



City of Cotati

Response to RFP for Energy/Water
Resources Audit and Improvement
Projects

August 22, 2024

Life Is On

Schneider
Electric

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Appendix A – Schneider Electric Audited Financial Report

Appendix B – Sample M&V Reports

- Golden Valley USD
- Holyoke School District

This proposal, and any exhibits and attachments hereto, (collectively, this "Proposal") and any information contained herein, is the property of Schneider Electric Buildings Americas, Inc. (Schneider Electric) and shall constitute proprietary and confidential information. The party to whom this Proposal is addressed (the "Receiving Party") acknowledges the confidential nature of this Proposal and agrees to take all necessary precautions to ensure the confidential treatment of this Proposal and all information contained herein. This Proposal is intended solely for the employees, representatives, and agents of the Receiving Party (the "Receiving Party Representatives"); provided, however, that this Proposal is only to be disclosed to those Receiving Party Representatives on a "need-to-know" basis. Except for the Receiving Party Representatives, the Proposal will not be used, copied, reproduced, disclosed or otherwise made available, directly or indirectly, to any other person, firm, corporation, governmental unit, association or entity, for any purpose whatsoever, without the prior written consent of Schneider Electric.

August 22, 2024

Dear Mr. O'Bid,

As natives of the North Bay, this RFP holds immense personal meaning for us. It goes beyond a mere business transaction or contract. This RFP represents an opportunity to shape the energy and water landscape of **a community we deeply understand**, ensuring a sustainable and resilient future for a place we've spent much time in. We know the uniqueness and rural charm of Cotati. How the fog blankets the rolling hills in the morning and slowly pulls back, resulting in a hot afternoon. We also know how as a City Manager, you must balance investing in ways to modernize your facilities and infrastructure, while not dramatically changing the way "things have always been". This RFP response demonstrates how we're invested in the well-being of your neighbors, the protection of your environment, and the long-term prosperity of our community.

Your vision for the City of Cotati is clear – "To preserve Cotati's rural heritage and small-town atmosphere while ensuring that new development reinforces both the quality and economic vitality of the community". While also focusing putting forth efforts to "facilitate sustainable transportation choices, reduce fossil fuel emissions, conserve water, promote local food production, sustain and grow the urban forest, and promote compact infill development are all examples of Cotati's efforts to proactively respond to and mitigate climate change and preserve precious resources." This is the cornerstone of Cotati and furthering this vision is key to the City's success. At Schneider Electric, we have one goal – to be the partner who helps you further support your vision beyond traditional efficiency improvements. We believe that a project as simple as saving energy is much more than that, as has potential to impact the lives of the **7,584+** residents that call Cotati home along with the many visitors that frequent your growing community. That's why we start at the top and work to identify the goals, priorities, and needs of the City beyond just saving money on utilities. Some of those are:

- Providing a turn-key solution that improves the longevity of your infrastructure, reduces costs, and advances technology and inefficient systems.
- Identifying key funding opportunities and submitting strong innovative applications that better the success rate and award to the City of Cotati.
- Collaborating with our marketing team to engage community outreach plans that share all your accomplishments and wins.
- Integrating with local labor.
- Implementing innovative programs that meet Cotati' objectives around sustainability, environment, economy, and community.

As a city committed to sustainability and the environment, Cotati needs a partner that is equally matched to develop a solution that inspires the City's stakeholders. Schneider Electric has developed the enclosed proposal that we feel will do exactly that – Inspire. From identifying lifecycle savings to a strategic marketing, branding, and community outreach plan to share that big win, our solution covers it all.

Four additional differentiators that we'll highlight within this response include our ability to provide:



Unmatched Experience and Expertise – For over 180 years, we have had a commitment to excellence for our clients. From a City Hall improved air quality project in Palmdale, CA to a \$400M Solar Microgrid resilience project in Tokyo, Japan – we have delivered 1,000+ successful performance contracts – earning the title of **#1 ESCO for the last 7 years in a row.**

Best Value Solution – Our best value approach combines firm-fixed pricing with the perfect balance of in-house expertise and competitive subcontractor partnerships. In addition, Cotati will benefit from our unique structure of a complete local team run from our regional CA office (within 75 miles from the City), with unparalleled national scale resources – bringing nothing but the highest talent, best solutions, and most value to the table for this unique project.

Sustainability Leadership – With the release of this solicitation, and other proactive priorities, Cotati is leading the sustainability charge for local government in California. **As the #1 ranked most sustainable corporation in the world,** we bring long-term thought leadership to the table for the City. With aligned sustainability goals, we can help you meet and exceed your sustainability goals, helping you not only advance your vision, but showcase the breadth of your commitment to energy/water improvements and fiscal stewardship to the community and beyond.

Providing the City of Cotati with an Energy Partner, not just an Energy Project – Instead of designing a project for you, we want to design a project WITH you, because although we know sustainability – no one knows your buildings, staff, community, and priorities better than you do. That's why we'll work closely with City staff to **coauthor** everything from project scope to preferred systems and subcontractors – resulting in a customized solution tailored specifically to your unique needs and priorities. We'll also provide consultative services like helping negotiate the purchase of your streetlights from PG&E, resulting in significant energy and maintenance costs savings. Going even further, we can help keep the rural feel of Cotati by working to develop City policies like the Dark Sky initiative - avoiding light pollution when streetlights are converted to LED.

We have read the City's Request Proposals (RFP) for RFP for *Energy and Water Resources Efficiency Improvement Projects* and fully understand its intent. We certify that we have **qualified and experienced local personnel**, vast successful project experience, and capabilities and resources to provide the City of Cotati and fulfill the requirements. The outcome and success of this project hold significant importance to us, as local natives, and we are committed to completing this program **on-time, within budget, and exceeding the expectations** set for this initiative.

Taking the Next Step—Together

We're confident that Schneider Electric is the long-term energy partner that will make that vision a reality and pave the way for a sustainable energy future that benefits all residents, strengthens your local economy, and preserves the beauty, livability, and charm of Cotati.

On behalf of Schneider Electric, we are pleased to submit this proposal in response to the RFP for Energy and Water Resources Efficiency Improvement Projects. Thank you in advance for your consideration of our proposal and for considering Schneider Electric for this important initiative.



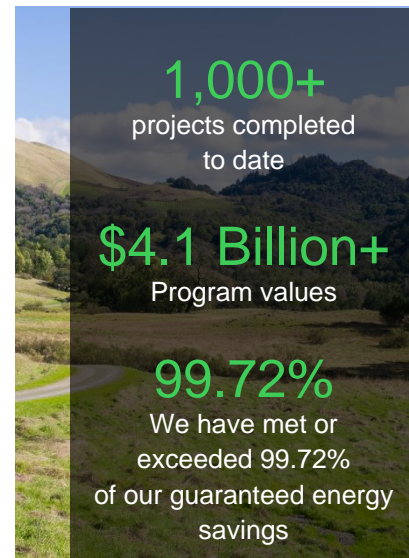
Rachel Torgerson

Account Executive
P: 916.848.8088
E: rachel.torgerson@se.com
5735 West Las Positas Blvd.
Pleasanton, CA



Elliott Feldman

Technical Program Manager
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5735 West Las Positas Blvd.
Pleasanton, CA



Evaluation Criteria

We are confident that Schneider Electric is the long-term energy partner that can make your vision a reality. As you review this response, we hope you'll see how we stand apart from others. Below you'll find a recap of how our differentiators identified throughout this response line up with the scoring priorities you identified for this RFQ – further proving that we are the right innovation and sustainability partner for Bullhead City:

Criteria Description	Section
Background – qualifications, experience, resources, financial solvency (20 points)	Section 1 – Pages 5-9
Project Team & Management Structure – amount of work self-performed, strength of proposed team, trainers, and management structure (25 points)	Section 2 – Pages 10-20
Project History & References – relevant past project experience (20 points)	Section 3 – Pages 21-31
Project Approach – approach to audits, project management, training, etc. (25 points)	Section 4 – Pages 32-46
Additional Benefits & Added Value – additional benefits resulting for energy/water efficiency project implementation and respondent's added value elements (10 points)	Section 4 – Pages 47-49
Savings – savings approach, Measurement & Verification practices, etc. (35 points)	Section 4 – Pages 37-40; 44-46
Contracts – sample contract terms and conditions of Performance Energy Contract, overhead & profit markups, and also the cost of the investment grade audit submitted via the IGA Pricing Proposal (Attachment C), (60 points)	Sections 5 and 6 – Pages 50-51
Response – responsiveness and compliance with the requirements of the proposal (5 points)	All

A large vineyard with rows of green grapevines stretching into the distance. In the foreground, a green irrigation pipe stands vertically. The background shows rolling hills under a clear sky.

1

Firm Qualifications

1. Firm Qualifications

Provide a description of how your firm is uniquely qualified for this project. Please include years in business, fiscal strength and evidence that the firm meets each element of the Minimum Qualifications, in accordance with Section III of this RFP. Include one (1) copy of the Company’s most recent audited financial report.

Brief History

Schneider Electric was established in 1836 and has grown into a global specialist in energy management, efficiency, and infrastructure. We entered the ESCO business 32 years ago with the founding of our Sustainability Business in 1992.

Our operations span more than 100 countries, with nearly 135,000 employees and \$36 Billion in annual revenue. In short, we offer the backing and stability of a large company, while the Sustainability Business operates within the ESCO space as a smaller division. Cotati will receive the resources and expertise you need with the personal touch of local representatives who understand your unique challenges.

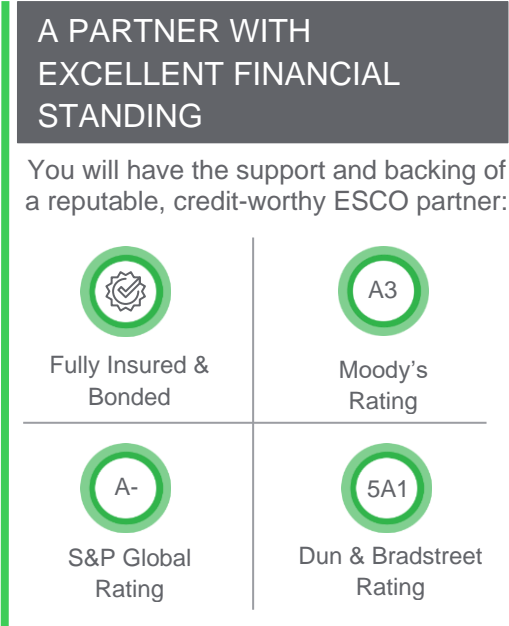
Evidence of our commitment to long-term partnerships, value, and performance includes over **\$1,178,365,700 in repeat business** from customers who trust us to deliver time and again.

Fiscal Strength

By partnering with Schneider Electric, you will have a dedicated financial expert at your side to answer your questions and explain your options as you seek financing associated with your project.

According to Dun & Bradstreet, we have a higher-than-average financial strength, compared to others in our industry sector, and a lower-than-average risk indicator when comparing other businesses of the same financial strength category.

Our Sustainability Business Division is backed by Schneider Electric’s annual revenue of \$36 Billion and assets of \$17.5 billion. Our financial strength enables us to shoulder monetary risk and withstand periods of reduced cash flow should they occur during our partnership with you.



For bonding, we primarily use Western Surety Company when providing payment and performance bonds. Western Surety Company is rated “A-” by AM Best and can provide written confirmation of our bonding capacity. Schneider Electric is in the position to consider single projects up to \$50 million with an aggregate limit of \$400 million. This excellent bonding capacity translates into lower bonding costs for Schneider Electric, which translates into savings for you.

Energy Project Approach

Schneider Electric’s ESCO business unit, our Sustainability Business, specializes in comprehensive facility improvement projects for local and federal government, healthcare, higher education, and K-12 markets. We’ve helped facilities across the country transform energy savings into operational gains for the past 32 years, with more than 1,000 projects and \$3,984,834,695 in savings guaranteed to date.

We offer an approach that extends beyond standard performance contracting services. We’ll help Cotati realize your vision and accomplish your highest priority goals in several key areas, including:



Energy

Reduce and optimize your utility and energy usage through infrastructure improvements.



Technology

Modernize your facility using the latest technology tailored to your needs.



Funding

Leverage reallocated funds from your energy savings to fund improvements and explore available grants, Federal incentives, and more.



Facilities/Operations

Training to sustain optimal equipment performance and solutions that reduce long-term operating and maintenance costs.



Community Engagement

Empower stakeholders and educate them regarding behaviors that affect your budget.



Public Image

Co-create a marketing vision plan that will help build awareness of your facility and sustainability improvements through press releases, community outreach events, specialized signage, and more.

Technical Experience and Expertise

ELECTRIC VEHICLE INFRASTRUCTURE

As electric vehicle (EV) ownership expands, the need for widely distributed, publicly accessible charging stations will grow. Cotati can attract and retain a cutting-edge workforce and demonstrate your leadership in adopting advanced technologies by installing EV infrastructure.

EV charging can easily be combined with solar PV and battery storage to provide sustainable and efficient vehicle charging, and it is often supported by grant funding. Schneider Electric, with our wealth of understanding of electrical infrastructure, generation assets (renewable and non-renewable), and funding procurement can help you create an advanced EV charging infrastructure for your bus and/or vehicle fleet.



Modesto, CA – Our team has extensive experience with installing EV Infrastructure in both educational and municipal settings. For Modesto City Schools, we installed EV infrastructure for 30 EV busses involving 800 kWp worth of solar canopies, the most ambitious fleet electrification effort in the country.

CA Project examples that provided EV Fleet / EV Infrastructure

NAME	TOTAL PROJECT SIZE	SCOPE DESCRIPTION
Modesto City Schools Ph. 1-3 (CA)	\$50,640,163	EV Charging Infrastructure installation 30 EV busses involving 800 kWp worth of solar Carports ~ 4MW Solar Carports at other District Sites
Turlock USD	\$4,018,087	6 DC Fast Chargers 18 Level 2 Chargers Grant Procurement ~300 kWp Solar PV Carports
Stockton Unified School District Ph. 5	\$1,762,585	Grant procurement of CEC Bus Program Grant; installed 4 DC fast chargers and another 12 charging stations
Los Banos USD	\$8,313,000	2 DC Fast Chargers 8 Level 2 Chargers Grant Procurement ~510 kWp Solar PV Carports and Rooftop Arrays Additional HVAC Improvements

SOLAR POWER OPPORTUNITIES

Solar energy can provide significant benefits to Cotati by unlocking financial savings for your project, furthering your decarbonization goals, increasing the resilience of your energy sources, and by impacting your community. Like EV infrastructure, we have a wealth of knowledge and experience implementing a wide array of opportunities including photovoltaic, microgrid, battery backup, and net metering scopes of work.

Financial Benefits

While the initial cost of solar has historically been a deterrent, today's solar solutions are more affordable and efficient than ever. With rising and unpredictable energy prices, the City of Cotati can lock in your electricity rates for the 25–30-year lifespan of your solar panels resulting in substantial energy cost reductions. And, since the price of solar panel production has fallen inversely to the cost of utility pricing, this translates to quicker return on upfront investment, better long-term savings, and the opportunity to shield your operation budgets from unpredictable utility costs.

Harnessing solar power can also be a powerful economic lever by also offset EV charging costs. Across the country, we're seeing organizations redirect solar energy savings to fund fleet electrification programs. We understand this is a high priority for the City of Cotati. The possibilities are as diverse as the needs of each entity. As we explore the needs of Cotati during the investment grade audit, our engineering team can creatively scope items that are most important to you often by using solar savings to cash flow the project.

STRATEGIZING AROUND
UTILITY PROGRAM CHANGES



Schneider Electric developed and installed a 7 MW Microgrid project at Marine Corps Air Station Miramar in CA to specifically reduce utility demand charges and participate in demand response programs in California.

CA Project examples that provided Solar/Photovoltaic Scope of Work

NAME	TOTAL PROJECT SIZE	SCOPE DESCRIPTION
Goleta USD	\$3,695,101	275 kWp Solar Shade Structure 0% Loan Procurement
Ojai USD	\$5,887,739	345 kWp solar canopies @ HS 88 kWp solar canopies @ MS 50 kWp solar canopies @ ES
Pleasant Ridge USD	\$1,898,746	District-Wide LED Lighting Retrofit ~220 kWp Solar PV Ground Mounted Arrays
Moraga School District	\$6,994,996.	~285 kWp Solar Shade Structures LED Lighting Water Conservation HVAC Upgrades

Chowchilla USD

\$7,902,391

~530 kWp Solar PV Shade Structures and Carports
LED Lighting Upgrades
EV Charging Infrastructure
Building Control and HVAC Replacements

MUCH MORE THAN THE MINIMUM

As you review this response, we hope you’ll see what a great fit we seek to serve the City of Cotati. Below are our qualifications that exceed the minimum criteria listed in RFQ Section III.

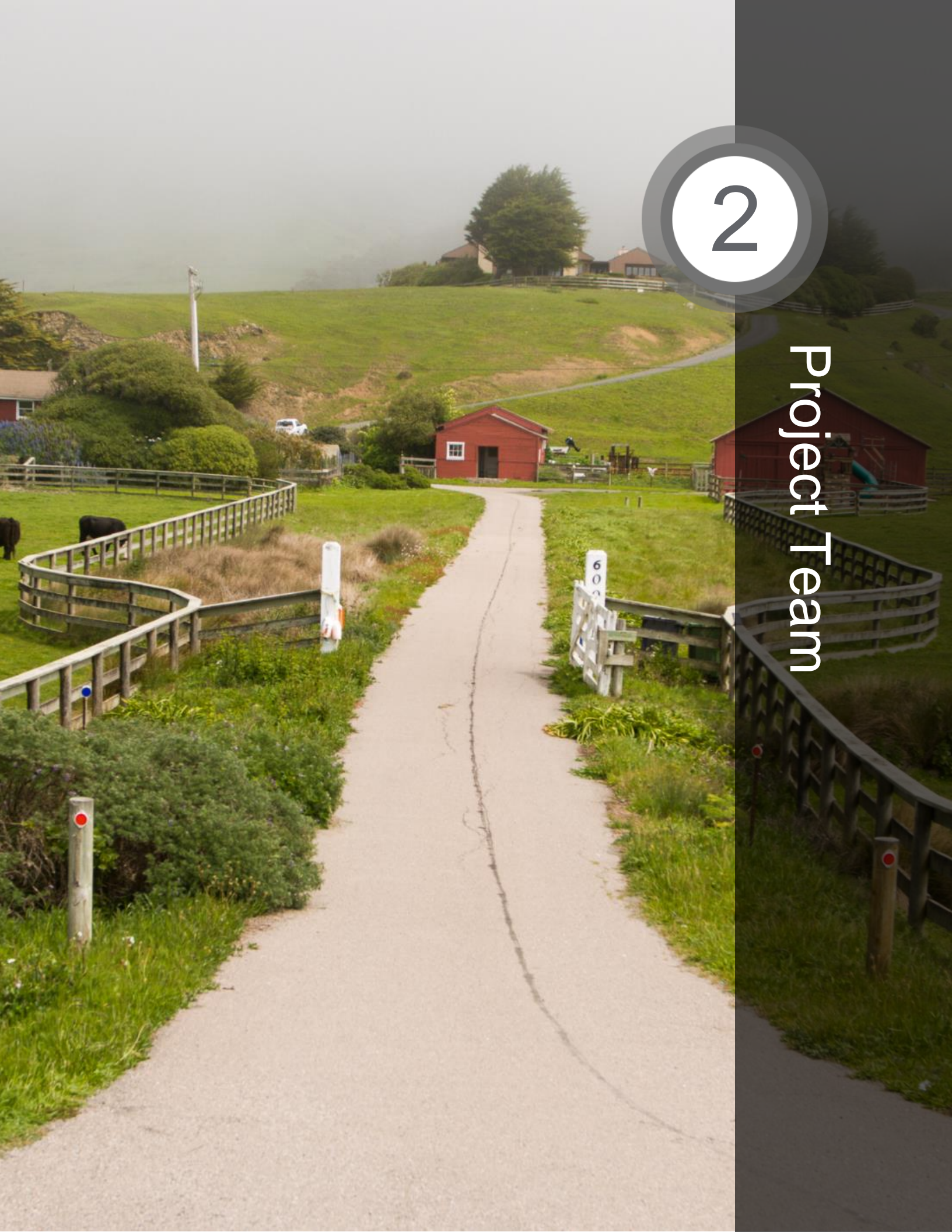
MINIMUM CRITERIA	SCHNEIDER ELECTRIC QUALIFICATIONS
Current Accreditation by NAESCO	SE has been accredited since 1999 and was named the #1 ESCO in the nation by Guidehouse Insights
Currently on the US DOE Qualified list	SE is an approved contractor by the DOE, named partner of the year by Energy Star (EPA), and has acquired more than \$314M in task orders by the Department of Defense (DOD)
Active GC license in CA	SE is GC licensed in CA and has been for 29 years
Minimum of \$15M in bonding capacity	SE can bond projects up to \$50M with an aggregate limit of \$300M. We have the best possible financial rating by Dun & Bradstreet 5A1
Successful implementation of similar projects / Municipal Infrastructure Experience	Over 125 CA projects totaling over \$630M Over 160 municipal projects nationwide totaling over \$840M
CA licensed personnel	We have 16 personnel with CA licensing and three are currently assigned to Cotati: Jose Carrasco – M-39275 T. Dale Bitting – M-39930 David Hodson – M-38301
IPMVP Option C Experience	We can draw more CA licensed personnel if needed. We currently have 148 projects nationwide with an active Option C Savings Agreement. See Appendix B for a sample M&V Report.
No recent savings/M&V litigation	We can confirm no pending or recent litigation associated with savings performance or M&V of any kind.

FINANCIAL REPORT

Please see the Appendix for a copy of our most recent audited financials, which has been extracted from Schneider Electric’s larger audited annual report due to brevity.

2

Project Team

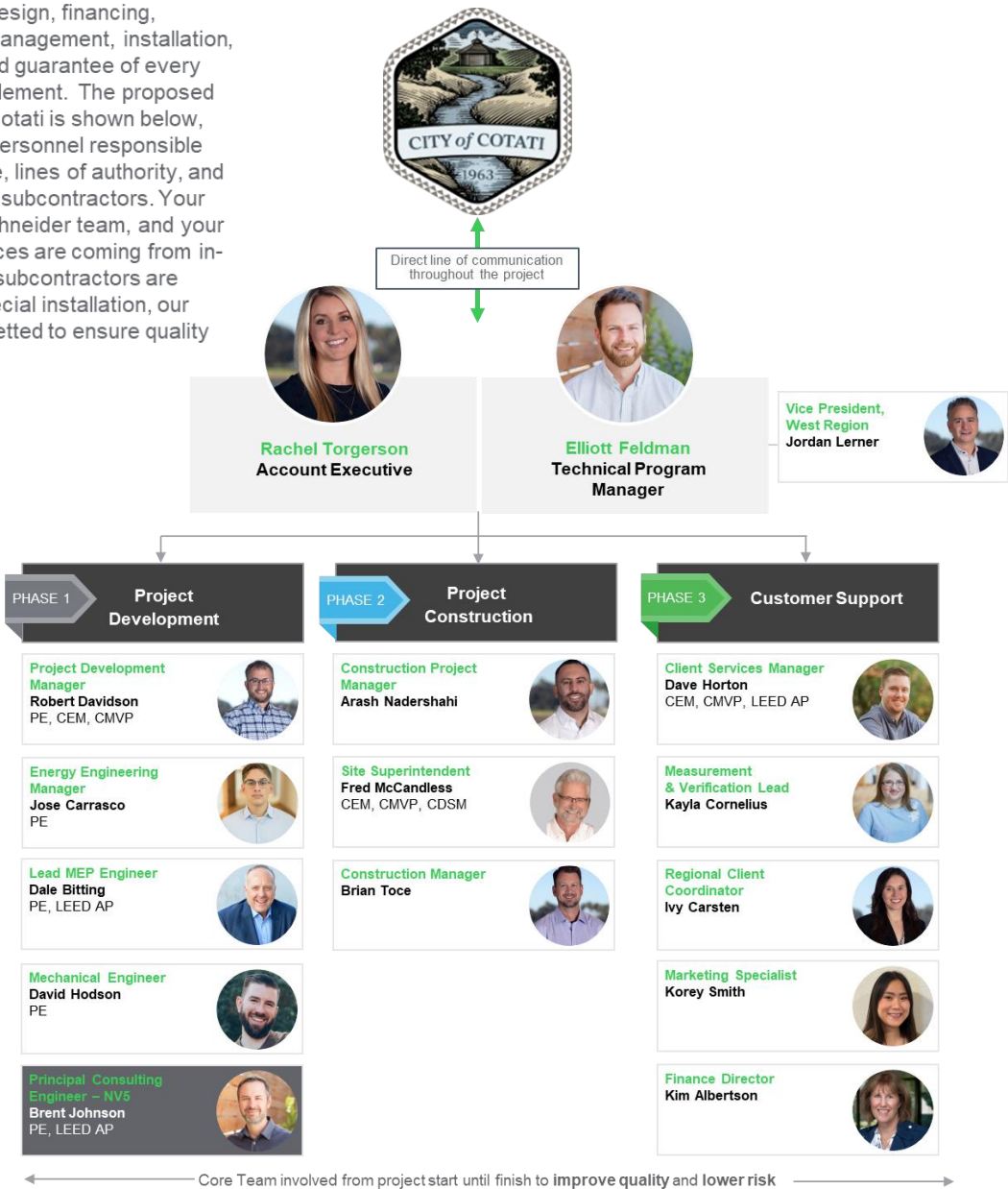


2. Project Team

Provide an organizational chart showing the proposed team for this project. Also, include resumes for key individuals showing their experience with these types of projects, and specifically their role in the projects included as reference projects. Include a table of key individuals, their role in this project, the percentage of full time commitment to this project for each individual, and a management guarantee of key staff to work on this project at the percentage shown in the staffing table.

ORGANIZATIONAL CHART

Our staff is dedicated to the engineering, design, financing, construction management, installation, operations, and guarantee of every project we implement. The proposed project team Cotati is shown below, including the personnel responsible for each phase, lines of authority, and relationship to subcontractors. Your team is the Schneider team, and your project resources are coming from in-house. When subcontractors are chosen for special installation, our partners are vetted to ensure quality performance.



RESUMES

Rachel Torgerson



Current Title	Account Executive
Responsibilities	Rachel will be your main point of contact for the development, design, and implementation of this project. She will collaborate with your stakeholders to determine your facility needs, deferred maintenance issues, sustainability goals, and/or other improvements that could be addressed as part of this project. Rachel will lead the Schneider Electric project team through each phase of the ESPC process to create consistency and continuity between each project phase. Rachel will also provide leadership of customer meetings and correspondence, working with all stakeholders at an executive level.
Years in Company/Industry	4 Years at Schneider Electric, 9 years total
Academic Qualifications	B.A. Journalism and Advertising, University of Oregon

Selected Project History

Project Name	Value
City of Palmdale Ph. 1-2	\$14,663,872
Kings Canyon USD Ph. 1-3	\$21,014,436
Los Banos USD 1-3	\$5,377,992
Sierra USD Ph. 1-2	\$5,457,234
Ojai USD Ph. 1 Solar and EV	\$7,217,588
Ojai USD Ph. 2	\$3,362,000

Elliott Feldman



Current Title	Technical Program Manager
Responsibilities	Elliott oversees the overall program performance on behalf of the customer. From the initial conversation all the way through the completion of construction, Elliott leverages his technical background and expert project management skills to ensure success for the customer. The Technical Program manager will help the client define the highest priority needs, evaluate funding solutions and receive stakeholder buy-in for the desired Energy Savings Program.
Years in Company/Industry	6 Years at Schneider Electric, 15 years total
Academic Qualifications	B.S. Planning, Public Policy and Management, University of Oregon

Selected Project History

Project Name	Value
Modesto City Schools Ph. 1-4	\$50,640,163
Turlock USD	\$4,371,774
Los Banos USD 1-3	\$5,377,992
Lemoore USD	\$2,989,431
Chowchilla ESD	\$7,902,321
Oakdale JUSD Ph. 1-2	\$4,690,135

Jordan Lerner



Current Title	Regional Vice President, Executive Leader
Responsibilities	Overall management leadership to our sales and account management team of the West Region, which includes dozens of projects throughout the Western United States.
Years in Company/Industry	29 Years at Schneider Electric, 32 years in the industry
Academic Qualifications	B.S. Architectural Engineering, University of Kansas

Selected Project History

Project Name	Value
Valley Sanitary District	\$69,869,942
Modesto City Schools Ph. 1-4	\$50,640,163
LA County Sanitation District	\$34,892,541
City of Simi Valley	\$38,598,999
Turlock USD	\$4,371,774
Los Banos USD Ph. 1-3	\$5,377,992

Robert Davidson, PE, CEM, CMVP



Current Title	Project Development Manager
Responsibilities	Robert is responsible for overseeing the project development process. He works closely with customer stakeholders to define project objectives and develop scope that aligns with the customer's vision and mission. Robert has a working knowledge of the technical and organizational environments in which the project scopes of work will be implemented. He is an excellent collaborator with all the functions associated with the development of complex projects, and he is a strategic thinker who can adapt to changing needs and requirements in order to maximize value to our customers.
Years in Company/Industry	18 Years at Schneider Electric and in the industry
Academic Qualifications	B.S. Electrical Engineering, Texas A&M University

Selected Project History

Project Name	Value
City of Sierra Vista Ph. 1-2	\$39,929,144
City of Lincoln Streetlights	\$12,204,095
City of La Porte	\$9,748,045
City of Houston Ph. III	\$8,234,709
City of Riverbank	\$3,944,270
Naval Base Coronado	\$45,034,918

Jose Carrasco, PE



Current Title	Energy Engineering Manager
Responsibilities	Jose is responsible for leading tasks associated with performing preliminary and detailed energy engineering studies of complex projects of unlimited scope and size. He manages, trains, develops, counsels, and sets individual goals for direct reports and coordinates and prioritizes workload to ensure project deadlines and budgets are met. Jose assists with reviews of baseline energy models, energy savings estimates, and utility cost savings estimates for basic and intermediate level projects to ensure plausibility and identify any financial risk. He performs energy-use baseline analysis, including utility rate simulations, generates baseline energy models and perform energy savings calculations.
Years in Company/Industry	9 Years at Schneider Electric and the energy industry
Academic Qualifications	B.S. Mechanical Engineering Boise State University

Selected Project History

Project Name	Value
Modesto City Schools Ph. 1-4	\$50,640,163
Hacienda La Puente USD Ph. 4	\$20,746,006
Charter Oak USD Ph. 1-2	\$4,345,554
Stockton USD Ph. 1-5	\$12,185,616
City of Palmdale Ph. 1-2	\$14,663,872

Dale Bitting, PE, LEED AP



Current Title	Lead MEP Engineer
Responsibilities	Dale is responsible for overseeing the MEP (Mechanical, Electric, Plumbing) design for projects in the West Region. He works closely with the project development team and customer stakeholders to achieve project objectives and develop scope that aligns with the customer's needs. His primary design focus is to deliver a system that is not only energy efficient, but easy to build, operate, and maintain.
Years in Company/Industry	12 Years at Schneider Electric and 32 in the energy industry
Academic Qualifications	B.S. Mechanical Engineering, Texas A&M University M.S. in Mechanical Engineering with Specialization in Energy Management, Texas A&M University Master of Divinity, Summa Cum Laude, Mid-America Baptist Theological Seminary

Selected Project History

Project Name	Value
City of Sierra Vista Ph. 2	\$25,931,203
City of El Centro	\$14,983,747
City of Gustine	\$1,554,438
Pasadena USD Ph. 1-3	\$7,142,409
Naval Base Coronado	\$45,034,918

David Hodson, PE



Current Title	MEP Engineer
Responsibilities	David is responsible for overseeing the MEP (Mechanical, Electric, Plumbing) design for projects in the West Region. He works closely with the project development team and customer stakeholders to achieve project objectives and develop scope that aligns with the customer's needs. David's primary design focus is to deliver a system that is not only energy efficient, but easy to build, operate, and maintain. He is highly involved in the HVAC&R industry, previously serving as an ASHRAE chapter officer and committee chair, and currently as a voting member for the ASHRAE Standard 154 Project Committee.
Years in Company/Industry	2 Years at Schneider Electric and 9 in the energy industry
Academic Qualifications	B.S. Mechanical Engineering w/ HVAC&R Concentration, California Polytechnic State University, San Luis Obispo

Selected Project History

Project Name	Value
City of Palmdale	\$8,491,602
Silver Valley USD Ph. 2	\$1,124,615
Placer Hills USD	\$2,193,093
Cochise College	In Development
Thompson School District	In Development

Arash Nadershahi



Current Title	Construction Project Manager
Responsibilities	Arash works closely with the Account Executive and Project Development team to create the Project Management Plan. He is then responsible for executing that plan to achieve the defined project objectives and meet scope, schedule, resource and budget commitments. He communicates at all levels within the project environment and is able to adapt to dynamic and diverse situations. Arash schedules and conducts all project construction meetings, participates in the subcontractor bid solicitation process, and oversees monthly project billings, forecasting, bonds, and insurance requirements.
Years in Company/Industry	7 Years at Schneider Electric and the energy industry
Academic Qualifications	B.A. California State University, Northridge A.A. Pierce College

Selected Project History

Project Name	Value
City of Palmdale Ph. 1-2	\$14,663,872
Berkeley USD (multiple phases)	\$16,952,000
Ojai USD Ph. 1-2	\$5,887,739
Cit of Simi Valley	\$38,598,999
Victor Elementary School District Ph. 2	\$2,347,979
Hacienda La Puente USD (multiple phases)	\$14,000,000

Fred McCandless CEM, CMVP, CDSM



Current Title	Site Superintendent; Environmental Health and Safety Manager
Responsibilities	Fred leads our regional safety program and assists with the execution of daily operations overseeing staff development, generating project plans, and reviewing and approving estimates and proposals. He assists with system performance evaluations, identifying performance improvement opportunities, commissioning, and provides additional training.
Years in Company/Industry	21 Years at Schneider Electric and 43 in the energy industry
Academic Qualifications	B.A. Seattle University (Cum Laude)

Selected Project History

Project Name	Value
Stockton Unified School District Ph. 1-4	\$10,350,000
Berkely Unified School District Ph. 1-3	\$16,209,779
Dublin Unified School District Ph. 1-2	\$4,880,520
Hacienda la Puente Unified School District	\$13,451,000
Dixon Unified School District	\$867,184

Brian Toce



Current Title	Construction Manager
Responsibilities	Brian is responsible for overseeing construction activities, including mobilization, project resourcing, invoicing, scheduling, subcontractor selection, etc. across Colorado and the West Region. He provides expert leadership as it pertains to all construction activities to ensure transitions between development, construction, and the guarantee period happen efficiently and in time with a project's individual timeline.
Years in Company/Industry	20 Years at Schneider Electric and in the energy industry
Academic Qualifications	B.S. Marketing, Texas A&M University

Selected Project History

Project Name	Value
City of Palmdale Ph. 1-2	\$14,663,872
Travis County	\$27,147,357
City of Dallas Electrical Upgrades	\$2,147,152
Columbia Basin College	\$9,285,125
Merkel ISD	\$2,718,587

Dave Horton, CEM, CMVP, LEED AP



Current Title	Client Services Manager
Responsibilities	Dave leads the Client Services Team with the goal of ensuring a positive experience for our clients during the guarantee period of our projects. He assists with the execution of daily operations by overseeing staff execution, generating project plans, and reviewing and approving estimates and proposals. Dave will also assist in evaluating the performance of your systems for improvement opportunities on an ongoing basis, as well as provide ongoing training to our clients as needed.
Years in Company/Industry	20 Years at Schneider Electric and in the energy industry
Academic Qualifications	M.B.A., Auburn University B.S.B.A., Information Systems Management, Supply Chain Management Auburn University

Selected Project History

Project Name	Value
Spartanburg County School District 7	\$22,364,708
Richland School District One, Ph. 2 Solar	\$23,849,344
Dekalb County Board of Education Ph. 4	\$11,119,424
Madison County Schools Ph. 4	\$18,995,369

Kayla Cornelius



Current Title	Measurement & Verification Lead
Responsibilities	Kayla is responsible for developing project-specific Measurement & Verification (M&V) plans during the development phase of a project and supporting clients during the Performance Period phase through those M&V activities as well as remote system monitoring. Kayla reviews utility data, BAS trend data, and site information to ensure that the project and the client meet their energy savings goals.
Years in Company/Industry	23 Years at Schneider Electric and in the energy industry
Academic Qualifications	B.S. Mathematics, Baylor University

Selected Project History

Project Name	Value
Hacienda La Puente CISD	\$20,746,006
Silver Valley Unified School District	\$3,998,746
Capistrano Unified School District	\$4,321,505
Golden Valley Unified School District	\$4,818,000

Ivy Carsten



Current Title	Regional Client Coordinator
Responsibilities	Ivy's focus is to foster and maintain our client relationships in the West Region. She serves as a liaison during and after installation to ensure sustained focus on client needs and goals as identified during the project development period. She also coordinates and facilitates client events that promote their infrastructure projects or educate stakeholders. It is Ivy's goal to continue providing exceptional customer service and advance overall client satisfaction long after install is complete.
Years in Company/Industry	4 Years at Schneider Electric and the energy industry
Associations	AASBO, ASA, CASBO, CASH, League of CA Cities
Academic Qualifications	B.S. Selling and Sales Management, Purdue University

Selected Project History

Project Name	Value
Berkeley USD Ph. 2	\$3,000,000
Moraga USD	\$6,994,996
Ojai USD	\$5,993,075
Huntington Beach Union High School District	\$6,876,381

Korey Smith



Current Title	Marketing Specialist
Responsibilities	Korey works closely with our clients to devise marketing plans that engage stakeholders, generate excitement within the community, and promote project success. The marketing plans are customized for each client and could include public relations outreach to local and national media, community and media events to celebrate key project milestones, special events like Earth Day, Arbor Day, and community fairs, grant or rebate check presentations, and social media campaigns and communication templates.
Years in Company/Industry	1 Years at Schneider Electric and 10 Years total
Academic Qualifications	B.S. Business Administration, Baylor University

Selected Project History

Project Name	Value
Modesto City Schools	\$13,492,447
Hacienda La Puente USD (Multiple phases)	\$31,297,827
Silver Valley USD	\$3,998,746
Stockton USD (Multiple phases)	\$12,185,616

Kim Albertson



Current Title	Finance Director
Responsibilities	Help our clients obtain the best financing on their projects. Assists our clients in bidding out the financing, reviewing the results, explaining terms and conditions, and coordinating with the appropriate parties throughout the funding process and through closing.
Years in Company/Industry	10 Years at Schneider Electric and 16 in the energy industry
Academic Qualifications	B.A., Hillsdale College

Selected Project History

Project Name	Value
Valley Sanitary District	\$69,869,942
City of Simi Valley	\$38,598,999
Travis County	\$27,147,357
Naval Base Coronado	\$45,034,918

Brent Johnson, PE



Current Title	Principal Consulting Engineer
Responsibilities	Brent has 15 years of engineering and management experience in the clean transportation, renewable energy, and water sectors. He leads zero-emission transportation strategy and planning for NV5's Clean Energy group. His experience includes over a decade of renewable project planning, design, and program management. He has helped negotiate numerous public-private partnership contracts in the renewable and clean transportation space, including solar PV, energy storage, charging-as-a-service, battery electric vehicles, EV infrastructure, and microgrids. Brent's experience includes large program-level work on both behind- and front-of-the-meter projects, strategy for clean energy and transportation implementation, and environmental credit management. He also serves as a director for his local water and fire district.
Years in Company/Industry	15 years in the energy industry
Associations	California Solar + Storage Association (CalSSA) Center for Transportation and the Environment
Academic Qualifications	M.S., Civil Environmental Engineering, University of California, Berkeley B.S., Civil Environmental Engineering, Worcester Polytechnic Institute

Selected Project History

Project Name
City of San Diego - EV/FLEET ELECTRIFICATION
City of Santa Rosa - FLEET ELECTRIFICATION, EV CHARGING STRATEGY, RESILIENCY,
San Joaquin Regional Transit - OWNER'S REP FOR PV SOLAR
Ontario, CA - EV CHARGING SUPPORT AND SOLAR PV AT TWO CITY FACILITIES

PERSONNEL TABLE

Phase	Name, Title, Staff or Subcontractor, Base Location	Intended Role	% of Time on Project	Experience and Certifications
Program Management	Rachel Torgerson Account Executive <i>* Leadership of entire program team</i> CA-based Schneider Electric staff	Program management during all project phases	30%	9 years
Technical Leadership & Analysis	Elliott Feldman Technical Program Manager <i>* Leadership of entire program team</i> CA-based Schneider Electric staff	Program Management and Technical Liaison	60%	15 years
	Robert Davidson Project Development Manager National Schneider Electric Staff	Overall management of project development and design	30%	18 years PE, CEM, CMVP, OSHA 30
	Jose Carrasco Energy Engineering Manager CA-based Schneider Electric staff	Overall management of energy design and analysis	15%	9 years PE
Engineering Design	Dale Bitting Lead MEP Engineer National Schneider Electric Staff	MEP (Mechanical, Electrical, Plumbing) design and analysis	10%	32 years PE, LEED AP
	David Hodson MEP Engineer National Schneider Electric Staff	MEP (Mechanical, Electrical, Plumbing) design and analysis	30%	9 years PE
	Brent Johnson Principal Consulting Engineer NV5	EV and Solar design and analysis	20%	15 years PE, LEED AP
Construction & Construction Management	Arash Nadershahi Construction Project Manager CA-based Schneider Electric staff	Management of construction activities for your project.	25%	7 years PE
	Fred McCandless Site Superintendent National Schneider Electric Staff	Day-to-day management of construction activities for your project.	30%	44 years CEM, CMVP, CDSM
	Brian Toce Construction Manager National Schneider Electric Staff	Management of construction activities in our region portfolio	10%	22 years

Phase	Name, Title, Staff or Subcontractor, Base Location	Intended Role	% of Time on Project	Experience and Certifications
Training & Post- Construction Support	Dave Horton Client Services Team Leader National Schneider Electric Staff	Measurement and Verification Leadership	10%	12 years CEM, CMVP, LEED AP
	Kayla Cornelius M&V Specialist National Schneider Electric Staff	Measurement and Verification Specialist	10%	24 years
Client Support	Ivy Carsten Regional Client Coordinator National Schneider Electric Staff	Management of Post- construction project activities	10%	5 years
	Kim Albertson Director of Project Finance National Schneider Electric Staff	Financial Services Manager	20%	34 years
	Korey Smith Marketing Specialist National Schneider Electric Staff	Project marketing and community engagement	10%	1 year
	Andrew Henshaw Grants Consultant	Analysis and writing support for grants, rebates, incentives, and other funding sources	10%	13 years
	Jordan Lerner Regional Vice President National Schneider Electric Staff	Regional support on all account management activities	5%	32 years

MANAGER GUARANTEE

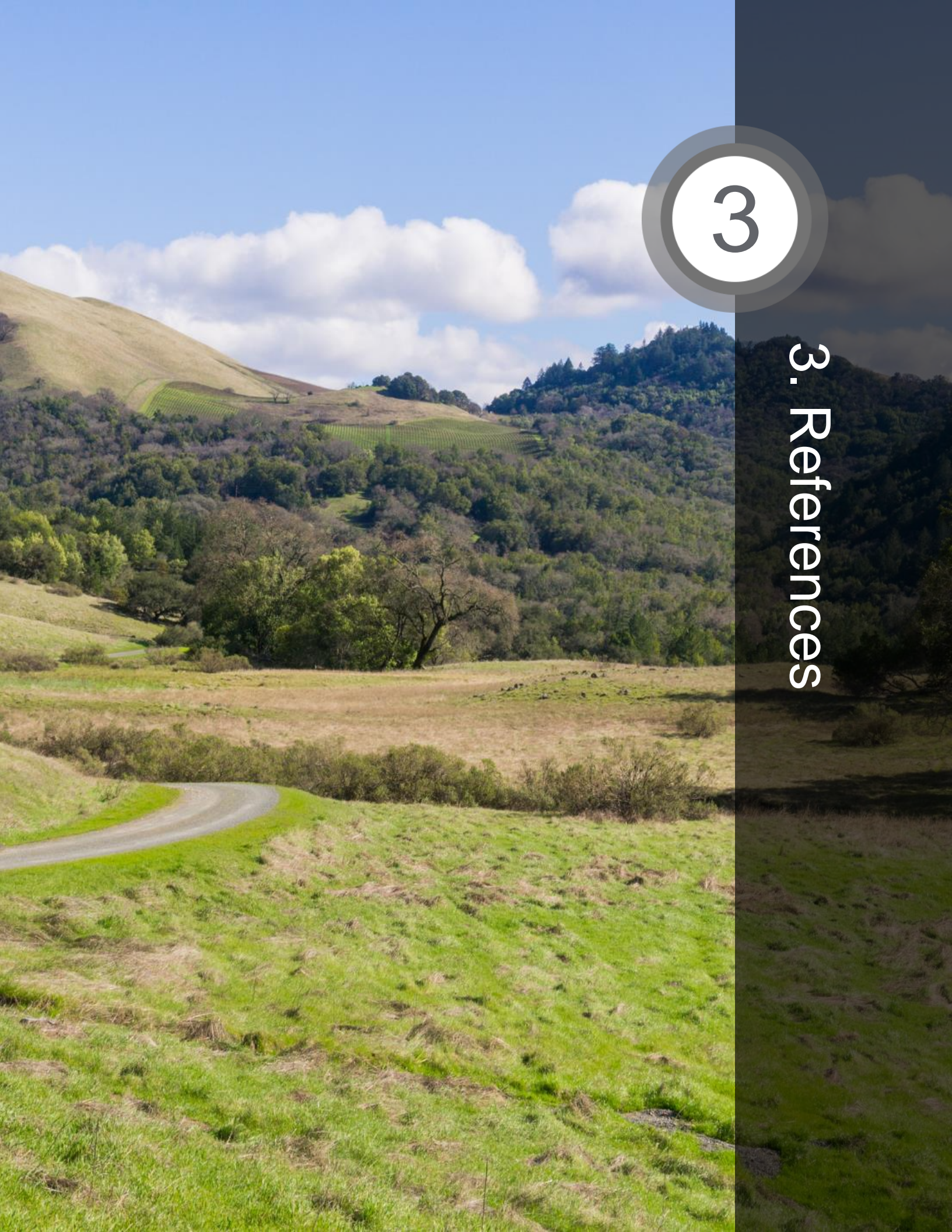
I can confirm that the personnel listed above will be assigned to the energy project for the City of Cotati, and understand any switched assignments without the City's permission can result in disqualification.



Jordan Lerner, Regional Vice President

3

3. References



3. References

Describe your firm's (or team's) capabilities, experience and approach to preparing energy/water audits and implementing similar projects for similar local government. Included shall be a description of at least five (5) design-build energy/water/DG projects of similar or greater complexity that your firm has completed within the past three (3) years. Please include a comparison between estimated and actual implementation costs, and anticipated and actual savings for the five projects.

The map to the right highlights our vast national experience in successfully completing over 1,000 guaranteed savings projects. Project specifics or contact information for any of these projects is available upon request.

Municipal Experience

We have helped counties and municipalities of all sizes accomplish their climate action and financial goals. Our **work across more than 160 municipal projects includes major US cities such as Dallas, Chicago, Atlanta, Los Angeles, Houston, Kansas City, and more.**

Our municipal clients state that our integrity, reliability, and the ease of working with our team members place us on a level above our competition. You will work with certified professionals who have the proven expertise to develop and construct innovative solutions to your most pressing challenges. Our extensive experience and financial strength position us to support your project now and well into the future.

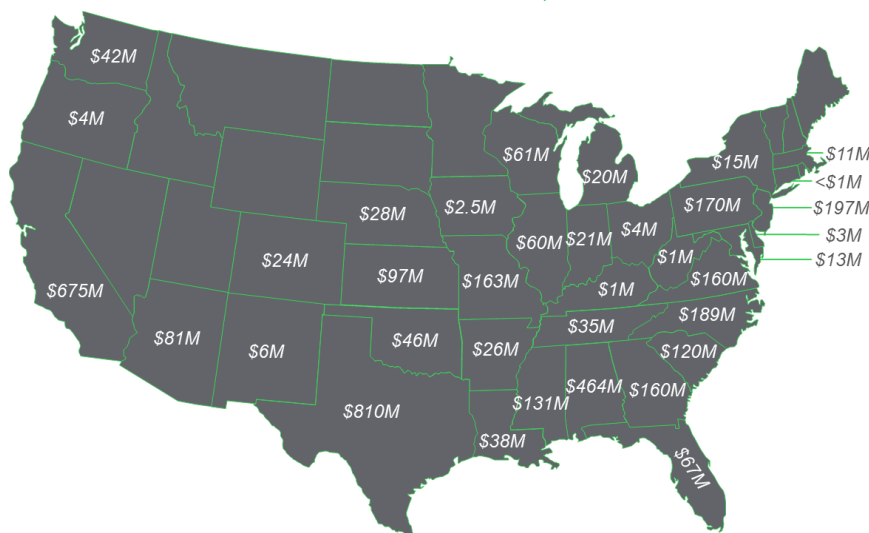
Our understanding is that the City of Cotati seeks to make holistic energy improvements (I.E. solar, mechanical upgrades, lighting retrofits, building envelope, and any other improvements deemed appropriate), alongside those improvements, Schneider Electric can also develop unique ECMs, assist with finding and applying for grants, and implement renewable energy opportunities. We can also support bond campaigns and co-develop programs to ensure staff and community members are engaged with the overall vision of Cotati's efficiency and economic development goals.

Experience in Similar Facility Types

With such a broad range of experience in cities and counties all over the country, our team has ample experience in facility types similar to those in Cotati. We have performed ESPC projects in public sector facilities such as:

- Battery storage, street and sports field lighting (City of Palmdale)
- Microgrid (Ojai USD)
- Solar, EV infrastructure, and lighting (City of Auburn)

Schneider Electric ESPC Work – Over \$1B Nationwide.



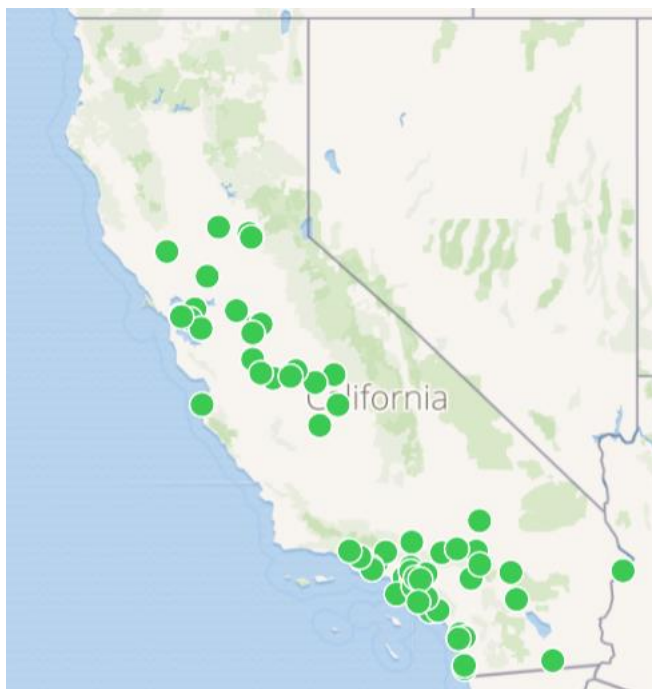
- Aquatic centers (Berkeley High School Natatorium)
- EV Infrastructure and fleet plans (Stockton USD, Modesto USD, Sierra USD)
- Controls and Mechanical replacements (Kings Canyon USD)
- Sustainable Outdoor Community Centers (Modesto USD, Thousand Oaks USD, Berkeley USD)
- Solar (City of La Porte, Ojai USD, Pleasant Ridge USD, Moraga USD, Modesto USD)
- Wastewater treatment plants (LA County Sanitation, Simi Valley)
- Sports fields, Parks, Sports Tourism (City of Sierra Vista)
- City halls (City of Palmdale, City of Auburn, City of Lomita)
- Water wells (Virginia National Guard)
- Fire stations (Dallas County)
- Police stations (City of Smyrna)
- Recreation buildings (University of Maryland)
- Airports (Valley International Airport, City of Auburn)

The City of Cotati is an innovative city with high aspirations of efficiency and sustainability. As you're looking for energy experts to guide you through your efficiency journey, you need an ESCO that is equally matched and able to develop a solution that is worthy of the Cotati name.

Our Experience in California

We have a long history of providing energy work in the State of California since 1995. Schneider Electric employs **over 2,100 professionals across the state**. We have developed and implemented **over \$370M worth of work** for cities, counties, school districts, and special districts across the state.

We are registered as a California Professional Engineering firm and function as a general contractor on energy savings performance contracts. Our registration number is 708952.



CALIFORNIA PRESENCE

75 offices located in California delivering Schneider Electric solutions

Over **125 projects** totaling over \$600M in work.

REFERENCES CHOSEN FOR COTATI

We have selected six recent EPC projects that are of most **similar type, scope likeness, or relatable project goals** as Cotati to illustrate Schneider Electric's ability to develop solutions for your unique needs and project vision:

- City of Palmdale, CA – Palmdale partnered with us to replace aging infrastructure and upgrade their community facilities, and face many of the same municipal challenges as Cotati.
- City of Auburn, CA – The City of Auburn has worked with us to implement some of the same scope of work Cotati is looking for, specifically solar PV arrays and EV charging infrastructure. We have completed our auditing and will move into construction shortly.
- Ojai Unified School District – Ojai USD has much of the same scope Cotati is seeking, including solar carports, solar canopies, and EV charging infrastructure. We finished construction last year and are currently working on phase 2 of our partnership.
- Modesto Schools, Berkeley USD – Modesto Schools has much of the same scope Cotati is seeking, including solar carports, solar canopies, and EV charging infrastructure. We have worked on 3 separate phases with the District, highlighting our ability to perform multiple phases and upgrade facilities in a systematic manner.
- Berkeley USD – We chose Berkeley USD as a reference due to its extremely close proximity to Cotati, highlighting our ability to work in the local area including travel time, geography, local contractors, etc.
- NV5 (Design Partner) Projects
 - Cotati-Rohnert Park USD
 - Tamalpais UHSD
 - Town of San Anselmo

The organizations listed above had many of the same project goals that Cotati has, including Microgrids, solar, EV infrastructure and planning, **maximizing cost savings, reducing energy/utility usage, leveraging creative funding, renewable energy generation, and more.**

We've included contact information from these organizations in the following project profiles and **would highly encourage** you to connect with the references of any ESCO that you are considering as a partner



COSTS COMPARISON

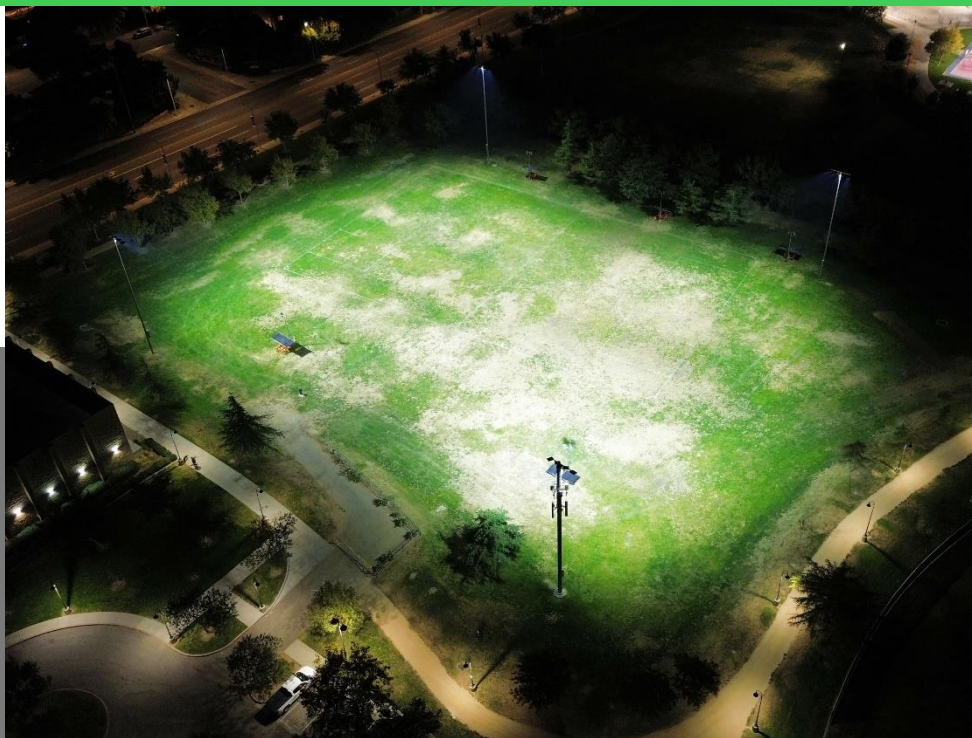
We take great pride in our design-build ESPC process. Our ESPC projects are developed with **firm, fixed price** proposals. Our projects have no change orders, unless initiated by the client. It is the responsibility of Schneider Electric to ensure the project meets the performance requirements within the price provided in the proposal. This ensures that your ESPC will be completed within the budget expected. Therefore, all of our projects listed above met our contract costs numbers.

