Sustainable

Supply Chain Decarbonization

Engaging and activating your Supply Chain to accelerate collaboration in the journey toward effective Scope 3 carbon mitigation

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Speaking to you today…

From Schneider Electric Team

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Internal

About Schneider Electric Sustainability Business

Recognized **global leader** in energy and sustainability consulting and managed services.

More than **2,700** employees worldwide across over **100** countries.

Develop strategies for meeting energy management and sustainability objectives and help to **implement** those strategies.

Solutions Portfolio

Core services:

- Market and climate risk analysis
- Energy efficiency
- Energy management
- Sustainability consulting
- Renewable energy and carbon advisory

Digital solutions:

- Resource Advisor
- Zeigo by Schneider Electric

Vital Statistics

2,700+
Global clients

3,000
Resource data streams tracked in Resource Advisor

125+
Million tons CO_2 in Resource Advisor

€40B+
In resource spend managed globally

2,700+
Professionals with specific market expertise

16+GW
Advised corporate PPA's since 2014

Agenda

01 Trends and Challenges

02 Supply Chain Decarbonization Approach

03 Activity – Lightning Decision Jam
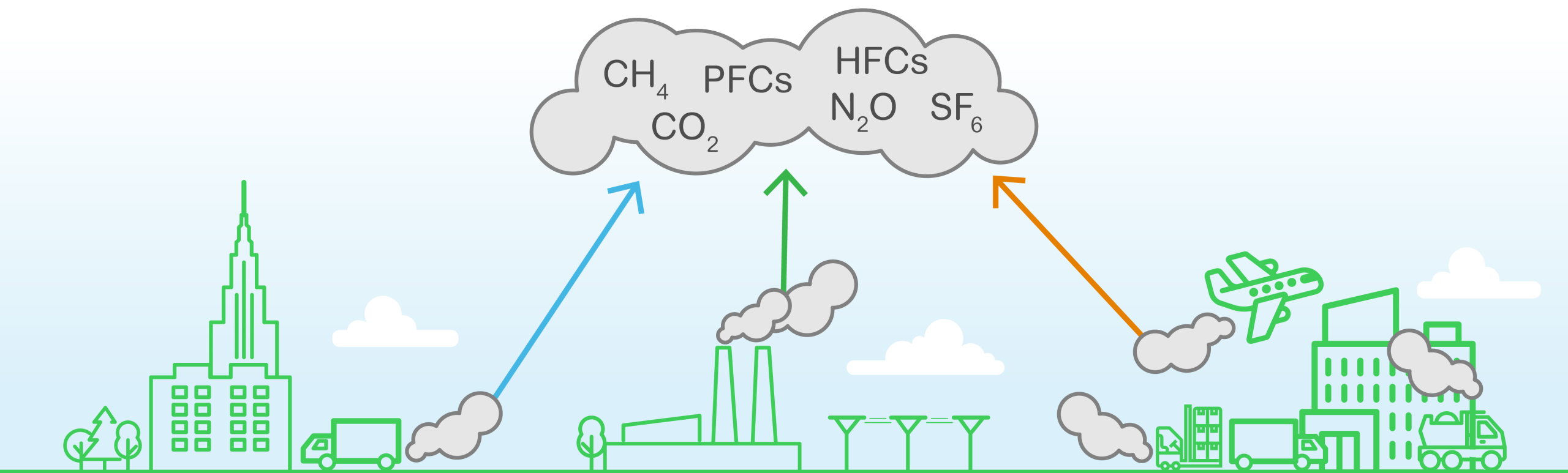
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Trends and Challenges

Drivers for Supply Chain Impact

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Greenhouse Gases Across Emission Scopes

According to CDP, on average, Scope 3 emissions are 11x greater than operational emissions

