1. Report of the board of directors to the Ordinary and Extraordinary Shareholders’ Meeting

1.1 Ordinary meeting

Approval of corporate financial statements – First resolution

We request that you approve the transactions and financial statements for the year 2017, as presented, which show a net profit of EUR121,487,669.16.

Approval of consolidated financial statements – Second resolution

We request that you approve the transactions and consolidated financial statements for the year 2017, as presented, which show net income for the Group of EUR2,150 million and an adjusted net income from non-recurring items (asset impairment, restructuring costs, gains and losses linked to business disposals etc.) of EUR2,378 million.

Distribution: appropriation of profit, withholding on share premiums and setting of a dividend of EUR2.20 per share – Third resolution

We also recommend a distribution of EUR2.20 per share with par value of EUR4, which represents a distribution rate 55.2% of the Group’s net adjusted income. It will be paid on May 4, 2018 on the 596,916,242 shares with dividend rights on January 1, 2018 that made up the capital on December 31, 2017. No dividend will be paid on shares held in treasury by the Company on the payment date.

This distribution will be paid out of distributable earnings, consisting of:

(i) net profit for the year of EUR121,487,669.16; and
(ii) allocation of negative retained earnings of EUR5,950,968.52, which will be reset to zero;

amounting to EUR115,536,700.64.

The total distribution amount will be brought to EUR1,313,215,732.40 through a withholding of EUR185,506,162.10 on issue premiums relating to the contribution of Legrand shares, EUR930,233,532.00 on issue premiums relating to the contribution of Invensys shares and EUR81,939,337.66 on other issue premiums.

The distribution will be paid on May 4, 2018, according to the following schedule:

<table>
<thead>
<tr>
<th>Dividend ex-date</th>
<th>Wednesday, May 02, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record date</td>
<td>Thursday, May 03, 2018</td>
</tr>
<tr>
<td>Dividend payment date</td>
<td>Friday, May 04, 2018</td>
</tr>
</tbody>
</table>

For individual shareholders resident for tax purposes in France, the distribution of EUR2.20 per share is subject to 2 separate tax statements:

(i) up to EUR0.19, the dividend constitutes distributed income. As such, a social security tax of 17.2% will be charged on the gross amount when paid. The gross amount of French-source dividends received by resident individuals will also be subject to a mandatory non-definitive withholding tax of 12.8%.

Nevertheless, individuals belonging to a tax household whose taxable income for the penultimate year is less than EUR50,000 with the status of single, divorced or widowed taxpayer, and EUR75,000 for couples who file a joint tax return, can request exemption from this withholding tax. To this end, under their responsibility, they should submit their application for exemption to the paying entity, in the form of a sworn statement indicating that their reference taxable income listed on their tax form established under income for the penultimate year preceding the payment of the income, shows income lower than the thresholds indicated above. This application must be filed no later than November 30 of the year preceding that of the payment.

In 2019, dividends will in principle be subject to a flat tax (“Prélèvement forfaitaire unique” – “PFU”) at the rate of 12.8%. However, taxpayers may opt for dividends to be subject to income tax at ordinary progressive rates. In such case, after applying a 40% (uncapped) allowance, only 60% of the dividends will be included in the taxable income, less any deductible charges and expenses. The option for taxation at the ordinary progressive tax rates is irrevocable and applies to all investment income received by the taxpayer. It is made in the income tax return filed every year following the one when the dividends are received.

The above-mentioned levy at source of 12.8% will be offset against the income tax that will be due in 2019 for income earned in 2018. If it exceeds the income tax due, the surplus will be paid back:

(ii) in the amount of EUR2.01, the distribution constitutes a capital repayment. As such, it is not subject to income tax pursuant to article 112-1 of the French Tax Code, as all profits and reserves other than the legal reserve have been previously distributed.

Dividends/coupons paid by Schneider Electric SE in respect of the 3 most recent financial years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Net dividend paid per share in euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1.92</td>
</tr>
<tr>
<td>2015</td>
<td>2.00</td>
</tr>
<tr>
<td>2016</td>
<td>2.04</td>
</tr>
</tbody>
</table>
Agreements regulated by articles L.225-38 and L.225-42-1 – Fourth to sixth resolutions

We request that you approve and take note of the regulated agreements and commitments presented in the Statutory Auditors’ special report prepared in accordance with article L.225-40 of the French Commercial Code. These agreements mainly concern the reiteration and amendment of the status of Messrs. Jean-Pascal Tricoire and Emmanuel Babeau decided in furtherance of the renewal of their terms.

We remind you that the terms of office of the Chairman and Chief Executive Officer and Deputy Chief Executive Officer Messrs. Jean-Pascal Tricoire and Emmanuel Babeau were renewed on April 25, 2017 by the board of directors in its meeting held at the end of the Annual Shareholders’ Meeting.

Under the fourth and fifth resolutions, in accordance with article L.225-42-1 of the French Commercial Code pursuant to which the approval of agreements relating to the components of the corporate officers’ status is requested at each renewal of term of office, we request that you approve the reiteration and amendment of the status of Messrs. Jean-Pascal Tricoire and Emmanuel Babeau as presented in the Statutory Auditors’ special report prepared in accordance with article L.225-40 of the French Commercial Code.

Mr. Jean-Pascal Tricoire’s status, renewed and amended by the board of directors of April 25, June 18 & 19 and October 24, 2013 to include the new recommendations of the AFEP/MEDEF Code, were approved by the Annual Shareholders’ Meeting of May 6, 2014. The amendment of his status resulting from the board of directors’ decision of February 18, 2015 to remove the benefit of the supplementary defined-benefit pension scheme (article 39) granted to the Corporate Officers until then, was approved by the Annual Shareholders’ Meeting of April 21, 2015.

Mr. Emmanuel Babeau’s status as approved by the Annual Shareholders’ Meeting of May 6, 2014 following its adoption by the board of directors on June 18 & 19 and October 24, 2013, was amended by the board of directors on February 18, 2015 to reiterate, in his capacity as Corporate Officer, the components of the status which he benefited from under his employment contract with SEISAS before he resigned to comply with the decision of the board to cancel the Corporate Officers’ right to a defined-benefit pension scheme under article 39. His new status was approved by the Annual Shareholders’ Meeting of April 21, 2015.

Since then, the status of Messrs. Jean-Pascal Tricoire and Emmanuel Babeau have been strictly aligned and amended twice by the board of directors:

- the board of directors of April 25, 2017 in its meeting held at the end of the Annual Shareholders’ Meeting which approved the renewal of Mr. Tricoire’s term as a director, decided to renew and amend the status of the Corporate Officers to make it fully compliant with the recommendations of the AFEP/MEDEF Code and thus to put an end to the last deviation therewith that the Group had explained (cf registration document 2016 page 198): the board thus decided that the decision to enforce or to waive the non-compete agreement at the time of the Corporate Officer’s departure was, in all cases, to be decided solely by the board;
- on February 14, 2018, the board decided to amend the Corporate Officers’ right to retain, in the case of involuntary severance, the benefit of stock-options and performance shares or free shares issued from future plans that would remain unvested or unexercised; in principle, the Corporate Officer will be entitled to keep the benefit of such options and shares in proportion to his presence with the Group during the acquisition period of the option or share, it being however specified that in compliance with the AFEP/MEDEF Corporate Governance Code, the board will keep the flexibility to grant to the departing Corporate Officer, in the case where the forced departure is subsequent to a material change in Schneider Electric’s shareholder structure or to a reorientation of the strategy pursued and promoted by him until this time, and in all cases subject to specific performance conditions, the entirety of the options or shares previously granted. In such case, the board will have to motivate its decision.

