

2.7 Methodology and audit of indicators

2.7.5 Independent third party's report on consolidated non-financial statement presented in the management report

To the General Assembly,

In our quality as an independent third party, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity (hereinafter "entity"), we conducted our work in order to provide a conclusion expressing a limited level of assurance on the compliance of the consolidated non-financial statement for the year ended 31st December, 2021 (hereinafter the "Statement") with the provisions of Article R. 225-105 of the French Commercial Code (Code de commerce) and on the fairness of the historical information (whether observed or extrapolated) provided pursuant to 3° of I and II of Article R. 225-105 of the French Commercial Code (hereinafter the "Information") prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Conclusion

Based on the procedures performed, as described in "Nature and scope of the work", and on the elements we have collected, we did not identify any material misstatements that would call into question the fact that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.

Therefore, the Information should be read and understood with reference to the Guidelines, the significant elements of which are presented in the Statement.

Limitations inherent in the preparation of the Information

The information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

The entity's responsibility

It is the responsibility of the Board of Directors to:

- select or establish appropriate criteria for the preparation of the Information;
- prepare a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks as well as the results of these policies, including key performance indicators;
- and to implement the internal control procedures it deems necessary to ensure that the Information is free from material misstatement, whether due to fraud or error.

The Statement has been prepared in accordance with the entity's procedures, the main elements of which are presented in the Statement (or which are available on request at the entity's head office).

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks.

As it is our responsibility to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as this could compromise our independence.

However, it is not our responsibility to comment on :

- the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation;
- the compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional standards

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000⁽¹⁾.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Means and resources

Our verification work mobilized the skills of eight people and took place between October 2021 and March 2022 on a total duration of intervention of about twenty-three weeks.

We conducted several interviews with the people responsible for the preparation of the Statement.

Nature and scope of the work

We planned and performed our work taking into account the risks of material misstatement of the Information.

In our opinion, the procedures we have performed in the exercise of our professional judgment enable us to provide a limited level of assurance:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III of the French Commercial Code;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (anti-corruption policy, cybersecurity, products safety, raw materials scarcity), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: Uniflair (Italy), Execution Stezzano (Italy), SEII Stezzano Galileo M&L V (Italy), Transfo Services Chateaubourg (France), Master TECH (France), Schneider Electric France, Schneider Electric Mexico;
 - concerning the indicators of the Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE), tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents, except for indicators SSI 6, SSI 12, SSE 12, SSE 23. Depending on the indicators, the selected sample ranges between 15 % and 100 % of the consolidated data;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 14% and 49% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (18% of worked hours, 21% of headcount, 28% of energy consumption, 32% of total waste generated, 49% of hazardous waste generated, 14% of water consumption);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, 11 March 2022

French original signed by:

Independent third party

EY & Associés

Eric Mugnier

Partner, Sustainable Development

Appendix 1: The most important information

Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
Social Information	
Five Schneider Sustainability Impact (SSI) indicators and eleven Schneider Sustainability Essentials (SSE) indicators related to health and safety, equity, diversity and inclusion, creating equal opportunities and living up to Schneider Electric principles of trust. Other indicators: • Headcount (including by gender), hires and departures, • Number of training hours, • Medical incident rate, lost-time accident and lost-time days rate, occupational illnesses frequency rate.	Results of policies related to health and safety at work, equity diversity and inclusion, well-being at work, talent acquisition and retention.
Environmental Information	
The five Schneider Sustainability Impact (SSI) indicators and eleven Schneider Sustainability Essentials (SSE) indicators related to climate, resources efficiency and environment. Other indicators: • Weight of generated and recovered waste, per waste category, • Water and energy consumption, per energy source, • Sulfur hexafluoride (SF₆) consumption and related leaks, • Full greenhouse gases emissions, as per GHG Protocol guidance (scope 1, scope 2 market-based, scope 2 location-based, all scope 3 categories), • Volatile Organic Compounds (VOC) emissions.	The results of the policies related to: • Environmental management, • Greenhouse gases emissions, • Natural resources and raw materials management, • Pollution prevention, • Biodiversity management.
Societal Information	
Two Schneider Sustainability Impact (SSI) indicators and three Schneider Sustainability Essentials (SSE) indicators related to ethics and development, harnessing the power of all generations and empowerment of local communities.	The results of policies related to cybersecurity and data protection, product safety, harnessing the power of all generations and empowerment of local communities.