CH_4 PFCs HFCs N_2O SF_6 CO_2

SCOPE 1: Direct Emissions

All direct emissions within the operational control of an organization.
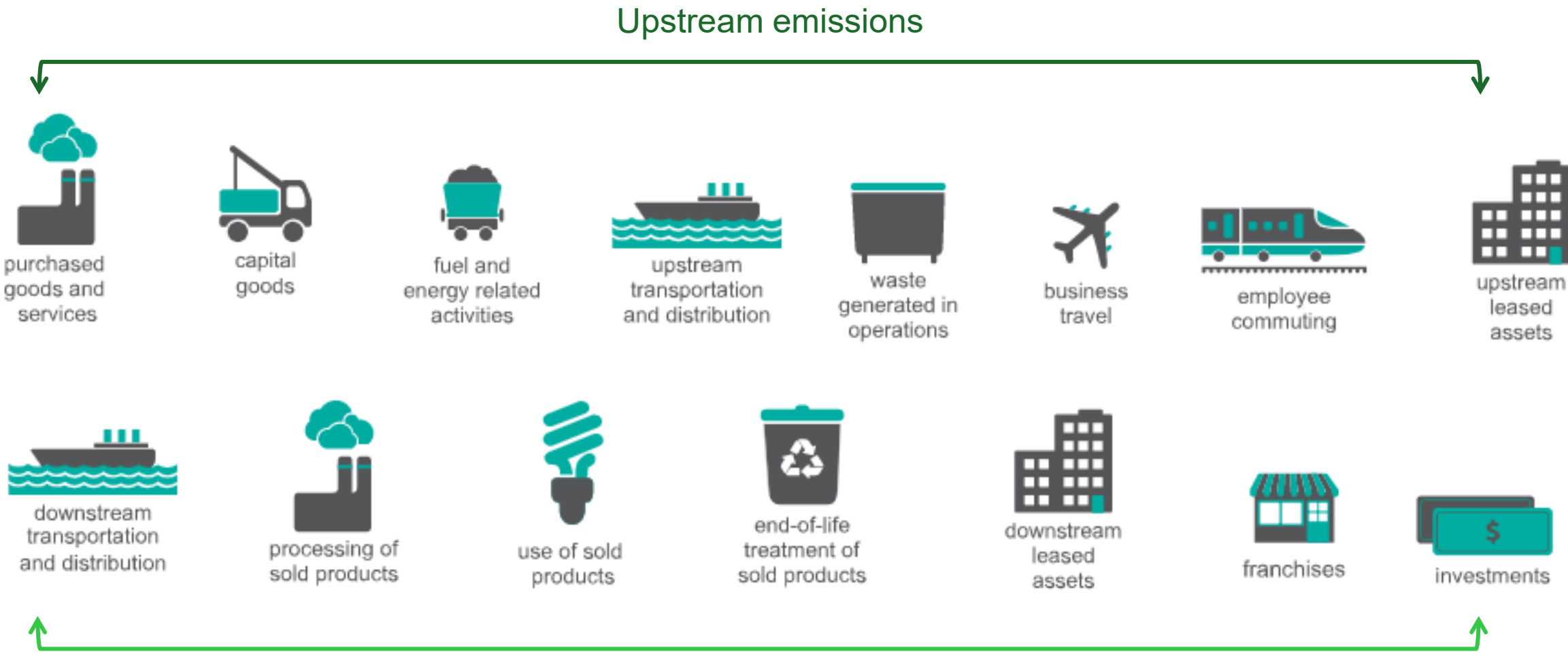
SCOPE 2: Indirect Emissions

Indirect emissions generated from purchased electricity, heat, steam or cooling.

SCOPE 3: Indirect Emissions

All other indirect emissions from sources such as business travel, waste management, and the value chain.

Categories of Scope 3 emissions

15 Categories defined by the GHG Protocol

Upstream emissions

- purchased goods and services
- capital goods
- fuel and energy related activities
- upstream transportation and distribution
- waste generated in operations
- business travel
- employee commuting
- upstream leased assets

- downstream transportation and distribution
- processing of sold products
- use of sold products
- end-of-life treatment of sold products
- downstream leased assets
- franchises
- investments

Downstream emissions

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Key challenges in Scope 3 decarbonization

Complex supply chains

Many stakeholders
Degrees of separation from upstream operations
International markets and operations

Poor data governance

Too reliant on secondary data
Inadequate primary data sharing systems
Lack knowledge and systems to track and analyze data

Reluctance from upstream stakeholders

Additional work and costs affect their bottom line
Need to be trained on data
Not their target or KPI

Weak strategy internally & externally

Poor organizational structure and processes to track and analyze data
Sporadic engagement with upstream
Generic strategy for different suppliers

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6 Trends in Scope 3 decarbonization

Aggressive target setting and reporting

Pressures and scrutiny from state and investors

Downstream and financed emissions

Data collation and management systems

Energy reductions and low-carbon energy

Increased collaboration to accelerate impact

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Supply Chain Decarbonization on the Rise

It's become essential to your license to operate

More companies are setting Science Based Targets (SBT's)

Challenges such as lack of data availability and quality, limited expertise, insufficient resources, internal resistance, inconsistent supplier engagement and lack of program governance still exists – and require support to navigate.

Increased collaboration helping companies accelerate impact

Collaborative efforts can dramatically accelerate decarbonization, and solutions already exist to support this.

External pressures creating the urgency to take action

The right expertise can help steer the complexity and scale of the supply chain decarbonization journey.

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Example: Major shifts in the Logistics industry

Logistics is a major industry in the Scope 3 of many corporations

DIGITIZATION AND MONITORING

Install sensors on transport vessels to track key data
Analyzing mileage, routes and energy use give better strategy

OPERATIONAL OPTIMIZATION

- Regionalization and localization
- Space maximization (in trucks, warehouses and containers)
- Route optimization
- Mode of transport of goods

TECHNOLOGICAL EFFICIENCY

- Energy efficient transport vessels
- Efficient cooling in transport vessels (especially cold-chain)
- Other energy recovery systems like waste heat recovery

RENEWABLES & CLEAN FUELS

- Electrification of fleets
- Renewable electricity for fleets
- Sustainable fuels like biofuels or hydrogen

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Schneider Electric Sustainability School

Turn your climate ambition into action

Why do business and sustainability go hand in hand in today's world?

Learn how sustainability expertise differentiates your company from your competitors and enables you to respond to new customer needs.

How can you accelerate progress on your decarbonization journey and do the same for your customers?

By building sustainability knowledge and know-how at the Schneider Electric Sustainability School.

