, presentations on items scheduled on the agenda or notes and, as appropriate, draft social and consolidated financial information. A supplementary file may also be provided at the meeting.

Executive Committee members are invited, depending on the subject, to present the major issues within their areas of responsibility. Statutory Auditors attend the portion of the board’s meetings at which the statutory and interim financial statements are reviewed.

Between each meeting of the board of directors, aside from meetings that they may have with the Chairman and CEO, directors receive continuous information through periodic information letters, drafted exclusively for their attention, which keep them informed of developments in the Group, the competitive environment and developments in investor consensus and feedback. They also receive a weekly press review, all of the Company’s press releases, relevant financial analysts’ reports and other documents.

Board members also have the opportunity to meet informally with key members of Senior Management between board meetings.

Board of director dinners are also organized in order to offer more opportunities to interact with investors, customers, experts, etc. These dinners are meant to provide the board members with external views on the Group, to increase their understanding of the changes in its business environment and to gain more insight on the needs and motivations of all stakeholders.

On-boarding program of new directors

The action plan adopted by the board of directors following its external assessment conducted in 2017 provided for the formalization of a complete on-boarding program for any new director. This on-boarding program was enriched in April 2019 to help the new director get a deep understanding of the business, the challenges and priorities of Schneider Electric as well as its governance and values.

As such, new directors are offered a training and information program on the Group’s strategy and businesses designed around a common core which comprises of:

- a set of documents including, in particular, the last registration document and integrated report, the Company’s Articles of Association, the internal regulations of the board of directors, the AFEP-MEDEF corporate governance Code, the compliance Code governing stock-market transactions (see below), the minutes of the board’s and committees’ meetings for the period starting from the appointment back to the full year before, directors’ and officers’ liability master policy and the last three periodic information letters;
- the “One Organization” summary relating to the Group organization;
- working meetings with the Executive Vice-Presidents Strategy, Energy Management, Industrial Automation and North America Operations;
- a work session with the secretary of the committee(s) he/she will join;
- concerning governance and values: work session with the Vice-chairman lead independent director; the Secretary of the board of directors, as well as with the persons in charge of Compliance and Ethics and Sustainable Development;
- to know more about Schneider Electric’s shareholding structure and shareholders’ expectations, an interview with the Senior Vice-President Investors Relations;
- a training on the use of the secure dedicated platform on which all the board’s files are filed and kept;
- the designation of a mentor for any new director to facilitate his/her integration;
- as the case may be, visits to sites which are particularly illustrative of Schneider Electric’s activities.
In addition, the director representing employees, Mr. Patrick Montier, benefits from a training program compliant with legal requirements and approved by the board of directors. In this respect, Mr. Patrick Montier attended the “Certificate Director of companies” (“Certificat Administrateur de sociétés”) of Sciences Po/IFA.

In pursuance of new French regulations coming from Law n°2019-486 of May 22, 2019 relating to companies’ growth and transformation, known as FACTE Law, the director representing the employee shareholders, Ms. Xiaoyun Ma, was offered a tailored training session to address her needs.

**Compliance Code governing stock-market transactions**

Schneider Electric has adopted a compliance Code governing stock-market transactions for members of the board of directors and Group employees designed to prevent insider trading. Under these provisions, both directors and relevant employees are barred from trading in the Company shares and shares in companies for which they have information that has not yet been made public. In addition, they may not trade in Schneider Electric SE shares during the 31 days preceding the day following publication of the annual and interim financial statements, nor during the 16 days preceding the day following publication of a quarterly update, nor may they engage in any type of speculative trading involving Schneider Electric SE shares (including margin trading, purchasing and selling shares in a period of less than four months). In addition, in accordance with the AFEP/MEDEF corporate governance Code, corporate officers also undertake not to enter into hedges of shares resulting from exercise of options and of performance shares they are required to hold (see page 401). These restrictions supplement the prohibition against hedging unvested stock options and performance shares during their vesting period.

The compliance Code governing stock-market transactions was revised when the European “Market Abuse Regulation” No. 2014/596 of April 16, 2014 entered into force, and subsequently updated in December 2018. The Regulation obliges companies to draw up insider lists, and market operators to put in place mechanisms aimed at preventing and detecting suspicious transactions, enabling them to report to the Autorité des Marchés Financiers those that seem to them to constitute insider dealing.

### 2.5 Self-assessment of the board of directors

Pursuant to its internal regulations, Schneider Electric SE’s Board of directors annually reviews its composition, organization and operations, as well as those of its committees. This yearly assessment is carried out through a written questionnaire sent to Board members or an interview with the Board member. The evaluation is conducted under the leadership of the Vice-Chairman independent lead director by the secretary of the board of directors.

In addition, as per the AFEP-MEDEF corporate governance Code, the board of directors shall undertake at least once every three years a formal self-assessment, which may be conducted with the assistance of an external consultant.

The last formal self-assessment was conducted in 2017 with the support of an independent consultancy firm consisting in thorough individual interviews with each director on the basis of a detailed questionnaire covering governance in all its dimensions. The conclusion of the self-assessment was a unanimous very positive opinion on the composition and the mode of operation of the board of directors and its committees. The directors highlighted the robustness of governance thanks to a management that is “open and transparent”, a Vice-chairman independent lead director committed in its liaison role between the Chairman and the directors, and a board of directors that is dedicated and efficient, the combination ensuring a very satisfactory balance of powers. This formal assessment suggested other improvements and was duly followed by the approval, by the board of directors, of an Action Plan followed by the corresponding changes of its internal regulations and the composition of its committees.

In 2018, the internal assessment, carried out in the form of an anonymous online survey, had confirmed the positive conclusions of the 2017 in-depth assessment and, in a continuous way of improvement, lead to the adoption by the board of directors, upon recommendations by the Governance and remunerations committee, on October 24, 2018 of a new Action Plan. This Action Plan prescribed in particular to engage in further discussion on succession planning of top management, to devote an item to risks analysis and governance under the leadership of the Audit and risks committee, to dedicate time to industry trends and key battles, to resume rotating regional reviews and to arrange for factory visits, on an on-going basis. The adoption of this Action Plan was followed by the required changes in the internal regulations on December 12, 2018 and the inclusion in the board and committees’ agenda of all the above-mentioned topics, including the visit of the Vaudreuil factory in July 2019.

In 2019, the internal assessment was carried out again in the form of an anonymous online survey. The board members’ opinion on the composition, the organisation and functioning of the board has further improved vs. 2018, with 85% of the board members believing that the functioning improved since last assessment and none complaining that it deteriorated. The board members highlighted the Chairman and CEO’s leadership, his openness and transparency as well as the efficiency of the tandem Chairman & CEO – Vice-Chairman lead independent director which is found to fit perfectly the Company’s needs. The great quality of the Strategy Session as well as the robustness of the on-boarding program dedicated to the new members were also praised.

For the first time, the process included a 360° individual assessment of each member in his/her individual capacity, with feedback made individually by the Vice-chairman lead independent director. No specific concern was raised.
In an on-going improvement approach, the board of directors, upon recommendations by the Governance and remunerations committee, adopted the following Action Plan on October 23, 2019:

<table>
<thead>
<tr>
<th>Action Plan 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board composition</strong></td>
</tr>
<tr>
<td><strong>On-boarding program</strong></td>
</tr>
<tr>
<td><strong>Leadership</strong></td>
</tr>
<tr>
<td><strong>Logistics</strong></td>
</tr>
</tbody>
</table>

In 2020, a formal self-assessment will be performed with the assistance of an independent and external expert.
3. Board activities

The board of directors devoted most of its activities to the Company’s corporate governance, strategy and its implementation, reviewing operations and the annual and interim financial statements, which it approved, and preparing the Annual Shareholders’ Meeting.

Attendance

The board held seven meetings in 2019. The meetings lasted seven hours on average with an average participation rate of directors of almost:

Directors’ average participation rate

<table>
<thead>
<tr>
<th>Director</th>
<th>Attendance rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Jean-Pascal Tricoire – Chairman</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Léo Apotheker – Vice-Chairman independent lead director</td>
<td>86%</td>
</tr>
<tr>
<td>Ms. Cécile Cabanis(1)</td>
<td>86%</td>
</tr>
<tr>
<td>Mr. Fred Kindle</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Willy Kissling</td>
<td>100%</td>
</tr>
<tr>
<td>Ms. Linda Knoll</td>
<td>100%</td>
</tr>
<tr>
<td>Ms. Xiaoyun Ma</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Patrick Montier</td>
<td>100%</td>
</tr>
<tr>
<td>Ms. Fleur Pellerin</td>
<td>86%</td>
</tr>
<tr>
<td>Mr. Anders Runevad</td>
<td>86%</td>
</tr>
<tr>
<td>Mr. Gregory Spierkel</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Lip-Bu Tan</td>
<td>75%</td>
</tr>
</tbody>
</table>

Seven directors have an attendance rate of 100% and none have an attendance rate less than 75% as shown in the chart hereafter summarizing the directors’ individual attendance at board meetings:

(1) In 2019, Ms. Cécile Cabanis was barred from attending the board of directors and the Annual Shareholders’ Meeting of April 25, 2019 due to the Annual Shareholders’ Meeting of Danone of which she is the Chief financial officer, IS/IT, Cycles and Purchases.

Ms. Betsy Atkins and Mr. Antoine Gosset-Grainville's terms of office expired on April 25, 2019.

During their first year in office, new directors may face legitimate difficulties being available to attend the board meetings given that the schedule of board meetings was set before them joining the board.

All absences were legitimate and excused.
3.1 Corporate governance

The board of directors, depending on the subject, upon the report of the Governance and remunerations committee, the Human Resources and CSR committee or the Audit and risks committee:

- discussed the composition of its membership and that of its committees and the principle of balanced representation of men and women;
  - To this end, it pursued its efforts aiming at reinforcing the geographical diversity of its members, adding strong skills in the field of strategic challenges such as digital and at strengthening the deep knowledge of the Group’s key markets and proposed to the Annual Shareholders’ Meeting to vote in favor of Ms. Carolina Dybeck Happe, Ms. Xuezheng Ma and Mr. Lip-Bu Tan as directors as well as in favor of the renewal of Mr. Greg Spierkel’s term as a director.
  - The board of directors also deliberated on the composition of its committees. In this respect, it appointed on April 25, 2019, Ms. Carolina Dybeck Happe and Ms. Xuezheng Ma as members of the Audit and risks committee, Mr. Anders Runevad as a member of the Human Resources and CSR committee and Ms. Xuezheng Ma as a member of the Digital committee.
  - Additionally, the board of directors acknowledged Ms. Xuezheng Ma’s demise and Ms. Carolina Dybeck Happe’s resignation and appointed on December 11, 2019 as a non-voting member starting from January 1, 2020, Ms. Jill Lee who joined the Audit and risks committee.
- discussed whether to maintain the unification of the functions of Chairman and CEO (see above page 239);
- examined the succession plan for corporate officers at two of its “executive sessions”;
- deliberated, at its meeting of October 23, 2019, on its self-assessment and approved an action plan;
- discussed and reviewed the principles and criteria relating to the compensation of the corporate officers and approved the compensation and benefits of all types that may be or have been granted;
- was informed of the meetings with major shareholders conducted by the Vice-Chairman independent lead director on governance topics;
- took note, upon the report of the Governance and remunerations committee, of the results of the Annual Shareholders’ Meeting, analyzed the dissenting minority grounds and implemented relevant corrective actions (see page 261);
- was informed of the review of changes in the compensation of members of the Executive Committee;
- was informed of the works done by the Human Resources and CSR committee on the succession plan for members of the Executive Committee;
- decided on the implementation of the 2019 long-term incentive plan. It accordingly reviewed the performance conditions (see pages 269-270), drew up a list of beneficiaries (which includes corporate officers) and set the terms of individual awards;
- checked and recorded the calculation of the level of achievement of performance conditions applicable to Performance Share plans n°28, 29, 29bis, 30, 31 and 31bis;
- decided on capital increases reserved for employees (see page 399);
- approved the corporate governance report as provided for in Article L.225-37 of the French Commercial Code;
- approved the management report as provided for in Article L.225-100 of the French Commercial Code;
- examined the regulated agreements and commitments;
- implemented a process to regularly assess that the rules used to qualify a related party transaction as regulated agreement or not, are relevant and effective;
- was informed on legal and regulatory updates (PACTE law, Bill on corporate officers’ compensation).

In application of the provisions of Article 1.C.3 of the internal regulations, the Vice-Chairman convenes executive sessions of the board of directors (without the corporate officers) at the end of each board meeting.

In 2019, the board of directors held three “executive sessions”, vs. four in 2018, during which the members of the board of directors discussed the strategic options, the potential impact of the new legal requirements on governance and reviewed the possible options in matter of succession for executive corporate officers depending on the mode of exercise of general management.

In addition, when the board debated and determined the compensation of the Chairman and CEO and the Deputy CEO, the interested parties were not present, as prescribed by Article 10.2 of the Internal Regulations, unless solicited to provide information on specific issues.

Succession planning

The succession planning of the corporate officers and top management is examined thoroughly by the board every year.

The succession planning is the result of a two-stage process that is followed at the end of each year:

- the Human Resources and CSR committee reviews by name the list of talents who could be considered for potential succession to the top management, studies the profiles of the new-comers and the assessment of every individual’s performance, ascertains the quality and the diversity of the selected pool and reports to the board thereon;
- the Chairman and CEO presents to the Governance and remunerations committee the various internal options to address immediate, short term and long term needs, both for him and for the Deputy CEO, with their respective pros and cons; the matter is then brought forward for discussion at the next executive session (held without the presence of the corporate officers). In 2019, it has been reviewed in the course of the year at another executive session.
3. Board activities

3.2 Strategy and investment
The board of directors conducted a thorough review of the Group strategy, as every year, as part of a meeting of several days named “Strategy Session” specifically dedicated to the topic.

During this Strategy Session held in Hong Kong in August 2019, the board of directors focused on an in-depth strategy review of China and South-East operations, performances, ambitions and opportunities by business and had the opportunity of direct interactions with the teams in charge. Members of the board of directors were also able to interact individually and for a long time with each Executive Committee member and a certain number of Business managers, functional and operational managers representing all activities and geographies of the Group.

Concerning the recurring activity of the Investment committee, the board of directors heard reports from the Investment committee on ongoing external growth operations (acquisition of Larsen & Toubro’s Electrical & Automation business approved by the Competition Commission of India), divestment (disposal of Pelco) and the review of the portfolio. It was informed about moves and changes concerning competitors of Schneider Electric.

3.3 Activities and results
The board was informed of the Group’s 2019 objectives.

It read the quarterly business reports prepared by the senior management. At each meeting, the board was also informed of the business situation.

On February 13, 2019, the board of directors reviewed and approved the 2018 financial statements based on the Audit and risks committee’s report and the report by the statutory auditors, who were present at the meeting. The board decided to propose to the Annual Shareholders’ Meeting that the dividend be set at EUR2.35 per share. Similarly, on July 24, 2019, it reviewed and approved the financial statements for the first half of 2019.

The board of directors heard a detailed presentation on the drawing-up and the findings of risk mapping and the Audit and risks committee’s report on the works of the Group’s internal audit and internal control teams. The Audit and risks committee also reported to the board on its other duties, which were also a topic for discussion, in relation to specific risk management monitoring (coverage of risks by insurance, supplier risks).

It reviewed the conclusions reached by the Audit and risks committee on its analysis carried out particularly in relation to:

- the presentation of the new Group “Code of Conduct” (“Our Principles of Responsibilities”);
- the evolution of the Group “Compliance System”, the review of the summary report on frauds, the Group “GDPR” program deployment progress, the presentation of the “Export Control” policies and procedures;
- the ongoing administrative and/or judicial proceedings in France;
- the “Business Continuity and Crisis Management” policies and procedures;
- the Initiatives related to the Commercial policies transformation.

The board of directors also monitored the implementation of the share buyback and reviewed the debt situation.

3.4 Annual Shareholders’ Meeting
The board approved the agenda and draft resolutions of the 2019 Annual Shareholders’ Meeting, and its report to the shareholders at the meeting. It took note of the proxy-advisors’ reports. It was informed of the positions expressed by the shareholders met during the preparation of the Annual Shareholders’ Meeting.

A majority of directors was present at the meeting (9/13) being specified that the terms of two of absent directors came to an end at this meeting which was held the same day as Danone’s general meeting, preventing Ms. Cécile Cabanis from attending Schneider Electric SE’s Annual Shareholders’ Meeting. It approved all resolutions supported by the management, including those relating to the composition of the board of directors, the compensation of the corporate officers and the renewal of financial authorizations.
4. Board committees (composition, operating procedures and activities)

In its internal regulations, the board defined the functions, missions and resources of its five study committees: the Audit and risks committee, the Governance and remunerations committee, the Human Resources and CSR committee, the Investment committee and the Digital committee.

Committee members are appointed by the board of directors on the proposal of the Governance and remunerations committee. Committees may open their meetings to the other board members.

The Vice-Chairman independent lead director may attend any meetings of committees of which he is not a member. The committees may commission research from external consultants after having consulted with the Chairman of the board of directors. They may invite anybody they wish to meetings, as necessary. Secretaries of the board committees organize and prepare the work of the committees. They draft the minutes for the meetings of the committees which, after their approval, are sent to all members of the board of directors. The secretaries of the committees are members of Group management teams and specialists in the subject matters of each committee.

4.1 Audit and risks committee

The members, operating procedures and responsibilities of the Audit and risks committee are compliant with the recommendations included in the Audit committee final report as updated by the AMF in July 2010.

Composition as of December 31, 2019

The internal regulations and procedures of the board of directors stipulate that the Audit and risks committee must have at least three members. Two-thirds of the members must be independent and at least one must have in-depth knowledge of accounting standards combined with hands-on experience in applying current accounting standards and producing financial statements.

<table>
<thead>
<tr>
<th>Chairperson</th>
<th>Cécile Cabanis</th>
<th>Independent director – Chief financial officer, IS/IT, Cycles and Purchases at Danone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member</td>
<td>Fred Kindle</td>
<td>Independent director</td>
</tr>
<tr>
<td>Member</td>
<td>Willy Kissling</td>
<td>Director</td>
</tr>
<tr>
<td>Member</td>
<td>Fleur Pellerin</td>
<td>Independent director</td>
</tr>
<tr>
<td></td>
<td></td>
<td>75% of independent directors</td>
</tr>
</tbody>
</table>

Mr. Antoine Gosset-Grainville’s term of office expired on April 25, 2019. Ms. Xuezheng Ma’s and Ms. Carolina Dybeck Happe’s terms of office, appointed as members of the Audit and risks committee on April 25, 2019, expired respectively on September 2, 2019 and November 25, 2019.

As demonstrated by their career records, summarized on page 229 et seq, the Audit and risks committee members all have recognized expertise in finance, economics and accounting. In addition to their in-depth financial and accounting knowledge, Ms. Cécile Cabanis also brings her extensive perfect knowledge of the challenges of a major French group in the CAC 40, Mr. Fred Kindle an in-depth knowledge of the market and sectors in which Schneider Electric operates, Mr. Kissling his knowledge of the building industry and Schneider Electric and Ms. Pellerin her economic and financial skills in the field of technologies.

Operating procedures

The committee meets at the initiative of its Chairman or at the request of the Chairman and CEO. At least five meetings are held during the year. The committee may invite any person it wishes to hear to its meetings. The statutory auditors attend meetings at which financial statements are reviewed and, depending on the agenda, all or some of the other meetings. It may also require the CEO to provide any documents it deems to be useful. It may also commission studies from external consultants.

The Deputy CEO in charge of Finance and Legal Affairs is the spokesperson for the Audit and risks committee.

The director of Internal Audit is the secretary of the Audit and risks committee.
Responsibilities
A cornerstone of the Group’s internal control system, the Audit and risks committee is responsible for preparing the work of the board of directors, making recommendations to the board and issuing opinions on financial, extra-financial, accounting and risk management issues. Accordingly, its missions are as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Detail of missions</th>
</tr>
</thead>
</table>
| Preparation for the annual and interim financial statements to be approved by the board | • To check the appropriateness and consistency of the accounting methods used for drawing up consolidated and corporate accounts, as well as to check that significant operations on Group level have been dealt with appropriately and that rules relating to the scope of consolidation have been complied with  
  • To analyze the scope of consolidation, risks and off-balance sheet commitments as well as the financial position and the cash position  
  • To examine the process for drawing up financial and extra-financial information  
  • To review the draft annual report, which is also the Universal Registration Document, and to take note of information relating to internal control and risk management processes put in place by the Company in connection with accounting, financial and extra-financial information drawing-up and processing and, if any, any comments by the AMF in this regard, as well as of the reports on the interim financial statements and other main financial documents |
| Issues related to statutory auditors | • To make recommendations concerning the appointment or reappointment of the statutory auditors  
  • To handle follow-up on legal control of annual and consolidated accounts made by statutory auditors, notably by examining the external audit plan and results of controls made by statutory auditors  
  • To verify the auditors’ independence, in particular by reviewing fees paid by the Group to their firm and network and by giving prior approval for assignments that are not strictly included in the scope of the statutory audit |
| Following-up on the efficiency of internal control and risk management systems | • To examine the organization and resources used for internal audit, as well as its annual work program; to receive a quarterly summary report on the findings of the audits carried out  
  • To review operational risks mapping and its year-on-year evolution; to ensure procedures are implemented to prevent and reduce them  
  • To review risk mitigation and coverage optimization  
  • To review the rollout of the Group’s internal control system and to acknowledge the outcome of entities’ self-assessment regarding internal control; to ensure that procedures are implemented to identify and handle anomalies  
  • To ascertain the existence of Group compliance policies notably concerning competition, anti-bribery, ethics and data protection and the measures implemented to ensure that these policies are circulated and applied  
  • To report to the board on the implementation of Schneider Electric SE’s Charter on related party transactions and on the relevance of the criteria to qualify related party transactions as regulated agreements or not  
  • To examine all financial, accounting and extra-financial questions and questions related to risk management, including those of a social and environmental nature, submitted to it by the board of directors |
| Reports to the board of directors | • To present its findings and recommendations to the board. The Chairman of the Audit and risks committee keeps the Chairman and the Vice-Chairman independent lead director promptly informed of any difficulties encountered |

Activities in 2019

| Number of meetings* | 5 |
| Average meeting duration | 3hrs |
| Average attendance rate | 95% |

* Including the joint meeting with the Digital committee relating to cybersecurity risk review.
Individual attendance rates at the Audit and risks committee’s meetings were as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>Attendance rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms. Cécile Cabanis – Chairperson</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Fred Kindle</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Willy Kissling</td>
<td>100%</td>
</tr>
<tr>
<td>Ms. Fleur Pellerin</td>
<td>80%</td>
</tr>
</tbody>
</table>

Each meeting was fully or partially attended by the Deputy CEO in charge of Finance, members of the Finance Department, the head of Internal Audit as well as the statutory auditors. Operational Management also reported to the Committee. In line with the provisions of the AFEP-MEDEF corporate governance Code, the Chairman and CEO does not attend the committee’s meetings.

