

# Information on the compensation of Corporate Officer – 2021

In accordance with article 26.1 of the AFEP-MEDEF Code

At its meeting of February 16, 2022, after examining the suitability and fairness of the outcome of the 2021 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 2021 in accordance with the principles and criteria previously approved by the shareholders at the Annual Shareholders' Meeting of 28 April 2021 as follows.

Elements of compensation submitted to the vote	Amounts	Description												
<b>Fixed compensation</b>	<b>€1,000,000</b> (amount due for 2021 paid in 2021)  <i>Reminder: €875,000 (amount due for 2020 paid in 2020)</i>	<p><b>Reminder of the 2021 compensation policy</b></p> <p>In 2020, 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 2020 fixed compensation paid for six months to the Tomorrow Rising Fund. Hence, his fixed compensation paid during and for the fiscal year 2020 amounted to €875,000.</p> <p>For the fiscal year 2021, his theoretical gross annual fixed compensation was set by the Board of Directors at €1,000,000 upon recommendation from the Governance &amp; Remunerations Committee.</p> <p>For 2021, 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. Base salary element represents approximately 20% of total target compensation for the Corporate Officer.</p> <div style="text-align: right;"> <p><b>Salary increase over the last 5 years</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Salary Increase</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>Nil</td> </tr> <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> </tbody> </table> </div>	Year	Salary Increase	2021	Nil	2020	Nil	2019	Nil	2018	5%	2017	Nil
Year	Salary Increase													
2021	Nil													
2020	Nil													
2019	Nil													
2018	5%													
2017	Nil													
		<p><b>Application of the 2021 compensation policy</b></p> <p>Mr. Jean-Pascal Tricoire received in 2021 a fixed compensation of €1,000,000.</p>												
<b>Annual variable compensation</b>	<b>€1,990,300</b> (amount due for 2021 to be paid in 2022)  <i>Reminder: €1,048,775 (amount due for 2020 paid in 2021)</i>	<p><b>Reminder of the 2021 compensation policy</b></p> <p>The annual variable compensation rewards achievement of the short-term financial, and sustainability (corporate and social responsibility) objectives of the Group.</p> <p>The pay-out opportunity is as follows:</p> <ul style="list-style-type: none"> <li>at threshold performance: 0% of the fixed compensation;</li> <li>at target: 130% of the fixed compensation;</li> <li>at maximum over-performance: 260% of the fixed compensation.</li> </ul> <p>The payment of the variable annual cash compensation is conditional upon approval by shareholders of the compensation granted to the concerned Corporate Officer.</p> <p>The structure of the 2021 Annual variable compensation focuses on what matters to Schneider Electric in delivering value to shareholders. 100% of the variable compensation depends on measurable objectives:</p> <ul style="list-style-type: none"> <li>80% depends on Financial criteria which closely align pay outcomes for the Corporate Officer to Schneider Electric's financial performance:                             <ul style="list-style-type: none"> <li>organic sales growth (40%),</li> <li>adjusted EBITA margin improvement (30%), and</li> <li>cash conversion rate (10%);</li> </ul> </li> <li>20% depends on Schneider Sustainability Impact (SSI) highlighting the importance of sustainability on Schneider Electric's business agenda.</li> </ul>												

The Board also ensured that 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 2021 compensation policy

The annual incentive due for 2021 was determined by the Board at the meeting of February 16, 2022, based on the attainment rate of the objectives set for fiscal year 2021 as follows:

2021 performance criteria	Weight (%)	Performance Range			Achievement		
		Threshold 0%	Target 100%	Maximum 200%	2021 Results	Achievement rate (non- weighted)	Achievement rate (weighted)
<b>Group financial indicators (80%)</b>							
Organic Sales growth	40%	8%	10%	12%	<b>12.7%</b>	<b>200.0%</b>	<b>80.0%</b>
Adjusted EBITA margin improvement (org.)	30%	0.9pts	1.3pts	1.5pts	<b>+1.4pts</b>	<b>150.0%</b>	<b>45.0%</b>
Cash Conversion rate	10%	85%	100%	115%	<b>87%</b>	<b>13.3%</b>	<b>1.3%</b>
<b>Sustainability (20%)</b>							
Schneider Sustainability Impact (score)	20%	3.25	3.75	4.25	<b>3.92</b>	<b>134.0%</b>	<b>26.8%</b>
<b>Total</b>	<b>100%</b>						<b>153.1%</b>

Overall, 2021 annual variable compensation resulted in a total achievement rate of 153.1%, above target, reflecting record levels in revenues and adjusted EBITA, and good free cash-flow delivered by Schneider Electric in 2021 and the exceptional achievement of ambitious targets.