To embark on your sustainability journey, register for the Schneider Electric Sustainability School here:
https://www.se.com/us/en/work/solutions/sustainability/school-training-and-online-courses.jsp

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Zero Carbon Project

Transition in action for a low carbon future

The Zero Carbon Project supports our global transition for a low carbon future by, partnering with 1,000 suppliers, responsible for 70% of upstream carbon emissions to reduce CO2 emissions from operations by 50%

More information is available at: https://www.se.com/ww/en/about-us/sustainability/zero-carbon-project.jsp

Roadmap

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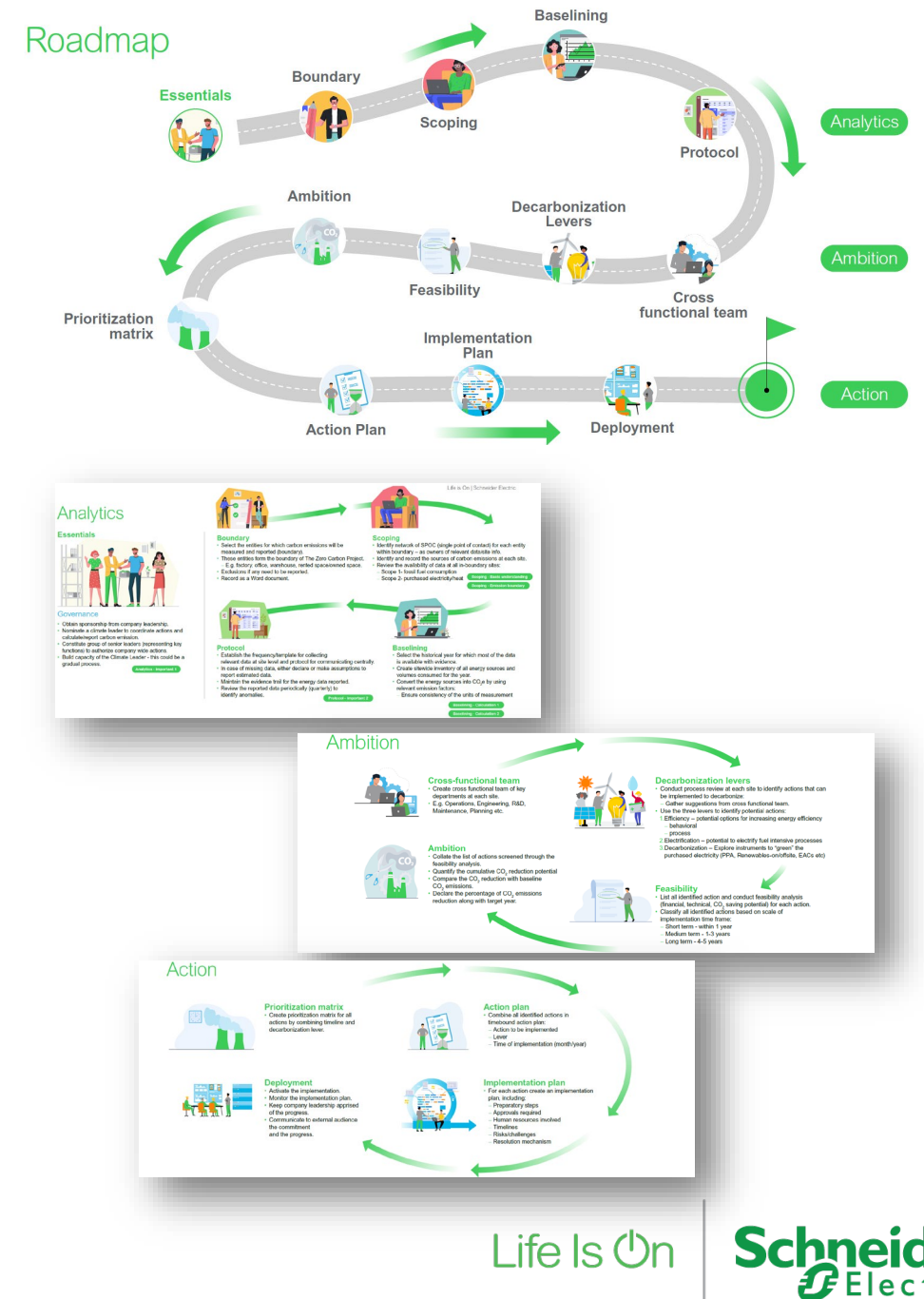
Supply Chain Decarbonization Approach

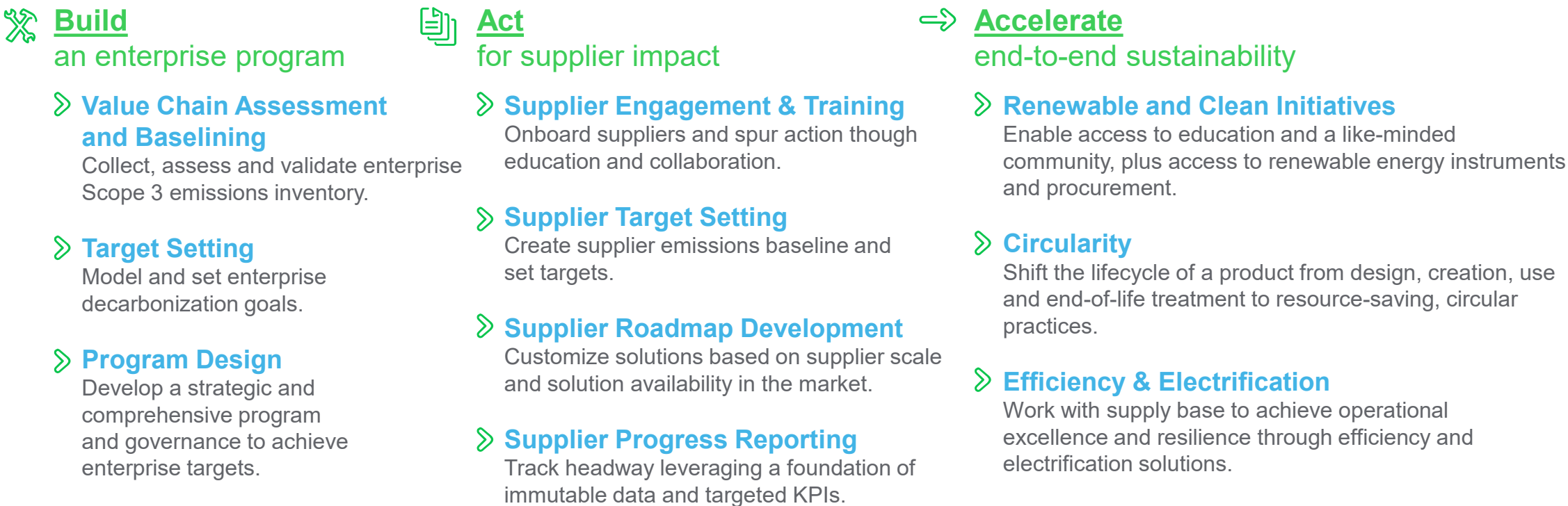Navigating and Accelerating Emissions Reduction