Therefore, under the terms of their respective status detailed in pages 206 and seq. of the Registration Document and subject to your approval of the fourth and fifth resolutions, Messrs. Tricoire and Babeau individually:

- will be covered under the Schneider Electric SE and Schneider Electric Industries SAS employee benefit plan with health, incapacity, disability and death coverage, and, subject to performance conditions, will also be covered under the supplementary health, disability and death coverage available to the Group’s French executives as well as the Group individual accident insurance policies;
- will be bound by a non-compete agreement, should they leave the company; this agreement lasts for 1 year and compensation is set at 60% of effective annual target compensation over the previous 12 months (fixed and variable portions, complementary payments for building-up a pension included), it being specified that the board will be entitled to unilaterally waive this non-compete agreement;
- will be entitled, subject to performance conditions, to involuntary severance pay, capped at twice the arithmetic average of the effective annual compensation over the past 3 years, taking into account compensation provided for the non-compete agreement, if any, and provided that they resign, in particular, following a material change in Schneider Electric shareholders’ structure or a reorientation of the strategy pursued and promoted by them until that time;
- will be entitled to retain, in case of involuntary departure and subject to performance conditions, all the stock-options and the performance or free shares allocated to them before February 14, 2018 and unvested or unexercised at the time of departure of the Corporate Officer;
- will be entitled to retain, in case of involuntary departure, the stock-options and the performance or free shares allocated to them after February 14, 2018 and unvested or unexercised at the time of departure of the Corporate Officer, in proportion to their presence within the Group during the acquisition period of the option or share, unless the board decides, in a motivated resolution, to grant to the departing corporate officer, in the case where the forced departure is subsequent to a material change in Schneider Electric’s shareholder structure or to a reorientation of the strategy pursued and promoted by them, and in all cases subject to specific performance conditions, the entirety of the options or shares previously granted;
- will be 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 incapacity
Under the sixth resolution regarding the implementation during the financial year of agreements and commitments already approved by the Annual Shareholders’ Meeting, we request that you take note of the Statutory Auditors’ special report on regulated agreements and commitments prepared in accordance with article L.225-40 of the French Commercial Code. These agreements and commitments concern the compensation of Mr. Léo Apotheker for his duties as Vice-Chairman independent lead director. This agreement expired on April 25, 2017.

Approval on components of the compensation and benefits of all types paid, due or awarded in respect of the 2017 financial year to Messrs. Jean-Pascal Tricoire et Emmanuel Babeau – Seventh and eighth resolutions

In pursuance of articles L.225-37-2 and 225-100 of the French Commercial Code, you are requested to approve fixed, variable and exceptional components of the total compensation and benefits of all types due or granted in respect of the past financial year to the corporate officers of your company as summarized in the following tables.

These components are presented, detailed and quantified in section 3.7 of the registration document. This section, dedicated to the compensation of the group senior managers, is part of the corporate governance report prescribed by article L.225-37 of the French Commercial Code.

For easy reference, you will find in this section a reminder of the principles and criteria governing the allocation of the corporate officers’ compensation that you approved at the Shareholders’ Meeting of April 25, 2017 and pursuant to which the compensation and benefits of all types due for 2017 to the Chairman and CEO, Mr. Tricoire, and to the Deputy CEO, Mr. Babeau, were calculated and set by the board of directors at its meeting of February 14, 2018.

The achievement rates of the performance conditions as well as the analysis conducted by the board of directors of the alignment between the evolution of the officers’ compensation and the value creation for the shareholders, are presented and commented.

A reminder is also given that cash variable components (annual incentive and complementary variable portion for building pensions) will be only paid subject to approval of the compensation of the Corporate Officer in question by a majority of the shareholders.

By the Seventh Resolution you are requested to approve the elements of Mr. Jean-Pascal Tricoire’s 2017 compensation and by the Eighth Resolution, that of Mr. Emmanuel Babeau.

The evolution of the annual compensation and additional payments for retirement for Jean-Pascal Tricoire and Emmanuel Babeau are summarized in the graphs below.
Mr. Jean Pascal Tricoire, Chairman and CEO
I – Elements of compensation paid, due or awarded for the past FY

<table>
<thead>
<tr>
<th>Amounts submitted to the vote</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Base salary EUR950,000</td>
<td>Gross annual fixed compensation of EUR950,000 from January 1, 2017 to December 31, 2017 approved by the Shareholders’ Meeting of April 25, 2017. This compensation has remained unchanged since 2013.</td>
</tr>
</tbody>
</table>
| 2) Annual incentive EUR1,882,140 | The annual incentive portion amounts to 130% of fixed compensation. The annual incentive may vary from 0 to 260% depending on achievement of objectives. It is unchanged since 2015. At the Board meeting held on February 14, 2018, annual incentives for 2017 due to be paid after the Annual Shareholders’ Meeting if the latter approves them, were set at 152.40% of the fixed portion, which represents an achievement rate of 198 12% on a base 100. This calculation breaks down as follows:

1) Economic criteria component (75%) based on:
- Group financial indicators (60%), which are organic sales growth (30%), Adjusted EBITA margin improvement (20%) and cash generation targets (10%).
- Company program economic priorities (15%), which are the growth of services sales (5%) and systems gross margin (projects and equipment, process automation excluded) (5%) as well as a criterion measuring the digital performance as per parameters non disclosed due to business secrecy; The achievement rate in connection with these criteria was 160.5% (base 100).

2) Company program non-economic component (5%) based on Planet & Society Barometer (5%), for which the achievement rate was 200% (base 100).

3) Individual objectives (20%), which are specific objectives and, wherever possible, quantified, for which the board set the achievement rate at 110% (base 100).

3) Complementary retirement payments | Complementary payments 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 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. The board of directors ensured that the mechanism implemented therefore, was in line with shareholders’ interests.

Annual complementary fixed portion EUR182,000 | Accordingly, Mr. Tricoire receives a complementary component annually, split into a fixed part and a variable part dependent on performance criteria. This 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).

Annual complementary variable portion EUR360,578 | At the meeting held on February 14, 2018, the annual complementary variable portion for 2017 due to be paid after the Annual Shareholders’ Meeting if the latter approves it, was set by the board of directors at 198.12% of the annual complementary fixed portion, i.e. an achievement rate of 152.40% on a base 100. The calculation was broken down in the same way as that of the annual incentive presented in 2) 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.
4) Long-term incentive (Performance shares)

- EUR963,000 for 18,000 performance shares according to IFRS valuation
- EUR2,256,240 for 42,000 performance shares according to IFRS valuation

18,000 performance shares were granted under plan no. 28 to Mr. Tricoire in his capacity as Chairman and CEO of Schneider Electric SE.

42,000 performance shares were granted under plan no. 29 to Mr. Tricoire in his capacity as Schneider Electric Asia Pacific CEO.

