

Information on the compensation of Corporate Officer – 2020

In accordance with article 26.1 of the AFEP-MEDEF Code

At its meeting of February 10, 2021, after examining the suitability and fairness of the outcome of the 2020 compensation policy for the corporate officer and its alignment with the Group's performance, upon hearing the report from the Governance & remunerations committee, the Board determined Jean-Pascal Tricoire's compensation for 2020 in accordance with the principles and criteria previously approved by the shareholders at the Annual Shareholders' Meeting of 23 April 2020 as follows.

Elements of compensation submitted to the vote	Amounts	Description										
Fixed compensation (amount due for 2020 paid in 2020) <i>Reminder: €1,000,000 (amount due for 2019 paid in 2019)</i>	€875,000 (amount due for 2020 paid in 2020) <i>Reminder: €1,000,000 (amount due for 2019 paid in 2019)</i>	Reminder of the 2020 compensation policy Theoretical gross annual fixed compensation of €1,000,000 for the fiscal year 2020 according to the compensation policy was set by the Board of Directors on February 19, 2020 upon recommendation from the Governance & Remunerations Committee and approved by the Annual Shareholders' Meeting of April 23, 2020. For 2020, the Board decided not to award a salary increase to the Corporate Officer. The fixed compensation is reviewed at long intervals by the Board in accordance with the AFEP-MEDEF Corporate governance code. It reflects the scale and complexity of the business and the level of responsibility attached to the role and is set reasonably competitive with the external market. Base salary element represents approximately 20% to 25% of total target compensation for Corporate Officer.										
		Increases in annual fixed compensation over the past five fiscal years <table border="1"> <tbody> <tr> <td>2020</td> <td>Nil</td> </tr> <tr> <td>2019</td> <td>Nil</td> </tr> <tr> <td>2018</td> <td>5%</td> </tr> <tr> <td>2017</td> <td>Nil</td> </tr> <tr> <td>2016</td> <td>Nil</td> </tr> </tbody> </table>	2020	Nil	2019	Nil	2018	5%	2017	Nil	2016	Nil
2020	Nil											
2019	Nil											
2018	5%											
2017	Nil											
2016	Nil											
		Application of the 2020 compensation policy As announced on April 8, 2020 and as a practical expression of solidarity with the Group employees affected by the COVID-19 crisis, Mr. Jean-Pascal Tricoire volunteered to contribute 25% of his fixed compensation for six months to the Tomorrow Rising Fund which purpose is described in chapter 2, section 5 of the Universal Registration Document. Hence, his fixed compensation paid during and for the fiscal year 2020 amounted to €875,000 instead of €1,000,000.										
Annual variable compensation	€1,048,775 (amount due for 2020 to be paid in 2021) <i>Reminder: €1,717,300 (amount due for 2019 paid in 2020)</i>	Reminder of the 2020 compensation policy The annual variable compensation rewards achievement of the short-term financial, and sustainability (corporate and social responsibility) objectives of the Group. The pay-out opportunity is as follows: <ul style="list-style-type: none"> • at threshold performance: 0% of the fixed compensation; • at target: 130% of the fixed compensation; • at maximum over-performance: 260% of the fixed compensation. The payment of the variable annual cash compensation is conditional upon approval by shareholders of the compensation granted to the concerned Corporate Officer. The structure of the 2020 Annual variable compensation focuses on what matters to Schneider Electric in delivering value to shareholders. 100% of the variable compensation depends on measurable objectives. As a reminder, in 2019, the annual variable compensation structure was simplified from eight performance criteria to four, with 80% financial and 20% sustainability based criteria, while removing the portion based on individual assessment by the Board.										

The financial criteria (organic sales growth (40%), adjusted EBITA margin (30%), and cash conversion (10%)) closely align pay outcomes for the Corporate Officer to Schneider Electric's financial performance. The significant part is subject to the Schneider Sustainability Impact (20%) highlighting the importance of sustainability on Schneider Electric's business agenda.