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Our Supply Chain Decarbonization Framework

End-to-End Expertise

Program Management
End-to-end deployment and tracking of supplier decarbonization initiatives

Build
an enterprise program

> **Value Chain Assessment and Baselining**
> Collect, assess and validate enterprise Scope 3 emissions inventory.

> **Target Setting**
> Model and set enterprise decarbonization goals.

> **Program Design**
> Develop a strategic and comprehensive program and governance to achieve enterprise targets.

Act
for supplier impact

> **Supplier Engagement & Training**
> Onboard suppliers and spur action though education and collaboration.

> **Supplier Target Setting**
> Create supplier emissions baseline and set targets.

> **Supplier Roadmap Development**
> Customize solutions based on supplier scale and solution availability in the market.

> **Supplier Progress Reporting**
> Track headway leveraging a foundation of immutable data and targeted KPIs.

Accelerate
end-to-end sustainability

> **Renewable and Clean Initiatives**
> Enable access to education and a like-minded community, plus access to renewable energy instruments and procurement.

> **Circularity**
> Shift the lifecycle of a product from design, creation, use and end-of-life treatment to resource-saving, circular practices.

> **Efficiency & Electrification**
> Work with supply base to achieve operational excellence and resilience through efficiency and electrification solutions.

Sustainability Communication Services
Monitor progress, demonstrate leadership, and influence through storytelling / communications throughout project lifecycle

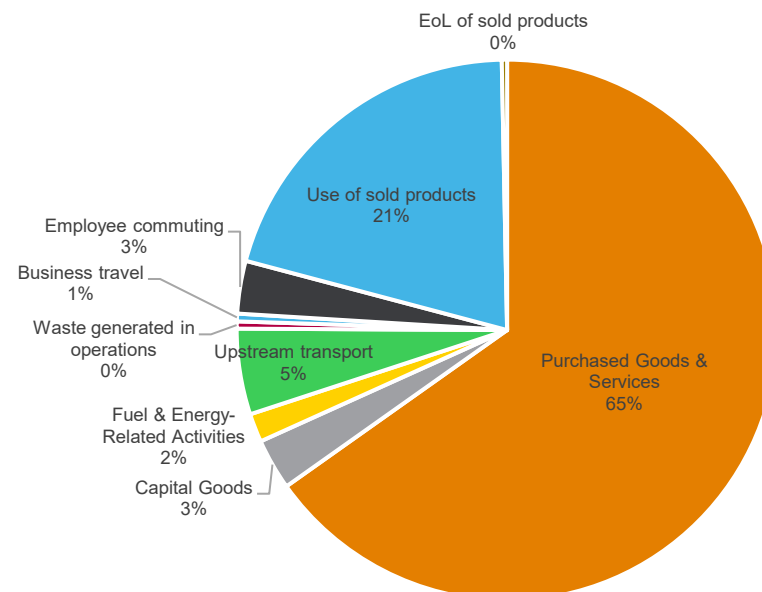# Build

An Enterprise Program

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Value Chain Assessment and Baselining
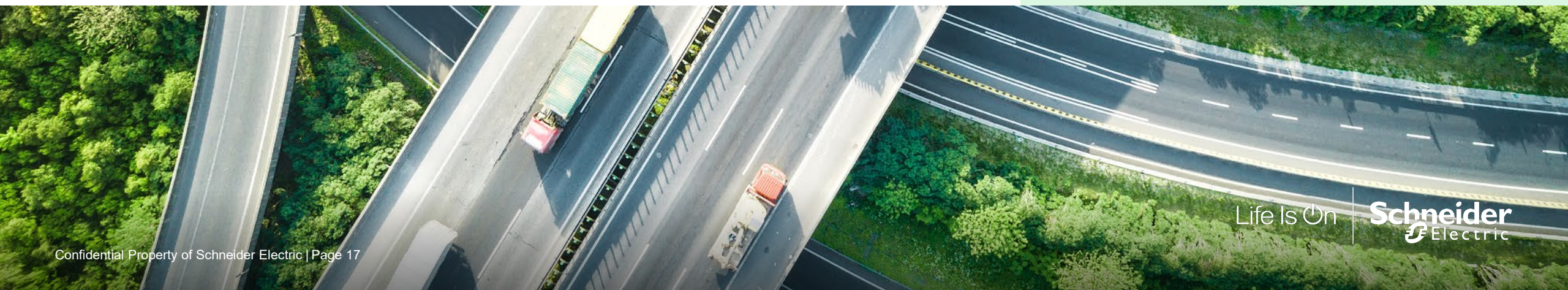
Service:

Knowing where to begin is often the most difficult part of any journey.