CITY OF PALMDALE

PALMDALE, CA

CONTACT INFORMATION

Ben Lucha
Environmental Resources Manager
38300 Sierra Highway
Palmdale, CA 93550
Phone: 661-267-5308
Email: Blucha@cityofpalmdale.org



PROJECT COST

Phase 1: \$8.49M

Phase 2: \$6.17M

ANNUAL PROJECT SAVINGS

Phase 1: \$548,000

Phase 2: \$165,000

SCOPE OF WORK

Phase 1

- LED lighting (interior & exterior)
- HVAC upgrades
- Irrigation upgrades & controls

Phase 2

- LED lighting (interior & exterior)
- Sports LED lighting retrofits
- HVAC TAB Report

PROXIMITY TO COTATI

400 miles

KEY STAFF

Rachel Torgerson – Account Executive
Robert Davidson – Project Manager
Jose Carrasco – Energy Team Lead
David Hodson – MEP Engineer

FINANCIAL APPROACH

The City did not pursue traditional financing but utilized on-bill financing for lighting portions. Savings would be used to offset OBF and as an ROI for the project.

PROJECT DESCRIPTION

The City of Palmdale has embarked on a transformative journey with Schneider Electric to revitalize its aging infrastructure and enhance community facilities. This collaboration brought together various city departments, including Public Works, Maintenance, Energy/Utility, Finance, Parks and Recreation, and the City Manager's Office, to address critical needs and align with the city's strategic objectives.

Faced with 15+ year old mechanical units and a Building Automation System reliant on obsolete parts, Palmdale was at a crossroads. Key facilities like the Cultural Center, Developmental Services, the Library, and Oasis Rec Center were at risk of closure due to potential HVAC and control system failures. Moreover, the city's automated irrigation control platform required an urgent upgrade to continue efficient water management.

ADDITIONAL VALUE CREATED

This comprehensive project promises significant benefits for Palmdale's residents outside of new equipment and saved energy. The City wanted a project that could provide enhanced safety and improved indoor air quality in many of their facilities.

CITY OF AUBURN

AUBURN, CA

CONTACT INFORMATION

Mengil Deane
Public Works Director
1225 Lincoln Way
Auburn, CA 95603
Phone: (530) 823-4211
Email: mdeane@auburn.ca.gov



PROJECT COST

In development, est. \$10-\$12M

ANNUAL PROJECT SAVINGS

In development, lifecycle savings est. \$10-11M

SCOPE OF WORK

- Interior/Exterior LED Lighting
- Lighting Controls
- HVAC Unit Replacements
- BAS Upgrades
- Roof Replacements
- Solar PV Arrays
- EV Charging Infrastructure
- Microgrids & Energy Storage Systems

PROXIMITY TO COTATI

122 miles

KEY STAFF

Rachel Torgerson – Account Executive
Robert Davidson – Project Manager
Jose Carrasco – Energy Team Lead
David Hodson – MEP Engineer

FINANCIAL APPROACH

The City is utilizing a budget-neutral approach, pursuing project financing over a 20-year project term while utilizing IRA ITC tax credits and available grants.

PROJECT DESCRIPTION

The City of Auburn is poised to embark on a groundbreaking project with Schneider Electric, aimed at revitalizing its historic city-owned facilities, some dating back to the early 20th century. The project is currently in the evaluation phase, assessing energy conservation measures (ECMs) across key sites including City Hall, the Police Department, and the Wastewater Treatment Plant, among others. The proposed scope of the project is comprehensive, with plans to introduce revenue-generating EV charging infrastructure, interior and exterior LED lighting, upgraded HVAC units, and renewable energy through solar arrays and battery storage systems.

Financially, this project is supported by a mix of traditional financing, grants, and tax credits, with \$1,345,000 in grant applications currently under review and a significant tax credit anticipated for solar and microgrid costs. With the City's annual energy expenses totaling \$399,190, Schneider Electric's analysis suggests that the full implementation of the energy efficiency project could result in cost savings of approximately 68%.

This initiative represents a significant step towards a more sustainable and economically sound future for the City of Auburn, demonstrating a commitment to both the community and the environment.

ADDITIONAL VALUE CREATED

For the City of Auburn, this project is more than an upgrade—it's about setting a new standard for city facilities and establishing a baseline for future improvements. The community's priorities are clear: to implement impactful enhancements that elevate building health, safety, comfort, and efficiency, all while maintaining fiscal responsibility through the strategic use of federal and grant funding for a budget-neutral scope.

OJAI UNIFIED SCHOOL DISTRICT

Ojai, CA

CONTACT INFORMATION

Contact Information:
Alan White – Bond Manager
414 East Ojai Ave
Ojai, CA 93023
Phone: 805-701-4231

PROJECT COST

Phase 1: \$2,348,181

Phase 2 (Microgrid): \$3,539,558

LIFECYCLE PROJECT SAVINGS

\$8,560,213

SCOPE OF WORK

- Solar carports & canopies
- EV charging infrastructure
- LED lighting (exterior)
- ADA compliance upgrades
- Battery Energy Storage System
- Microgrid

PROXIMITY TO COTATI

400 miles

KEY STAFF

Rachel Torgerson – Account Executive
Brian Toce – Program Manager
Jose Carrasco – Energy Team Lead
Kayla Cornelius – M&V Specialist

FINANCIAL APPROACH

The District utilized Bond Dollars (Measure J) while seeing Lifecycle savings as an ROI. They also secured available grant dollars (AB 841/ ESSER Funding) to pay down much of the project.



PROJECT DESCRIPTION

Schneider Electric has partnered with Ojai Unified School District to transform the entire district through multiple environmental measures. After conducting a thorough analysis of the district's energy and utility usage, environmental conditions, and key goals,

Nearly every facility in the district was part of this project, including Nordhoff High School, Chaparral High School, Matilija Middle School, Mira Monte Elementary, Meiners Oak Elementary, Topa Topa Elementary, San Antonio Elementary, and Summit Elementary. For Nordhoff High School, energy consumption data revealed an increase from 548,000 kWh in the 2018/2019 school year to 601,000 kWh in 2019, with a slight decrease in 2020 due to COVID-19. With the addition of an aquatic center, new sports field lighting, and a sports complex, Schneider Electric conducted a preliminary energy study to optimize PV array sizing for anticipated load growth.

The entire district-wide project is expected to save over 500 tons of CO₂-equivalent per year and accumulate over \$8,500,000 in total financial savings. This initiative exemplifies Schneider Electric's commitment to helping educational institutions achieve their sustainability goals while enhancing their facilities for the betterment of the community.

ADDITIONAL VALUE CREATED

Outside of scope and savings, the District valued a project that will improve building health, safety, comfort, and efficiency in addition to positively impact the students and local community.

MODESTO CITY SCHOOLS

MODESTO, CA



CONTACT INFORMATION

Contact Information:

Gilbert Rosas, Associate Superintendent

1300 Woodland Avenue

Modesto, CA 95351-2631

Phone: 209-207-2012

Email: rosas.g@monet.k12.ca.us

PROJECT COST

Phase 1: \$13,492,447

Phase 2: \$20,472,549

Phase 3: \$16,675,167

ANNUAL PROJECT SAVINGS

\$1,200,000

SCOPE OF WORK

- Solar carports
- Solar canopies
- Advanced EV Charging Infrastructure

PROXIMITY TO COTATI

128 miles

KEY STAFF

Elliott Feldman – Technical Program Manager

Bjorn Enstrom – Project Development Manager

Tim Brady – Senior Construction Manager

FINANCIAL APPROACH

The District utilized Bond while seeing energy savings savings as an ROI.

They also secured available grant dollars (ESSER/other grants) to pay down much of the project.

PROJECT DESCRIPTION

Modesto City Schools committed to finding innovative strategies to reduce environmental pollution while conserving energy and improving their overall learning environment. After receiving a grant from California's Hybrid and Zero-Emission Truck & Bus Voucher Incentive Program (HVIP) to purchase 30 electric school busses, they needed a partner to implement the necessary infrastructure.

Modesto selected Schneider Electric to install the EV fleet infrastructure, provide 800 kWp worth of solar canopies, and implement six Sustainable Outdoor Learning Environments to help forward the district's STEAM curriculum.

The overall Phase I project will save 1,898,642 kWh in energy consumption and remove 402 tons of carbon emissions. The impact is equivalent to removing 86 cars from the road or planting 16,080 trees. The bus fleet alone will save \$250,000+ in fuel costs and overall maintenance. Each bus can run up to 120 miles on a single charge.

Modesto City Schools was so pleased with Schneider Electric's performance, they chose to partner with them on two additional phases of work. Phases 1, 2 and 3 included more solar PV carports and an expansion of their EV charging.

ADDITIONAL VALUE CREATED

In addition to the great cost savings delivered more importantly, this project improved the life of many students and staff by eliminating harmful diesel emissions.

BERKELEY USD

BERKELEY, CA

CONTACT INFORMATION

John Calise
Executive Director of Facilities
707 Russell Street
Berkeley, CA 94703
(707) 624-5003



PROJECT COST

\$552,000 – Natatorium / Prop 39
\$3,000,000 – Indoor Air Quality / AB 841
\$13.4M - ZNE Natatorium Project

ANNUAL PROJECT SAVINGS

Phase I: \$30,583
Phase III: \$126,869

SCOPE OF WORK

- HVAC Replacements
- Paddock Bench Exhaust Systems
- Rooftop / Canopy Solar Systems
- Battery Energy Storage System
- Sustainable Outdoor Learning Environment (SOLE)
- Indoor Air Quality Measures
- Zero Net Energy Certification by New Building Institute

PROXIMITY TO COTATI

47 miles

KEY STAFF

Arash Nadershahi – Project Manager
Dave Horton – Client Services Manager
Ivy Carsten – Regional Client Coordinator

FINANCIAL APPROACH

The District utilized Bond Dollars while seeing energy savings as an ROI. They also secured available grant dollars (ESSER/other grants) to pay down much of the project.

PROJECT DESCRIPTION

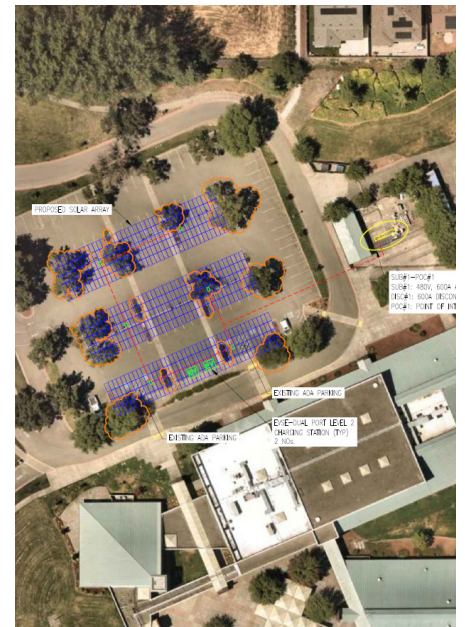
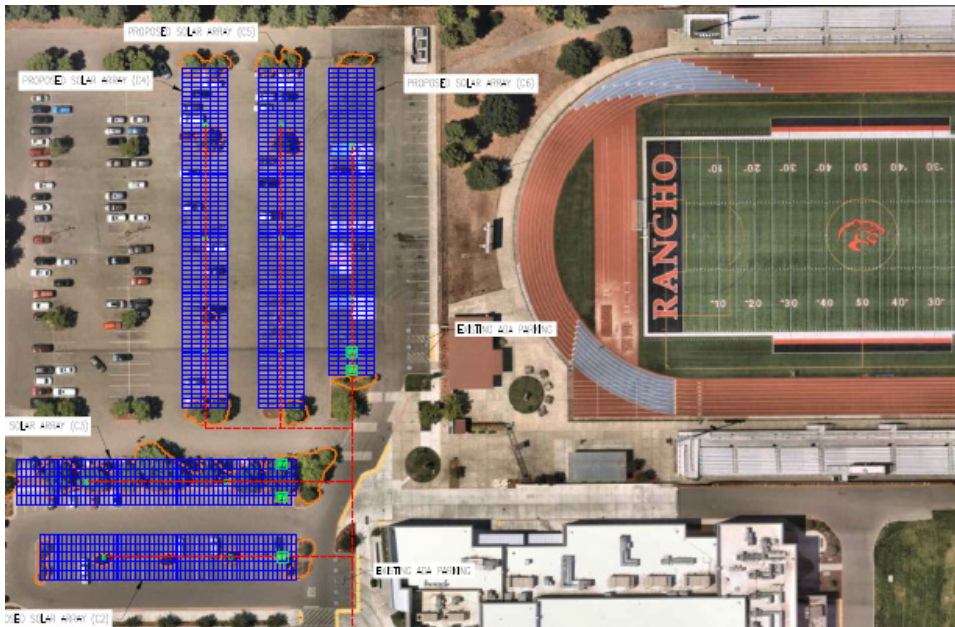
Berkeley USD and Schneider Electric began their partnership during Proposition 39. During a competitive RFQ/P Schneider Electric was selected to implement services for mechanical projects. The following was addressed at Berkeley HS Natatorium:

1. Replaced pool heater
2. Installed unique pool heater flue
3. Replaced pool pump
4. Installed VFD on pool pump
5. Configured backwash controller and pump/VFD to existing system
6. Provided training on operation and maintenance of equipment

Berkeley HS Natatorium has a history of poor air quality and water chemicals not being managed correctly. To address these problems, Schneider Electric is currently installing a Zero Net Energy Natatorium project to permanently resolve potential health and safety issues that can arise from not managing chlorine and chloramines properly. In addition to this project objective, Berkeley USD also wanted to offset the electrical load through the implementation of renewables and battery storage to qualify the building for ZNE. Lastly, through the partnership with Schneider Electric, the project team was able to obtain a local rebate incentive from PG&E related to the Battery Energy Storage system as well as align the Inflation Reduction Act Federal program funding to offset costs relative to the rooftop and canopy solar PV.

ADDITIONAL VALUE CREATED

In the wake of COVID-19, Berkeley USD looked to Schneider Electric to recommend and implement measures necessary to reopen schools and meet health and safety requirements.



COTATI-ROHNERT PARK UNIFIED SCHOOL DISTRICT 2.7 MW SOLAR PPA, EV CHARGING AT 11 SITES

ROHNERT PARK, CA | COTATI-ROHNERT PARK UNIFIED SCHOOL DISTRICT | 2024 - PRESENT

NV5 is working with the Cotati-Rohnert Park Unified School District (CRPUSD) to plan and implement 2.7 MW of solar canopies and Title 24-compliant public EV charging at various elementary, middle, and high schools across the District. As owner's representative, NV5 is supporting the District's goals of reducing energy costs while increasing the amount of shade on campus for students and staff.

NV5 completed feasibility studies for 11 sites to evaluate solar, battery energy storage, and public EV charging for parking lot canopies. Our team also created conceptual designs. The District opted to move forward with a solar PPA and EV charging. NV5 ran the procurement via an RFP, advised the District on the submissions, assisted in the selection of a top vendor, and will help negotiate the contract.

To preserve NEM2 grandfathering for the District, the project will be completed prior to April 2026. The solar will generate \$5 million in energy savings over the next 25 years and allow the District to hedge against future increases in electricity costs.

SERVICES



Feasibility Study



Financial Modeling



RFP Management



Tamalpais Union High School District is expected to save **\$11 million** in energy costs over the next 25 years.

TAMALPAIS UHSD 3-SITE 1.4 MW SOLAR & PUBLIC CHARGING

MILL VALLEY, CA | TAMALPAIS UNION HIGH SCHOOL DISTRICT | 2022 - PRESENT

NV5 helped Tamalpais Union High School District plan and implement a 3-site renewable generation and a public electric vehicle charging project. One striking element of this project was the timeline: the District needed the solar project to be constructed in just 18 months—from feasibility to structural completion.

We conducted feasibility studies for solar, battery energy storage, microgrids, and EVSE for the three high school sites. The District decided to move forward with the solar and EVSE.

To accommodate the tight timeline for the solar and EVSE project, we recommended a major modification to our usual process. We proposed running the feasibility studies simultaneously with the drafting and release of the District's RFP and procurement schedule.

We also recommended that the District perform a Geotechnical analysis before the procurement instead of waiting for the due diligence work by the awarded vendor. This proved to be key to preserving the project's timeline and setting accurate budget expectations for the school's Board since the Geotech analysis determined that the parking lot canopies would require much deeper than usual foundations – which resulted in major cost implications for the project. In one case, the canopy required 60-foot-deep foundations and a spread-footing design instead of a typical average depth of 13 feet.

As the District's Owner's Representative, we ran the vendor procurement, interviewed firms, evaluated bids, and assisted in contracting with the selected vendor, Engie. Since the District specified that preserving the timeline of the solar component of the project was of special importance, we encouraged the District to provide an at-risk notice-to-proceed (NTP) to Engie for the pre-ordering of steel and panels prior to the approval of the final design from DSA.

For the EV charging stations, we modeled current and future demand for EV charging, forecasted local electrification adoption and public-charging utilization rates, and conducted a break-even analysis for their charging management system (CMS) to ensure that fees being charged to the public would recoup any District costs for offering the available service.

The final project design included 11 solar canopies totaling 1.4 MW estimated to generate approximately 2.05 GWh/year and also 42 EV charging dispensers, with spare conduit for expansion of up to 300 more EV dispensers. The District is expected to save \$11M in energy costs over the next 25 years.

SERVICES



Feasibility Study



Financial Modeling



Utility Interconnection



RFP Management



Contracting Support



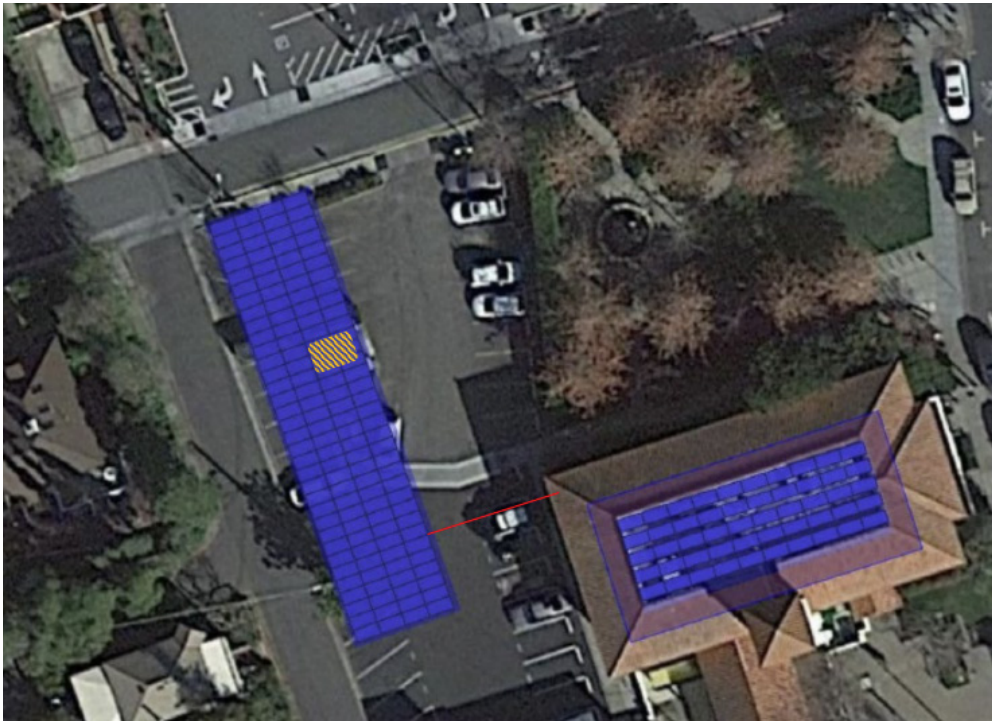
Design Review



Construction Management



Commissioning



With solar and battery storage, San Anselmo will decrease its electricity bills and improve resiliency.

TOWN OF SAN ANSELMO 94 KW SOLAR PV, 90 KW/225 KWH BATTERY STORAGE AND MICROGRID

SAN ANSELMO, CA | TOWN OF SAN ANSELMO | 2022 - PRESENT

The Town of San Anselmo wanted to establish a public resiliency center in the downtown area for grid outages due to storms or utility power safety shut-offs (PSPS events). Using a solar system paired with battery storage and a microgrid, this center would provide power for residents to use the internet, have access to heating and A/C, power their devices, and recharge electric vehicles.

Our team fast-tracked the PG&E utility interconnection application to qualify for NEM 2.0 grandfathering, which will have a significant positive effect on the long-term financial viability of the project.

Our team assessed existing electrical demand and met with stakeholders to determine their resiliency goals and budgetary constraints—two important factors in right-sizing a resiliency project. NV5 performed a full solar and battery storage feasibility study, inclusive of lifetime NPV savings, sensitivity analysis, and Monte Carlo simulation. We used HOMER and our proprietary tools to model the probability of the selected battery storage system successfully supplying off-grid power to the facility for 4-hour, 6-hour, and 24-hour outages.

NV5 is serving as Owner's Representative for the Town's procurement and construction of a 94kW solar system and a 90 kW/225 kWh battery energy storage system with fully functioning automated microgrid controls. Our team will advise the Town throughout the contracting, design, commissioning, and closeout phases of the project.

As a result of the new solar microgrid system, San Anselmo will significantly decrease its electricity bills and its reliance on existing diesel generators, which will only be used for rare, extended power outages.

SERVICES



Feasibility Analysis



Procurement Management



Contracting Support



Design Review



Technical Construction Oversight



Commissioning & Closeout Verification

4

Project Approach



4. Project Approach

Describe your firm's proposed approach to the requested project, including audits, project management, training, etc., including additional benefits resulting for energy/water efficiency project implementation and respondent's added value elements

With Schneider Electric, Cotati will gain a knowledgeable partner that provides innovative solutions and will take on the roles and risks of project management. You'll have a single, integrated team that works side-by-side with you and your stakeholders to:

- 1 **Define** your goals
- 2 **Prioritize** your needs
- 3 **Develop and implement** innovative solutions
- 4 **Ensure** long-term facility performance

You have our commitment that **trust**, **collaboration**, and **communication** will remain consistent in your project, so that you know what to expect at every step.



Approach to Project Management

Infrastructure projects are complex undertakings with many moving parts. Cotati can proceed with confidence knowing that our project management approach will account for every detail while also minimizing disruption to your daily activities.

From development to the guarantee period, your project will be managed by seasoned experts using tools and processes that foster collaboration and communication. Schneider Electric's project management process includes:

- **Single-source accountability**, including coordination and management of subcontractors, to reduce your risk
- A **fully integrated team** that works hand-in-hand with your stakeholders to design and deliver solutions that advance your strategic goals
- The use of **PROCORE**, an industry leading Project Management Information System (PMIS) software to keep **your project organized and on track**
- Regular, **frequent project updates** to eliminate surprises and **minimize occupant disruption**
- **Well-defined processes** that keep your vision, goals, expectations, and **priorities at the forefront**

Consistency is the backbone of our project management approach. Built on PMP® and ISO standards, our processes are robust and proven, while also flexible and scalable. This enables us to plan with great detail,

execute with excellence, and make fast, precise decisions when necessary so that we design and implement your project right the first time.

The outcome: you can deliver on your commitments to your stakeholders because our team is vested in your success. Your project will be delivered on time, on budget, and will produce the savings we promised.



A CULTURE OF SAFETY

Schneider Electric received more than 200 safety awards since 2016, demonstrating our commitment to hazard-free work environments with zero lost-time accidents.

Division of Responsibility Among Staff

An integrated core team of highly skilled, cross-functional experts will be at your side throughout your project—and even long after construction.

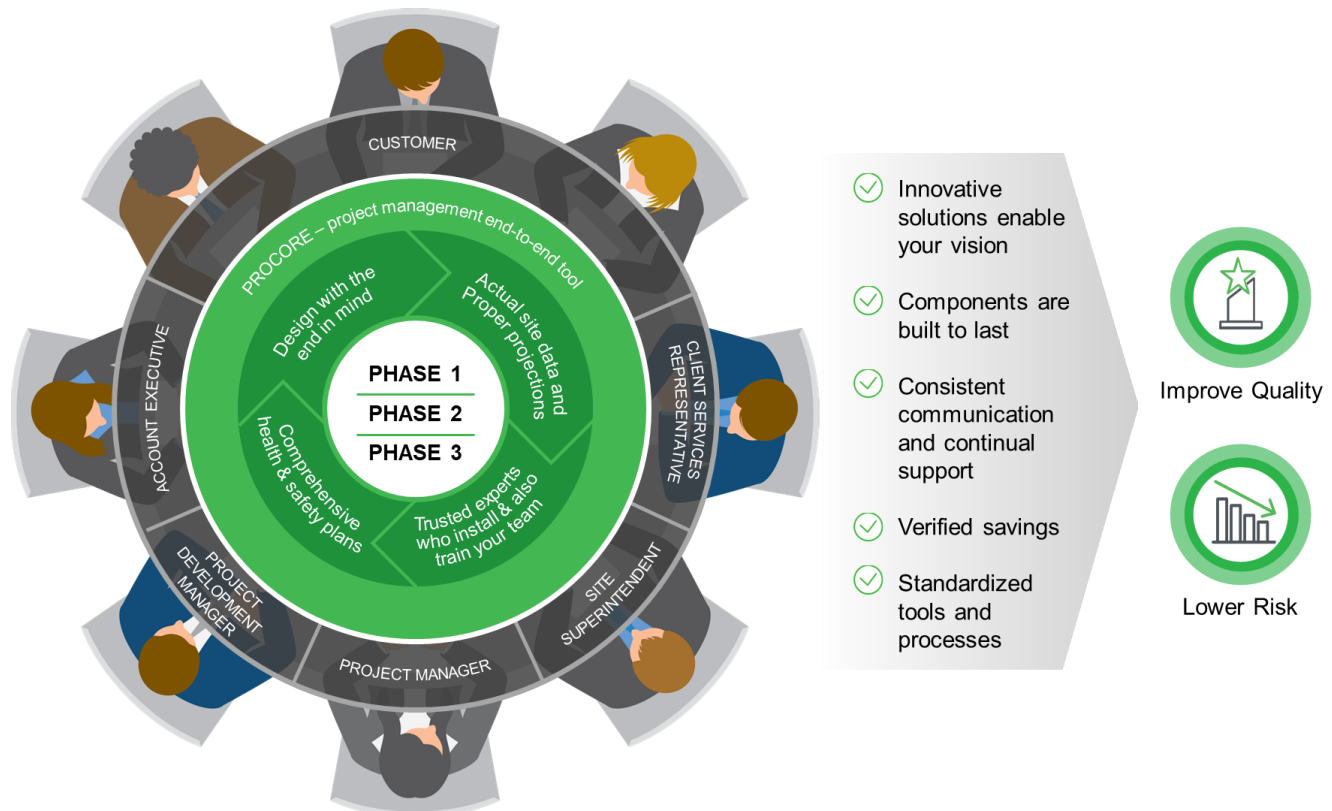
Your core team will include:

- An **Account Executive**, who serves as your point of contact throughout the project
- A **Project Development Manager**, who oversees development and collaborates with you to define the scope
- A **Project Manager**, who oversees construction scheduling and implementation
- A **Site Superintendent**, who provides day-to-day oversight of the project, subcontractors, quality control, and health and safety related performance
- A **Client Services Representative**, who manages monitoring, measurement and verification (M&V), ongoing support and training, and ensures your project delivers guaranteed savings

This core team does not divide responsibility into silos. Instead, representatives from each discipline are brought together to pool their expertise throughout your project. Unlike common project management models, your Schneider Electric Project Manager is involved during the development phase to ensure your solutions will be constructed as intended. Likewise, your Client Services Representative is also involved during development to create an M&V plan that is best suited for the proposed scope.

You can expect:

- 1 **Your vision** to be carried forward with fidelity and with smoother transitions between phases
- 2 **Less rework and no change orders**, minimizing risk to your schedule and budget



Our Holistic Approach With everyone at the table, Cotati can count on high quality and lower risk when working with our cross-functional core team who collaborate throughout the project life cycle.

Interaction with Cotati Representatives

Cotati will work with a partner that designs solutions with you, not for you. Bringing everyone to the table at the outset is key to transforming your vision into reality. Our approach is inclusive of your key stakeholders and receptive to their ideas and opinions from start to finish.

Your Schneider Electric Account Executive will be your primary point of contact throughout the project, and other members of our core team will meet with your stakeholders at key points.

Cotati can rely on the frequent, regularly scheduled communication outlined below that eliminates

SCHEDULED COMMUNICATIONS BY YOUR PROJECT MANAGER

Daily Report

Summarizes daily accomplishments, safety briefings, equipment used, staff involved, and any events that occurred causing impact to schedule

Weekly Four-Week Rolling Schedule

Consists of the past week, the present week, and the next two weeks to come, providing a detailed picture of historical and current work progress

Monthly Progress Meeting

Provides an evaluation of the project schedule compared against baseline target and the percentage complete for each activity

Monthly Progress Report

Summarizes the work performed to date, risks, issues, and financial performance; includes a recovery plan if a milestone is predicted to slip by more than one week

uncertainty of what is coming next. We will collaborate with you and your team on logistics and schedule at every step. The Project Manager will schedule regular project update meetings to cover process and schedules and address any concerns.

We also collaborate with your team on innovative ways to keep your stakeholders informed. This could be a combination of press releases, information kiosks, or interactive websites.

EFFICIENCIES REALIZED WITH PROVEN PROJECT MANAGEMENT INFORMATION SYSTEM (PMIS) FROM PROCORE

Because infrastructure upgrades involve a lot of moving parts and people, we specifically designed our PMIS to capture, manage, and track the details for your project. PROCORE:

- Plans, tracks, and monitors activities to ensure they are on time and on budget
- Provides real-time project information reports from your Project Manager to your City stakeholders
- Ensures we meet and exceed safety and performance expectations

PROCORE

A Streamlined Process: We use PROCORE, an all-in-one 3rd party project management tool

All members of the core team use this tool to maintain all project information in one place. This ensures that transitions between phases are seamless and provides your team with a single source for project details. Any time Cotati needs information, our PMIS allows our Project Managers to access real-time information and documents, including meeting minutes, the risk register, and installation timelines.

Project Phases and What to Expect

Your Schneider Electric team will focus on delivering with excellence, with your vision at the forefront, at every stage of our three-phase approach:



PHASE 1



Development

Cotati's project will launch with a series of visioning sessions and facility surveys. During this time, your key stakeholders will also share their wants and needs with our team. Site audits will enable us to identify hidden challenges and opportunities to improve your operations. We will then begin to determine where performance, security, and/or public engagement expectations are falling short and start identifying potential solutions.



ROBERT DAVIDSON will be the Project Development Manager for your project. He will be responsible for every aspect of technical development including energy baseline creation, scope development, and development resourcing.

As the project scope takes shape, we will conduct an Investment Grade Audit to:

- 1 **Analyze** your facilities, review actual utility data, and conduct detailed energy modeling and analysis
- 2 **Evaluate** how your facilities and their systems operate now, and how they could most efficiently operate in the future
- 3 **Generate** a list of recommended solutions for your facilities

This assessment enables us to develop a holistic set of infrastructure improvements based on real data that is specific to your facilities. Your team will then select the combination of scope options that will best satisfy your goals and budget.

Unlike our competitors, we begin engineering work during the development phase. This gives you:

- 1 **A defined scope** earlier in the process, minimizing the risk of change orders later
- 2 **A realistic M&V plan** that ensures you will see the savings you were expecting
- 3 **Detailed cost estimates**, so that financing is based on accurate numbers

We don't develop stand-alone solutions and hope for the best. Our energy analysts incorporate your actual metering data into their detailed energy models to test how the Energy Conservation Measure (ECM) will interact with each other and your existing systems. This exacting level of analysis ensures your ECMs work in concert to achieve your goals and deliver sustainable savings to your operations. Along with traditional Energy Conservation Measures, we also propose non-construction-related options to improve your energy savings, such as stakeholder training and behavioral awareness.

ENERGY SAVINGS METHODOLOGY

Cotati's ability to fund priorities by using energy savings is dependent on your facilities performing as promised. Establishing an accurate estimate of savings on the front end is key to ensuring you can achieve your goals.



JOSE CARRASCO will be the Energy Engineering Lead for your project. He will be responsible for establishing the overall energy baseline, energy modelling, weatherization, and determining scope feasibility.

When it comes to estimating savings, many ESCOs simply take a snapshot of energy use at a specific time and place. A prescribed set of assumptions are applied to the data to land on a set of savings projections. These calculations may or may not account for interactions with other building systems, the magnitude of savings relative to the baseline, and changes to how spaces are used seasonally, on holidays, or even on weekends.

When you partner with Schneider Electric, you can count on accurate energy savings. Schneider Electric does not delegate the critical task of energy analysis to a project manager. Instead, we have a dedicated team of energy engineers within our larger engineering group who are charged with developing precise utility and energy baselines and determining reliable savings projections.

Our energy engineers will walk your buildings, review as-builts and design drawings, study your equipment, talk with your staff, and dig into your utility data. We develop an in-depth understanding of how your facilities were designed and how they are being operated. All of this information is used to establish the energy baseline and is critical for determining the potential savings that can be achieved in the future.

Once we have established your baseline, we will use a combination of modeling tools and calculations to determine energy and utility savings. Our energy engineers will calibrate these models and calculations against actual utility bills to develop an accurate representation of how your building is designed and operated.

YOUR ENERGY EXPERTS

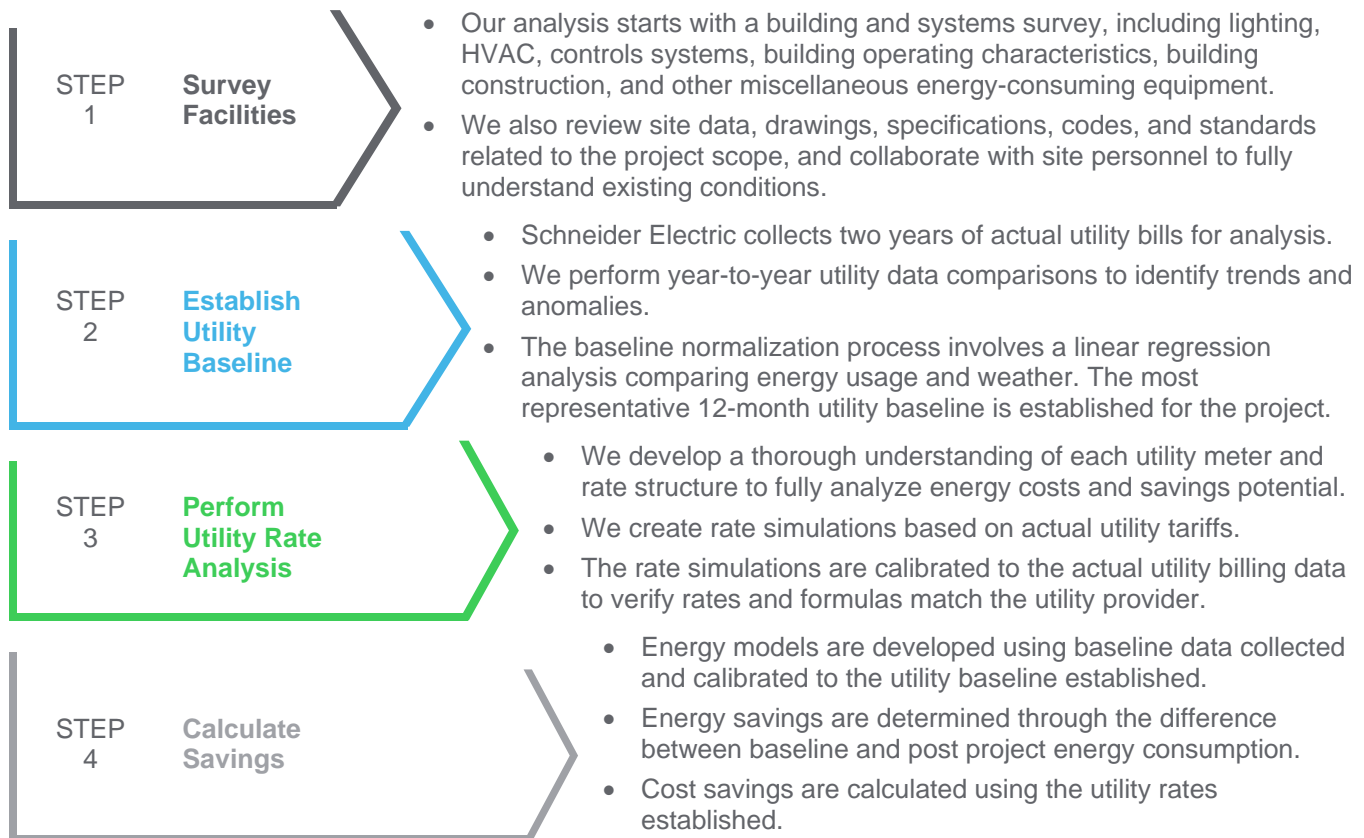
The group of energy engineers available to you is unparalleled in the industry. Our certified professionals include:

76	10	50
Certified Energy Managers (CEM™)	Certified M&V Professionals (CMVP®)	Professional Engineers (PE)

Our energy engineers are active members of several leading industry organizations, including:

- The American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE)
- The Association of Energy Engineers (AEE)
- The International Building Performance Simulation Association (IBPSA)

Steps to Establish Projected Savings There are four important steps in determining energy savings.



PROJECT ADAPTABILITY

Your goals and how you use your facilities are unique to your City. For Cotati, we will tailor our savings analysis to your situation and the needs of your project. You will benefit from an energy development plan that is customized to your buildings and specific Energy Conservation Measures. Our energy analysis approach is influenced by several factors:

1

Magnitude of cost savings

2

Impact of savings on the meter (overall percent reduction)

3

Complexity of the measure

4

Impact the measure will have on other systems (system interaction)

5

M&V plan

6






Impact of other measures on shared meter or building

We do not take a one-size-fits-all approach to energy analysis, nor do we operate with the same set of assumptions across different projects. Rather, we have multiple tools at hand to forecast energy savings, including:

- Commercially available energy modeling tools to simulate complex buildings and campuses
- Spreadsheet calculation tools to model simple buildings, systems, and specific ECMs
- A suite of in-house spreadsheet tools to process and analyze utility data, simulate rate tariffs, and manage energy model results and savings

Our experience spans single buildings with complex systems, to simple buildings with a similar scope, to facilities that have undergone multiple renovations and additions. You can expect us to scale our analysis methods up or down to match the needs of your project.

Project Scope Determines our Tools and Approach Your priorities and project scope will determine our approach for analyzing energy savings. Below are some examples of our analysis approach based on ECM type.

 <p>Lighting Upgrades</p> <p>TOOLS</p> <ul style="list-style-type: none"> • Line by Lines • LEAPS¹ <p>APPROACH</p> <ul style="list-style-type: none"> • Account for burn outs, demand diversity, heating and cooling interaction • Verify baseline and savings against utility baseline • May include short-term data logging to verify burn hours 	 <p>HVAC Retrofits</p> <p>TOOLS</p> <ul style="list-style-type: none"> • eQuest¹ • eCalcs² <p>APPROACH</p> <ul style="list-style-type: none"> • Varies based on system and facility complexity • Evaluate equipment efficiency • performance over different part-load ratios and outdoor air conditions • May include building models and/or load calculations 	 <p>Controls Improvements</p> <p>TOOLS</p> <ul style="list-style-type: none"> • eQuest¹ • eCalcs² <p>APPROACH</p> <ul style="list-style-type: none"> • Employ a whole-building model such as eQuest for capturing interactions • Use eCalcs suite of bin-hour spreadsheets for simple or limited scope measures 	 <p>Solar PV</p> <p>TOOLS</p> <ul style="list-style-type: none"> • Helioscope¹ • System Advisor Model (SAM)¹ • PV Watts¹ • Solar Energy Analysis Tool² <p>APPROACH</p> <ul style="list-style-type: none"> • Depends on system complexity and development stage • Calculate solar production based on key factors 	 <p>Whole Building Measures</p> <p>TOOLS</p> <ul style="list-style-type: none"> • eQuest¹ • HAP¹ • Element² • Simple Building Modeler (SBM)² <p>APPROACH</p> <ul style="list-style-type: none"> • Capture multiple ECM interaction within a model and simulate them in succession so that no one measure is overestimated
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¹ Industry tool

² Schneider Electric proprietary tool

CALCULATING COST SAVINGS

Establishing a monetary value for units of energy savings is a critical step to every project. To accurately assign cost savings for energy saved, it is essential to have a thorough understanding of each rate structure for every utility account. An accurate savings projection is pointless if the cost rates applied are not representative of the actual rates. That's why Schneider Electric traces each unit of energy saved back to the utility meter.

All utility companies have different rates and unique billing structures. Based on the region and market, energy costs may vary based on:

- When energy is consumed (time of use rate, seasonal rate)
- How much energy is consumed (tiered rate)
- Maximum peak draw (demand charge)
- Other factors, such as a ratchet rate or contract rate

For this reason, simplified approaches to rates—such as blended or marginal rates—can overstate cost savings.

Schneider Electric does not take shortcuts to determine the appropriate rates to use for each project. We have expertise in analyzing utility rates as well as an extensive utility rate library, which enables us to quickly and accurately analyze the rate structures that apply to you. A key step of our energy analysis process is developing and calibrating tariff rate simulations to accurately reflect all the components of your utility bill. We apply these same rates to projected future use after our energy measures are implemented to determine the true financial impact. This comprehensive approach makes sure your energy savings align with the cost savings seen on your bill.

PHASE 2

Construction & Commissioning

Cotati will have a professional team at your side who takes full responsibility for ensuring your operations stay up and running with minimal disruption to your building occupants.

Regularly scheduled communications will provide plenty of time to prepare your stakeholders for what to expect during each phase of construction. In addition, the project schedule will account for the dynamic environment of your organization. Much of our work can be performed during second shift, evenings, weekends, and holidays.

At the outset of Phase 2, the Project Manager will work with your team to:

1**Finalize** the estimated project timeline**2****Schedule** regular project updates**3****Determine** logistics that best accommodate your operational needs**4****Review** and finalize your Quality Control Plan and Health and Safety Plan

These items will be captured, tracked, and communicated throughout the project via your project manager. Any potential for scope or schedule creep will be identified and immediately addressed to keep your project on target.

We use a design-build approach, meaning we take sole responsibility for all aspects of project implementation. This provides you with:

- A more streamlined implementation schedule, with much of the engineering work already completed
- No risk of change orders; if we find an issue in the field relating to our scope of work, we will correct it and take full responsibility for fixing it
- Better quality equipment without “low-bid” requirements often seen in design-bid-build projects

Another unique Schneider feature is our core team approach that includes disciplinary experts that give their guidance throughout project implementation. Our in-house design engineers will inspect systems during, and after implementation, to make sure they are installed per design. It is typical for our engineers to visit the site multiple times to ensure everything is in working in concert.

PROVEN CONSTRUCTION FOR CRITICAL OPERATIONS



Jersey City, New Jersey – We partnered with Jersey City, NJ to build the state’s first municipal multi-site microgrid to support critical operations during extended power outages while achieving 50% GHG reduction three years ahead of schedule

COMMISSIONING

You can depend on our guaranteed savings, which start by confirming that all ECMs work as intended and that your staff can confidently operate new equipment before project closeout.



Our Commissioning Approach Our approach verifies that equipment is installed correctly, functions together as a system, and complies with design intent to ensure sustained and optimal performance over time.

Schneider Electric is a member of the Building Commissioning Association (BCA), and our commissioning approach is based on BCA best practices. We focus on optimizing system interactions between installed, retrofitted, and existing equipment. The process also benchmarks a number of operational and maintenance conditions against which performance can be checked for years to come.

A project-specific Commissioning Approach and Plan can be developed and carried out by our team of commissioning engineers if required. Whatever the situation, we have the expertise in-house to meet your commissioning requirements.



Our commissioning process often yields **5–10 percent** improvements over and above building energy efficiency savings.

TRAINING

One of the most effective ways to secure long-term operational efficiency is by ensuring that facilities personnel:

- 1 **Operate** your new building systems proficiently
- 2 **Understand** how the ECMs interact
- 3 **Monitor** any changes to the system protocol that would affect your savings performance

As we develop project scope, we will determine with the City how much training is needed and how often City personnel will need to attend. On all projects, informal, on-site training begins during the project implementation phase and continues through the guarantee period. You will also receive copies of all equipment and training manuals prior to project closeout.

QUALITY AND COMPLIANCE

Schneider Electric's objective is to provide total quality assurance on every project. For Cotati, we will develop and adhere to a Quality Control (QC) Plan specific to the scope of work included in your project. To ensure first-time quality, we:

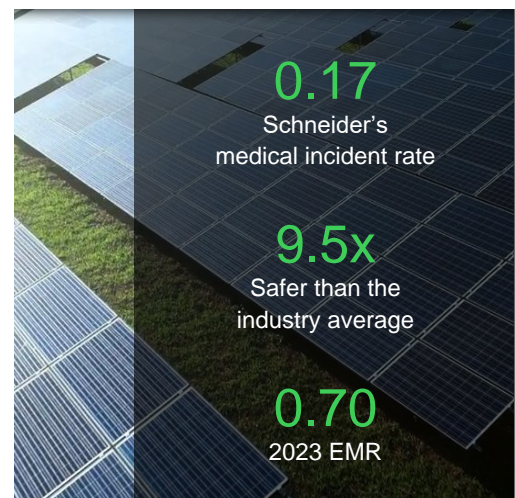
- Review subcontractor submittals for accuracy according to specifications before materials are ordered
- Use pre-construction QC checklists to evaluate existing conditions and verify that all site protocols are being followed before work commences
- Conduct daily inspections and document activities performed, materials received, and inspection results
- Conduct building closeout inspections with you to ensure the work is done right and to your satisfaction prior to moving on to another building
- Use post-construction QC checklists to confirm that ECMs are operating as intended and to identify any deficiencies as punch list items

As a successful turnkey organization, our construction team adheres to the codes and standards required by all applicable local, state, and national governing bodies. We will also identify and comply with any customer-specific standards and specifications for equipment, materials, and workmanship.

HEALTH AND SAFETY

Safety is paramount for the City of Cotati. That's why your project will include a Health and Safety Plan that marries global safety practices and OSHA standards with requirements specific to your site. Nothing will be left to chance; our detailed plan will assess the potential risk of every ECM on your project.

Our track record for safety is 9.5 times better than the industry average, with more than 200 OSHA certified employees in our ESCO division alone. Monthly safety meetings,



daily toolbox talks, and regular jobsite safety audits will ensure the implementation team and all subcontractors follow your Health and Safety Plan.

The Site Superintendent will be responsible for ensuring compliance with the Safety and QC Plan and will be willing to stop work if necessary to correct any problems.

PHASE 3



Customer Support and Guarantee Period

To ensure the ongoing efficiency and effectiveness of Cotati's ECMs, you will have the full support of our Client Services program during the guarantee period. You will have:

- 1 **A dedicated Client Services Representative** who is familiar with your systems, operations, and vision to provide technical support and potentially uncover additional savings opportunities
- 2 **Training and preventive maintenance support**, to ensure your staff understands and is confident in the correct operation and maintenance of your new systems
- 3 **Remote monitoring** to verify intended energy savings are being delivered and to provide early detection of issues

Unlike our competitors' M&V programs, our M&V program relies on actual utility bills and metering data to confirm that you are receiving the savings we promised. If your savings are not meeting expectations, we:

- Investigate and fix the issue
- Pay you the difference between the guaranteed and actual savings










DAVE HORTON will be the Client Services Team Leader for your project. He will be responsible for all aspects of M&V and performance assurance during the project's guarantee period.

The program will also provide your team with enhanced M&V services. This provides you with:

- Analysis of your actual utility bills and metering data to measure and confirm real savings
- Remote phone and monitoring support, available 24/7
- Flexible contract options to match your needs and resources on an annual basis

Our Client Services program is an annually renewable service that is customizable to your facility's needs, allowing you budget flexibility in future contract years. You are free to cancel at any time with no "buy-out" or early termination penalty. But many of our customers have achieved savings far above expectations based on the analysis provided by our team.

Client Services Program Deliverables	 Monthly systems performance comparisons	 Quarterly savings reports	 Annual reconciliation reports
 Online access to savings reports anytime	 Online access to savings calculations methodology	 Calculation relating energy savings to environmental impact	 Conversion of energy units saved into tons of greenhouse gases abated

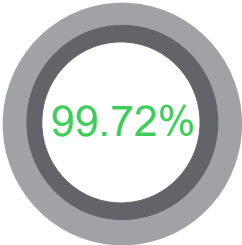
Client Services Program Deliverables Unlike most competitors, our Client Services program goes beyond traditional M&V. Our menu of program deliverables is designed to ensure savings show up on your utility bills.

During the guarantee period, Cotati will also have access to Resource Advisor, our secure, cloud-based platform for tracking and managing energy, water, and other resource usage. More than 4,500 clients of all sizes in 300,000 sites around the world trust Resource Advisors to manage and track their energy and sustainability initiatives across their enterprises.

M&V APPROACH

Like most ESCOs, Schneider Electric follows the guidelines established by the International Performance Measurement and Verification Protocol (IPMVP).

The IPMVP offers a framework and four M&V options for measuring, computing, and reporting savings.



SAVINGS GUARANTEED

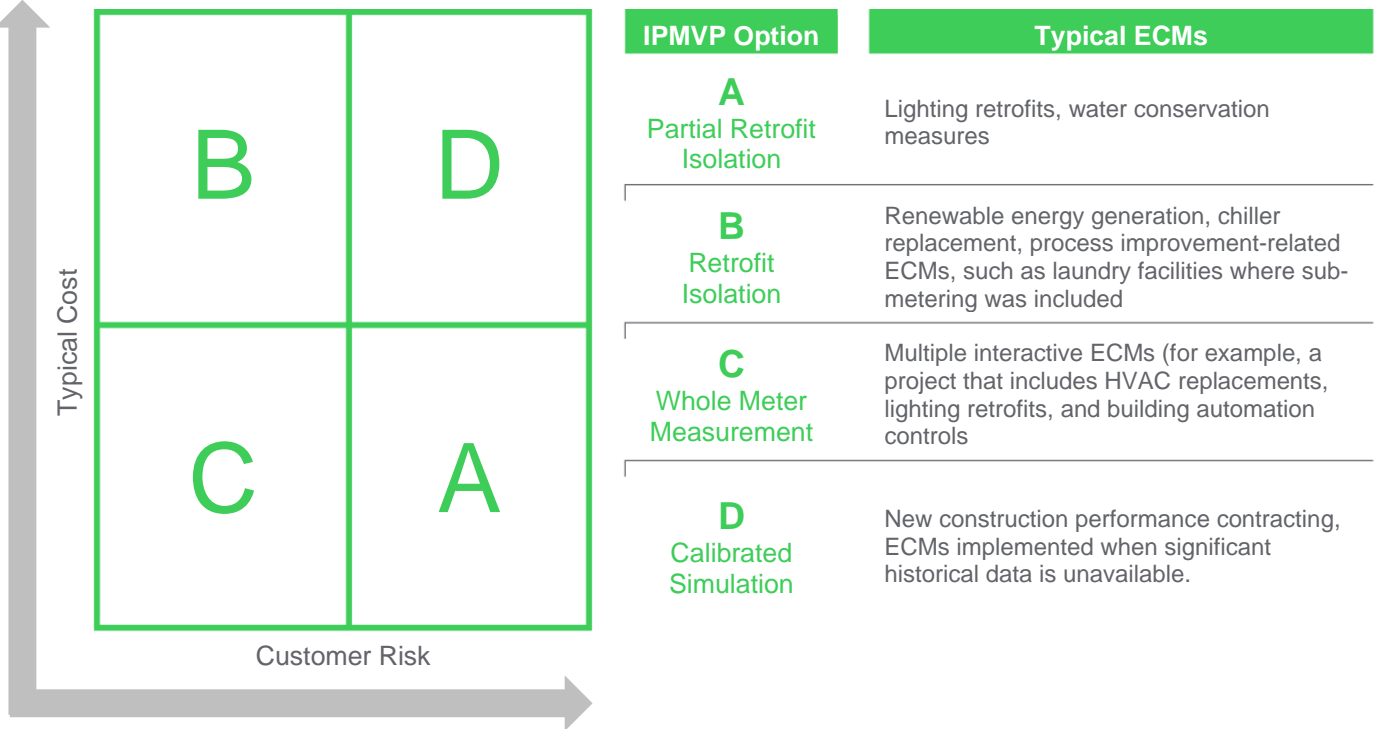
If you don't save what we promised, we'll pay you the difference. We have met or exceeded 99.7% of our guaranteed savings

However, we stand apart in that we do not rely on a one-time data logging exercise of specific ECMs after construction and declare the savings achieved. Rather, to deliver **the highest value and lowest risk** to our customers, we almost always recommend **Option C, the “whole-building,”** meter approach. By measuring building performance against the meter, we hold ourselves accountable for actual performance as reflected in your utility bills. This ensures that you see a reduction in energy use over the long term. There is no murky math or vague guarantees that your savings are being met—you will see the savings reflected on your utility invoices. In the unlikely event that your savings performance falls short, we will make up the difference. **We keep our promises to you, so you can keep your promises to your stakeholders.**

In this way, Schneider Electric assumes most of the risk for energy performance. We can take on this higher level of risk because our M&V department is second to none. We have 60 energy professionals who are dedicated to measuring energy performance and troubleshooting issues as they arise.

Your project’s needs will dictate which option is best suited for your City. In cases when Option C is not prescribed, will recommend Options A, B, or D. We have demonstrated experience with all IPMVP options. This expertise will ensure your savings are accurately measured and transparently verified, no matter the scope of your project. The figure below summarizes how the different IPMVP options are typically applied based on project scope.

Measurement and Verification Matrix When establishing an M&V plan, the cost of conducting the measurement versus the project risk must be weighed. The table below shows typical ECMs with the most common IPMVP option proposed for tracking savings.



Describe monitoring and support methods used after installation to guarantee ongoing savings.

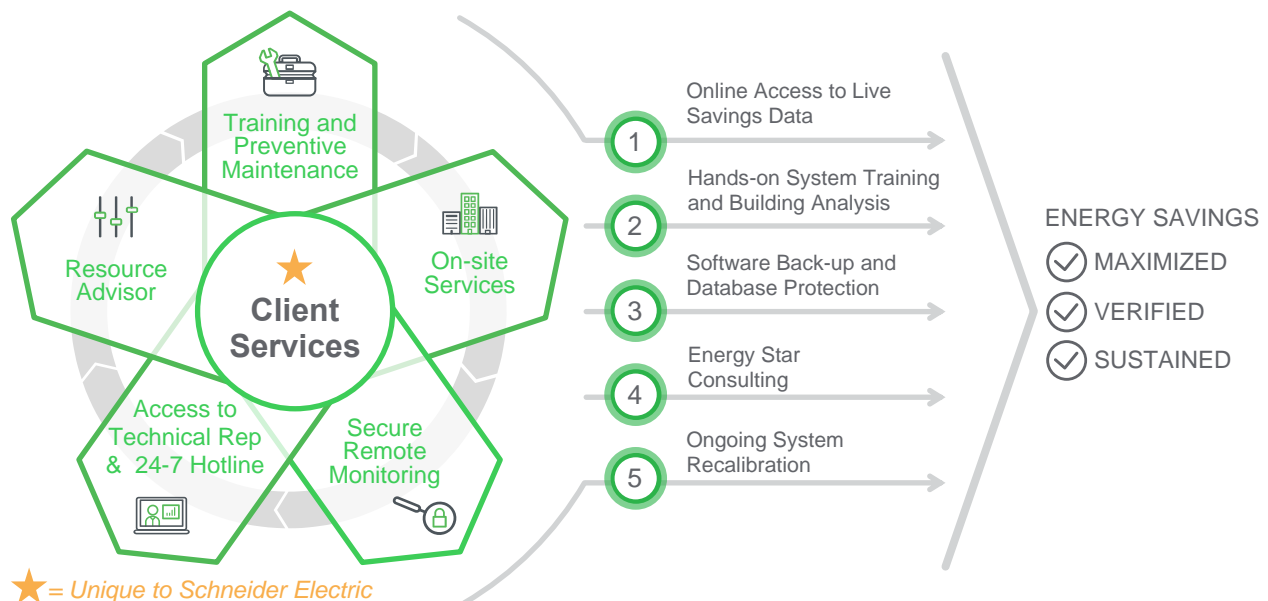
During the guarantee period, Cotati will have the full support of our Client Services program, which provides ongoing performance assurance and support services through the contract term.