Indeed, after having set the compensation targets on February 10, 2021, aligned with the targets disclosed to the market published at that time, the Board decided on April 27, 2021 to use the discretion clause provided in the 2021 Compensation policy approved by shareholders at the 2021 Annual General Meeting. The targets set at the beginning of 2021 did not appear adequate anymore considering the market's growth which was much higher than expected. Therefore, the Board resolved to adjust and increase the targets linked to revenue growth and Adjusted EBITA margin improvement in order to align them with the new guidance announced to the market at that time:

- Revenue growth of +8% to +11% organic;
- Adjusted EBITA margin up +90bps to +130bps organic.

This decision has been made to ensure a better alignment with the shareholders experience.

The 2021 results having exceeded the targets disclosed to the market in April 2021, the total achievement rate of the annual variable compensation of the Corporate Officer was set by the Board at 153.1% of the targeted variable compensation, reflecting strong performance of Schneider Electric in 2021 as was also reflected in the excellent Total Shareholder Return of Schneider Electric.

When the targets disclosed to the market were, once again, upgraded in July 2021, the Board resolved not to review the compensation targets as it was considered that this new guidance could not anymore be attributed to external factors, such as improved market conditions, but was instead linked to the Company's intrinsic performance.

Detailed achievement of each criterion:

- **Organic Sales growth:** The Group delivered an organic sales growth of +12.7%, which was above the guidance communicated to the market in April 2021 of +8% to +11%. Therefore, this good performance resulted in the maximum achievement rate of this criterion, *i.e.* 80% on the range between 0% to 80%.
- **Adjusted EBITA margin improvement:** In 2021, Adjusted EBITA margin rate improved by +140bps organically to reach 17.3%, thanks to a combination of strong top line performance, pricing actions and productivity. This performance is above the guidance objective of +90bps to +130bps communicated to the market in April 2021. As a result, the achievement rate on this criterion is set at 45% on a scale from 0% to 60%.

- **Cash conversion:** free cash-flow was €2.8bn with operating cash flow impacted by working capital requirements, as trade receivables rebounded and inventory increased both as a consequence of the strong external demand environment, and the supply chain pressures (some components shortages leading to higher safety stocks). Therefore, cash conversion was only 87% in 2021 which represented an achievement rate of 1.3% on this criterion, on a scale from 0% to 20%.
- **Schneider Sustainability Impact:** The Schneider Sustainability Impact (SSI), is the translation of our six long-term commitments into a selection of 11 highly transformative and innovative sustainability programs. It's the Group's five-year (2021-2025) plan with progress tracked and published quarterly, as well as audited annually. In 2021 the SSI achieved a great score of 3.92/10 exceeding its 3.75/10 target for the year, representing an achievement rate of 26.8% on a scale from 0% to 40%.

As a result, the 2021 Annual variable compensation pay-out for the Corporate Officer was calculated on the base of his fixed compensation as follows:

At Target pay-out		Achievement rate	2021 Actual pay-out	
as a % of salary	Amount (€)	as a % of target	as a % of base salary	Amount (€)
130%	€1,300,000	153.1%	199%	€1,990,300

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 2021 (see 8<sup>th</sup> resolution to be submitted to the Annual Shareholders' Meeting of May 5, 2022).

*As a reminder, an amount of €1,048,775 was paid in 2021 to Mr. Jean-Pascal Tricoire for the Annual variable compensation due for the fiscal year 2020 after the approval of the 6<sup>th</sup> resolution by the Annual Shareholders' Meeting on April 28, 2021 (see page 269 of the 2020 Universal Registration Document).*

#### Long-term incentive (Performance shares)

#### 37,903 Performance Shares

granted in March 2021 (€3,326,329 according to IFRS valuation)

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

#### Reminder of the 2021 compensation policy

The 2021 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:

<b>40%</b> <b>Improvement of Adjusted Earnings Per Share (EPS)</b>	Average of the annual rates of achievement of Adjusted EPS improvement targets for the 2021 to 2023 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.	
<b>35%</b> <b>Relative TSR</b>	<b>17.5% vs. CAC 40 companies</b>	<ul style="list-style-type: none"> <li>• 0% below median</li> <li>• 50% at median (rank 20)</li> <li>• 100% at rank 10</li> <li>• 120% at ranks 1 to 4*</li> </ul> <i>linear between these points</i>
	<b>17.5% vs. a panel of 11 peer companies</b> (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric, and Yokogawa)	<ul style="list-style-type: none"> <li>• 0% at rank 8 and below</li> <li>• 100% at rank 4</li> <li>• 150% at ranks 1 to 3*</li> </ul> <i>linear between these points</i>
<b>25%</b> <b>Schneider Sustainability External &amp; Relative Index (SSERI)</b>	<b>6.25% DJSIW</b>	<ul style="list-style-type: none"> <li>• 0%: not in World</li> <li>• 50%: included in World</li> <li>• 100%: sector leader</li> </ul>
	<b>6.25% Euronext Vigeo</b>	<ul style="list-style-type: none"> <li>• 0%: out</li> <li>• 50%: included in World 120 or Europe 120</li> <li>• 100%: included in World 120 &amp; Europe 120</li> </ul>
	<b>6.25% Ecovadis</b>	<ul style="list-style-type: none"> <li>• 0%: Silver medal or less</li> <li>• 50%: Gold medal</li> <li>• 100%: Platinum medal</li> </ul>
	<b>6.25% CDP Climate Change</b>	<ul style="list-style-type: none"> <li>• 0%: C score</li> <li>• 50%: B score (25% at B-)</li> <li>• 100%: A score (75% at A-)</li> </ul>

\* 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 2021 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 structure of performance measurement governing the final acquisition of LTIP awards;
- The culture of ownership deeply rooted in Schneider Electric's DNA.

Considering the continuous increase in the Company's stock price and in the spirit of maintaining a culture of moderation in an uncertain economic environment, the Board decided to reduce the number of shares granted to Jean-Pascal Tricoire markedly below the maximum allowed by the compensation policy, which would represent 60,000 performance shares.

According to the authorization given by the Annual Shareholders' Meeting on April 25, 2019 in its 21<sup>st</sup> resolution, the Board of Directors, during its meeting of March 25, 2021 decided to grant Mr. Jean-Pascal Tricoire a total of 37,903 Performance Shares (representing 0.006% of Schneider Electric's share capital) subject to the performance criteria described above and measured over a period of three years:

- 11,371 Performance Shares under Plan n° 38 in his capacity as Chairman and CEO of Schneider Electric SE;
- 26,532 Performance Shares under Plan n° 39 in his capacity as Regional Asia President and Chairman of Schneider Electric Asia Pacific.

## Pension benefits

**€ 573,941**  
(amount due for 2021 (fixed portion of €191,600 paid in 2021 and variable portion of €381,341 to be paid in 2022))

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

### Reminder of the 2021 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.

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 2021 compensation policy

At the meeting held on February 16, 2022, the annual complementary variable portion for pension for 2021 to be paid after the Annual Shareholders' Meeting if the latter approves it, was set by the Board of Directors at 199% of the annual complementary fixed portion, *i.e.* an achievement rate of 153.1%.

For 2021, Mr. Jean-Pascal Tricoire is entitled to receive:

Fixed amount	Target achievement rate	Variable amount <sup>(1)</sup>	Total due for 2021
€191,600	130%	€ 381,341	€ 572,941

(1) Calculated by applying to the fixed compensation above the percentage of target achievement determined for the calculation of the 2021 annual variable compensation, *i.e.* 153.1%.

In compliance with applicable law, the payment of the variable amount will be subject to shareholders' approval (see 8<sup>th</sup> resolution submitted to the Annual Shareholders' Meeting of May 5, 2022).

*Reminder: an amount of €229,652 was paid in 2021 to Mr. Jean-Pascal Tricoire for the variable portion of his pension due for the fiscal year 2020 after its approval by the Annual Shareholders' Meeting on April 28, 2021 (see page 273 of the 2020 Universal Registration Document).*

## Other benefits

**€56,637**  
received in 2021

*Reminder: €36,124 received in 2020*

### Reminder of the 2021 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 2021 compensation policy

For the fiscal year 2021, 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 2021 represented an equivalent cost of €44,931.

Employer matching contributions to Employee Saving Plan	Employer matching contributions to collective pension saving plan (PERCO)	Profit-sharing	Company car	Total 2021 benefits
€1,404	€800	€9,502	€44,931	€56,637

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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 (see Chapter 4, section 2.3.1 of the Universal Registration Document).

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**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 (see Chapter 4, 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 (see Chapter 4, section 2.3.1 of the Universal Registration Document).

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For 2021, Mr. Jean-Pascal Tricoire was not awarded nor benefited from multi-annual variable compensation, exceptional compensation, stock options, welcome bonus, or Directors' fees.