Our emissions screening, inventory, and validation services provide a critical starting point for any supply chain decarbonization effort.

Pie chart:
- EoL of sold products 0%
- Use of sold products 21%
- Employee commuting 3%
- Business travel 1%
- Waste generated in operations 0%
- Upstream transport 5%
- Fuel & Energy-Related Activities 2%
- Capital Goods 3%
- Purchased Goods & Services 65%

Benefits

- Understand supply chain emissions and impacts.

- Improve data management and collection processes.

- Increase buy-in from internal stakeholders.

- Develop list of high-impact suppliers.

- Visualize data trends and outliers.

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Target Setting

Service:

Pressure is mounting to set and meet emissions targets. We help you prioritize company goals, set science-based targets, and align on viable decarbonization levers and strategies to achieve climate target(s).

Scope 3 Minimum Ambition Targets
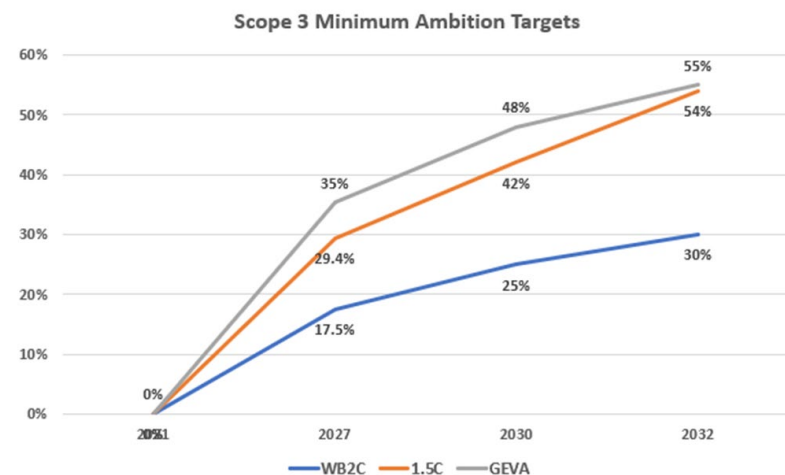
Benefits

- Learn market trends for target setting and decarbonization.

- Recognize pros and cons of different types of target setting.

- Understand the viability of decarbonization levers.

- Analyze financial, operational, and market barriers and opportunities.

- Clear path forward to attain targets.

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Program Design

Service:

We co-develop a program to engage and prioritize your suppliers based on size, maturity, and impact.

We'll set up phases and mechanisms to ensure their compliance and performance towards sustainability goals and deploy the appropriate mix of consulting and digital enablers.

Benefits

- Customized for size and maturity and impact.

- Centralized supplier engagement approach.

- Defined scope and priorities aligning resources accordingly.

- Clear structure for rewarding sustainability performance and escalating non-compliant behavior.

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Act
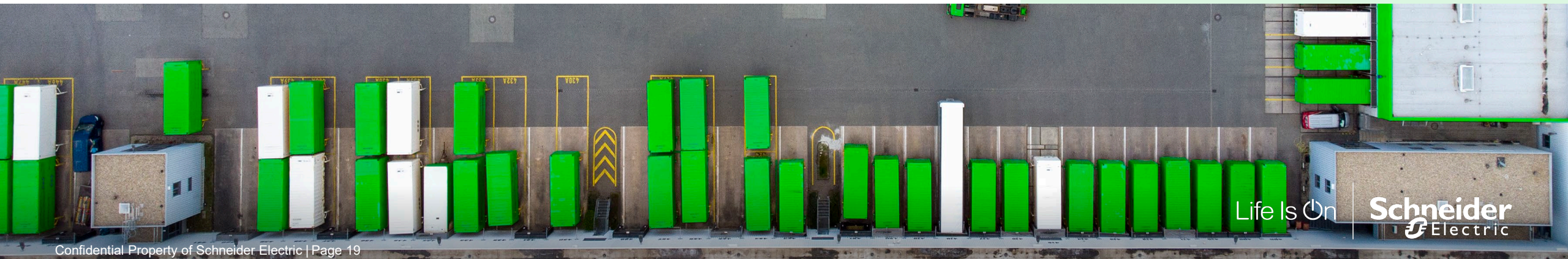
For Supplier Impact

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Supplier Engagement and Education - Consultancy

Service:

In-person or virtual supplier engagement workshops, led by our network of decarbonization subject matter experts.

Tailored training available for maximum relevance to your cohort, leading to greater engagement & increased action.