Unlike traditional M&V programs, which offer a one-time confirmation of savings, our Client Services program offers ongoing monitoring of your facilities throughout the guarantee period. This ensures that your energy savings are protected, and even improved, over time. You will receive:

- **A dedicated Client Services representative.** Your Client Services consultant will provide technical assistance during business hours and with most after-hours needs. If your consultant is unavailable, one of our other consultants will be available 24 hours a day, 7 days a week through a toll-free Client Services Hotline.
- **Training and preventive maintenance.** Your facilities team will have the support they need to ensure that your equipment is properly operated and kept in top condition.

- **Secure remote monitoring.** Your utility data will be monitored down to individual meters to ensure that you are benefitting from the savings we promised. Regular reviews of your building automated systems will also provide leading indicators of performance and flag areas that may need to be addressed.
- **Onsite services.** We offer onsite support that is annually tailored to your needs, whether it is finding ways to improve your energy savings, helping you cross items off your list of priorities, offering hands-on training, or even evaluating your operating strategy. These services are highly customized to assist you and your team with meeting your energy performance expectations.
- **Resource Advisor.** You will have access to Resource Advisor, our secure, cloud-based software platform for tracking and managing energy, water, and other resource usage. You can even use Resource Advisor for managing your utility bills. All information is provided in real time and available at your fingertips.

Client Services Deliverables Schneider Electric's unparalleled support services are designed to optimize your system performance and energy use.



Your Client Services team will pay attention to energy performance details so that you don't need to. This also enables us to identify potential concerns before they become problems. If any performance issues emerge, we will:

- Investigate the issue
- Pay you the difference between the guaranteed and actual savings
- Work to resolve the issue to avoid future shortfalls

EXAMPLE SAVINGS REPORT

Please see the Appendix for two sample M&V Reports. We chose Golden Valley USD as a California reference with a standard M&V report, generated from our client M&V interface in Resource Advisor. The 2nd is Holyoke School District in Colorado, where we need to meet specific state program M&V reporting requirements. These two reports demonstrate how we can customize any type of format Cotati wishes to see their energy savings performance.

Value Added Services: Capturing Available Rebates, Incentives, and Grants

Accessing federal relief packages and the thousands of incentive and grant programs available nationwide is not always simple. Schneider Electric’s team of funding experts can help you tap into these grants, rebates, and incentives to stretch your dollars further, reduce the cost of your project, and bridge the funding gap you may be facing. Our in-house Energy Incentives Team actively monitors over 52,000 rebate and incentive programs across North America. We can assist you by researching and identifying the right funding opportunities to maximize the capital available for your project, including:

- Utility rebates and incentives
- State and federal grants
- Stimulus funds such as the Elementary and Secondary School Emergency Relief Fund (ESSER) and the Governor's Emergency Education Relief Fund (GEER)

Our experienced team can also guide you through the grant application process to ensure you secure the maximum amount of incentives available. Over the past 15 years, we have helped our clients secure **more than \$599M** in rebates, incentives, and grants to fund their infrastructure improvement projects.

Stockton Unified School District, CA	City of El Centro, CA	US Coast Guard, Puerto Rico
<p>\$1.5M grant for electric vehicle charging</p> <p>\$600,000 rebates for battery storage</p> <p>\$12M+ of energy improvements funded by grants and rebates</p> <p>We helped Stockton USD secure funding for advanced and innovative energy solutions to help pay for the District’s multi-year Energy Expenditure Plan</p>	<p>\$1.6M grant covered half the cost of new turbo blowers for the City</p> <p>44% reduction in energy usage which saved \$80,000 annually</p> <p>The City of El Centro utilized funding from grants and guaranteed savings to tackle backlogged capital projects which helped reduce utility costs and the City’s carbon footprint.</p>	<p>\$6.5M grant for renewable energy</p> <p>3 Megawatts Solar PV production</p> <p>Renewable Energy Services Agreement (PPA) within an ESPC</p> <p>By leveraging Federal funding and third-party ownership, our team helped the US Coast Guard increase energy security and add resiliency to their existing electrical grid</p>

GRANT AND REBATE SERVICES

Schneider Electric has an established Grants and Rebates team which provides federal and state funding reporting, consulting, and project management services.



ANDREW HENSHAW will serve as your dedicated grant specialist. He is an industry leader in identifying, securing, and managing the grant funding and application process. Since beginning collaboration with Schneider Electric in 2022, he has helped secure over \$63M for capital needs.

Service Model

State and Federal grant applications have evolved. Instead of requiring a single writer with little oversight, today a grant program requires several steps including discovery and evaluation, the application writing process, and post-submission documentation to ensure an award is secured. Schneider Electric offers a comprehensive program that maximizes your ability to secure funding for your projects. We work with our clients from kick-off through the post-submission period to ensure your grants for project funding will get the attention and support they deserve.

After years of experience, we understand key barriers you face:

- **Awareness:** You may know your facility needs, but you may not be aware of all the funding available.
- **Time and Resources:** You may be aware of the grant funding that could further your project, but you may not have the time or resources to apply.
- **Competition:** Or, you may even have someone willing to tackle your grant response, but you might not have the latest information to create a competitive application.



In the past year, we secured for clients:

\$43.2M in clean school bus grants
\$13.8M in school-based mental health
\$8M in School Violence Prevention Program (SVPP)

Schneider Electric is here to help. We have cultivated knowledge around grant funding cycles, project management, and program management over the last two decades, and have honed a comprehensive method that helps our clients develop a long-term funding strategy.

OUR TEAM WILL PROVIDE:

- Reporting and Program Management
- Project Management and Grant Submission Support
- Post-Award Guidance and Assistance

TO HELP YOU ACHIEVE:

- To ensure your grant applications are submitted on time and follow all stated government guidelines
- To make sure you have the most competitive grant/rebate proposal possible
- To ensure you receive the funding you've been awarded in a timely manner





Many federal grants allow for only a short time period of 45-60 days to learn the submission criteria and turn around an application. Some applications can even take an estimated 400 hours (fifty 8-hour days) to complete. City of Cotati can save countless hours of time and develop your applications prior to federal funding guidance being released by utilizing our proprietary materials and methodology. These materials are comprised of a series of guides, templates and spreadsheets that directly mimic what the applicant will see in application portals, allowing the applicant to have a head start on gathering content and creating your narrative.

Qualifications:

- 20+ years' experience specializing in grant management and writing, program development and relationship management with underserved communities in the USA.
- A track record of achieving success rates an average of 30-40% higher than the national average.
- Approximately 30-40% of applications in a grant program will be rejected prior to scoring because they omit certain details, documentation or inadequately explain a problem or solution. With a keen eye to detail, that 30-40% rejection rate is reduced to 0%.
- 1,000+ School Districts have utilized these services.

State and Federal Grant Programs Available to Cotati

Based on initial research, we have identified several opportunities that Cotati may be able to leverage for your project. Upon selection, Schneider Electric can assist you with these options by providing oversight throughout the application process. Our grant team can identify the grant programs that best relate to your project's overall scope of work. Below are several grant opportunities that are currently available:

PROGRAM NAME	DESCRIPTION	AWARD AVAILABILITY
	Environmental Protection Agency Clean Heavy Duty Vehicle Program	For Class 6/7 fleet vehicles
		Total available: \$1,250,000,000 Max award: TBD
	Rebuilding American Infrastructure with Sustainability and Equity (RAISE) / Infrastructure for Rebuilding America (INFRA)	For major roadway infrastructure (can include "dig once" for fiber installation)
		Max award: \$25M - \$75M
	Safe Streets and Roads for All	For projects that improve pedestrian and cyclist safety, including lighting projects and traffic signals – can include smart grid (traffic) technology, or even building new pathways for pedestrians, etc.
		Max award: \$25M
	Dept. of Transportation / Dept. of Energy Electric Vehicle Infrastructure Program	Community and corridor roadway charging
		Max award: \$15M, to fund 80% of total project cost
	Dept. of Energy Grid Resilience and Innovative Partnerships Program	To ensure the reliability of the power sector's infrastructure
		Max award for Smart Grid: \$30M Max award for Grid Innovation: \$250M
	National Telecommunications and Information Administration Digital Equity (NTIA)	For broadband adoption activities (education, healthcare, workforce development, etc.)
		Max award: \$3M
	Inflation Reduction Act 2022 / Energy Efficiency and Conservation Block Grant Program (EECBG)	Incentivizes investments in energy efficiency retrofit projects (lighting, envelope, mechanical)
		30% - 60% of solar project cost AND ~\$1M - \$3M of entire EPC project discounted
	Inflation Reduction Act (IRA) & EPAct Credit (179D)	Based on square footage and desired scope, the IRA has bolstered EPC scope cost deduction through the EPAct of 2005.
		Formulas: 25% Deduction: \$2.50/sq.ft. X SQ FT.. X 25% deduction 50% Deduction: \$2.50/sq.ft. X SQ. FT.. X 50% deduction

5

IGA Pricing Proposal Sheet



5. IGA Pricing Proposal Sheet

Using the IGA Pricing Proposal Sheet (Attachment C), indicate the cost for performing the preliminary evaluation and investment grade water and energy audit.

PE/IGA Pricing Proposal

RFP

DESIGN-BUILD ENERGY SERVICES

Pursuant to and in compliance with your Notice Requesting Proposals and all other documents relating thereto, the undersigned respondent, having familiarized him/herself with the terms and conditions of the proposal documents, hereby proposes and agrees to perform the work to be done and to provide all labor and materials necessary to perform the work.

Name of Respondent: Schneider Electric Buildings Americas, Inc.

Preliminary Evaluation (PE)

If the respondent charges fees to perform a preliminary evaluation, please provide the price and indicate if it's waived if the City proceeds to the IGA.

\$ 8,000 Fees waived if the City proceeds to IGA? YES ☒ NO ☐

Investment Grade Audit (IGA):

Does the respondent require an IGA agreement to be entered into before a Guaranteed Savings Agreement scope of work, price and savings can be finalized?

YES ☒ NO ☐

If an IGA agreement is required, does it include exit fees and/or penalties in the event the City chooses to not implement some or all of the IGA findings?

YES ☒ NO ☐

If the City implements some or all of the IGA findings with the proposer, is the price of the IGA waived?

YES ☒ NO ☐

What is the respondent's price to complete an IGA?

\$ 75,000-\$110,000 - Final IGA cost dependent upon scope identified in preliminary evaluation

Certification by proposer

I hereby certify that I am able to commit the firm to the proposal submitted.

Company: Schneider Electric Buildings Americas, Inc.

Name (printed): Jordan Lerner

Title: Regional Vice President

Signature:  Date: 8/20/2024



6

Sample Contract

6. Sample Contract

Provide a sample Performance Energy Contract.

Please see the following attachment for our sample energy contract.

ENERGY SERVICE CONTRACT¹

This Energy Services Contract ("*Agreement*") is made effective as of [INSERT DATE] ("*Effective Date*") by and between the [INSERT CUSTOMER NAME], a [JURISDICTION AND TYPE] ("*Customer*"), and **Schneider Electric Buildings Americas, Inc.**, a Delaware corporation with California Contractors License Number 708952 ("*ESCO*"). Customer and ESCO may be referred to herein as the "*Parties*", collectively, and each, individually, as a "*Party*".

RECITALS

WHEREAS, ESCO is a full-service energy service contractor with the qualifications and technical capabilities to provide the design and construction services described herein;

WHEREAS, Customer wishes to engage ESCO, pursuant to the terms and conditions of this Agreement, to design and construct a Project (defined below) for purposes of implementing certain "energy conservation facilities", as such term is used and defined in California Government Code Section 4217.10 *et seq.*;

WHEREAS, this Agreement (including the Construction Amendment hereto, when executed) will constitute an "energy service contract" within the meaning of California Government Code Section 4217.10 *et seq.*;

WHEREAS, California Government Code Section 4217.10 *et seq.* (i) authorizes public agencies to enter into energy service contracts that satisfy the requirements of California Government Code Section 4217.12, (ii) allows public agencies to award such energy service contracts on the basis of the experience of the contractor, the type of technology employed by the contractor, the cost to the public agency, and any other relevant considerations, and (iii) expressly provides public agencies with the greatest possible flexibility in structuring such energy service contracts so that economic benefits may be maximized and financing and other costs associated with the design and construction of alternate energy projects may be minimized;

WHEREAS, having considered the foregoing, Customer's Governing Body has determined that ESCO has the technical and management capabilities and experience to perform the Design Work (defined below) in accordance with the scope of work and for the facilities set forth in Exhibit A, and to deliver a Project Proposal, described in Exhibit A, identifying energy improvements and operational changes (collectively, "ECMs") to be installed or implemented at the Customer's facilities, and including a pro forma analysis showing that the anticipated cost to Customer to implement the identified ECMs will be less than the anticipated cost to Customer for thermal, electrical, and other energy, together with anticipated operational, maintenance and other costs, that would have been consumed by Customer in the absence of the identified ECMs; and

WHEREAS, if the Project Proposal is presented, on an arms' length basis, to personnel of Customer with requisite technical training and experience, for those personnel to make judgments and determinations as to the desirability of the Project Proposal, and if the Project Proposal is deemed satisfactory by the Customer, it is the intent of the Customer to work with ESCO to negotiate and approve a Construction Amendment hereto in the manner provided in California Government Code §4217.10 *et seq.* in order to implement the ECMs developed by ESCO.

NOW, THEREFORE, in consideration of the foregoing and of the respective rights and obligations of the Parties set forth herein, the Parties hereby agree as follows:

ARTICLE 0 DEFINITIONS

0.1. "Applicable Law" shall mean any applicable federal, California state or local law, constitution, treaty, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement lawfully enacted, adopted, promulgated or applied by a Governmental Authority.

0.2. “Change Order” shall mean a written modification to the Agreement and/or any Contract Document, duly executed by Customer and ESCO, authorizing a change in the scope of the Work, the time for completion of any Work, and/or the compensation payable to ESCO in consideration for performance of any Work hereunder.

0.3. “Construction Amendment” shall mean an Amendment and Notice to Proceed with the Construction Phase in substantially the form attached as Schedule I to this Agreement, together with all exhibits, schedules, and/or documents attached thereto and/or expressly incorporated by reference therein, including, without limitation and as applicable, each of the Exhibits to the Construction Amendment listed below. Effective as of the Construction Amendment Effective Date, the Construction Amendment (inclusive of all exhibits, schedules, and/or documents attached thereto and/or expressly incorporated by reference therein) shall become part of this Agreement and shall modify and supersede any conflicting provisions hereof.

a. The Construction Amendment shall include the following Exhibits:

- i. Exhibit D: Scope of Construction Work
- ii. Exhibit E: Preliminary Construction Schedule
- iii. Exhibit F: Project Fee

b. The Construction Amendment may include the following Exhibits, if applicable:

- i. Exhibit G: Performance Assurance Support Services Agreement (if applicable)
- ii. Exhibit H: Performance Guarantee (if applicable)
- iii. Exhibit I: Measurement & Verification (“M&V”) Plan (if applicable)
- iv. Exhibit J: Customer Responsibilities for Performance Guarantee (if applicable)

0.4. “Construction Amendment Effective Date” shall mean the date on which the Construction Amendment is duly executed by both Parties.

0.5. “Construction Phase” shall mean the portion of the Project commencing as of the Construction Amendment Effective Date and concluding upon final completion of the Project.

0.6. “Construction Schedule” shall mean the Preliminary Construction Schedule attached to the Construction Amendment as Exhibit E, as updated and/or modified from time to time in accordance with this Agreement.

0.7. “Construction Work” shall mean all labor, equipment, materials and goods necessary to complete the Scope of Construction Work set forth on Exhibit D to the Construction Amendment.

0.8. “Contract Documents” shall mean, collectively, this Agreement and all schedules, exhibits, and/or documents attached hereto and/or expressly incorporated by reference herein, each as the same may be amended, modified or supplemented from time to time in accordance with the terms and conditions of this Agreement. Without limiting the generality of the foregoing, the following Exhibits are hereby expressly incorporated by reference into the Agreement, subject to the terms and conditions hereof:

a. Exhibits to the Agreement:

- i. Exhibit A: Scope of Design Work
- ii. Exhibit B: Preliminary Design Schedule
- iii. Exhibit C: Design Fee

b. Construction Amendment (effective as of the Construction Amendment Effective Date)

0.9. “Customer” shall have the meaning set forth in the introductory paragraph to this Agreement. Customer may occasionally be referred to as “Customer” in the Contract Documents.

0.10. “Design Fee” shall mean the dollar amount set forth on Exhibit C attached hereto, which shall be payable to ESCO as an exit fee if Customer terminates this Agreement prior to the Construction Amendment Effective Date in accordance with Section 1.4.1 hereof.

0.11. “Design Phase” shall mean the portion of the Project commencing as of the Effective Date of this Agreement and concluding immediately prior to the Construction Amendment Effective Date.

0.12. “Design Work” shall mean all labor, equipment, materials and goods necessary to complete the Scope of Design Work set forth on Exhibit A to this Agreement.

0.13. “ECM” has the meaning set forth in the introductory paragraph to this Agreement.

0.14. “ESCO” shall have the meaning set forth in the introductory paragraph to this Agreement. ESCO may occasionally be referred to as “ESCO” in the Contract Documents.

0.15. “Facilities” shall mean Customer facilities listed under Section 3 of Exhibit A, and any additional facilities added by written agreement of the Parties.

0.16. “Governing Body” means the governing board or other governing body of the Customer.

0.17. “Governmental Authority” shall mean any nation, government, state or political subdivision thereof, and any entity lawfully exercising executive, legislative, judicial, regulatory or administrative powers on behalf of any of the foregoing.

0.18. “Hazardous Substance” means (i) any hazardous, toxic, or dangerous wastes, substances, chemicals, constituents, contaminants, pollutants, and materials and any other carcinogenic, liquids, corrosive, ignitable, radioactive, reactive, toxic, or otherwise hazardous substances or mixtures (whether solids, liquids, gases) now or at any time subject to regulation, control, remediation, or otherwise addressed under Applicable Laws; (ii) any “hazardous substance” as defined by the Resource, Conservation and Recovery Act of 1976 (42 U.S.C. §6901 et seq.), as amended, and regulations promulgated thereunder; (iii) any “hazardous, toxic or dangerous waste, substance or material” specifically defined as such in 42 U.S.C. §9601 et seq., as amended and regulations promulgated thereunder; and (iv) any hazardous, toxic or dangerous waste, substance, or material as defined in any so-called “superfund” or “superlien” law.

0.19. “Project” shall mean the improvement to Customer’s Facilities to be designed and constructed by ESCO in accordance with and subject to the terms and conditions of this Agreement, as more specifically set forth on Exhibit A (Scope of Design Work) and Exhibit D (Scope of Construction Work) hereto. For the avoidance of doubt, notwithstanding the original scope of the Project as contemplated by Exhibit A, the Scope of Construction Work attached as Exhibit D and approved by Customer upon execution of the Construction Amendment shall represent the entirety of the intended and agreed upon scope for the Project.

0.20. “Project Fee” shall mean total dollar amount payable to ESCO under the Agreement as compensation for ESCO’s performance of the Work, inclusive of the Design Fee. The Project Fee shall be determined at the conclusion of the Design Phase and shall be set forth on Exhibit F to the Construction Amendment.

0.21. “Project Proposal” shall have the meaning set forth in Section 1.3.

0.22. “Site” shall mean Customer property on or at which the Work is to be performed, specifically including Customer Facilities.

0.23. “Substantial Completion” shall mean, with respect to the entirety of the Construction Work or any portion thereof, the point at which such Work is operational, ready for use by Customer, and fully complete , except for minor items, adjustments and/or corrections (“Punch List Items”), .

0.24. “Work” shall mean the Design Work and the Construction Work, collectively.

ARTICLE 1
DESIGN PHASE OF THE PROJECT

Section 1.1. Scope of Design Work. The scope of the design services to be performed by ESCO under this Agreement is described in Exhibit A attached hereto (the “*Scope of Design Work*”).

Section 1.2. Government Code Section 1097.6. In accordance with California Government Code §1097.6(c)(1), ESCO’s duties and services under this Agreement shall not include preparing or assisting Customer with any portion of Customer’s preparation of a request for proposals, request for qualifications, or any other solicitation regarding a subsequent or additional contract with Customer. Customer shall at all times retain responsibility for public contracting, including with respect to any subsequent phase of this Project. ESCO’s participation in the planning, discussions, or drawing of project plans or specifications for any subsequent or additional contract shall be limited to conceptual, preliminary, or initial plans or specifications. ESCO shall cooperate with Customer to ensure that bidders (if Customer elects to utilize a bidding process) for a subsequent contract on any subsequent phase of this Project have access to the same information, including all conceptual, preliminary, or initial plans or specifications prepared by ESCO pursuant to this Agreement.

Section 1.3. Design Schedule. The “*Preliminary Design Schedule*” attached hereto as Exhibit B sets forth a preliminary schedule for the Design Phase milestones.

Section 1.4. Project Proposal. At or prior to the Design Completion Meeting described in Exhibit A, ESCO shall provide Customer with a proposal setting forth a proposed Scope of Construction Work, a proposed Project Fee, and any other information required to be included therein pursuant to Exhibit A (the “*Project Proposal*”). Unless the Project Proposal states otherwise, the pricing set forth in the Project Proposal will remain valid for sixty (60) days from the date of the Project Proposal (the “*Project Proposal Date*”).

Section 1.5. Option to Terminate Agreement or Proceed into Construction Phase. Within sixty (60) days of the Project Proposal Date, Customer shall either (i) terminate this Agreement pursuant to Section 1.5.1 below, or (ii) execute the Construction Amendment in accordance with Section 1.5.2 below.

1.5.1. Early Termination and Payment of Design Fee. If Customer does not wish to proceed into the Construction Phase on substantially the terms set forth in ESCO’s Project Proposal, Customer may terminate this Agreement for convenience immediately upon providing ESCO with written notice of termination and payment in full for the Design Fee.

1.5.2. Execution of Construction Amendment. If Customer does wish to proceed with the Construction Phase on substantially the terms set forth in ESCO’s Project Proposal, and if Customer determines that entering into the Construction Amendment to implement the ECMs identified in the Project Proposal is in the best interests of Customer and that California Government Code §4217.10 et seq. allows Customer to enter into the Construction Amendment, then the Parties shall finalize and execute a Construction Amendment reflecting substantially the terms set forth in ESCO’s Project Proposal and any negotiated revisions thereto. In such event, the Design Fee and any additional costs incurred by ESCO in the performance of the Design Work shall be rolled into and included in the Project Fee, and such total amount shall be payable in accordance with the provisions of Section 2.4.

Section 1.6. Site Investigation. In performing the Design Work, ESCO shall exercise reasonable due diligence to understand the nature, location and extent of the Project, and it shall investigate the general and local conditions which are applicable to the Site, such as physical conditions at the Site, the conditions of the ground at the Site, and the character of equipment and materials needed for the performance of the Work at the Site (the “*Site Investigation*”).

Section 1.7. Customer Information. In order to facilitate the Design Work and to assist ESCO in recommending an appropriate Scope of Construction Work, Customer is responsible for providing ESCO with all such access, knowledge and history as may be relevant to ESCO’s analysis and/or design, including,

without limitation, with respect to Customer's Facilities, systems, and equipment, as well as its accounting, maintenance, and operation practices. Customer is required to disclose all known or suspected deficiencies, defects and malfunctions of or affecting the Facilities, systems, equipment and components thereof, as well as any site conditions that should be considered in planning and executing the construction services. Customer responsibilities are set forth in further detail on Exhibit A. Customer agrees that it shall provide and continue to provide Design/Builder with all such information, documentation, access, knowledge and history as is available to Customer and relevant to Design/Builder's timely and successful completion of the Project and performance of its other obligations under the Agreement and the Scope of Work, including, without limitation, the following:

- 1.7.1. Drawings, Specifications and Surveys.** Customer shall provide Design/Builder with copies of or access to (i) all such working drawings, specifications, surveys and "As-Built" drawings as it may have relating to the Site(s), to the Work, and/or to work being performed by other companies at the Site(s), and (ii) all such surveys as it may have describing the physical characteristics, legal boundaries and restrictions, and/or utility locations at and around the Site(s). All drawings, specifications, and surveys furnished to Design/Builder by Customer are and shall remain the property of Customer.
- 1.7.2. Energy Usage Data.** Customer shall make available to Design/Builder, on a monthly basis or as Design/Builder may otherwise request, copies of all energy bills, energy usage data, and all other such documentation maintained by Customer.
- 1.7.3. Facilities Information.** Customer shall promptly provide information and documentation relating to Customer's facilities, systems, and equipment, and to its maintenance and operations practices. Customer has disclosed, or will disclose as promptly as possible upon learning of, all known or suspected deficiencies, defects, and malfunctions of or affecting its facilities, systems or equipment and/or any components thereof, as well as any conditions of the Site(s) that should be considered in planning and executing the Work. To facilitate the exchange of relevant facilities information, Customer shall provide Design/Builder with access to Customer's key facilities personnel and, at Design/Builder's reasonable request, shall designate a Customer representative to ensure the timely and correct transfer of information requested by Design/Builder.

ARTICLE 2 CONSTRUCTION PHASE OF THE PROJECT

Section 2.1. Commencement of Construction Phase.

- 2.1.1. *DIR Project Registration.*** Prior to executing the Construction Amendment, Customer shall register the Project with the California Department of Industrial Relations, using Form PWC 100.
- 2.1.2. *Execution of Construction Amendment Serves as Notice to Proceed.*** Unless the Construction Amendment expressly provides otherwise, execution of the Construction Amendment shall serve as Customer's notice to ESCO to commence the Construction Work.
- 2.1.3. *Payment and Performance Bonds.*** Promptly following the Construction Amendment Effective Date and before commencing the Construction Work, ESCO shall provide payment and performance bonds, each with an "admitted surety insurer," as defined by California Code of Civil Procedure §995.120, authorized to do business in the State of California, and each for an amount equal to 100% of the Project Fee. Notwithstanding any provision to the contrary herein, any performance bonds and payment bonds provided in connection with this Agreement guarantee only the performance of the Construction Work and the payment of any Subcontractors engaged by ESCO in connection therewith, respectively, and shall not be construed to guarantee the performance of: (1) any efficiency or energy savings guarantees (if applicable pursuant to Section 2.5 hereof), (2) any support or maintenance services, or (3) any other guarantees, warranties or covenants with terms beyond one (1) year in duration from the Date of Substantial Completion.

Section 2.2. Scope of Work. The scope of the construction services to be performed by ESCO pursuant to this Agreement (the “*Scope of Construction Work*”) shall be determined at the conclusion of the Design Phase and set forth on Exhibit D to the Construction Amendment.

Section 2.3. Construction Schedule.

- 2.3.1. Construction Time.** The scheduled date of Substantial Completion of the Construction Work (the “*Completion Date*”) and any applicable milestone dates shall be determined at the conclusion of the Design Phase and shall be set forth in the “*Preliminary Construction Schedule*” attached to the Construction Amendment as Exhibit E.
- 2.3.2. Substantial Completion.** Upon Substantial Completion of the Construction Work (or any portion thereof, as appropriate), ESCO will issue to Customer a “*Letter of Substantial Completion*” with respect to such substantially complete Work (or portion thereof). The date on which ESCO issues any such Letter of Substantial Completion shall be the “*Date of Substantial Completion*” with respect to the applicable Work.
- 2.3.3. Delays.** If ESCO’s progress on the Project is at any point delayed due to changes in the requested scope of Work, labor disputes, fire, unusual delay in deliveries, abnormally severe weather conditions, unavoidable casualties, epidemic or pandemic conditions, quarantine restrictions, changes in law, unusually severe shortages in the available supply of and/or unusually severe increases in the cost of materials or equipment needed for performance of the Work, or delays of common carriers and/or any other causes which are beyond the reasonable control of ESCO, then the Parties agree to execute a Change Order reflecting an equitable extension of time. In the event of any suspension or delay due to the acts or omissions of Customer or due to Customer’s instructions to stop Work by no fault of ESCO: (i) all affected dates and milestones shall be extended to reflect such period of interruption; and (ii) the Project Fee shall be equitably adjusted to cover ESCO’s costs of demobilization, delay and remobilization related to such suspension or delay (provided, however, that ESCO shall cooperate with Customer, to the extent commercially reasonable, in mitigating such costs). If such suspension or delay continues for more than ninety (90) consecutive days, through no act or fault of ESCO, ESCO may terminate this Agreement in accordance with Article 5.

Section 2.4. Compensation, Invoicing and Payment.

- 2.4.1. Project Fee.** The Project Fee shall be determined at the conclusion of the Design Phase and shall be set forth on Exhibit F to the Construction Amendment. The Project Fee is inclusive of, and not in addition to, the Design Fee.
- 2.4.2. Schedule of Values.** ESCO will develop a schedule delineating the items to be completed pursuant to the Scope of Construction Work (the “*Schedule of Values*”) and shall endeavor to provide such Schedule of Values to Customer within ten (10) days of the Construction Amendment Effective Date.
- 2.4.3. Mobilization Invoice and Payment.** Within one (1) month of the Construction Amendment Effective Date, Customer shall make payment to ESCO for mobilization expenses and other expenses incurred to date in connection with the Project (“*Mobilization Payment*”) in an amount equal to twenty percent (20%) of the Project Fee and the Design Fee. Such mobilization and other expenses may include, without limitation, the Design Fee and any design, engineering and/or development expenses incurred in connection with the Project, expenses relating to procurement of equipment, materials, and/or bonds, and any other Project start-up and mobilization expenses incurred to date.
- 2.4.4. ESCO Invoices.** Beginning on the date that is two (2) months following the Construction Amendment Effective Date, ESCO shall provide monthly invoices to Customer seeking payment

for the Work performed in the prior month (based on the percentage completion of items delineated on the Schedule of Values).

2.4.5. Payment. Payment is due within thirty (30) days of the date of each invoice. If any payment is over thirty (30) days late from the due date stated on the invoice, ESCO may impose a penalty of one percent (1%) of the amount(s) owed for each month overdue and/or may terminate the Agreement in accordance with Article 5. If applicable, Customer's payments may be made from an escrow account set up in accordance with Customer's financing arrangement, in which case Customer shall be responsible for forwarding ESCO's invoices to the escrow agent and for authorizing and directing the escrow agent to timely release the invoiced amounts to ESCO.

2.4.6. Final Payment and Release of Liens. Final payment shall not become due until ESCO has delivered to Customer a conditional release of all liens arising out of this Agreement, covering all labor, materials, and equipment for which a lien could be filed, or a bond satisfactory to Customer to indemnify Customer against such lien. The making of final payment shall constitute a waiver of claims by Customer except those arising from (1) unresolved liens, security interests or encumbrances arising out of the Agreement, (2) ESCO's failure to perform the Construction Work in substantial compliance with the requirements of the Contract Documents, and (3) any warranties required by the Contract Documents. Customer also shall promptly record a notice of completion or notice of acceptance in the office of the county recorder in accordance with California Civil Code §9204.

2.4.7. Retention. Following payment of the Mobilization Payment, which shall not be subject to any retention, Customer may retain five percent (5%) of each monthly progress payment (the "Amounts Retained"). The Amounts Retained with respect to a given portion of the Work shall be released to ESCO within thirty (30) days of the Date of Substantial Completion of such portion of the Work, and any Amounts Retained remaining upon Substantial Completion of the Project shall be released to ESCO with the final payment. Customer may make progress payments in full without Amounts Retained at any time after fifty percent (50%) of the Work has been completed, as permitted pursuant to California Public Contract Code §9203. In lieu of Amounts Retained being held by Customer, ESCO may request that securities be substituted or Amounts Retained be held in an escrow account pursuant to California Public Contract Code §22300.

Section 2.5. Performance Guarantees. If ESCO is providing any efficiency or energy savings guarantees upon completion of the Construction Work, the terms of such efficiency or energy savings guarantees shall be set forth and/or incorporated in the Construction Amendment and the applicable Exhibits thereto. If no such terms are set forth and/or incorporated in the Construction Amendment and the applicable Exhibits thereto, then no efficiency or energy savings guarantees are being made by ESCO in connection with this Agreement.

ARTICLE 3 PERFORMANCE OF THE WORK

Section 3.1. Standard of Performance. Design/Builder shall supervise and direct the Work using such degree of care, skill and attention as is reasonably expected of professionals providing similar services within the State under similar circumstances (such circumstances to include, for example, conditions present at the Site(s) and any financial or other constraints applicable to the Project). Design/Builder shall be solely responsible for coordinating and/or performing all portions of the Work and shall have control over the means, methods, techniques, sequences and procedures used in the performance of the Work, unless the Scope of Work gives other specific instructions concerning these matters. All construction documents that are required to be prepared by Design/Builder in connection with the Work shall be prepared by qualified personnel and shall be in accordance with applicable codes, regulations, and laws. Design/Builder shall remain responsible for all Work performed, whether performed by Design/Builder or its Subcontractors.

Section 3.2. Licenses. ESCO represents and warrants that it currently has or shall timely obtain, and that it shall maintain, all licenses, permits, qualifications and approvals of whatever nature as are legally required to permit ESCO to perform the Work.

Section 3.3. Regular Working Hours. Except as Customer, in its sole discretion, may otherwise agree, ESCO shall perform such portions of the Work as are to occur at or in Customer's Facilities only: (i) on weekdays (i.e., any day, Monday through Friday, inclusive); and (ii) commencing at or after such time, and ending by or prior to such time, as may be specified in either an applicable local ordinance or any "Mitigation Monitoring Plan" adopted by Customer pursuant to the California Environmental Quality Act and made available to ESCO, whichever is more restrictive.

Section 3.4. Employees and Subcontractors.

3.4.1. ESCO's Subcontractors. ESCO may use one or more subcontractors (each, a "Subcontractor") to perform any portion(s) of the Work as ESCO may deem appropriate; provided, however, that ESCO shall remain ultimately responsible for the performance of its obligations under this Agreement. ESCO shall ensure that all of its Subcontractors have the skill, knowledge and experience necessary to perform the services assigned to them, and shall further ensure that each of its Subcontractors holds all licenses legally required for the practice of its profession.

3.4.2. ESCO's Employees. The employees of ESCO shall at all times be under ESCO's exclusive direction and control in performing the Work. ESCO shall pay all wages, salaries, and other amounts due to such personnel in connection with their performance of services under this Agreement, as required by law. ESCO shall be responsible for all reports and obligations respecting such personnel, including, but not limited to: social security taxes, federal and state income tax withholdings, unemployment insurance, and workers' compensation insurance. ESCO shall employ only competent workers for performance of the services and shall not employ any person who is unfit or unskilled in the Work assigned to him or her.

3.4.3. Supervision by ESCO. ESCO shall at all times enforce strict discipline and good order among its Subcontractors and employees performing any portion(s) of the services. At Customer's request, ESCO shall remove from the Site any person, regardless of whether employed by the ESCO or any Subcontractor, who is not performing the Work in a competent manner or who is a threat to the safety of persons or property at the Site, and ESCO shall not thereafter permit any such person to perform any of the Work or to be present on or at the Site. In addition, during the course of performing the Construction Work, ESCO shall have an experienced and competent superintendent (and any necessary assistants) present on the Site to supervise ESCO's employees and Subcontractors in the performance of the Construction Work.

3.4.4. Prohibition Against Unlawful Discrimination. ESCO represents and warrants that it is an equal opportunity employer and agrees that it shall not discriminate in violation of any applicable federal, state, or other law, rule or regulation, including, but not limited, to discrimination against any employee or applicant for employment on account of such person's race, religion, color, national origin, ancestry, sex, or age. ESCO shall apply such policy of non-discrimination in connection with all activities related to ESCO's employees and Subcontractors, including with respect to initial employment, promotion, demotion, transfer, recruitment or recruitment advertising, and layoff or termination.

Section 3.5. ESCO's Compliance with Law.

3.5.1. Compliance Generally. ESCO and each of its Subcontractors shall perform the Work in compliance with Applicable Law. Upon commencement of the Construction Phase, Customer will coordinate and conduct, and ESCO and each of its Subcontractors will attend, any mandatory construction conference held for purposes of ensuring that ESCO and its Subcontractors are aware of the Applicable Laws relevant to the Project.

3.5.2. DIR Registration. ESCO acknowledges that the Project will be subject to compliance monitoring and enforcement by the California Department of Industrial Relations ("DIR"). ESCO shall be responsible for ensuring that it and all of its Subcontractors are currently and properly registered with the DIR. Prior to commencing the Construction Work, ESCO and each of its Subcontractors shall: (i) complete, execute, and submit to Customer a "Certification Regarding Contractor

Registration" form; and (ii) provide evidence of registration to Customer. Notwithstanding anything to the contrary, if at any time during the performance of the Construction Work, ESCO or any of its Subcontractors is not properly registered with the DIR (including, without limitation, if the registration expires or the DIR revokes the registration), such failure of registration shall constitute a material breach of this Agreement for purposes of Section 5.2 hereof (Customer Termination for Cause).

3.5.3. Labor Laws. ESCO and each of its Subcontractors shall, at no additional cost to Customer, comply with all applicable provisions of the California Labor Code and the regulations promulgated thereunder (collectively, the "*Labor Laws*"). To the extent required by California Labor Code §1771 or other applicable law, all employees of ESCO and ESCO's subcontractors performing Work at the Site will be paid the per diem prevailing wages for the employee's job classification in the locality in which the Work is performed. In accordance with California Labor Code §§1773 and 1773.2, Customer will obtain from the Director of Industrial Relations the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work, in the locality in which the Work is to be performed, for each craft, classification or type of worker needed to execute the Work at the Site, and will cause copies of such determinations to be kept on file at its principal office and posted at each Site. Customer will promptly notify ESCO of any changes to any such prevailing wage determination.

- (a) **No Disqualification.** ESCO represents and warrants that neither it, nor any of its Subcontractors, has been debarred by the California Labor Commissioner pursuant to Section 1777.1 of the California Labor Code or otherwise.
- (b) **Failure to Comply.** Any failure of ESCO or its Subcontractors to comply with applicable Labor Laws shall constitute a material breach of this Agreement for purposes of Section 5.2 hereof (Customer Termination for Cause). In addition, Customer may withhold payment to ESCO as necessary to satisfy any civil wage or other penalty assessment issued by the California Labor Commissioner.

Section 3.6. Reliance on Customer Information. In performing the Work, ESCO shall be entitled to rely on the accuracy and completeness of any and all information provided to ESCO by Customer, including without limitation the information required to be provided pursuant to Section 1.6 of this Agreement, except where it would be unreasonable to do so.

Section 3.7. ESCO's Warranties and Disclaimers. ESCO warrants to Customer that, for a period of one (1) year from the applicable Date of Substantial Completion of Work covered by a Letter of Substantial Completion (the "*Warranty Period*"), the materials and equipment manufactured by ESCO will be of good quality and new unless the Contract Documents require or permit otherwise, and further warrants that such Work will conform to the requirements of the Contract Documents and will be free from defects, except for those inherent in the quality of the Work the Contract Documents require or permit. Work, materials, or equipment not conforming to these requirements may be considered defective. ESCO's warranty excludes remedy for damage or defect caused by abuse, alterations to the Work not executed by or on behalf of ESCO, improper or insufficient maintenance, improper operation, or normal wear and tear and normal usage. ESCO shall repair or replace defective material or equipment and re-perform Work to correct any defect within the applicable Warranty Period. In the event warranty Work by the ESCO is necessary, the ESCO shall provide an additional one-year warranty on the corrected Work only from the date the corrected Work is completed or the end of the initial warranty period, whichever is later. ESCO does not warrant products not manufactured by ESCO, but it will pass on to Customer any manufacturer's warranty to the extent permitted. THE FOREGOING WARRANTIES AND REMEDIES ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES AND REMEDIES, WHETHER STATUTORY, EXPRESS OR IMPLIED (INCLUDING ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND ALL WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OR TRADE).

ARTICLE 4 CHANGES

Section 4.1. Change Orders. Customer may request changes in the Scope of Design Work and/or the Scope of Construction Work by submitting a description of the requested changes to ESCO in writing. In response to any such request and within fifteen (15) business days thereof, ESCO shall provide to Customer a written proposal that describes in reasonable detail: (i) the proposed change to the scope of Work; (ii) the impact of the change on the time required for performance of ESCO's obligations; (iii) the impact of the change on the compensation to be paid by Customer to ESCO; and (iv) if applicable pursuant to Section 2.5 hereof, the impact of the change on any efficiency or energy savings guarantees (a "Change Proposal"). ESCO may likewise submit a Change Proposal to Customer in the event this Agreement authorizes or requires the Parties to negotiate and/or execute a Change Order or in the event ESCO otherwise wishes to request a Change Order in good faith; in such event, the Change Proposal shall include a description of the contractual, legal or other basis for requesting the proposed changes.

Section 4.2. Change Order Process. Within five (5) business days following ESCO's delivery of a Change Proposal, the Parties shall meet and confer, acting reasonably and in good faith, to negotiate a mutually acceptable Change Order in accordance with the principles set forth herein. Promptly following agreement on the terms and conditions of the Change Order, the Parties shall execute the same. If the Parties do not agree upon the terms and conditions of the Change Order, then either party may submit the matter to dispute resolution pursuant to Section 8.12 (Dispute Resolution and Claims). No change shall be valid or binding on the Parties unless, and except to the extent, incorporated into a Change Order.

Section 4.3. Materials and Equipment Procurement. In the event a significant delay in acquiring materials or equipment or a significant increase in the price of materials or equipment occurs during the performance of the Agreement by no fault of ESCO, the Project Fee and/or the Completion Date, as appropriate, shall be equitably adjusted by Change Order. A change in the price of an item of material or equipment will be considered significant when the price of an item increases by five percent (5)% between the Project Proposal Date and the date on which such item is due to be purchased and/or installed in accordance with the Schedule of Values or the Construction Schedule.

Section 4.4. Unforeseen Conditions. "Unforeseen Site Conditions" shall mean and include any subsurface, concealed or latent conditions, including without limitation the presence of hazardous materials, that differ materially from those conditions (i) actually known by ESCO, (ii) accurately reflected in available existing data, (iii) expected based on the results of ESCO's Site Investigation, and/or (iv) that would have been identified, discovered and/or confirmed by the exercise of reasonable due diligence in ESCO's Site Investigation. In the event ESCO encounters Unforeseen Site Conditions at the Site or that otherwise impact the Project, ESCO shall notify Customer of such conditions promptly and before such conditions are further disturbed, but in no event later than three (3) business days after observing such conditions. To the extent ESCO incurs additional costs or delays as a result of Unforeseen Site Conditions, the Parties shall execute a Change Order reflecting an equitable adjustment to the Project Fee and/or the Completion Date, as appropriate.

ARTICLE 5 SUSPENSION AND TERMINATION

Section 5.1. Termination for Convenience by Customer. Customer may terminate this Agreement for convenience as set forth in Section 1.5.1.

Section 5.2. Termination for Cause by Customer. If ESCO repeatedly or materially breaches this Agreement, Customer has provided written notice to ESCO detailing the alleged breach, and within thirty (30) days of ESCO's receipt of such written notice ESCO has neither cured the alleged breach nor diligently commenced to cure such breach, Customer may terminate this Agreement effective immediately upon the receipt of written notice by ESCO. Nothing in this Agreement shall be deemed or construed as a waiver by ESCO of any rights it may have with respect to a wrongful suspension or termination by Customer.

Section 5.3. Suspension or Termination for Cause by ESCO. If Customer fails to make any payment(s) to ESCO as required in this Agreement or repeatedly or materially fails, refuses or neglects to fulfill any of its other obligations or responsibilities under this Agreement or the Contract Documents, ESCO may, after delivery of written notice and providing Customer thirty (30) days to cure such failure, refusal or neglect, suspend the Work or terminate this Agreement. If ESCO suspends the Work pursuant to this Section, the Work schedule and any anticipated completion dates shall be adjusted accordingly. If ESCO terminates the Agreement pursuant to this Section, ESCO shall be entitled to recover payment from Customer in accordance with Section 5.4 below. Nothing in this Agreement shall be deemed or construed as a waiver by Customer of any rights it may have with respect to a wrongful suspension or termination by ESCO.

Section 5.4. Compensation to ESCO Upon Termination. In the event of any termination other than a termination pursuant to Section 1.4.1 or a termination for cause by Customer pursuant to Section 5.2, Customer shall compensate ESCO: (i) for such portion of the Work as has been completed prior to the effective date of termination; (ii) for services in progress by ESCO and any of its Subcontractors at such time, including any overhead and/or anticipated profit attributable to such Work in progress, and (iii) for any costs and damages incurred by reason of the termination, including any proven loss with respect to subcontracts, materials, equipment, tools and machinery. In the event of a termination pursuant to Section 1.4.1, Customer shall pay the Design Fee to ESCO on the date of such termination.

Section 5.5. ESCO to Provide Copies of Project Documents. Not later than sixty days following the effective date of a termination pursuant to this Article 5, ESCO shall provide to Customer copies of all Project Documents (defined in Section 8.4).

Section 5.6. Effect of Termination. Termination of this Agreement and/or any of the Contract Documents shall release ESCO of all remaining obligations under the Agreement and the Contract Documents as of the effective date of termination, including, without limitation, any efficiency or energy savings guarantees (if applicable pursuant to Section 2.5 hereof).

Section 5.7. Survival of Obligations. The Parties' respective rights and obligations pursuant to this Article 5, Article 7 (subject to Section 7.9), and Article 8 shall survive termination of this Agreement.

ARTICLE 6 INSURANCE

Section 6.1. Required Insurance. ESCO shall, at its sole cost and expense, maintain in effect the following policies of insurance for the applicable period(s) set forth in Section 6.2:

- (i) **Commercial General Liability Insurance.** A policy of commercial general liability insurance, written on an "occurrence" basis, with a limit of two million dollars (\$2,000,000) per occurrence ("*General Liability Policy*").
- (ii) **Automobile Liability Insurance.** A policy of automobile liability insurance, written on an "occurrence" basis, with a combined single limit of one million dollars (\$1,000,000) per accident for bodily injury and property damage ("*Auto Liability Policy*"). The Auto Liability Policy must include coverage for owned, hired and non-owned automobiles.
- (iii) **Workers' Compensation and Employer's Liability Insurance.** Workers' compensation insurance as required by California law, and employer's liability insurance, written on an "occurrence" basis, with a limit of two million dollars (\$2,000,000).
- (iv) **Professional Liability Insurance.** Professional liability insurance, written on a claims made (and reported) basis, with a limit of two million dollars (\$2,000,000) per claim ("*Professional Liability Policy*").

Section 6.2. Duration of Insurance. The Policies shall be procured by ESCO prior to ESCO's commencement of the Project and, except for the Professional Liability Policy, shall be maintained in effect for at least one year following the earlier of the Project Completion Date or termination of this Contract. ESCO shall maintain the Professional Liability Policy in effect for at least three years following the earlier of the Project Completion Date or termination of this Contract..

Section 6.3. Insurer Rating Standards. The insurance policies required pursuant to this Article 6 must be issued by one or more insurers that are (i) licensed to do business in the State and (ii) have an A.M. Best Company rating of not less than "A-" and a financial size category of not less than "VII."

Section 6.4. Additional Insureds. At Customer's request, ESCO shall include Customer and Customer's directors, officers, employees, and agents as additional insureds on ESCO's General Liability Policy and Auto Liability Policy. The additional insured endorsements will be on ESCO's most current versions of ISO Form CG 2010 and ISO Form CG 2037 or their substantial equivalents.

Section 6.5. Waiver of Subrogation. Each of the General Liability Policy and the Auto Liability Policy shall provide a waiver of transfer of rights of recovery in favor of Customer.

Section 6.6. ESCO Insurance is Primary. The General Liability Policy and the Auto Liability Policy shall be endorsed to provide that they are primary and non-contributory.

Section 6.7. Premiums, Deductibles and Self-Insured Retentions. ESCO shall be solely responsible for paying deductibles and self-insured retentions applicable to any of the insurance policies that ESCO is required to have in effect pursuant to this Article 6.

Section 6.8. Evidence of Coverage. Prior to commencing the Work, ESCO shall provide to Customer a duly authorized and executed certificate of insurance evidencing that the insurance policies required to be maintained by ESCO pursuant to this Article 6 are in effect (each a "Certificate of Insurance")

Section 6.9 Notice of Change in Policies. ESCO shall notify Customer within thirty (30) days of its receipt of written notice from an applicable insurer that a policy required hereunder will expire without renewal or will be canceled, terminated, or materially reduced in coverage.

Section 6.10 Review of Coverage. Customer's failure to identify any non-compliance with the requirements of this Article shall not be deemed as a waiver of such requirements.

Section 6.11 Subcontractor Insurance. ESCO shall require each Subcontractor to maintain such levels and types of insurance coverage as are appropriate for the Work to be performed by such Subcontractor.

ARTICLE 7 INDEMNIFICATION AND LIABILITY

Section 7.1. Indemnification of Customer. ESCO shall, at its own cost and expense, indemnify, defend and hold harmless Customer and Customer's officers, directors, employees and agents ("Indemnified Parties") from and against all damages, penalties, losses, costs and expenses (including reasonable attorneys' fees) arising out of any third-party claim for personal injury or tangible property damage, but only to the extent caused by the negligence or misconduct of ESCO or any of ESCO's agents (including Subcontractors of any tier) in connection with this Contract, and provided that the Indemnified Parties (i) give ESCO prompt written notice of any such claim, and (ii) provide such cooperation and information as ESCO may reasonably require in the defense or handling of any such claim. ESCO shall not be responsible for any settlement or consent to judgment made by or on behalf of an Indemnified Party without ESCO's prior written consent.

Section 7.2. Defense of Customer. ESCO shall control the defense and handling of any claims for which ESCO is required to indemnify Customer and/or Customer Agents pursuant to Section 7.1, at ESCO's sole cost and expense, using qualified and appropriately experienced legal counsel selected and retained by ESCO. ESCO's obligations under Section 7.1 shall not apply to any claim that is settled or otherwise resolved by Customer and/or any Customer Agent without ESCO's prior written consent.

Section 7.3. Limitation on ESCO Obligations. ESCO shall not be obligated to indemnify or hold harmless Customer or any Customer Agent pursuant to this Article 7 to the extent any claim, demand, action, judgment, damage, loss, cost or expense results from the negligence or misconduct of Customer or any of Customer Agents. ESCO shall be reimbursed for any costs and expenses incurred in the defense or handling of any claim to the extent such claim is determined by a court or arbitrator of competent jurisdiction to be attributable to the negligence or misconduct of Customer or any Customer Agent.

Section 7.4. Applicability of Civil Code Section 2782.8. To the extent ESCO or any Subcontractor will provide "design professional services" in connection with this Agreement, this Article 7 shall be interpreted consistent with, and shall be limited by, California Civil Code Section 2782.8 as in effect on the Effective Date, and any obligation to indemnify Customer and/or Customer Agents shall apply only to the extent arising from the negligence, recklessness, or willful misconduct of ESCO or any of the ESCO Agents.

Section 7.5. Notice; Cooperation. Customer and Customer Agents shall promptly provide written notice to ESCO of any claims, demands, actions, judgments, damages, losses, costs and/or expenses for which ESCO may be responsible pursuant to this Article 7. Customer and Customer Agents shall fully cooperate with ESCO, at ESCO's cost and expense, to the extent reasonably necessary or appropriate in connection with the performance of ESCO's obligations pursuant to this Article 7.

Section 7.6. Insurance Not a Limitation. The obligations of ESCO pursuant to this Article 7 shall not be deemed or construed to be conditioned upon, limited by or expanded by the existence of any insurance coverage maintained by a Party or other person or entity.

Section 7.7. Subcontractor Indemnity. ESCO shall require each of its Subcontractors to comply with the requirements of this Article 7 related to indemnifying, holding harmless, and defending Customer, except to the extent Customer agrees in writing to apply a different set of standards or requirements to a particular Subcontractor.

Section 7.8. Limitations of Liability.

- (i) NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT OR THE CONTRACT DOCUMENTS TO THE CONTRARY, IN NO EVENT SHALL EITHER PARTY, ITS OFFICERS, DIRECTORS, AFFILIATES OR EMPLOYEES BE LIABLE FOR ANY FORM OF INDIRECT, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF USE, LOSS OF PRODUCTION, LOSS OF PRODUCT, LOSS OF REVENUE, LOSS OF PROFITS OR LOSS OF DATA DAMAGES, WHETHER SUCH DAMAGES ARISE IN CONTRACT OR TORT AND IRRESPECTIVE OF FAULT, NEGLIGENCE OR STRICT LIABILITY OR WHETHER SUCH PARTY HAS BEEN ADVISED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES.
- (ii) NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT OR THE CONTRACT DOCUMENTS AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE MAXIMUM LIABILITY OF ESCO FOR DAMAGES UNDER THIS AGREEMENT AND THE CONTRACT DOCUMENTS SHALL NOT EXCEED THE AMOUNTS ACTUALLY PAID BY CUSTOMER FOR THE SERVICE(S) GIVING RISE TO THE CLAIM. THE PRECEDING SENTENCE SHALL NOT APPLY TO ANY CLAIM FOR THIRD PARTY CLAIMS OF BODILY INJURY OR TANGIBLE PROPERTY DAMAGE, OR TO ANY OTHER CLAIM TO THE EXTENT OF ESCO'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

Section 7.9. Survival of Obligations. With respect to acts, omissions or incidents occurring prior to completion of the Project and/or termination of this Agreement, the Parties' respective rights and obligations pursuant to this Article 7 shall survive completion of the Project and/or termination of this Agreement for the applicable statute of limitations.

ARTICLE 8 MISCELLANEOUS

Section 8.1. Relationship of the Parties. ESCO is, for any and all purposes of or related to this Agreement, an independent contractor to Customer. In no event shall ESCO or any of its Subcontractors, or any officer, employee or agent of either, be deemed or construed to be a public official, officer, employee, consultant, or agent of Customer for purposes of conflict of interest laws or any other applicable law. Nothing herein shall be deemed to establish a relationship of principal and agent between ESCO and Customer, or any of their respective agents or employees, and neither this Agreement nor any of the Contract Documents may be construed as creating any form of legal association or arrangement that would impose liability upon one Party for the act or failure to act of the other Party.

Section 8.2. Taxes. ESCO and Customer agree to take all necessary measures to comply with all tax laws and regulations that apply to this Contract. ESCO shall be responsible for and pay when due all taxes for which ESCO is liable by reason of the performance of this Contract. Customer shall be responsible for and pay when due all taxes, if any, for which Customer is liable by reason of the performance of this Contract

Section 8.3. Project Records. ESCO shall keep and maintain all such books and records as are necessary for proper administration and performance of the Agreement and/or as are required by law and/or this Agreement to be maintained (to the extent exclusively related to the performance of the Agreement, "*Project Records*"). Pursuant to Government Code Section 8546.7, the California State Auditor has the right, for a period of three years after final payment is made under this Agreement, to examine and audit this Agreement at the request of Customer or as part of any audit of Customer. To the extent required by Government Code Section 8546.7 during such three-year period, ESCO shall allow the California State Auditor and Customer to examine and/or audit this Agreement and the relevant Project Records at ESCO's offices during normal business hours and upon reasonable advanced notice.