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 2017 to 2019 FY as follows: the adjusted operational margin criterion is defined as the average of the annual rates of achievement of Adjusted EBITA margin for financial years 2017 to 2019 set by the board of directors of Schneider Electric SE, and is in line with the objectives announced to investors at the beginning of the year. For 2017, the board had decided that, if the Adjusted EBITA margin (organic) decreased by at least -10 basis points before foreign exchange impact compared with 2016, the achievement rate for the year would be 0% and if it increased by at least +30 basis points before foreign exchange impact, then the achievement rate for this criteria for 2017 would be 100%, with a linear distribution between the 2 points;
- 25% of the shares are conditional on the Group cash conversion rate for the FY 2017 to 2019. The target average rate ranges between 80% and 100% according to following scale: 0% if the rate is below or equal to 80%; 100% if the average rate is equal to or higher than 100% with a linear distribution between the 2 points (an average rate higher than 100% can also offset up to 50% of shares granted under the cash criterion for non-achievement of the target Adj. EBITA or the target TSR, provided the number of shares originally granted under each criterion shall not be exceeded);
- 20% of the shares are contingent on the average annual progress of the Planet & Society Barometer index at the end of 2019 as follows: for 2017, if this index is lower than or equal to 8.5, no shares will vest. If this index is equal to or higher than 9, 100% of the shares will vest. Distribution is linear between the 2 points;
- 15% of the shares are conditional to Total Shareholder Return (TSR) objectives from 2017 to the end of vesting period. The TSR objective is set based on Schneider Electric’s TSR ranking within the following panel of companies: ABB, Legrand, Siemens, Schneider Electric, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric and Yokogawa, according to following scale: a ranking in first quartile (1st, 2nd, 3rd place) enables an achievement rate of up to 150%, with an average rate of 135% (this achievement rate will, on the one hand, enable 100% achievement of the TSR criterion and, on the other hand, can offset, within the limit of 50% of the TSR criterion, non-achievement of the Adjusted EBITA target or rate of cash conversion target over the 3-year period. Final acquisition of shares at the end of the 3-year period will nevertheless be capped at 100% of number of shares originally subject to Adjusted EBITA margin and rate of cash conversion criteria); in second quartile (4th, 5th, 6th place), an average achievement of 87% of the criterion; in the third quartile (7th, 8th, 9th place), an average achievement rate of 13% of the criterion: in last quartile (10th, 11th, 12th place), a zero achievement rate). However, in the event that the gap between the Schneider Electric TSR and that of the peers above is less than 3% in TSR value, Schneider Electric will be deemed to have the same ranking as the latter;
- 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 price of sale 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 base salary.

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
Resolution number: 19th.
Date of the award decision by the board of directors: March 24, 2017.

5) Attendance fees EUR0
Mr. Tricoire has waived his attendance fees.

6) Other benefits EUR 2,204
This concerns:
- the employer matching contribution paid to subscribers to the capital increase reserved for employees, in an amount of EUR1,404. Date of approval by the board: February 15, 2017.
- the employer matching contribution paid to subscribers to the collective saving pension fund (Perco) in France, in an amount of EUR800. Date of approval by the board: February 15, 2017.

EUR9,575
Mr. Tricoire benefited from profit-sharing
Date of approval by the board: February 15, 2017.

EUR13,089
Mr. Tricoire benefited from a company car
Date of approval by the board: February 15, 2017.
### II – Other elements of compensation, which were or are subject to the approval of the Annual Shareholders’ Meeting pursuant to regulated agreements

<table>
<thead>
<tr>
<th>Amounts submitted to the vote</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Termination benefit</td>
<td>EUR0</td>
</tr>
<tr>
<td>Mr. Tricoire is 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 Section 3-7 of the 2017 registration document).</td>
<td></td>
</tr>
<tr>
<td>Date of proposal to the Annual Shareholders’ Meeting: April 24, 2018 (4th resolution).</td>
<td></td>
</tr>
<tr>
<td>Non-compete compensation</td>
<td>EUR0</td>
</tr>
<tr>
<td>Mr. Tricoire may receive 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 Section 3-7 of the 2017 registration document).</td>
<td></td>
</tr>
<tr>
<td>Date of proposal to the Annual Shareholders’ Meeting: April 24, 2018 (4th resolution).</td>
<td></td>
</tr>
<tr>
<td>Supplementary pension scheme</td>
<td>N/A</td>
</tr>
<tr>
<td>Supplementary Life &amp; Disability scheme</td>
<td>EUR0</td>
</tr>
<tr>
<td>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. (See Section 3-7 of the 2017 registration document).</td>
<td></td>
</tr>
<tr>
<td>Board decision of February 18, 2015, reiterated on April 25, 2017 and February 14, 2018.</td>
<td></td>
</tr>
<tr>
<td>Date of proposal to the Annual Shareholders’ Meeting: April 24, 2018 (4th resolution).</td>
<td></td>
</tr>
</tbody>
</table>
### I – Elements of compensation paid, due or awarded for the past FY

<table>
<thead>
<tr>
<th>Amounts submitted to the vote</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1) Base salary</strong> EUR605,000</td>
<td>Gross annual fixed compensation of EUR605,000 from January 1, 2017 to December 31, 2017 approved by the Shareholders’ Meeting of April 25, 2017. This compensation has remained unchanged since 2016.</td>
</tr>
<tr>
<td><strong>2) Annual incentive</strong> EUR922,020</td>
<td>The annual incentive portion amounts to 100% of fixed compensation. The annual incentive may vary from 0 to 200% depending on achievement of objectives. At the board meeting held on February 14, 2018, annual incentives for 2017 due to be paid after the Annual Shareholders’ Meeting if the latter approves them, were set at 152.40% of the fixed portion, which represents an achievement rate of 152.40% on a base 100. This calculation breaks down as follows:</td>
</tr>
<tr>
<td>1) Economic criteria component (75%) based on:</td>
<td>❖ Group financial indicators (60%), which are organic sales growth (30%), adjusted EBITA margin improvement (20%) and cash generation targets (10%), ❖ Company program economic priorities (15%), which are the growth of services sales (5%) and systems gross margin (projects and equipment, process automation excluded) (5%) as well as a criterion measuring the digital performance as per parameters non disclosed due to business secrecy. The achievement rate in connection with these criteria was 160.5% (base 100).</td>
</tr>
<tr>
<td>2) Company program non-economic component (5%) based on Planet &amp; Society Barometer (5%), for which the achievement rate was 200% (base 100).</td>
<td></td>
</tr>
<tr>
<td>3) Individual objectives (20%), which are specific objectives and, wherever possible, quantified, for which the board set the achievement rate at 110% (base 100).</td>
<td></td>
</tr>
<tr>
<td><strong>3) Complementary retirement payments</strong></td>
<td>Complementary payments 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. 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.</td>
</tr>
<tr>
<td>Annual complementary fixed portion EUR136,400</td>
<td>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. This variable part is aligned in terms of criteria and of 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).</td>
</tr>
<tr>
<td>Annual complementary variable portion EUR207,873</td>
<td>At the meeting held on February 14, 2018, the annual complementary variable portion for 2017 due to be paid after the Annual Shareholders’ Meeting if the latter approves it, was set by the board of directors at 152.40% of the annual complementary fixed portion, i.e. an achievement rate of 152.40% on a base 100. This calculation was broken down in the same way as that of the annual incentive presented in 2) above.</td>
</tr>
</tbody>
</table>

Mr. Emmanuel Babeau, Deputy CEO
Annual Shareholders’ Meeting

Report of the board of directors to the Ordinary and Extraordinary Shareholders’ Meeting