The topics discussed by the committee were as follows:

### Financial statement and financial disclosures
- Review of the annual and interim financial statements and of the reports on the financial statements
- Review of goodwill, the Group’s tax position, provisions and pension obligations or similar obligations
- Review of investor relations’ documents concerning the annual and interim financial statements
- Review of the Group’s scope of consolidation
- Review of pension commitments

### Internal audit, internal control and risk management
- Review of the risk mapping
- Review of the 2020 Internal Audit schedule
- Review of the main internal audits performed on compliance related topics and internal audits performed between September and December 2018, during Q2 and Q3 2019
- Review of risks covered by insurance
- Presentation of the new Group “Code of Conduct” (“Our Principles of Responsibilities”)
- Update on the evolution of the Group “Compliance System”
- Review of the summary report on frauds
- Status report on the Group “GDPR” program deployment progress
- Status report on the ongoing administrative and judicial proceedings in France
- Update on “Business Continuity and Crisis Management” policies and procedures
- Presentation of the “Export Control” policies and procedures
- Cybersecurity risk review (jointly with the Digital committee)
- Review of the management report

### Statutory Auditors
- Review of the fees paid to the statutory auditors and to their networks
- Review of the external audit plan
- Appointment/renewal of the statutory auditors

### Corporate governance
- Recommended dividend for 2019
- Review of the financial authorizations and proposition for their renewal by the Annual Shareholders’ Meeting of April 25, 2019

The committee reported on its work in 2019 to the board’s meetings of February 13, July 24, August 26-29 and December 11, 2019.
4. Board committees (composition, operating procedures and activities)

4.2 Governance and remunerations committee

Composition as of December 31, 2019

The board of directors’ internal regulations and procedures provide that the Governance and remunerations committee must have at least three members. It is chaired by the Vice-Chairman independent lead director.

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairperson</td>
<td>Léo Apotheker</td>
<td>Vice-Chairman independent lead director</td>
</tr>
<tr>
<td>Member</td>
<td>Fred Kindle</td>
<td>Independent director</td>
</tr>
<tr>
<td>Member</td>
<td>Willy Kissling</td>
<td>Director</td>
</tr>
<tr>
<td>Member</td>
<td>Linda Knoll</td>
<td>Independent director</td>
</tr>
<tr>
<td>Member</td>
<td>Greg Spierkel</td>
<td>Independent director</td>
</tr>
</tbody>
</table>

80% of independent directors

Operating procedures

The committee is chaired by the Vice-Chairman independent lead director. The committee meets at the initiative of its Chairman or at the request of the Chairman and CEO. The agenda is drawn up by the Chairman, after consulting with the Chairman and CEO. The committee shall meet at least three times a year.

The committee may seek advice from any person it feels will help it with its work.

The secretary of the board of directors is the secretary of the committee.

Responsibilities

<table>
<thead>
<tr>
<th>Item</th>
<th>Detail of missions</th>
</tr>
</thead>
</table>
| Appointments                                     | • To formulate proposals to the board of directors in view of any appointment made:  
  (i) within the board of directors as:  
  – director or non-voting member,  
  – Chairman of the board of directors, Vice-Chairman or Vice-Chairman independent lead director,  
  – Chairperson or committee member;  
  (ii) at the Company’s Senior Management; particularly, to advise the board on proposals for the appointment of any Deputy Chief Executive Officer |
| Compensation of corporate officers              | • To formulate proposals to the board of directors on the compensation policy of executive corporate officers (Chairman of the board of directors and/or CEO, and Deputy CEOs) and of the board members  
  • To make recommendations to the board of directors concerning the determination of the components of the compensation due to executive corporate officers in accordance with the compensation policy approved by the shareholders and based on the contribution of the concerned persons to the performance of the Group |
| Missions aiming at reassuring both shareholders and the market that the board of directors carries out its duties with all necessary independence and objectivity | • To organize for yearly assessments to be made of the board of directors  
  • To make proposals to the board of directors on:  
  – determining and reviewing directors’ independence criteria and directors’ qualifications with regard to these criteria  
  – missions carried out by the committees of the board of directors  
  – the evolution of the organization and mode of operation of the board of directors  
  – the application by the Company of national and international corporate governance practices  
  – the total amount of board members’ remuneration proposed to the Annual Shareholders’ Meetings together with its allocation rules  
  – the compensation of the Vice-Chairman independent lead director |

Activities in 2019

- Number of meetings*: 6
- Average meeting duration: 2.5 hours
- Average attendance rate: 100%

* Including the joint meeting with the Human Resources and CSR committee relating to the 2020 compensation structure for corporate officers and members of the Executive committee, pay equity ratio and 2020 long-term incentive plan of the corporate officers.
Individual attendance rates at the Governance and remunerations committee’s meetings were as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>Attendance rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Léo Apotheker – Chairperson</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Fred Kindle</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Willy Kissling</td>
<td>100%</td>
</tr>
<tr>
<td>Ms. Linda Knoll</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Gregory Spierkel</td>
<td>100%</td>
</tr>
</tbody>
</table>

The topics discussed by the committee were as follows:

- Proposal to the board of directors
  - Composition of the board of directors and its committees
  - Status of the members of the board with regard to independence criteria
  - Mode of exercising the functions of Chairman and CEO
  - Compensation of corporate officers (amount and structure of 2019 compensation, 2019 objectives and level of achievement of 2018 objectives) and allocation to them of performance shares as part of the long-term incentive plan
  - Definition of the criteria for short term (STIP) and long term (LTIP) compensation of corporate officers (jointly with the Human Resources and CSR committee)
  - Presentation of “Say on Pay” 2018 and the principles and criteria proposed for 2019 to the Annual Shareholders’ Meeting
  - Directors’ remuneration
  - Training program of the director representing the employees for 2020
  - Amendment of the internal regulations of the board of directors

- Reports to the board of directors
  - Review of the succession plan for the corporate officers
  - Draft corporate governance report of the board of directors
  - Review of the assessment process relating to the qualification of the related-party agreements

- Self-assessment of the board of directors
  - Leading of the self-assessment of the board of directors conducted internally on the basis of an anonymous online questionnaire
  - Identification of improvement areas and definition of an action plan to be approved by the board

- Shareholder engagement
  - Reporting on the Vice-Chairman independent lead director’s meetings with governance analysts within the main shareholders: 11 physical or phone meetings were held, covering about 30% of the voting rights. These meetings reflect the importance given by the Company to dialogue and the direct commitment of directors towards shareholders (see the report of the Vice-Chairman independent lead director pages 422-423).

The committee reported on its work at the board’s meetings of February 13, April 25, July 24, October 23 and December 11, 2019.
4. Board committees (composition, operating procedures and activities)

4.3 Human Resources and CSR committee

Composition as of December 31, 2019
The internal regulations and procedures of the board of directors stipulate that the Human Resources and CSR committee must have at least three members.

<table>
<thead>
<tr>
<th>Chairperson</th>
<th>Linda Knoll</th>
<th>Independent director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member</td>
<td>Willy Kissling</td>
<td>Director</td>
</tr>
<tr>
<td>Member</td>
<td>Xiaoyun Ma</td>
<td>Employee director</td>
</tr>
<tr>
<td>Member since April 25, 2019</td>
<td>Anders Runevad</td>
<td>Independent director</td>
</tr>
</tbody>
</table>

75% of independent directors*

* Employee director excluded as prescribed by the AFEP-MEDEF corporate governance Code.

Operating procedures
The committee meets at the initiative of its Chairman or at the request of the Chairman and CEO. The agenda is drawn up by the Chairman, after consulting with the Chairman and CEO. The committee shall meet at least three times a year.

The committee may seek advice from any person it feels will help it with its work.

The Group Human Resources Director, Mr. Olivier Blum is the secretary of the committee.

Responsibilities

<table>
<thead>
<tr>
<th>Item</th>
<th>Detail of missions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee shareholding schemes and share allocation plans</td>
<td>• To formulate proposals to the board of directors on the implementation of employee shareholding schemes and allocation of free or performance shares, and on the volume of shares granted to all of the eligible corporate officers, including executive corporate officers</td>
</tr>
<tr>
<td>Compensation of Group managers</td>
<td>• To formulate projects on proposals made by general management on:</td>
</tr>
<tr>
<td></td>
<td>– compensation for members of the Executive Committee</td>
</tr>
<tr>
<td></td>
<td>– principles and conditions for determining the compensation of Group executives</td>
</tr>
<tr>
<td></td>
<td>– pay-equity ratio</td>
</tr>
<tr>
<td>Succession plan for key Group executives</td>
<td>• To examine succession plans for key Group executives</td>
</tr>
<tr>
<td></td>
<td>• The committee shall be informed of any nomination of members of the Executive Committee and of main Group executives</td>
</tr>
<tr>
<td>Human Resources and CSR policy</td>
<td>• To prepare for the board of directors’ deliberations on:</td>
</tr>
<tr>
<td></td>
<td>(i) employee shareholding development</td>
</tr>
<tr>
<td></td>
<td>(ii) reviews made by the board on social and financial impacts of major re-organization projects and major Human Resources policies</td>
</tr>
<tr>
<td></td>
<td>(iii) monitoring management of risks related to Human Resources</td>
</tr>
<tr>
<td></td>
<td>(iv) examining the different aspects of the Group’s CSR policy</td>
</tr>
<tr>
<td></td>
<td>(v) Diversity and Inclusion Policy, including the policy on the equal treatment of men and women</td>
</tr>
</tbody>
</table>

Activities in 2019

- Number of meetings*: 5
- Average meeting duration: 1.5 hrs
- Average attendance rate: 100%
Individual attendance rates at the Human Resources and CSR committee’s meetings were as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>Attendance rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms. Linda Knoll – Chairperson</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Willy Kissling</td>
<td>100%</td>
</tr>
<tr>
<td>Ms. Xiaoyun Ma</td>
<td>100%</td>
</tr>
<tr>
<td>Ms. Fleur Pellerin</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Anders Runevad(1)</td>
<td>100%</td>
</tr>
</tbody>
</table>

(1) Since April 25, 2019, date of appointment to the Human Resources and CSR committee.

The topics discussed by the committee were as follows:

Proposals to the board of directors
- 2019 annual long-term incentive plan and implementation of specific performance share plans to support the recruitment and the retention policy
- Definition of the criteria for short term (STIP) and long term (LTIP) compensation of top managers and executive corporate officers (jointly with the Governance and remunerations committee)
- Launch in 2020 of a new Group employee share issue (WESOP 2020)

Reports to the board of directors
- Review of the compensation, performance and succession plans of Executive committee members
- 2020 long term incentive plan
- Review of Equal Opportunity, Gender Pay Equity and Diversity & Inclusion policy
- In depth review of the CSR strategy and performance and of the Group’s positioning vs. its peers

It reported on its work to the board’s meetings of February 13, July 24, October 23 and December 11, 2019.

4.4 Investment committee

Composition as of December 31, 2019
The internal regulations and procedures of the board of directors provide that the Investment committee must have at least three members.

<table>
<thead>
<tr>
<th>Chairperson</th>
<th>Fred Kindle</th>
<th>Independent director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member</td>
<td>Xiaoyun Ma</td>
<td>Employee director</td>
</tr>
<tr>
<td>Member</td>
<td>Patrick Montier</td>
<td>Employee director</td>
</tr>
<tr>
<td>Member</td>
<td>Anders Runevad</td>
<td>Independent director</td>
</tr>
<tr>
<td>Member</td>
<td>Greg Spierkel</td>
<td>Independent director</td>
</tr>
<tr>
<td>Member</td>
<td>Lip-Bu Tan</td>
<td>Independent director</td>
</tr>
</tbody>
</table>

100% of independent directors*

* Director representing employee shareholders and director representing employees excluded as prescribed by the AFEP-MEDEF corporate governance Code.

Ms. Betsy Atkins’s term of office expired on April 25, 2019.

Operating procedures
The committee meets at the initiative of its Chairman or at the request of the Chairman and CEO. The agenda is drawn up by the Chairman, after consulting with the Chairman and CEO. The committee shall meet three times a year, less or more depending on the circumstances.

In order to carry out its assignments, the committee may hear any person it wishes and call upon the Strategy Director.

The Strategy Director, Mr. Leonid Mukhamedov is the secretary of the committee.
4. Board committees (composition, operating procedures and activities)

Responsibilities

<table>
<thead>
<tr>
<th>Item</th>
<th>Detail of missions</th>
</tr>
</thead>
</table>
| Preparation of the board of directors’ deliberations on investment policy | The committee:  
  • Elaborates recommendations for the board on major capital deployment decisions  
  • Advises the management team on capital deployment strategies  
  • Launches, at the board’s request, or suggests research projects leading to material investments for the Company, typically for capital deployment decisions of EUR250 million or above  
  • Investigates matters of smaller scale, if the strategic significance warrants it or the board/chairman of the board specifically requires it  
  • Provides recommendations on major merger, alliances and acquisition projects  
  • Pays special attention to reconfiguration or consolidation scenarios happening in the sectors the Company is operating in or likely to operate in  
  • Examines portfolio optimizations and divestment projects of financial or strategic significance  
  • Supports the management in the elaboration of investment policies linked to the long-term positioning of Schneider Electric, such as innovation and R&D strategies or any major organic growth investments  
  • Presents to the board social and environmental aspects of the strategic projects submitted to it such as M&A projects |

Activities in 2019

- Number of meetings*: 2
- Average meeting duration: 2.25hrs
- Average attendance rate: 100%

Individual attendance rates at the Investment committee’s meetings were as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>Attendance rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Fred Kindle – Chairperson</td>
<td>100%</td>
</tr>
<tr>
<td>Ms. Xiaoyun Ma</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Patrick Montier</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Anders Runevad</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Gregory Spierkel</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Lip-Bu Tan</td>
<td>100%</td>
</tr>
</tbody>
</table>

The topics discussed by the committee were as follows:

- Proposals to the board of directors  
  • Follow-up of investment projects and opportunities  
  • Competitive landscape  
  • Update on industry reconfiguration  
  • Portfolio review

It reported on its work to the board’s meetings of April 25 and October 23, 2019 and during the Strategy Session.
4.5 Digital committee

Composition as of December 31, 2019

The internal regulations and procedures of the board of directors provide that the Digital committee must have at least three members.

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairperson</td>
<td>Greg Spierkel</td>
<td>Independent director</td>
</tr>
<tr>
<td>Member</td>
<td>Léo Apotheker</td>
<td>Vice-Chairman independent lead director</td>
</tr>
<tr>
<td>Member</td>
<td>Fleur Pellerin</td>
<td>Independent director</td>
</tr>
<tr>
<td>Member</td>
<td>Lip-Bu Tan</td>
<td>Independent director</td>
</tr>
</tbody>
</table>

100% of independent directors


Operating procedures

The committee meets at the initiative of its Chairman or at the request of the Chairman and CEO. The agenda is drawn up by the Chairman, after consulting with the Chairman and CEO. The committee shall meet at least three times a year, including the joint review of cybersecurity risks with the Audit and risks committee.

In order to carry out its assignments, the committee may hear any person it wishes.

The Chief Digital Officer or Chief Information Officer, Mr. Hervé Coureil, is the secretary of the committee.

Responsibilities

The purpose of the Digital committee is to assist the board in digital matters in order to guide, support and control the Group in its digitization efforts. The Digital committee prepares the board of directors’ deliberations on digital matters.

For this purpose, the Digital committee will review, appraise and follow-up projects and, generally, advise, inter alia on seven areas:

1. Development and growth of the EcoStruxure digital business
2. Improvement and transformation of the Group’s digital experience
3. Improvement of Schneider Electric’s Operational Efficiency through the effective use of Information Technology and digital automation capabilities
4. Assessment of Cyber Risks (jointly with the Audit and risks committee)
5. Assessment of the contribution of potential M&A operations to the Group’s Digital strategy
6. Monitoring and analysis of the Digital landscape
7. Checking that the Company is equipped with the right pool of talents for digital transformation

Activities in 2019

Number of meetings*: 4
Average meeting duration: 2hrs
Average attendance rate: 100%

* Including the joint meeting with the Audit and risks committee relating to cybersecurity risk review.
Individual attendance rates at the Digital committee’s meetings were as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>Attendance rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Greg Spierkel – Chairperson</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Léo Apotheker</td>
<td>100%</td>
</tr>
<tr>
<td>Ms. Fleur Pellerin</td>
<td>100%</td>
</tr>
<tr>
<td>Mr. Lip-Bu Tan</td>
<td>100%</td>
</tr>
</tbody>
</table>

The topics discussed by the committee were as follows:

<table>
<thead>
<tr>
<th>Proposals to the board of directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Customer Experience</td>
</tr>
<tr>
<td>• 2018 Metrics &amp; 2019 Digital Barometer</td>
</tr>
<tr>
<td>• Update on Digital Offerings</td>
</tr>
<tr>
<td>• Mid-Year update on Digital Metrics &amp; Performance</td>
</tr>
<tr>
<td>• Joint review with the Audit and risks committee of the cybersecurity risks</td>
</tr>
<tr>
<td>• Digital sales enablement</td>
</tr>
<tr>
<td>• Deployment of Schneider Electric Exchange</td>
</tr>
</tbody>
</table>

It reported on its work to the board’s meetings of February 13, July 24, August 26-29 and October 23, 2019.
5. Senior management

The Senior Management of Schneider Electric SE consists of the Chairman and Chief Executive Officer and a Deputy Chief Executive Officer. The operational organization of the Senior Management of the Group is supported by the Executive committee, which is chaired by the Chairman and Chief Executive Officer.

The Chairman and Chief Executive Officer

On April 25, 2017, on the occasion of the re-election of Mr. Jean-Pascal Tricoire as a director by the Annual Shareholders’ Meeting, the board of directors decided to unify the functions of Chairman and Chief Executive Officer, for the reasons explained on page 239 and to appoint Jean-Pascal Tricoire as Chairman and Chief Executive Officer. As per its internal regulations, the board of directors shall deliberate annually on this choice.

Extent and limitations of the powers of the Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer represents the Company in its dealings with third parties. He is vested with the broadest authority to act in any and all circumstances in the name and on behalf of the Company. He exercises this authority within the limits of the corporate purpose, except for those matters that are reserved by law expressly to the Shareholders’ Meetings or the board of directors. In addition, the internal regulations of the board of directors provide that the Chairman and Chief Executive Officer must submit for approval to the board any acquisition transactions or disposal of assets amounting to more than EUR250 million as well as any strategic partnership agreement.

The Deputy Chief Executive Officer

On April 25, 2017, upon the proposal of Mr. Jean-Pascal Tricoire, the board of directors appointed Emmanuel Babeau as Deputy CEO in charge of Finance and Legal Affairs.

Emmanuel Babeau

Age: 52 years  
Nationality: French  
Business address: Schneider Electric, 35, rue Joseph Monier, 92500 Rueil-Malmaison, France  
34,452(1) Schneider Electric SE shares

Experience and qualifications

Emmanuel Babeau graduated from ESCP and began his career at Arthur Andersen in late 1990. In 1993, he joined the Pernod Ricard group as an internal auditor. He was appointed head of Internal Audit, Corporate Treasury Center and Consolidation in 1996. Mr. Babeau subsequently held several executive positions at Pernod Ricard, notably outside France, before becoming Vice-President, Development in 2001, CFO in June 2003 and Group Deputy Managing Director in charge of Finance in 2006. He joined Schneider Electric in the first half of 2009. In 2013, he was appointed Deputy CEO in charge of Finance and Legal Affairs then re-elected on April 25, 2017.

Term of office

First appointed: 2013

Current directorship

Deputy Chief Executive Officer of Schneider Electric SE.

Current external directorships

Other directorships or functions within Schneider Electric Group:  
Vice-Chairman and non-executive director of Aveva Group plc. (United Kingdom), Director of Schneider Electric Industries SAS (France), AO Schneider Electric (Russia), Schneider Electric USA, Inc. (USA), Schneider Electric (China) Co. Ltd (China), Samos Acquisition Company Ltd (United Kingdom), Schneider Electric Holdings Inc. (USA), Carros Sensors Topco Ltd. (formerly named InnoVista Sensors Topco Ltd) (United Kingdom), Member of the supervisory board of Schneider Electric Energy Access (France) representing Schneider Electric Industries SAS.

Other directorships or functions outside Schneider Electric Group:  
Director and member of the Audit committee of Sanofi (France) and of Sodexo (France), Shareholder and manager of SCI GETIJ.

Previous directorships

Previous directorships and functions held in the past five years:  
Member of the supervisory board of Aster Capital Partners SAS (France), Director of Invenys Ltd. (United Kingdom), Member of the steering committee of Aster Capital Partners SAS (France), Member of the supervisory board of InnoVista Sensors SAS (France).

Note: **bold** indicates the names of companies whose securities are listed on a regulated market.  
(1) Held directly or through the FCPE.
6. Declarations concerning the situation of the members of the administrative, supervisory or management bodies

The members of the board of directors directly hold 0.11% of the share capital and 0.17% of the voting rights as of December 31, 2019.

Mr. Jean-Pascal Tricoire is Chairman of the board of directors of Schneider Electric Industries SAS, Chairman of the board of directors of Schneider Electric Holdings Inc., director of Schneider Electric USA Inc. and Chairman of the board of directors of Schneider Electric Asia Pacific Ltd. He receives compensation from these two companies for the latter two functions.

Mr. Emmanuel Babeau is Vice-Chairman of Aveva Group plc., a position for which he does not receive compensation.

Ms. Xiaoyun Ma has an employment contract with Schneider Electric (China) Co., Ltd.

Mr. Patrick Montier has an employment contract with Schneider Electric France.

6.1 Service contracts
None of the directors has a service contract with the Company or any of its subsidiaries providing for benefits under such contract.

6.2 Absence of conviction or incrimination of corporate officers
To the best of the Company’s knowledge, in the last five years, none of the directors or corporate officers (Chairman and CEO and Deputy CEO) have been:

- the subject of any convictions in relation to fraudulent offenses or of any official public incrimination and/or sanctions by statutory regulatory authorities;
- disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of an issuer;
- involved, as a member of an administrative, management or supervisory body or a partner, in a bankruptcy, receivership or liquidation.

6.3 Family ties
To the best of the Company’s knowledge, none of the directors and/or corporate officers of the Company are related through family ties.

6.4 Conflicts of interest
To the best of the Company’s knowledge, there are no arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which a director or corporate officer has been selected as a member of an administrative, management or supervisory body or a member of Senior management of the Company.

To the best of the Company’s knowledge, there are no conflicts of interest between the duties of any directors and corporate officers with respect to the Company in their capacity as members of those bodies or their private interests and/or other duties.

To the best of the Company’s knowledge, the directors and corporate officers have no restrictions on the disposal of their Company shares aside from those stipulated in stock option and performance share plans (see page 401) for corporate officers and a minimum 1,000 shareholding requirement for directors.
7. Compensation Report

In this section:

7.1 Overview 260
7.2 General report on the compensation granted or paid out during 2019 financial year (ex-post compensation) 264
7.3 2019 Corporate officers’ individual compensation in relation to the 2019 financial year 277
7.4 Compensation policy for the 2020 financial year 286
7.5 Compensation of Group Senior Management (excluding corporate officers) 300
7.6 Transactions in Schneider Electric shares in 2019 301
7. Compensation Report

7.1 Overview

Dear Shareholder,

It was a successful year for Schneider Electric, in 2019, the Group has reached record levels in revenues, gross profit, adjusted EBITA and free cashflow and a good growth across all businesses and regions. The total shareholder return for 2019 was up +60%, demonstrating strong shareholders value delivery. The 2019 results show the Group is well on track in executing its strategic priorities of more products, more services, more software and better systems bringing together full digital solutions in energy and automation.

Throughout 2019 the board continued to discuss compensation policy and approach with many of Schneider Electric’s largest shareholders, as well as investor representative bodies and will continue this dialogue in 2020. The 2019 policy was applied with no change from what received a very large support from the shareholders at the 2019 Annual Shareholders’ meeting and the subsequent engagement with the shareholders thereon did not raise any more concerns. However, to take into account the reservations expressed by the shareholders at the 2018 Annual Shareholders’ Meeting on the post-mandate benefits (formerly voted under the regime of the Regulated Agreements and Commitments) and their expectations concerning the new LTIP criteria, the Vice Chairman and independent lead director had a dialogue with 28 investors representing ~40% of the share capital and reported back to the Governance and remunerations committee and to the board thereon. The board took the feedback into account and proposed changes to the compensation policy which are detailed further in this report.