Section 8.4. Ownership and Use of Documents. Any and all final documents (both originals and reproductions) that have been obtained or prepared for Customer by ESCO pursuant to this Agreement and that have been paid for by Customer in accordance with this Agreement (each a "*Project Document*") shall be deemed and construed to be and remain the property of Customer. Assuming Customer has paid in full for the Project Documents, Customer shall have the right to use the Project Documents, for their intended purposes and, at Customer's sole discretion, for any other purpose, with no additional compensation due to ESCO. Except as expressly agreed in writing, Customer shall not be required to employ ESCO in connection with any future use of the Project Documents. However, notwithstanding anything to the contrary, Customer acknowledges and agrees that the Project Documents are prepared with the expectation and intent that the Project is to be performed and completed by or on behalf ESCO; in the event Customer terminates this Agreement pursuant to Section 1.4.1, Customer acknowledges and agrees that the Project Documents are not intended to be, and shall not be, relied upon by Customer or any third party in performing or completing any aspect of the Project. Customer shall indemnify and hold ESCO harmless for any liabilities caused by Customer's use of the Project Documents other than in connection with ESCO's completion of the Project.

Section 8.5. Intellectual Property Rights. Nothing in this Agreement shall be deemed or construed to result in Customer acquiring any interest or rights in any intellectual property owned, possessed or developed by ESCO or any third parties ("*ESCO Intellectual Property*"), including without limitation any ESCO Intellectual Property in or underlying the Project Documents. However, ESCO hereby grants Customer a perpetual, paid-up, worldwide license to make use of ESCO Intellectual Property to the extent that such ESCO Intellectual Property is necessary for the proper use, operation and/or maintenance of the Project Documents and/or any other products, services or deliverables provided by ESCO pursuant to this Agreement. ESCO shall indemnify, defend and hold harmless Customer and Customer Agents for any infringement of third-party intellectual property rights caused by ESCO or any of its Subcontractors in connection with this Agreement.

Section 8.6. Force Majeure. Notwithstanding anything to the contrary, ESCO shall not be held responsible (whether by actual or liquidated damages, termination for default, or otherwise) for any delay or non-performance that is caused by circumstances beyond ESCO's reasonable control (such as, for example, acts of God or the public enemy, acts of Governmental Authorities, fires, floods, epidemics and/or pandemics, quarantine restrictions, strikes, unusually severe weather, unusually severe shortages in the available supply

of materials or equipment needed for performance of the Work, Unforeseen Site Conditions, and delays of common carriers). In the event that ESCO's performance hereunder is impacted by such force majeure circumstances, then upon ESCO's reasonable request (with appropriate supporting documentation), the Parties shall execute a Change Order reflecting such equitable changes to this Agreement as may be necessary or appropriate under the circumstances.

Section 8.7. Export Control. The products, software, services, information, other deliverables and/or the technologies embedded therein (hereinafter referred to as "*Deliverables*") provided by ESCO under this Agreement contain or may contain components and/or technologies from the United States of America ("*US*"), the European Union ("*EU*") and/or other nations. Customer acknowledges and agrees that the assignment and/or usage of Deliverables under this Agreement shall fully comply with applicable US, EU and other national and international export control laws and/or regulations. Unless any applicable export licenses have been obtained from the relevant authority and the ESCO has approved, the Deliverables shall not (i) be exported and/or re-exported to any destination or party (including without limitation to any individual, group and/or legal entity) restricted by the applicable export control laws and/or regulations; or (ii) be used for those purposes and fields restricted by the applicable export control laws and/or regulations. Customer also agrees that the Deliverables will not be used either directly or indirectly in any rocket systems, unmanned air vehicles, and/or nuclear weapons delivery systems, nor will they be used in any design, development, production or use for any weapons (which may include, without limitation, chemical, biological or nuclear weapons). If any necessary or advisable licenses, authorizations or approvals are not obtained, whether arising from inaction by any relevant Governmental Authority or otherwise, or if any such licenses, authorizations or approvals are denied or revoked, or if the applicable export control laws and/or regulations would prohibit ESCO from fulfilling any order, or would in ESCO's judgment otherwise expose ESCO to a risk of liability under the applicable export control laws and/or regulations if it fulfilled the order, ESCO shall be excused from all obligations under such order and/or this Agreement.

Section 8.8. Ethics and Compliance with Laws. Each Party shall comply in all respects with all Applicable Law governing the duties, obligations, and business practices of that Party. Neither Party shall take any action in violation of any Applicable Law that could result in liability being imposed on the other Party. In the event Customer has concerns related to ESCO's ethics or any potential violations ESCO's code of conduct, Customer is welcome to make use of ESCO's Trust Line. The Trust Line is a confidential channel through which customers can ask questions and raise concerns. Reports can be made using the following link: <https://secure.ethicspoint.eu/domain/media/en/gui/104677/index.html>.

Section 8.9. Cybersecurity.

8.9.1. Customer's Obligations for Its Systems. Customer is solely responsible for the implementation and maintenance of a comprehensive security program ("*Security Program*") that contains reasonable and appropriate security measures and safeguards to protect its computer network, systems, machines, and data (collectively, "*Systems*"), including those Systems on which it runs the Deliverables provided by ESCO, against Cyber Threats. "*Cyber Threat*" means any circumstance or event with the potential to adversely impact, compromise, damage, or disrupt Customer's Systems or that may result in any unauthorized access, acquisition, loss, misuse, destruction, disclosure, and/or modification of Customer's Systems, including through malware, hacking, or similar attacks. Without limiting the foregoing, Customer shall at a minimum:

- (i) have qualified and experienced personnel with appropriate expertise in cybersecurity maintain Customer's Security Program, and have such personnel regularly monitor cyber intelligence feeds and security advisories applicable to Customer's Systems or Customer's industry;
- (ii) promptly update or patch its Systems or implement other appropriate measures based on any reported Cyber Threats and in compliance with any security notifications or bulletins, whether publicly disclosed on ESCO's security notification webpage at <https://www.se.com/ww/en/work/support/cybersecurity/security-notifications.jsp> or otherwise provided to Customer;
- (iii) regularly monitor its Systems for possible Cyber Threats;
- (iv) regularly conduct vulnerability scanning, penetration testing, intrusion scanning, and other cybersecurity testing on its Systems; and

- (v) meet the recommendations of ESCO's Recommended Cybersecurity Best Practices, available at <https://www.se.com/us/en/download/document/7EN52-0390/>, as may be updated by ESCO from time to time, and then-current industry standards.

8.9.2. Customer's Use of the Deliverables. ESCO may release Updates and Patches for its Deliverables from time to time. Customer shall promptly install any Updates and Patches for such Deliverables as soon as they are available in accordance with ESCO's installation instructions and using the latest version of the Deliverables, where applicable. An "Update" means any software that contains a correction of errors in a Deliverable and/or minor enhancements or improvements for a Deliverable, but does not contain significant new features. A "Patch" is an Update that fixes a vulnerability in a Deliverable. Customer understands that failing to promptly and properly install Updates or Patches for the Deliverables may result in the Deliverables or Customer's Systems becoming vulnerable to certain Cyber Threats or result in impaired functionality, and ESCO shall not be liable or responsible for any losses or damages that may result.

8.9.3. Identification of Cyber Threats. If Customer identifies or otherwise becomes aware of any vulnerabilities or other Cyber Threats relating to the Deliverables for which ESCO has not released a Patch, Customer shall promptly notify ESCO of such vulnerability or other Cyber Threat(s) via the ESCO Report a Vulnerability page (<https://www.se.com/ww/en/work/support/cybersecurity/report-a-vulnerability.jsp#PublicAgencies>) and further provide ESCO with any reasonably requested information relating to such vulnerability (collectively, "Feedback"). ESCO shall have a non-exclusive, perpetual and irrevocable right to use, display, reproduce, modify, and distribute the Feedback (including any confidential information or intellectual property contained therein) in whole or part, including to analyze and fix the vulnerability, to create Patches or Updates for its Public Agencies, and to otherwise modify its Deliverables, in any manner without restrictions, and without any obligation of attribution or compensation to Customer; provided, however, ESCO shall not publicly disclose Customer's name in connection with such use or the Feedback (unless Customer consents otherwise). By submitting Feedback, Customer represents and warrants to ESCO that Customer has all necessary rights in and to such Feedback and all information it contains, including to grant the rights to ESCO described herein, and that such Feedback does not infringe any proprietary or other rights of third parties or contain any unlawful information.

Section 8.10. Notices.

8.10.1. General Requirements. Any and all demands and notices required or permitted to be given pursuant to this Agreement (each a "Notice") must be in writing and must be given or served in accordance with this Section 8.10.

8.10.2. Methods of Delivery. Each Notice must be sent via: (i) personal delivery, with the name and signature of the recipient obtained upon delivery; (ii) registered or certified United States mail, with postage prepaid and return receipt requested; (iii) FedEx, U.P.S. or other reliable, private delivery service, with the name and signature of the recipient obtained upon delivery; or (iv) electronic mail, with the reference line indicating that it is a "Notice Pursuant to Energy Service Contract", with confirmation of transmission from the sender's machine or device retained in the sender's files (a copy of which shall be provided to the recipient upon request), and with the original Notice deposited for delivery pursuant to clauses (ii) or (iii) above within 12 hours after electronic transmission. Neither Party may unreasonably refuse to accept delivery of any Notice in an attempt to avoid the giving or service of the Notice, and any such refusal by a Party shall be deemed and construed as a material breach of such Party's obligations pursuant to this Agreement.

8.10.3. Effect of Receipt. A Notice shall be deemed given or served only upon actual receipt by the addressee. In the case of electronic mail, "actual receipt" must be confirmed by a "Read Receipt" or other confirmation of receipt by the recipient. Notwithstanding the foregoing, if any Notice (including, without limitation, any Notice sent by electronic mail) is delivered after 4:00 p.m. on any weekday, on a weekend (Saturday or Sunday), on any federal or State of California holiday, or on any Customer furlough day mandated by the State of California or the Governing Body, the Notice shall be deemed to have been given or served as of 9:00a.m. on the next business day.

8.10.4. Applicability of Notice Requirements. The requirements of this Section 8.10 shall not be deemed or construed to apply to: (i) communications between Customer and/or ESCO necessary for day-to-day administration of this Agreement or performance of the Work; or (ii) service of process in accordance with any Applicable Law or court rule.

8.10.5. Contact Information; Changes. Notice must be addressed and delivered to a Party at the address set forth below, with attention to such Party's representative named below. A Party must give Notice, in accordance with this Section 8.10, of each change in such Party's address, person to whom attention should be directed, or e-mail address. If any such information applicable to a Party changes and such Party does not give Notice of such change, any subsequent Notices addressed and delivered based on such Party's prior contact information shall be deemed and construed to have been properly given or served in accordance with this Section 8.10, regardless of whether "actual receipt" has occurred.

Customer:

[INSERT CUSTOMER NAME]

[INSERT ADDRESS]

[INSERT ADDRESS]

Attention: [INSERT NAME]

ESCO:

Schneider Electric Buildings Americas, Inc.

1650 West Crosby Rd

Carrollton, TX 75006

Attention: Tammy Fulop

Section 8.11. Governing Law. This Agreement shall be governed by and interpreted in accordance with California law, regardless of any conflict-of-laws provisions applicable in California or any other jurisdiction.

Section 8.12. Claims and Dispute Resolution.

8.12.1. Informal Process. If a dispute arises out of or relates to this Agreement, the transaction contemplated by this Agreement, or the breach of this Agreement (a "Dispute"), either Party may initiate the dispute resolution process set forth in this Section 8.12 by giving notice to the other Party. Within fifteen (15) business days after notice of the Dispute, ESCO's senior project management personnel will meet with Customer's project representative in a good faith attempt to resolve the Dispute.

8.12.2. Claims Process Under Public Contract Code. In the event that a remedy acceptable to both Customer and ESCO cannot be found pursuant to Section 8.12.1, ESCO may commence the dispute resolution process set forth in California Public Contract Code §9204 et seq., which can be summarized as follows (the following is a summary only and is not intended to modify in any way the requirements and timeframes set forth in the statute):

- (a) A "claim" means a separate demand by a contractor for one or more of the following: (i) a time extension, including, without limitation, for relief from damages or penalties for delay assessed by a public entity under a contract for a public works project; (ii) payment by the public entity

of money or damages arising from work done by, or on behalf of, the contractor pursuant to the contract for a public works project and payment for which is not otherwise expressly provided or to which the claimant is not otherwise entitled; and (iii) payment of an amount that is disputed by the public entity. The claimant shall furnish reasonable documentation to support the claim.

- (b) Upon receipt of a claim, the public entity shall conduct a reasonable review of the claim and shall provide the claimant a written statement identifying what portion of the claim is disputed and what portion is undisputed. If the claimant disputes the public entity's written response, or if the public entity fails to respond to a claim within the time prescribed by statute, the claimant may demand in writing an informal conference to meet and confer for settlement of the issues in dispute.
- (c) Following the conclusion of the meet and confer conference, if the claim or any portion of the claim remains in dispute, the public entity shall provide the claimant a written statement identifying the portion of the claim that remains in dispute and the portion that is undisputed. Any payment due on an undisputed portion of the claim shall be processed and made in accordance with the statute. Any disputed portion of the claim, as identified by the contractor in writing, shall be submitted to nonbinding mediation, with the public entity and the claimant sharing the associated costs equally.
- (d) Notwithstanding the foregoing, upon receipt of a claim, the Parties may mutually agree to waive, in writing, mediation and proceed directly to the commencement of binding arbitration, as set forth in Section 8.13.

Section 8.13. Arbitration. Customer and ESCO agree that if the claim or Dispute is not governed by, or cannot be resolved by the process set forth in, Public Contract Code §9204 et seq. and summarized in Section 8.12, the exclusive means to resolve the claim or Dispute will be arbitration pursuant to Public Contract Code §10240 et seq., and the provisions of Public Contract Code §20104 et seq. shall not apply. Notwithstanding any other provision of law, arbitrators appointed for purposes of this Section 8.13 shall be experienced in construction law and shall be paid necessary and reasonable hourly rates not to exceed their customary rate. Such fees and expenses shall be paid equally by the Parties, except where the arbitrator, for good cause, determines a different division.

Section 8.14. Multiparty Proceeding. Either Party may join third parties whose joinder would facilitate complete resolution of the Dispute and matters arising from the resolution of the Dispute.

Section 8.15. Interpretation of Agreement.

8.15.1. Fair and Reasonable Interpretations. Prior to execution and delivery of this Agreement, each Party has received, or had unqualified opportunities to receive, independent legal advice from its legal counsel with respect to the advisability of executing this Agreement and the meaning of the provisions herein. Therefore, the provisions of this Agreement shall be construed based on their fair and reasonable meaning, and not for or against any Party based on whether such Party or its legal counsel was primarily responsible for drafting this Agreement or any particular provision herein.

8.15.2. Headings and Captions. The headings and captions set forth in this Agreement are for the convenience of the reader only and shall not be deemed or construed to establish, define or limit the meaning of any Article, Section or other provision herein.

8.15.3. Applicable Law Deemed Included. Each and every provision required by any Applicable Law to be included in this Agreement is hereby deemed to be so included, and this Agreement shall be construed and enforced as if all such provisions are so included. If, for any reason, any provision

required by any Applicable Law is not expressly included herein, or is not correctly included herein, then, upon request of either Customer or ESCO, the Parties shall amend this Agreement to include or incorporate, or to correctly include or incorporate, such provision.

Without limiting the generality of the foregoing, the following provisions are hereby included at Customer's direction, to the extent legally required:

- (a) **Trenching.** Pursuant to California Labor Code §6705, if the Work is a public work involving an estimated expenditure in excess of \$25,000 and includes the excavation of any trench or trenches five (5) feet or more in depth, ESCO will, in advance of excavation, submit to Customer and/or a registered civil or structural engineer, employed by Customer, to whom authority to accept has been delegated, a detailed plan showing the design of shoring, bracing, sloping, or other provisions to be made for worker protection from the hazard of caving ground during the excavation of such trench or trenches, which provisions will be no less effective than the current and applicable CAL-OSHA Construction Safety Orders. No excavation of such trench or trenches may be commenced until this detailed plan has been accepted by Customer or by the person to whom authority to accept has been delegated by Customer. Pursuant to California Labor Code §6705, nothing in this Section 8.13.3(a) imposes tort liability on Customer or any of its employees.
- (b) **California Public Contract Code §7104.** If the Work is a public work involving digging trenches or other excavations that extend deeper than four (4) feet below the surface of the ground:

 - (i) ESCO will promptly, and before the following conditions are disturbed, notify Customer, in writing, of any:

 - (1) Material that ESCO believes may be material that is hazardous waste, as defined in California Health and Safety Code §25117, that is required to be removed to a Class I, Class II, or Class III disposal site in accordance with provisions of existing law;
 - (2) Subsurface or latent physical conditions at the site differing from those indicated by information about the site made available to ESCO before the Effective Date;
 - (3) Unknown physical conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in this Agreement.
 - (ii) Customer will promptly investigate the conditions and, if it finds that the conditions do materially so differ or do involve hazardous waste, and cause a decrease or increase in ESCO's cost of, or the time required for, performance of any part of the Work will issue a Change Order under the procedures described in this Agreement.
 - (iii) If a dispute arises between Customer and ESCO, whether the conditions materially differ, or involve hazardous waste, or cause a decrease or increase in ESCO's cost of, or time required for, performance of any part of the Work, ESCO will not be excused from any scheduled completion date provided for by this Agreement but will proceed with all Work to be performed under this Agreement. ESCO will retain any and all rights provided either by contract or by law which pertain to the resolution of disputes and protests between the Parties.
- (c) **[Lead-Based Paint.** Pursuant to California Education Code §32244, no lead-based paint, lead plumbing and solders, or other potential sources of lead contamination will be utilized on this Project. Customer acknowledges and agrees that actions to abate existing risk factors for lead are expressly excluded from the Scope of Work, and ESCO will have no obligation to take any such abatement action.]
- (d) [To the extent Customer is funding the Project or a portion of the Project with a Federal award, the "Contract Provisions for Non-Federal Entity Contracts Under Federal Awards" set forth

under Appendix II to Part 200 of Title 2 of the Code of Federal Regulations are hereby incorporated in this Agreement and shall apply to such portion of the Project as if set forth in full herein.]

Section 8.16. Severability. If any provision of this Agreement is determined to be invalid, illegal, or unenforceable as written, such provision shall be construed consistent with and to the fullest extent permitted under Applicable Law, and any such determination shall not affect or impair the validity, legality and enforceability of the remaining provisions.

Section 8.17. Entire Agreement. This Agreement, together with the Contract Documents, constitutes the entire understanding and agreement between the Parties pertaining to the performance by ESCO of the services required by this Agreement, and all prior and contemporaneous agreements, representations and understandings of the Parties relating to such subject matter, whether oral or written, are hereby superseded and replaced.

Section 8.18. Modifications of Agreement. This Agreement may be amended or otherwise modified only by means of a written instrument duly approved, signed, and delivered by both Parties.

Section 8.19. Waiver. A waiver by a Party of any provision of this Agreement shall be binding only if the waiver is set forth in writing and has been duly approved and signed by the waiving Party. Unless so specified in the written waiver, a waiver by a Party of any provision of this Agreement shall not constitute a waiver of any other provision(s) herein, similar or not, and shall not be construed as a continuing waiver. Except as waived in accordance with this Section, a Party's failure to require performance of any requirement of this Agreement shall not, in any manner, affect the Party's right to enforce the same or any other provision of this Agreement at a later time.

Section 8.20. Successors and Assigns. Neither Party may assign this Agreement without the express written consent of the other Party, and any attempt to do so shall be null and void. Subject to the foregoing, this Agreement shall inure to the benefit of, and be binding on, the Parties' authorized successors and assigns.

Section 8.21. Third-Party Beneficiaries. The Parties have entered into this Agreement solely for their own purposes, and this Agreement shall not be deemed or construed to: (i) benefit any third party; (ii) create any right for any third party; or (iii) except as provided by law, provide a basis for any claim, demand, action or other proceeding by any third party.

Section 8.22. Agreement is Public Record. Subject to any legally permissible exceptions, this Agreement is a public record which Customer may disclose in accordance with California law.

Section 8.23. Execution of Agreement.

8.23.1. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which, taken together, shall constitute one and the same instrument. Signature pages may be detached from counterpart originals and combined to physically form one or more copies of this Agreement having original signatures of both Parties.

8.23.2. Due Authority of Signatories. Each person signing this Agreement represents and warrants that he or she has been duly authorized by appropriate action of the Party he or she represents to execute, and thereby bind such Party to, this Agreement.

In Witness Whereof, the Parties have executed this Agreement as evidenced by the signatures of their authorized representatives below.

[INSERT CUSTOMER NAME]

Schneider Electric Buildings Americas, Inc.

By: _____

By: _____

Print Name: _____

Print Name: _____

Print Title: _____

Print Title: _____

Date Signed: _____

Date Signed: _____

Fed. Tax ID No: _____

Exhibit A
Scope of Work - Design Phase of the Project

1. Responsibilities

Customer Will:

- A. Provide ESCO with all such access, knowledge and history as may be relevant to ESCO's analysis and/or design, including, without limitation:
 - (i) access to Customer's Facilities, systems and equipment, including remote network access, as necessary or appropriate to facilitate ESCO's analysis and design (i.e. enabling ESCO to take equipment inventory, determine operating schedules, evaluate known operational deficiencies, perform an energy efficiency analysis, measure actual energy use, etc.);
 - (ii) access to key personnel to discuss operating requirements, maintenance practices, and other information relevant to ESCO's analysis;
 - (iii) information relating to any and all known or suspected deficiencies, defects and malfunctions of or affecting the Facilities, systems, equipment and components thereof;
 - (iv) information relating to any site conditions that should be considered in planning and executing the construction services;
 - (v) twenty-six (26) months of electric, gas, and water data, including utility billings on meters for all premises owned by Customer; and
 - (vi) access to copies or loans of such documentation as may be relevant to ESCO's analysis, including, as applicable and without limitation, Facility plans, equipment lists, and/or other utility invoices.
- B. Meet with ESCO to establish Project criteria and make Project decisions in a timely manner.
- C. Promptly inform ESCO if at any point Customer becomes aware of any portions of scope that will not be included or funding that will not be available for final Project implementation.
- D. **[Additional items may be inserted.]**

ESCO Will:

- A. Compile information reasonably requested by Customer for purposes of any grant applications being submitted by the Customer in connection with the Project.
- B. Conduct a Project programming meeting, Facility walk-through(s) and personnel interview(s) to gain an understanding of Facility operations, concerns, needs, and desired performance criteria.
- C. Work with Customer to refine performance requirements, financial criteria, and Project scope.
- D. Provide Customer a water, energy, revenue, and cost savings analysis demonstrating the simple ROI effect of project finances and operations.
- E. Provide Customer a Net Present Value lifecycle financial analysis cash flow.
- F. **If applicable, provide an energy analysis report sufficient to demonstrate that the anticipated cost to Customer of the recommended project developed will be less than the anticipated marginal cost to Customer of thermal, electrical, or other energy that would have been consumed by Customer in the absence of the Project in accordance with Government Code section 4217.10 et seq.**
- G. Provide Customer with a Project Proposal setting forth the following:
 - (i) Proposed Scope of Construction Work
 - (ii) Proposed Preliminary Construction Schedule

(iii) Proposed lump-sum Construction Fee

(iv) If applicable:

- A proposed form of Performance Assurance Support Services Agreement
- A proposed Performance Guarantee
- A proposed Measurement & Verification ("M&V") Plan
- A proposed schedule of Customer Responsibilities for Performance Guarantee

2. **Phases of Design**

The Design Scope of Work shall consist of two phases: Conceptual Development (Up to Mid-Term Design Meeting) and Design Development (up to Design Completion Meeting).

A. Conceptual Development (Project Scoping)

- i. At the Mid-term meeting, ESCO shall demonstrate for Customer whether recommended improvement measures are viable and whether financial benefits (including grants) can be derived by their implementation in an amount sufficient to cover costs associated with the Project.
- ii. Scope of work includes a description of the Energy Conservation Measures (ECM), Energy Generation Measures (EGM) and/or Facility Improvement Measures (FIM), a clear understanding of grant criteria and estimated probability of securing grants, calculation of energy and operational savings, and preliminary costs for the construction of the scope.

B. Design Development (Design Completion)

- (i) At the Design Completion Meeting, ESCO shall provide Customer with a Project Proposal setting forth:
 - A proposed final Scope of Construction Work (detailing any included ECMs, EGMs and/or FIMs);
 - A proposed Preliminary Construction Schedule;
 - The proposed Project Fee.
 - If applicable, any proposed energy and/or other operational savings guarantees.

3. **Facilities Included**

The Design Services will be performed in the following Customer facilities. Any additional facilities to be added in the future must be by mutual agreement between Customer and ESCO:

Facilities

Exhibit B***Preliminary Schedule – Design Phase of the Project***

Following is the preliminary schedule for the Design Phase. A firm development schedule will be developed and presented for acceptance by Customer once ESCO has discussed development requirements and timing with Customer.

Item	Target Schedule
Customer approves selection of ESCO and to move forward with Project at regularly scheduled Council Meeting.	
Customer signs Energy Service Contract authorizing ESCO to proceed with design services	
Customer provides complete utility information, building plans, etc.	
ESCO and Customer conduct a Kick-Off Meeting	
General Information of Grant package submitted	
Mid-term Meeting (Preliminary scope of Work, budgetary costs, budgetary savings, grant summary and probability review and other financing options)	
Design Completion Meeting	
Technical, Environmental and Financial Grant Packages Submitted	
Customer and ESCO complete negotiations of construction services scope and pricing and iron out all details for the Council package.	
Customer posts public notice 2 weeks prior to Council Meeting of approving going forward with the Construction Phase	
Customer approves resolution authorizing of Construction Amendment at regularly scheduled board meeting.	
Construction Amendment is executed and serves as NTP allowing ESCO to proceed with the Construction Work.	TBD
A construction kick-off meeting is held to prepare for the Construction Phase.	TBD

EXHIBIT C
Design Fee

Design Fee:

The “Design Fee” shall be: \$[REDACTED].

SCHEDULE I

FORM OF CONSTRUCTION AMENDMENT

This Amendment and Notice to Proceed with the Construction Phase (this “*Construction Amendment*”) is executed and made effective as of **[INSERT DATE]** (the “*Construction Amendment Effective Date*”) by and between the **[INSERT CUSTOMER NAME]**, a **[JURISDICTION AND TYPE]** (“*Customer*”), and **Schneider Electric Buildings Americas, Inc.**, a Delaware corporation with California Contractors License Number 708952 (“*ESCO*”). This Construction Amendment is executed pursuant to and made part of the Agreement (defined and described below). The Agreement, as amended by this Construction Amendment, shall be referred to herein as the “*Amended Agreement*”, and any capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Agreement.

RECITALS

WHEREAS, the Parties previously entered into that certain Energy Service Contract dated as of **[INSERT DATE OF ORIGINAL AGREEMENT]** (the “*Agreement*”), whereby Customer engaged ESCO to perform all of the Design Work and the Construction Work for the Project described therein;

WHEREAS, Section 1.4 of the Agreement provides that, following review of ESCO’s Project Proposal at the end of the Design Phase, Customer may either (i) terminate the Agreement, or (ii) move forward with the Construction Phase by executing this Construction Amendment;

WHEREAS, pursuant to California Government Code Section 4217.12, Customer held a regularly scheduled public hearing on **[DATE]**, of which two weeks advance public notice was given, regarding this Construction Amendment and its subject matter;

WHEREAS, at such meeting, Customer accepted the Project Proposal, and determined that ESCO has the technical and management capabilities and experience to implement the Project Proposal, and that the anticipated cost to Customer to implement the ECMs identified in the Project Proposal will be less than the anticipated cost to Customer for thermal, electrical, and other energy, together with anticipated operational, maintenance and other costs, that would have been consumed by Customer in the absence of the identified ECMs in compliance with California Government Code Sections 4217.10 through 4217.18;

WHEREAS, Customer has further determined that the Agreement, as amended hereby, constitutes an “energy service contract” within the meaning of California Government Code Section 4217.10 et seq., that entering into this Construction Amendment to implement the Project Proposal is in the best interests of Customer, and that California Government Code Section 4217.10 et seq. allows Customer to enter into this Construction Amendment, and Customer now wishes to engage ESCO, pursuant to the terms and conditions of this Construction Amendment, to finalize the design and construct the Project for purposes of implementing the ECMs; and

WHEREAS, effective as of the Construction Amendment Effective Date, this Construction Amendment shall become part of the Agreement and shall serve to incorporate the details of the Construction Phase therein.

NOW, THEREFORE, in consideration of the foregoing and of the respective rights and obligations of the Parties set forth in the Amended Agreement, the Parties hereby agree as follows:

I. CONSTRUCTION AMENDMENT

The following provisions shall modify, supplement, and become part of the Agreement, as applicable:

Section 1. Amended Agreement. This Construction Amendment and all of the Exhibits attached hereto are hereby made part of the Agreement as if set forth in full therein. In the event of any conflict between the provisions of the Agreement and the provisions of this Construction Amendment, the provisions of this Construction Amendment shall prevail.

Section 2. Scope of Construction Services. In accordance with Section 2.2 of the Agreement, the Scope of Construction Work to be performed by ESCO in connection with the Project is set forth on Exhibit D, attached hereto and incorporated in the Agreement by this reference.

Section 3. Construction Time. In accordance with Section 2.3 of the Agreement, the Preliminary Construction Schedule, setting forth the Completion Date for the Construction Work and any applicable milestone dates, is attached hereto as Exhibit E and incorporated in the Agreement by this reference.

Section 4. Project Fee. In accordance with Section 2.4.1 of the Agreement, the Project Fee is set forth on Exhibit F, attached hereto and incorporated in the Agreement by this reference. The Project Fee is inclusive of the Design Fee (such Design Fee having been rolled into the Project Fee pursuant to Section 1.4.2 of the Agreement).

Section 5. Notice to Proceed. In accordance with Section 2.1.1 of the Agreement, the execution of this Construction Amendment serves as Customer's Notice to Proceed with the Construction Work

[Section 6. No Performance Guarantee. Notwithstanding anything to the contrary, ESCO is not providing any energy or efficiency savings guarantees in connection with the Project or the Agreement.]

OR

[Section 6. Performance Guarantee. Upon completion of the Construction Work, ESCO shall provide certain energy and/or efficiency savings guarantees to Customer, subject to the terms and conditions of this Section 6 and Exhibits G – J, attached hereto and incorporated in the Agreement by this reference.

Subsection 6.1. Exhibits. Each of the following Exhibits shall be attached hereto and, subject to the terms and conditions hereof, shall be incorporated in full herein:

Exhibit G:	Performance Assurance Support Services Agreement ("PASS Agreement")
Exhibit H:	Performance Guarantee
Exhibit I:	Measurement & Verification ("M&V") Plan
Exhibit J:	Customer Responsibilities for Performance Guarantee

Subsection 6.2. Definitions. For purposes of this Construction Amendment, and for purposes of Exhibits G-J to the extent not defined therein, each of the below terms shall be defined as follows:

(i) "Actual Savings" means the sum of the total savings realized, as determined using the M&V Plan attached hereto as Exhibit I, plus all adjustments and non-measured savings.

(ii) "Annual Savings Guarantee" means the amount of energy and/or efficiency savings guaranteed by ESCO for each Guarantee Year, as set forth on Exhibit H hereto.

(iii) "Guarantee Year" means the twelve (12) month period beginning on the Savings Guarantee Commencement Date and each subsequent twelve (12) month anniversary during the guarantee term.

(iv) "Performance Guarantee" means the sum of the Annual Savings Guarantee for each year of the guarantee term as set forth on Exhibit H hereto, unless terminated earlier in accordance with the Contract Documents.

(v) "Savings Guarantee Commencement Date" means the first day of the Customer's first utility billing period following the month in which ESCO delivers to Customer a Letter of Substantial Completion for the Construction Work.

Subsection 6.3. Performance Services. For the initial one (1) year beginning on the Savings Guarantee Commencement Date, Customer shall receive, at no additional cost, the services described in the *PASS Agreement* attached hereto as Exhibit G (the “*PASS Services*”). At the end of the initial term of the *PASS Agreement*, and at the end of each subsequent term thereafter, Customer may either (1) continue with the same level of *PASS Services* as were provided in the previous term, (2) change the *PASS Services* level in accordance with the terms of the *PASS Agreement*, or (3) terminate the *PASS Agreement* and the *Performance Guarantee* in accordance with the termination provisions thereof.

Subsection 6.4. Customer Responsibilities for Performance Guarantee. The Customer agrees to fulfill its responsibilities as set forth on Exhibit J, attached hereto. If the Customer fails or neglects to fulfill any of its obligations or responsibilities under Exhibit J, ESCO may, after delivery of written notice and providing the Customer thirty (30) days to cure such failure or neglect, terminate the *Agreement* and any applicable *Contract Documents* (including, without limitation, Exhibits G - J hereto) in accordance with Section 5.3 of the *Agreement*.]

II. GENERAL PROVISIONS

The following provisions shall govern the interpretation and enforcement of this Construction Amendment:

Section 1. No Other Modifications. The provisions of Part I of this Construction Amendment, together with the Exhibits referenced therein, shall be construed as the sole extent of the modifications being made to the *Agreement* pursuant to this Construction Amendment. Except as hereby modified, the *Agreement* shall continue in full force and effect in accordance with its provisions.

Section 2. Governing Law. This Construction Amendment shall be governed by and interpreted in accordance with California law, regardless of any conflict-of-laws provisions applicable in California or any other jurisdiction.

Section 3. Severability. If any provision of this Construction Amendment is determined to be invalid, illegal, or unenforceable as written, such provision shall be construed consistent with and to the fullest extent permitted under applicable law, and any such determination shall not affect or impair the validity, legality and enforceability of the remaining provisions.

Section 4. Entire Agreement. The Amended *Agreement*, together with the *Contract Documents*, constitutes the entire understanding and agreement between the Parties pertaining to the performance by ESCO of the services required by the Amended *Agreement*.

Section 5. Counterparts. This Construction Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which, taken together, shall constitute one and the same instrument. Signature pages may be detached from counterpart originals and combined to physically form one or more copies of this Construction Amendment having original signatures of both Parties.

Section 6. Due Authority of Signatories. Each person signing this Construction Amendment represents and warrants that he or she has been duly authorized by appropriate action of the Party he or she represents to execute, and thereby bind such Party to, this Construction Amendment.

In Witness Whereof. The Parties have executed this Construction Amendment as evidenced by the signatures of their authorized representatives below.

[INSERT CUSTOMER NAME]

Schneider Electric Buildings Americas, Inc.

By: _____

By: _____

Print Name: _____

Print Name: _____

Print Title: _____

Print Title: _____

Date Signed: _____

Date Signed: _____

Fed. Tax ID No: _____

A landscape photograph of a grassy hill under a blue sky with a few trees in the distance. The foreground is filled with tall, green grass. In the middle ground, there is a grassy slope with several large, dark rocks. In the background, a line of trees is visible against the sky. The sky is a clear, deep blue with a few wispy clouds. The overall scene is peaceful and natural.

7

Acknowledgments

7. Acknowledgements

Acknowledgement of receipt of any City responses to written questions received during the proposal period. The City will only respond to written questions with written responses, which are posted to the City website with the RFP. Any questions must be received no later than 5 business days prior to the RFP due date.

Response to Request for Proposals (RFP) Questions #1

RFP FOR AN ENERGY/WATER RESOURCES AUDIT AND IMPLEMENTATION OF ENERGY AND WATER RESOURCES EFFICIENCY IMPROVEMENT PROJECTS

(Q) There is an entry on the Requirements for Submission section that asks to fill out the IGA Price proposal form. However, to give a better estimate of the price would you please inform me of the total square footage of the City's facilities to be audited? Also how necessary is this form for the total point evaluation?

(A) See pre-bid meeting presentation, located on the City website with the RFP, for approximate square footages of City facilities. Evaluators will review and factor in all information required for this RFP, as provided for in Section VII – Consultant Selection process of the RFP.

(Q) Considering that the DOE's requirements for accreditation and the requirements for NAESCO are essentially the same, would you consider forgoing this requirement for ...[the RFQ]?

(A) The first two bullets under Section III - Minimum Requirements are combined and amended as follows:

- **Current accreditation by the National Association of Energy Services Companies (NAESCO) OR Included on the U.S. Department of Energy's (DOE) Qualified List of Energy Service Companies**

All other minimum requirements in the RFP remain unchanged.



Consultants Signature

8/19/2024

Date

I am authorized to sign on behalf of my organization and hereby acknowledge that the responses to comments and amendments were received and incorporated into the proposal submitted.

Note: This form must be signed, dated and included with the proposal for the proposal to be deemed complete.



A

Appendix A: Audited Financial Statement

5

Consolidated financial statements at December 31, 2023

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5.1 Consolidated statement of income

(in millions of euros except for earnings per share)		Note	Full Year 2023	Full Year 2022
Revenue	3		35,902	34,176
Cost of sales			(20,890)	(20,300)
Gross profit			15,012	13,876
Research and development	4		(1,168)	(1,040)
Selling, general and administrative expenses			(7,432)	(6,819)
Adjusted EBITA *	3		6,412	6,017
Other operating income and expenses	6		98	(433)
Restructuring costs			(147)	(227)
EBITA **			6,363	5,357
Amortization and impairment of purchase accounting intangibles	5		(430)	(424)
Operating income			5,933	4,933
Interest income			79	24
Interest expense			(387)	(130)
Finance costs, net			(308)	(106)
Other financial income and expense	7		(222)	(109)
Net financial income/(loss)			(530)	(215)
Profit from continuing operations before income tax			5,403	4,718
Income tax expense	8		(1,285)	(1,211)
Share of profit/(loss) of associates	12		51	29
PROFIT FOR THE YEAR			4,169	3,536
attributable to owners of the parent			4,003	3,477
attributable to non-controlling interests			166	59
Basic earnings (attributable to owners of the parent) per share (in euros per share)	19		7.15	6.23
Diluted earnings (attributable to owners of the parent) per share (in euros per share)	19		7.07	6.15

* Adjusted EBITA (Earnings Before Interest, Taxes, Amortization of Purchase Accounting Intangibles): Operating profit before amortization and impairment of purchase accounting intangible assets, before goodwill impairment, other operating income and expenses and restructuring costs.

** EBITA (Earnings Before Interest, Taxes and Amortization of Purchase Accounting Intangibles): Operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment.

The accompanying notes are an integral part of the consolidated financial statements.

Other comprehensive income

<i>(in millions of euros)</i>	Note	Full Year 2023	Full Year 2022
Profit for the year		4,169	3,536
Other comprehensive income:			
Translation adjustment		(1,034)	631
Revaluation of assets and liabilities due to hyperinflation		31	44
Cash-flow hedges		(46)	36
Income tax effect of cash flow hedges	19	6	(4)
Gains and losses recorded in equity with recycling		(1,043)	707
Net gains/(losses) on financial assets		20	(8)
Income tax effect of gains/(losses) on financial assets	19	(6)	2
Actuarial gains/(losses) on defined benefit plans	20	(119)	137
Income tax effect of actuarial gains/(losses) on defined benefit plans	19	69	(25)
Gains and losses recorded in equity with no recycling		(36)	106
Other comprehensive income for the year, net of tax		(1,079)	813
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,090	4,349
<i>attributable to owners of the parent</i>		<i>2,950</i>	<i>4,284</i>
<i>attributable to non-controlling interests</i>		<i>140</i>	<i>65</i>

The accompanying notes are an integral part of the consolidated financial statements.

5.2 Consolidated statement of cash flows

(in millions of euros)	Note	Full Year 2023	Full Year 2022
Profit for the year		4,169	3,536
Share of (profit)/losses of associates		(51)	(29)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment	11	743	750
Amortization of intangible assets other than goodwill	10	717	732
Impairment losses on non-current assets		60	61
Increase/(decrease) in provisions	21	87	32
Losses/(gains) on disposals of business and assets		(252)	70
Difference between tax paid and tax expense		(164)	139
Other non-cash adjustments		220	102
Net cash provided by operating activities		5,529	5,393
Decrease/(increase) in accounts receivable		62	(305)
Decrease/(increase) in inventories and work in progress		(382)	(553)
(Decrease)/increase in accounts payable		493	73
Decrease/(increase) in other current assets and liabilities		205	(254)
Change in working capital requirement		378	(1,039)
TOTAL I – CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		5,907	4,354
Purchases of property, plant and equipment	11	(914)	(707)
Proceeds from disposals of property, plant and equipment		52	69
Purchases of intangible assets	10	(451)	(386)
Net cash used by investment in operating assets		(1,313)	(1,024)
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	611	(297)
Other long-term investments		(89)	40
Increase in long-term pension assets	20	(257)	(130)
Sub-total		265	(387)
TOTAL II – CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(1,048)	(1,411)
Issuance of bonds	22	3,509	1,092
Repayment of bonds	22	(1,299)	(829)
Sale/(purchase) of treasury shares		(703)	(219)
Increase/(decrease) in other financial debt		939	143
Increase/(decrease) of share capital	19	284	208
Transaction with non-controlling interests*	2	(4,702)	(73)
Dividends paid to Schneider Electric's shareholders	19	(1,767)	(1,618)
Dividends paid to non-controlling interests		(84)	(157)
TOTAL III – CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(3,823)	(1,453)
TOTAL IV – NET FOREIGN EXCHANGE DIFFERENCE		(240)	(70)
TOTAL V – IMPACT OF RECLASSIFICATION OF ITEMS HELD FOR SALE		(4)	(20)
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I + II + III + IV + V		792	1,400
Net cash and cash equivalents, beginning of the year	18	3,863	2,463
Increase/(decrease) in cash and cash equivalents		792	1,400
NET CASH AND CASH EQUIVALENTS, END OF THE YEAR	18	4,654	3,863

* In 2023, transactions with non-controlling interests mainly relate to the purchase of AVEVA's non-controlling interests.

The accompanying notes are an integral part of the consolidated financial statements.

5.3 Consolidated balance sheet

Assets

(in millions of euros)	Note	Dec. 31, 2023	Dec. 31, 2022
NON-CURRENT ASSETS:			
Goodwill, net	9	24,664	25,136
Intangible assets, net	10	5,837	6,373
Property, plant and equipment, net	11	4,209	3,935
Investments in associates and joint ventures	12	1,206	1,241
Non-current financial assets	13	1,245	1,125
Deferred tax assets	14	1,636	1,616
TOTAL NON-CURRENT ASSETS		38,797	39,426
CURRENT ASSETS:			
Inventories and work in progress	15	4,519	4,346
Trade and other operating receivables	16	8,388	7,514
Other receivables and prepaid expenses	17	2,290	2,156
Cash and cash equivalents	18	4,696	3,986
TOTAL CURRENT ASSETS		19,893	18,002
Assets held for sale	2	209	940
TOTAL ASSETS		58,899	58,368

The accompanying notes are an integral part of the consolidated financial statements.

5.3 Consolidated balance sheet

Liabilities

<i>(in millions of euros)</i>	Note	Dec. 31, 2023	Dec. 31, 2022
EQUITY:	19		
Share capital		2,291	2,284
Additional paid in capital		2,937	2,660
Retained earnings		21,528	19,812
Translation reserve		(294)	683
Equity attributable to owners of the parent		26,462	25,439
Non-controlling interests		706	655
TOTAL EQUITY		27,168	26,094
NON-CURRENT LIABILITIES:			
Pensions and other post-employment benefit obligations	20	1,069	1,186
Other non-current provisions	21	959	994
Non-current financial liabilities	22	11,592	7,330
Non-current purchase commitments over non-controlling interests	22	50	194
Deferred tax liabilities	14	703	885
Other non-current liabilities		848	865
TOTAL NON-CURRENT LIABILITIES		15,221	11,454
CURRENT LIABILITIES:			
Trade and other operating payables		7,596	6,254
Accrued taxes and payroll costs		4,013	3,787
Current provisions	21	1,061	1,036
Other current liabilities		1,379	1,887
Current financial liabilities	22	2,341	3,133
Current purchase commitments over non-controlling interests	22	80	4,554
TOTAL CURRENT LIABILITIES		16,470	20,651
Liabilities held for sale	2	40	169
TOTAL EQUITY AND LIABILITIES		58,899	58,368

The accompanying notes are an integral part of the consolidated financial statements.

5.4 Consolidated statement of changes in equity

	(in millions of euros)	Number of shares (thousands)	Capital	Additional paid-in capital	Retained earnings	Translation reserve	Equity attributable to owners of the parent	Noncontrolling interests	Total
Dec. 31, 2021		569,033	2,276	2,456	19,694	14	24,440	3,669	28,109
Profit for the year		–	–	–	3,477	–	3,477	59	3,536
Other comprehensive income		–	–	–	138	669	807	6	813
Comprehensive income for the year		–	–	–	3,615	669	4,284	65	4,349
Capital increase		2,060	8	204	–	–	212	–	212
Dividends		–	–	–	(1,618)	–	(1,618)	(157)	(1,775)
Purchase of treasury shares		–	–	–	(219)	–	(219)	–	(219)
Share-based compensation expense		–	–	–	161	–	161	23	184
AVEVA minority interest buy out		–	–	–	(1,881)	–	(1,881)	(2,907)	(4,788)
IAS 29 Hyperinflation		–	–	–	53	–	53	–	53
Other		–	–	–	7	–	7	(38)	(31)
Dec. 31, 2022		571,093	2,284	2,660	19,812	683	25,439	655	26,094
Profit for the year		–	–	–	4,003	–	4,003	166	4,169
Other comprehensive income		–	–	–	(76)	(977)	(1,053)	(26)	(1,079)
Comprehensive income for the year		–	–	–	3,927	(977)	2,950	140	3,090
Capital increase		1,743	7	277	–	–	284	–	284
Dividends		–	–	–	(1,767)	–	(1,767)	(84)	(1,851)
Purchase of treasury shares		–	–	–	(703)	–	(703)	–	(703)
Share-based compensation expense		–	–	–	196	–	196	–	196
IAS 29 Hyperinflation		–	–	–	68	–	68	–	68
Other		–	–	–	(5)	–	(5)	(5)	(10)
Dec. 31, 2023		572,836	2,291	2,937	21,528	(294)	26,462	706	27,168

The accompanying notes are an integral part of the consolidated financial statements.

5.5 Notes to the consolidated financial statements

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The following notes are an integral part of the consolidated financial statements.

The Schneider Electric Group's consolidated financial statements for the financial year ended December 31, 2023 were authorized for issue by the Board of Directors on February 14, 2024. They will be submitted to shareholders for approval at the Annual General Meeting of May 23, 2024.

The Group's main businesses are described in Chapter 1 of the Universal Registration Document.

Note 1: Summary of accounting policies

1.1 – Accounting standards

The consolidated financial statements have been prepared in compliance with the international accounting standards (IFRS) as adopted by the European Union as of December 31, 2023. The same accounting methods were used as for the consolidated financial statements for the year ended December 31, 2022.

The IFRS standards and interpretations as adopted by the European Union are available at the following website: <https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/financial-reporting>

Standards, interpretations and amendments endorsed by the European Union whose application is mandatory as of January 1, 2023

The following standards and interpretations that were applicable during the period did not have a material impact on the consolidated financial statements as of December 31, 2023:

- Amendments to IAS 12 – *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*;
- Amendments to IAS 12 – *Income taxes: International Tax Reform – Pillar Two Model Rules*;
- Amendments to IAS 1 – *Presentation of Financial Statements: IFRS Practice Statement 2: Disclosure of Accounting policies*;
- Amendments to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*;
- IFRS 17 and amendments – *Insurance Contracts*.

Standards, interpretations and amendments unendorsed by the European Union as of December 31, 2023 or whose application is not mandatory as of January 1, 2023

- Amendments to IAS 21 – *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*;
- Amendments to IAS 7 – *Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures on Supplier Finance Arrangements*;
- Amendments to IAS 1 – *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; Deferral of Effective Date; Non-current Liabilities with Covenants*;
- Amendments to IFRS 16 – *Leases: Lease Liability in a Sale and Leaseback*.

The Group is currently assessing the potential effect on the Group's consolidated financial statements of the standards not yet applicable as of December 31, 2023. At this stage of analysis, the Group does not expect any material impact on its consolidated financial statements.

Climate-related matters

The potential impacts on the Group's assets and liabilities measurement as well as on significant judgements and estimates, from the climate-related matters, have been analyzed through both climate transition risk and opportunities, physical risks perspective and carbon neutral external commitments perspective. The Group is committed to be carbon neutral in its operations by 2025, net-zero CO₂ emissions in its operation by 2030, will be carbon neutral along the whole of its value chain by 2040 and net zero along the whole value chain by 2050. Those objectives are concretely declined in the Group's Sustainability strategy through the SSI and SSE programs that are externally reported respectively on a quarterly and annually basis.

To achieve its emission reduction objectives and meet net zero commitments taken, the Group has defined a roadmap and key actions to enable both its own operations and supply chain's decarbonization, leading to direct consequences on processes, site transition, R&D and investment priorities:

- Redesign of the investment monitoring and approval tool in December 2022 to support internal and external reporting, monitor investments allowing our sites to transition to Zero-CO₂ sites and prioritize low-carbon investments. In 2023, trainings and change management have been performed to ensure adoption.
- Significant investments on both industrial processes (sites electrification) and real estate portfolio (EV chargers installation) planned to decarbonize operations by 2030 (scopes 1 & 2) in line with company-wide energy climate targets (150 Zero-CO₂ sites by 2025, double energy productivity by 2030, 100% of electricity from renewables by 2030, shift 100% of corporate vehicle fleet to electric vehicles by 2030). Specifically on manufacturing and distribution centers, the Group has defined a priority list and planned to invest progressively on more electrification, sustainable and efficient systems (heatpumps, microgrids, solar panels, thermal insulation...) between 2024 and 2030 to achieve net-zero ready operations by 2030.
- Implementation of a process to follow carbon footprint evolution at an early stage of new product development to reduce the footprint of future generations of products. The Group committed on a step up in R&D in coming years, from an existing circa 5% of Group revenues dedicated to strategic R&D investment to a future circa 7%, with a strong focus on sustainability. Around 8 billion of euros (absolute amount) have been invested in R&D between 2017 and 2022.

5.5 Notes to the consolidated financial statements

The actual and potential financial links and effects of the Group's external commitments or the specific climate risks identified are detailed as follows:

- The Group has performed an evaluation of physical risks on its sites with an independent expert. No material impact to disclose, notably on evaluation and useful life of tangible assets or in the impairment tests performed at Group Level. The Group is not a capital-intensive company, majority of its sites are leased and not owned, and the individual residual value of its tangible assets in the most at-risk locations is not material. Additionally, the multi hub position of the Group with agile capacity to relocate its production in case of climate disaster is a way to significantly mitigate risks and potential effects. Also, the Group has a low dependence on water in its production processes, and its sites are slightly located in flood zones or coastal zones. Finally, the Group is on an opportunistic position regarding world's desire for electrification & other company's net zero commitments. In 2023, the Group has worked on quantifying investments and additional costs, as well as opportunities to achieve long-term net zero carbon commitments, taking into consideration several scenarios in order to integrate them into the Group's impairment tests. The Group has not identified any risk of impairment at December 2023.
- The Schneider Sustainability Impact (SSI), which includes a climate target, is used as a criterion in the annual variable compensation of the Corporate Officer and for the 64,000 employees, which benefit from such compensation (20% weight). In the same way, the Schneider Sustainability External & Relative Index (SSERI) is used for the long-term incentive plan granted to 3,000+ employees including the Corporate Officer (25% weight).
- To further tie climate-related issues to financial planning, Schneider successfully launched the first-ever sustainability-linked convertible bonds in 2020. This bond has been linked to three SSI targets by including the objective to save and avoid 800 million tons of CO₂ on the customers' end by 2025. In 2022, the Group has also linked its bank fundings with the SSI performance with the signature of a KPIs linked facility.

1.2 – Basis of presentation

The financial statements have been prepared on a historical cost basis, except for the following:

- derivative instruments and certain financial assets, measured at fair value;
- assets held for sale - measured at the lower of carrying amount and fair value less costs to sell;
- defined benefit pension plans - plan assets measured at fair value.

Financial liabilities are measured using the amortized cost model. The book value of hedged assets and liabilities, under fair-value hedge, corresponds to their fair value, for the part corresponding to the hedged risk.

1.3 – Use of estimates and assumptions

The preparation of financial statements requires the Group management and subsidiaries to make estimates and assumptions that are reflected in the amounts of assets and liabilities reported in the consolidated balance sheet, revenues and expenses in the statement of income and the commitments created during the reporting period. Actual results may differ.

These assumptions and estimates mainly concern:

- the measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets (Note 1.8 and 1.9) and the measurement of impairment losses (Note 1.11);
- the measurement of the recoverable amount of non-current financial assets (Note 1.12 and 13);
- the realizable value of inventories and work in progress (Note 1.13);
- the recoverable amount of trade and other operating receivables (Note 1.14);
- the valuation of share-based payments (Note 1.20);
- the calculation of provisions or risk contingencies (Note 1.21);
- the measurement of pension and other post-employment benefit obligations (Note 1.19 and Note 20);
- the recoverability of deferred tax assets (Note 14);
- the measurement of provisions covering uncertainties over income tax treatment (Note 1.21);
- the estimation of the margin at completion for Construction contracts (Note 1.24);
- the assumptions retained to evaluate the lease liability (IFRS 16): lease term and discount rate (Note 1.10).

1.4 – Consolidation principles

Subsidiaries, over which the Group exercises exclusive control, either directly or indirectly, are fully consolidated.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Accounting policies of subsidiaries, joint-venture and associates have been changed when necessary to ensure consistency with the policies adopted by the Group.

Group investments in entities controlled jointly with a limited number of partners, such as joint ventures and companies over which the Group has significant influence ("associates") are accounted for by the equity method. Significant influence is presumed to exist when more than 20% of voting rights are held by the Group.

Under equity method, the net assets and net result of a company are recognized pro rata to the interest held by the Group in the share capital.

On acquisition of an investment in a joint venture or an associate, goodwill relating to the joint venture or the associate is included in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Companies acquired or sold during the year are included in or removed from the consolidated financial statements as of the date when effective control is acquired or relinquished.

Any acquisition or disposal of an interest in a subsidiary that doesn't change the control is considered as a shareholder transaction and must be recognized directly in equity.

A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners.

Intra-group transactions and balances are eliminated.

The list of consolidated main subsidiaries, joint ventures and associates can be found in Note 29.

The reporting date for all companies included in the scope of consolidation is December 31, with the exception of certain immaterial associates accounted for by the equity method. For the latter however, financial statements up to September 30 of the financial year have been used (maximum difference of three months in line with the standards).

1.5 – Business combinations

Business combinations are accounted for using the acquisition method, in accordance with IFRS 3 - Business Combinations. Acquisition costs are presented under "Other operating income and expenses" in the statement of income.

All acquired assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date, the fair value can be adjusted during a measurement period that can last for up to 12 months from the date of acquisition.

The differential between the cost of acquisition excluding acquisition expenses and the Group's share in the fair value of assets and liabilities at the date of acquisition is recognized in goodwill. When the cost of acquisition is lower than the fair value of the identified assets and liabilities acquired, the goodwill is immediately recognized in the statement of income.

Goodwill is allocated to Cash-Generating Units (CGUs) or groups of cash-generating units that benefit from business combination synergies.

Goodwill is not amortized but tested for impairment at least annually and whenever there is an indication that it may be impaired (see Note 1.11 below). Any impairment losses are recognized under "Amortization and impairment of purchase accounting intangible".

The full goodwill method is applied at Group level, therefore, non-controlling interests are valued at fair value.

In accordance with IAS 32, put options granted to minority shareholders are recorded as financial liabilities at the option's estimated strike price.

The share in the net assets of subsidiaries is reclassified from "Non-controlling interests" to "Purchase commitments over non-controlling interests" and the differential between the value of the non-controlling interests and the liability, corresponding to the commitment, is recorded in equity.

1.6 – Translation of the financial statements of foreign subsidiaries

The consolidated financial statements are prepared in euros.

The financial statements of subsidiaries that use another functional currency are translated into euros as follows:

- assets and liabilities are translated at the official closing rates;
- income statement, backlog and cash flow items are translated at average annual exchange rates.

The functional currency of an entity is the currency of the primary economic environment in which it carries out its operations. In most cases, the functional currency corresponds to the local currency. However, a functional currency other than the local currency can be retained for certain entities, if it represents the currency of the main transactions carried out by the entity and that it ensures faithful representation of its economic environment.

Translation adjustments are recorded in consolidated equity under "Translation reserve".

Upon exit from the scope of consolidation, the cumulative translation reserve of a company whose functional currency is not the euro are recycled in the income statement and are part of the gain or loss on disposal.