<table>
<thead>
<tr>
<th>Amounts submitted to the vote</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4) Long-term incentive (Performance shares)</td>
<td>EUR417,300 for 7,800 performance shares according to IFRS valuation</td>
</tr>
<tr>
<td></td>
<td>7,800 performance shares were granted under plan no. 28 to Mr. Babeau in his capacity as Deputy CEO of Schneider Electric SE.</td>
</tr>
<tr>
<td></td>
<td>EUR977,700 for 18,200 performance shares according to IFRS valuation</td>
</tr>
<tr>
<td></td>
<td>18,200 performance shares were granted under plan no. 29 to Mr. Babeau in his capacity as CEO of Invensys Ltd.</td>
</tr>
<tr>
<td></td>
<td>100% of these 26,000 performance shares are subject to performance criteria measured over a period of 3 years:</td>
</tr>
<tr>
<td></td>
<td>40% of the shares are contingent on the level of achievement of an adjusted EBITA operating margin objective for the FY 2017 to 2019 as follows: the adjusted operational margin criterion is defined as the average of the annual rates of achievement of Adjusted EBITA margin for financial years 2017 to 2019, 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 2017, the board had decided that, if the Adjusted EBITA margin decreased by at least 10 basis points before foreign exchange impact compared with 2016, the achievement rate for the year would be 0% and if it increased by at least +30 basis points before foreign exchange impact, then the achievement rate for this criteria for 2017 would be 100%, with a linear distribution between the 2 points;</td>
</tr>
<tr>
<td></td>
<td>25% of the shares are conditional on Group cash conversion rate for 2017 to 2019 FY. 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 the 2 points (an average rate higher than 100% can also offset up to 50% of shares granted under the cash criterion for non-achievement of the target Adj. EBITA or the target TSR, provided the number of shares originally granted under each criterion shall not be exceeded);</td>
</tr>
<tr>
<td></td>
<td>20% of the shares are contingent on the average annual progress of the Planet &amp; Society Barometer index at the end of 2019 as follows: for 2017, if this index is lower than or equal to 8.5, no shares will vest. If this index is equal to or higher than 9, 100% of the shares will vest. Distribution is linear between the 2 points.</td>
</tr>
<tr>
<td></td>
<td>15% of the shares are conditional to Total Shareholder Return (TSR) objectives between 2017 and the end of the vesting period. The TSR objective is set based on Schneider Electric’s TSR ranking within the following panel of companies: ABB, Legrand, Siemens, Schneider Electric, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric and Yokogawa, according to following scale: a ranking in first quartile (1st, 2nd, 3rd place) enables an achievement rate of up to 150%, with an average rate of 135% (this achievement rate will, on the one hand, enable 100% achievement of the TSR criterion and, on the other hand, can offset, within the limit of 50% of the TSR criterion, non-achievement of the Adjusted EBITA target or rate of cash conversion target over the 3-year period. Final acquisition of shares at the end of the 3-year period will nevertheless be capped at 100% of number of shares originally subject to adjusted EBITA margin and rate of cash conversion criteria); in second quartile (4th, 5th, 6th place), an average achievement of 87% of the criterion, in the third quartile (7th, 8th, 9th place), an average achievement rate of 13% of the criterion: in last quartile (10th, 11th, 12th place), a zero achievement rate. However, in the event that the gap between the Schneider Electric TSR and that of the peers above is less than 3% in TSR value, Schneider Electric will be deemed to have the same ranking as the latter.</td>
</tr>
<tr>
<td></td>
<td>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 price of sale 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 base salary.</td>
</tr>
<tr>
<td></td>
<td>The percentage of capital represented by Mr. Babeau’s share allocation is 0.004%.</td>
</tr>
<tr>
<td></td>
<td>Date of authorization by the Annual Shareholders’ Meeting: April 25, 2016. Resolution number: 19th.</td>
</tr>
<tr>
<td></td>
<td>Date of the award decision by the board of directors: March 24, 2017.</td>
</tr>
</tbody>
</table>

5) Attendance fees N/A

6) Other benefits EUR9,575 Mr. Babeau benefited from profit-sharing. Board authorization: February 15, 2017

EUR1,404 Mr. Babeau benefited from the employer matching contribution paid to subscribers to the Group collective saving plan (PEG) in France. Date of approval by the board: February 15, 2017.

II – Other elements of compensation, which were or are subject to the approval of the Annual Shareholders’ Meeting pursuant to regulated agreements

<table>
<thead>
<tr>
<th>Amounts submitted to the vote</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Termination benefit EUR0</td>
<td>Mr. Babeau is 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 annual incentives (i.e. inclusive of compensation and complementary payments) paid over the last 3 years and authorized by the board of directors. (See Section 3-7 of the 2017 registration document). Board decisions of June 18-19, 2013 and February 18, 2015, reiterated on April 25, 2017 and February 14, 2018. Date of proposal to the Annual Shareholders’ Meeting: April 24, 2018 (5th resolution).</td>
</tr>
<tr>
<td>Non-compete compensation EUR0</td>
<td>Mr. Babeau may receive non-compete compensation for a period of one year capped at 6/10th of his average gross compensation (monthly average of total gross compensation, i.e. including annual complementary payments – fixed and target variable – over the last 12 months of service). (See Section 3-7 of the 2017 registration document). Board decisions of June 18-19, 2013 amended in October 24, 2013 and February 18, 2015, reiterated and amended on April 25, 2017 and February 14, 2018. Date of proposal to the Annual Shareholders’ Meeting: April 24, 2018 (5th resolution).</td>
</tr>
<tr>
<td>Supplementary pension scheme N/A</td>
<td></td>
</tr>
<tr>
<td>Supplementary Life &amp; Disability scheme EUR0</td>
<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. (See Section 3-7 of the 2017 registration document). Board decision of February 18, 2015, reiterated on April 25, 2017 and February 14 2018. Date of proposal to the Annual Shareholders’ Meeting: April 24, 2018 (5th 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. Babeau 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. Board decisions of 2009, 2012, 2013 and 2015, reiterated on April 25, 2017 and February 14, 2018. Date of proposal to the Annual Shareholders’ Meeting: April 24, 2018 (5th resolution).</td>
</tr>
</tbody>
</table>
Approval of principles and criteria for determining, allocating or granting the components of the compensation and benefits of all types that may be granted to the Chairman and CEO and to the Deputy-CEO for the year 2018 – Ninth and tenth resolutions

In pursuance of the new article L.225-37-2 of the French Commercial Code introduced by the “Sapin 2 law” on December 9, 2016, you are requested for the second year, to approve the principles and criteria governing the determination, allocation and granting of the remuneration and benefits of all types that may be granted to the corporate officers of the company on account of their mandates, i.e. the Chairman and CEO – currently Mr. Jean-Pascal Tricoire – and Deputy-CEO – currently Mr. Emmanuel Babeau – for the year 2018.

The scope of the approval covers all components of remuneration in cash, fixed and variable, benefits of all types, including the long-term incentive in the form of performance shares, fringe benefits, the pension cash allowance and other components subject to approval of the shareholders through a separate resolution as part of regulated agreements.

In this respect, the remuneration submitted to your approval covers all the payments and benefits granted to corporate officers on account of their mandates in the company as well as of the other functions they may perform within the Group.

These components are presented, detailed and quantified in section 3.7 of the registration document. This section, dedicated to the compensation of the group senior managers, is part of the corporate governance report prescribed by article L.225-37 of the French Commercial Code.

Since the principles and criteria for determining, allocating and granting the components of the compensation and benefits of all types that may be awarded to the Chairman and CEO and to the Deputy-CEO for 2017 were approved with a large majority (more than 90%) by the shareholders at the Annual General Meeting, the board of directors decided on February 14, 2018, based on the works of the Governance and remunerations committee, which as a reminder, is composed of 75% independent members as per the AFEP/MEDEF Code, and after hearing its recommendations:

• to continue in 2018 to apply the fundamental pillars which command the principles for determination of the compensation of the corporate officers. These pillars are: pay-for-performance, alignment with shareholders’ interests, and competitiveness.