In 2019, the Governance and remunerations committee met four times to discuss compensation matters, in addition to one joint meeting where the Governance and remunerations committee and the Human Resources and CSR committee jointly discussed the definition of the new LTIP performance criteria and targets and ascertained the alignment of the chosen approach with the compensation of other executives and employees of the Group. Both committees reported their findings and proposals to the board. The proposed changes are described in this compensation report.

This compensation report covers the required regulatory information and provides further context and insight into the corporate officers’ compensation policy, its alignment with the company’s strategy, as well as the payments approved by the board as a result of the Group’s performance for this year which will be submitted to the shareholders for approval at the Annual General Meeting of 23 April 2020.

This compensation report contains the information mentioned in the article L.225-37-3 I of the French Commercial Code which will be submitted to the shareholders for approval at the 2020 Annual Shareholders Meeting of 23 April 2020 under the 6th resolution.

I am pleased to introduce the corporate officers and directors compensation report at the end of a very successful and busy year at Schneider Electric.”

Léo APOTHEKER
Vice Chairman and independent lead director
Key policy changes proposed for approval

The board listened carefully to the concerns raised by the shareholders and taking their feedback into account, the board proposes the following changes to the corporate officers’ compensation policy:

<table>
<thead>
<tr>
<th>Concerns raised</th>
<th>How Schneider Electric responded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Targets</td>
<td>The board intends to continue with the approach that was implemented in 2019, where a more stringent target setting methodology was adopted: 100% of award can only be earned for stretching performance.</td>
</tr>
<tr>
<td>LTIP</td>
<td>The criteria have been clearly defined and stretching targets set by the board.</td>
</tr>
<tr>
<td>Post mandate benefits</td>
<td>In the new policy, the board decided to exclude pension payments from severance indemnity calculation.</td>
</tr>
</tbody>
</table>

Schneider Electric is a global company competing for talent in a demanding environment. The Company’s ability to attract and retain the high-caliber executives required to lead this complex business is important for shareholders. In considering changes to the compensation policy, the Committee always tries to balance these pressures with shareholders’ expectations.

In 2020, the proposed changes to the compensation policy reflect the changes decided in 2019, including the new LTIP structure and the strengthening of the new target setting approach.

The board and the Governance and remunerations committee continued to revise the compensation policy for corporate officers in a way to ensure that compensation policy be simpler, better align pay and performance and support Schneider Electric’s strategy.
### Group’s strategic priorities

<table>
<thead>
<tr>
<th>Organic growth</th>
<th>Value for customers</th>
<th>Sustainability</th>
<th>Continuous efficiency</th>
<th>Value &amp; returns to shareholders</th>
</tr>
</thead>
</table>

### How the strategy links to the corporate officers’ variable compensation

#### Annual incentive plan

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

<table>
<thead>
<tr>
<th>Group organic sales growth</th>
<th>Group adjusted EBITA margin improvement</th>
<th>Group cash conversion rate</th>
<th>Schneider Sustainability Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>30%</td>
<td>10%</td>
<td>20%</td>
</tr>
</tbody>
</table>

#### Long-term incentive plan

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

<table>
<thead>
<tr>
<th>Adjusted Earnings Per Share</th>
<th>Relative Total Shareholder Return</th>
<th>Relative Sustainability Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>35%</td>
<td>25%</td>
</tr>
</tbody>
</table>
2019 performance highlights

Business performance
Good progress, with strong revenues and organic improvement of the Adjusted EBITA margin, contributing to returns over the medium and long term.

Revenue | Adjusted EBITA | Strong cash conversion | Progress on Schneider Sustainability Impact
---|---|---|---
EUR27.2bn | +8.7% org. | 121% | 7.77

Positioning in relation to Company’s performance

CEO compensation vs shareholder value creation – share price and enterprise value growth over 10 years (re-based to 100)

Deputy CEO compensation vs shareholder value creation – share price and enterprise value growth over 10 years (re-based to 100)

Summary of the compensation realized during the year 2019

Jean-Pascal Tricoire, Chairman and CEO (Euros) | Emmanuel Babeau, Deputy CEO (Euros)
---|---
8,738,991 | 4,316,236

<table>
<thead>
<tr>
<th>Jean-Pascal Tricoire</th>
<th>Emmanuel Babeau</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>1,000,000</td>
</tr>
<tr>
<td>STIP</td>
<td>1,717,300</td>
</tr>
<tr>
<td>LTIP</td>
<td>5,464,838 (1)</td>
</tr>
<tr>
<td>LTIP Other</td>
<td>556,853</td>
</tr>
</tbody>
</table>

(1) LTIP represents realized value of shares vested in 2019 (the 2017 plan).

Note: Total comp. for 2018 and 2019 are presented “at target”.

Total effective comp. after reduction (base salary + actual annual incentive + IFRS value of LTi granted in the year in reference multiplied by actual achievement rate)

Enterprise value
SE share price

Note: Total comp. for 2018 and 2019 are presented “at target”.

Note: Total comp. for 2018 and 2019 are presented “at target”.
7.2 General report on the compensation granted or paid out during 2019 financial year (ex-post compensation)

### 7.2.1 Pillars and principles

The principles and criteria determining the 2019 compensation described in this section received solid and unambiguous shareholder support at the Annual Shareholders’ Meeting on April 25, 2019. They are deemed to constitute the last policy approved by the shareholders in the meaning of article L225-37-2 III of the French Commercial Code and govern the entirety of the compensation granted by the Group to the corporate officers until the next policy is approved by the shareholders.

<table>
<thead>
<tr>
<th>Pillar</th>
<th>How It is reflected in the Group 2019 Compensation Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pay-for-performance</strong></td>
<td></td>
</tr>
<tr>
<td>Principle 1: Prevalence of variable components: circa 80% for CEO and 75% for Deputy CEO (at target). A prevalent part of the corporate officer target packages shall be variable; the 2019 target packages thus consist of approximately 75% to 80% variable pay components (excl. pension payments).</td>
<td></td>
</tr>
<tr>
<td>Chairman and Chief Executive Officer: On target pay mix</td>
<td></td>
</tr>
<tr>
<td>Fixed 18%</td>
<td>Annual incentive 24%</td>
</tr>
<tr>
<td>Performance shares 58%</td>
<td></td>
</tr>
<tr>
<td>18%</td>
<td>82%</td>
</tr>
<tr>
<td>Deputy Chief Executive Officer: On target pay mix</td>
<td></td>
</tr>
<tr>
<td>Fixed 25%</td>
<td>Annual incentive 25%</td>
</tr>
<tr>
<td>Performance shares 50%</td>
<td></td>
</tr>
<tr>
<td>25%</td>
<td>75%</td>
</tr>
<tr>
<td>Principle 2: Performance evaluated via economic and measurable criteria. Performance is evaluated via criteria that are mainly economic (75% of variable cash compensation and 80% of multi-year performance shares) and measurable (80% of variable cash compensation and 100% of performance shares), which are selected based on KPIs used in the market communication and drivers of the Group’s strategy. All criteria have measurable targets approved by the Board at the beginning of the performance period, ensuring targets are achievable but demanding.</td>
<td></td>
</tr>
<tr>
<td>Principle 3: Financial and Sustainability and Transformational objectives fairly balanced and distributed between short-term (annual incentive) and medium-term (long-term incentive) components.</td>
<td></td>
</tr>
<tr>
<td>2019 Annual Incentive (80% financial)</td>
<td></td>
</tr>
<tr>
<td>• 40% Group Organic Growth</td>
<td>2019 Long-term Incentive (80% financial and TSR)</td>
</tr>
<tr>
<td>• 30% Adjusted EBITA margin (organic) improvement</td>
<td>• 40% Adjusted EBITA margin (organic) improvement</td>
</tr>
<tr>
<td>• 20% Schneider Sustainability Impact</td>
<td>• 25% Cash Conversion</td>
</tr>
<tr>
<td>• 10% Group Cash conversion rate</td>
<td>• 15% Relative Total Shareholder Return</td>
</tr>
<tr>
<td>Principle 4: Significant proportion of the total compensation delivered in shares Corporate officers’ target packages consist of approximately 50% long-term share-based benefits, meaning their compensation is subject to the same share price volatility that shareholders experience.</td>
<td></td>
</tr>
<tr>
<td>Principle 5: Performance conditions aligned to shareholders’ expectations and Schneider Electric’s strategic priorities Performance criteria are selected from financial indicators that are most representative of Group performance and that are closely linked to shareholder value creation. Performance levels required to reach targets are set in early 2019 in line with the objectives disclosed to the market simultaneously with the results of the previous financial year and are supplemented by factors that enable the Group to offer a lasting and satisfactory development outlook for all stakeholders in the Company’s success.</td>
<td></td>
</tr>
</tbody>
</table>
Pillar: Competitiveness

How it is reflected in the Group 2019 Compensation Policy

Principle 6: To benchmark the corporate officers’ compensation package “at target” in the median range of the Company’s peer group.

Schneider Electric competes for talent in a global marketplace. Most of the Group’s key competitors are headquartered outside France. To reflect this, the International Peer group consists of 24 French, European and US companies that are comparable to Schneider Electric in size or industry sector or that represent a potential source of recruitment or attrition. Compensation levels for corporate officers are reviewed annually and benchmarked by reference to the median of this peer group to ensure they remain reasonable and appropriately competitive. This benchmarking is primarily used to establish a frame of reference for what competitors are paying to comparable roles, rather than as the main factor for making compensation decisions.

The 2019 peer group comprises European and US-based companies:

- Business competitors (in particular those identified in the Long-Term Incentive Plan as performance peers for TSR calculation purposes),
- Talent competitors for operational and functional jobs, and
- “Acceptance” peers (i.e. groups of a similar size, business or structure).

Group 1: European (Capital Goods)
- ABB
- Atlas Copco
- Legrand
- Siemens
- CNH Industrial

Group 2: European (Construction)
- ACS
- Llataŕge Holcim
- Saint-Gobain
- Vinci

Group 3: European (Technology Hardware & Software)
- Dassault Systèmes
- Hexagon
- SAP
- TE Connectivity

Group 4: European (Industrial B2B)
- Airbus Group
- Air Liquide
- Bayer
- Thyssenkrupp

Group 5: US (Capital Goods)
- Eaton
- Emerson
- Honeywell
- Johnson Controls
- Rockwell Automation

Group 6: US (Technology Hardware & Software)
- Autodesk
- PTC

Principle 7: To reference the CAC40 third quartile and the Stoxx Europe 50 median.

The board reviews corporate officers’ compensation with reference to the upper quartile of the CAC40 companies and the median of the Stoxx Europe 50 companies, in line with the Group’s position within these panels.

Positioning of 2019 at target compensation of Schneider Electric’s corporate officers relative to the market benchmarks

<table>
<thead>
<tr>
<th>Chairman and CEO compensation relative to the market benchmarks</th>
<th>Deputy CEO compensation relative to the market benchmarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Compa Ratio</strong></td>
<td><strong>Compensation</strong></td>
</tr>
<tr>
<td>Base Salary</td>
<td>Total Comp.</td>
</tr>
<tr>
<td>CAC40 vs Q3</td>
<td>Median vs Median</td>
</tr>
<tr>
<td>75%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Total compensation includes base salary, annual incentive at target, and IFRS value of performance shares granted during the year.
7.2.2. Corporate officers’ compensation in relation to the 2019 financial year

At its meeting on February 19, 2020, after examining the suitability and fairness of the outcome of the 2019 compensation policy for the corporate officers and its alignment with the Group’s performance, the board determined the corporate officers’ compensation for 2019 in accordance with the principles and criteria prior approved by the shareholders in April 2019 at the Annual Shareholders’ Meeting. The outcome is detailed and commented hereinafter along with the performance results for each component of the compensation.

The following tables summarize the compensation and benefits awarded or paid to Messrs. Tricoire and Babeau for the financial years 2018 and 2019, presented on a reported basis in accordance with AFEP-MEDEF guidelines as well as on a Realized basis, i.e. where performance metrics assessment have ended in the reported financial year:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Compensation &amp; Benefits awarded for financial year</th>
<th>Compensation &amp; Benefits realized in financial year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean-Pascal Tricoire</td>
<td>Chairman &amp; Chief Executive Officer</td>
<td>(Eur) 1,000,000 1,000,000 1,000,000 1,000,000</td>
<td>1,000,000 1,000,000 1,000,000 1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Base salary 1,717,300 1,489,800 1,717,300 1,489,800</td>
<td>1,717,300 1,489,800 1,717,300 1,489,800</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Compensation in relation to the director’s office 0 0 0 0</td>
<td>0 0 0 0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SUBTOTAL (A) (CASH) 2,717,300 2,489,800 2,717,300 2,489,800</td>
<td>2,717,300 2,489,800 2,717,300 2,489,800</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Valuation of the performance shares 3,230,340(1) 3,281,280(1) 5,464,838(1) 3,277,254(1)</td>
<td>3,277,254(1) 3,277,254(1) 3,277,254(1) 3,277,254(1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other benefits(2) 36,218 11,772</td>
<td>36,218 11,772</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SUBTOTAL (B) BENEFITS OF ALL KIND 3,266,558 3,293,052 5,501,056 3,289,026</td>
<td>3,289,026 3,289,026 3,289,026 3,289,026</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Complementary payment for pension building (fixed) 191,600 191,600</td>
<td>191,600 191,600</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Complementary payment for pension building (variable) 329,035 285,446 329,035 285,446</td>
<td>329,035 285,446 329,035 285,446</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SUBTOTAL (C) PENSION CASH BENEFIT 520,635 477,046 520,635 477,046</td>
<td>520,635 477,046 520,635 477,046</td>
</tr>
<tr>
<td></td>
<td></td>
<td>D – EXCEPTIONAL COMPENSATION 0 0 0 0</td>
<td>0 0 0 0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TOTAL COMPENSATION AND BENEFITS (A)+(B)+(C)+(D) 6,504,493 6,259,898 8,738,991 6,255,872</td>
<td>6,255,872 6,255,872 6,255,872 6,255,872</td>
</tr>
</tbody>
</table>

(1) The Annual Incentive for the financial year 2018 was paid in 2019 after approval by the shareholders at the Annual Shareholders’ Meeting of 25 April 2019 of the 5th resolution relating to the compensation paid, due or awarded to Jean-Pascal Tricoire in respect of the 2018 financial year. Hence, the total compensation in cash actually paid in the financial year 2019 to Jean-Pascal Tricoire amounts to € 2,966,846 (Base salary 2019 + Annual incentive 2018 + Fixed portion of pension benefit for 2019 + Variable portion of pension benefit for 2018). Likewise, in accordance with article L.225-100 III of the French Commercial Code, the variable elements in cash awarded to Jean-Pascal Tricoire for the financial year 2019 will only be paid in 2020, subject to their prior approval by the shareholders at the Annual Shareholders’ Meeting of 23 April 2020 under the 7th resolution.

(2) The Annual Incentive for the financial year 2018 was paid in 2019 after approval by the shareholders at the Annual Shareholders’ Meeting of 25 April 2019 of the 6th resolution relating to the compensation paid, due or awarded to Emmanuel Babeau in respect of the 2018 financial year. Hence, the total compensation in cash actually paid in the financial year 2019 to Emmanuel Babeau amounts to € 1,788,262 (Base salary 2019 + Annual incentive 2018 + Fixed portion of pension benefit for 2019 + Variable portion of pension benefit for 2018). Likewise, in accordance with article L.225-100 III of the French Commercial Code, the variable elements in cash awarded to Emmanuel Babeau for the financial year 2019 will only be paid in 2020, subject to their prior approval by the shareholders at the Annual Shareholders’ Meeting of 23 April 2020 under the 8th resolution.

(3) Likewise, in accordance with article L225-100 III of the French Commercial Code, the variable elements in cash awarded to Emmanuel Babeau for the financial year 2018 (Base salary 2019 + Annual incentive 2018 + Fixed portion of pension benefit for 2019 + Variable portion of pension benefit for 2018) amounts to € 1,788,262.

(4) The variable elements in cash awarded to Emmanuel Babeau in respect of the 2018 financial year. Hence, the total compensation in cash actually paid in the financial year 2019 to Emmanuel Babeau amounts to € 1,788,262.

(5) Likewise, in accordance with article L225-100 III of the French Commercial Code, the variable elements in cash awarded to Jean-Pascal Tricoire for the financial year 2019 amounts to € 2,966,846.
The compensation tables presented herein reflect all the compensation elements received by the corporate officers from Schneider Electric SE and the Group companies, for the discharge of their corporate office and operational duties.

Notes to the compensation tables

Relative proportion of the compensation awarded for the 2019 financial year

<table>
<thead>
<tr>
<th>Chairman &amp; Chief Executive Officer – pay mix</th>
<th>Deputy Chief Executive Officer and CFO – pay mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed</td>
<td>Annual Incentive</td>
</tr>
<tr>
<td>17%</td>
<td>29%</td>
</tr>
</tbody>
</table>

2019 Base salary

Purpose

Base salaries are reviewed annually and reflect the scale and complexity of the business to be the level of responsibility attached to the role and are set reasonably competitive with the external market. Base salary element represents approximately 18% to 25% of total target compensation for corporate officers.

For 2019, the board has decided not to award any salary increases to the corporate officers.

Salary increases over the last five years

<table>
<thead>
<tr>
<th>Corporate Officer</th>
<th>FY 2019 (as of January 1, 2019)</th>
<th>FY 2018 (as of January 1, 2018)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean-Pascal Tricoire</td>
<td>Nil</td>
<td>Nil</td>
<td>0%</td>
</tr>
<tr>
<td>Emmanuel Babeau</td>
<td>2019</td>
<td>Nil</td>
<td>2018</td>
</tr>
<tr>
<td>2018</td>
<td>5%</td>
<td>2017</td>
<td>Nil</td>
</tr>
<tr>
<td>2017</td>
<td>Nil</td>
<td>2015</td>
<td>Nil</td>
</tr>
</tbody>
</table>

2019 Annual Incentive

Purpose

This compensation rewards achievement of the short-term financial, transformational and sustainability (corporate and social responsibility) objectives of the Group.

The pay-out opportunity at threshold performance is 0%, with 50% of maximum annual incentive payable for achieving target. Pay-outs between threshold and target, and between target and maximum, are determined on a straight-line basis. The maximum Annual Incentive potential for corporate officers is 260% of base salary for Chairman and CEO and 200% for the Deputy CEO.

The payment of the variable annual cash incentive is conditional upon approval by shareholders of the compensation granted to the concerned corporate officer.

In 2019, the Annual Incentive structure was simplified from 8 performance criteria to 4, with 80% Financial and 20% Sustainability based criteria, while removing the portion based on individual assessment by the board (formerly, 10% of the total Annual Incentive at target). As a result, 100% of the variable compensation depends on measurable objectives.

The revised structure focuses on what matters to Schneider Electric in delivering value to shareholders. The financial criteria – adj. EBITA margin, cash conversion and organic sales growth – closely align pay outcomes for Corporate Officers to Schneider Electric’s financial performance. Increased weight (%) of the Schneider Sustainability Impact criterion from 6% to 20% further highlights the importance of sustainability on Schneider Electric’s business agenda.

The Company does not operate a clawback policy. The board, however, has formalized its approach to finalizing annual incentive outcomes at the end of the performance period whereby it will review the executives’ performance against pre-set objectives as well as the Company’s underlying performance, share price performance, and financial communications to ensure that annual incentives are not paid based solely on a formulaic outcome.

The board also ensured that more stringent targets are set for the Annual Incentive with maximum award paid only if a strong performance is delivered on each performance metric.
7. Compensation Report

<table>
<thead>
<tr>
<th>2019 performance criteria</th>
<th>Weight (%)</th>
<th>Performance Range</th>
<th>Achievement rate (weighted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group financial indicators (80%)</td>
<td></td>
<td>Threshold % Target % Maximum %</td>
<td></td>
</tr>
<tr>
<td>Organic Sales growth, %</td>
<td>40%</td>
<td>1.6% 4.6% 7.6%</td>
<td>34.7%</td>
</tr>
<tr>
<td>Adjusted EBITA margin improvement (org.)</td>
<td>30%</td>
<td>+0pts +0.5pts +1.0pts</td>
<td>42.0%</td>
</tr>
<tr>
<td>Cash Conversion rate, %</td>
<td>10%</td>
<td>80% 95% 110%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Sustainability (6%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schneider Sustainability Impact (score)</td>
<td>20%</td>
<td>6 7 8</td>
<td>35.4%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
<td>132.1%</td>
</tr>
</tbody>
</table>

As a result, the 2019 Annual Incentive pay-out for the corporate officers stands as follows:

<table>
<thead>
<tr>
<th>Corporate officer</th>
<th>Target Pay-out as a % of salary</th>
<th>Achievement rate as a % of target</th>
<th>2019 Actual Pay-out as a % of salary</th>
<th>Amount (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean-Pascal Tricoire</td>
<td>130%</td>
<td>132.1%</td>
<td>171.7%</td>
<td>€ 1,717,300</td>
</tr>
<tr>
<td>Emmanuel Babeau</td>
<td>100%</td>
<td>132.1%</td>
<td>132.1%</td>
<td>€ 898,280</td>
</tr>
</tbody>
</table>

In compliance with article L.225-100 of the French Commercial Code, the payment of this annual incentive is subject to approval by the shareholders of the compensation granted to the corporate officers for the financial year 2019 (cf. 7th and 8th resolutions submitted to the Annual Shareholders’ Meeting of April 23, 2020).

Overall, 2019 Annual Incentive performance resulted in a total achievement rate of 132.1%, above target, reflecting record levels in revenues, adjusted EBITA and free cashflow delivered by Schneider Electric in 2019 and a material beat of ambitious targets.

Organic Sales growth

The Group delivered an organic sales growth of +4.2%, at a level which stands in the upper range of the initial objective communicated to the market of +3% to +5%. However, as a consequence of a more stringent target setting methodology, this good performance results only in 86.7% achievement rate on this criterion.

Adjusted EBITA margin improvement

In 2019, Adjusted EBITA margin rate improved by 70 bps organically to reach 15.6%, thanks to a combination of strong top line performance, productivity and pricing actions. This performance stands much above the initial objective communicated to the market of an organic margin expansion of +20bps to +50bps. As a result, the achievement rate on this criterion is set at 140%.

Cash conversion

Efforts on cash management delivered outstanding results, notably thanks to strong operating performance supported by favorable working capital evolution. For the first time the free cash-flow was significantly above €3bn. Cash conversion was 121% in 2019 on a normalized basis (excluding IFRS 16 impact). This represented an achievement rate of 200% on this criterion.

Schneider Sustainability Impact

The Schneider Sustainability Impact (SSI), formerly known as the Planet and Society Barometer, is the Group’s three-year (2018-2020) transformation plan which measures the progress towards its ambitious sustainability commitments. Despite the increase in the ambitions for 9 out of 21 indicators of the SSI in April, the Group reached an excellent result of 7.77/10, exceeding the target set for this criterion. This represented an achievement rate of 177% on this criterion.
Performance Shares (Long-term Incentive Plan)

Purpose
LTIP links the largest part of corporate officers’ compensation with the long-term success of the Group. The actual outcome varies with the achievement of performance criteria linked directly to strategic priorities.

Shares granted are subject to a performance period of three years with an additional mandatory one year holding period for 30% of shares granted to the corporate officers in consideration for their corporate office with Schneider Electric SE.

For performance at threshold, 0% of the award will vest. For maximum performance, 100% will vest. Vesting will operate on a straight-line basis between these points.

2019–2021 Long-term Incentive Plan
Under the 2019 Compensation policy approved by the shareholders, the Chairman and CEO Mr. Tricoire was granted 60,000 shares and the Deputy CEO Mr. Babeau was granted 26,000 shares.