5.5 Notes to the consolidated financial statements

The Group applies IAS 29 - Financial Reporting in Hyperinflationary Economies to the Group's subsidiaries in countries with hyperinflationary economies (Argentina and Türkiye). IAS 29 - Financial Reporting in Hyperinflationary Economies requires the non-monetary assets and liabilities and income statements of countries with hyperinflationary economies to be restated to reflect the changes in the general purchasing power of their functional currency, thereby generating a profit or loss on the net monetary position which is recognized in net income within "Other financial income and expenses". In addition, the financial statements of the subsidiaries in these countries are translated at the closing exchange rate of the reporting period concerned, in accordance with IAS 21. In 2023, all the necessary conditions were met to consider Türkiye and Argentina as a hyperinflationary country within the meaning of IFRS. The Group has applied IAS 29 to Argentina in its financial statements from January 1, 2018 and to Türkiye in its financial statements from January 1, 2022. The Group used the Consumer Price Index (CPI) for both Argentina and Türkiye to remeasure its income statement items, cash flows and non-monetary assets and liabilities. This index was up 211% for Argentina and up 65% for Türkiye between December 2022 and December 2023.

1.7 – Foreign currency transactions

Foreign currency transactions are recorded using the exchange rate in effect at the transaction date or at the hedging rate. At the balance sheet date, monetary items in foreign currency (e.g. payables, receivables, etc.) are translated into the functional currency of the entity at the closing rate or at the hedging rate. Gains or losses on translation of foreign currency transactions are recorded under "Net financial income/ (loss)". Foreign currency hedging is described below, in Note 1.23.

However, certain long-term receivables and loans to subsidiaries are considered to be part of a net investment in a foreign operation, as defined by IAS 21 - The Effects of Changes in Foreign Exchange Rates. As such, the impact of exchange rate fluctuations is recorded in equity and recognized in the statement of income when the investment is sold or when the long-term receivable or loan is reimbursed.

1.8 – Intangible assets

Intangible assets acquired separately or as part of a business combination

Intangible assets acquired separately are initially recognized in the balance sheet at historical cost. They are subsequently measured using the amortized cost model.

Intangible assets (mainly trademarks, technologies and customer relationships) acquired as part of business combinations are recognized in the balance sheet at fair value at the combination date, appraised externally for the most significant assets and internally for the rest, and that represents its historical cost in consolidation. The valuations are performed using generally accepted methods, based on future inflows.

Intangible assets are generally amortized on a straight-line basis over their useful life or, alternatively, over the period of legal protection. Amortized intangible assets are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Amortization expenses and impairment losses on intangible assets acquired in a business combination are presented on a separate statement of income line item, "Amortization and impairment of purchase accounting intangible" assets.

Trademarks

The trademarks are recognized at fair value at the acquisition date. The trademarks fair value is determined using the relief from royalty method.

Trademarks acquired as part of a business combination are not amortized when they are considered to have an indefinite life.

The criteria used to determine whether or not such trademarks have indefinite lives and, as the case may be, their lifespan, are as follows:

- brand awareness;
- outlook for the brand in light of the Group's strategy for integrating the trademark into its existing portfolio.

Indefinite-lived trademarks are tested for impairment at least annually and whenever there is an indication they may be impaired. When necessary, an impairment loss is recorded.

Internally generated intangible assets

Research and development costs

Research costs are expensed in the statement of income when incurred. Development costs for new projects are capitalized if, and only if:

- the project is clearly identified and the related costs are separately identified and reliably monitored;
- the project's technical feasibility has been demonstrated and the Group has the intention and financial resources to complete the project and to use or sell the resulting products;
- the Group has allocated the necessary technical, financial and other resources to complete the development;
- it is probable that the future economic benefits attributable to the project will flow to the Group.

Development costs that do not meet these criteria are expensed in the financial year in which they are incurred.

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Before the commercial launch, capitalized development projects are tested for impairment at least annually. From the date of the commercial launch, capitalized development projects are amortized over the lifespan of the underlying technology, which generally ranges from three to ten years. The amortization expenses of such capitalized projects are included in the cost of the related products and classified into "Cost of sales" when the products are sold.

As for development-related assets which are in the amortization period, they are tested for impairment in case an impairment risk has been identified.

Software implementation

External and internal costs relating to the implementation of Enterprise Resource Planning (ERP) applications are capitalized when they relate to the programming, coding and testing phase. They are amortized over the applications' useful lives.

1.9 – Property, plant and equipment

Property, plant and equipment is primarily comprised of land, buildings and production equipment and is carried at acquisition cost, less accumulated depreciation and any accumulated impairment losses.

Each component of an item of property, plant and equipment with a useful life that differs from that of the whole item is depreciated separately on a straight-line basis. The main useful lives are as follows:

- buildings: 20 to 40 years;
- machinery and equipment: 3 to 10 years;
- other: 3 to 12 years.

The useful life of property, plant and equipment used in operating activities, such as production lines, reflects the related products' estimated life cycles.

Useful lives of items of property, plant and equipment are reviewed periodically and may be adjusted prospectively if appropriate. The depreciable amount of an asset is determined after deducting its residual value, when the residual value is material.

Depreciation is expensed in the period and included in the production cost of inventory or the cost of internally generated intangible assets. It is recognized in the statement of income under "Cost of sales", "Research and development costs" or "Selling, general and administrative expenses", as the case may be.

Items of property, plant and equipment are tested for impairment whenever there is an indication they may be impaired. Impairment losses are charged to the statement of income under "Other operating income and expenses".

Since 2019, property, plant and equipment also includes right-of-use assets, in accordance with the recommended treatment in IFRS 16 Leases, and as described in the following note.

1.10 – Leases

Scope of the Group's contracts

The lease contracts identified within all the Group entities fall under the following categories:

- real estate: office buildings, factories, and warehouses;
- vehicles: cars and trucks;
- forklifts used mainly in factories or storage warehouses.

The Group has retained the exemption for low-value assets (i.e. assets with a cost lower than USD 5,000). Thus, the defined scope does not include small office or IT equipment, mobile phones or other small equipment, which all correspond to low-value equipment. Short term contracts (i.e. less than 12 months without purchase option) are also exempted under the standard. In this case, for example, for occasional vehicle or accommodation rentals.

Rental obligation

At the inception date of the lease, the Group recognizes the lease liabilities, measured at the present value of the lease payments to be made over the term of the lease. The present value of payments is calculated mainly using the marginal borrowing rate of the contracting entity's country, at the contract starting date.

Rental payments include fixed payments (net of rental incentives receivable), variable payments based on an index or rate initially measured using the index or rate as at the commencement date and amounts that should be paid under residual value guarantees. Besides, the simplification allowing not to split services components has not been elected by the Group. Therefore, only the rents are taken into account in the lease payments.

5.5 Notes to the consolidated financial statements

Lease payments also include, when applicable, the exercise price of a purchase option reasonably certain to be exercised by the Group and the payment of penalties for the termination of a lease, if the term of the lease takes into account the fact that the Group has exercised the termination option.

Variable lease payments that are not dependent on an index or rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

After the start date of the contract, the amount of rental obligations is increased to reflect the increase in interest and reduced for lease payments made.

In addition, the carrying amount of the lease liabilities is revalued in the event of a reassessment or modification in the lease (e.g. change in the term of the lease, change in lease payments, application of annual indexation, etc.).

The obligation is recorded under other current and other non-current liabilities.

Right-of-use assets

The Group accounts for the assets related to the right-of-use on the lease starting date (i.e. the date on which the underlying asset is available).

Assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for the revaluation of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities, initial direct costs incurred and lease payments made on or before the effective date, minus lease inducements received. They are recognized as tangible assets, in the Balance Sheet.

Unless the Group is reasonably certain that it will become the owner of the leased asset at the end of the lease term, the recorded right-of-use assets are depreciated using the linear method over the shortest period of time between estimated life of the underlying asset and the duration of the lease. The assets related to the right-of-use are subject to depreciation.

Determining the duration of contracts

The duration of the Group's contracts varies according to geographies.

The real estate contracts have variable durations depending on the countries and local regulations. Vehicles and forklifts are generally contracted between 3 and 6 years.

In certain geographies, the Group's real estate contracts offer unilateral options for termination of contracts (particularly in France with contracts 3-6-9).

According to the recommendation of IFRIC, on a case-by-case analysis and based on Real Estate teams' expertise, experience strategy and projects, the Group is determining the most probable duration to perform our calculations.

In most of cases, the duration chosen is the enforceable duration of the real estate contracts, in particular on the most strategic buildings and factories.

1.11 – Impairment of assets

The Group assesses the recoverable amount of its long-lived assets as follows:

- for all property, plant and equipment subject to depreciation and intangible assets subject to amortization, the Group carries out a review at each balance sheet date to assess whether there is any indication that they may be impaired. Indications of impairment are identified based on external or internal information. If such an indication exists, the Group tests the asset for impairment by comparing its carrying amount to the higher of fair value minus costs to sell and value in use;
- non-amortizable intangible assets and goodwill are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

Value in use is determined by discounting future cashflows that will be generated by the tested assets. These future cashflows are based on Group management's economic assumptions and operating forecasts presented in business plans over a period generally not exceeding five years, and then extrapolated based on a perpetuity growth rate. The discount rate corresponds to the Weighted Average Cost of Capital (WACC) at the measurement date. This rate is based on the following main assumptions:

- a long-term interest rate of 3.5%, corresponding to the interest rate for 10-year OAT treasury bonds;
- the average premium applied to financing obtained by the Group in 2023;
- the weighted country risk premium for the Group's businesses in the countries in question.

The perpetuity growth rate is 2.0%, unchanged from the previous financial year.

Impairment tests are performed at the level of CGUs (or groups of CGUs) to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are largely independent of the cash flows from other assets or groups of assets. The groups of cash-generating units in 2022 were Low Voltage, Medium Voltage, Secure Power and Industrial Automation. In 2023, to reflect its ongoing strategy toward sustainability and digital transformation, the Group reorganized the level at which Goodwill is being monitored. Hence, the groups of CGUs in 2023 are Low Voltage, Medium Voltage, Secure Power, Sustainability, EM Software, Industrial Automation and Industrial Automation Software. This change does not modify our reporting segments. Goodwill was reallocated using relative values of groups of CGUs, similarly to disposal operations.

Net assets were allocated to the group of CGUs at the lowest possible level on the basis of the group of CGUs activities to which they belong.

Goodwill is allocated when initially recognized. The CGU allocation is done on the same basis as used by Group management to monitor operations and assess synergies deriving from acquisitions.

When the recoverable amount of an asset or CGU is lower than its book value, an impairment loss is recognized for the excess of the book value over the recoverable value. The recoverable value is defined as the highest value between the value in use and the selling price less costs to sell. When the tested CGU comprises goodwill, any impairment losses are firstly deducted from goodwill.

1.12 – Non-current financial assets

Investments in non-consolidated companies are initially recorded at their cost of acquisition and subsequently measured at fair value. The fair value of investments listed in an active market may be determined reliably and corresponds to the listed price at balance sheet date (Level 1 from the fair value hierarchy as per IFRS 7).

IFRS 9 standard allows two accounting treatments for equity instruments:

- change in fair value is recognized through “Other Comprehensive Income” in the comprehensive income statement, and in equity under “Other reserves” in the balance sheet, with no subsequent recycling in the income statement even upon sale;
- change in fair value, as well as gain or loss in case of sale, are recognized in the income statement.

The election between those two methods is to be made from inception for each equity investment and is irrevocable. For significant investments not listed in an active market, the valuation is performed by external experts at least annually and whenever there is an indication that it may be impaired.

Venture capital (FCPR) / Mutual funds (SICAV) are recognized at fair value through income statement, in accordance with IFRS 9.

1.13 – Inventories and work in progress

Inventories and work in progress are measured at the lower of their initial recognition cost (acquisition cost or production cost generally determined by the weighted average price method) or of their estimated net realizable value.

Net realizable value corresponds to the estimated selling price net of remaining expenses to complete and/or sell the products. Inventory impairment losses are recognized in “Cost of sales”.

The cost of work in progress, semi-finished and finished products, includes the cost of materials and direct labor, subcontracting costs, all production overheads based on normal manufacturing capacity and the portion of development costs that are directly related to the manufacturing process (corresponding to the amortization of capitalized projects in production and product and range of products maintenance costs).

1.14 – Trade and other operating receivables

Trade and other receivables are measured at their transaction price upon initial recognition and then at amortized cost less any impairment losses based on expected credit losses model.

Trade and other operating receivables are depreciated according to the simplified IFRS 9 model. From inception, trade receivables are depreciated to the extent of the expected losses over their remaining maturity.

The credit risk of trade receivables is assessed on a collective basis country by country, as the geographical origin of receivables is considered representative of their risk profile. Countries are classified by risk profile using the assessment provided by an external agency. The provision for expected credit losses is evaluated using (i) the probabilities of default communicated by a credit agency, (ii) historical default rates, (iii) aging balance, (iv) as well as the Group's assessment of the credit risk considering actual guarantees and credit insurance.

Once it is known with certainty that a doubtful receivable will not be collected, the doubtful account and its related depreciation are written off through the income statement.

Accounts receivable are discounted in cases where they are due in over one year and the discounting impact is significant.

Assignment of receivables

When it can be demonstrated that the Group has transferred substantially all the risks and benefits related to assignment of receivables, particularly the credit risk, the items concerned are derecognized. Otherwise, the operation is considered as a financing operation, and the receivables remain in the balance sheet assets, with recognition of a corresponding financial liability.

1.15 – Assets held for sale and liabilities of discontinued operations

Assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This classification occurs when the Group takes the decision to sell them and that the sale is considered highly probable.

5.5 Notes to the consolidated financial statements

The assets and liabilities held for sale are presented on different lines of the balance sheet. They are measured at the lower of their carrying amount or fair value less costs to sell. Assets classified as held for sale are no longer depreciated (amortized) as of the date they are classified as assets or disposal groups held for sale.

When a sale involving the loss of control of the subsidiary is considered highly probable, all the assets and liabilities of this subsidiary are classified as being held for sale, independently of whether or not the Group retains a residual interest in the entity after its sale.

Discontinued operation

A discontinued operation is a clearly identifiable component that the Group either has abandoned or that is classified as held for sale:

- representing a separate major line of business or geographical area of operations;
- being part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or,
- being a subsidiary acquired exclusively with a view to resale.

Once the criteria are met, the profit and loss and the cash flow from discontinued operations are presented separately in the consolidated income statement and the consolidated cash flow statement for each period.

1.16 – Taxes

Income tax expense

The tax rate is calculated on the basis of the fiscal regulations enacted or substantively enacted at the fiscal year closing date in each country where the Group's companies carry out their business. The Group's applicable tax rate corresponds to the average of the theoretical tax rates in force in each country, weighted according to profit obtained in each of these countries. The average effective tax rate is calculated as follows: (current and deferred income tax expense)/(net profit before tax less share of profit of associates, and net profit from discontinued operations).

Deferred taxes

Deferred taxes are recognized for all temporary differences between the carrying amount of assets and liabilities and their tax base (excluding if it arises from the initial recognition of goodwill), the tax loss carryforwards and the unused tax credits.

Deferred taxes are based on tax rates and tax rules that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The effect of any change in the current and deferred taxes is recognized in P&L, except to the extent that it relates to items recognized on OCI or directly in equity. In this case, the tax is also recognized in OCI or equity.

When the Group decides not to distribute profits retained by the subsidiary within the foreseeable future, no deferred tax liability is recognized.

Future tax benefits arising from the utilization of tax loss carry forwards (including amounts available for carry forward without time limit) are recognized only when they can reasonably be expected to be realized. The carrying amount of deferred tax assets is tested for impairment at each balance sheet date and an impairment loss is recognized to the extent that it is no longer probable that sufficient taxable profits will be available against which the deferred tax asset can be fully or partially offset.

Deferred tax assets and liabilities are not discounted and are recorded in the balance sheet under non-current assets and liabilities. Deferred tax assets and liabilities related to the same unit and which are expected to reverse in the same period are offset.

1.17 – Cash and cash equivalents

Cash and cash equivalents presented in the balance sheet consist of cash, bank accounts, term deposits of three months or less and marketable securities traded on organized markets. Marketable securities are short-term, highly liquid investments that are readily convertible to known amounts of cash at maturity. They notably consist of bank deposits, commercial paper, mutual funds and equivalents. Considering their nature and maturities, these instruments represent insignificant risk of changes in value and are treated as cash equivalents.

1.18 – Treasury shares

Schneider Electric SE shares held by the parent company or by fully consolidated companies are measured at acquisition cost and deducted from equity.

Gains/(losses) on the sale of own shares are cancelled from consolidated reserves, net of tax.

1.19 – Pensions and other employee benefit obligations

Depending on local practices and laws, the Group's subsidiaries participate in pension, termination benefit and other long-term benefit plans. Benefits paid under these plans depend on factors such as seniority, compensation levels and payments into mandatory retirement programs.

Defined contribution plans

Payments made under defined contribution plans are recorded in the income statement, in the year of payment, and are in full settlement of the Group's liability. As the Group is not committed beyond these contributions, no provision related to these plans has been booked.

In most countries, the Group participates in mandatory general plans, which are accounted for as defined contribution plans.

IFRIC decision – Attribution of benefits to periods of service IAS 19 – Employee Benefits

The Group has taken into account the impact of the IFRIC agenda decision issued in April 2021 when measuring employee benefit obligations. This decision, without any material impact for the Group, clarifies the periods over which employee benefits should be attributed in allocating the IAS 19 expense.

Defined Benefit plans

Defined Benefit plans are measured using the projected unit credit method.

Expenses recognized in the statement of income are split between operating costs (for service costs rendered during the period) and net financial income/(loss) (for financial costs and expected return on plan assets).

The amount recognized in the balance sheet corresponds to the present value of the obligation, and net of plan assets. The valuation is performed by external actuaries.

When this is an asset, the recognized asset is limited to the present value of any economic benefit due in the form of plan refunds or reductions in future plan contributions.

Changes resulting from periodic adjustments to actuarial assumptions regarding general financial and business conditions or demographics (i.e., changes in the discount rate, annual salary increases, return on plan assets, years of service, etc.) as well as experience adjustments are immediately recognized in the balance sheet as a separate component of equity in "Other reserves" and in comprehensive income as "Other comprehensive income/loss".

Past service cost is recorded in "Other operating income and expenses".

Other commitments

Provisions are funded and expenses recognized to cover the cost of providing health-care benefits for certain Group retirees in Europe and the United States. The accounting policies applied to these plans are similar to those used to account for Defined Benefit pension plans.

The Group also funds provisions for all its subsidiaries to cover seniority-related benefits (primarily long service awards for its French subsidiaries). Actuarial gains and losses on these benefit obligations are fully recognized in profit or loss.

1.20 – Share-based payments

The Group grants performance shares to senior executives and certain employees.

These equity instruments are measured at fair value, on the date of grant, using the market price discounted from the expected dividend yield during the vesting period and adjusted for market conditions achievement.

The Group is using the Monte Carlo method to estimate the achievement of Relative Total Shareholder Return (TSR) vs. CAC 40 and a Panel of peer companies (market conditions).

The number of equity instruments granted can be adjusted during the vesting period to reflect the Group best estimate of non-market conditions achievement.

Main non-market conditions are the following:

- Adjusted Earnings per Share (EPS) improvement rate;
- Schneider Sustainability External and Relative Index ("SSERI");
- Service conditions.

An employee benefits expense is recognized with a corresponding increase in equity on a straight-line basis over the vesting period, in general three years.

5.5 Notes to the consolidated financial statements

1.21 – Provisions and risk contingencies

A provision is recognized when it is probable that the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the loss or liability is not likely and cannot be reliably estimated, but remains possible, the Group discloses it as a contingent liability. Provisions are calculated on a case-by-case or statistical basis and discounted when the impact from discounting is significant.

Provisions are primarily set aside to cover:

- **Economic risks:** these provisions relate to probable tax risks, other than income tax related, arising on positions taken by the Group or its subsidiaries. Each position is assessed individually and not offset, and reflects the best estimate of the risk at the end of the reporting period. Where applicable, it includes any late-payment interest and fines. In accordance with IFRIC 23 - Uncertainty over income tax treatments, provisions covering uncertainties over income tax treatment are presented under "Accrued taxes and payroll costs" since 1st of January 2019;
- **Customer risks:** provisions for customer risks mainly integrate the provisions for losses at completion for some of long-term contracts. Provisions for expected losses are fully recognized as soon as they are identified;
- **Product risks:** these provisions comprise:
 - statistical provisions for warranties: the Group funds provisions on a statistical basis for the residual cost of Schneider Electric product warranties not covered by insurance. The provisions are estimated with consideration of historical claim statistics and the warranty period;
 - provisions to cover disputes concerning defective products and recalls of clearly identified products.
- **Environmental risks:** these provisions are primarily funded to cover clean-up costs. The estimation of the expected future outflows is based on reports from independent experts;
- **Restructuring costs,** when the Group has prepared a detailed plan for the restructuring and has either announced or started to implement the plan before the end of the year. The estimation of the liability includes only direct expenditure arising from the restructuring.

1.22 – Financial liabilities

Financial liabilities primarily comprise bonds, commercial paper and short and long-term bank borrowings. These liabilities are initially recorded at fair value, from which any direct transaction costs are deducted. Subsequently, they are measured at amortized cost based on their effective interest rate.

1.23 – Financial instruments and derivatives

Risk hedging management is centralized. The Group's policy is to use derivative financial instruments exclusively to manage and hedge changes in exchange rates, interest rates or prices of certain raw materials. The Group uses instruments such as foreign exchange forwards, foreign exchange options, cross currency swaps, interest rate swaps and commodities future, swaps or options, depending on the nature of the exposure to be hedged.

All derivatives are recorded in the balance sheet at fair value with changes in fair value recorded in the statement of income, except when they are qualified in a hedging relationship.

Cash flows from financial instruments are recognized in the consolidated statement of cash flows in a manner consistent with the underlying transactions.

Foreign currency hedges

The Group periodically enters into foreign exchange derivatives to hedge the currency risk associated with foreign currency transactions.

Whenever possible, monetary items (except specific financing items) denominated in foreign currency carried in the balance sheet of Group companies are hedged by rebalancing assets and liabilities per currency through foreign exchange spots realized with Corporate Treasury (natural hedge). The foreign exchange risk is thus aggregated at Group level and hedged with foreign exchange derivatives. When foreign exchange risk management cannot be centralized, the Group contracts foreign exchange forwards to hedge operating receivables and payables carried in the balance sheet of Group companies. In both cases, the Group does not apply hedge accounting because gains and losses generated on these foreign exchange derivatives naturally offset within "Net financial income/(loss)" with gains or losses resulting from the translation at end-of-year rates of payables and receivables denominated in foreign currency.

The Group also hedges future cash flows, including recurring future transactions and planned acquisitions or disposals of investments. In accordance with IFRS 9, these are treated as cash flow hedges. These hedging instruments are recognized at fair value in the balance sheet. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is accumulated in equity, under "Other reserves", and then recognized in the income statement when the hedged item affects profit or loss.

The Group also hedges foreign exchange risk financing receivables or payables (including current accounts and loans with subsidiaries) using foreign exchange derivatives than can be documented either in Cash Flow Hedge or Fair Value Hedge depending on the nature of the derivative.

The Group may also designate foreign exchange derivatives or borrowings as hedging instruments of its investments in foreign operations (net investment hedge). Changes of value of those hedging instruments are accumulated in equity and recognized in the statement of income symmetrically to the hedged items.

The Group qualifies foreign exchange derivative based on the spot rate. The Group adopted the cost of hedging option offered by IFRS 9 to limit volatility in the statement of income related to forward points:

- For foreign exchange derivatives hedging an item on the balance sheet: forward points are amortized in statement of income on a straight-line basis. Forward points related to foreign exchange derivatives hedging financing transactions are included in “Finance costs, net”;
- For foreign exchange derivatives hedging future transactions not yet recorded on the balance sheet: Forward points are recorded in the statement of income when the hedged transaction impacts the statement of income.

Interest rate hedges

Interest rate swaps allow the Group to manage its exposure to interest rate risk. The derivative instruments used are financially adjusted to the schedules, rates and currencies of the borrowings they cover. They involve the exchange of fixed and floating-rate interest payments. The differential to be paid (or received) is accrued as an adjustment to interest income or expense over the life of the agreement. The Group applies hedge accounting as described in IFRS 9 for interest rate swaps. Gains and losses on re-measurement of interest rate swaps at fair value on the balance sheet are recognized in equity (for Cash Flow Hedges) or in profit or loss (for Fair Value Hedges).

Borrowings hedged by an interest rate derivative in a fair value hedge are revaluated at fair value for the portion of risk being hedged, with offsetting entry in the statement of income.

Cross-currency swaps may be presented as foreign exchange hedges or as interest rate hedges depending on the characteristics of the derivative.

Commodity hedges

The Group also purchases commodity derivatives including forward purchase contracts, swaps and options to hedge price risks on all or part of its forecast future purchases. According to IFRS 9, these qualify as cash flow hedges. These instruments are recognized in the balance sheet at fair value at the period-end (mark to market). The effective portion of the hedge is recognized separately in equity (under “Other reserves”) and then recognized in income (gross margin) when the underlying hedge affects consolidated income. The effect of this hedging is then incorporated in the cost price of the products sold.

1.24 – Revenue recognition

The Group's revenues primarily include transactional sales and revenues from services, system contracts (projects) and software.

Some contracts may include the supply to the customer of distinct goods and services (for instance contracts combining build followed by operation and maintenance). In such situations, the contract is analyzed and segmented into several components (“performance obligations”), each component being accounted for separately, with its own revenue recognition method and margin rate. The selling price is allocated to each performance obligation in proportion to the specific selling price of the underlying goods and services. This allocation should reflect the share of the price to which Schneider Electric expects to be entitled in exchange for the supply of these goods or services.

Revenue associated with each performance obligation identified within a contract is recognized when the obligation is satisfied, i.e. when the control of the promised goods or services is transferred to the customer.

The following revenue recognition methods can be applied:

Recognition of revenue at a point of time

Revenue from sales is recognized at a point of time, when the control of the promised goods or services is transferred to the customer. This method is applicable for all transactional sales and for specific services such as spare parts deliveries, or on-demand services.

Recognition of revenue over time

To demonstrate that the transfer of goods is progressive and recognize revenue over time, the following cumulative criteria are required:

- the goods sold have no alternative use, and
- enforceable right to payment (corresponding to costs incurred, plus a reasonable profit margin) for the work performed to date exists, in the event of early termination for convenience by the customer.

When these criteria are fulfilled, revenue is recognized using the percentage-of-completion method, based on the percentage of costs incurred in relation to total estimated costs of the performance obligation. The cost incurred includes direct and indirect costs relating to the contracts.

Expected losses on contracts are fully recognized as soon as they are identified.

Penalties for late delivery or for the improper execution of a contract are recognized as a deduction from revenue.

This method is applicable for systems contracts (projects) as the constructed assets are highly customized, and thus the Group would incur significant economic losses to redirect the built solutions to other customers.

5.5 Notes to the consolidated financial statements

Revenue from most services contracts is recognized over time, as the customer simultaneously receives and consumes the benefits of the services provided. When costs incurred are stable over the contract's period, revenue is linearized over the contract's length.

Provisions for the discounts offered to distributors are accrued when the products are sold to the distributor and recognized as a deduction from revenue. Certain Group' subsidiaries also offer cash discounts to distributors. These discounts and rebates are deducted from sales.

Consolidated revenue is presented net of these discounts and rebates.

Recognition of software revenue

The group generates software-related revenue mainly through subscriptions, licenses, maintenance and services. Revenue is recognized upon transfer of control of the promised software or service to the customers.

- Subscriptions contracts are either:
 - SaaS (Software as a Service: remote access to a cloud software solution, hosting and services) contracts, which are recognized linearly over the contract term;
 - On premise subscriptions: containing two separate performance obligations pertaining to on premise software license and maintenance, the revenue from such arrangements is recognized in line with revenue from arrangements with multiple performance obligations.
- Software license revenue represents fees earned from granting customers licenses to use the Group's software. It includes license revenue of perpetual and periodic license sales of software products and is recognized at a point in time when control is transferred to the client.
- Maintenance includes annual fees as well as separate support and maintenance contracts. Revenue is recognized over time on a straight-line basis over the period of the contract.
- Services include notably setup services, training services, customization services. Revenue from these services is recognized over time as the services are performed.

Backlog and balance sheet presentation

Backlog (as disclosed in Note 3) corresponds to the amount of the selling price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) at closing date and includes binding contracts only.

The cumulated amount of revenue accounted for, less progress payments and accounts receivable (presented on a dedicated line of the balance sheet) is determined on a contract-by-contract basis. If this amount is positive, the balance is recognized under "contract assets" in the balance sheet. If it is negative, the balance is recognized under "contract liabilities" (see Note 16). Reserves for onerous contracts (so called reserves for loss at completion) are excluded from contract assets and liabilities and presented among the "provisions for customer risks" item.

1.25 – Earnings per share

Earnings per share are calculated in accordance with IAS 33 - Earnings Per Share.

Diluted earnings per share are calculated by adjusting profit attributable to equity holders of the parent and the weighted average number of shares outstanding for the dilutive effect of performance shares outstanding at the balance sheet date. The dilutive effect of performance shares is determined by applying the "treasury stock" method.

1.26 – Statement of cash flows

The consolidated statement of cash flows has been prepared using the indirect method, which consists of reconciling net profit to net cash provided by operations. The opening and closing cash positions include cash and cash equivalents, comprised of marketable securities, net of bank overdrafts and facilities.

1.27 – Other operating income and expenses

Material non-recurring operations that could affect operating performance readability are classified under "Other operating income and expenses".

They notably include:

- gains or losses from the disposal of activities or groups of assets;
- costs in relation with acquisitions or separation (advisors' fee, costs from external experts involved in the due diligence process);
- costs in relation with integration (one-off costs expensed in the next three years after acquisition, in relation with upgrade or modification of existing IT systems, to reach the Group standards);
- significant provisions and impairment losses for property, plant and equipment and intangible assets;
- provisions or costs relating to significant legal risks or litigations;
- gain or loss related to the amendment, curtailment or settlement of a defined benefit plan.

1.28 – Other financial income and expense

Other financial income and expenses notably include:

- Bank commissions;
- Factoring fees.

Note 2: Changes in the scope of consolidation

The list of main consolidated companies can be found in Note 29.

2.1 – Scope variations

Main acquisitions of the period

Transaction with AVEVA's non-controlling interests

On September 21, 2022, the Group confirmed its firm intention to acquire the share capital of AVEVA that it did not already own.

On November 11, 2022, the Board of Schneider Electric and the AVEVA Independent Committee announced that they reached an agreement on the terms of a cash offer of 3,225 pence per AVEVA share. Such acquisition is to be effected by means of a Court approved scheme of arrangement (the Scheme), under Part 26 of the Companies Act 2006.

On November 25, 2022, the requisite majority of AVEVA's shareholders approved the Scheme, and passed the Special Resolution to implement the Scheme during respectively the Court Meeting and the General Meeting. This led to the immediate recognition of a current financial liability in the Group's financial statements of GBP 4,039 million (EUR 4,554 million) as of December 31, 2022). The recognition of this liability triggered an immediate reduction in non-controlling interests and in the group share of equity.

On January 18, 2023, following the deliverance of the UK Court Order to the Registrar of Companies, the Scheme (acquisition by the Group of the outstanding AVEVA shares not already owned) became effective. AVEVA shares were unlisted from the London Stock Exchange on January 19, 2023.

The financial liability was settled in cash on January 31, 2023 for GBP 4,055 million (EUR 4,610 million at the foreign exchange closing rate incurred on January 31, 2023) including stamp duties. The Group's transaction cash out, including EUR 71 million legal fees paid, was presented under the financing section of the cash flow statement and amounted to EUR 4,681 million.

In the context of this transaction, the Group also incurred, through hedging schemes, a negative impact on cash for EUR 106 million.

EcoAct

On November 2, 2023, the Group acquired 100% of the capital of EcoAct SAS ("EcoAct"), an international leader in climate consulting and net zero solutions headquartered in Paris, France. EcoAct will be reported within the Energy management reporting segment.

The purchase accounting as per IFRS 3R is not completed as of December 31, 2023.

Main divestments of the period

Transformer plants in Poland and Türkiye

On January 6, 2023, the Group closed the transaction for the disposal of its Transformer plants in Poland and Türkiye to Cahors Group, an international company specializing in energy distribution, headquartered in France. The businesses had around 800 employees and were reported within the Energy management reporting segment up until disposal effective date.

As of December 31, 2022, net assets were already measured at fair value less costs to sell, leading to no impact from the divestment in the consolidated statement of income of the period.

VinZero

On May 31, 2023, the Group closed the transaction for the disposal of RIB Software's VinZero business to a European corporate. VinZero is an IT infrastructure solutions group and software partner for architecture, engineering, construction, owner-operator, and manufacturing organizations providing value-add services and consulting. The business was reported within the Energy management reporting segment up until disposal effective date. The gain on disposal was recorded under "Other operating income and expenses".

Gutor

On August 2, 2023, the Group closed the transaction for the disposal of Gutor Electronics' operations to Latour Capital, a French private equity investor. Gutor is a global leader in the manufacturing of industrial uninterruptible power supply (UPS) systems and the provision of related services. Gutor was reported within the Energy management reporting segment up until disposal effective date.

Telemecanique Sensors

On October 31, 2023, the Group closed the transaction for the disposal of its industrial sensors business, Telemecanique Sensors, to YAGEO. As part of the transaction, the Group granted YAGEO a license to use Telemecanique Sensors trademark. The all-cash transaction valued Telemecanique Sensors at EUR 723 million (Enterprise Value). Telemecanique Sensors was reported within the Industrial Automation reporting segment up until disposal effective date.

5.5 Notes to the consolidated financial statements

Follow-up on acquisitions and divestments transacted in 2022 with effect in 2023

EV Connect Inc.

On June 21, 2022, the Group completed the purchase of a 95.52% controlling stake in EV Connect Inc. and now reports within Energy Management reporting segment. The Group holds an agreement to acquire the remaining 4.48% of non-controlling interests in 2027. The related debt has been recognized in "Non-current purchase commitments over non-controlling interests".

In November 2023, the Group purchased 3.88% of non-controlling interests which raised its stake in EV Connect Inc. at 99.4%.

The purchase accounting as per IFRS 3R is completed as of December 31, 2023. The net adjustment of the opening balance sheet, resulting mainly from the booking of identifiable intangible assets (technology, customer relationship and trademark), led to the recognition of a EUR 255 million goodwill at acquisition date.

IFRS 5 application – Non-current Assets Held for Sale and Discontinued Operations

The following businesses have been reclassified as Held for Sale as of December 31, 2023:

Autogrid

On July 20, 2022, the Group completed the acquisition of Autogrid, raising its stake from 24.2% to 91.8% controlling stake. AutoGrid is a Virtual Power Plant (VPP) and Distributed Energy Resource Management System (DERMS) provider and is reported within Energy Management reporting segment. The Group held an agreement to acquire the remaining 8.2% of non-controlling interests in 2026. The related debt was recognized in "Non-current purchase commitments over non-controlling interests" as of December 2022.

On December 14, 2023, the Group entered into an agreement with Uplight Inc. for the sale of Autogrid. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities have been classified as "Assets held for sale" and "Liabilities held for sale", for EUR 209 million and EUR 40 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 197 million. No impairment loss was recognized by the Group following the IFRS 5 classification.

This transaction represents a reorganization among Schneider Electric-owned or affiliated businesses aimed at Prosumers, to better align their capabilities. The transaction, which closed on February 8, 2024, has raised the controlling stake of the Group in Uplight Inc., which will remain consolidated as an equity investment.

2.2 – Impact of changes in the scope of consolidation on the Group cash flow

Changes in the scope of consolidation at December 31, 2023, decreased the Group's cash position by a net EUR 4,091 million outflow, as described below:

(in millions of euros)	Full Year 2023	Full Year 2022
Acquisitions	(307)	(559)
Disposals	918	262
FINANCIAL INVESTMENTS NET OF DISPOSALS	611	(297)
AVEVA	(4,681)	–
Others	(21)	(73)
TRANSACTION WITH NON-CONTROLLING INTERESTS	(4,702)	(73)
TOTAL CASH FLOW IMPACT	(4,091)	(370)

In 2023, cash outflows mainly relate to the acquisitions of AVEVA's non-controlling interests and EcoAct. Cash inflows mainly relate to the disposals of Telemecaniques Sensors, VinZero and Gutor. The main acquisitions and disposals of the year are described in Note 2.1.

In 2022, cash outflows mainly related to the acquisitions of EV Connect and Autogrid as well as other individually not significant acquisitions. Cash inflows mainly related to the disposals of Eurotherm and of the load bank business of ASCO Power Technologies, as well as other individually not significant disposals.

Note 3: Segment information

The Group is organized into two reporting segments as follows:

Energy Management leverages a complete end-to-end technology offering enabled by EcoStruxure. The Group's go-to-market is oriented to address customer needs across its four end-markets of Buildings, Data Centers, Industry and Infrastructure, supported by a worldwide partner network.

Industrial Automation includes Industrial Automation and Industrial Control activities, across discrete, process & hybrid industries.

Expenses concerning General Management that cannot be allocated to a particular segment are presented under "Central functions & digital costs".

The Executive Committee, which is chaired by the Chief Executive Officer, has been identified as the main decision-making body for allocating resources and evaluating segment performance. Performance and decisions on the allocation of resources are assessed by the Executive Committee and are mainly based on Adjusted EBITA.

Share-based payment is presented under "Central functions & digital costs".

The Executive Committee does not review assets and liabilities by reporting segments.

The same accounting principles governing the consolidated financial statements apply to segment data.

Details are provided in the Management Report.

Due to the substantial number of customers served by the Group, to their significant diversity in multiple sectors and to their wide geographical dispersion, the Group's largest customer does not exceed 10% of Schneider Electric's revenue.

3.1 – Information by reporting segment

Full Year 2023

(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Backlog	15,414	3,748	–	19,162
Revenue	28,241	7,661	–	35,902
Adjusted EBITA	5,967	1,304	(859)	6,412
Adjusted EBITA (%)	21.1%	17.0%		17.9%

On December 31, 2023, the total backlog to be executed in more than a year amounted to EUR 4,287 million.

Full Year 2022

(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Backlog	13,156	3,334	–	16,490
Revenue	26,442	7,734	–	34,176
Adjusted EBITA	5,392	1,458	(833)	6,017
Adjusted EBITA (%)	20.4%	18.9%		17.6%

5.5 Notes to the consolidated financial statements

3.2 – Information by region

The geographic regions covered by the Group are:

- Western Europe;
- North America (including Mexico);
- Asia-Pacific;
- Rest of the World (Eastern Europe, Middle East, Africa, South America).

Non-current assets include net goodwill, net intangible assets and net property, plant and equipment.

Full Year 2023

<i>(in millions of euros)</i>	Western Europe	of which France	Asia Pacific	of which China	North America	of which USA	Rest of the World	Total
Revenue by country market	8,912	2,067	10,247	4,871	12,211	10,553	4,532	35,902
Non-current assets as of Dec. 31, 2023	12,396	2,823	5,616	1,154	15,338	14,958	1,360	34,710

Full Year 2022

<i>(in millions of euros)</i>	Western Europe	of which France	Asia Pacific	of which China	North America	of which USA	Rest of the World	Total
Revenue by country market	8,304	1,986	10,341	5,154	10,986	9,526	4,545	34,176
Non-current assets as of Dec. 31, 2022	12,383	2,579	5,540	1,170	16,564	16,203	957	35,444

Moreover, the Group follows the share of new economies in revenue:

<i>(in millions of euros)</i>	Full Year 2023		Full Year 2022	
Revenue – Mature countries	21,825	61%	20,243	59%
Revenue – New economies	14,077	39%	13,933	41%
TOTAL	35,902	100%	34,176	100%

Mature countries gather mainly Western Europe and North American countries.

Note 4: Research and development expenditures

Research and development expenditures are as follows:

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Research and development expenditures in costs of sales	(520)	(448)
Research and development expenditures in R&D costs *	(1,168)	(1,040)
Capitalized development costs	(328)	(357)
TOTAL RESEARCH AND DEVELOPMENT EXPENDITURES **	(2,016)	(1,845)

* Including EUR 58 million of research and development tax credit in full year 2023 and EUR 51 million in full year 2022

** Excluding amortization of R&D costs capitalized

In addition to the R&D expenditures, amortization expenses of capitalized development booked in the cost of sales, amounted to EUR 236 million in 2023 and EUR 242 million in 2022.

Note 5: Impairment losses, depreciation and amortization expenses

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Depreciation and amortization included in cost of sales	(544)	(555)
Depreciation and amortization included in selling, general and administrative expenses	(486)	(503)
Amortization expenses of purchase accounting intangible assets	(396)	(423)
Impairment losses of purchase accounting intangible assets	(34)	(1)
IMPAIRMENT LOSSES, DEPRECIATION AND AMORTIZATION EXPENSES	(1,460)	(1,482)

A EUR 34 million impairment was recognized on Clipsal brand in 2023 following the annual impairment tests realized by the Group.

Note 6: Other operating income and expenses

Other operating income and expenses are as follows:

(in millions of euros)	Full Year 2023	Full Year 2022
Gains/(losses) on assets disposals	(8)	5
Gains/(losses) on business disposals	265	(108)
Impairment of assets	(30)	(117)
Costs of acquisitions and integrations	(111)	(180)
Others	(18)	(33)
OTHER OPERATING INCOME AND EXPENSES	98	(433)

In 2023, the gains on business disposals mainly relate to the 2023 divestments described in Note 2. The costs of acquisitions and integrations are mainly related to the recent and ongoing acquisitions of the year.

In 2022, the losses on business disposals mainly related to the divestments of our activities in Russia, Loadbank and Eurotherm. Impairment of assets mainly related to Transformers disposal as described in Note 2. The costs of acquisitions and integrations are mainly related to the recent acquisitions. In 2022, it also included EUR 28 million of share-based payments, corresponding to the acceleration of multiple AVEVA plans, in line with the terms of AVEVA's transaction.

Note 7: Other financial income and expenses

(in millions of euros)	Full Year 2023	Full Year 2022
Exchange gains and losses, net	(50)	(21)
Net monetary gain/(loss) (IAS 29 Hyperinflation)	(39)	(5)
Financial component of defined benefit plan costs	(54)	(37)
Dividends received	3	3
Fair value adjustment of financial assets	6	2
Financial interests - IFRS16	(36)	(34)
Effect of discounting & undiscounting	2	18
Other financial expenses, net	(54)	(35)
OTHER FINANCIAL INCOME AND EXPENSES	(222)	(109)

Note 8: Income tax expenses

Wherever the regulatory environment allows it, the Group entities file consolidated tax returns. Schneider Electric SE files a consolidated tax return with its French subsidiaries held directly or indirectly through Schneider Electric Industries SAS.

8.1 – Analysis of income tax expense

(in millions of euros)	Full Year 2023	Full Year 2022
Current taxes	(1,411)	(1,195)
Deferred taxes	126	(16)
INCOME TAX EXPENSE	(1,285)	(1,211)

5.5 Notes to the consolidated financial statements

8.2 – Income tax expense by country market

Full Year 2023

(in millions of euros)	Western Europe	of which France	Asia Pacific	of which China	North America	of which USA	Rest of the World	Total
Revenue by country market	8,912	2,067	10,247	4,871	12,211	10,553	4,532	35,902
in %	25%	6%	29%	14%	34%	29%	13%	
Income tax expense by country market*	(290)	(113)	(528)	(327)	(415)	(366)	(52)	(1,285)
in %	23%	9%	41%	25%	32%	29%	4%	

*after reallocation of withholding taxes on dividends

Full Year 2022

(in millions of euros)	Western Europe	of which France	Asia Pacific	of which China	North America	of which USA	Rest of the World	Total
Revenue by country market	8,304	1,986	10,341	5,154	10,986	9,526	4,545	34,176
in %	24%	6%	30%	15%	32%	28%	13%	
Income tax expense by country market*	(299)	(117)	(505)	(333)	(349)	(289)	(58)	(1,211)
in %	25%	10%	42%	28%	29%	24%	5%	

* after reallocation of withholding taxes on dividends

8.3 – Tax reconciliation

(in millions of euros)	Full Year 2023	Full Year 2022
Profit attributable to owners of the parent	4,003	3,477
Income tax expense	(1,285)	(1,211)
Non-controlling interests	(166)	(59)
Share of profit of associates	51	29
Profit before tax	5,403	4,718
Geographical weighted average Group tax rate	22.7%	23.3%
Theoretical income tax expense	(1,225)	(1,101)
Reconciling items:		
Tax credits and other tax reductions	139	107
Impact of tax losses	(9)	24
Withholding taxes	(89)	(79)
Other elements without tax bases (current or deferred)	(59)	(80)
Other permanent differences	(42)	(82)
INCOME TAX EXPENSE	(1,285)	(1,211)
EFFECTIVE TAX RATE	23.8%	25.7%
EFFECTIVE TAX RATE WITHOUT RUSSIA DECONSOLIDATION		24.6%

The Company's consolidated income from continuing operations being predominantly generated outside of France, theoretical tax expense from continuing operations is reconciled above from the Company's weighted-average global tax rate (rather than from the French domestic statutory tax rate).

In December 2022, member states of the European Union adopted the Pillar 2 directive, introducing an overall minimum corporate tax rate of 15%, which will come into force for the financial year ending December 31, 2024. To date, the estimated impact on the group's effective tax rate should remain less than 1%.

Note 9: Goodwill

9.1 – Main items of goodwill

Goodwill is broken down by groups of Cash Generating Units (CGUs) as follows, with WACC used for annual impairment test:

(in millions of euros)	WACC	Dec. 31, 2023
Energy Management:		14,332
Low Voltage	9.0%	7,629
Medium Voltage	8.9%	3,183
Secure Power	9.0%	2,989
Other	7.8 to 8.3%	531
Industrial Automation		10,332
Industrial Automation	9.3%	5,809
Industrial Automation Software	8.5%	4,523
TOTAL GOODWILL*		24,664

* Goodwill was reallocated using relative values of groups of CGUs.

As of December 31, 2022, the breakdown of goodwill by former groups of CGUs was:

(in millions of euros)	WACC	Dec. 31, 2022
Energy Management:		14,570
Low Voltage	8.6%	9,060
Medium Voltage	8.9%	2,243
Secure Power	8.7%	3,267
Industrial Automation	8.7%	10,566
TOTAL GOODWILL		25,136

The Group performed the annual impairment test of all the groups of CGUs' assets using the same methodology as the one used on previous periods and described in Note 1.11.

Impairment tests performed in 2023 did not trigger any impairment losses on the groups of CGUs' assets. Results of the impairment test would have been the same should the Group have kept the same group of CGUs as in 2022.

The sensitivity analysis on the test hypothesis shows that no impairment losses would be recognized in each of the following scenarios, for each group of CGUs:

- a 0.5 point increase of the discount rate;
- a 1.0 point decrease in the growth rate;
- a 0.5 point decrease in the margin rate.

9.2 – Climate-related matters

In 2023, the Group mandated external experts to evaluate the potential impact of climate-related matters and physical risks on fixed assets over the Group future cash flows. This risk assessment covered a broad spectrum of risks as outlined below:

- Policy: Legislation that are or could be enacted by governments to price and penalize Greenhouse gas (GHG) emissions
- Market consumer: Consumer preferences could shift towards sustainable alternative products and services, transforming market demand
- Technology: Disruptive lower-carbon technology could change in key economic sectors and risks to carbon intensive assets and operations
- Liability: Litigation that could be brought by plaintiffs against companies for their liabilities in causing harm from climate change
- Investor: Investors prioritize returns from lower-carbon companies, driving cost of capital and valuation changes
- Reputation: Customer sentiment could be influenced by company's actions to address climate change risk
- Physical risk: key facility operational risk and physical asset damage due to extreme weather

Results of the risk assessment are showing that most of those risks do not have a significant impact on the Group future cash flows. The most impactful risk would be the Policy risk. To evaluate this particular risk, external experts considered the Group scope 1, 2 and 3 GHG emissions by country and projected them over 10 years period (based on growth of the business) multiplied by current and projected country-level carbon pricing data, taken from several databases (including IEA, WB, NGFS), and projected across various climate futures based on academic research. Our scope 3 emissions, that represents almost 100% of the Policy risk, are impacting our future cash flows from a drop in demand (downstream) and an increase in our cost of sales (upstream).

5.5 Notes to the consolidated financial statements

However, the model, being conservative, is not considering any upside from the Group's strong long-term position to meet the increasing demand of organizations making meaningful progress on their energy transition and decarbonization goals, neither the actions taken by the Group to decarbonate its value chain.

In addition, the Group also considered the impact on future cash flows of its Scope 1,2 & 3 GHG pathway commitments towards 2030, 2040 & 2050.

Considering the above risk assessment and our commitments, the Group has performed a sensitivity analysis to our impairment tests at groups of CGUs level and did not identify impairment risk on its assets.

9.3 – Movements during the year

The main movements during the year are summarized as follows:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Net goodwill at opening	25,136	24,723
Acquisitions	209	387
Disposals	(7)	(119)
Reclassifications	(95)	(536)
Translation adjustment	(579)	681
NET GOODWILL AT END OF YEAR	24,664	25,136
including cumulative impairment losses	(367)	(367)

Acquisitions & Disposals

Movements from acquisitions and disposals are described in Note 2.

Other changes

Reclassifications mainly relates to Assets held for sale described in Note 2.

Translation adjustments mainly concern goodwill denominated in US dollar.

Note 10: Intangible assets

10.1 – Change in intangible assets

Gross value

(in millions of euros)	Trademarks	Software	Development Projects (R&D)	Acquired technologies and customer relationships	Other	Total
Dec. 31, 2021	2,861	1,041	3,823	4,786	216	12,727
Acquisitions	–	26	357	1	2	386
Translation adjustments	107	3	37	129	21	297
Reclassifications	1	14	(107)	(53)	55	(90)
Reclassifications to assets held for sale	–	(6)	(39)	(17)	(1)	(63)
Changes in scope of consolidation and other	24	(3)	6	13	7	47
Dec. 31, 2022	2,993	1,075	4,077	4,859	300	13,304
Acquisitions	–	114	328	–	9	451
Translation adjustments	(85)	(10)	(56)	(121)	(18)	(290)
Reclassifications	(36)	36	(174)	(178)	17	(335)
Reclassifications to assets held for sale	(2)	–	(23)	(4)	(1)	(30)
Changes in scope of consolidation and other	1	(1)	(4)	(20)	(15)	(39)
Dec. 31, 2023	2,871	1,214	4,148	4,536	292	13,061

Amortization and impairment

(in millions of euros)	Trademarks	Software	Development Projects (R&D)	Acquired technologies and customer relationships	Other	Total
Dec. 31, 2021	(486)	(858)	(2,654)	(2,069)	(174)	(6,241)
Amortization	(40)	(70)	(244)	(372)	(6)	(732)
Impairment	(9)	–	(4)	(29)	3	(39)
Translation adjustments	(10)	(2)	(26)	(45)	(5)	(88)
Reclassifications	(1)	31	49	41	(30)	90
Reclassifications to assets held for sale	–	5	25	7	–	37
Changes in scope of consolidation and other	–	3	13	27	(1)	42
Dec. 31, 2022	(546)	(891)	(2,841)	(2,440)	(213)	(6,931)
Amortization	(35)	(78)	(239)	(355)	(10)	(717)
Impairment	(34)	–	(15)	(1)	–	(50)
Translation adjustments	6	9	43	59	11	128
Reclassifications	35	17	136	151	(4)	335
Reclassifications to assets held for sale	–	–	3	1	–	4
Changes in scope of consolidation and other	–	–	1	6	–	7
Dec. 31, 2023	(574)	(943)	(2,912)	(2,579)	(216)	(7,224)

Net value

(in millions of euros)	Trademarks	Software	Development Projects (R&D)	Acquired technologies and customer relationships	Other	Total
Dec. 31, 2021	2,375	183	1,169	2,717	42	6,486
Dec. 31, 2022	2,447	184	1,236	2,419	87	6,373
Dec. 31, 2023	2,297	271	1,236	1,957	76	5,837

The amortization expenses and impairment losses of intangible assets other than goodwill restated in statement of cashflow are as follows:

(in millions of euros)	Full Year 2023	Full Year 2022
Amortization expenses of intangible assets other than goodwill	717	732
Impairment losses of intangible assets other than goodwill	50	39
TOTAL*	767	771

* Includes amortization & impairment of intangible assets from purchase price allocation for EUR 430 million for the year 2023 (EUR 424 million in 2022)

10.2 – Trademarks

On December 31, 2023, the main trademarks recognized were as follows:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
APC (Secure Power)	1,664	1,724
Clipsal (Low Voltage)	122	162
Asco (Low Voltage)	113	117
OSIsoft (Industrial Automation Software)	112	133
Aveva (Industrial Automation Software)	86	86
Invensys - Triconex and Foxboro (Industrial Automation)	50	52
L&T (Low Voltage)	36	50
Digital (Industrial Automation)	35	39
Other	79	84
TRADEMARKS NET BOOK VALUE	2,297	2,447

Indefinite-lived brands are tested on a yearly basis for impairment.

In 2023, the Group reviewed the value of the main trademarks in accordance with the valuation model described in Note 1.8. Particularly, APC brand was tested using the royalty relief method. The future cash flows used are based on Group management's economic assumptions and operating forecasts presented in Secure Power's business plan, and then extrapolated based on a perpetuity growth rate of 2%.

Impairment tests carried out on indefinite-lived brands in 2023 led the Group to recognize an impairment of EUR 34 million on Clipsal brand.

The sensitivity analysis on the test hypothesis shows that no material impairment losses would be recognized in the following scenarios:

- a 0.5 point increase of the discount rate;
- a 1.0 point decrease in the growth rate;
- a 0.5 point decrease in the royalty rate.

5.5 Notes to the consolidated financial statements

Note 11: Property, plant and equipment

Changes in property, plant and equipment in 2023 are mainly related to the scope changes mentioned in the Note 2 and include the impacts of IFRS 16 - Leases.

Gross value

<i>(in millions of euros)</i>	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2021	199	2,043	4,795	1,253	1,969	10,259
Acquisitions	3	28	127	563	356	1,077
Disposals	(26)	(94)	(186)	(95)	(68)	(469)
Translation adjustments	–	28	59	26	22	135
Reclassifications	(4)	79	211	(295)	–	(9)
Reclassifications to assets held for sale	(6)	(47)	(124)	(19)	(10)	(206)
Changes in scope of consolidation and other	(1)	(36)	(77)	(19)	(2)	(135)
Dec. 31, 2022	165	2,001	4,805	1,414	2,267	10,652
Acquisitions	–	31	133	746	305	1,215
Disposals	(3)	(76)	(176)	(108)	(155)	(518)
Translation adjustments	(3)	(18)	(84)	(37)	(30)	(172)
Reclassifications	2	135	265	(378)	–	24
Reclassifications to assets held for sale	–	–	–	–	–	–
Changes in scope of consolidation and other	–	1	2	(25)	(27)	(49)
Dec. 31, 2023	161	2,074	4,945	1,612	2,360	11,152

Amortization and impairment

<i>(in millions of euros)</i>	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2021	(28)	(1,167)	(3,739)	(608)	(891)	(6,433)
Depreciation and impairment	(1)	(94)	(274)	(78)	(308)	(755)
Reversals	13	75	174	70	8	340
Translation adjustments	(1)	(15)	(49)	(12)	(4)	(81)
Reclassifications	–	–	–	–	–	–
Reclassifications to assets held for sale	–	26	105	9	3	143
Changes in scope of consolidation and other	–	21	61	5	(18)	69
Dec. 31, 2022	(17)	(1,154)	(3,722)	(614)	(1,210)	(6,717)
Depreciation and impairment	(1)	(108)	(272)	(76)	(303)	(760)
Reversals	1	69	161	81	134	446
Translation adjustments	–	7	61	19	12	99
Reclassifications	(2)	(23)	(6)	14	–	(17)
Reclassifications to assets held for sale	–	–	–	–	–	–
Changes in scope of consolidation and other	–	(1)	(6)	3	10	6
Dec. 31, 2023	(19)	(1,210)	(3,784)	(573)	(1,357)	(6,943)

Net value

(in millions of euros)	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2021	171	876	1,056	645	1,078	3,826
Dec. 31, 2022	148	847	1,083	800	1,057	3,935
Dec. 31, 2023	142	864	1,161	1,039	1,003	4,209

Reclassifications primarily correspond to assets put into use.