The structure of the corporate officers’ compensation results from these pillars, notably the oversight of variable components (75 to 80% of the total target compensation) and the proportion of approximately 50% of the target compensation granted in the form of performance shares,

• to increase the base salaries of Messrs. Tricoire and Babeau by 5% and 12% respectively, in order to reward the Corporate Officers for the high quality of their actions and initiatives, which enabled the Group to expand its offer and international exposure and increase its competitiveness (in accordance with the principle ‘pay-for-performance’), keeping in mind that the proposed increase will also contribute to maintaining the compensation of the Corporate Officers at competitive levels (in accordance with the competitiveness principle), and is calibrated to remain within internal and external acceptance levels. As regards Mr. Babeau, the increase of 12% also reflects his new responsibilities in AVEVA;

• to increase to 30% the weighting of the criteria (all measurable) related to the Company Program in setting the annual variable compensation, by reducing the weighting of the individual criteria to 10%, in order to further strengthening transparency of the compensation and relationship between compensation and performance. The increase of the criteria that reflect the transformation of the Group also contributes to better alignment of Corporate Officers’ compensation to the Group strategy;

• to enable the review of objectives during the year if there is a too significant distortion with the reviewed objectives communicated to the market;

• to maintain the conditions, modalities and volume of the performance share grants with no change;

• to maintain the rule whereas no compensation which is not provided by the compensation policy approved by the shareholders shall be paid to Corporate Officers.

The board also intends to further increase its disclosure and transparency with respect to such compensation, within limits safeguarding the interests of the company with respect to business secrets and confidentiality of certain aspects of its strategy. The main targets initially set will now be disclosed at the expiry of the performance period, with respect to both the annual incentive and the long-term incentive in the form of performance shares.

The board reflected upon the principle of keeping the compensation proposed for the roles of CEO and Deputy CEO in the event of a change and their replacement by a candidate from outside the Group. Whilst acknowledging that the proposed compensation structure is market competitive and in line with the principles set forth by the board, the board may have to review the criteria for evaluation of the new corporate officer’s performance, depending upon his/her profile, or to consider an exceptional allowance in cash or in shares in order to compensate for loss of benefits that a candidate may experience.

In accordance with applicable law, the payment of any variable or exceptional cash component in relation to the year 2018 will be subject to your approval at the Annual Shareholders’ Meeting following year-end 2018.

Under the Ninth Resolution you are requested to approve these principles and criteria for 2018 with respect to the Chairman and CEO, and under the Tenth Resolution those with respect to the Deputy CEO.

Composition of the board of directors – Eleventh to fourteenth resolutions

We remind you that the terms of office of Mr. Xavier Fontanet, Mr. Willy Kalsling, Ms. Linda Knoll and Ms. Cathy Kopp are due to expire after the 2018 Annual Shareholders’ Meeting.

At its meeting of February 14, 2018, the board of directors took note of the decision of Mr. Xavier Fontanet and Ms. Cathly Kopp not to present themselves as candidates for the renewal of their terms.
The board of directors was keen to highlight the recognition that the company owes these individuals who have supported the Group through different steps of its strong development, and the high contribution of their qualities.

The board of directors unanimously decided, upon recommendation from the Governance and remunerations committee, to recommend:

- the renewal of the terms of office of Mr. Willy Kissling and Ms. Linda Knoll;
- the appointments of Ms. Fleur Pellerin and Mr. Anders Runevad.

These recommendations are in line with the efforts towards regeneration of the board which aim at rejuvenating its composition and strengthening knowledge of the Group’s key markets.

Ms. Fleur Pellerin, 44 years old, a French citizen, was a magistrate at the Court of Auditors for 13 years before her appointment as a Minister by the government from 2012 to 2016. After she resigned from public service, she launched in September 2016 the investment fund Korelya Capital with EUR200 million in funding, supporting investments of technology start-ups in France and in Europe. She will bring to the board her economic and financial skills in the field of technologies, her business experience and her knowledge of the French and Asian business circles.

Ms. Fleur Pellerin will be an independent director

Mr. Anders Runevad, 57 years old, a Swedish citizen, has been Chief Executive Officer of Vestas Wind Systems A/S since 2013. He previously held various positions within Ericsson Group, in Europe, USA, Brazil and Singapore. He will bring to the board his experience in companies’ growth and turnaround strategies, in-depth knowledge of the new energy landscape, and Schneider Electric’s business and its business environment in Europe, in the US, as well as in new economies.

Mr. Anders Runevad will be an independent director

Mr. Willy Kissling’s and Ms. Linda Knoll’s biographies and their terms of office are provided on pages 159 and 160. Ms. Linda Knoll is an independent director under the AFEP/MEDEF Corporate Governance Code contrary to M. Willy Kissling, who has been serving as a member of the board of director for more than 12 years.

If you approve the proposals made in the eleventh to fourteenth resolutions, the board of directors will comprise 13 members, 42% women, 61.5% foreign directors and 82% independent directors (in accordance with AFEP/MEDEF Corporate Governance Code).

The board of directors considers that in addition to Mr. Jean-Pascal Tricoire, Ms. Xiaoyun Ma, representing employee shareholders, and Mr. Patrick Montier, representing employees, Mr. Willy Kissling does not have the status of independent director. Under the AFEP/MEDEF Corporate Governance Code, he has lost that status due to his long years of service on the board. The other directors are independent.

Share buybacks – Fifteenth resolution

We request that you renew the authorization given to the company by the Annual Shareholders’ Meeting of April 25, 2017, to buy back its shares by any appropriate method, pursuant to the provisions of article L.225-209 of the French Commercial Code and European Regulation (EU) no. 596/2014 of April 16, 2014 on market abuse (regulation concerning market abuse) which came into force on July 3, 2016.

The company buyback programs may have various objectives: to reduce share capital, cover stock option purchase plans or other share allocations to employees or corporate officers, fulfill obligations related to convertible bonds, and engage in market making as part of a liquidity contract, as well as engage in external acquisitions, as may be permitted under the regulations in force.

Shares bought back may be cancelled under the authorization adopted by the Annual Shareholders’ Meeting of April 25, 2017 (Twenty-seventh resolution).

We remind you that Schneider Electric, in accordance with the announcement made in 2017, targeted a cumulative buyback amount of EUR1 billion for the June 2017 - June 2019 period. These buybacks were part of a policy to neutralize the dilution resulting from capital increases reserved for employees or resulting from performance action plans and the exercise of options.

As part of the authorization granted at the Annual Shareholders’ Meeting on April 25, 2017, and through implementation of the announced projects, Schneider Electric proceeded from April 26, 2017 to February 14, 2018 with a buyback of 2.4 million shares, for a total sum of EUR171.2 million.

Further information on the company’s share buyback programs can be found on page 324.

In the fifteenth resolution, you are requested to authorize the company to buy back shares representing a maximum of 10% of the issued capital as of the date of the Shareholders’ Meeting (for reference purposes, based on the issued capital on December 31, 2017: 59,691,624 shares). The maximum purchase price is set at EUR90. We remind you that this authorization may not be used during public offer periods.
1.2 Extraordinary meeting

Capital increases reserved for employees with cancellation of preferential subscription rights of shareholders – Sixteenth and seventeenth resolutions

Schneider Electric is convinced of the importance of developing the company’s employee shareholder base and issues new shares to employees each year. As of December 31, 2017, employees were holding 4.1% of the capital.

We remind you that the twenty-fifth and the twenty-sixth resolutions of the Annual Shareholders’ Meeting of April 25, 2017, authorized the board of directors to issue shares reserved for employees participating in the Employee Stock Purchase Plan within the limit of 2% of the share capital, and to issue shares reserved for employees of foreign Group companies or entities set up on their behalf, within the limit of 1% of the share capital.

As part of these authorizations, at its meeting of December 14, 2017, the board of directors decided to renew the annual employee shareholder plan in 2018, within a limit of 3.7 million shares (approximately 0.62% of the capital). This plan, which will not include a leveraged offer, will be offered in 41 countries representing more than 80% of the Group’s employees. The shares will be offered with a discount on the share price of 15% (i.e. within the prescribed limit of 20%) to all subscribers and a maximum employer contribution of EUR1,400.