The 2019-2021 LTIP awards were granted under the previous authorisation, given in 2016. However, the board, in reviewing the overall future LTIP structure, utilised the flexibility within the existing authorisation to implement the more ambitious approach to performance measurement.

From 2019 awards, the board introduced a more stringent approach to targets, where 100% of an award can only be earned for stretching performance: e.g., for the Adj. EBITA criterion, only 70% of award will be earned for achieving targets aligned with the objectives communicated to the market (vs. 100% previously). The board also reviewed the TSR pay-out scale, including the composition of the existing TSR peer group, the geographical spread of Schneider Electric’s direct competitors, and the volatility of the overseas stock markets and decided to retain the same peer group for 2019 LTIP awards, but introduced a more demanding pay-out scale.

2019 – 2021 LTIP Performance criteria and weightings:

Adjusted EBITA margin (organic) improvement (40%) This is defined as the average of the annual rates of achievement of Adjusted EBITA margin objectives for financial years 2019 to 2021 set by the board of directors and is in line with the objectives announced to investors at the beginning of the year. For 2019 financial year, the board decided that if the adjusted EBITA margin increased organically by (before foreign exchange impact compared with 2018):

- +0 points, the achievement rate for the year would be 0%
- +0.42 points, then the achievement rate for the year would be 70%
- +0.6 points, then the achievement rate for the year would be 100%

Distribution is linear between these points.

Group Cash conversion rate (25%)
This is defined as the average of the annual rates of Group Cash Conversion, with the target average rate ranging between 80% and 100% according to the following scale:

- If the average rate is below or equal to 80%, 0% shares would vest
- If the average rate is equal to or higher than 100%, 100% shares would vest
- Straight line between these points.

An exceptional performance with an average rate higher than 100% will give right to a complementary allocation of shares for that criterion offsetting, up to the same number of shares and within the limit of 50% (corresponding to an average rate of 120% or more), a level of achievement below 100% for Adjusted EBITA or TSR. However, the number of shares thus allocated shall not, under any circumstances, cause the original number of shares granted under Adjusted EBITA, Cash conversion and Relative TSR criteria to be exceeded.

Relative TSR (15%)
Relative TSR criterion is set based on Schneider Electric’s TSR ranking within the following panel of companies: ABB, Legrand, Schneider Electric, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric and Yokogawa, according to the following scale:

- 0% of shares would vest for achieving ranks 8 – 12
- 25% of shares would vest for achieving rank 7
- 50% of shares would vest for achieving rank 6
- 75% of shares would vest for achieving rank 5
- 100% of shares would vest for achieving rank 1 – 4
Overcompensation for exceptional TSR performance (above 100%) can offset performance achievement level below 100% for Adjusted EBITA or Cash conversion up to a limit of 50% of the number of shares originally subject to this criterion (i.e. 7.5% of the total shares granted). However, the number of shares thus allocated shall not, under any circumstances, cause the original number of shares granted under Adjusted EBITA or Cash conversion criteria to be exceeded.

In 2019, the board has also replaced the automatic “3% upwards adjustment” rule when the gap between the Schneider Electric TSR and that of the peers is less than 3%, with the Board judgement in case the rankings are closely clustered.

**Schneider Sustainability Impact (20%)**
This criterion measures the annual progress (score) for financial years 2019 to 2021. The objective is to progress and improve the score versus pre-set objectives every year. For 2019, the following scale applies:

- 0% of shares would vest – if the score is 8 or lower
- 70% of shares would vest if the score is 9
- 100% of shares would vest – if the score is 10

Distribution is linear between these points.

The target values of each of these objectives are set by the board based on the objectives communicated to the market. The achievement rates will be detailed for each criterion in the compensation report to the shareholders once the performance period has finished.

### CORPORATE GOVERNANCE REPORT

#### 7. Compensation Report

<table>
<thead>
<tr>
<th>Corporate officer</th>
<th>Number of Shares (Plan No. 32)(1)</th>
<th>Number of Shares (Plan No. 33)</th>
<th>IFRS value of shares granted (2)</th>
<th>% of total capital as of December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean-Pascal Tricoire</td>
<td>18,000</td>
<td>42,000</td>
<td>3,230,340</td>
<td>0.01%</td>
</tr>
<tr>
<td>Emmanuel Babeau</td>
<td>7,800</td>
<td>18,200</td>
<td>1,399,814</td>
<td>0.004%</td>
</tr>
</tbody>
</table>

(1) The performance shares granted only to corporate officers are subject to a one-year holding period.
(2) IFRS value is calculated by multiplying the number of shares granted by IFRS share price which is calculated by external consultants applying IFRS 2 accounting standards. For further details refer to the Note 19.4, page 338.

**Cap on LTI**
The total number of shares granted for each corporate officer represents a cap. Under no circumstances, even in case of overachievement of all targets, may the number of shares acquired by the corporate officers exceed the number of shares granted.

**Shareholding Requirement**
25% for Mr. Tricoire and 15% for Mr. Babeau of the shares vested are subject to a holding requirement until such time as the corporate officer ceases duties. Furthermore, in the event of vested shares being sold, Messrs. Tricoire and Babeau are required to reinvest 10% of the sale proceeds into Schneider Electric shares (net of taxes and contributions). These requirements are currently suspended as both corporate officers hold Schneider Electric shares with a value representing more than 3 times (for Mr. Tricoire) and 2 times (for Mr. Babeau) their base salary.

**2017 Long-term Incentive Plan – Realized value in 2019**
The performance period for shares granted in 2017 has finished on December 31, 2019 and shares under the plans 28 and 29 are therefore deemed vested. Their final acquisition is however still subject to the satisfaction of the presence condition at the delivery date.

At its meeting of February 19, 2020, the board assessed the achievement rate of performance criteria for Plans 28 and 29 granted in 2017 based on the Group’s performance over the three-year period 2017 – 2019 and set the final rate of achievement at 99.54%, i.e., a reduction of 0.46% in relation to the number of shares originally granted.

Mr. Tricoire and Mr. Babeau have conditionally been granted 18,000 shares and 7,800 shares under Plan no. 28 and 42,000 shares and 18,200 shares under Plan no. 29 respectively. After applying the reduction for performance not achieved, the resulting outcomes are as follows:

<table>
<thead>
<tr>
<th>Corporate officer</th>
<th>Number of Shares (Plan No. 28)(1)</th>
<th>Number of Shares (Plan No. 29)</th>
<th>Number of shares deemed vested</th>
<th>No of shares lapsed</th>
<th>Value of deemed vested shares (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean-Pascal Tricoire</td>
<td>18,000</td>
<td>42,000</td>
<td>59,725</td>
<td>275</td>
<td>5,464,838</td>
</tr>
<tr>
<td>Emmanuel Babeau</td>
<td>7,800</td>
<td>18,200</td>
<td>25,882</td>
<td>118</td>
<td>2,368,203</td>
</tr>
</tbody>
</table>

(1) Plan 28 – performance shares granted under this plan to corporate officers are subject to one-year holding period following vesting, therefore shares will only become unrestricted on March 24, 2021.
(2) Vested shares are valued at the closing share price of 31 December 2019, i.e. EUR91.50.
Performance assessment
Shares granted under the 2017 plan were subjected to relative TSR, financial and sustainability performance criteria assessed over three years from 2017 to 2019, as follows:

**2019** was the final year of performance measurement for the 2017-19 LTIP. Schneider Electric ranked second on relative TSR, delivering c. 50% return to shareholders over the same three-year period, demonstrating a strong value creation for the shareholders. Schneider Electric delivered robust organic Adjusted EBITA margin improvement year-on-year, beating largely initial targets, exceeded cash conversion rate three-year target, and demonstrated consistent progress on Group’s sustainability targets which are at the heart of the Group’s strategy. These strong results across the range of performance criteria led to a vesting outcome of 99.54% out of a 100%.

**Organic Adjusted EBITA margin improvement (40%)** – For each year of the plan, the Adjusted EBITA margin improved by more than the 20-50bps average range announced as the objective for the three-year period (Investor Day, 27 October 2016), with an average yearly growth of 70 bps reflecting the successful execution of the strategy combining top line growth, positive net pricing, better mix, industrial productivity and better efficiency to reduce SFCs. Even though targets had set the bar higher than the objectives announced to the market, the strong performance resulted in maximum vesting for this criterion.

**Cash conversion (25%)** – Efforts on cash management delivered outstanding results consistently over the period. The average of three years of cash conversation rate was c. 105%, outperforming the three-year target of ~100% average cash conversion over three years (Investor Day, 27 October 2016). 2019 was particularly remarkable with a free cash-flow significantly above €3 bn, a 121% cash conversion rate. The achievement rate for this criterion was thus set at 100%.

**Relative TSR (15%)** – The Group’s performance was acknowledged by the market and reflected in the stock price increase, which, combined with a robust dividend distribution policy and consistent share buy-back programme to balance the dilution coming from allocation of performance shares and employee shareholding schemes, generated strong returns to shareholders over the period. The Schneider Electric’s TSR was ranked 1st (after operation of the 3% automatic adjustment rule, with no impact on the global vesting rate) versus the selected peers (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric and Yokogawa). The achievement rate for this criterion was set at 100%.

**Planet & Society Barometer/Schneider Sustainability Impact (SSI) (20%)** – The barometer provides, on a scoring scale of 10, an overall measure of the Group’s progress on sustainability issues. Over the last three years Schneider Electric demonstrated strong delivery and continuous improvement on its sustainability programs. The barometer reached a score of 7.77 out of 10 versus the ambitious target of 8.0 set by the board for this criterion, which results in an achievement rate of 93.1% for 2019 with overall 19.54% shares vesting out of 20% allocated to this criterion.

**Historical vesting of the corporate officers performance share plans:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Vesting Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 Plans</td>
<td>99.54%</td>
</tr>
<tr>
<td>2016 Plans</td>
<td>91.46%</td>
</tr>
<tr>
<td>2015 Plans</td>
<td>71%</td>
</tr>
<tr>
<td>2014 Plans</td>
<td>78%</td>
</tr>
<tr>
<td>2013 Plans</td>
<td>100%</td>
</tr>
</tbody>
</table>
Complementary cash payment for pension building

Since the board’s decision in 2015 to move away from the “Art. 39” defined-benefit pension schemes due to the excessive cost of such “top hat” pension plans, the corporate officers have to build their own pension and to this end, are granted a combination of fixed and variable payments that are considered “other benefits” to ensure consistency and comparability with other French or international companies. The variable payment is aligned with the annual incentive in terms of criteria and pay-out rate. The corporate officers have committed to depositing these additional payments, after taxes, into investment vehicles dedicated to the financing of their pensions.

For 2019 Messrs. Tricoire and Babeau are entitled to receive:

<table>
<thead>
<tr>
<th>Corporate Officer</th>
<th>Fixed Amount</th>
<th>Variable Amount(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean-Pascal Tricoire</td>
<td>€191,600</td>
<td>€329,035</td>
</tr>
<tr>
<td>Emmanuel Babeau</td>
<td>€153,300</td>
<td>€202,509</td>
</tr>
</tbody>
</table>

(1) Calculated by applying to the fixed compensation above the percentage of target achievement determined for the calculation of the annual variable compensation.

In compliance with applicable law, the payment of the variable amount will be subject to shareholders’ approval.

Other benefits

Employer Matching Contributions and Profit-Sharing

For the financial year 2019, both corporate officers were eligible for profit-sharing and the employer matching contribution paid to subscribers to the capital increase reserved for employees.

In addition, both corporate officers were eligible for the employer matching contribution paid to subscribers to the collective pension fund (PERCO) for the retirement of workers in France.

<table>
<thead>
<tr>
<th>Corporate Officer</th>
<th>Employer matching contribution to capital Increase for Employees</th>
<th>Employer matching contributions to collective Pension Saving Plan (PERCO)</th>
<th>Profit-sharing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean-Pascal Tricoire</td>
<td>€ 1,404</td>
<td>€ 7,970</td>
<td>€ 7,970</td>
<td>€ 10,174</td>
</tr>
<tr>
<td>Emmanuel Babeau</td>
<td>€ 1,404</td>
<td>0</td>
<td>€ 7,970</td>
<td>€ 9,374</td>
</tr>
</tbody>
</table>

Company Car

The use of a company car in 2019 granted to each of Messrs. Tricoire and Babeau represented an equivalent cost of EUR26,044 and EUR4,569 respectively.

Compensation in relation to director’s office

Mr. Tricoire waived the attendance fees to which he was entitled in his capacity of Chairman of the board in pursuance of the rules adopted by the board. Likewise, in accordance with the Group internal rules, Mr. Babeau will not receive attendance fees for any directorship in Group companies.

Health, Life & Disability

Messrs. Tricoire and Babeau are granted benefits under the Schneider Electric SE and Schneider Electric Industries SAS employee benefit plan, which offers health, incapacity, disability and death coverage, plus additional coverage for health, incapacity, disability or death available to Group Senior Management under French contract as well as Group personal accident insurance policies in case of disability or death resulting from an accident. They are also entitled to an annuity for the surviving spouse in the event of death or an annuity with reversion to the surviving spouse in the event of disability, provided that these risks occur before the end of their term of office or after the age of 55 in the event of departure from the company following redundancy or a disability.

The benefit of this additional coverage and contingency compensation under individual Group accident insurance policies is subject to the achievement of either of the following performance conditions: the average net income from the 5 financial years leading up to the event is positive or the average free cash flow from the 5 financial years leading up to the event is positive.

Extraordinary payment

One off payments that are not approved by the shareholders are prohibited.
Termination benefits

The regulated agreements which governed corporate officers’ termination benefits in 2019 were last approved at the Annual Shareholders’ Meeting of April 24, 2018. As a reminder, we present hereinbelow a summary of their provisions, which have not been enforced during or in respect of 2019.

Involuntary Severance Pay

Messrs. Tricoire and Babeau were entitled to involuntary severance pay in case of a forced departure. A case of forced departure could have occurred in three different circumstances, namely:

i. Dismissal, non-renewal or resignation as CEO or Deputy CEO in the 6 months following a material change in Schneider Electric’s shareholder structure that could change the membership of the board of directors;

ii. Dismissal, non-renewal or resignation as CEO or Deputy CEO in the event of a reorientation of the strategy pursued and promoted by him until that time, whether or not in connection with a change in shareholder structure as described above; and

iii. Dismissal, non-renewal or requested resignation as CEO or Deputy CEO when, on average, two-thirds of the Group performance criteria (to be distinguished from individual performance objectives) would have been achieved for the last 4 financial years from the day of resignation.

Non-Compete Compensation

In addition, both Corporate Officers were bound by a non-compete agreement in case of resignation from the Group. The one-year agreement called for compensation to be paid at 60% of annual fixed and target variable parts, complementary payments included.

In conformity with the recommendations of the AFEPE-MEDEF corporate governance Code:

- The entitlement to involuntary severance pay is subject to strict performance conditions, assessed over a period not lesser than two years;
- Only circumstances of a forced departure, regardless of the form of the departure, could trigger the entitlement to involuntary severance pay;
- Together with the non-compete indemnity, if any, the involuntary severance pay could not exceed twice the average of the corporate officers’ total effective annual compensation (fixed and variable part) in cash;
- Since the approval of the new regulated agreements at the shareholders’ general meeting of April 24, 2018, the board shall determine unilaterally whether or not to apply the non-compete clause at the time of the departure of the Corporate Officer.

Retention of Stock Options, Stock Grants and Performance Shares

In case of involuntary severance during their acquisition period, Messrs. Tricoire and Babeau are entitled to keep the benefit of the shares attributed to them from the plans granted after February 18, 2018, in proportion of the time of their presence with the Company in any capacity during the acquisition or exercise period of such restricted shares or stock options. Their entitlement is subject to the fulfillment of the performance conditions determined in the Plan.

In case the corporate officer’s involuntary departure resulted from any material change in Schneider Electric’s shareholding structure or from a reorientation of the strategy pursued and promoted by him (both cases as defined in paragraphs i. and ii. in relation to Involuntary Severance Pay), the board may decide to grant him the right to keep the benefit of all such restricted shares or stock-options previously granted to him, provided however the arithmetic average rate of achievement of the Group performance objectives used to determine the annual incentive in cash for the last 3 financial years completed on the date of his departure, amounts to at least two-thirds of the target figure, and that his departure is not the result of gross negligence or serious misconduct. The board shall motivate its decision.

Dialogue with shareholders

“Throughout 2019 the board continued to discuss compensation policy and approach with many of Schneider Electric’s largest shareholders, as well as investor representative bodies and will continue this dialogue in 2020. The 2019 policy was applied with no change from what received a very large support from the shareholders at the 2019 Annual Shareholders’ meeting and the subsequent engagement with the shareholders thereon did not raise any more concerns. However, to take into account the reservations expressed by the shareholders at the 2018 Annual Shareholders’ Meeting on the post-mandate benefits (formerly voted under the regime of the Regulated Agreements and Commitments) and their expectations concerning the new LTIP criteria, the Vice Chairman and independent lead director had a dialogue with 28 investors representing ~40% of the share capital and reported back to the Governance and remunerations committee and to the board thereon. The board took the feedback into account and proposed changes to the compensation policy which are detailed further in this report.”

86.5% of the shareholder votes cast supported 2018 compensation decisions for the Chairman and CEO

89.1% supported 2018 compensation decisions for the Deputy CEO

86.1% approved the principles and criteria governing 2019 compensation for the Chairman and CEO

88.8% approved the principles and criteria governing 2019 compensation for the Deputy CEO
7. Compensation Report

7.2.3 Non-executive directors’ compensation and interests in relation to the financial year 2019

At the 2019 Annual Shareholders’ Meeting, the shareholders have approved (the 13th resolution) an increase to the maximum total amount of the annual compensation that can be paid to the members of the board from EUR2,000,000 to EUR2,500,000, with no changes to the allocation rules versus 2018. This increase was in anticipation of the increase of the board size and of the number of meetings of the committees from 2019 onwards – notably due to the creation of the Digital committee in 2018 and the fact that most members of the board participate in more than one committee.

The table below shows the allocation rules of the fixed payments allocated to the non-executive directors and implemented during the 2019 financial year.

<table>
<thead>
<tr>
<th>Approach</th>
<th>Director’s individual compensation</th>
<th>Compensation for travel time</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Amounts granted to non-executive directors are determined by taking account of a director’s responsibilities, the expected commitment for the role and the competitive market rates among international peers.</td>
<td>• Non-executive directors are paid a fixed basic amount of EUR25,000 for membership of the board with an additional amount of EUR7,000 per board meeting attended and EUR4,000 per committee meeting.</td>
<td>• For intercontinental travel (e.g. USA), non-executive directors attending the meeting physically are paid EUR5,000 per board session.</td>
</tr>
<tr>
<td>• Besides the fixed base amount, directors’ compensation mostly depends upon the said directors’ attendance to board and committee meetings.</td>
<td>• Additional payments are made to non-executive directors who hold the position of Committee Chair to reflect the additional responsibilities and workload:</td>
<td>• For intra-continental travels (e.g. Switzerland), non-executive directors attending the meeting physically are paid EUR3,000 per board session.</td>
</tr>
<tr>
<td>• The board is responsible for setting the amounts due to be paid to non-executive directors.</td>
<td>– Audit committee: EUR20,000 per annum</td>
<td>• Non-executive directors do not receive incentive pay or share awards or any benefits nor pension arrangements in relation to their office (unless they are former managers of the Group and were a member of a Group pension plan).</td>
</tr>
<tr>
<td>• The total amount paid is subject to the aggregate limit set by shareholders.</td>
<td>– Human Resources and CSR committee, Digital Committee, and Investment Committee: EUR15,000 per annum</td>
<td>• Employee directors are separately entitled to the compensation granted to them for the performance of their duties. As an employee, such compensation is not affected by their office as a director and is not disclosed.</td>
</tr>
<tr>
<td></td>
<td>– Independent lead director, who is also the Chairman of the Governance and remunerations committee: EUR250,000 per annum</td>
<td>• The board also provided that Vice-Chairman lead director could, in the performance of his duties to use certain resources of the Group’s management.</td>
</tr>
<tr>
<td></td>
<td>• For non-voting members, a fixed payment of EUR20,000 per annum is paid, unless they become non-executive director at the next general meeting. In this case, they will receive the same fees for attending the board and committee meetings as non-executive directors.</td>
<td></td>
</tr>
</tbody>
</table>
Directors’ compensation earned in 2018 and 2019 was as follows, noting that Jean-Pascal Tricoire, Chairman of the board, and Xiaoyun Ma who represents the employee shareholders, waived the payments of the compensation they were entitled to as members of the board:

<table>
<thead>
<tr>
<th>Members of the board</th>
<th>Directors’ compensation (EUR)</th>
<th>Other compensation &amp; benefits (EUR)</th>
<th>Total (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019(1)</td>
<td>2018(2)</td>
<td>2019(3)</td>
</tr>
<tr>
<td>Mr. LÉO APOTHEKER</td>
<td>379,000</td>
<td>398,000</td>
<td>379,000</td>
</tr>
<tr>
<td>Ms. BETSY ATKINS</td>
<td>41,877</td>
<td>115,000</td>
<td>41,877</td>
</tr>
<tr>
<td>Ms. CÉCILE CABANIS</td>
<td>107,000</td>
<td>133,000</td>
<td>107,000</td>
</tr>
<tr>
<td>Ms. CAROLINA DYBECK HAPPE</td>
<td>57,726</td>
<td>–</td>
<td>57,726</td>
</tr>
<tr>
<td>Mr. XAVIER FONTANET(3)</td>
<td>26,493</td>
<td>–</td>
<td>26,493</td>
</tr>
<tr>
<td>Mr. ANTOINE GOSSET-GRAINVILLE</td>
<td>32,877</td>
<td>113,000</td>
<td>32,877</td>
</tr>
<tr>
<td>Mr. FRED KINDLE</td>
<td>163,000</td>
<td>166,356</td>
<td>163,000</td>
</tr>
<tr>
<td>Mr. WILLY KISSLING</td>
<td>156,000</td>
<td>164,000</td>
<td>156,000</td>
</tr>
<tr>
<td>Ms. LINDA KNOLL</td>
<td>152,000</td>
<td>164,000</td>
<td>152,000</td>
</tr>
<tr>
<td>Ms. CATHY KOPP(4)</td>
<td>6,247</td>
<td>–</td>
<td>6,247</td>
</tr>
<tr>
<td>Mr. HENRI LACHTMANN(5)</td>
<td>181,766</td>
<td>101,260</td>
<td>181,766(6)</td>
</tr>
<tr>
<td>Ms. XIAOYUN MA(7)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Ms. XUEZHENG (Mary) MA</td>
<td>12,767</td>
<td>–</td>
<td>12,767</td>
</tr>
<tr>
<td>Mr. PATRICK MONTIER</td>
<td>92,000</td>
<td>105,000</td>
<td>92,000</td>
</tr>
<tr>
<td>Ms. FLEUR PELLERIN</td>
<td>125,000</td>
<td>101,260</td>
<td>125,000</td>
</tr>
<tr>
<td>Mr. ANDERS RUNEVADE</td>
<td>113,000</td>
<td>88,260</td>
<td>113,000</td>
</tr>
<tr>
<td>Mr. GREGORY SPIERKEL</td>
<td>156,000</td>
<td>182,356</td>
<td>156,000</td>
</tr>
<tr>
<td>Mr. LIP-BU TAN</td>
<td>106,000</td>
<td>24,726</td>
<td>106,000</td>
</tr>
<tr>
<td>Mr. JEAN-PASCAL TRICOIRE</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

(1) Awarded for the financial year 2019 and paid in 2020.
(2) Awarded for the financial year 2018 and paid in 2019.
(3) Mr. Xavier Fontanet’s term of office expired as at April 24, 2018.
(4) Ms. Cathy Kopp’s term of office expired as at April 24, 2018.
(5) Henri Lachmann’s term of office as a non-voting member expired as at April 24, 2018.
(6) As a former manager of the Group, Mr. Lachmann was entitled to a supplementary retirement pension (article 39). This amount was paid by the insurance company and pro-rated.
(7) Xiaoyun Ma waived the payment of the sum of €130,000 she was entitled to.