The Board also ensured that more stringent targets were set for the annual variable compensation with maximum award only payable if a strong performance is delivered on each performance metric.

Application of the 2020 compensation policy

In view of the worldwide COVID-19 crisis Mr. Jean-Pascal Tricoire decided voluntarily to donate 25% of his fixed compensation for six months to the Tomorrow Rising Fund. In consultation with him, the Board of Directors considered that the reduction to his fixed compensation in 2020 (due to the donation of 25% of his fixed remuneration over 6 months to the Tomorrow Rising Fund) should also be reflected in the basis of calculation of his annual variable compensation due for 2020. Therefore, the outcome of the variable compensation is applied on his actual fixed annual compensation of €875,000, instead of a normative annual compensation of €1,000,000.

The annual incentive due for 2020 was determined by the Board at the meeting of February 10, 2021, based on the attainment rate of the objectives set for fiscal year 2020 as reviewed by the Board of Directors at its July 28, 2020 meeting.

Indeed, the guidance announced at the beginning of 2020 was withdrawn in March 2020 due to the COVID-19 crisis. In July 2020, after assessing the first half of 2020 results, the Board issued a new 2020 guidance demonstrating the good resilience of the Group in a challenging year. At that time, for the 2020 annual variable compensation of the Chairman and CEO, the Board resolved to use the discretion clause provided in the existing compensation policy on the basis that:

- The COVID-19 crisis constitutes an exceptional circumstance external to the Group;
- The teams and the CEO had to work in a very challenging environment requiring them to be fully committed and to constantly adapt themselves to a situation changing daily;
- The Group's interest was to continue to incentivize, within a reasonable level, the Corporate Officer and all employees to drive the performance of the Company and keep all teams motivated to achieve the new guidance issued.

The Board therefore decided in July 2020 that:

- The use of the discretion clause shall ensure the payout outcome of the Corporate Officer is aligned with shareholders' experience and consistent with the approach applied to ~58,000 employees of the Group who participate in a similar annual variable plan with the same criteria as the one used for the Chairman & CEO;
- The use of the discretion clause will impact the Chairman & CEO's annual variable compensation for the two objectives linked to organic sales growth (40%) and adjusted EBITA margin improvement (30%) set at the beginning of the year and align them with the new targets published in July 2020 (Revenue between -7% to -10% organic, Adjusted EBITA margin between -0.5 pts to -0.8 pts organic);
- The use of the discretion clause would be fully disclosed in the 2020 Universal Registration Document and submitted to the shareholders' vote at the 2021 Annual Shareholders' Meeting;
- The outcome of the variable compensation will be reviewed to ensure that there is an alignment between pay and performance, taking into account the overall economic circumstances and the achievements of the Company compared to the market and its peers.

It is important to note that the discretion clause has not been applied to the Long Term Incentive Plans, hence there were no amendments to any LTIP targets and plans which remained unchanged.

At its meeting on February 10, 2021, the Board of Directors first assessed the two criteria not affected by the application of the discretion clause. These two criteria, *i.e.* the cash conversion rate and the Schneider Sustainability Impact, amounted to a 46.4% achievement rate.

2020 performance criteria	Weight (%)	Performance range			Achievement	
		Threshold 0%	Target 100%	Maximum 200%	2020 results	Achievement rate (weighted)
Cash conversion rate	10%	85%	100%	115%	159%	20.0%
Schneider Sustainability Impact (score)	20%	8	9	10	9.32	26.4%
Total	30%					46.4%

- Efforts on cash management delivered excellent results, the free cash-flow was €3.67bn. Cash conversion was 159% (excluding IFRS 16) in 2020 on a normalized basis which represented a maximum achievement rate of 20% on this criterion.
- The Schneider Sustainability Impact (SSI), the Group's three-year (2018-2020) transformation plan which measures the progress towards its ambitious sustainability commitments reached a good result of 9.32/10, exceeding the target set for this criterion, representing an achievement rate of 26.4%.