The cash impact of purchases of property, plant and equipment in 2023 was as follows:

(in millions of euros)	Full Year 2023	Full Year 2022
Increase in property, plant and equipment	(1,215)	(1,077)
Of which non-cash impact related to IFRS 16	305	356
Changes in receivables and liabilities on property, plant and equipment	(4)	14
TOTAL	(914)	(707)

The depreciation and impairment of property, plant and equipment restated in the statement of cash flows were as follows:

(in millions of euros)	Full Year 2023	Full Year 2022
Depreciation of property, plant and equipment	743	750
Impairment of property, plant and equipment	17	5
TOTAL	760	755

IFRS 16 debt by maturity:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
2023	–	282
2024	284	224
2025	214	167
2026	170	133
2027	121	90
2028	82	59
2029	57	50
2030	44	37
2031 and beyond	100	69
TOTAL	1,072	1,111

5.5 Notes to the consolidated financial statements

Note 12: Investments in associates and joint ventures

Investments in associates and joint ventures can be analyzed as follows:

(in millions of euros)	Delixi Sub-Group	Uplight	Planon	Fuji Electrics	Sunten Electric Equipments	Other	Total
% of interest							
Dec. 31, 2022	50.0%	29.4%	25.0%	36.8%	25.0%		
Dec. 31, 2023	50.0%	30.4%	25.0%	36.8%	25.0%		
CLOSING VALUE DEC. 31, 2021	464	390	112	151	38	79	1,234
Net Income/(loss)	52	(28)	(2)	24	2	(19)	29
Dividends distribution	(25)	–	–	(14)	–	(2)	(41)
Perimeter changes	–	1	–	–	–	(14)	(13)
Translation impacts & others	(10)	51	–	(6)	(4)	1	32
CLOSING VALUE DEC. 31, 2022	481	414	110	155	36	45	1,241
Net Income/(loss)	52	(30)	5	19	4	1	51
Dividends distribution	(20)	–	–	(16)	(3)	(1)	(40)
Perimeter changes	–	13	–	–	–	(2)	11
Translation impacts & others	(26)	(9)	–	(16)	(3)	(3)	(57)
CLOSING VALUE DEC. 31, 2023	487	388	115	142	34	40	1,206

12.1- Main entities consolidated under the equity method:

Delixi Electric Ltd.

In 2007, Schneider Electric joined Delixi Group to establish a win-win partnership in a joint-venture, Delixi Electric Ltd., aka “Delixi Electric”. Delixi Electric, based in China, is specialist in manufacturing, retail and distribution of low voltage products.

The key financial indicators for the Delixi Electric subgroup (on a 100% basis) are as follows:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Non-current assets	754	814
Current assets	472	502
TOTAL ASSETS	1,225	1,316
Equity	643	619
Non-current liabilities	21	102
Current liabilities	560	595
TOTAL EQUITY AND LIABILITIES	1,225	1,316
Revenue	1,342	1,354
Adjusted EBITA	143	137
PROFIT FOR THE YEAR	104	104
Dividends paid	40	50

Note 13: Non-current financial assets

Non-current financial assets, primarily comprising investments, are detailed below:

		Dec. 31, 2023					Dec. 31, 2022
(in millions of euros)	% of interest	Acquisitions disposals	Fair value through P&L	Fair value through Equity	FX & others	Fair value	Fair value
LISTED FINANCIAL ASSETS:							
Gold Peak Industries Holding Ltd	3.2 %	–	–	–	–	2	2
Others (Unit fair value lower than EUR 3 million)		1	–	–	–	13	12
TOTAL LISTED FINANCIAL ASSETS		1	–	–	–	15	14
UNLISTED FINANCIAL ASSETS:				–			
Funds				–			
SE Ventures Funds of Funds in Portfolio		8	(7)	–	(3)	94	96
FCPR Aster II (part A, B and C)	38,0 %	(3)	3	–	–	18	18
Sensetime & Stalagnate Fund China	30,0 %	–	12	–	(4)	70	62
FCPR SEV1	100,0 %	–	–	–	–	7	7
SICAV SESS	63,1 %	–	–	–	1	11	10
FCPI Energy Access Ventures Fund	28,6 %	2	(1)	–	–	19	18
Gaia Energy Impact	50,0 %	3	–	–	–	3	–
SICAV Livehoods Fund SIF	19,9 %	1	(1)	–	–	4	4
Direct investments							
SE Ventures - Claroty	5,8 %	–	–	5	(2)	64	61
SE Ventures - Sense	8,3 %	–	–	(9)	(2)	35	46
SE Ventures - Augury	3,0 %	–	–	8	(2)	40	34
SE Ventures - Scandit	2,4 %	–	–	(2)	–	17	19
SE Ventures - AnyVision	9,4 %	–	–	–	(3)	11	14
SE Ventures - Verkor	12,2 %	–	–	28	(2)	39	13
SE Ventures - Titan Advanced Energy Solutions	19,2 %	–	–	(2)	–	10	12
SE Ventures (Unit fair value lower than EUR 10 million)		24	–	(8)	(7)	121	112
Nozomi Networks	6,6 %	46	–	–	(1)	45	–
Star Charge	1,3 %	–	–	–	(2)	27	29
Others (Unit fair value lower than EUR 10 million)		12	–	–	(3)	51	42
TOTAL UNLISTED FINANCIAL ASSETS		93	6	20	(30)	686	597
PENSIONS ASSETS		9	–	(43)	7	253	280
OTHER		41	–	–	16	291	234
TOTAL NON-CURRENT FINANCIAL ASSETS		144	6	(23)	(7)	1,245	1,125

The fair value of investments listed in an active market corresponds to the stock price on the balance sheet date.

"Others" include mainly convertible and treasury bonds, as well as contributions to US employee deferred compensation trusts ("rabbi trusts").

"SE Ventures" is a corporate venture capital fund created in partnership with Schneider Electric. SE Ventures current portfolio is composed of direct investments in various start-up companies and funds of funds.

5.5 Notes to the consolidated financial statements

Note 14: Deferred taxes by nature

Deferred taxes by type can be analyzed as follows:

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Tax loss carryforwards (net)	629	724
Provisions for pensions and other post-retirement benefit obligations (net)	234	197
Non-deductible provisions and accruals (net)	474	466
Differences between tax and accounting depreciation on tangible assets (net)	(41)	(4)
Differences between tax and accounting amortization on intangible assets (net)	(752)	(957)
Differences on working capital (net)	207	164
Other deferred tax assets/(liabilities) (net)	182	141
TOTAL NET DEFERRED TAX ASSETS/(LIABILITIES)	933	731
<i>of which total deferred tax assets</i>	<i>1,636</i>	<i>1,616</i>
<i>of which total deferred tax liabilities</i>	<i>703</i>	<i>885</i>

Deferred tax assets recorded in respect of tax losses carried forward on December 31, 2023 essentially concern France (EUR 420 million). These deficits can be carried forward indefinitely, and have been activated using the rate of 25.83%, in accordance with the applicable rate in the expected consumption horizon of 6 years. Unrecognized deferred tax losses amount EUR 149 million as of December 31, 2023 and are mainly related to Spain.

Note 15: Inventories and work in progress

Inventories and work in progress changed as follows:

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
COST:		
Raw materials	2,279	2,021
Production work in progress	355	367
Semi-finished and finished products	1,518	1,519
Finished goods	759	681
Solution work in progress	211	200
INVENTORIES AND WORK IN PROGRESS AT COST	5,122	4,788
IMPAIRMENT:		
Raw materials	(338)	(232)
Production work in progress	(10)	(9)
Semi-finished and finished products	(239)	(189)
Finished goods	(9)	(8)
Solution work in progress	(7)	(4)
IMPAIRMENT LOSSES	(603)	(442)
NET:		
Raw materials	1,941	1,789
Production work in progress	345	358
Semi-finished and finished products	1,279	1,330
Finished goods	750	673
Solution work in progress	204	196
INVENTORIES AND WORK IN PROGRESS, NET	4,519	4,346

Note 16: Trade and other operating receivables

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Accounts receivable	6,330	5,675
Unbilled revenue	1,911	1,662
Notes receivable	264	389
Advances to suppliers	256	276
Accounts receivable at cost	8,761	8,002
Impairment	(373)	(489)
ACCOUNTS RECEIVABLE, NET	8,388	7,514
<i>On time</i>	<i>7,343</i>	<i>6,537</i>
<i>Less than one month past due</i>	<i>517</i>	<i>438</i>
<i>One to two months past due</i>	<i>200</i>	<i>174</i>
<i>Two to three months past due</i>	<i>82</i>	<i>102</i>
<i>Three to four months past due</i>	<i>109</i>	<i>119</i>
<i>More than four months past due</i>	<i>137</i>	<i>144</i>

Accounts receivable result from sales to end-customers, who are widely spread both geographically and economically. Consequently, the Group believes that there is no significant concentration of credit risk.

In addition, the Group takes out substantial credit insurance and uses other types of guarantees to limit the risk of losses on trade accounts receivable.

Changes in provisions for impairment of short and long-term trade accounts receivable were as follows:

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Provisions for impairment as of December 31, 2022	(489)	(498)
Additions	(131)	(133)
Utilizations	132	58
Reversal of surplus provisions	73	70
Translation adjustments	18	4
Changes in scope of consolidation and other	24	10
PROVISIONS FOR IMPAIRMENT AS OF DECEMBER 31, 2023	(373)	(489)

The contracts assets and liabilities, respectively reported within the "Trade and other operating receivables" and "Trade and other operating payables", are as follows:

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Unbilled revenue (contract assets)	1,911	1,662
Contract liabilities	(2,402)	(1,840)
NET CONTRACT ASSETS	(491)	(178)

Note 17: Other receivables and prepaid expenses

<i>(in millions of euros)</i>	Dec. 31, 2023	Dec. 31, 2022
Other receivables	447	423
VAT receivables	746	713
Current income tax receivables	618	596
Other tax receivables	37	41
Derivative instruments	122	79
Prepaid expenses	320	304
OTHER RECEIVABLES AND PREPAID EXPENSES	2,290	2,156

5.5 Notes to the consolidated financial statements

Note 18: Cash and cash equivalents

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Marketable securities	2,024	1,716
Negotiable debt securities and short-term deposits	588	693
Cash	2,084	1,577
Total cash and cash equivalents	4,696	3,986
Bank overdrafts	(42)	(123)
NET CASH AND CASH EQUIVALENTS	4,654	3,863

Non-recourse factorings of trade receivables were realized in 2023 for a total amount of EUR 286 million, compared with EUR 264 million in 2022. Substantially all risks and rewards have been transferred.

Note 19: Shareholder's equity

19.1 – Capital

Share capital

The company's share capital at December 31, 2023 amounted to EUR 2,291,343,536 represented by 572,835,884 shares with a par value of EUR 4, all fully paid up.

On December 31, 2023, a total of 600,194,772 voting rights were attached to the 572,835,884 issued shares. Schneider Electric's capital management strategy is designed to:

- ensure Group liquidity;
- optimize its financial structure;
- optimize the weighted average cost of capital.

The strategy must also ensure the Group has access to different capital markets under the best possible conditions. Factors taken into account for decision-making purposes include objectives expressed in terms of earnings per share, ratings or balance sheet stability. Finally, decisions may be implemented depending on specific market conditions.

Changes in share capital and cumulative number of shares

Changes in share capital since December 31, 2021 were as follows:

(in number of shares and in euros)	Cumulative number of shares	Share capital
SHARE CAPITAL AT DEC. 31, 2021	569,033,442	2,276,133,768
Cancellation of own shares	—	—
Capital increase	2,059,479	8,237,916
SHARE CAPITAL AT DEC. 31, 2022	571,092,921	2,284,371,684
Cancellation of own shares	—	—
Capital increase	1,742,963	6,971,852
SHARE CAPITAL AT DEC. 31, 2023	572,835,884	2,291,343,536

In 2023, the share premium account increased by EUR 212 million following the increases in capital.

On November 20, the Group issued convertible bonds with a total nominal amount of EUR 650 million. The equity component of these convertible bonds has been valued at EUR 65 million (after fees) and has been recognized in "Additional paid-in capital".

19.2 – Earnings per share

(in thousands of shares and in euros per share)	Full Year 2023		Full Year 2022	
	Basic	Diluted	Basic	Diluted
Issued shares (Net of treasury shares)	559,846	559,846	558,129	558,129
Performance shares	–	2,807	–	3,348
Bonds convertible into shares	–	3,935	–	3,684
AVERAGE WEIGHTED NUMBER OF SHARES	559,846	566,588	558,129	565,161
Earnings per share before tax	9.65	9.54	8.45	8.35
EARNINGS PER SHARE	7.15	7.07	6.23	6.15

19.3 – Dividends paid and proposed

In 2023, the Group paid out the 2022 dividend of EUR 3.15 per share, for a total of EUR 1,767 million.

At the Shareholders' Meeting of May 23, 2024, shareholders will be asked to approve a dividend of EUR 3.50 per share for fiscal year 2023. On December 31, 2023, Schneider Electric SE had distributable reserves in an amount of EUR 3,102 million (versus EUR 2,941 million at December 31, 2022, not including profit for the year).

19.4 – Share-based payments

Nature and extent of existing share-based payments

The Board of Directors of Schneider Electric SE and later the Management Board have set up performance shares plans for senior executives and certain employees of the Group.

Rules governing the performance shares plans are as follows:

- to receive the shares, the grantee must generally be an employee or corporate officer of the Group. Vesting is also conditional on the achievement of performance criteria;
- the vesting period is three to four years;
- the lock-up period is zero or one year.

The main characteristics of these plans were as follows at December 31, 2023:

	LTIP 2020	LTIP 2021	LTIP 2022	LTIP 2023	TOTAL
<i>Plan no.</i>	<i>Plan 36 & 37</i>	<i>Plan 38 & 39</i>	<i>Plan 40 & 41</i>	<i>Plan 42</i> <i>Plan 42bis & 43</i> <i>Plan 42ter</i> <i>Plan 42quater</i>	
Date of Annual Shareholders' Meeting	Apr. 25, 2017	Apr. 25, 2018	Apr. 25, 2019	May 5, 22 May 5, 22 May 5, 2022 May 5, 2022	
Date of the grant by the Board	Mar. 24, 2020	Mar. 25, 2021	Mar. 24, 2022	Mar. 28, 2023 May 4, 23 July 26, 2023 Oct. 25, 2023	
Vesting date	Mar. 24, 2023	Mar. 25, 2024	Mar. 24, 2025	Mar. 28, 2023 May 4, 26 July 26, 2026 Oct. 25, 2026	
End of holding period	Mar. 24, 2024 for Plan 36	Mar. 25, 2025 for Plan 38	Mar. 24, 2026 for Plan 40	May 4, 2027 for Plan 43	

Number of performance shares

Outstanding as of Dec. 31, 2022	2,013,503	1,479,719	1,402,324	–	4,895,546
Granted in 2023	–	–	–	1,510,001	1,510,001
Delivered in 2023	(1,951,976)	(403)	(397)	–	(1,952,776)
Canceled in 2023	(61,527)	(77,061)	(67,912)	(21,071)	(227,571)
Outstanding as of Dec. 31, 2023	–	1,402,255	1,334,015	1,488,930	4,225,200

Schneider Electric SE has not created shares in 2023 to deliver vested plans but used existing treasury shares.

5.5 Notes to the consolidated financial statements

Determination of fair values

In accordance with the accounting policies described in Note 1.20, the below fair value was calculated for each plan:

	Plan no.	Fair Value per share (in euros)
LTIP 2020		
	Plan 36	52.9
	Plan 37 – ExCom	55.2
	Plan 37 – Other	57.8
	Plan 37bis	90.7
	Plan 37ter – ExCom	85.3
	Plan 37ter – Other	89.3
LTIP 2021		
	Plan 38	93.4
	Plan 39 – ExCom	97.3
	Plan 39 – Other	102.9
	Plan 39bis	116.6
	Plan 39ter	117.5
LTIP 2022		
	Plan 40	119
	Plan 41 – ExCom	123
	Plan 41 – Other	128.8
	Plan 41bis	107.8
	Plan 41ter	111
LTIP 2023		
	Plan 42 – Excom	119.2
	Plan 42 – Other	124.5
	Plan 42bis – Excom	127.1
	Plan 43	127.1
	Plan 42ter	139.4
	Plan 42quater	118.1

IFRS 2 expense

The expense recorded under "Selling, general and administrative expenses" breaks down as follows:

(in millions of euros)	Full Year 2023	Full Year 2022
Group LTIP	144	114
Aveva	–	34
WESOP discount	41	–
Other	23	18
TOTAL	208	166

Worldwide Employee Stock Purchase Plan

Every year, Schneider Electric gives its employees the opportunity to become group shareholders thanks to employee share issues. In countries that meet legal and fiscal requirements, the classic plan has been proposed to employees. Under the plan, employees may purchase Schneider Electric shares at a 15% discount to the price quoted for the shares on the stock market. Employees must then hold their shares for five years, except in certain cases provided for by law.

On April 20, 2023, the Group gave its employees the opportunity to purchase shares at a price of EUR 126.20 per share, as part of its commitment to employee share ownership. This represented a 15% discount to the reference price of EUR 148.47 calculated as the average opening price quoted for the share during the 20 days preceding the Chief Executive Officer's decision to launch the employee share issue. Altogether, 1.7 million shares were subscribed, increasing the capital by EUR 219 million as of July 6, 2023.

As of December 31, 2023, the share-based payment expense recorded in accordance with IFRS 2, measured by reference to the fair value of the discount amounted to EUR 41 million.

19.5 – Schneider Electric SE treasury shares

On December 31, 2023, the Group held 14,518,652 Schneider Electric shares in treasury stock, which have been recorded as a deduction from retained earnings.

The Group has repurchased 4,493,173 shares for a total amount of EUR 703 million in 2023.

19.6 – Income tax recorded in equity

Total income tax recorded in equity amounts to EUR 172 million as of December 31, 2023 and can be analyzed as follows:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022	Change in tax
Cash-Flow hedges	25	19	6
Available-for-sale financial assets	(19)	(13)	(6)
Actuarial gains/(losses) on defined benefits obligations	169	100	69
Other	(3)	(3)	–
TOTAL	172	103	69

19.7 – Non-controlling interests

In 2023, the Group finalized the acquisition of AVEVA's non-controlling interests. L&T, for which the Group holds 65%, is the main contributor of non-controlling interests.

Note 20: Pensions and other post-employment benefit obligations

The Group has set up various post-employment benefit plans for employees covering pensions, termination benefits, healthcare, life insurance and other benefits, as well as long-term benefit plans for active employees.

The benefits offered to each employee depends on local laws and regulations and choices made by the subsidiaries.

Defined Contribution Pension Plans

The group policy regarding pensions is to propose defined contribution pension plans, including a contribution from the employer. This is the most common active benefit offered worldwide, including for example 401k in US and PERO in France.

The contribution to these plans is booked as an operating cost and do not translate into any further obligation by the employer.

Defined Benefit Pension Plans

The Group's main Defined Benefit pension plans are located in the United Kingdom (UK) and the United States (US). They respectively represent 62% (2022: 57%) and 17% (2022: 24%) of the Group's total Defined Benefit Obligations (DBO) on pensions. The majority of benefit obligations under these plans, which represent 91% of the Group's total commitment at December 31, 2023, are partially or fully funded through payments to external funds. These funds are never invested in Group assets.

United Kingdom

The Group companies operate several Defined Benefit pension plans in the UK. The main one is related to the Invensys Pension Scheme. Pensions payable to employees depend on average final salary and length of service within the Group. These plans are registered schemes under UK tax law and managed by independent Boards of Trustees. They are closed to new entrants, and for most of them, the vested rights were frozen as they have been replaced by Defined Contributions plans.

These plans are funded by employer contributions, which are negotiated every three years based on plan valuations carried out by independent actuaries, so that the long-term financing services are ensured.

In relation to risk management and asset allocation, the Board of Trustees' aims of each plan are to ensure that it can meet its obligations to the plan's beneficiaries both in the short and long-term. The Board of Trustees is responsible for the plan's long-term investment strategy and defines and manages long-term investment strategies to reduce risks, including interest rate risks and longevity risks. A certain proportion of assets hedges the liability valuation change resulting from the interest rates evolution. Those assets are primarily invested in fixed income investments, particularly intermediate and longer-term instruments.

Following the agreement reached with the Trustee of the Invensys Pension Scheme on February 2014, Schneider Electric SE guaranteed all obligations of the Invensys subsidiaries which participate in the Scheme, up to a maximum amount of GBP 1.75 billion. At December 31, 2023, plan assets exceed the value of obligations subject to this guarantee and thus this guarantee cannot be called.

Schneider UK pension plans contain provisions of pension called Guaranteed Minimum Pension ("GMP"). GMPs were accrued for individuals who subscribed to the State Second Pension prior to April 6, 1997. Historically, there was an inequality in the benefits between male and female members concerning GMP.

A High Court case concluded on October 26, 2018, confirmed that all UK pension plans must equalize "GMPs" between men and women.

5.5 Notes to the consolidated financial statements

United States

The United States' subsidiaries operate several Defined Benefit pension plans. These plans are closed to new entrants, frozen to future accruals and have been replaced by Defined Contributions plans. Pensions payable to employees depend on the average final salary and the length of service within the Group.

Each year, the Group companies contribute a certain amount to the Defined Benefit pension plans. This amount is determined actuarially and is comprised of service costs, administrative expenses and payments toward any existing deficits. Since the plans are closed and frozen, there is generally no service cost component.

The companies delegate various responsibilities to Pension Committees. These committees define and manage long-term investment strategies to reduce risks, including interest rate risks and longevity risks. A certain proportion of assets hedges the liability valuation change, resulting from the interest rates evolution. Those assets are primarily invested in fixed income investments, particularly intermediate and longer-term instruments.

In October 2022, a contract was purchased from an insurer for USD 518 million covering all current retirees and a portion of non-retirees of Invensys pension plan. The buy-in contract was purchased using assets from the pension trust and is accounted for at fair value as an investment of the trust. This transaction resulted in an additional net experience adjustment of USD 24 million recognized in other comprehensive income in 2022.

Effective in December 2023, the buy-in contract was converted to buy-out contract in conjunction with the plan termination. All liabilities were transferred to the insurer with no further benefit obligation for the Invensys.

France

The French subsidiaries offer a Retirement Benefit (ICDR) that can be either taken as a lumpsum at retirement or as time off (partial or full) before retirement is effective.

This benefit is calculated based on salary and years of services in company, according to the collective agreements and there is no funding requirement.

The French pension reform voted in April 2023 increased progressively the legal retirement age from 62 to 64 years old. The accounting impacts are not significant on the Group financial statements.

Assumptions

Actuarial valuations are generally performed each year. The assumptions used vary according to the economic conditions prevailing in the country concerned, as follows:

	Group weighted average rate		Of which United Kingdom		Of which United States	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Discount rate	4.53%	4.82%	4.58%	4.85%	5.08%	5.35%
Rate of compensation increases	2.76%	2.58%	3.51%	3.63%	n.a.	n.a.

The discount rate is determined based on the interest rate for investment-grade (AA) corporate bonds or, if a liquid market does not exist, government bonds with a maturity that matches the duration of the benefit obligation. In the United States, the average discount rate is determined based on a yield curve for AA and AAA investment-grade corporate bonds.

In the Euro zone, the 2023 discount rate is 3.20% for the main plans.

The rate of compensation increases includes both the salary increase and inflation rate if relevant.

Weighted average duration of defined benefit obligations plans:

	Total		Of which United Kingdom		Of which United States	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Weighted average duration in years	10	9.9	9.7	9.7	9.7	9.4

20.1 – Changes in provisions for pensions and other post-employment benefit obligations

Annual changes in obligations, the market value of plan assets and the corresponding assets and provisions recognized in the financial statements can be analyzed as follows:

(in millions of euros)	Defined benefit obligations	Plan assets	Asset ceiling	Net Liability
Dec. 31, 2021	(9,686)	8,871	(210)	(1,025)
<i>of which UK</i>	(6,017)	6,524	(184)	323
<i>of which US</i>	(2,170)	1,692	–	(478)
Service cost	(121)	–	–	(121)
Past service cost	(2)	–	–	(2)
Curtailments and settlements	84	(79)	–	5
Interest cost	(203)	–	(4)	(207)
Interest income	–	170	–	170
Net impact in P&L, (expense)/profit	(242)	91	(4)	(155)
<i>of which UK</i>	(131)	121	(4)	(14)
<i>of which US</i>	(117)	41	–	(76)
Benefits paid	537	(473)	–	64
Plan participants' contributions	(6)	6	–	–
Employer contributions	–	130	–	130
Changes in the scope of consolidation	10	(2)	–	8
Actuarial gains/(losses) recognized in equity	2,395	(2,284)	26	137
Translation adjustment	102	(143)	8	(33)
Other changes	(32)	–	–	(32)
Dec. 31, 2022	(6,922)	6,196	(180)	(906)
<i>of which UK</i>	(3,977)	4 339	(140)	222
<i>of which US</i>	(1,663)	1 287	–	(376)
<i>of which France</i>	(312)	66	–	(246)
Service cost	(66)	–	–	(66)
Past service cost	(3)	–	–	(3)
Curtailments and settlements	517	(509)	–	8
Interest cost	(300)	–	(8)	(308)
Interest income	–	254	–	254
Net impact in P&L, (expense)/profit	148	(255)	(8)	(115)
<i>of which UK</i>	(199)	200	(8)	(7)
<i>of which US</i>	(65)	38	–	(27)
<i>of which France</i>	(18)	2	–	(16)
Benefits paid	498	(439)	–	59
Plan participants' contributions	(6)	6	–	–
Employer contributions	–	257	–	257
Changes in the scope of consolidation	30	(32)	–	(2)
Actuarial gains/(losses) recognized in equity	(185)	50	16	(119)
Translation adjustment	(43)	69	(6)	20
Other changes	(10)	–	–	(10)
Dec. 31, 2023	(6,490)	5,852	(178)	(816)
<i>of which UK</i>	(4,018)	4,351	(130)	203
<i>of which US</i>	(1,122)	937	–	(185)
<i>of which France</i>	(353)	65	–	(288)

The Group defined benefit obligations of EUR 6,490 million (2022: EUR 6,922 million) are broken down as EUR 6,246 million (2022: EUR 6,678 million) for post-employment benefits and EUR 244 million (2022: EUR 244 million) for other post-employment and long-term benefits.

The post-employment benefits are broken down between EUR 5,702 million for pension of which 97% are funded, and EUR 544 million for lump sum benefits of which 69% are funded.

5.5 Notes to the consolidated financial statements

The total present value of Defined Benefit Obligations breaks down as follows between wholly or partly funded plans and wholly unfunded plans:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Present value of wholly or partly funded benefit obligation	(5,882)	(6,334)
Fair value on plan assets	5,852	6,196
Effect of assets ceiling	(178)	(180)
Net position of wholly or partly funded benefit obligation	(208)	(318)
Present value of wholly or partly unfunded benefit obligation	(608)	(588)
NET LIABILITY FROM FUNDED AND UNFUNDED PLANS	(816)	(906)
Balance Sheet impact:		
surplus of plans recognized as assets*	253	280
provisions recognized as liabilities	(1,069)	(1,186)

* The surplus of plans recognized as assets represents the assets in excess of the liabilities, generally assumed to be recoverable, and after applying any asset ceiling

Changes in gross items recognized in equity were as follows:

(in millions of euros)	Full Year 2023	Full Year 2022
Actuarial (gains)/losses on Defined Benefit Obligations arising from demographic assumptions	(40)	(81)
Actuarial (gains)/losses on Defined Benefit Obligations arising from financial assumptions	160	(2,490)
Actuarial (gains)/losses on Defined Benefit Obligations from experience effects	66	176
Actuarial (gains)/losses on plan assets	(50)	2,284
Effect of asset ceiling	(17)	(26)
TOTAL RECOGNIZED IN EQUITY DURING THE YEAR	119	(137)
of which UK	(47)	(146)
of which US	1	110

The table below shows the expected timing of benefit payments under pension and other post-employment benefit plans for the next 3 years:

(in millions of euros)	United Kingdom	United States	Rest of the World	Total
2024	320	85	79	484
2025	318	86	67	471
2026	309	86	76	471

Plans asset allocation:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Equity	8%	5%
Bonds	79%	73%
Others	13%	22%
TOTAL	100%	100%

20.2 – Sensitivity analysis

The effect of a $\pm 0.5\%$ change in the discount rate and in the rate of compensation increases on the 2023 Defined Benefit Obligations is as follows:

(in millions of euros)	United Kingdom		United States		Rest of the World		Total	
	+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%
Discount rate	(199)	216	(50)	54	(62)	66	(311)	336
Rate of compensation increases	83	(80)	–	–	46	(43)	129	(123)

Note 21: Provisions for contingencies and charges

(in millions of euros)	Economic risks	Customer risks	Products risks	Environmental risks	Restructuring	Other risks	Provisions
Dec. 31, 2021	270	147	675	350	160	422	2,024
<i>of which long-term portion</i>	169	104	150	315	12	341	1,091
Additions	40	36	240	39	144	162	661
Utilizations	(63)	(50)	(233)	(71)	(113)	(116)	(646)
Reversals of surplus provisions	–	(1)	(23)	(1)	(7)	(42)	(74)
Translation adjustments	9	7	–	12	(1)	14	41
Changes in the scope of consolidation and other	(50)	10	25	(10)	(12)	61	24
Dec. 31, 2022	206	149	684	319	171	501	2,030
<i>of which long-term portion</i>	130	97	155	278	8	326	994
Additions	59	43	305	39	92	255	793
Utilizations	(49)	(68)	(219)	(45)	(82)	(241)	(704)
Reversals of surplus provisions	–	(2)	(24)	–	(4)	(28)	(58)
Translation adjustments	(7)	(5)	(25)	(10)	(2)	(17)	(66)
Changes in the scope of consolidation and other	–	2	6	(6)	(6)	29	25
Dec. 31, 2023	209	119	727	297	169	499	2,020
<i>of which long-term portion</i>	124	61	194	256	16	308	959

Provisions are recognized following the principles described in Note 1.21.

Reconciliation with cash flow statement:

(in millions of euros)	Full Year 2023	Full Year 2022
Increase of provision	793	661
Utilization of provision	(704)	(646)
Reversal of surplus provision	(58)	(74)
Provision variance excluding employee benefit obligation	31	(59)
Employee benefit obligation net variance contribution to plan assets	56	91
INCREASE/(DECREASE) IN PROVISIONS IN CASH-FLOW STATEMENT	87	32

Note 22: Current and non-current financial liabilities

The breakdown of net debt is as follows:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Bonds	10,843	8,627
Other bank borrowings	1,793	42
Short-term portion of bonds	(999)	(1,299)
Short-term portion of long-term debt	(45)	(40)
NON-CURRENT FINANCIAL LIABILITIES	11,592	7,330
Commercial paper	1,018	1,491
Accrued interest	109	39
Other short-term borrowings	128	141
Bank overdrafts	42	123
Short-term portion of convertible and non-convertible bonds	999	1,299
Short-term portion of long-term debt	45	40
SHORT-TERM DEBT	2,341	3,133
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	13,933	10,463
CASH AND CASH EQUIVALENTS	(4,696)	(3,986)
NET FINANCIAL DEBT excl. purchase commitments over non-controlling interests	9,237	6,477
Non-current purchase commitments over non-controlling interests	50	194
Current purchase commitments over non-controlling interests	80	4,554
NET FINANCIAL DEBT incl. purchase commitments over non-controlling interests	9,367	11,225

In January 2023, the Group has drawn 1,700 million under the Term loan facility set up to fund the acquisition of the minority interest of Aveva. This term loan matures in October 2025. As of December 31, 2023, the amount used remains unchanged at 1,700 million at a rate of Euribor increased by a 0.56% margin.

5.5 Notes to the consolidated financial statements

22.1 – Breakdown by maturity

(in millions of euros)	Dec. 31, 2023		Dec. 31, 2022
	Carrying amount	Interests	Carrying amount
2023	–	–	3,133
2024	2,341	287	1,000
2025	3,503	232	1,047
2026	1,398	158	1,397
2027	1,747	140	1,741
2028	1,268	100	756
2029	1,390	87	794
2030 and beyond	2,286	219	595
TOTAL	13,933	1,223	10,463

22.2 – Breakdown by currency

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Euro	13,723	10,236
US Dollar	8	41
Brazilian Real	63	16
Indian Rupee	74	77
Turkish Lira	16	8
Algerian Dinar	14	13
Other	35	72
TOTAL	13,933	10,463

22.3 – Bonds

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022	Interest rate	Maturity
Schneider Electric SE 2023	–	500	0.000% fixed	June 2023
Schneider Electric SE 2023	–	799	1.500% fixed	September 2023
Schneider Electric SE 2024	999	998	0.250% fixed	September 2024
Schneider Electric SE 2025	749	747	0.875% fixed	March 2025
Schneider Electric SE 2025	751	–	3.380% fixed	April 2025
Schneider Electric SE 2025	300	300	1.841% fixed	October 2025
Schneider Electric SE 2026 (OCEANES)	650	651	0.000% fixed	June 2026
Schneider Electric SE 2026	747	747	0.875% fixed	December 2026
Schneider Electric SE 2027	498	497	1.000% fixed	April 2027
Schneider Electric SE 2027	746	745	1.375% fixed	June 2027
Schneider Electric SE 2027	499	498	3.250% fixed	November 2027
Schneider Electric SE 2028	755	756	1.500% fixed	January 2028
Schneider Electric SE 2028	496	–	3.250% fixed	June 2028
Schneider Electric SE 2029	795	795	0.250% fixed	March 2029
Schneider Electric SE 2029	594	–	3.130% fixed	October 2029
Schneider Electric SE 2030 (OCEANES)	582	–	1.970% fixed	November 2030
Schneider Electric SE 2032	595	594	3.500% fixed	November 2032
Schneider Electric SE 2033	495	–	3.500% fixed	June 2033
Schneider Electric SE 2034	592	–	3.380% fixed	April 2034
TOTAL	10,843	8,627		

Schneider Electric SE has issued bonds on different markets:

- as part of its Euro Medium Term Notes (EMTN) program, bonds traded on the Paris stock exchange. Issues that had not yet matured as of December 31, 2023 are as follow:
 - EUR 800 million worth of bonds issued in September 2016, at a rate of 0.25%, maturing in September 2024;
 - EUR 200 million worth of bonds issued in July 2019, at a rate of 0.25%, maturing in September 2024;
 - EUR 750 million worth of bonds issued in March 2015, at a rate of 0.875%, maturing in March 2025;
 - EUR 750 million worth of bonds issued in April 2023, at a rate of 3.375%, maturing in April 2025;
 - EUR 200 million and EUR 100 million worth of Climate bonds issued successively in October and December 2015, at a rate of 1.841%, maturing in October 2025;
 - EUR 750 million worth of bonds issued in December 2017, at a rate of 0.875%, maturing in December 2026;
 - EUR 500 million worth of bonds issued in April 2020, at a rate of 1.00%, maturing in April 2027;
 - EUR 750 million worth of bonds issued in June 2018, at a rate of 1.375%, maturing in June 2027;
 - EUR 500 million worth of bonds issued in November 2022, at a rate of 3.25%, maturing in November 2027;
 - EUR 500 million worth of bonds issued in January 2019 and EUR 250 million worth of bonds issued in May 2019, at a rate of 1.50%, maturing in January 2028;
 - EUR 500 million worth of bonds issued in June 2023, at a rate of 3.25%, maturing in June 2028;
 - EUR 800 million worth of bonds issued in March 2020, at a rate of 0.25%, maturing in March 2029;

- EUR 600 million worth of bonds issued in October 2023, at a rate of 3.125%, maturing in October 2029;
- EUR 600 million worth of bonds issued in November 2022, at a rate of 3.50%, maturing in November 2032;
- EUR 500 million worth of bonds issued in June 2023, at a rate of 3.50%, maturing in June 2033; – EUR 600 million worth of bonds issued in January 2023, at a rate of 3.375%, maturing in April 2034.

In addition, the Group has issued a bond that is convertible into or exchangeable for a new or existing shares (OCEANES) for EUR 650 million at a rate of 0.00%, maturing in June 2026. The OCEANE has a debt component, assessed on inception date on the basis of the market interest rate applied to an equivalent non-convertible bond, is recognized in non-current financial debts and an optional component recognized in equity. At end of December 2023, the debt component recorded at net book value amounts to EUR 651 million and the optional component to EUR 42 million.

The initial conversion and/or exchange ratio of the Bonds was one share per Bond with a nominal value set at EUR 176.44 and has been adjusted to 1.007 shares per bond in May 2023. According to Sustainability-Linked Financing Framework, if the average sustainability performance score (calculated as the arithmetic average of the scores of the three key performance indicators) does not reach a certain level by December 31, 2025, the Group will pay an amount equal to 0.50% of the face value.

The three key performance indicators from the 11 new Schneider Sustainability Impact (SSI) 2021-2025 indicators are the following:

- Climate: Deliver 800 megatons of saved and avoided CO₂ emissions to our customers;
- Equality: Increase gender diversity, from hiring to front-line managers and leadership teams (50/40/30);
- Generation: Train 1 million underprivileged people in energy management.

The detailed rating methodology and approach are presented in the Group's Sustainability-Linked Financing Framework.

The Group has also issued in 2023 OCEANES for EUR 650 million at a rate of 1.97%, maturing in November 2030. At end of December 2023, the debt component recorded at net book value amounts to EUR 584 million and the optional component to EUR 66 million. The initial conversion and/or exchange ratio of the Bonds was 426.66 shares per bond with a nominal value set at EUR 100,000.00 corresponding to EUR 234.38 per share.

For all those transactions, issue premium and issue costs are amortized per the effective interest rate method.

22.4 – Cash flow statement impact

(in millions of euros)	Dec. 31, 2022	Cash variations	Non Cash Variation		Dec. 31, 2023
			Scope impacts	Forex and others	
Bonds	8,627	2,210	–	6	10,843
Other borrowings	1,713	1,304	2	29	3,048
Bank overdrafts	123	(128)	–	47	42
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	10,463	3,386	2	82	13,933

22.5 – Purchase commitments over non-controlling interests

(in millions of euros)	Maturity	Dec. 31, 2023	Dec. 31, 2022
Current portion		80	4,554
Non-current portion	2025–2027	50	194
TOTAL PURCHASE COMMITMENTS OVER NON-CONTROLLING INTEREST		130	4,748

In 2023, purchase commitments over non-controlling interests mainly relates to ETAP, Qmerit and EnergySage. In 2022, current portion corresponded to the commitment over AVEVA's non-controlling interests preceding the transaction described in note 2.

5.5 Notes to the consolidated financial statements

Note 23: Classification of financial instruments

The Group uses financial instruments to manage its exposure to fluctuations in interest rates, exchange rates and metal prices.

Financial assets and liabilities can be classified at the fair value following the hierarchy levels below:

1. Level 1: market value (non-adjusted) on active markets, for similar assets and liabilities, which the company can obtain on a given valuation date;
2. Level 2: data other than the market rate available for level 1, which are directly or indirectly observable on the market;
3. Level 3: data on the asset or liability that are not observable on the market.

23.1 – Balance sheet exposure and fair value hierarchy

Dec. 31, 2023						
(in millions of euros)	Carrying amount	Fair value through P&L	Fair value through equity	Financial assets/liabilities measured at amortized cost	Fair value	Fair value hierarchy
ASSETS:						
Listed financial assets	15	15	–	–	15	Level 1
Venture capital (FCPR)/mutual funds (SICAV)	132	132	–	–	132	Level 3
Other unlisted financial assets	554	94	460	–	554	Level 3
Other non-current financial assets	544	–	253	291	544	Level 2
TOTAL NON-CURRENT ASSETS	1,245	241	713	291	1,245	
Trade accounts receivables	8,388	–	–	8,388	8,388	Level 2
Marketable securities	2,024	2,024	–	–	2,024	Level 1
Negotiable debt securities and short-term deposits	588	588	–	–	588	Level 2
Cash	2,084	2,084	–	–	2,084	Level 2
Derivative instruments - foreign currencies	73	42	31	–	73	Level 2
Derivative instruments - interest rates	44	44	–	–	44	Level 2
Derivative instruments - commodities	4	–	4	–	4	Level 2
TOTAL CURRENT ASSETS	13,205	4,782	35	8,388	13,205	
LIABILITIES:						
Long-term portions of non-convertible bonds *	(8,612)	–	–	(8,612)	(8,488)	Level 1
Long-term portions of convertible bonds *	(1,232)	–	–	(1,232)	(1,218)	Level 2
Non-current purchase commitments over noncontrolling interests	(50)	–	(50)	–	(50)	Level 2
Other long-term debt	(1,748)	–	–	(1,748)	(1,748)	Level 2
TOTAL NON-CURRENT LIABILITIES	(11,642)	–	(50)	(11,592)	(11,504)	
Short-term portion of bonds *	(999)	–	–	(999)	(977)	Level 1
Short-term debt	(1,342)	–	–	(1,342)	(1,342)	Level 2
Trade accounts payable	(7,596)	–	–	(7,596)	(7,596)	Level 2
Current purchase commitments over noncontrolling interests	(80)	–	(80)	–	(80)	Level 2
Other	(100)	–	–	(100)	(100)	Level 2
Derivative instruments - foreign currencies	(48)	(48)	–	–	(48)	Level 2
Derivative instruments - interest rates	–	–	–	–	–	Level 2
Derivative instruments - commodities	(1)	–	(1)	–	(1)	Level 2
TOTAL CURRENT LIABILITIES	(10,166)	(48)	(81)	(10,037)	(10,144)	

* The majority of financial instruments listed in the balance sheet have a fair value close to their book value, except for bonds, for which the amortized cost in the balance sheet represents EUR 10,843 million compared to EUR 10,683 million at fair value.

	Dec. 31, 2022					
(in millions of euros)	Carrying amount	Fair value through P&L	Fair value through equity	Financial assets/liabilities measured at amortized cost	Fair value	Fair value hierarchy
ASSETS:						
Listed financial assets	14	14	–	–	14	Level 1
Venture capital (FCPR)/mutual funds (SICAV)	119	119	–	–	119	Level 3
Other unlisted financial assets	478	96	382	–	478	Level 3
Other non-current financial assets	514	–	280	234	514	Level 2
TOTAL NON-CURRENT ASSETS	1,125	229	662	234	1,125	
Trade accounts receivables	7,514	–	–	7,514	7,514	Level 2
Marketable securities	1,716	1,716	–	–	1,716	Level 1
Negotiable debt securities and short-term deposits	693	693	–	–	693	Level 2
Cash	1,577	1,577	–	–	1,577	Level 2
Derivative instruments - foreign currencies	62	62	–	–	62	Level 2
Derivative instruments - interest rates	–	–	–	–	–	Level 2
Derivative instruments - commodities	11	–	11	–	11	Level 2
TOTAL CURRENT ASSETS	11,573	4,048	11	7,514	11,573	
LIABILITIES:						
Long-term portions of non-convertible bonds *	(6,677)	–	–	(6,677)	(6,210)	Level 1
Long-term portions of convertible bonds *	(651)	–	–	(651)	(577)	Level 2
Non-current purchase commitments over noncontrolling interests	(194)	–	(194)	–	(194)	Level 2
Other long-term debt	(2)	–	–	(2)	(2)	Level 2
TOTAL NON-CURRENT LIABILITIES	(7,524)	–	(194)	(7,330)	(6,983)	
Short-term portion of bonds *	(1,299)	–	–	(1,299)	(1,288)	Level 1
Short-term debt	(1,834)	–	–	(1,834)	(1,834)	Level 2
Trade accounts payable	(6,254)	–	–	(6,254)	(6,254)	Level 2
Current purchase commitments over noncontrolling interests	(4,554)	–	(4,554)	–	(4,554)	Level 2
Other	(174)	–	–	(174)	(174)	Level 2
Derivative instruments - foreign currencies	(264)	(182)	(82)	–	(264)	Level 2
Derivative instruments - interest rates	(3)	(3)	–	–	(3)	Level 2
Derivative instruments - commodities	–	–	–	–	–	Level 2
TOTAL CURRENT LIABILITIES	(14,382)	(185)	(4,636)	(9,561)	(14,371)	

* The majority of financial instruments listed in the balance sheet have a fair value close to their book value, except for bonds, for which the amortized cost in the balance sheet represents EUR 8,627 million compared to EUR 8,075 million at fair value.

5.5 Notes to the consolidated financial statements

23.2 – Derivative instruments

Dec. 31, 2023								
(in millions of euros)	Accounting qualification	Maturity	Nominal sales	Nominal purchases	Fair Value	Carrying amount in assets	Carrying amount in liabilities	Carrying amounts in OCI
Forwards contracts	CFH	< 1 year	483	(296)	3	10	(7)	2
Forwards contracts	CFH	< 2 years	69	(30)	–	1	(1)	–
Forwards contracts	CFH	> 2 years	3	(7)	–	–	–	–
Forwards contracts	FVH	< 1 year	1,755	(1,659)	1	18	(17)	–
Forwards contracts	FVH	< 2 years	550	–	17	17	–	8
Forwards contracts	NIH	< 1 year	714	–	12	12	–	12
Forwards contracts	Trading	< 1 year	990	(3,944)	(17)	5	(22)	–
Cross currency swaps	CFH	< 1 year	65	(18)	(1)	–	(1)	(1)
Cross currency swaps	NIH	> 2 years	502	–	10	10	–	10
TOTAL FOREIGN CHANGE DERIVATIVES			5,131	(5,954)	25	73	(48)	31
Forwards contracts	CFH	< 1 year	–	(409)	3	4	(1)	3
Commodities derivatives			–	(409)	3	4	(1)	3
Interest Rate Swap	FVH	> 2 years	1,050	(1,050)	44	44	–	–
Interest Rate Derivatives			1,050	(1,050)	44	44	–	–
TOTAL			6,181	(7,413)	72	121	(49)	34

Dec. 31, 2022								
(in millions of euros)	Accounting qualification	Maturity	Nominal sales	Nominal purchases	Fair Value	Carrying amount in assets	Carrying amount in liabilities	Carrying amounts in OCI
Forwards contracts	CFH	< 1 year	579	(316)	–	14	(14)	–
Forwards contracts	CFH	< 2 years	31	(19)	–	1	(1)	–
Forwards contracts	CFH	> 2 years	12	(19)	–	1	(1)	–
Forwards contracts	FVH	< 1 year	1,762	(5,493)	(118)	37	(155)	(3)
Forwards contracts	NIH	< 1 year	420	–	2	2	–	2
Forwards contracts	Trading	< 1 year	221	(1,811)	1	6	(5)	–
Cross currency swaps	CFH	< 1 year	75	(46)	–	1	(1)	4
Cross currency swaps	NIH	< 1 year	797	–	(87)	–	(87)	(85)
TOTAL FX DERIVATIVES			3,897	(7,704)	(202)	62	(264)	(82)
Forwards contracts	CFH	< 1 year	–	(419)	11	11	–	11
Commodities derivatives			–	(419)	11	11	–	11
Interest Rate Swap	FVH	> 2 years	250	(250)	(3)	–	(3)	–
Interest Rate Derivatives			250	(250)	(3)	–	(3)	–
TOTAL			4,147	(8,373)	(194)	73	(267)	(71)

23.3 – Foreign currency hedges

Since a significant proportion of affiliates' transactions are denominated in currencies other than the affiliate's functional currency, the Group is exposed to currency risks. If the Group is not able to hedge these risks, fluctuations in exchange rates between the functional currency and other currencies can have a significant impact on its results and distort year-on-year performance comparisons. As a result, the Group uses derivative instruments to hedge its exposure to exchange rates mainly through FX forwards and natural hedges. Furthermore, some long-term loans and borrowings granted to the affiliates are considered as net investment in foreign operations according to IAS 21.

Schneider Electric's currency hedging policy is to protect its subsidiaries against risks on transactions denominated in a currency other than their functional currency. Hedging approaches are detailed in Note 1.23.

The breakdown of the nominal of foreign change derivatives related to operating and financing activities is as follows:

(in millions of euros)	Dec. 31, 2023		
	Sales	Purchases	Net
US Dollar	2,304	(2,321)	(17)
Chinese Yuan	97	(581)	(484)
Danish Crown	22	(202)	(180)
Singapore Dollar	409	(621)	(212)
Swedish Crown	49	(108)	(59)
Japanese Yen	29	(184)	(155)
Swiss Franc	13	(107)	(94)
UAE Dirham	27	(95)	(68)
Brazilian real	76	(12)	64
Canadian Dollar	45	(17)	28
Australian Dollar	54	(65)	(11)
Saudi Riyal	25	(41)	(16)
Norwegian Krone	23	(37)	(14)
British Pound	1,430	(1,114)	316
South African Rand	48	(10)	38
Hong Kong Dollar	47	(106)	(59)
Others	433	(333)	100
TOTAL	5,131	(5,954)	(823)

23.4 – Interest rate hedges

Interest rate risk on borrowings is managed at the Group level, based on consolidated debt and taking into consideration market conditions to optimize overall borrowing costs. The Group uses derivative instruments to hedge its exposure to interest rates through swaps or cross-currency swaps. Cross-currency swaps may be presented both as foreign exchange hedges and interest rate hedges depending on the characteristics of the derivative.

During the fiscal year 2023, the Group has set up EUR 800 million interest rate swaps to hedge its exposure.

(in millions of euros)	Dec. 31, 2023			Dec. 31, 2022		
	Fixed Rates	Floating rates	Total	Fixed Rates	Floating rates	Total
Total current and non-current financial liabilities	10,843	3,090	13,933	8,627	1,836	10,463
Cash and cash equivalent	–	(4,696)	(4,696)	–	(3,986)	(3,986)
NET DEBT BEFORE HEDGING	10,843	(1,606)	9,237	8,627	(2,150)	6,477
Impact of Hedges	(1,050)	1,050	–	(250)	250	–
NET DEBT AFTER HEDGING	9,793	(556)	9,237	8,377	(1,900)	6,477

5.5 Notes to the consolidated financial statements

23.5 – Commodity hedges

The Group is exposed to fluctuations in energy and raw material prices, in particular steel, copper, aluminum, silver, lead, nickel, zinc and plastics. If the Group is not able to hedge, compensate for or pass on to customers any such increased costs, this could have an adverse impact on its results. The Group has, however, implemented certain procedures to limit exposure to rising non-ferrous and precious raw material prices. The Purchasing departments of the operating units report their purchasing forecasts to the Corporate Finance and Treasury department. Purchase commitments are hedged using forward contracts, swaps and, to a lesser extent, options.

All commodities instruments are futures and options designated as cash flow hedge under IFRS standards, of which:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Fair value	3	11
Nominal amount	(409)	(419)

23.6 – Financial assets and liabilities subject to netting

In accordance with IFRS 7 standards, this section discloses financial instruments that are subject to netting agreements.

(in millions of euros)	Dec. 31, 2023				
	Gross amounts	Gross amounts offset in the statement of financial position	Net amounts presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net amounts as per IFRS 7
Financial assets	121	–	121	(40)	81
Financial liabilities	(49)	–	(49)	40	(9)

(in millions of euros)	Dec. 31, 2022				
	Gross amounts	Gross amounts offset in the statement of financial position	Net amounts presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net amounts as per IFRS 7
Financial assets	73	–	73	–	73
Financial liabilities	(264)	–	(264)	–	(264)

The Group trades over-the-counter derivatives with tier-one banks under agreements which provide for the offsetting of amounts payable and receivable in the event of default by one of the contracting parties. These conditional offsetting agreements do not meet the eligibility criteria within the meaning of IAS 32 for offsetting derivative instruments recorded under assets and liabilities. However, they do fall within the scope of disclosures under IFRS 7 on offsetting.

23.7 – Counterparty risk

Financial transactions are entered with carefully selected counterparties. Banking counterparties are chosen according to the customary criteria, including the credit rating issued by an independent rating agency.

Group policy consists of diversifying counterparty risks and periodic controls are performed to check compliance with the related rules. In addition, the Group takes out substantial credit insurance and uses other types of guarantees to limit the risk of losses on trade accounts receivable.

23.8 – Liquidity risk

As of December 31, 2023, the Group had confirmed credit lines of EUR 2.950 million, all unused with EUR 2.850 million maturing after December 2024. Among them, EUR 2.700 million are sustainable-linked credit line with margin indexed on the annual performance of the Schneider Sustainability Impact (SSI).

With EUR 2.9 billion available committed facility and EUR 4.7 billion cash & cash equivalent, the liquidity of the Group amounts to EUR 7.6 billion end of the year. In the next 12 months, the total short term and bond maturity amounts to EUR 2.3 billion.

Loan Agreement and committed credit lines do not include any financial covenants or credit rating triggers in case of rating downgrade.

23.9 – Financial risk management

Foreign currency risk arises from the Group undertaking a significant number of foreign currency transactions in the course of operations. These exposures arise from sales in currencies other than the Group's presentational currency of Euro.

The main exposure of the Group in terms of currency exchange risk is related to the US dollar, Chinese Yuan and currencies linked to the US dollar. In 2023, revenue in foreign currencies amounted to EUR 29.2 billion (EUR 27.3 billion in 2022), including around EUR 11.2 billion in US dollars and EUR 4.5 billion in Chinese yuan (respectively EUR 9.9 and EUR 4.8 billion in 2022).

The Group manages its exposure to currency risk to reduce the sensitivity of earnings to changes in exchange rates. The financial instruments used to hedge the Group's exposure to fluctuations in exchange rates are described above.

The table below shows the impact of a 10% change in the US dollar and the Chinese Yuan against the Euro on Revenue and Adjusted EBITA. It includes the impact from the translation of financial statements into the Group's presentation currency and assumes no scope impact.

Dec. 31, 2023			
	Increase/ (decrease) in average rate	Revenue	Adj. EBITA
<i>(in millions of euros)</i>			
US Dollar	10%	1,122	212
	(10)%	(1,020)	(193)
Chinese Yuan	10%	454	122
	(10)%	(413)	(111)
Dec. 31, 2022			
	Increase/ (decrease) in average rate	Revenue	Adj. EBITA
<i>(in millions of euros)</i>			
US Dollar	10%	990	162
	(10)%	(900)	(147)
Chinese Yuan	10%	478	121
	(10)%	(434)	(110)

Note 24: Employees

24.1 – Employees

The Group average number of permanent and temporary employees is as follows:

<i>(number of employees)</i>	Full Year 2023	Full Year 2022
Production	86,482	81,506
Administration	81,562	80,833
TOTAL AVERAGE WORKFORCE	168,044	162,339
<i>of which Western Europe</i>	<i>42,927</i>	<i>41,482</i>
<i>of which North America</i>	<i>41,145</i>	<i>37,839</i>
<i>of which Asia-Pacific</i>	<i>61,946</i>	<i>59,045</i>
<i>of which Rest of the world</i>	<i>22,026</i>	<i>23,973</i>

24.2 – Employee benefit expense

<i>(in millions of euros)</i>	Full Year 2023	Full Year 2022
Payroll costs	(9,872)	(8,764)
Profit-sharing and incentive bonuses	(53)	(62)
Share-based payments	(208)	(184)
EMPLOYEE BENEFITS EXPENSE	(10,133)	(9,010)

24.3 – Benefits granted to senior executives

In 2023, the Group granted EUR 2.2 million in attendance fees to the members of its Board of directors. The total amount of gross remuneration, including benefits in kind, paid in 2023 by the Group to the members of Senior Management, excluding executive directors, totaled EUR 37.8 million, of which EUR 10.6 million corresponded to the variable portion.

During the last three financial years, 497,792 performance shares have been allocated, excluding Corporate Officers. No stock options have been granted during the last three financial years. In 2023, performance shares were allocated under the 2023 long-term incentive plans 42 and 42bis. Since December 16, 2011, 100% of performance shares are conditional on the achievement of performance criteria for members of the Executive Committee.

Please refer to Chapter 4 of the Universal Registration Document for more information regarding the members of Senior Management.

5.5 Notes to the consolidated financial statements

Note 25: Related party transactions

25.1 – Transactions with associates

Companies over which the Group has significant influence are accounted through the equity method. Transactions with these related parties are carried out on arm's length terms.

Related party transactions were not material in 2023.

25.2 – Transactions with key management personnel

No transactions were carried out during the year with members of the supervisory board or management board. Compensation and benefits paid to the Group's top senior executives are described in Note 24.