The total amount awarded to the board members for 2019 was EUR1,824,247 (including the sum of €130,000 waived by Xiaoyun Ma). Excluding the special fee paid to the Vice-chairman lead independent director, the amount is composed of 40% fixed compensation and 60% variable. The total amount paid in 2019 for 2018 financial year was EUR1,820,506, both below the maximum authorized by the shareholders.
7.2.4 Employees experience at Schneider Electric

Delivery of the strategy, both short term and long term, depends upon Schneider Electric’s success in attracting and engaging a highly talented workforce, and on equipping people with the skills for the future. The Group is committed to fair pay, which is at the forefront of the Group’s and executives’ agenda, ensuring that all Schneider Electric employees are appropriately and fairly rewarded for their contribution. The progress is monitored via the Schneider Sustainability Impact Indicators. More information can be found in the Sustainability section of this report, pages 151 and subs.

<table>
<thead>
<tr>
<th>HeForShe</th>
<th>Living wage</th>
<th>Recognition</th>
<th>Well-being</th>
<th>Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Since 2015, as part of its HeForShe commitments, the Group has implemented a systematic process to identify gender pay gaps within comparable groups of employees, address pay discrepancies across genders, and take corrective actions at global and country levels to reduce identified gaps.</td>
<td>Schneider Electric believes earning a decent wage is a basic human right and is committed to paying employees in the lower salary ranges at or above the living wage to meet their family’s basic needs. By basic needs, the Group considers food, housing, sanitation, education, healthcare plus discretionary income for a given local standard of living.</td>
<td>Schneider Electric is committed to creating a culture where employees receive regular feedback and coaching from their managers and colleagues, celebrating people who constantly demonstrate the Company’s Core Values and go above and beyond – using global recognition portal “Step Up” and encouraging the recognition of small and big achievements by simply saying “Thank you.”</td>
<td>Health and well-being are embedded in the Schneider Electric strategic people priorities and contribute to its sustainability mission. The Company has a commitment to strive, at a minimum, that 90% of Schneider Electric’s employees have access to a comprehensive well-being at work program. Well-being training programs offered are detailed in the “Well-being in our DNA” section of this report.</td>
<td>The Group listens to employees through a number of different channels, both formally and informally. Two of the board members are employees of the Company, appointed through a formal designation process; the Group runs a OneVoice internal survey designed to measure employee satisfaction and engagement; the Group engages with the local work councils on compensation matters on a regular basis.</td>
</tr>
</tbody>
</table>

Pay Equity Ratio

Equity pay ratio measures the ratio between the level of compensation of the Chairman and CEO and Deputy CEO and CFO and the average and median compensation of the employees, as required by Article L.225-37-3 6° and 7° of the French Commercial Code.

Calculation methodology

The compensation comparisons and pay ratios set out below were calculated based on the fixed and variable compensation paid during the fiscal years indicated as well as on the performance shares granted during the same periods, measured at IFRS value at grant.

Scope

The legal scope, the issuer, comprises very few employees, therefore, an alternate “relevant scope” was defined to reflect a larger representative employee population. It is based on the French holding entity Schneider Electric Société Européenne (SESE) (the issuer) as well as all employees in France of the operational company Schneider Electric Industries (SAS). This group of employees is employed on comparable terms to the corporate officers and represents more than 4,200 employees in France on a full time equivalent basis (FTE).

The ratios between the compensation paid to the corporate officers, Jean-Pascal Tricoire, Chairman and Chief Executive Officer, and Emmanuel Babeau, Deputy CEO and CFO, and the average and median compensation received by Schneider Electric employees are set out opposite.
## Evolution of corporate officers’ and employees’ compensation, pay ratios and Group’s performance over five years

<table>
<thead>
<tr>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO total compensation paid during FY</td>
<td>6,024,595</td>
<td>4,760,778</td>
<td>5,789,994</td>
<td>6,184,007</td>
</tr>
<tr>
<td>Deputy CEO total compensation paid during FY</td>
<td>2,844,142</td>
<td>2,283,831</td>
<td>2,804,775</td>
<td>3,041,321</td>
</tr>
<tr>
<td>Employees average compensation</td>
<td>82,791</td>
<td>83,829</td>
<td>88,551</td>
<td>91,127</td>
</tr>
<tr>
<td>% change in employees average compensation</td>
<td>–</td>
<td>+1%</td>
<td>+6%</td>
<td>+3%</td>
</tr>
<tr>
<td>% change in CEO total compensation</td>
<td>–</td>
<td>-21%</td>
<td>+22%</td>
<td>+7%</td>
</tr>
<tr>
<td>% change in Deputy CEO total compensation</td>
<td>–</td>
<td>-20%</td>
<td>+23%</td>
<td>+8%</td>
</tr>
<tr>
<td>CEO pay ratio – average compensation</td>
<td>73</td>
<td>57</td>
<td>65</td>
<td>68</td>
</tr>
<tr>
<td>CEO pay ratio – median compensation</td>
<td>92</td>
<td>71</td>
<td>81</td>
<td>84</td>
</tr>
<tr>
<td>Deputy CEO pay ratio – average compensation</td>
<td>34</td>
<td>27</td>
<td>32</td>
<td>33</td>
</tr>
<tr>
<td>Deputy CEO pay ratio – median compensation</td>
<td>43</td>
<td>34</td>
<td>39</td>
<td>41</td>
</tr>
</tbody>
</table>

### 7.3 2019 Corporate officers’ individual compensation in relation to the 2019 financial year

The fixed, variable and exceptional components of the total compensation and benefits paid in or awarded for the financial year 2019 to the corporate officers, as detailed below, are submitted to the shareholders for approval at the 2020 Annual Shareholders’ Meeting of 23 April 2020 under the 7th and 8th resolutions.

At its meeting of February 19, 2020, after examining the suitability and fairness of the outcome of the 2019 compensation policy for the corporate officers and its alignment with the Group’s performance and hearing the report of the Governance and remunerations committee, the board determined the corporate officers’ compensation for 2019 in accordance with the principles and criteria approved by the shareholders at the 2019 annual shareholders meeting, deemed “last approved compensation policy”, and which the board considers in force until the next compensation policy is approved by the shareholders.

The tables below summarize the compensation paid during the past financial year and compensation awarded for the past financial year, along with a description of how each component was calculated in conformity with the compensation policy in force.
**7. Compensation Report**

Mr. Jean Pascal Tricoire, Chairman and CEO: Elements of compensation paid or awarded for the 2019 financial year

<table>
<thead>
<tr>
<th>Elements of compensation submitted to the vote</th>
<th>Amounts paid during the past financial year</th>
<th>Amounts awarded for the past financial year or accounting valuations</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Base salary</td>
<td>EUR1,000,000</td>
<td>EUR1,000,000</td>
<td>Gross annual fixed compensation of EUR1,000,000 from January 1, 2019 to December 31, 2019. Board decision of February 13, 2019. Date of approval by the Annual Shareholders’ Meeting: April 25, 2019 (7th resolution).</td>
</tr>
<tr>
<td>2) Annual incentive</td>
<td>EUR1,489,800</td>
<td>EUR1,717,300</td>
<td>The annual incentive portion amounts to 130% of fixed compensation. The annual incentive may vary from 0 to 260% depending on the level of achievement of pre-set objectives. Its structure is unchanged since 2015. The annual incentive paid in 2019 was determined by the board at its meeting of 13 February 2019 based on the attainment rate of the objectives set for financial year 2018 which reached 149% (114.6% on base 100). It was paid after approval by the shareholders at their meeting of April 25, 2019 (5th resolution). At the board meeting held on February 19, 2020, annual incentive for 2019 due to be paid after the Annual Shareholders’ Meeting if the latter approves it, were set at 171.7% of the fixed portion, which represents an achievement rate of 132.1% on a 100 baseline. This calculation is broken down as follows: <strong>1) Financial components (80%)</strong> based on Group financial indicators, which are organic sales growth (40%), adjusted EBITA margin (org.) improvement (30%) and cash generation targets (10%). The achievement rate in connection with these criteria was 96.7%. <strong>2) Sustainability component (20%)</strong> based on the Schneider Sustainability Impact, for which achievement rate was set at 35.4%. It was set in conformity with the compensation policy approved at the Annual Shareholders’ Meeting of April 25, 2019 (7th resolution).</td>
</tr>
<tr>
<td>3) Multi-annual variable</td>
<td>N/A</td>
<td>N/A</td>
<td>Mr. Tricoire did not receive any multi-annual variable compensation.</td>
</tr>
<tr>
<td>4) Exceptional compensation</td>
<td>N/A</td>
<td>N/A</td>
<td>Mr. Tricoire did not receive any exceptional compensation.</td>
</tr>
</tbody>
</table>
### Elements of compensation submitted to the vote

<table>
<thead>
<tr>
<th>Description</th>
<th>Amounts paid during the past financial year</th>
<th>Amounts awarded for the past financial year or accounting valuations</th>
</tr>
</thead>
<tbody>
<tr>
<td>5) Pension benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complementary payments are intended to take account of the fact that, following the decision of the board of directors on February 18, 2015 to remove the benefit of the defined-benefit pension scheme (article 39) for corporate executive officers, Mr. Tricoire is personally responsible for building up his pension. To determine this authorized complementary compensation, the board of directors sought the recommendation of an independent expert, namely the firm Willis Towers Watson. The board of directors ensured that the mechanism implemented therefore, was in line with shareholders’ interests. Accordingly, Mr. Tricoire receives annually a complementary component, split into a fixed part and a variable part dependent on performance criteria. The variable part is aligned in terms of criteria and rate (target rate of 130% of the fixed complementary part and variable part varying from 0 to 260%) of the annual incentive (see above). These complementary payments are intended to enable Mr. Tricoire to build up his pension. He undertook to redirect these complementary payments, net of taxes, to investment vehicles devoted to financing his additional pension. The variable portion paid in 2019 was determined by the board at its meeting of 13 February 2019 and aligned on the attainment rate used for the purpose of the calculation of the annual incentive, i.e. 149%. It was paid after approval by the shareholders at their meeting of April 25, 2019 (5th resolution). At the meeting held on February 19, 2020 the annual complementary variable portion for 2019 due to be paid after the Annual Shareholders’ Meeting if the latter approves it, was set by the board of directors at 171.7% of the annual complementary fixed portion, i.e. an achievement rate of 132.1% on a 100 baseline. The calculation was broken down in the same way as that of the annual incentive presented in 2) above in line with the policy approved by the shareholders on 25 April 2019 (7th resolution). 30% of Mr. Tricoire’s cash compensation described above (items 1) to 5)) is granted to him in consideration for his duties as a corporate officer (Chairman and CEO) of Schneider Electric SE exclusively. The remainder is granted to him for the discharge of his operational duties as Regional President Asia of Schneider Electric Asia Pacific and executive director of SE USA Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual complementary fixed portion</td>
<td>EUR191,600</td>
<td>EUR191,600</td>
</tr>
<tr>
<td>Annual complementary variable portion</td>
<td>EUR285,446</td>
<td>EUR329,035</td>
</tr>
</tbody>
</table>
7. Compensation Report

<table>
<thead>
<tr>
<th>Elements of compensation submitted to the vote</th>
<th>Amounts paid during the past financial year</th>
<th>Amounts awarded for the past financial year or accounting valuations</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>6) Long-term incentive (Performance shares)</td>
<td></td>
<td>EUR970,740 for 18,000 performance shares according to IFRS valuation</td>
<td>18,000 performance shares were granted under plan no. 32 to Mr. Tricoire in his capacity as Chairman and CEO of Schneider Electric SE.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EUR2,259,600 for 42,000 performance shares according to IFRS valuation</td>
<td>42,000 performance shares were granted under plan no. 33 to Mr. Tricoire in his capacity as Regional President Asia of Schneider Electric Asia Pacific.</td>
</tr>
</tbody>
</table>

100% of these 60,000 performance shares are subject to performance criteria measured over a period of 3 years:

- 40% of the shares are contingent on the level of achievement of an adjusted EBITA operating margin objective for 2019 to 2021 FY as follows: the Adjusted operational margin criterion is defined as the average of the annual rates of achievement of Adjusted EBITA margin improvement for the 2019 to 2021 financial years, set by the board of directors of Schneider Electric SE in line with the objectives usually announced to investors at the beginning of the year. For 2019, the board had decided that, if the Adjusted EBITA margin increased by 0 basis points or decreased before foreign exchange and perimeter impact vs. 2018, then the achievement rate in 2019 would be 0% and if it increased by +60 basis points or more before foreign exchange and perimeter impact, the achievement rate for this criterion for 2019 would be 100% with a linear distribution between any points on the performance scale.

- 25% of the shares are conditional on Group Cash conversion rate. The target average rate ranges between 80% and 100% according to following scale: 0% if the average rate is below or equal to 80%, 100% if the average rate is equal to or higher than 100% with a linear distribution between any points on the scale.

- 20% of the shares are contingent on the average of the performance rate of the Schneider Sustainability Impact (SSI) against predefined targets at the end of each of the three years. SSI measures the Group’s progress with regard to environmental sustainability and social responsibility across various indicators. For 2019, the board had decided that if the index at the end of 2019 was equal or lower than 6, the achievement rate for 2019 would be 0% and if the index at the end of 2019 was equal to 7, the achievement rate would be 70% and if it is equal or superior to 8, the achievement rate for 2019 would be 100%, with a linear distribution between all points on the scale.

- 15% of the shares are conditional on relative Total Shareholder Return (TSR) from January 1, 2019 to December 31, 2021: the TSR objective is set based on Schneider Electric’s TSR ranking within the following panel of companies: ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls Industries, Rockwell, Fuji Electric, Mitsubishi Electric and Yokogawa, according to following scale: 0% if Schneider Electric TSR is ranked from 12th to 8th place, 25% for 7th place, 50% for 6th place, 75% for 5th, 100% for 4th and 150% for 3rd to 1st place. In case results are closely clustered, the board may exercise judgment to adjust the ranking.

- Offsetting of financial criteria: shares subject to the achievement of a cash conversion rate objective will have the ability to offset non-achievement of Adjusted EBITA or TSR criteria, according to the scale described above, up to a limit of 50% of the number of shares originally subject to this criterion. Shares subject to the TSR objective will have the ability to offset the non-achievement of Adjusted EBITA or rate of cash conversion criteria according to the scale described above up to a limit of 50% of the shares originally subject to this criterion. Final acquisition of shares at the end of the three-year period will nevertheless be capped at 100 million of the shares originally subject to Adj. EBITA margin, Relative TSR and rate of cash conversion criteria.

25% of the shares vested are subject to a holding requirement until such time as Mr. Tricoire ceases his duties. Furthermore, in the event of vested shares being sold, Mr. Tricoire is required to reinvest 10% of the sale price in Schneider Electric shares (net of taxes and contributions).

These obligations are suspended insofar as Mr. Tricoire holds Schneider Electric shares with a value representing 3 times his annual fixed compensation.

The percentage of capital represented by Mr. Tricoire’s share allocation is 0.01%.

Date of authorization by the Annual Shareholders’ Meeting: April 25, 2016, 19th resolution and April 25, 2019, 7th resolution.

Date of the award decision by the board of directors: March 26, 2019.
<table>
<thead>
<tr>
<th>Elements of compensation submitted to the vote</th>
<th>Amounts paid during the past financial year</th>
<th>Amounts awarded for the past financial year or accounting valuations</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7) Compensation related to the office as a director</td>
<td>EUR0</td>
<td>EUR0</td>
<td>Mr. Tricoire has waived his attendance fees.</td>
</tr>
<tr>
<td>8) Other benefits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EUR1,404</td>
<td>EUR1,404</td>
<td>This includes the following benefits as authorized by the board on February 13, 2019:</td>
</tr>
<tr>
<td></td>
<td>EUR800</td>
<td>EUR800</td>
<td>• the employer matching contribution paid to subscribers to the capital increase reserved for employees, in an amount of EUR1,404;</td>
</tr>
<tr>
<td></td>
<td>EUR7,970</td>
<td>EUR7,970</td>
<td>• the employer matching contribution paid to subscribers to the collective saving pension fund (Perco) in France, in an amount of EUR800.</td>
</tr>
<tr>
<td></td>
<td>EUR26,044</td>
<td>EUR26,044</td>
<td>• Mr. Tricoire benefited from profit-sharing.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Mr. Tricoire benefited from a company car.</td>
</tr>
</tbody>
</table>

**Supplementary Life & Disability scheme**

Mr. Tricoire benefits from rights to (i) a life-time annuity to the benefit of his surviving spouse in the event of his death before retirement or if he leaves the Company after the age of 55 without taking up any other employment. This life-time annuity shall be equal to 60% of 25% of the average compensation paid (i.e. including annual complementary payments) over the 3 years preceding the date of his death, less any theoretical income that may have been obtained under insurance conditions as a result of complementary payments already made (see above) (ii) a disability pension, payable to the surviving spouse at a rate of 60%, in cases of disability leading to the cessation of any professional activity as from the date of his retirement, equal to 25% of the average compensation paid (i.e. including annual complementary payments) over the 3 years prior to his disability, minus 1.25% per missing quarter required for obtaining a full-rate pension and less the theoretical income that may have been obtained through insurance schemes at the time of disability resulting from any complementary payments already made.


Date of approval by the Annual Shareholders’ Meeting: April 24, 2018 (4th resolution).

Moreover, in addition to the benefits of the collective welfare scheme applicable to Schneider Electric SE and Schneider Electric Industries SAS employees covering risks of illness, incapacity, disability and death, Mr. Tricoire also benefits from the complementary cover granted to French executives in the Group against risks of illness, incapacity, disability, death and accident. Welfare compensation and complementary cover are subject to performance conditions.


Date of approval by the Annual Shareholders’ Meeting: April 24, 2018 (4th resolution).

<table>
<thead>
<tr>
<th>9) Termination benefits</th>
<th>EUR0</th>
<th>EUR0</th>
<th>Involuntary Severance Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR0</td>
<td>EUR0</td>
<td>Mr. Tricoire was entitled to involuntary termination benefits in case of change of control or strategy and taking into account the non-compete compensation described below, capped at twice the arithmetical average of his annual fixed and variable compensation (i.e. inclusive of compensation and complementary payments) paid over the last 3 years. (See page 273 of the 2019 URD).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Date of approval by the Annual Shareholders’ Meeting: April 24, 2018 (4th resolution).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>EUR0</th>
<th>EUR0</th>
<th>Non-compete compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR0</td>
<td>EUR0</td>
<td>Mr. Tricoire was entitled to non-compete compensation for a period of one year capped at 6/10th of his average gross compensation – i.e. including annual complementary payments – fixed and target variable – over the last 12 months of service). (See page 273 of the 2019 URD).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Date of approval by the Annual Shareholders’ Meeting: April 24, 2018 (4th resolution).</td>
</tr>
</tbody>
</table>
### 7. Compensation Report

**Mr. Emmanuel BABEAU, Deputy CEO: Elements of compensation paid or awarded for 2019 financial year**

<table>
<thead>
<tr>
<th>Elements of compensation submitted to the vote</th>
<th>Amounts paid during the past financial year</th>
<th>Amounts awarded for the past financial year or accounting valuations</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Base salary</td>
<td>EUR680,000</td>
<td>EUR680,000</td>
<td>Gross annual fixed compensation of EUR680,000 from January 1, 2019 to December 31, 2019. Board decision of February 13, 2019. Date of approval by the Annual Shareholders’ Meeting: April 25, 2019 (8th resolution).</td>
</tr>
<tr>
<td>2) Annual incentive</td>
<td>EUR779,280</td>
<td>EUR898,280</td>
<td>The annual incentive portion amounts to 100% of fixed compensation. The annual incentive may vary from 0 to 200% depending on the level of achievement of pre-set objectives. Its structure is unchanged since 2015. The annual incentive paid in 2019 was determined by the board at its meeting of 13 February 2019 based on the attainment rate of the objectives set for financial year 2018 which reached 114.6%. It was paid after approval by the shareholders at their meeting of April 25, 2019 (6th resolution). At the board meeting held on February 19, 2020, annual incentive for 2019 due to be paid after the Annual Shareholders’ Meeting if the latter approves it, were set at 132.1% of the fixed portion, which represents an achievement rate of 132.1% on a 100 baseline. This calculation is broken down as follows: 1) <strong>Financial components (80%)</strong> based on Group financial indicators, which are organic sales growth (40%), adjusted EBITA margin (org.) improvement (30%) and cash generation targets (10%), The achievement rate in connection with these criteria was 96.7%. 2) <strong>Sustainability component (20%)</strong> based on the Schneider Sustainability Impact, for which achievement rate was set at 35.4%. It was set in conformity with the compensation policy approved at the Annual Shareholders’ Meeting: April 25, 2019 (8th resolution).</td>
</tr>
<tr>
<td>3) Multi-annual variable</td>
<td>N/A</td>
<td>N/A</td>
<td>Mr. Babeau did not receive any multi-annual variable compensation.</td>
</tr>
<tr>
<td>4) Exceptional compensation</td>
<td>N/A</td>
<td>N/A</td>
<td>Mr. Babeau did not receive any exceptional compensation.</td>
</tr>
</tbody>
</table>
### 5) Pension benefits

<table>
<thead>
<tr>
<th>Description</th>
<th>Amounts paid during the past financial year</th>
<th>Amounts awarded for the past financial year or accounting valuations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual complementary fixed portion</td>
<td>EUR153,300</td>
<td>EUR153,300</td>
</tr>
<tr>
<td>Annual complementary variable portion</td>
<td>EUR175,682</td>
<td>EUR202,509</td>
</tr>
</tbody>
</table>

Complementary payments are intended to take account of the fact that, following the decision of the board of directors on February 18, 2015 to remove the benefit of the defined-benefit pension scheme (article 39) for corporate executive officers, Mr. Babeau is personally responsible for building up his additional pension.

To determine the amount of this authorized complementary compensation, the board of directors relied on the work of an independent expert, namely the firm Willis Towers Watson.

The board of directors ensured that the mechanism implemented was in line with shareholders’ interests.

Accordingly, Mr. Babeau receives annually a complementary component, split into a fixed part and a variable part dependent on performance criteria. The variable part is aligned in terms of criteria and rate (target rate of 100% of the fixed complementary part and variable part varying from 0 to 200%) of the annual variable part (see above).

These complementary payments are intended to enable Mr. Babeau to build up his pension. He undertook to redirect these complementary payments, net of taxes, to investment vehicles devoted to financing his additional pension.

The variable portion paid in 2019 was determined by the board at its meeting of 13 February 2019 and aligned on the attainment rate used for the purpose of the calculation of the annual incentive, i.e. 114.6%. It was paid after approval by the shareholders at their meeting of April 25, 2019 (6th resolution).

At the meeting held on February 19, 2020 the annual complementary variable portion for 2019 due to be paid after the Annual Shareholders’ Meeting if the latter approves it, was set by the board of directors at 132.1% of the annual complementary fixed portion, i.e. an achievement rate of 132.1% on a 100 baseline.