For the two other criteria (organic sales growth and Adjusted EBITA margin), considering the excellent resilience that the Company demonstrated in 2020 through the COVID-19 crisis and the exceptional total shareholders return achieved (Schneider Electric ranked 2nd of the CAC40 and 1st of its Peer group in 2020), the Board of Directors confirmed its decision to use the discretion clause.

The Board assessed the results achieved by the Group for these two criteria as follows:

- Despite the challenging circumstances the Group delivered organic sales growth of -4.7%, a level which clearly exceeded the guidance of -10% to -7% given in July, and also the revised guidance of -7% to -5% given in October;
- Adjusted EBITA margin increased organically by +0.2 pts thanks to a combination of tactical savings and productivity actions, a very strong performance that exceeded the guidance of July of -0.8 pts to -0.5 pts and also the one of October 2020 of -0.2 pts to +0.1 pts.

However, after careful consideration of the annual incentive potential outcomes for the Chairman and CEO, the Board decided not to use these revised targets as a reference for the annual variable compensation assessment as this would have resulted in an achievement rate close to 140% for these two performance criteria alone (organic sales growth and adjusted EBITA margin).

In view of this and the unprecedented circumstances in 2020, the Board carefully reviewed the options. Much emphasis was given to a strong alignment between pay and performance taking into account the particular challenges in this year, and the achievements of the Group compared to its market and peers. The Board acknowledged the excellent leadership in this exceptional period by the Chairman and CEO and the resilient results achieved by the Group.

The Board decided to award 45.8% achievement on the mentioned two criteria. This represents a reduced level as compared to "on target" (70%) and "maximum" (140%) but reflecting the various considerations. This resulted in a total annual achievement rate of 92.2%, slightly below target (taking into account the effect of the voluntary compensation reduction mentioned above, the actual achievement rate is 80.7% which can be compared to 132.1% in 2019).

The Board noted that the achievement rate of 92.2% of the Group objectives is consistent with the result for the Group part of the annual variable plan applicable to ~58,000 Schneider Electric's employees globally and that the average outcome for the participants of this programme was above 100% due to the individual part of the plan which does not apply to the Chairman and CEO (for more details, see section 4.6 of Chapter 2 of the Universal Registration Document).

When making this decision, the Board also took in consideration the following items:

- The Group did not benefit from significant grants established by the countries impacted by the pandemic, and chose not to resort to the exceptional liquidity support schemes proposed by the French state to overcome the crisis, nor the French special COVID-19 crisis scheme of partial unemployment;
- The response from the management of the Group to recognize the efforts demonstrated by all employees globally during the challenging year and complexities caused by COVID-19, including:
 - the special positive adjustment applied to the outcome of the annual incentive plan;
 - the reversal of COVID-19 pay reduction impact on calculation of the annual incentive pay-out – contrary to the approach taken for the Chairman and CEO;
 - a one-time payment to recognize the exceptional effort of Schneider Electric field employees.

As a result, the 2020 Annual variable compensation pay-out for the Corporate Officer was calculated on the base of his actual fixed compensation (including the pay-cut linked to the COVID-19 crisis) as follows:

At Target pay-out		Achievement rate	2020 Actual pay-out	
as a % of salary	Amount (€)	as a % of target	as a % of salary	Amount (€)
130%	€ 1,137,500 ⁽¹⁾	92.2%	104.9% ⁽²⁾	€ 1,048,775

(1) Considering the COVID-19 fixed pay reduction agreed by the Chairman and CEO, the target pay-out of the Annual variable compensation due for 2020 is €1,137,500 instead of €1,300,000 according to the Compensation policy approved by the shareholders at the Annual Shareholders' Meeting held on April 23, 2020.

(2) Calculated as % of the fixed compensation specified in the 2020 Policy, before reduction.