Note 26: Commitments and contingent liabilities

26.1 – Guarantees and similar undertakings

The following table discloses the maximum exposure on guarantees given and received:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Market counter guarantees*	3,551	3,543
Pledges, mortgages and sureties**	207	181
Other commitments given	411	435
GUARANTEES GIVEN	4,169	4,159
Endorsements and guarantees received	168	80
GUARANTEES RECEIVED	168	80

* On certain contracts, customers require some commitments to guarantee that the contract will be fully executed by the subsidiaries of the Group. The risk linked to the commitment is assessed and a provision for contingencies is recorded when the risk is considered probable and can be reasonably estimated. Market counter guarantees also include the guaranteed obligations towards pension schemes.

** Some loans are secured by property, plant and equipment and securities lodged as collateral.

26.2 – Contingent liabilities

As previously disclosed, investigations were conducted in September 2018 by the French judicial authority and French Competition Authority ("Autorité de la concurrence") at Schneider Electric's head office and other premises concerning the sale of electrical products through commercial distribution activities in France.

On July 4, 2022, Schneider Electric received a statement of objections ("notification de griefs") from the French Competition Authority alleging that the pricing autonomy of some distributors in the French market would have been limited, in breach of competition rules. Schneider Electric strongly disagrees with the allegations of the statement of objections and has submitted its response to the French Competition Authority. The hearing in front of the French Competition Authority is not yet planned, the Group is expecting it to take place in 2024 and an enforceable decision may be issued late 2024 or 2025. Should the French Competition Authority deny Schneider Electric's arguments and conclude that anti-competitive practices have been involved, it has broad discretion to determine on a case-by-case basis the financial fine it may impose in accordance with the principles of proportionality and individuality as described in its 2021 press release (https://www.autoritedelaconcurrence.fr/sites/default/files/Communique_sanction.pdf). This potential fine could not exist and could not exceed a maximum amount of 10% of the total 2021 Group revenue according to article L. 464-2 of the French Commercial Code.

Concurrently on October 7, 2022, Schneider Electric was indicted by an investigating judge who required Schneider Electric to provide a bank guarantee of €20 million and a cash guarantee of €80 million. Schneider Electric officially contested the indictment decision and raised numerous arguments in law and fact. Procedure is ongoing.

Those actions do not mean that Schneider Electric will ultimately be found guilty of any wrongdoing. Schneider Electric firmly disagrees with all the allegations made by the French investigating judge and the French Competition Authority and intends to vigorously and fully defend itself.

Considering the difficulty in assessing the extent to which the French Competition Authority considers the arguments of Schneider Electric in its defense as well as the multiple factors contributing to the determination of a fine, it is not possible to reliably estimate the amount of any potential fine that might be incurred in the event of an adverse decision, even though it might have a significant impact on the Group. In this context, no provision has been made at this stage of the case.

Schneider Electric has other contingent liabilities relating to legal, arbitration or regulatory proceedings arising in the normal course of its business. Known or ongoing claims and litigation involving the Group, or its subsidiaries were reviewed at the date on which the consolidated financial statements were approved for issue. Based on the advice of legal counsel, all provisions deemed necessary have been made to cover the related risks.

Note 27: Subsequent events

27.1 – Issuance of bonds

On January 10, 2024, the Group has issued two bonds, for EUR 600 million at a rate of 3.00% maturing in January 2031 and for EUR 700 million at a rate of 3.25% maturing in October 2035.

27.2 – ETAP

On January 23, 2024, the Group purchased the remaining 20% minority interests of ETAP in accordance with the forward agreement concluded in 2021 when it acquired 80% of the company.

27.3 – AUTOGRID

On December 14, 2023, the Group entered into an agreement with Uplight Inc. (in which Schneider Electric holds a strategic minority investment) to sell AutoGrid to Uplight. This transaction represents a reorganization among Schneider Electric-owned or affiliated businesses aimed at Prosumers, to better align their capabilities. The transaction, which closed on February 8, 2024, has raised the controlling stake of the Group in Uplight Inc., which will remain consolidated as an equity investment.

Note 28: Statutory Auditors' fees

Fees paid by the Group to the Statutory Auditors and their networks:

(in thousands of euros)	Full Year 2023				
	PwC	%	Mazars	%	Total
Statutory auditors, certification, examination of the parent company and consolidated accounts	11,956	88%	9,886	97%	21,842
<i>o/w Schneider Electric SE</i>	1,506		942		2,448
<i>o/w subsidiaries</i>	10,450		8,944		19,394
Services other than statutory audit –					
Audit-related services ("SACC")*	1,681	12%	349	3%	2,030
<i>o/w Schneider Electric SE</i>	413		16		429
<i>o/w subsidiaries</i>	1,268		333		1,601
TOTAL FEES	13,637	100%	10,235	100%	23,872

* Audit related services include services required by regulations and those provided at the request of the parent company or controlled entities, in particular: the review of environmental, social and societal information, contractual audits, comfort letters, audit certificates, agreed procedures, audits of procedures and information systems, and tax services that do not impair auditor independence.

(in thousands of euros)	Full Year 2022				
	PwC	%	Mazars	%	Total
Statutory auditors, certification, examination of the parent company and consolidated accounts	11,271	92%	9,819	95%	21,090
<i>o/w Schneider Electric SE</i>	1,291		971		2,262
<i>o/w subsidiaries</i>	9,980		8,848		18,828
Services other than statutory audit –					
Audit-related services ("SACC")*	996	8%	522	5%	1,518
<i>o/w Schneider Electric SE</i>	348		–		348
<i>o/w subsidiaries</i>	648		522		1,170
TOTAL FEES	12,267	100%	10,341	100%	22,608

* Audit related services include services required by regulations and those provided at the request of the parent company or controlled entities, in particular: the review of environmental, social and societal information, contractual audits, comfort letters, audit certificates, agreed procedures, audits of procedures and information systems, and tax services that do not impair auditor independence.

5.5 Notes to the consolidated financial statements

Note 29: Consolidated companies

The main companies included in the Schneider Electric Group scope of consolidation are listed below:

(in % of interest)		Dec. 31, 2023	Dec. 31, 2022
Europe			
Fully consolidated			
Nxtcontrol GmbH	Austria	100	100
RIB Saa Software Engineering GmbH	Austria	90	90
Schneider Electric "Austria" GMBH	Austria	100	100
Schneider Electric Power Drives GmbH	Austria	100	100
Schneider Electric Systems Austria GmbH	Austria	100	100
Schneider Electric Energy Belgium SA	Belgium	100	100
Schneider Electric ESS BV	Belgium	100	100
Schneider Electric NV SA	Belgium	100	100
Schneider Electric Services International	Belgium	100	100
Schneider Electric Systems Belgium NV/SA	Belgium	100	100
Proleit Bulgaria OOD	Bulgaria	100	100
Schneider Electric Bulgaria EOOD	Bulgaria	100	100
Schneider Electric d.o.o.	Croatia	100	100
RIB Stavebni Software S.R.O.	Czech Republic	100	100
Schneider Electric A.S.	Czech Republic	98.3	98.3
Schneider Electric CZ S.R.O.	Czech Republic	100	100
Schneider Electric Systems Czech Republic S.R.O.	Czech Republic	100	100
Orbaekvej 280 A/S	Denmark	100	100
RIB A/S	Denmark	100	100
Schneider Electric Danmark A/S	Denmark	100	100
Schneider Electric IT Denmark ApS	Denmark	100	100
Schneider Electric Eesti AS	Estonia	100	100
Schneider Electric Finland Oy	Finland	100	100
Schneider Electric Fire & Security OY	Finland	100	100
Schneider Electric Vamp Oy	Finland	100	100
Applications Logiciels Pour Ingenierie ALPI	France	–	100
Behar-Securite	France	100	100
Boissiere Finance	France	100	100
Construction Electrique du Vivarais	France	100	100
Dinel	France	–	100
Eckardt SAS	France	100	100
EcoAct SAS FR	France	100	–
France Transfo	France	100	100
Invensys Holding France SAS	France	100	100
Merlin Gerin Ales	France	100	100
Merlin Gerin Loire	France	100	100
Muller & Cie	France	100	100
Newlog	France	100	100
Rectiphase SAS	France	100	100
Sarel - Appareillage Electrique	France	100	100
Scanelec	France	100	100
Schneider Electric Alpes	France	100	100
Schneider Electric Energy France	France	100	100
Schneider Electric France	France	100	100
Schneider Electric Industries SAS	France	100	100
Schneider Electric International	France	100	100
Schneider Electric IT France	France	100	100
Schneider Electric Manufacturing Bourguebus	France	100	100
Schneider Electric SE	France	100	100
Schneider Electric Solar France	France	100	100
Schneider Electric Systems France	France	100	100
Schneider Electric Telecontrol	France	100	100
Schneider Toshiba Inverter Europe SAS	France	60	60
Schneider Toshiba Inverter SAS	France	60	60
Societe D'Application Et D'Ingenierie Industrielle Et Informatique - SA3I	France	100	100
Societe Electrique d'Aubenas	France	100	100
Societe Francaise de Constructions Mecaniques Et Electriques	France	100	100
Societe Francaise Gardy	France	100	100
Systemes Equipements Tableaux Basse Tension, SETBT	France	100	100
Transfo Services	France	100	100
ABN GmbH	Germany	100	100
J&K Regeltechnik GmbH	Germany	100	100

(in % of interest)		Dec. 31, 2023	Dec. 31, 2022
Merten GmbH	Germany	100	100
Proleit GmbH	Germany	100	100
RIB Cosinus GmbH	Germany	100	100
RIB Deutschland GmbH	Germany	100	100
RIB GmbH	Germany	100	100
RIB IMS GmbH	Germany	100	100
Schneider Electric Automation GmbH	Germany	100	100
Schneider Electric GmbH	Germany	100	100
Schneider Electric Holding Germany GmbH	Germany	100	100
Schneider Electric Investment AG	Germany	100	100
Schneider Electric Operations Consulting GmbH	Germany	100	100
Schneider Electric Real Estate GmbH	Germany	100	100
Schneider Electric Sachsenwerk GmbH	Germany	100	100
Schneider Electric Systems Germany GmbH	Germany	100	100
Schneider Electric AEBE	Greece	100	100
Schneider Electric Hungaria Villamossági ZRT	Hungary	100	100
SE - CEE Schneider Electric Közép-Kelet Európai Korlátolt Felelősségű Társaság	Hungary	100	100
Schneider Electric Ireland Limited	Ireland	100	100
Schneider Electric IT Limited	Ireland	100	100
Schneider Electric IT Logistics Europe Limited	Ireland	100	100
Validation Technologies (Europe) Ltd	Ireland	100	100
Eliwell Controls S.r.l.	Italy	100	100
Schneider Electric Industrie Italia S.p.a.	Italy	100	100
Schneider Electric S.p.a.	Italy	100	100
Schneider Electric Systems Italia S.p.a.	Italy	100	100
Uniflair S.p.a.	Italy	100	100
Lexel Fabrika, SIA	Latvia	100	100
Schneider Electric Baltic Distribution Center	Latvia	100	100
Schneider Electric Latvija SIA	Latvia	100	100
UAB Schneider Electric Lietuva	Lithuania	100	100
Industrielle De Reassurance S.A.	Luxembourg	100	100
Schneider Electric Holding Luxembourg	Luxembourg	100	100
American Power Conversion Corporation (A.P.C.) B.V.	Netherlands	100	100
APC International Corporation B.V.	Netherlands	100	100
BTR (European Holdings) Bv	Netherlands	100	100
Clovis Systems B.V.	Netherlands	70	70
InTwo International B.V.	Netherlands	100	100
Proleit B.V.	Netherlands	100	100
Schneider Electric Ecommerce Europe B.V.	Netherlands	100	100
Schneider Electric Logistic Centre B.V.	Netherlands	100	100
Schneider Electric Systems Netherlands N.V.	Netherlands	100	100
Schneider Electric The Netherlands B.V.	Netherlands	100	100
ELKO AS (Elektrokontakt AS)	Norway	100	100
Lexel Holding Norge AS	Norway	100	100
Schneider Electric Norge AS	Norway	100	100
Schneider Electric Elda S.A.	Poland	100	100
Schneider Electric Industries Polska Sp. Z o.o.	Poland	100	100
Schneider Electric Polska Sp. Z o.o.	Poland	100	100
Schneider Electric Systems Poland Sp. Z o.o.	Poland	–	100
Schneider Electric Transformers Poland SpZoo	Poland	–	100
Schneider Electric Portugal, LDA	Portugal	100	100
Schneider Electric Romania, SRL	Romania	100	100
Schneider Electric Systems LLC	Russia	100	100
Schneider Electric LLC Novi Sad	Serbia	100	100
Schneider Electric Srbija doo Beograd	Serbia	100	100
Schneider Electric Slovakia, Spol SRO	Slovakia	100	100
Schneider Electric Systems Slovakia S.R.O.	Slovakia	100	100
EcoAct Iberica ES	Spain	100	–
Manufacturas Electricas S.A.U.	Spain	100	100
Proleit Iberia Slu	Spain	100	100
RIB Spain Sa	Spain	100	100
Schneider Electric Espana, S.A.U	Spain	100	100
Schneider Electric IT Spain, S.L.	Spain	100	100
Schneider Electric Solar Spain, S.A.	Spain	100	100
Schneider Electric Systems Iberica S.L.	Spain	100	100
Telemantenimiento De Alta Tension, S.L.	Spain	100	100
AB Crahfte 1	Sweden	100	100
Elektriska Aktiebolaget Delta	Sweden	100	100
Elko AB	Sweden	100	100

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(in % of interest)		Dec. 31, 2023	Dec. 31, 2022
Lexel AB	Sweden	100	100
Schneider Electric Buildings AB	Sweden	100	100
Schneider	Sweden	100	100
Schneider	Sweden	100	100
Feller AG	Switzerland	83.7	83.7
Gutor Electronic GmbH	Switzerland	–	100
RIB Cosinus Ag	Switzerland	100	100
Schneider Electric (Suisse) SA	Switzerland	100	100
Proleit Automation	Ukraine	100	100
Schneider Electric	Ukraine	100	100
Ascot Acquisition	United Kingdom	100	100
Aveva Group plc (sub-group)	United Kingdom	100	59.2
BTR Industries Ltd	United Kingdom	100	100
BTR Property Holdings Ltd	United Kingdom	100	100
EcoAct UK Carbon Clear Ltd	United Kingdom	100	–
Invensys Group Holdings Ltd	United Kingdom	100	100
Invensys Group Ltd	United Kingdom	100	100
Invensys Holdings Ltd	United Kingdom	100	100
Invensys International Holdings Ltd	United Kingdom	100	100
Invensys Ltd	United Kingdom	100	100
M&C Energy Group Limited	United Kingdom	100	100
RIB Solutions (Uk) Ltd	United Kingdom	100	100
Samos Acquisition Company Limited	United Kingdom	100	100
Schneider Electric (UK) Limited	United Kingdom	100	100
Schneider Electric Buildings UK Limited	United Kingdom	100	100
Schneider Electric Controls UK Limited	United Kingdom	100	100
Schneider Electric Invensys (UK) Ltd	United Kingdom	100	100
Schneider Electric IT UK Ltd	United Kingdom	100	100
Schneider Electric Limited	United Kingdom	100	100
Schneider Electric Systems UK Limited	United Kingdom	100	100
Tac Products Limited	United Kingdom	100	100
Yorkshire Switchgear Group Limited	United Kingdom	100	100
Accounted for by equity method			
Carros Sensors Topco Ltd	United Kingdom	–	30
Delta Dore Finance SA (sub-group)	France	20	20
Planon Beheer BV	Netherlands	25	25
Schneider Lucibel Managed Services SAS	France	50	50
North America			
Fully consolidated			
Power Measurement Ltd	Canada	–	100
Schneider Electric Canada Inc.	Canada	100	100
Schneider Electric Solar Inc.	Canada	100	100
Schneider Electric Systems Canada Inc.	Canada	100	100
Electronica Reynosa S. de R.L. de C.V.	Mexico	100	100
Industrias Electronicas Pacifico, S.A. de C.V.	Mexico	100	100
Proleit S. De R. L.	Mexico	100	66.67
Schneider Electric Mexico S.A. de C.V.	Mexico	100	100
Schneider Electric Systems Mexico, S.A. de C.V.	Mexico	100	100
Schneider Industrial Tlaxcala S.A. de C.V.	Mexico	100	100
Schneider Mexico S.A. de C.V.	Mexico	100	100
Schneider R&D, S.A. de C.V.	Mexico	100	100
Square D Company Mexico, S.A. de C.V.	Mexico	100	100
Steck De Mexico S.A. De C.V.	Mexico	100	100
Telvent Mexico, S.A. de C.V.	Mexico	100	100
American Power Conversion Holdings Inc.	United States	100	100
ASCO Power Services, Inc.	United States	100	100
ASCO Power Technologies, L.P.	United States	100	100
Autogrid Systems, Inc.	United States	91.81	91.81
BTR, LLC	United States	100	100
Charge Holdings, LLC	United States	85.4	85.25
Echo HoldCo LLC	United States	90.84	90.84
EcoAct Inc US	United States	100	–
ETAP Automation Inc. (sub-group)	United States	80	80
EV Connect, LLC	United States	99.43	95.52
Foxboro Controles S.A.	United States	100	100
GPI Interim Inc.	United States	100	100
H.S. Investments, LLC	United States	100	100

(in % of interest)		Dec. 31, 2023	Dec. 31, 2022
Integration Technologies Corp.	United States	60	60
Invensys LLC	United States	100	100
Osisoft, LLC	United States	100	59.2
Pro-Face America, LLC	United States	–	100
Proleit Corp.	United States	100	100
Ranco Incorporated of Delaware	United States	100	100
RIB Software North America Inc.	United States	100	100
RIB US Cost Inc.	United States	100	100
RIB Usa Inc.	United States	100	100
Schneider Electric Buildings Americas, Inc.	United States	100	100
Schneider Electric Buildings Critical Systems, Inc.	United States	100	100
Schneider Electric Digital, Inc.	United States	100	100
Schneider Electric Engineering Services, LLC	United States	100	100
Schneider Electric Foundries LLC	United States	100	100
Schneider Electric Holdings, Inc.	United States	100	100
Schneider Electric IT Corporation	United States	100	100
Schneider Electric IT Mission Critical Services, Inc.	United States	100	100
Schneider Electric Solar Inverters USA, Inc.	United States	100	100
Schneider Electric Systems USA, Inc.	United States	100	100
Schneider Electric USA, Inc.	United States	100	100
SE Vermont Ltd	United States	100	100
Siebe Inc.	United States	100	100
SNA Holdings Inc.	United States	100	100
Square D Investment Company	United States	100	100
Stewart Warner Corp.	United States	100	100
Summit Energy Services, Inc.	United States	100	100
Veris Industries LLC	United States	100	100
Accounted for by equity method			
Uplight Inc.	United States	30.36	29.4
Asia-Pacific			
Fully consolidated			
Citect Corporation Limited	Australia	–	100
Clipsal Technologies Australia Pty Ltd	Australia	100	100
Futureworx Proprietary Limited	Australia	100	100
Nu-Lec Industries Pty Ltd	Australia	–	100
RIB Holdings Pty Ltd	Australia	100	100
RIB Technologies Pty Ltd	Australia	100	100
Scada Group Pty Limited	Australia	100	100
Schneider Electric (Australia) Pty Limited	Australia	100	100
Schneider Electric Australia Holdings Pty Ltd	Australia	100	100
Schneider Electric Buildings Australia Pty Ltd	Australia	100	100
Schneider Electric IT Australia Pty Ltd	Australia	100	100
Schneider Electric Solar Australia Pty Ltd	Australia	100	100
Schneider Electric Sustainability Business Australia Pty Ltd	Australia	100	100
Schneider Electric Systems Australia Pty Ltd	Australia	100	100
Serck Controls Pty Limited	Australia	100	100
Tamco Electrical Industries Australia Pty Limited	Australia	65	65
Beijing Leader Harvest Electric Technologies Co., Ltd	China	100	100
Beijing Leader Harvest Energy Efficiency Investment Co., Ltd	China	100	100
FSL Electric (Dongguan) Limited	China	54	54
Guangzhou RIB Software Co., Ltd	China	100	100
Guangzhou Two Information Technology Co., Ltd	China	100	100
Jingxin Hongde (Beijing) Technology Co., Ltd.	China	51	12.34
Pro-Face China International Trading (Shanghai) Co., Ltd	China	100	100
Proleit Automation Systems (Shanghai) Co., Ltd	China	100	100
Schneider (Beijing) Low Voltage Co., Ltd.	China	95	95
Schneider (Beijing) Medium Voltage Co.	China	100	100
Schneider (Shaanxi) Baoguang Electrical Apparatus Co.	China	70	70
Schneider (Suzhou) Transformers Co.	China	100	100
Schneider (Wuxi) Drives Co., Ltd.	China	90	90
Schneider Busway (Guangzhou) Limited	China	95	95
Schneider Electric (China) Company Limited	China	100	100
Schneider Electric (Xiamen) Switchgear Co., Ltd	China	100	100
Schneider Electric (Xiamen) Switchgear Equipment Co., Ltd	China	100	100
Schneider Electric Equipment and Engineering (Xi'an) Co., Ltd	China	100	100
Schneider Electric IT (China) Co., Ltd	China	100	100
Schneider Electric IT (Xiamen) Co., Ltd	China	100	100

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Schneider Electric Manufacturing (Chongqing) Co., Ltd	China	100	100
Schneider Electric Manufacturing (Wuhan) Co., Ltd	China	100	100
Schneider Great Wall Engineering (Beijing) Co., Ltd	China	100	100
Schneider Merlin Gerin Low Voltage (Tianjin) Co., Ltd.	China	75	75
Schneider Shanghai Apparatus Parts Manufacturing Co., Ltd	China	100	100
Schneider Shanghai Industrial Control Co., Ltd	China	80	80
Schneider Shanghai Low Voltage Terminal Apparatus Co., Ltd	China	75	75
Schneider Shanghai Power Distribution Electrical Apparatus Co., Ltd	China	80	80
Schneider Smart Technology Co., Ltd.	China	100	100
Schneider South China Smart Technology (Guangdong) Co. Ltd.	China	100	100
Schneider Switchgear (Suzhou) Co., Ltd	China	58	58
Schneider Wingoal (Tianjin) Electric Equipment Co., Ltd	China	100	100
Shanghai ASCO Electric Technology Co., Ltd.	China	100	100
Shanghai Foxboro Co., Ltd	China	100	100
Shanghai Invensys Process System Co., Ltd	China	100	100
Shanghai Schneider Electric Power Automation Co., Ltd	China	100	100
Shanghai Tayee Electric Co., LTD	China	67.05	67.05
Shenzhen Easydrive Electric Co., Ltd	China	51	51
Tianjin Wingoal Electric Equipment Co., Ltd.	China	100	100
Uniflair (Zhuhai) Electrical Appliance Manufacturing Co., Ltd	China	100	100
Wuxi Pro-Face Co., Ltd	China	100	100
Zircon Investment (Shanghai) Co., Ltd	China	74.5	74.5
Clipsal Asia Holdings Limited	Hong Kong	100	100
Construction Computer Software (Asia) Ltd	Hong Kong	100	100
Fed-Supremetech Limited	Hong Kong	54	54
Himel Hong Kong Limited	Hong Kong	100	100
MTWO Ltd	Hong Kong	100	100
RIB Creative Limited	Hong Kong	100	100
RIB Limited	Hong Kong	100	100
RIB Software International Ltd	Hong Kong	100	100
RIB Solutions Ltd	Hong Kong	100	100
Schneider Electric (Hong Kong) Limited	Hong Kong	100	100
Schneider Electric Asia Pacific Limited	Hong Kong	100	100
Schneider Electric IT Hong Kong Limited	Hong Kong	100	100
Two Hong Kong Ltd	Hong Kong	100	100
Luminous Power Technologies Private Limited	India	100	100
RIB Itwo Software Private Limited	India	100	100
Schneider Electric India Private Limited	India	65	65
Schneider Electric Infrastructure Limited	India	75	75
Schneider Electric IT Business India Private Limited	India	100	100
Schneider Electric President Systems Limited	India	75	79.47
Schneider Electric Private Limited	India	100	100
Schneider Electric Solar India Pte Ltd	India	100	100
Schneider Electric Systems India Private Limited	India	100	100
Winjit Technologies Private Limited	India	100	75.5
Zenatix Solutions Private Limited	India	95	–
PT Schneider Electric Indonesia	Indonesia	100	100
PT Schneider Electric IT Indonesia	Indonesia	100	100
PT Schneider Electric Manufacturing Batam	Indonesia	100	100
PT Schneider Electric Systems Indonesia	Indonesia	95	95
PT Schneider Indonesia	Indonesia	95	95
PT Tamco Indonesia	Indonesia	65	65
RIB Indonesia	Indonesia	100	100
Ranco Japan Ltd	Japan	100	100
Schneider Electric Japan Holdings Inc	Japan	100	100
Schneider Electric Japan, Inc.	Japan	100	100
Schneider Electric Solar Japan Inc.	Japan	100	100
Schneider Electric Systems Japan Inc.	Japan	100	100
Toshiba Schneider Inverter Corporation	Japan	60	60
Schneider Electric Korea Limited	Korea	100	100
Schneider Electric Systems Korea Ltd	Korea	100	100
Desea Sdn. Bhd.	Malaysia	100	100
Gutor Electronic Asia Pacific Sdn. Bhd.	Malaysia	–	100
Henikwon Corporation Sdn. Bhd.	Malaysia	65	65
RIB Malaysia Sdn Bhd	Malaysia	100	100
Schneider Electric (Malaysia) Sdn. Bhd.	Malaysia	30	30
Schneider Electric Industries (M) Sdn. Bhd.	Malaysia	100	100
Schneider Electric IT Malaysia Sdn. Bhd.	Malaysia	100	100
Schneider Electric Systems (Malaysia) Sdn. Bhd.	Malaysia	100	100

(in % of interest)		Dec. 31, 2023	Dec. 31, 2022
Tamco Switchgear (Malaysia) Sdn. Bhd.	Malaysia	65	65
RIB Pacific Ltd	New Zealand	100	100
Schneider Electric (NZ) Limited	New Zealand	100	100
Schneider Electric Systems New Zealand Limited	New Zealand	100	100
RIB Itwo Software Inc.	Philippines	100	100
Schneider Electric (Philippines), Inc.	Philippines	100	100
Schneider Electric IT Philippines Inc.	Philippines	100	100
RIB International Holding Pte. Limited	Singapore	100	100
RIB Singapore Pte Ltd	Singapore	100	100
Schneider Electric Asia Pte. Ltd.	Singapore	100	100
Schneider Electric Export Services Pte Ltd	Singapore	–	100
Schneider Electric IT Logistics Asia Pacific Pte Ltd	Singapore	100	100
Schneider Electric IT Singapore Pte Ltd	Singapore	100	100
Schneider Electric JV Holdings 2 Pte. Ltd.	Singapore	65	65
Schneider Electric Overseas Asia Pte Ltd	Singapore	100	100
Schneider Electric Singapore Pte Ltd	Singapore	100	100
Schneider Electric South East Asia (HQ) Pte Ltd	Singapore	100	100
Schneider Electric Systems Singapore Pte. Ltd.	Singapore	100	100
Schneider Electric Lanka (Private) Limited	Sri Lanka	100	65
Schneider Electric Systems Taiwan Corp.	Taiwan	100	100
Schneider Electric Taiwan Co., Ltd	Taiwan	100	100
RIB Thailand Pending	Thailand	100	100
Schneider (Thailand) Limited	Thailand	100	100
Schneider Electric CPCS (Thailand) Co., Ltd	Thailand	100	100
Schneider Electric Solar (Thailand) Co., Ltd	Thailand	100	100
Schneider Electric Systems (Thailand) Co., Ltd	Thailand	100	100
Clipsal Vietnam Co., Ltd	Viet Nam	100	100
Invensys Vietnam Ltd	Viet Nam	100	100
RIB Vietnam Software Company Limited	Viet Nam	100	100
Schneider Electric IT Vietnam Limited	Viet Nam	100	100
Schneider Electric Manufacturing Vietnam Company Limited	Viet Nam	100	100
Schneider Electric Vietnam Limited	Viet Nam	100	100
Accounted for by equity method			
Delixi Electric Limited (sub-group)	China	50	50
Sunten Electric Equipment Co., Ltd	China	25	25
Fuji Electric FA Components & Systems Co., Ltd (sub-group)	Japan	36.8	36.8
Foxboro (Malaysia) Sdn. Bhd.	Malaysia	49	49
Rest of the World			
Fully consolidated			
Himel Algerie	Algeria	–	100
Schneider Electric Algerie	Algeria	100	100
Schneider Electric Argentina S.A.	Argentina	100	100
Steck Electric S.A.	Argentina	100	100
Schneider Electric Systems Argentina S.A.	Argentina	100	100
Prolelt Automação Ltda	Brazil	100	100
Schneider Electric Brasil Automação de Processos Ltda	Brazil	100	100
Schneider Electric Brasil Ltda	Brazil	100	100
Schneider Electric IT Brasil Industria E Comercio De Equipamentos Eletronicos Ltda	Brazil	–	100
Steck Da Amazonia Industria Elétrica Ltda	Brazil	100	100
Steck Distribuidora Ltda	Brazil	100	100
Steck Industria Eletrica Ltda	Brazil	100	100
Telseb Serviços de Engenharia E Comércio de Equipamentos Eletrônicos e Telecomunicações Ltda	Brazil	100	100
Marisio S.P.A	Chile	100	100
Schneider Electric Chile S.P.A	Chile	100	100
Schneider Electric Systems Chile Limitada	Chile	100	100
Schneider Electric de Colombia S.A.S	Colombia	100	100
Schneider Electric Systems Colombia Ltda	Colombia	100	100
Steck Andina S.A.S.	Colombia	100	100
Schneider Electric Centroamerica Limitada	Costa Rica	100	100
Schneider Electric Ecuador	Ecuador	100	100
Sociedad Anonima Invensys Engineering & Service S.A.E.	Egypt	51	51
Schneider Electric Distribution Company	Egypt	91.99	91.99
Schneider Electric Egypt S.A.E.	Egypt	92	92
Schneider Electric Engineering And Services - Free Zone S.A.E	Egypt	51	51
Schneider Electric Systems Egypt S.A.E	Egypt	60	60
KMG Automation Limited Liability Partnership	Kazakhstan	51	51

5.5 Notes to the consolidated financial statements

(in % of interest)		Dec. 31, 2023	Dec. 31, 2022
Schneider Electric LLP	Kazakhstan	85	100
Schneider Electric (Kenya) Limited	Kenya	100	100
Kana Controls General Trading & Contracting Company WLL	Kuwait	31.9	31.9
Schneider Electric Services Kuwait	Kuwait	49	49
Schneider Electric Israël Ltd	Israel	100	100
Schneider Electric East Mediterranean SAL	Lebanon	100	100
Schneider Electric CFC	Morocco	100	100
Schneider Electric Maroc	Morocco	100	100
Schneider Electric Free Zone Enterprise	Nigeria	100	100
Schneider Electric Nigeria Limited	Nigeria	100	100
Schneider Electric Systems Limited	Nigeria	100	100
Schneider Electric O.M LLC	Oman	100	100
Schneider Solutions And Services (Private) Limited	Pakistan	100	100
Schneider Electric Systems Limited	Peru	100	100
Schneider Electric Systems del Peru S.A.	Peru	100	100
Schneider Electric Services LLC	Qatar	49	49
Electrical & Automation Saudi Arabian Manufacturing Company (LLC)	Saudi Arabia	65	65
Schneider Electric Saudi Arabia Limited	Saudi Arabia	100	100
Schneider Electric Systems Saudi Arabia Co. LTD.	Saudi Arabia	100	100
Ccs Mining & Industrial (Pty) Limited	South Africa	100	100
Construction Computer Software (Pty) Limited	South Africa	100	100
Invensys SA (Pty) Ltd	South Africa	100	100
Schneider Electric South Africa (Pty) Ltd	South Africa	74.9	74.9
Gunsan Elektrik Malzemeleri Sanayi Ve Ticaret Anonim Sirketi	Turkey	100	100
Himel Elektrik Malzemeleri Ticaret Anonim Sirketi	Turkey	–	100
Schneider Elektrik Sanayi Ve Ticaret A.S.	Turkey	100	100
Schneider Enerji Endüstrisi Sanayi Ve Ticaret Anonim Sirketi	Turkey	–	100
Cimac FZCO	United Arab Emirates	100	100
Construction Computer Software (Gulf) Llc	United Arab Emirates	100	100
L&T Electrical And Automation FZE	United Arab Emirates	65	65
Levtech Consulting Dmcc	United Arab Emirates	100	100
Schneider Electric DC MEA FZCO	United Arab Emirates	100	100
Schneider Electric FZE	United Arab Emirates	100	100
Schneider Electric Systems Middle East FZE	United Arab Emirates	100	100
Schneider Electric Systems de Venezuela, C.A.	Venezuela	100	100
Schneider Electric Venezuela S.A.	Venezuela	93.56	93.56

5.6 Statutory Auditors' report on the consolidated financial statements

To the Annual General Meeting of Schneider Electric S.E.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Schneider Electric SE for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Risks Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors for the period from January 1, 2023 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

5.6 Statutory Auditors' report on the consolidated financial statements

Measurement of goodwill and trademarks with indefinite useful lives

Notes 1.3, 1.8, 1.11, 5 and 9 to the consolidated financial statements

Description of risk	<p>As of December 31, 2023, the carrying amount of goodwill and trademarks with indefinite useful lives was €24,664 million and €2,297 million respectively, representing 46% of the Group's total assets.</p> <p>As described in Notes 1.8 "Intangible assets" and 1.11 "Impairment of assets" to the consolidated financial statements, trademarks with indefinite useful lives and Cash Generating Units (CGUs) to which goodwill has been allocated are tested for impairment at least once a year and whenever there is an indication of impairment.</p> <p>In line with the Group's strategy of sustainable development and digital transformation, the Group has redefined its CGU groups.</p> <p>Goodwill is tested at CGU group level, as described in note 1.11 "Impairment of assets" to the consolidated financial statements: Low Voltage, Medium Voltage, Secure Power, Industrial Automation, Industrial Automation Software, Energy Management Software and Sustainability.</p> <p>The recoverable amount of a CGU is defined as the higher between its value in use and its fair value less costs to sell. The value in use of a CGU is determined by discounting future cash flows that will be generated by its underlying assets and which are based on the Group management's economic assumptions and operating forecasts.</p> <p>The recoverable amount of trademarks with an indefinite useful life is measured using the royalty method.</p> <p>An impairment loss is recognized whenever the recoverable amount of a CGU or a trademark is less than its carrying amount, to the extent that its carrying amount exceeds its recoverable amount. When the tested CGU comprises goodwill, the impairment loss is primarily deducted therefrom.</p> <p>The valuation of goodwill and trademarks with indefinite useful lives is a key audit matter due to their significance in the Group's consolidated balance sheet and the level of judgment required by management to:</p> <ul style="list-style-type: none"> • define the CGUs, as improper mapping could lead the Group to not recognize, or to underestimate, the impairment of goodwill; • determine the assumptions used for the impairment tests of goodwill, particularly the discount rate, perpetuity growth rate and the expected margin rates, the consideration of climate risks and, for trademarks with indefinite useful lives, royalty rates.
How our audit addressed this risk	<p>Our audit work consisted in:</p> <ul style="list-style-type: none"> • reviewing the methods used to determine the level of goodwill impairment testing, particularly regarding changes made during the year; • comparing the carrying amount of assets tested with the accounting data; • assessing the procedures implemented by the Group to evaluate the discounted future cash flows underlying the determination of the value in use of each CGU and checking their consistency with the business plans/cash flow projections approved by the Group's Board of Directors; • assessing the procedures implemented by the Group to evaluate the impact of climate risks in determining the value in use of each group of CGUs; • for the main trademarks with indefinite useful lives, assessing the procedures implemented to model the revenue projections attached to the trademarks; • assessing the reasonableness of the business forecasts underlying the future cash flows, in particular with respect to past performance; • with the assistance of our valuation experts, assessing the assumptions used such as the discount rate, perpetuity growth rate and expected margin rates, as well as the sensitivity of impairment test results to changes in these key assumptions; • corroborate the royalty rates used with respect to (i) the theoretical royalty rates determined at the acquisition date of the trademark and (ii) the performance achieved; • reconciling the sensitivity analyses performed by the Group with our sensitivity calculations, and, to this end, verifying in particular that no impairment would have been recognized if the Group had maintained 2022's organization; • verifying the arithmetical accuracy of the impairment tests. <p>Lastly, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.</p>

Uncertain tax positions and recognition and recoverability of deferred tax assets recognized for tax loss carryforwards
Notes 1.3, 1.16, 1.21 and 14 to the consolidated financial statements

Description of risk	<p>The Group operates in several different tax jurisdictions around the world. As a result, the company and its subsidiaries may be subject to audits or questions from local tax authorities. Situations where cash outflows are considered probable give rise to liabilities, measured on the basis of the known facts in the jurisdiction concerned.</p> <p>In accordance with IFRIC 23 – Uncertainty over Income Tax Treatments, provisions covering uncertainties over tax treatments are presented under “Accrued taxes and payroll costs”, as specified in Note 1.21 to the consolidated financial statements.</p> <p>In addition, the Group recognizes deferred tax assets in several countries based on its ability to recover them in future years. As of December 31, 2023, deferred tax assets in respect of tax loss carryforwards recognized in the consolidated balance sheet amounted to €629 million, mainly in France for an amount of €420 million.</p> <p>As described in Note 1.16 to the consolidated financial statements, the Group only recognizes future tax relief arising from the use of tax loss carryforwards when it can be reasonably anticipated that such relief will be granted, including when such amounts can be carried forward indefinitely.</p> <p>The Group’s ability to recover deferred tax assets on tax loss carryforwards is assessed by management at the end of each reporting period. The recognition and correct valuation of these deferred tax assets are subject to the quality of the forecasts made by the Group.</p> <p>The recognition and recoverability of deferred tax assets relating to tax loss carryforwards and the recognition of liabilities for uncertain tax positions are key audit matters, given the judgment required from the Group to (i) assess the recoverability of the deferred taxes and (ii) estimate the likely outflow of resources in a constantly changing international environment.</p>
How our audit addressed this risk	<p>We held meetings with management, gained an understanding of the internal control procedures implemented by the Group to identify tax risks, and, where appropriate, to recognize any tax loss.</p> <p>With the assistance of our tax specialists, we also assessed the judgments made by management as part of our estimate of the income tax likely to be payable and the amount of any potential exposure, and, by extension, the reasonableness of the estimates as regards tax liabilities.</p> <p>With regard to the recognition and recoverability of deferred tax assets relating to tax loss carryforwards, our audit approach consisted in assessing the Group’s likelihood of benefiting from future tax relief arising from the use of tax loss carryforwards, in particular with regard to:</p> <ul style="list-style-type: none"> • plans for the consumption of the tax loss carryforwards of the subsidiaries or tax consolidation groups concerned; • the main data and assumptions underlying the plans for the consumption of tax loss carryforwards underlying the recognition and measurement of the corresponding deferred tax assets by the Group. <p>We also verified the appropriateness of the disclosures provided in the notes to the consolidated financial statements.</p>

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also performed the specific verifications on the information pertaining to the Group presented in the Board of Directors’ management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the information pertaining to the Group presented in the management report includes the consolidated non-financial performance statement required under Article L. 225-102-1 of the French Commercial Code. However, in accordance with Article L. 823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the consolidated financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors’ procedures for annual and consolidated financial statements presented according to the single European electronic reporting format, we have verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code (Code monétaire et financier) and prepared under the Chief Executive Officer’s responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018. As it relates to the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

5.6 Statutory Auditors' report on the consolidated financial statements

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements in accordance with the European single electronic reporting format, the content of certain tags in the notes to the financial statements may not be rendered identically to the consolidated financial statements attached to this report.

In addition, it is not our responsibility to ensure that the consolidated financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Schneider Electric SE by the Annual General Meetings held on May 6, 2004 for Mazars and on May 5, 2022 for PricewaterhouseCoopers Audit.

As of December 31, 2023, Mazars was in the twentieth consecutive year of their engagement and PricewaterhouseCoopers in their second year.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit and Risks Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L. 821-55 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit and Risks Committee

We submit a report to the Audit and Risks Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Risks Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Risks Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 821-27 to L. 821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Risks Committee.

The Statutory Auditors

Mazars
Paris La Défense on February 29, 2024
Juliette Decoux Guillemot Mathieu Mougard

PricewaterhouseCoopers Audit
Neuilly-sur-Seine on February 29, 2024
Jean-Christophe Georghiou Séverine Scheer

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5.7 Extract of the management report for the year ended December 31, 2023

Consolidated financial statements

Business and Statement of Income highlights

Main acquisitions of the period

Transaction with AVEVA's non-controlling interests

On September 21, 2022, the Group confirmed its firm intention to acquire the share capital of AVEVA that it did not already own.

On November 11, 2022, the Board of Schneider Electric and the AVEVA Independent Committee announced that they reached an agreement on the terms of a cash offer of 3,225 pence per AVEVA share. Such acquisition is to be effected by means of a Court approved scheme of arrangement (the Scheme), under Part 26 of the Companies Act 2006.

On November 25, 2022, the requisite majority of AVEVA's shareholders approved the Scheme, and passed the Special Resolution to implement the Scheme during respectively the Court Meeting and the General Meeting. This led to the immediate recognition of a current financial liability in the Group's financial statements of GBP 4,039 million (EUR 4,554 million) as of December 31, 2022). The recognition of this liability triggered an immediate reduction in non-controlling interests and in the group share of equity.

On January 18, 2023, following the deliverance of the UK Court Order to the Registrar of Companies, the Scheme (acquisition by the Group of the outstanding AVEVA shares not already owned) became effective. AVEVA shares were unlisted from the London Stock Exchange on January 19, 2023.

The financial liability was settled in cash on January 31, 2023 for GBP 4,055 million (EUR 4,610 million at the foreign exchange closing rate incurred on January 31, 2023) including stamp duties. The Group's transaction cash out, including EUR 71 million legal fees paid, was presented under the financing section of the cash flow statement and amounted to EUR 4,681 million.

In the context of this transaction, the Group also incurred, through hedging schemes, a negative impact on cash for EUR 106 million.

EcoAct

On November 2, 2023, the Group acquired 100% of the capital of EcoAct SAS ("EcoAct"), an international leader in climate consulting and net zero solutions headquartered in Paris, France. EcoAct will be reported within the *Energy management* reporting segment.

The purchase accounting as per IFRS 3R is not completed as of December 31, 2023.

Main divestments of the period

Transformer plants in Poland and Türkiye

On January 6, 2023, the Group closed the transaction for the disposal of its Transformer plants in Poland and Türkiye to Cahors Group, an international company specializing in energy distribution, headquartered in France. The businesses had around 800 employees and were reported within the Energy management reporting segment up until disposal effective date.

As of December 31, 2022, net assets were already measured at fair value less costs to sell, leading to no impact from the divestment in the consolidated statement of income of the period.

VinZero

On May 31, 2023, the Group closed the transaction for the disposal of RIB Software's VinZero business to a European corporate. VinZero is an IT infrastructure solutions group and software partner for architecture, engineering, construction, owner-operator, and manufacturing organizations providing value-add services and consulting. The business was reported within the Energy management reporting segment up until disposal effective date. The gain on disposal was recorded under "Other operating income and expenses".

Gutor

On August 2, 2023, the Group closed the transaction for the disposal of Gutor Electronics' operations to Latour Capital, a French private equity investor. Gutor is a global leader in the manufacturing of industrial uninterruptible power supply (UPS) systems and the provision of related services. Gutor was reported within the Energy management reporting segment up until disposal effective date.

Telemecanique Sensors

On October 31, 2023, the Group closed the transaction for the disposal of its industrial sensors business, Telemecanique Sensors, to YAGEO. As part of the transaction, the Group granted YAGEO a license to use Telemecanique Sensors trademark. The all-cash transaction valued Telemecanique Sensors at EUR 723 million (Enterprise Value). Telemecanique Sensors was reported within the Industrial Automation reporting segment up until disposal effective date.

Follow-up on acquisitions and divestments transacted in 2022 with effect in 2023

EV Connect Inc.

On June 21, 2022, the Group completed the purchase of a 95.52% controlling stake in EV Connect Inc. and now reports within Energy Management reporting segment. The Group holds an agreement to acquire the remaining 4.48% of non-controlling interests in 2027. The related debt has been recognized in "Non-current purchase commitments over non-controlling interests".

In November 2023, the Group purchased 3.88% of non-controlling interests which raised its stake in EV Connect Inc. at 99.4%.

The purchase accounting as per IFRS 3R is completed as of December 31, 2023. The net adjustment of the opening balance sheet, resulting mainly from the booking of identifiable intangible assets (technology, customer relationship and trademark), led to the recognition of a EUR 255 million goodwill at acquisition date.

IFRS 5 application – Non-current Assets Held for Sale and Discontinued Operations

The following businesses have been reclassified as Held for Sale as of December 31, 2023:

Autogrid

On July 20, 2022, the Group completed the acquisition of Autogrid, raising its stake from 24.2% to 91.8% controlling stake. AutoGrid is a Virtual Power Plant (VPP) and Distributed Energy Resource Management System (DERMS) provider and is reported within Energy Management reporting segment. The Group held an agreement to acquire the remaining 8.2% of non-controlling interests in 2026. The related debt was recognized in "Non-current purchase commitments over non-controlling interests" as of December 2022.

On December 14, 2023, the Group entered into an agreement with Uplight Inc. for the sale of Autogrid. In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities have been classified as "Assets held for sale" and "Liabilities held for sale", for EUR 209 million and EUR 40 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 197 million. No impairment loss was recognized by the Group following the IFRS 5 classification.

This transaction represents a reorganization among Schneider Electric-owned or affiliated businesses aimed at Prosumers, to better align their capabilities. The transaction, which closed on February 8, 2024, has raised the controlling stake of the Group in Uplight Inc., which will remain consolidated as an equity investment.

Exchange rate changes

Fluctuations in the euro exchange rate had a negative impact in 2023, decreasing consolidated revenue by EUR 1,432 million due mainly to the evolution observed in US Dollar and in Chinese Yuan compared to the Euro and a negative impact decreasing adjusted EBITA by EUR 573 million.

5.7 Extract of the management report for the year ended December 31, 2023

Results of Operations

The following table sets forth our results of operations for 2023 and 2022:

<i>(in millions of euros except for earnings per share)</i>	Full Year 2023	Full Year 2022	Variance
Revenue	35,902	34,176	5.1%
Cost of sales	(20,890)	(20,300)	2.9%
Gross profit	15,012	13,876	8.2%
% Gross profit	41.8%	40.6%	
Research and development	(1,168)	(1,040)	12.3%
Selling, general and administrative expenses	(7,432)	(6,819)	9.0%
Adjusted EBITA *	6,412	6,017	6.6%
% Adjusted EBITA	17.9%	17.6%	
Other operating income and expenses	98	(433)	(122.6)%
Restructuring costs	(147)	(227)	(35.2)%
EBITA **	6,363	5,357	18.8%
% EBITA	17.7%	15.7%	
Amortization and impairment of purchase accounting intangibles	(430)	(424)	1.4%
Operating income	5,933	4,933	20.3%
% Operating income	16.5%	14.4%	
Interest income	79	24	229.2%
Interest expense	(387)	(130)	197.7%
Finance costs, net	(308)	(106)	190.6%
Other financial income and expense	(222)	(109)	103.7%
Net financial income/(loss)	(530)	(215)	146.5%
Profit from continuing operations before income tax	5,403	4,718	14.5%
Income tax expense	(1,285)	(1,211)	6.1%
Share of profit/(loss) of associates	51	29	75.9%
PROFIT FOR THE YEAR	4,169	3,536	17.9%
<i>attributable to owners of the parent</i>	<i>4,003</i>	<i>3,477</i>	<i>15.1%</i>
<i>attributable to non-controlling interests</i>	<i>166</i>	<i>59</i>	<i>181.4%</i>
Basic earnings (attributable to owners of the parent) per share (in euros per share)	7.15	6.23	14.8%
Diluted earnings (attributable to owners of the parent) per share (in euros per share)	7.07	6.15	15.0%

* Adjusted EBITA (Earnings Before Interest, Taxes, Amortization of Purchase Accounting Intangibles): Operating profit before amortization and impairment of purchase accounting intangible assets, before goodwill impairment, other operating income and expenses and restructuring costs.

** EBITA (Earnings Before Interest, Taxes and Amortization of Purchase Accounting Intangibles): Operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment.

Revenue

Consolidated revenue totaled EUR 35,902 million for the year ended December 31, 2023, up +12.7% organic and up +5.1% on a reported basis. The Group saw strong growth across end-markets supported by secular trends of electrification, automation, and digitization, while some areas such as residential buildings remained impacted by the effects of higher interest rates on consumer spending, though stabilizing by the end of the year. Discrete automation markets were down after high demand in the prior year associated with supply chain constraints in particular impacting sales in Western Europe, China and East Asia. The Group saw good volume expansion throughout the year, with product growth supported by backlog execution as supply chain pressures eased, while the carryover impact of price actions taken in 2022 faded across the year, as expected. FX impacts were (4.3)% driven by the weakening of the Chinese Yuan and U.S. Dollar against the Euro, combined with the significant devaluation of several other currencies including the Egyptian Pound, Turkish Lira and Argentinian Peso. There was a net negative impact of (2.5)% from acquisitions and disposals, primarily relating to the Group's exit from Russia in 2022 along with the net impact of other transactions.

Evolution of revenue by reporting segment

The following table sets forth our revenue by business segment for years ended December 31, 2023 and 2022:

<i>(in millions of euros)</i>	Energy Management	Industrial Automation	Total
Full Year 2023	28,241	7,661	35,902
Full Year 2022	26,442	7,734	34,176

Energy Management generated revenues of EUR 28,241 million, equivalent to 79% of the Group's revenues and was up +14% organic. North America grew +19% organic with strong growth across end-markets, including continued strong growth in Systems as a consequence of strong demand across Data Center and Infrastructure end-markets. Western Europe was up +12% organic with double-digit growth in the U.K., Germany and Italy, while France and Spain grew high-single digit. There was continued good traction in Data Center and non-residential technical buildings, though residential markets, particularly in the north of the region, were impacted by pressures on consumer-spending. Asia-Pacific grew +8% organic, with China delivering mid-single digit growth for the year, with strong traction in transportation and renewable power, while softness in construction markets continued. India recorded double-digit growth, despite facing a high base of comparison, with continued strong demand across end-markets. There was good growth in Australia and across the rest of the region. Rest of the World was up +20% organic, benefitting from price actions taken in response to currency devaluation in Argentina, Egypt and Turkey and with strong demand for systems offers across the region.

Industrial Automation generated revenues of EUR 7,661 million, equivalent to 21% of the Group's revenues and was up +7% organic. Growth was led by sales into Process automation markets while sales into Discrete automation markets also grew, though at a slower pace due to weakness in OEM demand, particularly in Western Europe, China and East Asia. The Group saw strong growth in its industrial software offers through AVEVA, despite headwinds from a transition from a perpetual license model to a subscription model. North America grew +7% organic led by growth in Discrete automation markets, supported by backlog execution, while growth in Process & Hybrid markets was good despite a high base of comparison from projects in Mexico. Western Europe was up +7% organic, with strong growth in both Process & Hybrid markets and industrial software at AVEVA, while Discrete automation markets were impacted by the demand weakness. Asia Pacific was up +1% organic, impacted by weaker Discrete automation growth in China with weakness in OEM demand, particularly among those tied to construction. There was strong growth in several countries across the rest of the region, notably India and Australia, while growth in Japan and South Korea was muted due to OEM weakness. Rest of the World was up +20% organic, benefitting from price actions taken in response to currency devaluation in Argentina, Egypt and Turkey, while outside of these countries there was strong growth in Discrete automation markets and good growth in Process & Hybrid markets.

Gross profit

Gross profit was up +18.1% organic with Gross margin up +200bps organic, reaching 41.8% in 2023. The organic increase in margin percentage was driven by a strong net price impact mainly related to carryover from price actions taken last year, an improvement of gross margin in systems business and improved industrial productivity, particularly in H2.

Support Function costs: Research and development and selling, general and administrative expenses

Research and development expenses, net of capitalized development costs and excluding research and development costs booked in costs of sales, increased by 12.3% from EUR 1,040 million for 2022 to EUR 1,168 million for 2023. As a percentage of revenues, the net cost of research and development increased slightly from 3.0% in 2022 to 3.3% in 2023.

Total research and development expenditures, including capitalized development costs and development costs reported as cost of sales (see Note 4 to the Consolidated Financial Statements) increased by 9.3% from EUR 1,845 million for 2022 to EUR 2,016 million for 2023. As a percentage of revenues, total research and development expenses increased slightly to 5.6% for 2023 (5.4% for 2022).

In 2023, the net effect of capitalized development costs and amortization of capitalized development costs amounts to EUR 92 million on operating income (EUR 115 million in 2022).

Selling, general and administrative expenses increased by 9.0% to EUR 7,432 million for 2023 (EUR 6,819 million for 2022). As a percentage of revenues, selling, general and administrative expenses increased slightly to 20.7% for 2023 (20.0% for 2022).

Combined, total support function costs, that is, research and development expenses together with selling, general and administrative costs, totaled EUR 8,600 million for 2023 compared to EUR 7,859 million for 2022, an increase of 9.4%. Support functions costs to sales ratio increases from 23.0% in 2022, to 24.0% in 2023.

Other operating income and expenses

For 2023, other operating income and expenses amounted to a net income of EUR 98 million. The gains and losses on disposal of business for EUR 265 million are mainly due to the gains on disposal of Telemecanique Sensors, Gutor, VinZero and Transformer Plants in Türkiye. The costs of acquisition and integration totaled EUR (111) million (EUR (180) million for 2022). The decrease is mainly due to costs incurred in 2022 to purchase AVEVA's remaining non-controlling interests.

Restructuring costs

For 2023, restructuring costs decreased to EUR 147 million in 2023 compared to 227 million in 2022, and are linked to the Group's initiatives to decrease support function costs.

EBITA and Adjusted EBITA

EBITA is defined as earnings before interest, taxes and amortization of purchase accounting intangibles. EBITA comprises operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment. Adjusted EBITA is adjusted as EBITA before restructuring costs and before other operating income and expenses, which includes acquisition, integration and separation costs.

Adjusted EBITA amounted to EUR 6,412 million for 2023, compared to EUR 6,017 million for 2022, an organic increase of 24.5%. As a percentage of revenues, adjusted EBITA increased at 17.9% with margin improving 180 bps organically.

EBITA increased from EUR 5,357 million for 2022 to EUR 6,363 million in 2023. As a percentage of revenues, EBITA increases at 17.7% in 2023 (15.7% for 2022).

5.7 Extract of the management report for the year ended December 31, 2023

Adjusted EBITA by business segment

The following table sets out EBITA and adjusted EBITA by business segment:

Full Year 2023

<i>(in millions of euros)</i>	Energy Management	Industrial Automation	Central functions & digital costs	Total
Backlog	15,414	3,748	–	19,162
Revenue	28,241	7,661	–	35,902
Adjusted EBITA	5,967	1,304	(859)	6,412
Adjusted EBITA (%)	21.1%	17.0%		17.9%

On December 31, 2023, the total backlog to be executed in more than a year amounts to EUR 4,287 million.

Full Year 2022

<i>(in millions of euros)</i>	Energy Management	Industrial Automation	Central functions & digital costs	Total
Backlog	13,156	3,334	–	16,490
Revenue	26,442	7,734	–	34,176
Adjusted EBITA	5,392	1,458	(833)	6,017
Adjusted EBITA (%)	20.4%	18.9%		17.6%

Energy Management reporting segment generated an adjusted EBITA of EUR 5,967 million, or 21.1% of revenues, up c. +220 bps organic (up +70 bps on a reported basis), due mainly to a combination of strong net price impact, good contribution from volumes and an improvement of gross margin in the systems business, more than offsetting investment in SFC and inflationary impacts.

Industrial Automation reporting segment generated an adjusted EBITA of EUR 1,304 million, or 17.0% of revenues, down c. -110 bps organic (down -190 bps on a reported basis), where strong net price contribution, improved productivity and improvement of gross margin in the systems business were more than offset by impacts from inflation and increased strategic investment within support function costs.

Central functions & digital costs in 2023 amounted to EUR 859 million (EUR 833 million in 2022) remaining stable at 2.4% of Group revenues. Investment in the Group's strategic priorities continued, while the Corporate cost element continued to be an area of focus and remained under tight control, remaining at around 0.7% of Group revenues in 2023.