The calculation was broken down in the same way as that of the annual incentive presented in 2) above in line with the policy approved by the shareholders on April 25, 2019 (8th resolution).
## 7. Compensation Report

<table>
<thead>
<tr>
<th>Elements of compensation submitted to the vote</th>
<th>Amounts paid during the past financial year</th>
<th>Amounts awarded for the past financial year or accounting valuations</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>6) Long-term incentive (Performance shares)</td>
<td>-</td>
<td>EUR420,654 for 7,800 performance shares according to IFRS valuation</td>
<td>7,800 performance shares were granted under plan no. 32 to Mr. Babeau in his capacity as Deputy CEO of Schneider Electric SE.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EUR979,160 for 18,200 performance shares according to IFRS valuation</td>
<td>18,200 performance shares were granted under plan no. 33 to Mr. Babeau in consideration for his specific technical and operational functions as head of the Group’s Finance &amp; Legal Affairs.</td>
</tr>
</tbody>
</table>

100% of these 26,000 performance shares are subject to performance criteria measured over a period of 3 years:

- 40% of the shares are contingent on the level of achievement of an adjusted EBITA operating margin objective for 2019 to 2021 FY as follows: the Adjusted operational margin criterion is defined as the average of the annual rates of achievement of Adjusted EBITA margin improvement for the 2019 to 2021 financial years, set by the board of directors of Schneider Electric SE in line with the objectives usually announced to investors at the beginning of the year. For 2019, the board had decided that, if the Adjusted EBITA margin increased by 0 basis points or decreased before foreign exchange and scope impact vs. 2018, then the achievement rate in 2019 would be 0% and if it increased by +60 basis points or more before foreign exchange and perimeter impact, the achievement rate for this criterion for 2019 would be 100% with a linear distribution between any points on the performance scale.

- 25% of the shares are conditional on Group Cash conversion rate. The target average rate ranges between 80% and 100% according to the following scale: 0% if the average rate is below or equal to 80%, 100% if the average rate is equal to or higher than 100% with a linear distribution between any points on the scale.

- 20% of the shares are contingent on the performance of the Schneider Sustainability Impact (SSI) against predefined targets at the end of each of the three years. SSI measures the Group’s progress with regard to environmental sustainability and social responsibility across various indicators. For 2019, the board had decided that if the index at the end of 2019 was equal or lower than 6, the achievement rate for 2019 would be 0% and if the index at the end of 2019 was equal to 7, the achievement rate would be 70% and if it is equal or superior to 8, the achievement rate for 2019 would be 100%, with a linear distribution between all points on the scale.

- 15% of the shares are conditional on relative Total Shareholder Return (TSR) from January 1, 2019 to December 31, 2021: the TSR objective is set based on Schneider Electric’s TSR ranking within the following panel of companies: ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls Industries, Rockwell, Fuji Electric, Mitsubishi Electric and Yokogawa according to following scale: 0% if Schneider Electric TSR is ranked from 12th to 8th place, 25% for 7th place, 50% for 6th place, 75% for 5th, 100% for 4th and 150% for 3rd to 1st place. In case results are closely clustered, the board may exercise judgment to adjust the ranking.

- Offsetting of financial criteria: shares subject to the achievement of a cash conversion rate objective will have the ability to offset non-achievement of Adjusted EBITA or TSR criteria, according to the scale described above, up to a limit of 50% of the number of shares originally subject to this criterion. Shares subject to the TSR objective will have the ability to offset the non-achievement of Adjusted EBITA or rate of cash conversion criteria according to the scale described above up to a limit of 50% of the shares originally subject to this criterion. Final acquisition of shares at the end of the three-year period will nevertheless be capped at 100 million of the shares originally subject to Adj. EBITA margin, Relative TSR and rate of cash conversion criteria.

15% of the shares vested are subject to a holding requirement until such time as Mr. Babeau ceases his duties. Furthermore, in the event of vested shares being sold, Mr. Babeau is required to reinvest 10% of the sale price in Schneider Electric shares (net of taxes and contributions).

These obligations are suspended insofar as Mr. Babeau holds Schneider Electric shares with a value representing twice his annual fixed compensation. The percentage of capital represented by Mr. Babeau’s share allocation is 0.004%.

Date of authorization by the Annual Shareholders’ Meeting: April 25, 2016, 19th resolution, and April 25, 2019, 8th resolution.

Date of the award decision by the board of directors: March 26, 2019.
<table>
<thead>
<tr>
<th>Elements of compensation submitted to the vote</th>
<th>Amounts paid during the past financial year</th>
<th>Amounts awarded for the past financial year or accounting valuations</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7) Attendance fees</td>
<td>EUR0</td>
<td>EUR0</td>
<td>Mr. Babeau has waived the attendance fees he would have been entitled to receive from directorships held in Group companies.</td>
</tr>
<tr>
<td>8) Other benefits</td>
<td>EUR1,404</td>
<td>EUR1,404</td>
<td>• the employer matching contribution paid to subscribers to the capital increase reserved for employees, in an amount of EUR1,404.</td>
</tr>
<tr>
<td></td>
<td>EUR800</td>
<td>EUR800</td>
<td>• the employer matching contribution paid to subscribers to the Group collective saving plan (PEG) in France, in an amount of EUR800.</td>
</tr>
<tr>
<td></td>
<td>EUR7,970</td>
<td>EUR7,970</td>
<td>• Mr. Babeau benefited from profit-sharing.</td>
</tr>
<tr>
<td></td>
<td>EUR4,569</td>
<td>EUR4,569</td>
<td>• Mr. Babeau benefited from a company car.</td>
</tr>
<tr>
<td>Supplementary Life &amp; Disability scheme</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr. Babeau benefits from rights to (i) a life-time annuity to the benefit of his surviving spouse in the event of his death before retirement or if he has left the Company after the age of 55 without taking up any other employment. This life-time annuity shall be equal to 60% of 25% of the average compensation paid (i.e. including annual complementary payments) over the 3 years preceding the date of his death, less any theoretical income that may have been obtained under insurance conditions as a result of complementary payments already made (see above) ii) a disability pension, payable to the surviving spouse, at a rate of 60%, in cases of disability leading to the cessation of any professional activity as from the date of his retirement, equal to 25% of the average compensation paid i.e. including annual complementary payments) over the 3 years prior to his disability, minus 1.25% per missing quarter required for obtaining a full-rate pension and less the theoretical income that may have been obtained through insurance schemes at the time of disability resulting from any complementary payments already made.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date of approval by the Annual Shareholders’ Meeting: April 24, 2018 (5th resolution).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moreover, in addition to the benefits of the collective welfare scheme applicable to Schneider Electric SE and Schneider Electric Industries SAS employees covering risks of illness, incapacity, disability and decease, Mr. Babeau also benefits from the complementary cover granted to French executives in the Group against risks of illness, incapacity, disability, decease and accident. Welfare compensation and complementary cover are subject to performance conditions.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date of approval by the Annual Shareholders’ Meeting: April 24, 2018 (5th resolution).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9) Termination benefits</td>
<td>EUR0</td>
<td>EUR0</td>
<td>Involuntary Severance Pay</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mr. Babeau was entitled to involuntary termination benefits in case of change of control or strategy and taking into account the non-compete compensation described below, amounting to twice the arithmetical average of his annual fixed and variable compensation (i.e. inclusive of compensation and complementary payments) paid over the last 3 years. (See page 273 of the 2019 URD).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Date of approval by the Annual Shareholders’ Meeting: April 24, 2018 (5th resolution).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Non-compete compensation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mr. Babeau was entitled to non-compete compensation for a period of one year capped at 6/10th of his average gross compensation – i.e. including annual complementary payments – fixed and target variable – over the last 12 months of service). (See page 273 of the 2019 URD).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Date of approval by the Annual Shareholders’ Meeting: April 24, 2018 (5th resolution).</td>
</tr>
</tbody>
</table>
7. Compensation Report

7.4 Compensation policy for the 2020 financial year

7.4.1 Executive Compensation Governance

Schneider Electric follows a rigorous process for determining executive compensation, under the leadership of committed and independent directors.

Role of the Governance and remunerations committee
The general principles and criteria forming part of the compensation policy for corporate officers, their individual assessment and their individual compensation packages are prepared and reviewed by the Governance and remunerations committee (the “Committee”), which makes proposals to the board of directors for decision. The board also hears the report and recommendations from the Human Resources and CSR committee on the incentive structure and performance criteria (annual incentive and performance shares) applied to other members of the Group Senior Management (the other members of the Executive Committee, see section 7.5), as well as the other Group’s employees. To help the board in the decision process, the Governance and remunerations committee and the Human Resources and CSR committee are authorized to call upon external experts for specific topics and benchmarking data and analyses. The committees hold at least one joint meeting every year to discuss the compensation structure applicable to corporate officers and other employees of the Group. In 2019, there was one joint meeting between the Governance and remunerations committee and the Human Resources and CSR committee to study and discuss the definition of the new LTIP performance criteria and targets and to ascertain the alignment of the chosen approach with the compensation of other executives and employees of the Group (see page 251).

As part of its preparatory work for its proposals to the board, the Committee:

**Defines incentive plan criteria**

Defines incentive plan criteria based on Schneider Electric’s executive compensation pillars and business strategy. Targets are determined at the beginning of the year in accordance with the goals of the Strategic Plan and individual performance objectives of each corporate officer.

Based on circumstances and priorities, the targets also encompass risks raised by the Audit and risks committee as well as the recommendations of the Human Resources and CSR committee.

**Benchmarks corporate officers’ pay**

Benchmarks corporate officers’ pay against the median of a peer group consisting of 24 French and international companies that are comparable to Schneider Electric in terms of market capitalization, revenue, industry, or that represent a potential source of recruitment or attrition.

This benchmarking is used as an indicator, not as a target, and is done ex-post only for reference.

**Engages with shareholders**

Relies on its Chair and independent lead director to directly engage with shareholders to ensure their perspectives and feedback on Schneider Electric’s compensation policy are heard and considered in decision-making.

The topic of corporate officers’ compensation is usually discussed at four board meetings every year. Corporate officers do not take part to the debates of the board concerning their own compensation.

This process ensures consistency and alignment between the compensation policy applied to the other executives and managers and the compensation policy applied to corporate officers. They share the same objectives and priorities and their rewards are aligned with Group’s performance and shareholder value creation.

**Use of discretion**

In determining executive compensation, the use of discretion is limited, and an appropriate disclosure on the use of discretion will be provided, if any, so that shareholders understand the basis for the board’s decisions. This discretion is available to the board to ensure successful execution of the policy and to reflect the fact that there are no individual performance objectives in corporate officers’ compensation:

- Flexibility to take account of unexpected changes in the industry environment and in compensation practice generally. This allows to respond to changes in circumstances, for example in modifying the benchmarking peer groups.
- Exercise discretion, upwards or downwards, to adjust the formulaic outcome for annual or long-term incentive awards resulting from the strict application of the approved policy, where a qualitative assessment of performance is required to ensure that the awarded compensation is fair in light of the corporate officers’ actual contribution to the company’s overall performance, its positioning vs. competition and the outcomes for shareholders.
Summary of changes for 2020

The compensation policy is intended to provide a clear link between delivery of Schneider Electric’s strategy and corporate officers’ compensation, while reflecting outcomes for shareholders. Set out below is the corporate officers and non-executive directors’ compensation policy (the “policy”) for 2020. It will be submitted to the shareholders at the 2020 Annual Shareholders’ Meeting (9th to 11th resolutions) and, subject to shareholders approval, will remain in force until the next policy is approved by the shareholders.

The Committee has reviewed the existing policy and concluded that the pillars and principles formulated in 2018 continue to provide market competitive pay, ensuring a strong link between pay and performance, strong alignment with shareholders and long-term focus. Therefore, based on the Committee’s analyses and recommendation, the board decided at its meeting of December 13, 2019 to maintain the executive compensation pillars, namely, Pay-for-Performance, Alignment with Shareholders’ Interests, and Competitiveness, and the seven principles that they translate into.

The Committee has also reassessed the compensation elements and criteria considering these principles and the shareholders’ concerns expressed at the 2018 Annual Shareholders’ Meeting and during the shareholder engagement process described above. Relying on the work and recommendations of the Governance and remunerations committee, the board, at its meeting of February 19, 2020, decided that the overall compensation structure of the corporate officers should remain largely the same as in 2019 as it satisfies the objectives of pay-for-performance and alignment with shareholders’ interests, subject to a tightening of the post-mandate benefits.

The specific components of Mr. Babeau’s compensation, which are proposed to be granted to him at his departure, are presented separately.

<table>
<thead>
<tr>
<th>Compensation Element</th>
<th>Summary of changes</th>
<th>Rationale</th>
</tr>
</thead>
</table>
| Base salary          | • Based on the Committee’s recommendation, the board decided that the corporate officers’ salaries should remain unchanged in 2020:  
– Jean-Pascal Tricoire: EUR1,000,000  
– Emmanuel Babeau: EUR680,000 (prorated for time) | Considering the positioning of the corporate officers’ salaries on the relevant markets, the Company performance and also pay conditions for other employees, the board decided that there were no special circumstances that would call for a salary increase in 2020. |
| Annual Incentive     | • No change to the performance criteria and weighting since it was simplified in 2019 by reducing the number of performance criteria from 8 to 4 with 80% Financial and 20% Sustainability based criteria.  
• Continue to apply a more stringent approach to target setting: the maximum annual incentive will only be earned where a strong performance is delivered on each performance metric. | The Annual Incentive structure focuses on what matters to Schneider Electric in delivering value to shareholders. It is 100% based on quantitative criteria.  
• The financial criteria – adj. EBITA margin, cash conversion and organic sales growth – represent 80% of the Annual Incentive and closely align pay outcomes for corporate officers with Schneider Electric’s financial performance.  
• 20% is based on Schneider Sustainability Impact and reflects the importance of sustainability on Schneider Electric’s business agenda. |
### 7. Compensation Report

#### Compensation Element

<table>
<thead>
<tr>
<th>Summary of changes</th>
<th>Rationale</th>
</tr>
</thead>
</table>
| **Performance Shares**                                                            | • Maintained the same number of shares to be granted to the Chairman and CEO Mr. Jean-Pascal Tricoise as in 2019, in line with the compensation policy; ie. 60,000 shares.  
• The award of shares represents the maximum potential and is subject to more stringent performance conditions. This is the first plan that is subject to the new performance criteria, which are predominantly based on external and relative performance of Schneider Electric versus peers on TSR and the demanding external indices on Sustainability.  
• From 2020, as approved by the shareholders at the 2019 General Meeting under the new LTIP authorization, the LTIP is simplified to reduce the number of performance criteria from 4 to 3 and remove duplicate performance criteria between the annual and long-term incentives. Also, the new plan:  
  i. Introduced an adjusted EPS as performance criterion;  
  ii. Modified TSR peer group to also include CAC40 companies in addition to the current peer group and to introduce a more demanding pay-out scale.  
  iii. Introduced new relative and external Sustainability criteria which will measure Schneider Electric’s progress as regards sustainability as assessed externally through independent, demanding and public indices.  
• Continue a more stringent approach to target setting – 100% of award can only be earned for stretching performance: e.g. for the Adj. EBITA, only 70% of award will be earned for achieving targets aligned with the objectives communicated to the market. | • In line with the compensation philosophy of the company, the board considers more appropriate to maintain in the remuneration policy a cap expressed as a number of awards as it wants to avoid the windfall effect that could come with a cap expressed in value. However, the number of awards is reviewed annually by the board.  
• In discussing the LTIP awards for the corporate officer, the board considered various inputs:  
  – Reviewed the market practice and the competitive positioning of the corporate officer among the three key comparator panels as specified in the compensation principles and noted that the chairman and CEO’s on-target compensation is becoming less competitive versus its US peers;  
  – Discussed the outstanding Group’s performance in 2019, and specifically the excellent returns to shareholders and increased enterprise value of Schneider Electric.  
  – Observed that these LTIP awards would be subject, for 60% of the total, to stringent relative financial and non-financial performance criteria and for the remaining 40%, to the Group’s performance measured in terms of Adj. EPS.  
• In the context described above, the board decided that the number of shares granted to the Chairman and CEO continues to be reasonable in terms of quantum and market practice for comparable roles; it rewards for excellent performance and supports the culture of ownership strongly promoted by Schneider Electric.  
• Having heard the reservations expressed by shareholders, the board decided to reduce from 30% to 25% the weight of the relative sustainability criterion measured through the combination of four external indices under the new Group indicator called SSERI and reviewed the acquisition scale to ensure that only leadership positions in the most demanding and relevant indices would allow the vesting of 100% of the shares.  
• The changes to the LTIP were largely supported and approved by the shareholders at the 2019 Annual Shareholders’ Meeting (21st resolution). They will be implemented starting from 2020 LTIP awards. |
| **Termination provisions**                                                        | If the new policy is approved by the shareholders at the 2020 meeting:  
• **Severance indemnity** will exclude pension payments from the calculation.  
• **Circumstances of the termination:** Resignation may qualify as a forced departure only if the resignation is “requested”. Voluntary resignation does not qualify as forced departure.  
• **Right to retain unvested shares:** Pro-rata rule will apply as a principle. | • The board listened to shareholders’ feedback in 2019 and made the appropriate changes and clarification to the termination provisions previously approved as regulated agreements and commitments.  
• The detailed operation of the termination provisions is described in the Policy section further in this document. |
How are performance criteria linked to Schneider Electric strategic priorities?
Variable pay is linked to performance metrics designed to deliver Schneider Electric strategy. At the start of each year, the board reviews the measures, targets and weightings to ensure they remain consistent with the annual priorities and Group strategy. For the annual incentive and the performance shares, the approach to performance measurement is intended to provide a balance of measures to assess performance focusing on execution of the Group’s strategic priorities.

### How the strategy links to the corporate officers’ variable compensation

#### Annual incentive plan

<table>
<thead>
<tr>
<th>Group's strategic priorities</th>
<th>Annual incentive plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivered strong execution and creating value for customers and shareholders every year to contribute to Schneider Electric’s long-term success</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measure</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group organic sales growth</td>
<td>40%</td>
</tr>
<tr>
<td>Group adjusted EBITA margin improvement (org.)</td>
<td>30%</td>
</tr>
<tr>
<td>Group cash conversion rate</td>
<td>10%</td>
</tr>
<tr>
<td>Schneider Sustainability Impact</td>
<td>20%</td>
</tr>
</tbody>
</table>

#### Long-term incentive plan

<table>
<thead>
<tr>
<th>Measure</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building an integrated and leading company with strong sustainability focus and attractive returns to shareholders</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measure</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Earnings per share</td>
<td>40%</td>
</tr>
<tr>
<td>Relative total shareholder return</td>
<td>35%</td>
</tr>
<tr>
<td>Relative Sustainability Index</td>
<td>25%</td>
</tr>
</tbody>
</table>

### Considerations of wider workforce compensation and shareholders’ views

The board monitors and reviews the effectiveness of the compensation policy for corporate officers and senior management and has regard to its impact and consistency with compensation policies in the wider workforce. During the year the board is provided with information and context on pay in the wider workforce and various HR initiatives to enable its decision-making. This includes the approach to gender pay gap and living wage programmes rolled out globally, the annual incentive results, the total cost of LTIP awards. Employee shareholders representatives are provided with a detailed explanation of the corporate officers’ compensation arrangements and can ask questions on the arrangements and how their compensation is aligned with the Company’s performance.

The board is committed to an open and transparent dialogue with Schneider Electric’s shareholders through the Vice-Chairman lead independent director. Where appropriate, Schneider Electric actively engages with shareholders and shareholder representative bodies, taking their views into account when making any decisions about the corporate officers’ compensation. The Vice-Chairman lead independent director is also available to answer questions at the Annual Shareholders’ Meeting.

### 2020 Compensation Pillars and Principles

#### Pay for Performance

- **Principle 1**: Prevalence of variable components: circa 80% for CEO and 75% for Deputy CEO (at target).
- **Principle 2**: Performance is evaluated via economic and measurable criteria.
- **Principle 3**: Financial and Sustainability objectives are fairly balanced and distributed between short-term (annual incentive) and medium-term (long-term incentive) components.

#### Alignment with shareholders’ interest

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

#### Competitiveness

- **Principle 6**: To benchmark Corporate Officers’ compensation package “at target” in the median range of the Company’s updated peer group.
- **Principle 7**: To reference the CAC40 3rd quartile and the Stoxx Europe 50 median.
7. Compensation Report

**Base salary**

**Purpose and Operation**

Base salaries are fixed remuneration, reflecting the scale and complexity of the business and the level of responsibility attached to the role of a corporate officer.

The board reviews corporate officers’ salaries regularly but usually awards increases only over a substantial period of time, unless there are specific circumstances that would warrant a salary increase, for example a major change in the corporate officer’s duties. The board ensures that corporate officers’ salaries are set reasonably comparing to similar roles in the market.

The board has decided there will be no increase in salaries in 2020.

<table>
<thead>
<tr>
<th>Corporate officer</th>
<th>FY 2020 (January 1, 2020)</th>
<th>FY 2019 (January 1, 2019)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean-Pascal Tricoire, Chairman and CEO</td>
<td>€1,000,000</td>
<td>€1,000,000</td>
<td>0%</td>
</tr>
<tr>
<td>Emmanuel Babeau, Deputy CEO</td>
<td>€680,000</td>
<td>€680,000</td>
<td>0%</td>
</tr>
</tbody>
</table>

The base salary paid to Mr. Babeau till his departure, calculated on a prorata temporis basis, would represent €226,667. (see page 297).

**Salary increases over the last five years**

<table>
<thead>
<tr>
<th>Year</th>
<th>Jean-Pascal Tricoire</th>
<th>Emmanuel Babeau</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>2019</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>2018</td>
<td>5%</td>
<td>12%</td>
</tr>
<tr>
<td>2017</td>
<td>Nil</td>
<td>10%</td>
</tr>
<tr>
<td>2016</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

**Annual Incentive**

**Purpose and Operation**

Annual Incentive provides variable cash compensation which rewards achievement of the short-term financial and sustainability targets of the Group.

At the start of the financial year, performance criteria and weightings are determined, and annual financial and sustainability targets are reviewed in detail by the Committee and recommended to the board for approval. Outcomes will be determined based on performance against each of those targets. The board has the flexibility to review targets during the year to ensure continuous alignment with shareholders’ interests.

The payment of the variable annual cash incentive is conditional upon approval by shareholders of the compensation granted to the corporate officers. The Company does not operate a clawback policy.

The pay-out opportunity at threshold performance is 0%, with 50% of maximum annual incentive payable for achieving target. Pay-outs between threshold and target, and between target and maximum, are determined on a straight-line basis.

Schneider Electric does not operate a deferral programme.

**2020 Annual Incentive opportunity at target and maximum:**

<table>
<thead>
<tr>
<th>Jean-Pascal Tricoire, Chairman and CEO</th>
<th>Emmanuel Babeau, Deputy CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>At target</td>
</tr>
<tr>
<td>0% of salary</td>
<td>130% of salary</td>
</tr>
<tr>
<td>Nil</td>
<td>EUR1,300,000</td>
</tr>
</tbody>
</table>

For 2020, the board proposes that the measurable financial performance criteria determine 80% and sustainability criteria, 20% of the variable cash compensation of Messrs. Tricoire and Babeau as follows:

- 100% measurable and quantifiable criteria
- 80% Financial and 20% Sustainability
For 2020, the board proposes that the measurable financial performance criteria determine 80% and sustainability criteria, 20% of the variable cash compensation of Mr. Tricoire as follows:

<table>
<thead>
<tr>
<th>Performance Criteria</th>
<th>Description and link to strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>40% Group Organic Sales Growth</td>
<td>Fostering organic growth through deployment of strategic priorities in key markets</td>
</tr>
<tr>
<td>30% Adjusted EBITA operating margin improvement</td>
<td>Enabling shareholder value creation through continuous efficiency</td>
</tr>
<tr>
<td>20% Schneider Sustainability Impact</td>
<td>Promoting continuous progress towards more sustainability and value for customers</td>
</tr>
<tr>
<td>10% Group Cash conversion</td>
<td>Enabling returns to shareholders</td>
</tr>
</tbody>
</table>

For business confidentiality reasons, the level of attainment required at target cannot be disclosed; however, the targets have been set by the board at the meeting of February 19, 2020 and will be communicated retrospectively.