2020 performance criteria	Weight (%)	Performance range			Achievement	
		Threshold 0%	Target 100%	Maximum 200%	2020 results	Achievement rate (weighted)
Group financial indicators (80%)						
Organic sales growth	40%	BOARD'S DISCRETION			-4.7%	45.8%
Adj. EBITA margin improvement (org.)	30%				+0.2pts	
Cash conversion rate	10%	85%	100%	115%	159%	20.0%
Sustainability (20%)						
Schneider Sustainability Impact	20%	8	9	10	9.32	26.4%
Total	100%					92.2%

In compliance with Article L.22-10-34 II of the French Commercial Code, the payment of this Annual variable compensation is subject to approval by the shareholders of the compensation granted to the Corporate Officer for the fiscal year 2020 (cf. 6th resolution to be submitted to the Annual Shareholders' Meeting of April 28, 2021).

As a reminder, an amount of €1,717,300 was paid in 2020 to Mr. Jean-Pascal Tricoire for the Annual variable compensation due for the fiscal year 2019 after the approval of the 7th resolution by the Annual Shareholders' Meeting on April 23, 2020 (cf. page 278 of the 2019 Universal Registration Document).

Long-term incentive (Performance shares)

60,000 Performance Shares
granted in March 2020 (€2,897,700 according to IFRS valuation)

*Reminder:
60,000 Performance Shares granted in March 2019 (€3,230,340 according to IFRS valuation)*

Reminder of the 2020 compensation policy

The 2020 Compensation policy provided:

- a maximum annual award to the Chairman and CEO of 60,000 shares;
- a vesting period of three years with an additional mandatory one year holding period for 30% of shares granted under the plan reserved to the Corporate Officer;
- performance conditions as follows:

40% Improvement of Adjusted Earnings Per Share (EPS)	Average of the annual rates of achievement of Adjusted EPS improvement targets for the 2020 to 2022 fiscal 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.	
35% Relative TSR	17.5% vs. CAC 40 companies	<ul style="list-style-type: none"> • 0% below median • 50% at median (rank 20) • 100% at rank 10 • 120% at ranks 1 to 4* <i>linear between these points</i>
	17.5% vs. a panel of 11 peer companies (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric, and Yokogawa)	<ul style="list-style-type: none"> • 0% at rank 8 and below • 100% at rank 4 • 150% at ranks 1 to 3* <i>linear between these points</i>
25% Schneider Sustainability External & Relative Index (SSERI)	6.25% DJSIW	<ul style="list-style-type: none"> • 0%: not in World • 50%: included in World • 100%: sector leader
	6.25% Euronext Vigeo	<ul style="list-style-type: none"> • 0%: out • 50%: included in World 120 or Europe 120 • 100%: included in World 120 & Europe 120
	6.25% FTSE4GOOD	<ul style="list-style-type: none"> • 0%: out • 50%: included in Developed or Environmental Leaders Europe 40 indexes • 100%: included in Developed & Environmental Leaders Europe 40 indexes
	6.25% CDP Climate Change	<ul style="list-style-type: none"> • 0%: C score • 50%: B score (25% at B-) • 100%: A score (75% at A-)

* The over-achievement of relative TSR performance condition can off-set the under-achievement of the objectives under the adjusted EPS performance condition.

Application of the 2020 compensation policy

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 Group's resilient performance;
- The new structure of performance measurement governing the final acquisition of LTIP awards;
- The culture of ownership deeply rooted in Schneider Electric's DNA.

According to the authorization given by the Annual Shareholders' Meeting on April 25, 2019 in its 21st resolution, the Board of Directors, during its meeting of March 24, 2020 decided to grant Mr. Jean-Pascal Tricoire a total of 60,000 Performance Shares (representing 0.01% of Schneider Electric's share capital) subject to the performance criteria described above and measured over a period of three years::

- 18,000 Performance Shares under Plan n° 36 in his capacity as Chairman and CEO of Schneider Electric SE;
- 42,000 Performance Shares under Plan n° 37 in his capacity as Chairman of Schneider Electric Asia Pacific.