The company carried out capital increases reserved for Group employees in 2017 (WESOP 2017). These transactions are presented on page 327 of this registration document.

To allow for the implementation of a new global employee share ownership plan in 2019, you are requested to renew these authorizations under the same conditions.

Such is the purpose of the sixteenth and seventeenth resolutions.

Under the sixteenth resolution, you are requested to grant the board of directors the authority to carry out capital increases reserved for employees participating in the Employee Stock Purchase Plan within the limit of 2% of the company’s capital, with the provision that the maximum discount at which the shares could be offered is set at 20%.

This authority requires shareholders to waive their preferential subscription right in favor of members of the Employee Stock Purchase Plan. This authorization is valid for a period of 26 months, the authorization in force as voted by the Annual Shareholders’ Meeting of April 25, 2017 in its twenty-fifth resolution shall cease to be effective as from June 30, 2018.

The maximum nominal amount of capital increases carried out on the basis of the sixteenth resolution will be deducted from the ceilings outlined in the nineteenth and twenty-first resolutions approved by the Annual Shareholders’ Meeting of April 25, 2017.

Under the seventeenth resolution, we request that you to renew the authorization to carry out capital increases reserved for employees of non-French Group companies or for entities set up on their behalf. We remind you that the authorization will not exceed 1% of the capital. The issues to be carried out will be deducted from the ceiling of 2% of the capital set for the issuance of shares to employees who are members of the Employee Stock Purchase Plan. At the discretion of the board of directors, the issue price will be based on either (i) the opening or closing price of the company’s shares quoted on the trading day on which the decision of the board or its delegate setting the issue price is made, or (ii) the average of the opening or closing prices quoted for the company’s shares over the 20 trading days preceding the decision of the board or its delegate setting the issue price under the sixteenth resolution of this Annual Shareholders’ Meeting. A maximum discount of 20% may be applied in relation to the benchmark stock price. The application of such a discount will be assessed by the board of directors in consideration, in particular, of the legal, regulatory and tax regulations of the foreign legal system applicable to beneficiaries of the issue. Issues performed will be deducted from the ceiling of 2% provided for by the sixteenth resolution.

This authorization is valid for a period of 18 months and may only be used on or after August 1, 2018. As from August 1, 2018, it shall supersede the existing authorization granted in the twenty-sixth resolution adopted by the Annual Shareholders’ Meeting of April 25, 2017 for the amounts remaining unused at July 31, 2018.

Finally, under the eighteenth resolution we request that you grant us the powers necessary to carry out the formalities.
4. Special reports of the Statutory Auditors

4.1 Statutory Auditors’ special report on regulated agreements and commitments

To the Shareholders,

In our capacity as Statutory Auditors of your company, we present our report on regulated agreements and commitments.

Our responsibility is to report to you, based on the information provided, on the main terms, conditions and the reasons for the interest of the company of agreements that have been disclosed to us or that we would have discovered at the time of our work, without commenting on their relevance or substance or researching the existence of other agreements. Under the provisions of article R. 225-31 of the French Commercial Code, it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Furthermore, it is our responsibility, if appropriate, to inform you of the information set forth in the provisions of article R. 225-31 of the French Commercial Code pertaining to the agreements and commitments implemented during the year ended December 31, 2017 and previously approved by the shareholders at the Shareholders’ Meeting.

We have performed the procedures we deemed necessary in accordance with the professional guidelines of the Compagnie nationale des commissaires aux comptes ("CNCC" or French Institute of Statutory Auditors) relevant to our task. Those standards require that we perform procedures to verify that the information given to us agrees with the underlying documents.

Agreements and commitments submitted to the shareholders for approval at the Shareholders’ Meeting

We were informed of the following commitments, which have been previously authorized by your Board of Directors and signed since December 31, 2017.

With Mr. Jean-Pascal TRICOIRE (Chairman & Chief Executive Officer)

Your Board of Directors, pursuant to the renewal of Mr. Jean-Pascal Tricoire’s position of director and his reappointment as Chairman & Chief Executive Officer, both approved by the shareholders at the Shareholders’ Meeting on April 25, 2017, authorized the renewal of the commitments, as described hereunder, in his favor, on February 14, 2018. These commitments had been previously authorized by your Board of Directors on February 18, 2015 and approved by your Shareholders’ Meeting on April 21, 2015:

1) Contingency and supplementary cover or insurance compensation plans

Mr. Jean-Pascal TRICOIRE benefits from the collective pension plan applicable to employees of Schneider Electric SE and Schneider Electric Industries SAS covering the supplementary sickness, incapacity, disability, death and dependence.

Mr. Jean-Pascal TRICOIRE benefits from the supplementary health, incapacity, disability, death and dependence cover available to the Group’s French senior executives as well as from coverage under the Group personal accident insurance policies.

Additionally, contingency and supplementary cover compensation for health, incapacity, disability, death and dependence inuring to the benefit of Mr. Jean-Pascal TRICOIRE shall be calculated on the basis of his overall remuneration (fixed/variable and additional payments for retirement).

In conformity with the French Commercial Code, these rights relating to contingency, supplementary cover or insurance compensation are conditioned on one of the following two criteria being present:

- Positive average net profit for the five years preceding the event, or
- Positive average free cash flow for the five years preceding the event.

2) Involuntary Severance Pay Scheme

Mr. Jean-Pascal TRICOIRE benefits from an Involuntary Severance Pay scheme (hereinafter “Compensation”). Compensation is capped, taking into account the non-compete compensation stipulated below, at twice the mathematical average of the effective annual remuneration for the last three years as authorized by the Board of Directors (hereinafter “Maximum Amount”). The right to Compensation shall be granted in the following cases:

(i) Dismissal, non-renewal or resignation as Chairman & Chief Executive Officer in the six 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 Chairman & Chief Executive Officer in the event of a reorientation of the strategy pursued and promoted by him until his departure, whether or not in connection with a change in shareholder structure as described above;

(iii) Requested dismissal, non-renewal or resignation as Chairman & Chief Executive Officer when the average rate of achievement of performance objectives used to calculate the variable bonus in the four full financial years preceding his departure was 66 percent.
The right to Compensation is subject to and shall depend on the rate of achievement of Group performance objectives used to determine part of the variable portion of Mr. TRICOIRE’s compensation for the three financial years preceding the date of the Board meeting at which the decision is made.

Hence, if the Group’s performance rate is:

(i) Less than 66 percent, no Compensation shall be awarded;
(ii) 66 percent, the interested party shall receive 75 percent of the Maximum Amount;
(iii) Between 66 percent and 100 percent, he shall receive Compensation calculated on a straight-line basis at a rate of 75 to 100 percent of the Maximum Amount;
(iv) At least 100 percent, he shall receive 100 percent of the Maximum Amount.

It is hereby stipulated that compensation of any kind whatsoever which should be awarded by companies of the Group in which Mr. Jean-Pascal TRICOIRE exercises duties and responsibilities shall be deducted from the amount due by Schneider Electric, it being expressly specified that i) such compensation shall be recognized exclusively as Involuntary Severance Pay due to Mr. Jean-Pascal TRICOIRE and that ii) in each and every case, such compensation may not exceed the amount of Involuntary Severance Pay defined above.

Involuntary Severance Pay shall not be due in the event that termination occurs as a result of serious or gross misconduct.

3) Non-Compete Agreement

Mr. Jean-Pascal TRICOIRE benefits from the non-compete agreement which shall not exceed one year and shall be remunerated in an amount not exceeding 60 percent of authorized target gross remuneration (fixed and targeted variable, including additional payments for retirement)

Should Mr. TRICOIRE leave involuntarily, the Board of Directors shall rule on the application or the non-application of the agreement, within a period to not exceed fifteen days from the date of departure.