Content development, event design, and coordination via our in-house Communications Services team.
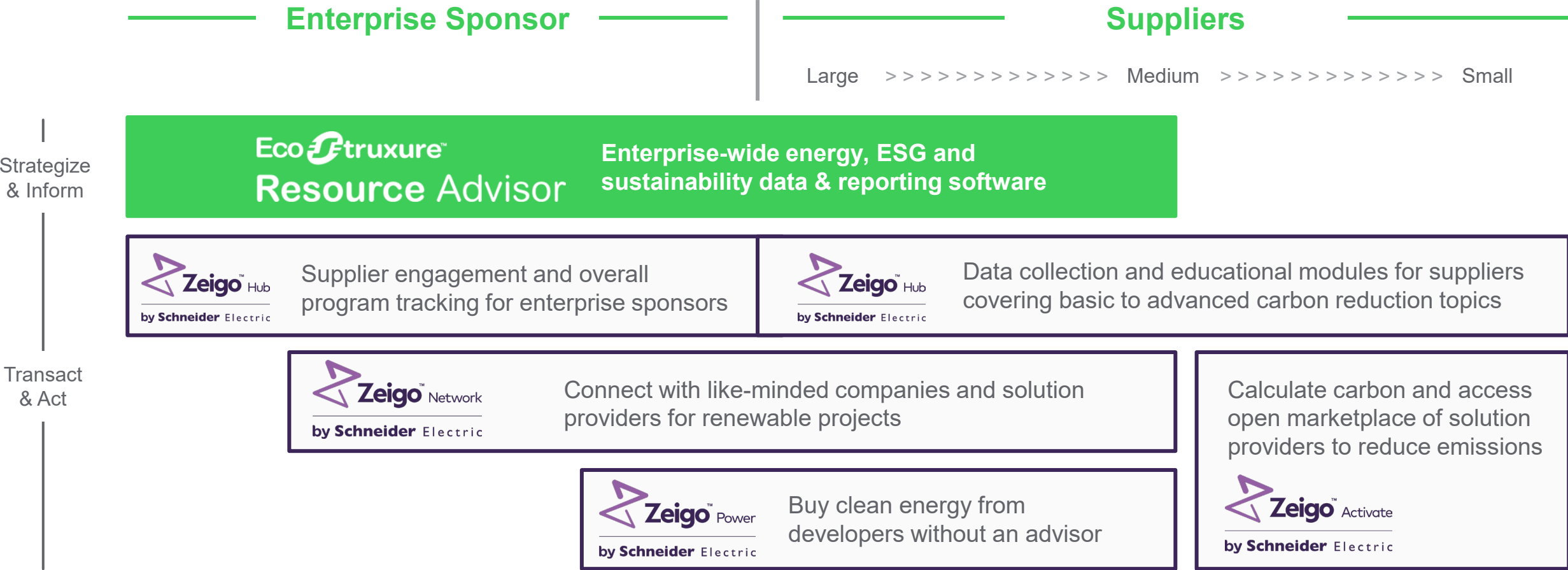
Benefits

- "Personal touch" to maximize engagement and boost action.

- Allows for deep-dive into complex topics for more advanced cohorts.

- Quick and easy to design and deploy, drawing on Schneider Electric's extensive experience delivering decarbonization training sessions and workshops.

"We have partnered with Schneider Electric to develop sustainability expertise that will help our suppliers expand their knowledge on sustainability topics and practical solutions."

– Matt Wilson, Head of the Environmental Sustainability Centre of Excellence, GSK

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Our Supplier Decarbonization Software Ecosystem

Expertise, experience, and depth across the entire value chain

Enterprise Sponsor | **Suppliers**

Large > > > > > > > > > > > > > Medium > > > > > > > > > > > > > Small

Strategize & Inform

EcoStruxure™ **Resource** Advisor — **Enterprise-wide energy, ESG and sustainability data & reporting software**

Zeigo™ Hub by Schneider Electric — Supplier engagement and overall program tracking for enterprise sponsors

Zeigo™ Hub by Schneider Electric — Data collection and educational modules for suppliers covering basic to advanced carbon reduction topics

Transact & Act

Zeigo™ Network by Schneider Electric — Connect with like-minded companies and solution providers for renewable projects

Zeigo™ Power by Schneider Electric — Buy clean energy from developers without an advisor

Zeigo™ Activate by Schneider Electric — Calculate carbon and access open marketplace of solution providers to reduce emissions

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→Accelerate

End-to-End Sustainability

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Cleantech and Renewable Sourcing

Service:

We help address our clients' Scope 1, 2, and 3 carbon emissions' goals through a variety of options to best suit their needs - from EACs and offsite PPAs to microgrids to global carbon offset procurement.
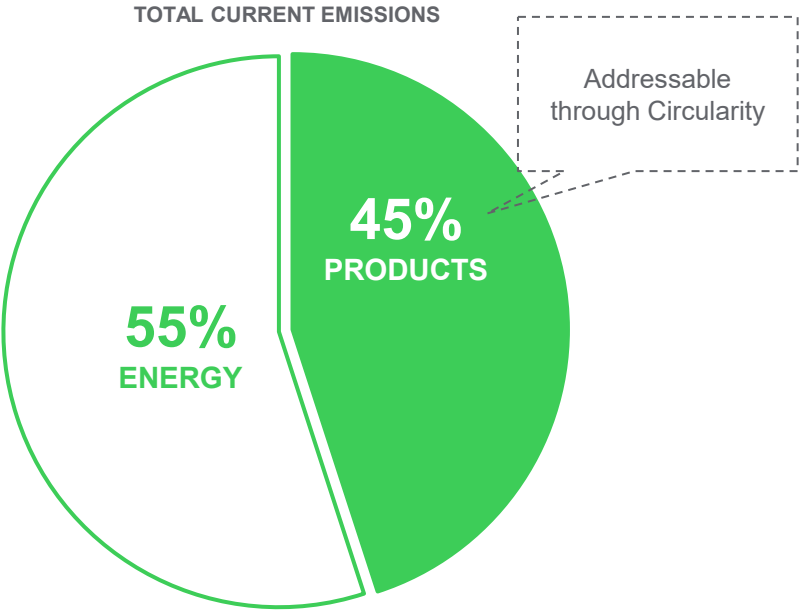

Benefits

- Scalable options, some that can be quick to implement.