Regarding specifically the Deputy CEO Mr. Babeau who leaves his position on April 30th, 2020, the target level set forth for the 2020 financial year, and not the maximum, would be deemed reached and applied to the annual incentive set at €680,000 with no change. Mr. Babeau would therefore be granted, on a prorata temporis basis until the termination date of his term of office as Deputy CEO, an amount of €226,667 (see page 297 for details).

**Performance Shares (Long Term Incentive Plan)**

**Purpose and Operation**

LTIP links the largest part of corporate officers’ compensation with the long-term performance of the Group and the actual outcome varies with performance against criteria linked directly to strategic priorities.

Shares granted are subject to a vesting period of three years with an additional mandatory one year holding period for 30% of shares which are granted under the Plan reserved to the corporate officers.

For threshold performance, 0% of shares granted will vest, for maximum 100% will vest. Vesting will normally operate on a straight-line basis between these points.

In 2018, the board has undertaken a robust review of the performance criteria and target setting approach to ensure LTIP performance criteria reflect a holistic assessment of the Group’s performance, continue to reinforce Schneider Electric’s strategy; encourage management to deliver steady and sustainable growth and strong alignment with shareholders.

These proposals have been approved by shareholders under the new LTIP resolution at the 2019 Annual Shareholders Meeting on April 25, 2019 (21st resolution). Therefore, the 2020 LTIP share awards will be granted under the new structure.

In order to align the interests of the Group’s executives to those of the shareholders, in 2020 the board will allocate performance shares to more than 2,000 beneficiaries who hold positions as Group executives (Plans No. 36 and 37). For Group Senior Management, 100% of shares allocated will be subject to a set of performance criteria with targets set by the board for each performance criteria and measured over 3 years. The total number of shares to be granted in 2020 is capped at 2.2 million shares.

The maximum annual award to the Chairman and CEO for 2020 remains the same as in 2019 – 60,000 shares (“policy maximum”). Under no circumstances, including in case of overachievement of all targets, the number of shares acquired may exceed the number of shares defined as policy maximum.

The volume of the maximum annual award was set in consideration of:

- The market practice and competitive positioning of the Chairman and CEO’s compensation package;
- The outstanding group’s performance in 2019, acknowledged by the market;
- The new structure of performance measurement governing the final acquisition of LTIP awards;
- The culture of ownership deeply rooted in Schneider Electric’s DNA.

100% measurable and quantifiable criteria

75% Financial & TSR and 25% Sustainability
Performance criteria and weightings applicable to the 2020 LTIP:

- **40%, a target improvement of Adj. EPS:**
- **35%, a relative TSR performance of Schneider Electric:**
  - 17.5% measured vs a bespoke panel of 11 companies: ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric and Yokogawa.
  - 17.5% measured vs CAC 40 companies.
- **25%, based on Schneider Sustainability External & Relative Index.**

**Adjusted EPS (40%):** The board introduced Adjusted EPS as the key long-term performance metric which promotes the execution of Schneider Electric’s strategy to deliver profitable growth, thus reinforcing alignment with shareholders. The criterion is defined as the average of the annual rates of achievement of Adjusted EPS improvement targets for the 2020 to 2022 financial years. Adjusted EPS performance is published in the external financial communications and its annual variance will be calculated using adjusted EBITA at constant FX from year N-1 to year N. Foreign exchange impacts below adjusted EBITA will be taken in full. Significant unforeseen scope impact could be restated from this calculation upon decision of The board.

**Relative TSR (35%):** the weight of this criteria has more than doubled (previously was 15%) to strengthen even further the alignment between the shareholders’ interests and compensation of the corporate officers.

- For 50% of the shares subject to the TSR criterion (i.e. 17.5% of the total), Schneider Electric TSR will be compared to a bespoke industry panel of 11 companies (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric and Yokogawa).
- For the remaining 50%, Schneider Electric TSR will be compared with the TSR of the companies in CAC40 index to reflect the macro-economic and stock-market specific trends which influence the performance of the share and in turn, the return to shareholders.

The TSR vesting scale is now as follows:

- No vesting at ranks 8 and below in the bespoke peer group: 0% at rank 8 and below, 100% at rank 4, 150% for ranks 1 to 3, linear between these points, as was already introduced in 2019 LTIP.
- For CAC40 TSR panel, there will be no vesting of shares for performance below the median: 0% below median, 50% at median (rank 20), 100% at rank 10, 120% in ranks 1 to 4, linear between these points.
- Overcompensation for exceptional performance will be permitted only if Schneider Electric’s TSR is ranked within the top quartile of the bespoke industry panel or within top 10% of the CAC40 companies and may compensate for under-performance under the Adjusted EPS criterion up to the same number of shares.
- If the Schneider Electric TSR is closely clustered with that of other companies in the panel, then the board of directors will apply its judgment to decide whether Schneider Electric’s TSR shall be deemed to be ranked in the same position as those companies.

**Schneider Sustainability External and Relative Index (SSERI) (25%),** referred to herein as Relative Sustainability Index: the long-term sustainability performance of the Group is also measured in terms of relative performance, through a combination of external indices which cover a range of environmental, social and governance indicators wider than and different from the Schneider Sustainability Impact. Using external indices will also ensure that the sustainability priorities governing the assessment of the long-term sustainability performance of the Group are at all times those which matter the most to the stakeholders.

For the 2020-22 plans, the board has selected some of the most challenging external indices (DJSI World, Euronext Vigeo, FTSE4GOOD and CDP Climate Change) which are objective, recognized and independent, covering main geographies in line with the Group’s Global footprint and which complement each other as they cover different sustainability dimensions. Using external and relative indices for performance assessment encourages permanent progress as their content is dynamic and includes new and more relevant topics as they emerge, forcing participants to constantly anticipate the most demanding trends in global sustainability. In line with Schneider Electric sustainability strategy, external indices stand at the forefront of new academic research of sustainability practices (IPCC 1.5°C report, TCFD recommendations, UN Global Compact SDGs…) and continuously raise the bar to deliver stronger impacts.

<table>
<thead>
<tr>
<th>DJSI</th>
<th>Euronext Vigeo</th>
<th>FTSE4GOOD</th>
<th>CDP Climate Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covers 3 dimensions: economic, environmental and social.</td>
<td>Covers environment, community involvement, business behaviour, human rights, corporate governance, human resources.</td>
<td>Covers the complete range of E (Environment), S (Social), and G (Governance).</td>
<td>Covers climate change, water, forests and represents a major reference for climate change leadership globally.</td>
</tr>
<tr>
<td>3,400 companies assessed.</td>
<td>4,000 companies assessed.</td>
<td>4,700 companies assessed.</td>
<td>5,500 companies assessed.</td>
</tr>
</tbody>
</table>
The target values and performance rates for each of these performance criteria will be detailed in the board’s report to the Annual Shareholders’ Meeting once the performance period has finished.

The maximum annual award to the Chairman and CEO for 2020 remains the same as in 2019, ie. 60,000 shares (“policy maximum”). However, the board may decide to award a different number of shares, provided it does not exceed the existing policy maximum. Under no circumstances, including in case of overachievement of all targets, may the number of shares acquired exceed the number of shares defined as policy maximum.

<table>
<thead>
<tr>
<th>Corporate officer</th>
<th>Number of Shares (Plan No. 36) (1)</th>
<th>Number of Shares (Plan No. 37)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean-Pascal Tricoire, Chairman and CEO</td>
<td>18,000</td>
<td>42,000</td>
</tr>
</tbody>
</table>

(1) The performance shares granted only to corporate officers are subject to a one year holding period after expiry of the three-year vesting period.

Mr. Babeau, who leaves the Group on April 30th, 2020 will not be granted any shares in 2020.

Pension Benefits

Purpose and Operation

The corporate officers receive complementary cash payments in lieu of participation in the defined benefit pension scheme (article 39) (“Top Hat”), which was discontinued for corporate officers following the decision of the board of directors on February 18, 2015.

The purpose of the pension cash payments is to provide a competitive retirement benefit in a way that is cost effective to the Company and that allows corporate officers to continue building their retirement benefits independently. The cash payments are a combination of fixed and variable payments that are considered “other benefits” to ensure consistency and comparability with other French or international companies. The maximum annual Complementary Pension Cash Benefit for 2020 remains unchanged and is detailed in the table below. Variable portion is subject to the same performance criteria and targets as the Annual Incentive. The corporate officers have committed to depositing these additional payments, after taxes, into investment vehicles dedicated to the supplementary financing of their pensions.

<table>
<thead>
<tr>
<th>Corporate Officer</th>
<th>Fixed portion (€)</th>
<th>Target (% of Fixed)</th>
<th>Minimum</th>
<th>At target (€)</th>
<th>Maximum (€)</th>
<th>Total at Target (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean-Pascal Tricoire, Chairman and CEO</td>
<td>191,600</td>
<td>130%</td>
<td>0</td>
<td>249,080</td>
<td>498,160</td>
<td>440,680</td>
</tr>
</tbody>
</table>

Mr. Babeau would receive, as complementary cash payments for pension building, the amounts prorated for time lapsed till the termination of his office as Deputy CEO, (i) of the fixed portion set at €153,300 on an annual basis with no change and (ii) of the variable portion calculated on the fixed portion, ie. €51,100 for the fixed portion and €51,100 for the variable portion (see page 297 for details).
Schneider Electric aims to provide an appropriate level of benefits considering market practice and the level of benefits provided for other employees in the Group. The benefits currently provided are described below, but may also include, for example, relocation assistance if required and subject to the board’s decision.

Employer Matching Contributions and Profit-Sharing
Corporate officers are eligible for profit-sharing and the employer matching contribution paid to subscribers to the capital increase reserved for employees.

Corporate officers are also eligible for the employer matching contribution paid to subscribers to the collective pension fund (PERCO), for the retirement of employees in France.

Company Car and Travel Expenses
Travel and business expenses for corporate officers are covered by the Group. The corporate officers may use the cars made available to Group Senior Management with or without chauffeur services. In addition, corporate officers are provided with a company car, but are not eligible to be reimbursed for other costs.

Health, Life and Disability schemes
Corporate officers are eligible for:

i. The collective welfare plan applicable to employees of Schneider Electric SE and Schneider Electric Industries SAS covering the risks of illness, incapacity, disability and death;

ii. Additional coverage of the Group’s French executives for risks of illness, incapacity, disability and death. The main features of this coverage are:
   1) In case of illness or accident resulting in a temporary stoppage or incapacity (of any category), the corporate officer shall be entitled to continue to receive 18 months’ worth of his compensation (fixed and target variable) authorized by the board,
   2) In case of death, the policyholder’s beneficiaries shall be entitled to the compensation (fixed and target variable) authorized by the board of directors for the current month, along with a death benefit equal to 6 months of the average compensation authorized by the board of directors (monthly average of the fixed and variable compensation paid during the last 12 months of employment);

iii. The entitlement to a life annuity pension paid to the surviving spouse in the event of death before his retirement, or if he left the company after the age of 55 without returning to work, equal to 60% of 25% of the average of compensation paid during the 3 years before the date of death, with a deduction made from the theoretical pension payment that may be obtained under insurance conditions from the additional payments that will have been made;

iv. In the event of disability causing the corporate officer to completely stop working, the right to pension payments (payable to the surviving spouse at a rate of 60%) beginning from his retirement equal to 25% of the average of the total cash compensation paid over the 3 years preceding the date of disability minus 1.25% per quarter of absence so as to obtain a full rate of pension and minus the amount of additional compensation that may be obtained under insurance conditions at the time the disability occurred;

v. In the event of an accident, the Group insurance covering the executive’s accident risk, stipulating the payment of a benefit the sum of which may be up to 4 times the annual compensation based on the type and circumstances of the accident.

Eligibility for benefits (ii) through (v) above is conditional on the fulfilment of one of the following conditions:

• the average of the net income of the last 5 financial years preceding the event is positive;
• the average of the free cash flow of the last 5 financial years preceding the event is positive.

Compensation in relation to director’s office
Mr. Tricoire has waived the attendance fees to which he is entitled in his capacity of Chairman of the board in pursuance of the distribution rules adopted by the board. Likewise, in accordance with the Group internal rules, Mr. Babeau will not receive attendance fees from any directorship held in Group companies until his departure.

Extraordinary Awards
The Compensation Policy does not include any provisions for extraordinary payments.

The board decided to maintain the prohibition of one-off payments that are not provided for in the compensation policy approved by the shareholders.

Recruitment Policy
On appointment of a new corporate officer, the board expects any new corporate officer to be engaged on terms that are consistent with, and in no case more favorable than, the policy approved by the shareholders at the last Shareholders’ Meeting, until the next policy is approved. However, it is recognized that all circumstances in which corporate officer may be appointed cannot be anticipated. The board will aim to set compensation that is appropriate to attract, motivate, retain and reward an individual of the quality required to run the Group successfully, while avoiding paying more than is necessary. If the board determines that it is in the best interests of the Company and shareholders to secure the services of a particular individual not promoted within the Group, it may require considering the terms of that individual’s existing employment and/or their personal circumstances.
The table below summarises the policy on appointment of a new corporate officer.

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Salary</td>
<td>Salaries are set by the board, taking into consideration a number of factors including the current pay for other corporate officers, the experience, skill and current pay level of the individual and external market forces. The board may choose to set the salary below that of the market or the other corporate officers with the intention of applying staged increases as the individual gains experience in the role.</td>
</tr>
<tr>
<td>Annual incentive</td>
<td>Annual incentive will be awarded within the parameters of the policy in force.</td>
</tr>
<tr>
<td>Pension</td>
<td>The board would set the pension cash supplementary payments at the appropriate level based on an individual’s circumstances.</td>
</tr>
<tr>
<td>Other benefits</td>
<td>The board would expect any new corporate officer to participate in the benefit schemes that are open to other senior employees (where appropriate referencing the candidate’s home country) but would take into account the individual’s existing arrangements, market norms and their status as a corporate officer.</td>
</tr>
<tr>
<td>Buy-out awards</td>
<td>The board may offer compensatory payments or buy-out awards where an individual forfeits outstanding variable pay opportunities or contractual rights as a result of their appointment. The specifics of any buy-out awards would be dependent on the individual circumstances of recruitment and would be determined on a case-by-case basis. On assessing such awards, the board will seek to make awards on a like-for-like basis to ensure that the value awarded would be no greater than the value forfeited by the individual. The board may choose to apply performance conditions to these awards.</td>
</tr>
<tr>
<td>Relocation</td>
<td>Where an individual is relocating in order to take up the role, the board may approve certain one-off benefits such as reasonable relocation expenses, accommodation for a defined period following appointment, assistance with visa applications or other immigration issues and ongoing arrangements such as tax equalization, annual flights home and a housing allowance.</td>
</tr>
<tr>
<td>Internal promotion</td>
<td>Where an existing employee is appointed to the board, he/she will be required to resign from his/her employment contract and the board will consider all existing contractual commitments including any outstanding share awards or pension entitlements.</td>
</tr>
<tr>
<td></td>
<td>In making any decision on the compensation of a new corporate officer, the board would balance shareholder expectations, current best practice and the circumstances of any new corporate officer. It would strive not to pay more than is necessary to recruit the right candidate and would give full details in the next remuneration report.</td>
</tr>
</tbody>
</table>

**Post-mandate benefits (formerly covered under the Regulated Agreements and Commitments)**

The post-mandate benefits described below shall not apply to Mr. Babeau, Deputy CEO, whose specific post-mandate benefits in relation to his departure on April 30, 2020, are detailed in the next section. They shall exclusively apply to the Chairman and CEO Mr. Tricoire.

The board listened carefully to the concerns raised by the shareholders and taking their feedback into account, the board propose the following changes to the corporate officers’ post-mandate benefits:

- Complementary payments for pension are proposed to be excluded from the severance indemnity calculation.
- A resignation may qualify as a forced departure only if the resignation was “requested”, which may include reasons such as change in strategy. Voluntary resignation does not qualify as a forced departure.
- Pro-rata rule will now apply as a principle to determine the corporate officer’s right to keep unvested shares after their constraint departure.

The table below presents a summary of the benefits that could be granted to the corporate officers on leaving office depending on the terms of the departure. The information provided in this summary is without prejudice to any decisions that may be made by the board. In determining overall termination arrangements, the board will ensure that termination benefits shall be granted only in case of forced departure and regardless of the form of the departure. In any case, Involuntary Severance Pay will not be paid if the resignation is a consequence of wrongful or gross misconduct.

<table>
<thead>
<tr>
<th>Voluntary resignation/ Removal from office for wrongful or gross misconduct</th>
<th>Forced departure(2)</th>
<th>Retirement</th>
<th>Change of assignment within the Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involuntary Severance Pay(2)</td>
<td>Not applicable</td>
<td>Maximum Amount(3) = twice the arithmetical average of the corporate officer’s annual fixed and variable cash compensation, to the exclusion of complementary pension payments, paid over the last 3 years taking into account the non-compete compensation, if any, and subject to the attainment of performance conditions.</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>
7. Compensation Report

<table>
<thead>
<tr>
<th>Non-compete indemnity(4)</th>
<th>If not waived by the board, 60% of annual fixed and target variable compensation (excluding pension payments)</th>
<th>Not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retention of unvested share awards(5)</td>
<td>Forfeited in full Rights retained on pro-rata basis to presence within Schneider Electric</td>
<td>Rights retained</td>
</tr>
</tbody>
</table>

Notes:
1) The termination benefits only become payable if the departure of the corporate officer is forced, including requested resignation, in the following cases:
   a. Dismissal, non renewal or requested resignation of the corporate officer, within the 6 months following a material change in Schneider Electric’s shareholder structure that could change the membership of the boards of directors;
   b. Dismissal, non renewal or requested resignation of the corporate officer, in the event of a reorientation of the strategy pursued and promoted by the corporate officer until that time, whether or not in connection with a change in shareholder structure as described above; and
   c. Dismissal, non renewal or requested resignation of the corporate officer, although, on average, two-thirds of the Group performance criteria have been achieved for the last 4 financial years from the day of departure.
2) Payment of the Involuntary Severance Pay is subject to fulfilment of the following performance conditions based on the average rate of achievement of the Group’s performance criteria used in the Annual Incentive for the last 3 financial years preceding the date of the board’s decision:

<table>
<thead>
<tr>
<th>Group criteria achievement</th>
<th>Severance payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 66%</td>
<td>No payment</td>
</tr>
<tr>
<td>66%-100%</td>
<td>75% – 100% of the Maximum Amount, calculated on a straight line basis</td>
</tr>
<tr>
<td>&gt;100%</td>
<td>100% of the Maximum Amount</td>
</tr>
</tbody>
</table>

3) The aggregate amount of the Involuntary Severance Pay and the non-compete compensation, if any, shall not exceed the Maximum Amount.
4) Non-compete: Corporate officers are bound by a non-compete agreement in case of departure. The one-year agreement calls for compensation to be paid at 60% of annual fixed and target variable parts (excluding complementary payments). In line with the recommendations of the AFEP-MEDEF corporate governance code, the board will determine whether to apply the non-compete clause at the time of departure of the corporate officer.
5) If the corporate officer leaves the Group in circumstances of a forced departure, he will be entitled to retain unvested performance shares, which would typically vest at the end of the relevant vesting period, subject to the applicable performance conditions, and which will be pro-rated for the time the corporate officer remained with the Group in any capacity during the vesting period.

Corporate officers are responsible for building their own pension and are not entitled to any pension benefits in case of departure.

In conformity with the recommendations of the AFEP-MEDEF corporate governance code:

- The entitlement to involuntary severance pay is subject to strict performance conditions, assessed over a period not lesser than two years;
- Only circumstances of a forced departure, regardless of the form of the departure, could trigger the entitlement to involuntary severance pay;
- Together with the non-compete indemnity, if any, the involuntary severance pay could not exceed twice the average of the corporate officer’s annual compensation (fixed and variable part, to the exclusion of the pension benefits);
- The board shall determine unilaterally whether or not to apply the non-compete clause at the time of the departure of the corporate officer;
- The corporate officer shall not be entitled to Involuntary Severance Pay in case he is entitled to benefit from his/her pension rights.

<table>
<thead>
<tr>
<th>Corporate officer</th>
<th>Employment Contract</th>
<th>Top-Hat pension benefits</th>
<th>Payments or benefits that may be due in the event of termination of assignment</th>
<th>Payments in relation to a non-compete agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean-Pascal Tricoire, Chairman and CEO</td>
<td>NO</td>
<td>NO(1)</td>
<td>YES</td>
<td>YES</td>
</tr>
</tbody>
</table>

(1) The board of directors of February 18, 2015, decided to put an end to the benefits of the top-hat pension plan for corporate officers.

If the compensation policy for 2020 of the Chairman and CEO Mr. Jean-Pascal Tricoire is approved, those changes would apply immediately and supersede the terms of the Regulated Agreements and Commitments in relation to his status detailed in section 4.8 below and previously approved (4th resolution approved at the Annual Shareholders’ Meeting of 24 April 2018).
Departure of the Deputy CEO Mr. Emmanuel Babeau

Mr. Emmanuel Babeau, Deputy CEO of Schneider Electric, will be leaving the Group with effect from 30 April 2020, under mutually agreed conditions that have been set forth in the Agreement executed on 2 March 2020 in accordance with the procedure of the regulated agreements of Article L. 225-38 of the French Commercial Code.

The board of directors, in its meeting of 28 February 2020, based on the works and recommendation of the Governance and remunerations committee, decided to grant him the compensation components listed hereinafter, subject to their approval by the general meeting to be held on 23 April 2020 under:
- the regulated agreements’ procedure (5th resolution); and
- a specific resolution relating to the approval of the compensation policy applicable in 2020 to Mr. Babeau as part of his departure and the components of the compensation thus approved and already known that would be paid to him at his departure (10th resolution).

Base salary for the 2020 financial year
The amount of the annual base salary of the Deputy CEO would remain unchanged for 2020, i.e. €680,000 for a full year. The base salary paid to Mr. Babeau would be calculated on a prorata temporis basis until the termination date of his term of office as Deputy CEO. He would therefore receive €226,667 until 30 April 2020 as base salary.

Annual incentive for the 2020 financial year
The board would like to acknowledge Mr. Babeau’s contribution for the 2020 financial year and the assistance he provided to ensure a smooth transition in the best conditions. As a result, the target level (ie. 100% of the fixed compensation) - and not the maximum (ie. 200%) - of the annual incentive of €680,000 set forth for the 2020 financial year, would be deemed reached for the Deputy CEO Mr. Babeau and applied on a prorata temporis basis until the termination date of his term of office as Deputy CEO. The portion of the annual incentive due to Mr. Babeau for the 2020 financial year would thus be €226,667.

Mr. Emmanuel Babeau would not be granted any performance share under the 2020 performance share plans.

Complementary cash payments for pension building
Mr. Babeau would receive, as complementary cash payment for pension building for 2020, the following amounts, calculated on a prorata temporis basis until the termination date of his term of office as Deputy CEO:
- fixed portion: €51,100 (based on an annual amount of €153,300 euros); and
- variable portion (at target): €51,100 (based on an annual amount of €153,300 for a variable portion equal to 100% of the fixed portion if the target level is deemed reached for the 2020 financial year).

Application of a new non-compete agreement and other restrictive covenants
The board of directors reviewed the contractual conditions currently applicable to the corporate officers as part of their status, amended for the last time on 14 February 2018 and approved under the procedure of the regulated agreements and commitments at the Annual Shareholders’ Meeting of 24 April 2018. This status is described in detail page 273 of this Universal Registration Document.

As per this status, the board of directors must decide whether or not the non-compete commitment shall apply.