4) Stock Options, Free Shares or Performance Shares

Mr. Jean-Pascal TRICOIRE retains forthwith, subject to performance criteria and only in the event of his Involuntary Departure, the benefit of all his stock options, free shares or performance shares or any other shares attributed to him:

- Mr. TRICOIRE will retain the benefit all stock options, free shares or performance shares or any other shares attributed to him on February 14, 2018, subject to the mathematical average of the rate of achievement of Group performance objectives, used to determine part of Mr. Jean-Pascal TRICOIRE’s bonus, equaling at least two thirds of the target of the three completed financial years preceding his departure.
- Mr. TRICOIRE will retain the benefit all stock options, free shares or performance shares or any other shares attributed to him after February 14, 2018, based on the prorata temporis of his time of presence within the Group, regardless of his position, unless the Board, in a justified decision and only in the case of an involuntary severance related to material change in Schneider Electric’s shareholder structure or reorientation of the strategy, grants the benefit of all stock options, free shares or performance shares, under the same conditions as those applied for stock options, free shares or performance shares attributed before February 14, 2018. These conditions include the changes decided by your Board of Directors on February 14, 2018, to align with best practices in terms of governance and to offer the necessary flexibility to retain high performing managers, and hence have been considered to be in your company’s interest.

5) Surviving spouse’s pension

Mr. Jean-Pascal TRICOIRE benefits from a spouse’s pension in the event that he should die before his retirement or before the end of his term of office, after 55 years of age without resuming work, following dismissal, or for reasons of a disability. The pension will equal 60 percent of 25 percent of average salaries paid over the three years preceding the date of death (or the date of departure if death should occur once he has left Schneider Electric) minus the amount of additional remuneration authorized by the Board of Directors, converted into a theoretical annuity equivalent that may be purchased upon death in conformity with insurance conditions (technical rate, mortality rate).

Mr. Jean-Pascal TRICOIRE benefits in the event of disability giving rise to the termination of all professional activity, the right to pension payments (payable to the surviving spouse at a rate of 60 percent) beginning from retirement equal to 25 percent of average salaries paid over the three years preceding the date of disability minus 25 percent per quarter of absence so as to obtain a full rate of pension and minus the amount of additional remuneration authorized by the Board of Directors, converted into a theoretical annuity equivalent that may be purchased upon disability in conformity with insurance conditions (technical rate, mortality rate).

The Board of directors noted that the continuation of the duties of Mr. Jean-Pascal TRICOIRE under the same conditions of competitiveness, stability and exclusivity was necessary for the implementation of the company’s development strategy as defined by the Board of Directors and, therefore, concluded in the interest of the company.

With Mr. Emmanuel BABEAU (Deputy Chief Executive Officer)

Your Board of Directors, pursuant to the reappointment of Mr. Emmanuel BABEAU as Deputy Chief Executive Officer approved by the shareholders at the Shareholders’ Meeting on April 25, 2017, authorized the renewal of the commitments, as described hereunder, in his favor, on February 14, 2018. These commitments had been previously authorized by your Board of Directors on February 18, 2015 and approved by your Shareholders’ Meeting on April 21, 2015.
1) Contingency and supplementary cover or insurance compensation plans

Mr. Emmanuel BABEAU benefits from the collective pension plan applicable to employees of Schneider Electric SE and Schneider Electric Industries SAS covering the supplementary sickness, incapacity, disability, death and dependence.

Mr. Emmanuel BABEAU benefits from the supplementary health, incapacity, disability, death and dependence cover available to the Group’s French senior executives as well as from coverage under the Group personal accident insurance policies.

Additionally, contingency and supplementary cover compensation for health, incapacity, disability, death and dependence inuring to the benefit of Mr. Emmanuel BABEAU shall be calculated on the basis of his overall remuneration (fixed/variable and additional payments for retirement).

In conformity with the French Commercial Code, these rights relating to contingency, supplementary cover or insurance compensation are conditioned on one of the following two criteria being present:

- Positive average net profit for the five years preceding the event, or
- Positive average free cash flow for the five years preceding the event.

2) Involuntary Severance Pay Scheme

Mr. Emmanuel BABEAU benefits from an Involuntary Severance Pay scheme (hereinafter “Compensation”). Compensation is capped, taking into account the non-compete compensation stipulated below, at twice the mathematical average of the effective annual remuneration for the last three years as authorized by the Board of Directors (hereinafter "Maximum Amount"). The right to Compensation shall be granted in the following cases:

(i) Dismissal, non-renewal or resignation as Deputy Chief Executive Officer in the six 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 Deputy Chief Executive Officer in the event of a reorientation of the strategy pursued and promoted by him until his departure, whether or not in connection with a change in shareholder structure as described above;
(iii) Requested dismissal, non-renewal or resignation as Deputy Chief Executive Officer when the average rate of achievement of performance objectives used to calculate the variable bonus in the four full financial years preceding his departure was 66 percent.

The right to Compensation is subject to and shall depend on the rate of achievement of Group performance objectives used to determine part of the variable portion of Mr. BABEAU’s compensation for the three financial years preceding the date of the Board meeting at which the decision is made.

Hence, if the Group’s performance rate is:

(i) Less than 66 percent; no Compensation shall be awarded;
(ii) 66 percent; the interested party shall receive 75 percent of the Maximum Amount;
(iii) Between 66 percent and 100 percent; he shall receive Compensation calculated on a straight-line basis at a rate of 75 to 100 percent of the Maximum Amount;
(iv) At least 100 percent; he shall receive 100 percent of the Maximum Amount.

It is hereby stipulated that compensation of any kind whatsoever which should be awarded by companies of the Group in which Mr. Emmanuel BABEAU exercises duties and responsibilities shall be deducted from the amount due by Schneider Electric, it being expressly specified that (i) such compensation shall be recognized exclusively as Involuntary Severance Pay due to Mr. Emmanuel BABEAU and that (ii) in each and every case, such compensation may not exceed the amount of Involuntary Severance Pay defined above.

Involuntary Severance Pay shall not be due in the event that termination occurs as a result of serious or gross misconduct.

3) Non-Compete Agreement

Mr. Emmanuel BABEAU benefits from the non-compete agreement which shall not exceed one year and shall be remunerated in an amount not exceeding 60 percent of authorized target gross remuneration (fixed and targeted variable, including additional payments for retirement).

Should Mr. BABEAU leave involuntarily, the Board of Directors shall rule on the application or the non-application of the agreement, within a period to not exceed fifteen days from the date of departure.

4) Stock Options, Free Shares or Performance Shares

Mr. Emmanuel BABEAU retains forthwith, subject to performance criteria and only in the event of his Involuntary Departure, the benefit of all his stock options, free shares or performance shares or any other shares attributed to him:

- Mr. Emmanuel BABEAU will retain the benefit all his stock options, free shares or performance shares or any other shares attributed to him on February 14, 2018, subject to the mathematical average of the rate of achievement of Group performance objectives, used to determine part of Mr. Jean-Pascal TRICOIRE’s bonus, equaling at least two thirds of the target of the three completed financial years preceding his departure.
- Mr. Emmanuel BABEAU will retain the benefit all his stock options, free shares or performance shares or any other shares attributed to him after February 14, 2018, based on the prorata temporis of his time of presence within the Group, regardless of his position, unless the Board, in a justified decision and only in the case of an involuntary severance related to material change in Schneider Electric’s shareholder structure or reorientation of the strategy, grants the benefit of all stock options, free shares or performance shares, under the same conditions as those applied for stock options, free shares or performance shares attributed before February 14, 2018. These conditions include the changes decided by your Board of Directors on February 14, 2018, to align with best practices in terms of governance and to offer the necessary flexibility to retain high performing managers, and hence have been considered to be in your company’s interest.
5) Surviving spouse’s pension

Mr. Emmanuel BABEAU benefits from a spouse’s pension in the event that he should die before his retirement or before the end of his term of office, after 55 years of age without restarting work, following dismissal, or for reasons of a disability. The pension will equal 60 percent of 25 percent of average salaries paid over the three years preceding the date of death (or the date of departure if death should occur once he has left Schneider Electric) minus the amount of additional remuneration authorized by the Board of Directors1, converted into a theoretical annuity equivalent that may be purchased upon death in conformity with insurance conditions (technical rate, mortality rate).