- Potential driver of cost savings and enabler of additionality.

- May help buffer/mitigate market and price volatility.

- Improve resilience of your operations.

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Circularity

Service:

We work with you and your suppliers to identify areas where to use resources more efficiently and save resources throughout your infrastructure and value chain.

TOTAL CURRENT EMISSIONS

Addressable through Circularity

45% PRODUCTS

55% ENERGY

Source: Ellen MacArthur Foundation

Benefits

- **Climate:** Contribute to achieving Scope 3 targets.

- **Customer:** Address growing consumer pressure for circular and sustainable products.

- **Cost:** Enhance resource access and supply chain resilience.

- **Compliance:** Respond to pressure from legislation.

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Our work on **Circular Economy** with **partners & peers** continues to be recognized

Schneider Electric wins 'The Circulars' Award 2019 at the World Economic Forum, in recognition of its variety of circular transformations.

Schneider Electric ranked #9 in Fortune's Change the World list 2019 for best practices in the circular economy.

Schneider Electric is the first company in the electrical industry that offers a part of its product line with Cradle-to-Cradle certification.

Schneider Electric ranked #1 Most Sustainable Company in the world 2021 by Corporate Knight Global 100.

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Efficiency and Electrification

Service:

We help you achieve net-zero at the site level by conducting energy maturity and technology assessments to identify opportunities for electrification and fuel switching. Includes financial modeling, solution design, and orchestration management.
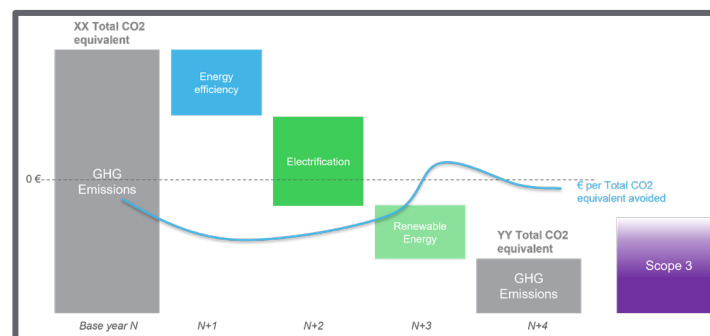
Benefits

- Achieve supplier site-level neutrality by reducing scope 1 and 2 emissions.

- Cost-effective portfolio decarbonization that avoids market volatility.

The Sustainability Business

Crystalizing Schneider Electric's end-to-end solution for decarbonization

Consulting for a real return on investment

The Sustainability Business

The Sustainability Business is Schneider Electric's climate change advisory service for companies and enterprises. Extended to Asia in 2021, the Sustainability Business allows us to confidently provide a truly holistic solution for energy management and decarbonization. From strategy planning and target setting to efficiency and renewable energy programs to software and hardware solutions, our experts become your experts.

Key figures:

2,500+

Sustainability Business experts in over 100 countries

13 GW

Advised corporate renewable power purchase agreements (PPAs) since 2014, making Schneider the largest advisor of negotiated corporate PPAs in the world

8.7 million

Invoices tracked annually on Resource Advisor, our ESG data management platform

Canada

France, Germany, UK

China

US

Japan

Hong Kong

Singapore

Australia

Cleantech Hubs

Sustainability Consulting Service teams

Why choose Schneider?

We empower all to make the most of our energy and resources, bridging progress and sustainability for all. We call this Life Is On.

1. **Our solutions are for corporates by corporate**
   We ourselves are a corporation with a long evolving history of producing products, owning and operating factories and offices and engaging with a deep supply chain. Our corporate sustainability commitments are some of the most ambitious in the world. We understand data management and operational challenges - and opportunities. And as such all our products, software, services and ongoing enhancements are developed with meaningful impacts and a strong business case in mind.

2. **Our end-to-end solutions for decarbonization are real**
   With the addition of the Sustainability Business to Asia in 2021, Schneider Electric can confidently provide a truly holistic solution for energy management. From strategy planning and target setting, to efficiency and renewable energy programs, to hardware and software solutions, our experts will become your experts. Companies no longer need to manage different partners on their own. Our team will become part of your team – aligning all our solutions to your short and long-term goals.

3. **We have been voted the World's Most Sustainable Corporation**
   Corporate Knights knighted Schneider Electric as the most sustainable corporation in the world in 2021 – and Schneider has been on the Global 100 most sustainable corporations list for 12 years in row. We've set a 2050 target to achieve net zero emissions across our entire value chain and the Schneider Sustainability Impact (SSI) program, spanning from 2021 to 2025, will accelerate our progress. Our commitment to sustainability is reflected in top scores from rating agencies such as CDP (A List) and MSCI (AAA) for over a decade.