Pension benefits

€ 421,252
(amount due for 2020 (fixed portion of €191,600 paid in 2020 and variable portion of €229,652 to be paid in 2021))

Reminder of the 2020 compensation policy

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 Officers, Mr. Jean-Pascal Tricoire is personally responsible for building up his pension. He undertook to redirect these complementary payments, net of taxes, to investment vehicles devoted to financing his additional pension. To determine this authorized complementary compensation, the Board of Directors sought the recommendation of an independent expert, namely the firm Willis Towers Watson, and ensured that the mechanism implemented therefore, was in line with shareholders' interests.

Reminder:
€520,635
(amount due
for 2019
(fixed portion of
€191,600 paid
in 2019 and
variable portion
of €329,035 paid
in 2020))

Accordingly, Mr. Jean-Pascal Tricoire is entitled to receive annually a complementary component, split into a fixed and variable portion as follows:

Fixed portion	Target (% of Fixed)	Variable portion			Total at Target
		Minimum	At target	Maximum	
€191,600	130%	€0	€249,080	€498,160	€440,680

The variable part is dependent on performance criteria aligned with the variable annual compensation (see above).

Application of the 2020 compensation policy

At the meeting held on February 10, 2021, the annual complementary variable portion for 2020 to be paid after the Annual Shareholders' Meeting if the latter approves it, was set by the Board of Directors at 104.9% of the annual complementary fixed portion, *i.e.* an achievement rate of 92.2% on a 100 baseline.

For 2020, Mr. Jean-Pascal Tricoire is entitled to receive:

Fixed amount	Target achievement rate	Variable amount ⁽¹⁾	Total due for 2020
€191,600	130%	€ 229,652	€ 421,252

(1) Calculated by applying to the fixed compensation above the percentage of target achievement determined for the calculation of the 2020 annual variable compensation, *i.e.* 92.2%.

In compliance with applicable law, the payment of the variable amount will be subject to shareholders' approval (cf. 6th resolution submitted to the Annual Shareholders' Meeting of April 28, 2021).

Reminder: an amount of €329,035 was paid in 2020 to Mr. Jean-Pascal Tricoire for the variable portion of his pension due for the fiscal year 2019 after its approval by the Annual Shareholders' Meeting on April 23, 2020 (cf. page 279 of the 2019 Universal Registration Document).

Other benefits

€36,124
received in
2020

Reminder:
€36,218
received
in 2019

Reminder of the 2020 compensation policy

The Compensation policy provides that the Chairman and CEO may benefit from:

- the employer matching contributions;
- the profit-sharing;
- a company car;
- supplementary Life & Disability scheme.

Application of the 2020 compensation policy

For the fiscal year 2020, the Chairman and CEO was eligible for profit-sharing and the employer matching contributions paid to Employee Saving Plan subscribers. In addition, he was eligible for the employer matching contributions paid to subscribers to the collective pension fund (PERCO) for the retirement of workers in France. The use of a company car in 2020 represented an equivalent cost of €26,345.

Employer matching contributions to Employee Saving Plan	Employer matching contributions to collective pension saving plan (PERCO)	Profit-sharing	Company car	Total 2020 benefits
€1,404	€800	€7,575	€26,345	€36,124

The Chairman and CEO is 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 and (ii) additional coverages conditional on the fulfilment of some conditions as described in the compensation policy (cf. chapter 3, section 2.3.1 of the Universal Registration Document).

Termination benefits

No payment

Involuntary Severance Pay

The Chairman and CEO is entitled to involuntary termination benefits in case of change of control or strategy and taking into account the non-compete compensation described below, is capped at twice the arithmetical average of his annual fixed and variable compensation paid over the last three years. (cf. chapter 3, section 2.3.1 of the Universal Registration Document).

Non-compete compensation

The Chairman and CEO is entitled to non-compete compensation for a period of one year capped at 6/10ths of his average gross compensation (*i.e.* including annual complementary payments – fixed and target variable) over the last 12 months of service. (cf. chapter 3, section 2.3.1 of the Universal Registration Document).

For 2020, Mr. Jean-Pascal Tricoire was not awarded nor did he benefit from multi-annual variable compensation, exceptional compensation, stock options, welcome bonus, or Directors' fees.