The board of directors, after hearing the report of the Governance and remunerations committee and deliberating thereon, felt it necessary to further protect the company and Group’s interests after the departure of the Deputy CEO. The board noted in this regard that Mr. Emmanuel Babeau had worked within the Group for more than ten years, including seven years in the capacity of Deputy CEO, and has in-depth knowledge of the Group’s operations and future strategic development. As Vice Chairman and non-executive director of Aveva Group Plc. since 2018, he has also developed cross-disciplinary, strategic and operational skills in the engineering and industrial software sector, a sector which is seen as crucial for the current and future development of the Group.

As a result, the current non-compete commitment is deemed insufficient and does not protect the Group’s interests to the full extent and would thus be replaced with a new non-compete commitment, the scope of which would extend to positions as employee, executive and non-executive officer (and in particular any participation in a governance body) and to any activity providing services or consultancy within or to the companies already covered by the initial non-compete agreement as well as companies in the engineering and industrial software sector. The term of the new non-compete commitment would extend to 2 years (instead of 12 months under the current commitment).

Mr. Babeau, whose contribution to the Group’s good performance has been acknowledged by the board of directors, would waive the non-compete cash compensation equal to 60% of his annual target compensation (including complementary payments) that he would be entitled to receive pursuant to the non-compete agreement approved by the Annual Shareholders’ Meeting of April 24th, 2018.

This fresh non-compete commitment would be supplemented by the following restrictive covenants resulting from the departure of the corporate officer: (i) non-solicitation, (ii) non-disparagement, (iii) confidentiality and (iv) cooperation in the context of legal or administrative proceedings involving the company, all binding Mr. Babeau for a period of two years.
7. Compensation Report

Subject to compliance with the terms of all these commitments and covenants, Mr. Babeau would be entitled to retain the unvested performance shares granted to him in 2018 and 2019, in proportion to the time of his presence over the vesting period of the performance share plans concerned and subject to the original performance conditions applicable to those shares and the plan rules.

Right to retain unvested performance shares

The continuous presence condition provided for in the performance share plans would be waived and Mr. Babeau would be entitled to retain the 52,000 unvested performance shares, which were granted to him in 2018 and 2019, in proportion to the time of his presence over the vesting period of the performance share plans concerned, i.e., a maximum of 27,445 performance shares, under the following conditions:

- 18,056 performance shares granted in 2018 under the plans 30 and 31 would be deemed vested on March 26, 2021, subject to the Deputy CEO’s compliance with all the commitments and covenants above described until that date; and
- 9,389 performance shares granted in 2019 under the plans 32 and 33 would be deemed vested on March 28, 2022, subject to the Deputy CEO’s compliance with all the commitments and covenants above described until that date.

The other conditions provided for in the performance share plans rules, and in particular the performance conditions, would remain applicable. The final number of performance shares that could be acquired by Mr. Babeau will be known at the end of the respective vesting periods, subject to continuous compliance with the commitments and covenants and to the achievement rates of the applicable performance conditions set by the board of directors.

Tax and legal support

Mr. Babeau would benefit from legal and tax support until the completion of the study relating to the consequences of him being based in the United-Kingdom from July 2014 to July 2018 for the purposes of the integration of Invensys Ltd. This study is currently carried out by the external provider, and will be completed by 31 December 2020 at the latest. The cost of this support is capped at 15,000 euros.

In any event:

- Mr. Emmanuel Babeau will not receive any Involuntary Severance Pay insofar as his departure does not constitute a case of constraint departure;
- Mr. Emmanuel Babeau will not be entitled to any post-mandate retirement benefit;
- The above-mentioned compensation components would constitute the entirety of the compensation granted to him in connection with the termination of all his assignments within the company and any other company of the group, in any respect whatsoever.

While deliberating on the conditions of Mr. Babeau’s departure, the board of directors emphasized the following circumstances:

- The priority is to protect the Group’s interest by strengthening the post-mandate guarantees and assurances obtained from a departing corporate officer who was with the Group for more than ten years and whose scope of expertise extended to companies from the technology and engineering sectors;
- Mr. Emmanuel Babeau contributed to the solid performance of the Group, which translated into an annual average organic growth of the Adjusted EBITA margin of 6.4% between 2015 and 2019. Over the past three years, the achievement rate of the performance conditions which determine the corporate officers’ annual incentive reached 133% on average;
- The right to retain unvested performance shares on a prorata temporis basis is proportionate, in value, to the commitments taken by Mr. Babeau and its term is matching the term of these commitments;
- The equivalent value of the performance shares that Mr. Babeau will be entitled to retain provided he complies with his new commitments will depend upon the Group’s performance over the next two years and the successful implementation of the strategic plan to the conception of which he has contributed;
- In any event, this equivalent value will not exceed the Maximum Amount defined as twice the arithmetic average of the effective cash compensation, fixed and variable (excluding the complementary payments for pension building), for the past three years, i.e. a cap of €2,958,733:
  - IFRS value of the 18,056 shares granted in 2018 and potentially retained: €987,447
  - IFRS value of the 9,389 shares granted in 2019 and potentially retained: €505,494;
- representing a potential total value of €1,492,941 for a commitment of two years, to be compared to (i) the total value of the current non-compete indemnity, for a one-year commitment, of €996,960, and to (ii) the equivalent of two years of effective cash compensation which represents an amount of €2,958,733 (excluding the complementary payments for pension building).
- At the closing share price of the day of the decision, i.e. €90.50, and assuming that the performance conditions applicable to the unvested shares will all be fully satisfied, the equivalent value of the shares that Mr. Babeau would be entitled to keep is also below the Maximum Amount;
- The shares that would eventually be acquired by Mr. Babeau at the vesting date of the two performance share plans would be delivered from the existing treasury shares that have already been acquired by the company in the course of the share buy-back programme and allocated to the implementation of the performance share plans. The cash impact for the company would therefore be nil.
7.4.2 Compensation policy table – non-executive directors

The maximum amount that can be paid for non-executive directors is set in accordance with the Articles of Association.

At the 2019 Annual Shareholders’ Meeting, the shareholders have approved under the 13th resolution the maximum total amount of the annual compensation that can be paid to the members of the board which since then stands at €2,500,000. It is proposed:

- To maintain the cap of annual total compensation payable to the members of the board at EUR2,500,000; and
- To keep the allocation rules unchanged and as detailed below.

The table below shows the allocation rules of the fixed payments allocated to the non-executive directors and implemented during the 2020 financial year.

<table>
<thead>
<tr>
<th>Approach</th>
<th>Director’s individual compensation</th>
<th>Compensation for travel time</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Amounts granted to the non-executive directors are determined taking account of a director’s responsibilities, the expected commitment for the role and the competitive market rates among the international peers.</td>
<td>• Non-executive directors are paid a fixed basic amount of EUR25,000 for membership of the board with an additional amount of EUR7,000 per board meeting attended and EUR4,000 per committee meeting.</td>
<td>• For intercontinental travel (e.g. USA), non-executive directors attending the meeting physically are paid EUR5,000 per board session.</td>
</tr>
<tr>
<td>• Besides the fixed base amount, the directors’ compensation mostly depends upon the said directors’ attendance to the board and committee meetings.</td>
<td>• Additional payments are made to non-executive directors who hold the position of Committee Chair to reflect the additional responsibilities and workload:</td>
<td>• For intra-continental travels (e.g. Switzerland) non-executive directors attending the meeting physically are paid EUR3,000 per board session.</td>
</tr>
<tr>
<td>• The board is responsible for setting the amounts due to be paid to each of the non-executive directors.</td>
<td>– Audit committee: EUR20,000 per annum</td>
<td>• Non-executive directors do not receive incentive pay or share awards or any benefits nor pension arrangements in relation to their office (unless they are former managers of the Group and were a member of a Group pension plan).</td>
</tr>
<tr>
<td>• The total amount paid is subject to the aggregate limit set by the shareholders.</td>
<td>– Human Resources and CSR committee, Digital Committee, and Investment Committee: EUR15,000 per annum</td>
<td>• Employee directors are separately entitled to the compensation granted to them for the performance of their duties. As an employee, such compensation is not affected by their office as a director and is not disclosed.</td>
</tr>
<tr>
<td></td>
<td>– Independent lead director, who is also the Chairman of the Governance and remunerations committee: EUR250,000 per annum</td>
<td>• The board also provided that the Vice-Chairman lead director could, in the performance of his/her duties use certain resources of the Group’s management.</td>
</tr>
<tr>
<td></td>
<td>• For non-voting members, a fixed payment of EUR20,000 per annum is paid, unless they become non-executive director at the next general meeting. In this case, they will receive the same fees for attending the board and committee meetings as non-executive directors.</td>
<td></td>
</tr>
</tbody>
</table>
7.5 Compensation of Group Senior Management (excluding corporate officers)

Scope of Senior Management in 2019

On December 31, 2019, Senior Management included the Chairman and CEO and Deputy CEO and other Executive Committee members. The Executive Committee is chaired by the Chairman and CEO (14 members excluding the Chairman and CEO). It includes, in addition to the Chairman and CEO and Deputy CEO in charge of Finance and Legal Affairs:

- Executive Vice-Presidents of Corporate Functions: Global Supply Chain, Digital, Strategy, Marketing, Global Human Resources
- Executive Vice-Presidents of Activities: Industry Automation, Energy Management, Services

From January 2019, with the appointment of Barbara Frei to the executive committee, 29% of the group senior management is composed of women (versus 23% in 2018).

Compensation policy

The compensation principles of Group Senior Management (excluding the corporate officers) and their individual analyses are reviewed by the Human Resources and CSR committee for information and consultation with the board of directors.

The Human Resources and CSR committee may consult external experts for specific missions and analyses.

The compensation policy of the Group Senior Management follows the principles of competitiveness, pay-for-performance and alignment with shareholders’ long-term interests as detailed in the section above for corporate officers, with the following specificities:

- The competitiveness of their compensation is considered before a relevant panel considering the geography and the scope of responsibilities as set out by the consultancy firm Willis Towers Watson;
- The proportion of variable components within their compensation package is less than for the corporate officers: 75% vs. around 80% for the corporate officers.

On target compensation pay mix

<table>
<thead>
<tr>
<th>Fixed Part</th>
<th>Variable Part</th>
</tr>
</thead>
<tbody>
<tr>
<td>27%</td>
<td>73%</td>
</tr>
</tbody>
</table>
Compensation paid in 2019
Gross compensation, including benefits in kind, paid by Group companies in 2019 to members of Group Senior Management other than corporate officers, amounted to EUR21.9m, including EUR6.1m in variable compensation paid in the 2019 financial year. The objectives for Group results for the financial year 2019 were:

• Group organic sales growth;
• Improvement of Group Adj EBITA margin on sales (org.);
• Group cash conversion rate;
• Schneider Sustainability Impact.

Long-term incentive plans
Performance shares were granted in 2019 to the Group Senior Management. As of December 31, 2019, as part of the long-term incentive plan, Group Senior Management other than corporate officers held:

• 905,802 shares, of which 694,000 are conditional;
• 0 options;
• 45,680 Stock Appreciation Rights (SARs).

Pension benefits
Schneider Electric policy concerning pension benefits states that:

• the Group’s Senior Management not subject to the French Social Security System are covered by pension plan arrangements in line with local practices in their respective countries;
• the Group’s Senior Management subject to the French Social Security system, with the exception of corporate officers, are covered by the additional defined-contribution pension (article 83) plans for employees, and/or Group Senior Management. Their defined-benefit pension plan (article 39) was cancelled on March 22, 2016.

7.6 Transactions in Schneider Electric shares in 2019
Share Ownership Guidelines
Mr. Tricoire is required to hold Schneider Electric shares with a value representing at least 3 times his base salary. Mr. Babeau is required to hold shares with a value representing at least twice his base salary till his departure. The number of shares to be retained is determined at the beginning of the calendar year, based on the VWAP average stock price for the past calendar year. The situation of the corporate officers as of December 31, 2019 stands as follows:

<table>
<thead>
<tr>
<th>Officer</th>
<th>Obligation for the FY 2019</th>
<th>Number of shares held (as of December 31, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean-Pascal Tricoire</td>
<td>€ 3,000,000</td>
<td>43,478</td>
</tr>
<tr>
<td>Emmanuel Babeau</td>
<td>€ 1,360,000</td>
<td>19,710</td>
</tr>
</tbody>
</table>

(1) Average stock price (VWAP) for FY 2018: €69.
### 7. Compensation Report

**Transactions declared in application of article L.621-18-2 of the French Monetary and Financial Code**

The following table details Schneider Electric stock transactions conducted by the corporate officers and those closely related to them:

<table>
<thead>
<tr>
<th>Date</th>
<th>Name</th>
<th>Transaction Type</th>
<th>Unit Price</th>
<th>Total transaction amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>18/02/2019</td>
<td>Tricoire</td>
<td>Buy (LTIP – P.20))</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>14/03/2019</td>
<td>Tricoire</td>
<td>Disposal</td>
<td>€70.0189</td>
<td>€1,540,415.80</td>
</tr>
<tr>
<td>26/03/2019</td>
<td>Tricoire</td>
<td>Pledge – Share</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>27/03/2019</td>
<td>Tricoire</td>
<td>Buy (LTIP – P.22)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>01/04/2019</td>
<td>Tricoire</td>
<td>Buy (LTIP – P.25)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>02/07/2019</td>
<td>Tricoire</td>
<td>Buy*</td>
<td>€60.26</td>
<td>€28,235.97</td>
</tr>
<tr>
<td>02/07/2019</td>
<td>Tricoire</td>
<td>Buy*</td>
<td>€60.26</td>
<td>€9,374.42</td>
</tr>
<tr>
<td>11/09/2019</td>
<td>Tricoire</td>
<td>Disposal</td>
<td>€80.1275</td>
<td>€2,389,402.00</td>
</tr>
<tr>
<td>27/03/2019</td>
<td>Babeau</td>
<td>Buy (LTIP – P.22)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>01/04/2019</td>
<td>Babeau</td>
<td>Buy (LTIP – P.25)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>02/07/2019</td>
<td>Babeau</td>
<td>Buy*</td>
<td>€60.26</td>
<td>€8,465.89</td>
</tr>
<tr>
<td>28/10/2019</td>
<td>Babeau</td>
<td>Disposal</td>
<td>€85.1028</td>
<td>€1,725,884.78</td>
</tr>
<tr>
<td>02/07/2019</td>
<td>Ma</td>
<td>Disposal</td>
<td>€69.5313</td>
<td>€139,062.60</td>
</tr>
<tr>
<td>21/06/2019</td>
<td>Ma</td>
<td>Buy (LTIP – P.22)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>02/07/2019</td>
<td>Montier</td>
<td>Buy**</td>
<td>€60.26</td>
<td>€22,680,5684</td>
</tr>
<tr>
<td>25/04/2019</td>
<td>Tan</td>
<td>Buy</td>
<td>€76.405</td>
<td>€76,405.00</td>
</tr>
</tbody>
</table>

* Subscription to Schneider Electric’s WESOP effective as of July 2, 2019 pursuant to orders made irrevocably on or before May 6, 2019.

** Disposal of shares in Schneider Electric’s FCPE equivalent to respectively 179.2054, 177.02 and 163.6117 Schneider Electric shares at the date of the transactions.
8. Regulated agreements and commitments

8.1 Review of the Regulated Agreements and Commitments entered into by Schneider Electric SE

8.1.1 Agreements and commitments of the 2019 financial year

None.

8.1.2 Agreements and commitments signed during previous years and approved at the Annual Shareholders’ Meeting

Regulated Agreements and Commitments related to the Corporate Officers’ status (Mr. Jean-Pascal Tricoire and Mr. Emmanuel Babeau)

Pursuant to the provisions of the TEPA Act, at its meetings of April 25, June 18 and 19, 2013, October 24, 2013 and February 18, 2015, the board of directors:

- renewed the status of Jean-Pascal Tricoire as adopted by the supervisory board in 2012 subject to a number of adjustments primarily related to new recommendations of the AFEP-MEDEF Code;
- adopted the status of Mr. Emmanuel Babeau at the level of Schneider Electric SE when he resigned from Schneider Electric Industries SAS;
- put an end, for the Corporate Officers, to the benefit of the top hat pension schemes (Article 39) implemented in 1995 and 2012, except for life and disability coverage (death, invalidity) provided thereunder.

The Annual Shareholders’ Meeting on May 6, 2014, pursuant to its 4th, 5th and 6th resolutions, approved the renewal of Mr. Tricoire’s status and the adoption of Mr. Babeau’s status. On April 21, 2015, it approved their amendments as regards the withdrawal of the top-hat pension scheme (5th and 6th resolutions).

Since these decisions, Mr. Tricoire’s and Mr. Babeau’s status have been strictly aligned.

The board of directors at its meeting of April 25, 2017, held after the Annual Shareholders’ Meeting, took note of the renewal of the directorship of Mr. Tricoire and subsequently decided to renew the terms of Mr. Tricoire and Mr. Babeau as, respectively, Chairman and CEO, and Deputy CEO, and further, to reiterate the elements of the status granted to them, subject to an amendment concerning the right of the board of directors to waive unilaterally the non-compete agreement in case of departure of a corporate officer. The board noted that the continuation of their functions under the same conditions of competitiveness, stability and exclusivity was essential to the implementation of the Group development strategy defined by the board and in the interest of the Group.

On February 14, 2018, the board further reviewed the status of the corporate officers and amended the scope of the right granted to them to retain, in case of involuntary severance, the free or performance shares or the stock options that would have been granted to them and that would have remained unvested or unexercised at the time of departure.

The corporate officers’ right to retain shares and options granted as part of plans issued after February 14, 2018, that would remain unvested or unexercised at the time of their involuntary severance, was made proportionate to their time of presence within the Group during the vesting or acquisition period of the shares and options concerned. In accordance with the guidelines of the AFEP-MEDEF corporate governance Code, the board could however decide, in specific circumstances and via a motivated resolution, that the concerned corporate officer will be entitled to keep all shares or options granted, provided pre-set performance conditions are satisfied.

After these changes, the corporate officers’ status was fully aligned with the recommendations of AMF and of the AFEP-MEDEF Corporate Governance Guidelines.

The change in the corporate officers’ status was approved by the shareholders at the Annual Shareholders’ Meeting of April 24, 2018, under the 4th and 5th resolutions.

In pursuance of articles L.225-37-2 and R.225-29-1-II of the French Commercial Code, the compensation components, indemnities or benefits due or likely to be awarded in relation to the termination of, or a change in, the corporate officer’s assignment, or after such assignment, form part of the compensation policy submitted to the approval of the shareholders at the Annual Shareholders’ Meeting under the 9th and 10th resolutions and no longer qualify as regulated agreement and commitments.

In case the 2020 compensation policy is approved, it shall supersede the Regulated Agreements and Commitments described above.

In case the 2020 compensation policy is not approved, the Regulated Agreements and Commitments described above shall survive and their terms form part of the policy.
8. Regulated agreements and commitments

8.1.3: Regulated agreements of the 2020 financial year
Schneider Electric executed on 2 March 2020 a new regulated agreement governing the conditions of the departure of Mr. Emmanuel Babeau, Deputy CEO, whose departure will be effective from 30 April 2020.

The board of directors would like to acknowledge Mr. Babeau’s contribution for the 2020 financial year and the assistance he provided to ensure a smooth transition in the best conditions. It also felt it necessary to strengthen Mr. Babeau’s post-mandate commitments in terms of non-compete and other restrictive covenants, which Mr. Babeau accepted.

The agreement of 2 March 2020 authorized by the board of directors on 28 February 2020 provides for the following:

- Base salary for 2020 due on monthly instalments as per the 2019 policy providing for an annual amount of €680,000, representing an aggregate amount at the date of departure of €226,667;
- Annual incentive for 2020 to be awarded at the target level, ie. 100% of the base salary, and calculated prorata temporis over the time of presence, representing therefore an accrued amount at the date of departure of €226,667;
- Corresponding complementary payments for pension building to be paid or awarded as per the 2019 policy in the same manner as the base salary and the annual incentive, representing therefore till 30 April 2020 €51,100 for the fixed portion (based on an annual amount of €153,300) and €51,100 for the variable portion;
- Non-compete commitment replaced with a fresh one, with a scope extended, notably, to companies from the technology and engineering sectors and a term prolonged to two years (vs. 12 months previously);
- Restrictive covenants of non-solicitation, non-disparagement, confidentiality and cooperation in the context of legal or administrative proceedings involving the company, for a term of 2 years after the date of departure;
- Payment of non-compete indemnity at 60% of the total effective target cash compensation waived by Mr. Babeau;
- By way of derogation, waiver of the presence condition applicable to the unvested performance shares granted to Mr. Babeau in 2018 and 2019, which gives him the right to retain such unvested performance shares in proportion to his time of presence within the Group over the total vesting period of the plans. This corresponds to 18,056 performance shares granted in 2018 and 9,389 performance shares granted in 2019, which remain subject to the original performance conditions and other terms of the plans;
- Legal and tax support until the completion of the study relating to the consequences of him being based in the United-Kingdom from July 2014 to July 2018, the cost of which is capped at 15,000 euros.

The entry into force of this agreement is subject to the condition precedent of the approval by the Annual Shareholders’ Meeting of 23 April 2020, of the 10th resolution relating to the compensation policy and the components of the total compensation and benefits of all types paid during the 2020 financial year or awarded in respect of the said financial year to the Deputy Chief Executive Officer Mr. Emmanuel Babeau. If this agreement is approved under the 5th resolution and the condition precedent satisfied, then the terms of this agreement will supersede the terms of the former status of Mr. Babeau previously approved under the regulated agreements and commitments on 24 April 2018, and again on 25 April 2019 as part of the 2019 compensation principles and criteria.

8.2 Procedure for assessing agreements relating to ordinary business operations concluded under normal conditions
The board of directors, at its meeting of December 11, 2019, established a procedure for regularly assessing whether agreements relating to ordinary business operations concluded under normal conditions meet these conditions. Any persons directly or indirectly concerned by any of these agreements shall not participate in its assessment.

The procedure is comprised of two phases:

- the assessment of the application of Schneider Electric SE’s internal charter for regulated agreements approved by the board of directors on February 19, 2020, which results in an annual business report drawn up jointly by the legal department and the secretary of the board. This report is made available to the Audit and risks committee for preparing the evaluation report it draws up for the board of directors;
- the assessment by the board of directors of criteria for qualifying agreements relating to ordinary business operations concluded under normal conditions which deliberates on the basis of the above-mentioned assessment report drawn up by the Audit and risks committee.
9. Participation of shareholders in Shareholders’ Meeting

The provisions of the Articles of Association providing for the specific modalities for shareholders to participate in Shareholder’s Meeting are described on page 393.

10. Table summarizing outstanding delegations relating to share capital increases granted by Shareholders’ Meeting

The table summarizing the outstanding delegations granted by the Shareholders’ Meeting in relation to share capital increases, in application of Articles L.225-129-1 and L.225-129-2 of the French Commercial Code, and stating the use of these delegations during the past financial year is described on page 396.


Items that could have an impact in the event of a public tender offer include:

- agreements calling for payments to the corporate officers (see page 273) or to employees if they resign or are terminated without real cause or if their employment ends due to a public tender offer;
- certain loans with: conditional provisions of anticipated reimbursement in the event of change of control. Under these provisions, the debt holders may request for repayment if a shareholder or shareholders acting together hold more than 50% of the Company’s shares, and for the majority of contracts, this event triggers a downgrading of the Company’s rating. As of December 31, 2019, EUR 6.9 billion of the Group’s financing and lines of credit had these type of provisions; and
- statutory restrictions in the Articles of Association on the exercise of voting rights (see page 384) relating to the non-application of the ceiling on voting rights when a public tender offer is successfully completed.