4. **Our footprint is insanely global, but we are truly local**
   One of our six corporate commitments is Empower Local Communities. We do this by promoting local initiatives and enabling individuals and partners to make sustainability a reality for all. In 2006, our CEO, Jean Pascale-Tricoire, realized that to truly be a local business, our leadership needed to set an example. We adopted the multi-hub strategy, moving executive leadership across three regional markets – Europe, Asia and North America. With this model, employees are supported by leaders to make decisions that benefit the local environment.
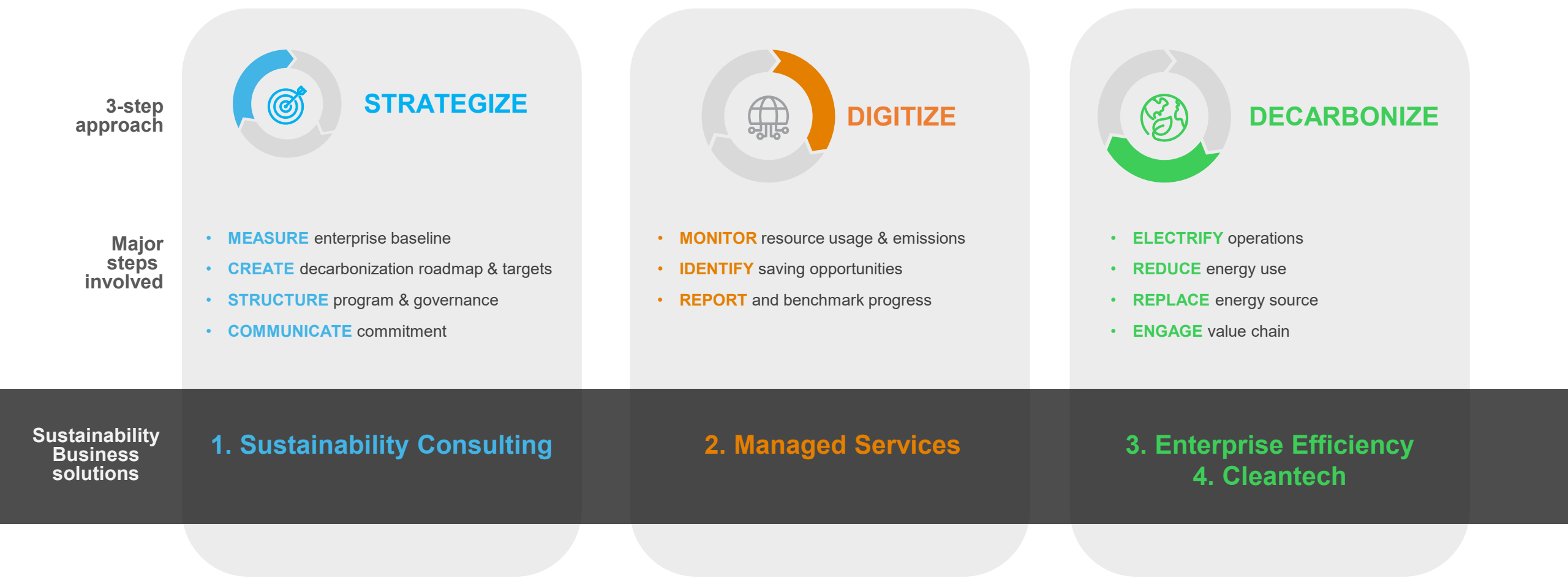
5. **Our diverse teams are what make us great**
   Our Sustainability Business teams are made up of the perfect mix of people from different experiences, backgrounds and geographies – all working towards a single mission. In APAC, our teams include engineers, software and data management experts, cleantech professionals, consultants from boutique and Big Four firms, ex-corporate colleagues with operational and industry knowledge and even people from the creative field. Together, we embrace a "learn everyday" mentality to support each other and our clients in addressing their sustainability journeys.

Our unique value proposition

is our end-to-end capabilities to support customers on decarbonization, from strategy to execution

3-step approach

STRATEGIZE

DIGITIZE

DECARBONIZE

Major steps involved

- **MEASURE** enterprise baseline
- **CREATE** decarbonization roadmap & targets
- **STRUCTURE** program & governance
- **COMMUNICATE** commitment

- **MONITOR** resource usage & emissions
- **IDENTIFY** saving opportunities
- **REPORT** and benchmark progress

- **ELECTRIFY** operations
- **REDUCE** energy use
- **REPLACE** energy source
- **ENGAGE** value chain

Sustainability Business solutions

1. Sustainability Consulting

2. Managed Services

3. Enterprise Efficiency
4. Cleantech

Internal

Our four lines of service deliver strategy + action

Strategize

Sustainability Consulting

- Materiality & sustainability strategy
- Decarbonization strategies
- Carbon emissions baselining (Scope 1, 2 and 3)
- Setting Science-Based targets
- Climate risk assessments
- GRESB, TCFD, CDP reporting
- Program innovation
- Supplier / tenant decarbonization program

Digitize

Managed Services

- Resource Advisor, Schneider's award-winning enterprise-level management system for all ESG data
- 20 years established with continuous enhancements to address market changes
- Serving over 4,500 customers globally
- Annually updated emission factor library to automatically calculate Scope 1, 2 and 3 (lite)
- Digital tools for measuring Scope 3

Decarbonize

Enterprise Efficiency

- Energy maturity assessment and energy audits via workshops or in-person/virtual site assessments
- Creating an enterprise efficiency "playbook" for your selected sites – strategy + action plan
- Predicted investment & payback periods with GHG emissions savings
- Backed by data

Cleantech

- Renewables and carbon opportunity assessments
- Renewable energy and EACs sourcing
- Carbon offsets sourcing
- On-site solutions
- Risk mitigation & strategy
- Contract management
- Project performance management
- Neo Network, Schneider's cleantech buying platform that connects energy supplier with corporate buyers
- Collective contracting of renewable energy purchasing for Scope 3 suppliers

Strategize practice contacts

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