Mr. Emmanuel BABEAU benefits in the event of disability giving rise to the termination of all professional activity, the right to pension payments (payable to the surviving spouse at a rate of 60 percent) beginning from retirement equal to 25 percent of average salaries paid over the three years preceding the date of disability minus 1.25 percent per quarter of absence so as to obtain a full rate of pension and minus the amount of additional remuneration authorized by the Board of Directors1, converted into a theoretical annuity equivalent that may be purchased upon disability in conformity with insurance conditions (technical rate, mortality rate).

The Board of directors noted that the continuation of the duties of Mr. Emmanuel BABEAU under the same conditions of competitiveness, stability and exclusivity was necessary for the implementation of the company’s development strategy as defined by the Board of directors and, therefore, concluded in the interest of the company.

Agreements and commitments previously approved by the Shareholders’ Meeting

Pursuant to the provisions of article R. 225-30 of the French Commercial Code, we were informed of the following agreements and commitments already approved by the shareholders at the Shareholders’ Meetings in prior years, were implemented during the year ended December 31, 2017:

**With Mr. Leo APOTHEKER (Vice-Chairman, Independent Lead Director)**

On December 15, 2016, your Board of Directors authorized the compensation of Mr. Leo APOTHEKER with regards to his role as Vice-Chairman Independent Lead Director pursuant to the statutes and internal guidelines of the Board of Directors, in the amount of 250,000 euros per annum, payable biannually, taxes and expenses set aside.

This agreement, signed on January 25, 2017 and implemented for one year starting April 26, 2016, was approved by the Shareholders’ meeting and ended on April 25, 2017.

Your Board of Directors justified this convention as it was in the interest of your company that Mr. Leo APOTHEKER carried out his assigned mission with the same commitment and expertise, as authorized by your Board of Directors on May 6, 2014 and approved by the shareholders’ meeting on April 21, 2015.

Signed in Paris-La Défense and in Courbevoie, on March 12, 2018

The Statutory Auditors

Ernst & Young et Autres

Jean-Yves Jégourel
Alexandre Resten

Mazars

Loic Wallaert

Signed in Paris-La Défense and in Courbevoie, on March 12, 2018

The Statutory Auditors
Statutory Auditors’ report on the issuance of shares and/or securities giving access to capital reserved for members of the Company Savings Plan

To the Shareholders,

In our capacity as statutory auditors of your company and in compliance with articles L.228-92 and L.225-135 et seq. of the French Commercial Code (Code de commerce), we hereby report on the proposal to authorize your board of directors to decide whether to proceed with an issue of ordinary shares and/or securities giving access to the share capital of the company with cancellation of preferential subscription rights, reserved for participants in a Company Savings Plan of the company and of the French or non-French companies affiliated with the company in accordance with article L.225-180 of the French Commercial Code (Code de commerce) and article L.3344-1 of the French Labor Code (Code du travail), an operation upon which you are called to vote.

The maximum nominal amount of the increase in capital that may result from this issue is 2 percent of the share capital on the date of implementation of this delegation, it being specified that this amount shall be deducted from the ceilings referred to in the 19th and 21st resolutions adopted by the Shareholders’ Meeting dated April 25, 2017.

This issue is submitted for your approval in accordance with articles L.225-129-6 of the French Commercial Code (Code de commerce) and L.3332-18 et seq. of the French Labor Code (Code du travail).

Your board of directors proposes that, on the basis of its report, it be authorized, with the right of sub-delegation, for a period of twenty-six months from the date of this Shareholders’ Meeting, to decide on whether to proceed with an issue and proposes to cancel your preferential subscription rights to the equity securities to be issued. If applicable, it shall determine the final conditions of this operation. This delegation may only be used from June 30, 2018.

It is the responsibility of the board of directors to prepare a report in accordance with articles R.225-113 et seq. of the French Commercial Code (Code de commerce). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights, and on other information relating to the share issue provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie nationale des commissaires aux comptes) for this type of engagement. These procedures consisted in verifying the information provided in the board of directors’ report relating to this operation and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issue that would be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the board of directors’ report.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R.225-116 of the French Commercial Code (Code de commerce), we will issue a supplementary report, if necessary, when your board of directors has exercised this authorisation.

Signed in Paris-La Défense and in Courbevoie, on March 12, 2018

The Statutory Auditors

Ernst & Young et Autres
Jean-Yves Jegourel
Alexandre Resten

Mazars
Loic Wallaert
4.3 Statutory auditors’ report on the issuance of shares and/or securities giving access to capital reserved for a category of beneficiaries

To the Shareholders,

In our capacity as Statutory auditors of your company and in compliance with articles L.228-92 and 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby report on the proposal to issue ordinary shares or securities giving access to the share capital of the company, with cancellation of preferential subscription right reserved for (i) employees and officers of companies of the Schneider Electric Group affiliated with the company under the terms and conditions set forth in article L.225-180 of the French Commercial Code and article L.3344-1 of the French Labor Code (Code du travail) and the head office of which is located outside France; (ii) and/or OPCVM mutual investment funds or other entities, with or without legal personality, of employee shareholders invested in equity securities of the company, the unit holders or shareholders of which consist of persons described in (i) of this paragraph; (iii) and/or any banking institution or affiliate or subsidiary of such institution acting at the company’s request for purposes of implementing and giving effect to a shareholder incentive or investment or savings plan for the benefit of the persons described in (i) of this paragraph, an operation upon which you are called to vote.

The maximum nominal amount of the increase in capital that may result from this issue is 1 percent of the share capital on the date of this Shareholders’ Meeting, it being specified that this amount shall be deducted from the ceiling of 2 percent referred to in the 16th resolution of this Shareholders’ Meeting, but is autonomous and distinct from the ceiling referred to in the 19th and 21st resolutions adopted by the Shareholders’ Meeting dated April 25, 2017.

Your board of directors proposes that, on the basis of its report, it be authorized, with the right of sub-delegation, for a period of eighteen months from the date of this Shareholders’ Meeting, to decide on whether to proceed with an issue and proposes to cancel your preferential subscription rights to the equity securities to be issued. This delegation may only be used from August 1, 2018.

It is the responsibility of the board of directors to prepare a report in accordance with articles R.225-113 et seq. of the French Commercial Code (Code de commerce). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights, and on other information relating to the share issue provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie nationale des commissaires aux comptes) for this type of engagement. These procedures consisted in verifying the information provided in the board of director’s report relating to this operation and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issue that would be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the board of director’s report.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R.225-116 of the French Commercial Code (Code de commerce), we will issue a supplementary report, if necessary, when your board of directors has exercised this authorization.

Signed in Paris-La Défense and in Courbevoie, on March 12, 2018

The Statutory Auditors

Ernst & Young et Autres
Jean-Yves Jegourel
Alexandre Resten

Mazars
Loic Wallaert