Amortization and impairment of purchase accounting intangibles

The amortization and impairment of purchase accounting intangibles linked to acquisitions amounted to EUR 430 million compared with EUR 424 million last year.

Operating income (EBIT)

Operating income or EBIT (Earnings Before Interest and Taxes), increased from EUR 4,933 million for 2022 to 5,933 million for 2023, an increase of 20.3%.

Net financial income/loss

Net financial loss amounted to EUR 530 million for 2023, compared to EUR 215 million for 2022, mainly due to the increase in cost of debt (from EUR 106 million in 2022 to EUR 308 million in 2023). This was mainly due to the increase in interest rates observed in 2023 and costs related to the term loan facility set up for AVEVA's non-controlling interests acquisition. In addition, there was an increased negative impact from foreign exchange fluctuations (from EUR 21 million in 2022 to EUR 50 million in 2023).

Income tax expense

The effective tax rate was 23.8% for 2023, and 25.7% for 2022. In 2022, restating the EUR 195 million Russia and Belarus deconsolidation impact from the profit before tax (no tax impact attached), the effective tax rate would have been of 24.6%. The corresponding income tax expense increased from EUR 1,211 million for 2022 to EUR 1,285 million for 2023.

Share of profit/ (loss) of associates

The share of associates was a EUR 51 million profit for 2023, compared to EUR 29 million profit for 2022.

Non-controlling interests

Non-controlling interests in net income for 2023 totaled EUR 166 million, compared to EUR 59 million for 2022. This represents the share in net income attributable to the non-controlling interests, mainly coming from the Group Chinese and Indian subsidiaries.

Profit for the year (attributable to owners of the parent)

Profit for the year attributable to the equity holders of our parent company amounted to EUR 4,003 million for 2023, compared to EUR 3,477 million profit for 2022.

Earnings per share

Basic Earnings per share amounted to EUR 7.15 per share for 2023 and EUR 6.23 per share for 2022.

Comments to the consolidated Cash-flow

The following table sets forth our cash-flow statement for 2023 and 2022:

(in millions of euros)	Note	Full Year 2023	Full Year 2022
Profit for the year		4,169	3,536
Share of (profit)/losses of associates		(51)	(29)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment	11	743	750
Amortization of intangible assets other than goodwill	10	717	732
Impairment losses on non-current assets		60	61
Increase/(decrease) in provisions	21	87	32
Losses/(gains) on disposals of business and assets		(252)	70
Difference between tax paid and tax expense		(164)	139
Other non-cash adjustments		220	102
Net cash provided by operating activities		5,529	5,393
Decrease/(increase) in accounts receivable		62	(305)
Decrease/(increase) in inventories and work in progress		(382)	(553)
(Decrease)/increase in accounts payable		493	73
Decrease/(increase) in other current assets and liabilities		205	(254)
Change in working capital requirement		378	(1,039)
TOTAL I - CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		5,907	4,354
Purchases of property, plant and equipment	11	(914)	(707)
Proceeds from disposals of property, plant and equipment		52	69
Purchases of intangible assets	10	(451)	(386)
Net cash used by investment in operating assets		(1,313)	(1,024)
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	611	(297)
Other long-term investments		(89)	40
Increase in long-term pension assets	20	(257)	(130)
Sub-total		265	(387)
TOTAL II - CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(1,048)	(1,411)
Issuance of bonds	22	3,509	1,092
Repayment of bonds	22	(1,299)	(829)
Sale/(purchase) of treasury shares		(703)	(219)
Increase/(decrease) in other financial debt		939	143
Increase/(decrease) of share capital	19	284	208
Transaction with non-controlling interests*	2	(4,702)	(73)
Dividends paid to Schneider Electric's shareholders	19	(1,767)	(1,618)
Dividends paid to non-controlling interests		(84)	(157)
TOTAL III - CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(3,823)	(1,453)
TOTAL IV - NET FOREIGN EXCHANGE DIFFERENCE		(240)	(70)
TOTAL V - IMPACT OF RECLASSIFICATION OF ITEMS HELD FOR SALE		(4)	(20)
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I + II + III + IV + V		792	1,400
Net cash and cash equivalents, beginning of the year	18	3,863	2,463
Increase/(decrease) in cash and cash equivalents		792	1,400
NET CASH AND CASH EQUIVALENTS, END OF THE YEAR	18	4,654	3,863

The accompanying notes are an integral part of the consolidated financial statements.

* In 2023, transactions with non-controlling interests mainly relate to the purchase of AVEVA's non-controlling interests.

5.7 Extract of the management report for the year ended December 31, 2023

Operating Activities

Net cash from operating activities before changes in working capital requirement reached EUR 5,529 million for 2023, increasing compared to EUR 5,393 million for 2022. It represented 15.4% of revenues for 2023 (15.8% of revenues from 2022).

Change in working capital requirement generated EUR 378 million in cash in 2023, compared to a consumption of EUR 1,039 million in 2022.

In all, net cash from operating activities increased from EUR 4,354 million in 2022 to EUR 5,907 million in 2023.

Investing Activities

Net capital expenditure, which includes capitalized development projects, increased, at EUR 1,313 million for 2023, compared to EUR 1,024 million for 2022, and representing 3.7% of sales in 2023 compared to 3.0% in 2022.

Free cash-flow (cash from operating activities net of net capital expenditure) amounted to EUR 4,594 million in 2023 versus EUR 3,330 million in 2022.

Cash conversion rate (free cash-flow over net income attributable to the equity holders of the parent company on continuing operations) was 115% in 2023 versus 96% in 2022.

The acquisitions net of disposals represented a cash in of EUR 611 million (net of acquired cash) for 2023, compared with a cash-out of EUR 297 million for 2022. Those amounts correspond mainly to the acquisitions and disposals described in Notes 2.1 and 2.2 of the Consolidated Financial Statements (Chapter 5).

Financing Activities

Net cash outflow from financing activities amounted to EUR 3,823 million during the year 2023, compared to cash outflow of EUR 1,453 million during the year 2022. The variance is mainly due to the purchase of AVEVA's non-controlling interests for EUR 4.7 billion and bond issuances in 2023 for EUR 3.5 billion (EUR 1.1 billion issued in 2022).

The dividend paid by Schneider Electric was EUR 1,767 million in 2023, compared with EUR 1,618 million in 2022.

INTEGRATED REPORT	CH 1	CH 2	CH 3	CH 4	CH 5	CH 6	CH 7	CH 8	CH 9
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6

Parent company financial statements

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6.1 Balance Sheet

Assets

(in thousands of euros)	Note	12/31/2023 Gross	Amort./Dep./Prov.	12/31/2023 Net	12/31/2022 Net
NON-CURRENT ASSETS					
Intangible assets	1.1				
Intangible rights		27,429	(27,429)	–	–
Property, plant and equipment	1.2				
Land		2,784	–	2,784	2,784
Buildings		48	(48)	–	–
Other		1,221	–	1,221	1,221
Total intangible assets and property, plant and equipment		31,482	(27,477)	4,006	4,006
Financial investments					
Shares in subsidiaries and affiliates	2.1	5,377,099	(19,468)	5,357,631	5,357,631
Other investment securities	2.2	1,375,376	–	1,375,376	763,201
Advances to subsidiaries and affiliates	2.3	2,532,111	–	2,532,111	2,513,350
Other (Loans/Deposits and guarantees)		80,010	–	80,010	81,172
Total financial investments		9,364,595	(19,468)	9,345,127	8,715,354
Total non-current assets		9,396,077	(46,945)	9,349,132	8,719,359
CURRENT ASSETS					
Accounts receivable					
Accounts receivable – trade	3	570,104	–	570,104	392,646
Other	3	323,972	–	323,972	232,756
Total accounts receivable		894,076	–	894,076	625,402
Marketable securities and cash					
Marketable securities	4	279,624	–	279,624	734,726
Advances to the Group cash pool	5	12,286,738	–	12,286,738	8,175,864
Other		285	–	285	1,393
Total marketable securities and cash		12,566,647	–	12,566,647	8,911,984
Total current assets		13,460,723	–	13,460,723	9,537,386
PREPAYMENTS AND OTHER ASSETS					
Prepaid expenses	6.1	3,278	–	3,278	574
Deferred expenses	6.2	22,865	–	22,865	15,883
Call premiums	6.3	33,786	–	33,786	20,153
Translation losses	9	–	–	–	–
TOTAL ASSETS		22,916,729	(46,945)	22,869,784	18,292,355

The notes form an integral part of these parent company financial statements.

Equity and liabilities

(in thousands of euros)	Note	12/31/2023	12/31/2022
EQUITY	7		
Share capital	7.1	2,291,344	2,284,372
Additional paid-in capital	7.2	2,827,850	2,616,090
<i>Reserves</i>			
Legal reserve		243,027	243,027
Retained earnings	7.3	273,900	325,407
Net income for the financial year		2,560,475	1,744,408
Regulated provisions		2	2
Total equity		8,196,598	7,213,305
PROVISIONS FOR CONTINGENCIES	8		
Provisions for contingencies and expenses		286,602	316,327
Total provisions for contingencies and expenses		286,602	316,327
LIABILITIES			
Convertible bond	9	1,300,000	650,000
Bonds	9	9,773,502	8,094,325
Other borrowings	10	1,808,904	39,096
Debts related to investments	11	42,000	42,000
Borrowings and financial liabilities	12	1,018,000	1,491,000
Accounts payable – trade		109,162	79,789
Accrued taxes and payroll costs		296,565	237,057
Other		2,088	80,378
Total liabilities		14,350,221	10,713,646
Deferred revenue		–	–
Call premiums	6.3	28,987	40,199
Translation gains		7,376	9,877
TOTAL EQUITY AND LIABILITIES		22,869,784	18,293,355

The notes form an integral part of these parent company financial statements.

6.2 Statement of income

(in thousands of euros)	Note	2023	2022
Sales of services and other		1	79
Reversals of provisions, depreciation and amortization and expense transfers		–	11
Other operating revenue	15	486,927	412,303
Operating revenues		486,928	412,393
Purchase and external expenses	16	(122,475)	(171,810)
Taxes other than on income		(1,306)	(5,114)
Payroll expenses		(14,607)	(2,367)
Depreciation and provision expense		(1,071)	(1,928)
Other operating expenses and joint-venture losses		(2,382)	(2,223)
Operating expenses		(141,841)	(183,442)
Operating profit/(loss)		345,087	228,952
Dividend income		2,002,364	1,500,580
Interest income		536,573	89,438
Reversals of impairment provisions for long-term receivables and other		–	–
Financial income		2,538,937	1,590,018
Interest expense		(327,774)	(111,111)
Provision expense		(578)	1,396
Financial expenses		(328,352)	(109,716)
Net financial income/(loss)	17	2,210,585	1,480,303
Current result before tax		2,555,672	1,709,254
Proceeds from fixed asset disposals		39	312,074
Reinvoicing performance share		91,009	93,678
Provision reversals and expense transfers		138,116	145,098
Other		–	1,034
Non-recurring income		229,164	551,884
Carrying amount of fixed asset disposals		–	(272,321)
Provisions, depreciation and amortization		(105,761)	(108,927)
Other		(161,507)	(154,206)
Non-recurring expenses		(267,268)	(535,354)
Net non-recurring income/(loss)	18	(38,104)	16,531
Net income tax benefit	19	42,907	18,623
NET INCOME		2,560,475	1,744,408

The notes form an integral part of these parent company financial statements.

6.3 Notes to the financial statements

(All amounts are in thousands of euros unless otherwise indicated)

6.3.1 Significant events of the financial year

- The tax authority informed us that it will perform an accounting verification of all tax declarations made during the period from 01/01/2020 to 12/31/2022 and of all taxable income for the period from 01/01/2018 to 12/31/2019. This audit is already under way as at December 31, 2023.
- In May 2023, the 2022 dividend was paid in the amount of EUR 1,767 million.
- In January 2023, the Group withdrew EUR 1,700 million from its Term loan facility established to finance the acquisition of AVEVA's minority interests. This loan will mature in October 2025. On December 31, 2023, the amount due was still EUR 1,700 million at Euribor plus a margin of 0.56%.
- In 2023, Schneider Electric SE carried out a second convertible bond (OCEANE) issue for EUR 650 million at a rate of 1.97%, maturing in November 2030. As at the end of December 2023, the debt component recognized at its net book value was EUR 650 million. The initial conversion and/or exchange ratio of the Bonds is one share per Bond with a nominal value set at EUR 426.66 with a nominal value of EUR 100,000, which corresponds to EUR 234.38 per share.
- The company bought back 4.5 million of its own shares for EUR 703 million.
- As of December 31, 2023, the company decided to fund some of its current action plans on existing shares and to re-invoice the related expense to the various Group companies. As a result of these movements, the provision for charges was adjusted to EUR 279 million.

6.3 Notes to the financial statements

6.3.2 Accounting principles

As in the prior financial year, the financial statements for the financial year ended December 31, 2023 have been prepared in accordance with French generally accepted accounting principles and with ANC regulation no. 2014-03.

Accounting principles for the preparation of the financial statements of the parent company were applied, in accordance with the principle of prudence and based on the following fundamental assumptions:

- going concern,
- consistency of accounting methods from one period to the next,
- accrual basis.

Assets and liabilities are measured according to the historical cost convention.

Only significant information is disclosed.

Non-current assets

Non-current assets of all types are stated at their acquisition or transfer cost.

Acquisition costs include purchase price, including import duties and non-refundable taxes, as well as any expenses directly attributable to the preparation of the asset for use (registration fees, employee expenses related to establishment and preparation, installation and set-up costs, testing ,etc.).

The company uses the component approach as defined by CRC regulation no. 2002-10. The analysis and investigations carried out by the company and the Schneider Electric Group made it possible to ensure that the current split of non-current assets was in line with this principle: components with distinct useful lives are accounted for separately, according to their own depreciation plan.

Intangible assets

Intangible rights are amortized over a maximum of five years.

Property, plant and equipment

Amortizable items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, ranging from 3 to 10 years. Land is not depreciated.

Financial investments

Shares in subsidiaries and affiliates are recorded at acquisition cost, plus directly attributable costs (including acquisition costs related to these transactions).

Provisions for impairment may be made if the book value is higher than the value in use estimated at the end of the financial year. This estimate is determined mainly by reference to the net book value of the investment.

Shares in subsidiaries and affiliates are valued at their value in use each year.

Own shares

Own shares are assessed by category (investment securities, marketable securities), according to the FIFO "first-in, first-out" method.

The accounting classification of own shares depends on the purpose for which they are held:

- own shares are classified as marketable securities if they are explicitly or implicitly allocated to cover performance share distribution plans or if they are purchased to regulate the share price of the Group.
- own shares are classified as financial investments if they are not explicitly allocated to cover a share distribution plan or if they are purchased for use within the framework of a liquidity contract by an investment services provider, or for their subsequent cancellation as part of a capital reduction.

The accounting of an impairment of own shares depends on the purpose for which they are held:

- when own shares are allocated to cover performance share distribution plans, there is no reason to record a provision for impairment.
- in other cases, it is necessary to book an impairment if the average stock market price of the month before the reporting date is lower than the weighted average cost.
- A provision for risks and charges is recognized when the own shares are explicitly or implicitly allocated to cover performance share distribution plans.

Receivables and debts

Receivables and debts are valued at their face value (historical cost). Receivables are, where applicable, depreciated by means of a provision to take account of the risk of non-recovery.

At the end of the period, receivables and debts in foreign currencies are revalued at the rate at the end of the period and this revaluation is recognized in the balance sheet as a translation gain or loss.

The foreign exchange risk borne by the company is managed centrally at the level of Boissière Finance SNC.

The Schneider Electric Group organizes a foreign exchange risk hedging policy ("Fair Value Natural Hedge," hereinafter "FVNH") aimed at comprehensively managing the monetary assets and liabilities in foreign currencies recorded on the balance sheets of the subsidiaries.

The monetary assets and liabilities included in the company's FVNH position (customer invoices, supplier invoices, banks, current accounts) are consolidated and balanced on a daily basis through spot foreign exchange transactions carried out in current accounts with Boissière Finance SNC.

Provisions for depreciation of bad debts are recorded when it becomes probable that the debt will not be collected, and it is possible to reasonably estimate the amount of the loss. The identification of doubtful debts as well as the amount of the corresponding provisions are based on the historical experience of definitive losses on debts and the analysis by age of the specific accounts as well as the related credit risks. When it becomes certain that a bad debt will not be recovered, it, as well as its provision, is canceled on the income statement.

Other operating revenue

Royalties from the Schneider brand have been recognized in this item of the income statement

Net non-recurring income/(loss)

Income and expenses for the financial year are classified in the income statement in such a way as to differentiate between the items of current income and the items of non-recurring income, including:

- those for which the achievement is not related to the day-to-day operation of the business;
- which are not likely to be recurring;
- over which the company has only limited control.

Pension obligations

The present value of termination benefits is determined using the projected unit credit method. Provisions are funded for the supplementary pension benefits provided by the company on the basis of the contractual terms of top-hat agreements, granting a level of benefits exceeding the general schemes.

The company applies the corridor method to actuarial gains and losses arising from changes in estimates. Under this method, the portion of net cumulative actuarial gains and losses exceeding 10% of the projected benefit obligation is amortized over 10 years.

The actuarial assumptions used to determine the company's commitment are as follows:

- Valuation date: 12/31/2023;
- Data date: 10/31/2023;
- Inflation rate: 2.10%;
- Discount rate: 4.10%;
- Rate of return on assets: 4.10%;
- Retirement age: Full rate age;
- Age at start of employment: 23 years old;
- Turnover rate: 0.00%;
- Mortality rate: TGH, TGF 05;
- Annuity growth rate: 1.65%.

Currency risk

When necessary, a contingency provision is put in place for unrealized exchange losses. However, when there are unrealized exchange gains and losses on back-to-back transactions in the same currency and with the same maturity, the amount of the provision is then limited to the net loss.

Bonds

Issuance costs are amortized over the life of the bonds and are booked under "deferred expenses."

Issuance premiums are booked under "Call premiums" and amortized over the duration of the bonds.

In the case of convertible bonds (OCEANE), at conversion, the bond will be reclassified as equity for its nominal conversion amount.

6.3 Notes to the financial statements

6.3.3 Notes

Note 1 Non-current assets

1.1 – Intangible assets

This item primarily consists of capital increase and merger expenses, which are fully amortized.

1.2 – Property, plant and equipment

(in thousands of euros)

Property, plant and equipment	12/31/2022	Additions	Disposals	12/31/2023
Gross	4,054	–	–	4,054
Depreciation	(48)	–	–	(48)
NET	4,006	–	–	4,006

Property, plant and equipment are mainly comprised of undeveloped land.

Note 2 Financial investments

2.1 – Shares in subsidiaries and affiliates

(in thousands of euros)

Shares in subsidiaries and affiliates	12/31/2022	Increases	Decreases	12/31/2023
Gross	5,377,099	–	–	5,377,099
Provisions	(19,468)	–	–	(19,468)
NET	5,357,631	–	–	5,357,631

The provision of Schneider Electric Japan Holding is for EUR (15,200)k and Muller SAS for EUR (4,268)k.

The main investments at December 31, 2023 were as follows:

Shares in subsidiaries and affiliates	Carrying amount
Schneider Electric Industries SAS	5,343,544
Schneider Electric Japan Holding	6,049
Muller SAS	8,038
TOTAL	5,357,631

2.2 – Other investment securities

(in thousands of euros)

Other investment securities	12/31/2022	Increases	Decreases	12/31/2023
Own shares	763,201	703,184	(91,061)	1,375,376
Other	–	–	–	–
Provisions for other shares and own shares	–	–	–	–
NET	763,201	703,184	(91,061)	1,375,376

Other investment securities primarily include Schneider Electric SE shares acquired for allocation of share distribution plans.

In compliance with the decision adopted by the Board of Directors dated February 15, 2023, the company bought back 4,493,173 of its own shares for a total of EUR 703 million.

In line with previous years, the Group decided to fund the performance shares of plans 41ter, 42, 42bis and 42ter with Schneider Electric treasury shares; 1,468,821 shares for a total amount of EUR 106 million have been classified as marketable securities and 207,073 shares for EUR 14.7 million were reclassified from marketable securities to “Other investment securities” following the departure of the beneficiaries.

2.3 – Advances to subsidiaries and affiliates

(in thousands of euros)

Advances to subsidiaries and affiliates	12/31/2022	Increases	Decreases	12/31/2023
Gross	2,513,350	18,761	–	2,532,111
NET	2,513,350	18,761	–	2,532,111

At December 31, 2023, this item mainly consisted of a loan of EUR 2,500 million granted to Schneider Electric Industries SAS with a maturity date of 2024, and accrued interests for a total amount of EUR 32.1 million.

Note 3 Receivables

(in thousands of euros)

	12/31/2023	12/31/2022
Trade receivables	570,104	392,646
Other receivables	323,972	232,756
NET	894,076	625,402

Trade receivables mainly include the re-invoicing of the bonus share plans to Schneider Electric Industries SAS. and re-invoicing related to brand royalties.

At December 31, 2023, the "Other receivables" are mainly composed of tax receivables for EUR 292 million and R&D tax credits for EUR 63 million euros.

Note 4 Marketable securities

	12/31/2022		Acquisitions	Disposals	12/31/2023	
(in thousands of euros)	Number of shares	Value	Value	Value	Value	Number of shares
OWN SHARES						
Gross	4,849,753	311,979	91,061	(123,416)	279,624	4,159,845
Provisions	–	–	–	–	–	–
NET TOTAL	4,849,753	311,979	91,061	(123,416)	279,624	4,159,845
SICAV	–	422,747	–	(422,747)	–	–
TOTAL	4,849,753	734,726	91,061	(546,163)	279,624	4,159,845

Marketable securities primarily represent own shares held by the company for allocation to future performance share distribution plans.

In 2023, following the Group's decision to fund the performance shares of plans 41ter, 42, 42bis and 42ter with Schneider Electric treasury shares, 1,468,821 shares for a total amount of EUR 106 million have been transferred into marketable securities. The company has distributed 1.9 million shares for a total amount of EUR 123 million in connection with performance share plans, which have been re-invoiced to the concerned Group entities. Following the loss of the rights of employees who left the Group, the company switched back 207,073 shares for a total amount of EUR 14.7 million to "Other investment securities."

Note 5 Group cash and cash equivalents

This item consists of interest-bearing advances by Schneider Electric SE to the Group cash pool (Boissière Finance) that are immediately recoverable on demand.

Note 6 Prepayment and other assets

6.1 – Prepaid expenses

The prepaid expenses relate mainly to interest on commercial paper of EUR 2.6 million and fees.

6.2 – Deferred expenses

(in thousands of euros)

Bond issue expenses	12/31/2022	Increases	Decreases	12/31/2023
Mar. 11, 2015 over 10 years (EUR 750 million)	715	–	(323)	392
Sep. 8, 2015 over 8 years (EUR 800 million)	289	–	(289)	–
Oct. 13, 2015 over 10 years (EUR 100 million)	112	–	(40)	72
Oct. 13, 2015 over 10 years (EUR 200 million)	277	–	(98)	179
Sep. 9, 2016 over 8 years (EUR 800 million)	761	–	(449)	312
Dec. 13, 2017 over 9 years (EUR 750 million)	1,170	–	(296)	874
June. 21, 2018 over 9 years (EUR 750 million)	1,136	–	(254)	882
Jan. 15, 2019 over 9 years (EUR 250 million)	451	–	(89)	362
Jan. 15, 2019 over 9 years (EUR 500 million)	1,012	–	(201)	811
Sept. 9, 2019 over 5 years (EUR 200 million)	231	–	(136)	95
Mar. 11, 2020 over 9 years (EUR 800 million)	1,672	–	(270)	1,402
Apr. 9, 2020 over 7 years (EUR 500 million)	945	–	(221)	724
Jun. 12, 2020 over 3 years (EUR 500 million)	192	–	(192)	–
Nov. 24, 2020 over 6 years (EUR 650 million)	3,659	–	(1,313)	2,346
Nov. 9, 2022 over 5 years (EUR 500 million)	1,354	–	(277)	1,077
Nov. 9, 2022 over 10 years (EUR 600 million)	1,905	–	(196)	1,709
Jan. 13, 2023 over 6 years (EUR 600 million)	–	1,963	(280)	1,683
Jan. 13, 2023 over 11 years (EUR 600 million)	–	2,269	(194)	2,075
Apr. 6, 2023 over 2 years (EUR 750 million)	–	2,081	(765)	1,316
June 12, 2023 over 5 years (EUR 500 million)	–	1,260	(140)	1,120
June 12, 2023 over 10 years (EUR 500 million)	–	1,260	(167)	1,093
Nov. 27, 2023 over 7 years (EUR 650 million)	–	4,394	(53)	4,341
TOTAL	15,883	13,227	(6,243)	22,865

6.3 Notes to the financial statements

6.3 – Issuance premiums

(in thousands of euros)

Issuance premiums	12/31/2022	Increases	Decreases	12/31/2023
Mar. 11, 2015 over 10 years (EUR 750 million)	2,012	–	(910)	1,102
Sep. 8, 2015 over 8 years (EUR 800 million)	403	–	(403)	–
Oct. 13, 2015 over 10 years (EUR 100 million)	(432)	–	152	(280)
Sep. 9, 2016 over 8 years (EUR 800 million)	1,726	–	(911)	815
Dec. 13, 2017 over 9 years (EUR 750 million)	2,288	–	(466)	1,822
June. 21, 2018 over 9 years (EUR 750 million)	3,614	–	(700)	2,914
Jan. 15, 2019 over 9 years (EUR 500 million)	70	–	(14)	56
Jan. 15, 2019 over 9 years (EUR 250 million)	(7,452)	–	1,416	(6,036)
Sept. 9, 2019 over 5 years (EUR 200 million)	(992)	–	586	(406)
Mar. 11, 2020 over 9 years (EUR 800 million)	3,848	–	(513)	3,335
Apr. 9, 2020 over 7 years (EUR 500 million)	1,761	–	(304)	1,457
Jun. 12, 2020 over 3 years (EUR 500 million)	177	–	(177)	–
Nov. 9, 2022 over 5 years (EUR 500 million)	268	–	(58)	210
Nov. 9, 2022 over 10 years (EUR 600 million)	3,986	–	(294)	3,692
Nov. 24, 2020 over 6 years (EUR 650 million)	(31,323)	–	9,059	(22,264)
Jan. 13, 2023 over 6 years (EUR 600 million)	–	4,818	(580)	4,238
Jan. 13, 2023 over 11 years (EUR 600 million)	–	7,956	(574)	7,382
Apr. 6, 2023 over 2 years (EUR 750 million)	–	937	(345)	592
June 12, 2023 over 5 years (EUR 500 million)	–	2,765	(198)	2,567
June 12, 2023 over 10 years (EUR 500 million)	–	3,930	(326)	3,604
TOTAL	(20,046)	20,406	4,440	4,800

Note 7 Shareholders' equity and retained earnings

(in millions of euros)

	Share capital	Additional paid-in capital	Reserves and retained earnings	Net income for the financial year	Regulated provisions	Total
December 31, 2021 before allocation of net income for the year	2,276	2,412	688	1,498	–	6,874
Change in share capital	8	204	–	–	–	212
Allocation of net income	–	–	1,498	(1,498)	–	–
2021 dividend	–	–	(1,619)	–	–	(1,619)
2022 net income	–	–	–	1,744	–	1,744
December 31, 2022 before allocation of net income for the year	2,284	2,616	567	1,744	–	7,211
Change in share capital	7	212	–	–	–	219
Allocation of net income	–	–	1,744	(1,744)	–	–
2022 dividend	–	–	(1,767)	–	–	(1,767)
Withholdings	–	–	(29)	–	–	(29)
2023 net income	–	–	–	2,560	–	2,560
DECEMBER 31, 2023 BEFORE ALLOCATION OF NET INCOME FOR THE YEAR	2,291	2,828	516	2,560	–	8,196

WESOP: Issuance of shares reserved for group employees who are members of the company savings plan and the international shareholding plan and for entities set up for the benefit of group employees.

7.1 – Capital

Share capital

The company's share capital at December 31, 2023 amounted to EUR 2,291,343,536 consisting of 572,835,884 shares with a par value of EUR 4, all fully paid up.

Changes in share capital

The increase in share capital of EUR 6,971,852 recorded over the year corresponding to a:

- EUR 1,874,116 capital increase through the issue of company shares reserved for employees participating in the PEG which correspond to 468,529 shares with a par value of EUR 4 bearing current dividend rights and which were subscribed at a price of EUR 126.20 by the FCPE Schneider Relais France 2023). Additional paid-in capital of EUR 57,254,244 was also recorded, due to the difference between the subscription price and the par value.
- EUR 5,097,736 capital increase through the issue of shares reserved for Group employees based outside of France and for entities under shareholding or employee savings programs (i.e. 341,250 shares held by employees directly and 933,184 shares held by the FCPE Schneider Relais International 2023, at a subscription price of EUR 126.20 through the FCPE Schneider Relais International 2023). Additional paid-in capital of EUR 155,735,835 was also recorded, due to the difference between the subscription price and the par value. The total additional paid-in capital associated with the capital increase is EUR 212,990,079.

Own shares

At the reporting date, the total number of own shares held, and not allocated to performance share distribution plans, is 10,357,749 for a total net value of EUR 1,375,176,658.

7.2 – Additional paid-in capital

Additional paid-in capital decreased by EUR 212 million over the financial year, coming from capital increases.

7.3 – Allocation of prior year net income

Pursuant to the 3rd resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2023, the 2022 gain of EUR 1,744 million was allocated to retained earnings. In addition, EUR 1,767 million was distributed in the form of dividends.

Note 8 Provisions for contingencies and expenses

(in thousands of euros)

Provisions for contingencies	12/31/2022	Increases	Decreases	12/31/2023
Provision for fees on own shares distribution	312,009	105,761	(138,116)	279,654
Other	4,318	2,630	–	6,948
TOTAL	316,327	108,391	(138,116)	286,602

Management is confident that overall, the balance sheet provisions for disputes of which it is currently aware and in which the company is involved should be sufficient to ensure that these disputes do not have a material impact on its financial position or income.

A provision for risk of EUR 279 million was booked to cover the Group's decision to fund bonus share plans with existing shares.

Note 9 Bonds

(in thousands of euros)	Share capital		Interest rate	Maturity
	12/31/2023	12/31/2022		
Schneider Electric SE 2019	94,325	94,325	Euribor + 0.60% TV	07/23/2024
Schneider Electric SE 2022	–	–	2.95% TF	09/27/2022
Schneider Electric SE 2025	750,000	750,000	0.875% TF	03/11/2025
Schneider Electric SE 2023	–	800,000	1.50% TF	09/08/2023
Schneider Electric SE 2025	200,000	200,000	1.841% TF	10/13/2025
Schneider Electric SE 2025	100,000	100,000	1.841% TF	10/13/2025
Schneider Electric SE 2024	800,000	800,000	0.25% TF	09/09/2024
Schneider Electric SE 2024	200,000	200,000	0.25% TF	09/09/2024
Schneider Electric SE 2026	750,000	750,000	0.875% TF	12/13/2026
Schneider Electric SE 2027	750,000	750,000	1.375% TF	06/21/2027
Schneider Electric SE 2028	500,000	500,000	1.5% TF	01/15/2028
Schneider Electric SE 2028	250,000	250,000	1.5% TF	01/15/2028
Schneider Electric SE 2029	800,000	800,000	0.25% TF	03/11/2029
Schneider Electric SE 2027	500,000	500,000	1% TF	04/09/2027
Schneider Electric SE 2023	–	500,000	0% TF	06/12/2023
Schneider Electric SE 2027	500,000	500,000	3.25% TF	11/09/2027
Schneider Electric SE 2032	600,000	600,000	3.5% TF	11/09/2032
Schneider Electric SE 2034	600,000	–	3.375% TF	04/13/2034
Schneider Electric SE 2025	750,000	–	3.375% TF	04/06/2025
Schneider Electric SE 2028	500,000	–	3.25% TF	06/12/2028
Schneider Electric SE 2033	500,000	–	3.5% TF	06/12/2033
Schneider Electric SE 2029	600,000	–	3.125% TF	10/13/2029
Schneider Electric SE 2024	29,177	–	0% TF	07/25/2024
TOTAL	9,773,502	8,094,235		

TF: fixed rate.

TV: floating rate.

Convertible bonds (OCEANE)

(in thousands of euros)	Share capital		Interest rate	Maturity
	12/31/2023	12/31/2022		
Schneider Electric SE 2026	650,000	650,000	0%	06/15/2026
Schneider Electric SE 2030	650,000	–	1.97% TF	11/27/2030
TOTAL	1,300,000	650,000		

Schneider Electric SE has issued bonds during past years on different markets:

- as part of its Euro Medium-Term Notes (EMTN) program, for which bonds are traded on the Luxembourg stock exchange.

6.3 Notes to the financial statements

In November 2020, Schneider Electric SE issued sustainable bonds that are convertible into or exchangeable for new or existing shares (OCEANES), for a nominal value of around EUR 650 million at a rate of 0.00%, maturing in June 2026. It should be noted that a long-term performance bonus of 0.5% of the nominal unit value applies in the event that the average performance score has not been met as at 12/31/2025.

The initial conversion and/or exchange ratio of the Bonds is one share per Bond with a nominal value set at EUR 176. According to the Sustainability-Linked Financing Framework, if the average sustainability performance score (calculated as the arithmetic average of the scores of the three key performance indicators) does not reach a certain level by December 31, 2025, the Group will pay an amount equal to the nominal value.

The three key performance indicators from the 11 new Schneider Sustainability Impact (SSI) 2021-2025 indicators are the following:

- Climate: Deliver 800 million tonnes of saved and avoided CO₂ emissions to our customers;
- Equality: Increase gender diversity, from hiring to front-line managers and leadership teams (50/40/30);
- Generation: Train 1 million underprivileged people in energy management.

The detailed rating methodology and approach are presented in the Group's Sustainability-Linked Financing Framework.

For all those transactions, issue premiums and issue costs are amortized per the effective interest rate method

In 2023, Schneider Electric SE also carried out a second convertible bond (OCEANE) issue for EUR 650 million at a rate of 1.97%, maturing in November 2030. As at the end of December 2023, the debt component recognized at its net book value was EUR 650 million.

The initial conversion and/or exchange ratio of the bonds is 426.66 shares per bond with a nominal value of EUR 100,000, which corresponds to EUR 234.38 per share.

At December 31, 2023, the other remaining bonds are as follows:

- EUR 800 million worth of 0.25% bonds issued in September 2016 and maturing on September 9, 2024;
- EUR 100 million worth of 1.841% bonds issued in October 2015 and maturing on October 13, 2025;
- EUR 200 million worth of 1.841% bonds issued in October 2015 and maturing on October 13, 2025;
- EUR 750 million worth of 0.875% bonds issued in March 2015 and maturing on March 11, 2025;
- EUR 750 million worth of 0.875% bonds issued in December 2017 and maturing on December 13, 2026;
- EUR 650 million worth of 0% bonds issued in November 2020 and maturing on June 15, 2026;
- EUR 750 million worth of 1.375% bonds issued in June 2018 and maturing on June 21, 2027;
- EUR 200 million worth of 0.25% bonds issued in September 2018 and maturing on September 9, 2024;
- EUR 500 million worth of 1.5% bonds issued in January 2019 and maturing on January 15, 2028;
- EUR 800 million worth of 0.25% bonds issued in March 2020 and maturing on March 11, 2029;
- EUR 500 million worth of 1% bonds issued in April 2020 and maturing on April 9, 2027;
- EUR 94 million worth of Euribor 0.60% bonds renewed in April 2020 and maturing on July 23, 2024;
- EUR 250 million worth of 1.5% bonds issued in January 2019 and maturing on January 15, 2028;
- EUR 500 million worth of 3.25% bonds issued in November 2022 and maturing on November 9, 2027;
- EUR 600 million worth of 3.5% bonds issued in November 2022 and maturing on November 9, 2032.
- EUR 29 million worth of 0% bonds issued in May 2023 and maturing on July 25, 2024.
- EUR 750 million worth of 3.38% bonds issued in April 2023 and maturing on April 6, 2025;
- EUR 500 million worth of 3.25% bonds issued in June 2023 and maturing on June 12, 2028;
- EUR 600 million worth of 3.13% bonds issued in January 2023 and maturing on October 13, 2029;
- EUR 500 million worth of 3.50% bonds issued in June 2023 and maturing on June 12, 2033;
- EUR 600 million worth of 3.38% bonds issued in January 2023 and maturing on April 13, 2034.

The issue premiums and issuance costs are amortized in line with the effective interest method.

Note 10 Other borrowings

At December 31, 2023, other borrowings included drawdowns on credit lines and accrued interest on bonds. In total, EUR 1,700 million was drawn on credit lines and the accrued interest amounted to EUR 109 million

Note 11 Debts related to investments

Debts related to investments correspond to an intercompany loan of EUR 42 million with the Luxembourgish entity, Industrielle de Rassurance S.A

Note 12 Borrowings and financial liabilities

(in thousands of euros)

Borrowings and financial liabilities	12/31/2022	Increase	Decrease	12/31/2023
Commercial Paper	1,491,000	—	(473,000)	1,018,000
Borrowings	—	—	—	—
Overdrafts	—	—	—	—
Other	—	—	—	—
NET	1,491,000	—	(473,000)	1,018,000

Note 13 Maturities of receivables and payables

(in thousands of euros)

	Total	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
NON-CURRENT ASSETS				
Advances to subsidiaries and affiliates	2,532,111	2,532,111	—	—
CURRENT ASSETS				
Accounts receivable – trade	570,104	570,104	—	—
Other receivables	323,972	323,972	—	—
Marketable securities	279,624	279,624	—	—
Prepaid expenses	3,278	3,278	—	—
DEBT				
Bonds including convertible bonds	11,073,502	1,136,325	1,800,000	8,137,177
Other borrowings	1,808,904	1,808,904	—	—
Commercial paper	1,018,000	1,018,000	—	—
Accounts payable – trade	109,162	109,162	—	—
Accrued taxes and payroll costs	296,565	296,565	—	—
Other	2,088	2,088	—	—
Deferred revenue	—	—	—	—

Invoices received and issued during the period have not been subject to late payment.

Note 14 Related-party transactions (minimum 10% stake)

(in thousands of euros)

	Gross	Net
Shares in subsidiaries and affiliates	5,377,098	5,357,631
Advances to subsidiaries and affiliates	2,532,111	2,532,111
Accounts receivable	405,060	405,060
Cash and cash equivalents	11,268,738	11,268,738
Revenues:		
• rebilled performance shares		91,009
• interest		2,532,461

It should be noted that Boissière Finance is included in this table concerning related companies although it is held through Schneider Electric Industries SAS and the stake is <10%.

Note 15 Other operating revenue

This item relates in its entirety to brand royalties billed to Group companies. Invoicing is carried out on the basis of a percentage of the turnover of each company, under the Schneider brand name or under associated brands.

Note 16 Other purchases and external expenses

This item mainly includes expenses inherent in the management of the Schneider Electric brand.

Note 17 Net financial income/(loss)

(in thousands of euros)

	12/31/2023	12/31/2022
Dividends	2,002,364	1,500,580
Net interest income (expense)	208,799	(21,673)
Other	(578)	1,396
NET FINANCIAL INCOME/(LOSS)	2,210,585	1,480,303

In 2023, the company received EUR 2,002 million in dividends from Schneider Electric Industries SAS.

6.3 Notes to the financial statements

Note 18 Net non-recurring income/(loss)

<i>(in thousands of euros)</i>	12/31/2023	12/31/2022
Net gains/(losses) on fixed asset disposals	39	39,753
Provisions net of reversals	32,355	36,271
Other non-recurring income/(expense)	(70,498)	(59,494)
NET NON-RECURRING INCOME/(LOSS)	(38,104)	16,531

Non-recurring income/(loss) is mainly related to the income from the re-invoicing of performance shares and the non-recurring expenses associated with these performance shares.

Note 19 Net income tax benefit

The "Income tax expense" line item in the statement of income mainly consists of the Group tax relief recorded by the tax group headed by Schneider Electric SE, net of income tax due, for EUR 29 million.

Schneider Electric SE is the parent company of the tax group comprising all French subsidiaries that are over 95%-owned. Tax loss carry forwards available to the company in this capacity totaled EUR 1,627 million at December 31, 2023.

Note 20 Pension benefit commitment

The company had made commitments towards its executives, active managers and retirees. In 2015, the company closed the top-hat executive pension plans. Since the end of 2015, there have been no more active beneficiaries. The company has outsourced to AXA France VIE its commitments to the retired beneficiaries of top-hat executive pension plans.

Note 21 Off-balance sheet commitments

21.1 – Partnership obligations

The share of liabilities of "SC" non-trading companies attributable to Schneider Electric SE as partner is not material. The share of liabilities of "SNC" flow-through entities attributable to Schneider Electric SE as partner is not material.

21.2 – Guarantees given and received

Commitments given

Counter-guarantees of bank guarantees: None
Other guarantees given: EUR 2,105 million, mainly to Group companies
Bank guarantees: EUR 20 million

Commitments received

Bank counter-guarantees: None
Credit lines: EUR 2,950 million

21.3 – Financial instruments

Schneider Electric Group hedging transactions, exchange guarantees, and the establishment of financial instruments are carried out by the manager of the Group cash pool, Boissière Finance, a wholly-owned subsidiary of Schneider Electric Industries SAS, which in turn is wholly-owned by Schneider Electric SE.

During the 2023 financial year, Schneider Electric SE set up EUR 800 million in interest rate swaps as a derivative instrument to partially hedge its exposure to interest rates.

Note 22 Contingencies

As previously disclosed, investigations were conducted in September 2018 by the French judicial authority and French Competition Authority (Autorité de la concurrence) at Schneider Electric's head office and other premises concerning the sale of electrical products through commercial distribution activities in France.

On July 4, 2022, Schneider Electric received a statement of objections (notification de griefs) from the French Competition Authority alleging that the pricing autonomy of some distributors in the French market would have been limited, in breach of competition rules. Schneider Electric strongly disagrees with the allegations of the statement of objections and has submitted its response to the French Competition Authority. The hearing in front of the French Competition Authority is not yet planned, the Group is expecting it to take place in 2024 and an enforceable decision may be issued late 2024 or 2025. Should the French Competition Authority deny Schneider Electric's arguments and conclude that anti-competitive practices have been involved, it has broad discretion to determine on a case-by-case basis the financial fine it may impose in accordance with the principles of proportionality and individuality as described in its 2021 press release (https://www.autoritedelaconcurrence.fr/sites/default/files/Communique_sanction.pdf).

This potential fine could not exist and could not exceed a maximum amount of 10% of the total 2021 Group revenue according to article L. 464-2 of the French Commercial Code.

Concurrently on October 7, 2022, Schneider Electric was indicted by an investigating judge who required Schneider Electric to provide a bank guarantee of €20 million and a cash guarantee of €80 million. Schneider Electric officially contested the indictment decision and raised numerous arguments in law and fact. Procedure is ongoing.

Those actions do not mean that Schneider Electric will ultimately be found guilty of any wrongdoing. Schneider Electric firmly disagrees with all the allegations made by the French investigating judge and the French Competition Authority and intends to vigorously and fully defend itself.

Considering the difficulty in assessing the extent to which the French Competition Authority considers the arguments of Schneider Electric in its defense as well as the multiple factors contributing to the determination of a fine, it is not possible to reliably estimate the amount of any potential fine that might be incurred in the event of an adverse decision, even though it might have a significant impact on the Group. In this context, no statutory provision has been made at this stage of the case.

Schneider Electric has other contingent liabilities relating to legal, arbitration or regulatory proceedings arising in the normal course of its business. Known or ongoing claims and litigation involving the Group, or its subsidiaries were reviewed at the date on which the statutory financial statements were approved for issue. Based on the advice of legal counsel, all provisions deemed necessary have been made to cover the related risks.

Note 23 Other Information

23.1 – Workforce

The average number of employees over the financial year is four.

23.2 – Consolidated financial statements

Schneider Electric SE is the parent company of the Group and accordingly publishes the consolidated financial statements of the Schneider Electric Group.

23.3 – Subsequent events

On January 10, 2024 SESE carried out a bond issue in two tranches: EUR 600 million at a rate of 3% and maturing in January 2031 and EUR 700 million at a rate of 3.25% and maturing in October 2035.

6.4 Statutory auditors' report on the annual financial statements (For the year ended December 31, 2023)

To the Annual General Meeting of Schneider Electric S.E.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Schneider Electric S.E. for the year ended December 31, 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Risks Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors for the period from January 1, 2023 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement of investments in subsidiaries and affiliates and related loans and advances

"Shares in subsidiaries and affiliates" paragraph of the "Accounting principles" section and Note 2 "Investments" to the financial statements

Description of risk	<p>At December 31, 2023, shares in subsidiaries and affiliates and related loans and advances recorded in the Company's balance sheet amounted to €5,358 million and €2,532 million respectively.</p> <p>As described in the "Shares in subsidiaries and affiliates" paragraph in the "Accounting policies" section of the notes to the financial statements, shares in subsidiaries and affiliates are recorded at their acquisition cost and written down when their estimated value in use at the reporting date is less than their carrying amount. The estimated value in use of shares in subsidiaries and affiliates is determined primarily by reference to the accounting net assets of the investments and by taking into account the profitability of the investments and the outlook for the economic environment. For listed securities, the average share price for the last month of the financial year is taken into account.</p> <p>Due to the judgment required from management in making these estimates, particularly when they are based on forward-looking information, we considered that the valuation of shares in subsidiaries and affiliates, and by extension the related loans and advances, is a key audit matter.</p>
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How our audit addressed this risk	<p>We examined the methodology employed by the Company to estimate the value in use of shares in subsidiaries and affiliates. Our audit work consisted in:</p> <ul style="list-style-type: none"> • comparing the share in accounting net assets used to determine the value in use of shares in subsidiaries and affiliates with the financial statements of those subsidiaries and affiliates that have been audited or subject to analytical procedures; • assessing, when values in use have been determined on the basis of forecasts, the appropriateness of the valuation method on which the estimation is based; • assessing the main assumptions used in estimating values in use, in particular the long-term growth rate and the discount rate, with the help of our valuation experts, where appropriate; • verifying the arithmetical accuracy of the value in use calculations used by your Company; <p>We also assessed the recoverability of the related receivables in light of the impairment tests performed on the shares in subsidiaries and affiliates.</p>
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Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about the payment terms referred to in Article D. 441-6 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code relating to compensation and benefits paid or awarded to corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L. 22-10-11 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other verifications and information pursuant to legal and regulatory requirements

Format of presentation of the financial statements intended to be included³⁷ in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Schneider Electric S.E. by the Annual General Meetings held on May 6, 2004 for Mazars and on May 5, 2022 for PricewaterhouseCoopers Audit.

At December 31, 2023, Mazars was in the twentieth consecutive year of their engagement and PricewaterhouseCoopers in their second year.

6.4 Statutory auditors' report on the annual financial statements

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit and Risks Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in Article L. 821-55-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Risks Committee

We submit a report to the Audit and Risks Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Risks Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Risks Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 821-27 to L. 821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Risks Committee.

The Statutory Auditors

Mazars

Paris La Défense on February 29, 2024

Juliette Decoux Guillemot

Mathieu Mougard

PricewaterhouseCoopers Audit

Neuilly-sur-Seine on February 29, 2024

Jean-Christophe Georghiou

Séverine Scheer

6.5 List of securities held at December 31, 2023

Number of securities (in thousands of euros)	Company	Carrying amount
A. MAJOR INVESTMENTS		
(Carrying amounts over EUR 5 million)		
58,018,657	Schneider Electric Industries SAS	5,343,544
2,497	Muller SAS	8,038
10,357,749	Schneider Electric SE own shares	1,375,177
		6,726,759
B. OTHER INVESTMENTS		
(Carrying amounts under EUR 5 million)		
		–
C. INVESTMENTS IN REAL ESTATE COMPANIES		
		–
D. INVESTMENTS IN FOREIGN COMPANIES		
		6,049
Total		6,732,807
MARKETABLE SECURITIES		
4,159,845	Schneider Electric SE own shares	279,623
TOTAL		7,012,430

6.6 Subsidiaries and affiliates

Company (in thousands of euros)	Capital	Reserves and retained earnings prior to allocation of net income*
I. DETAILED INFORMATION ON SUBSIDIARIES AND AFFILIATES WITH A CARRYING AMOUNT OF OVER 1% OF THE SHARE CAPITAL OF SCHNEIDER ELECTRIC SE		
A. Subsidiaries (at least 50% owned)		
Schneider Electric Industries SAS 35, rue Joseph-Monier 92500 Rueil-Malmaison	928,299	6,298,071
B. Affiliates (10 to 50%-owned)		
II. GENERAL INFORMATION ON OTHER SUBSIDIARIES AND AFFILIATES		
A. Subsidiaries not included in section I: (+50%)		
a) French subsidiaries (aggregate)	38	8,191
b) Foreign subsidiaries (aggregate)	–	–
B. Affiliates not included in section I: (0-50%)		
a) French companies (aggregate)	–	–
b) Foreign companies (aggregate)*	640	180,302

* Including income or loss in prior financial years

* the amounts in foreign currency have been converted into euros at the rate of December 31, 2023.

Share interest held (%)	Gross value	Net value	Loans and advances provided by the company and still outstanding	Amount of guarantees given by the company	2023 revenues (ex VAT)	2023 Profit or Loss (-)	Dividends received by the company during financial year 2023
100.00	5,343,544	5,343,544	2,532,111	–	4,486,895	2,068,597	1,999,903
99.84	12,306	8,038	–	–	–	(215)	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
4.80	21,249	6,048	–	–	137,481	56,924	2,460

6.7 The company's financial results over the last 5 years

Description	2023	2022	2021	2020	2019
FINANCIAL POSITION AT DECEMBER 31					
Share capital(in thousands of euros)	2,291,344	2,284,372	2,276,134	2,268,274	2,328,274
Number of shares in issue	572,835,884	571,092,921	569,033,442	567,068,555	582,068,555
Number of convertible bonds in issue	3,701,523	3,695,023	3,683,972	3,683,972	–
Maximum number of shares to be created:					
• through conversion of bonds	–	–	–	–	–
• through exercise of rights	–	–	–	–	–
RESULTS OF OPERATIONS					
(in thousands of euros)					
Sales (ex. VAT)	1	79	–	450	2,385
Investment revenue, interest income and other revenue	2,002,364	1,500,580	1,500,362	1,553	49,896
Earnings before tax, depreciation, amortization and provisions	2,555,672	1,690,046	1,392,930	(201,902)	(18,659)
Income tax	42,907	18,623	52,342	32,287	71,684
Earnings after tax, depreciation, amortization and provisions	2,560,475	1,744,408	1,498,235	(31,273)	57,108
Dividends paid ¹ excluding tax credit and withholdings	2,002,363 ²	1,650,197	1,650,197	1,474,378	1,413,455
RESULTS OF OPERATIONS PER SHARE					
(in euros)					
Earnings before depreciation, amortization and provisions	4.42	2.99	2.54	(0.30)	0.09
Earnings after tax, depreciation, amortization and provisions	4.48	3.05	2.63	(0.06)	0.10
Net dividend per share	3.50 ²	3.15	2.90	2.60	2.55
EMPLOYEES					
Average number of employees during the financial year	4	2.5	1	1	1
Total payroll for the financial year (in thousands of euros)	13,505	1,496	1,130	1,961	3,693
Total of employee benefits paid over the financial year (Social security, other benefits, etc.)(in thousands of euros)	1,102	871	795	916	944

(1) For 2023, estimate based on existing shares at December 31, 2023, including treasury shares.

(2) Pending approval by the Annual Shareholders' Meeting of 2024.

6.8 Extract of the management report for the year ended December 31, 2023

In 2023, Schneider Electric SE's operating profit stood at EUR 345 million, compared with EUR 229 million the previous year. Interest expense net of interest income amounted to -EUR 208 million compared with EUR 22 million the previous year.

Income from ordinary activities before tax stood at EUR 2,555 million in 2023 compared with EUR 1,709 million in 2022. This difference was mainly due to Schneider Electric brand royalties, which were up by more than EUR 74 million, financial income, which was up by EUR 948 million, and financial expenses, which were up by EUR 218 million.

Net income for 2023 stood at EUR 2,560 million, compared with EUR 1,744 million for 2022. Equity amounted to EUR 8,196 million at December 31, 2023, compared with EUR 7,213 million at the previous year-end, taking into account 2023 profit, and the impact of dividend payments amounting to EUR 1,767 million.



B

Appendix B: Sample M&V Reports

Golden Valley USD

Periodic Savings Report

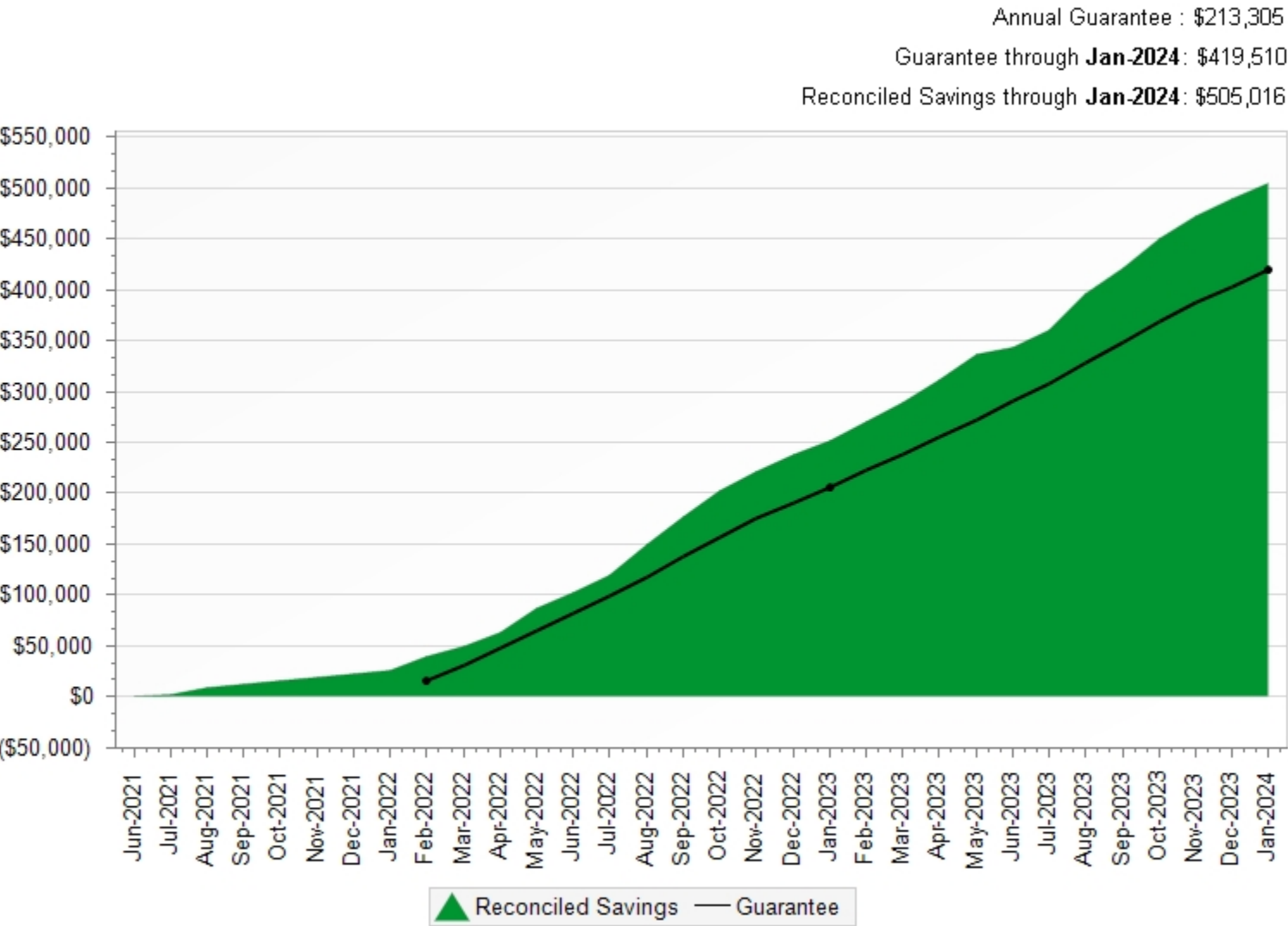
Prepared By Performance Assurance Support Services

August 20, 2024

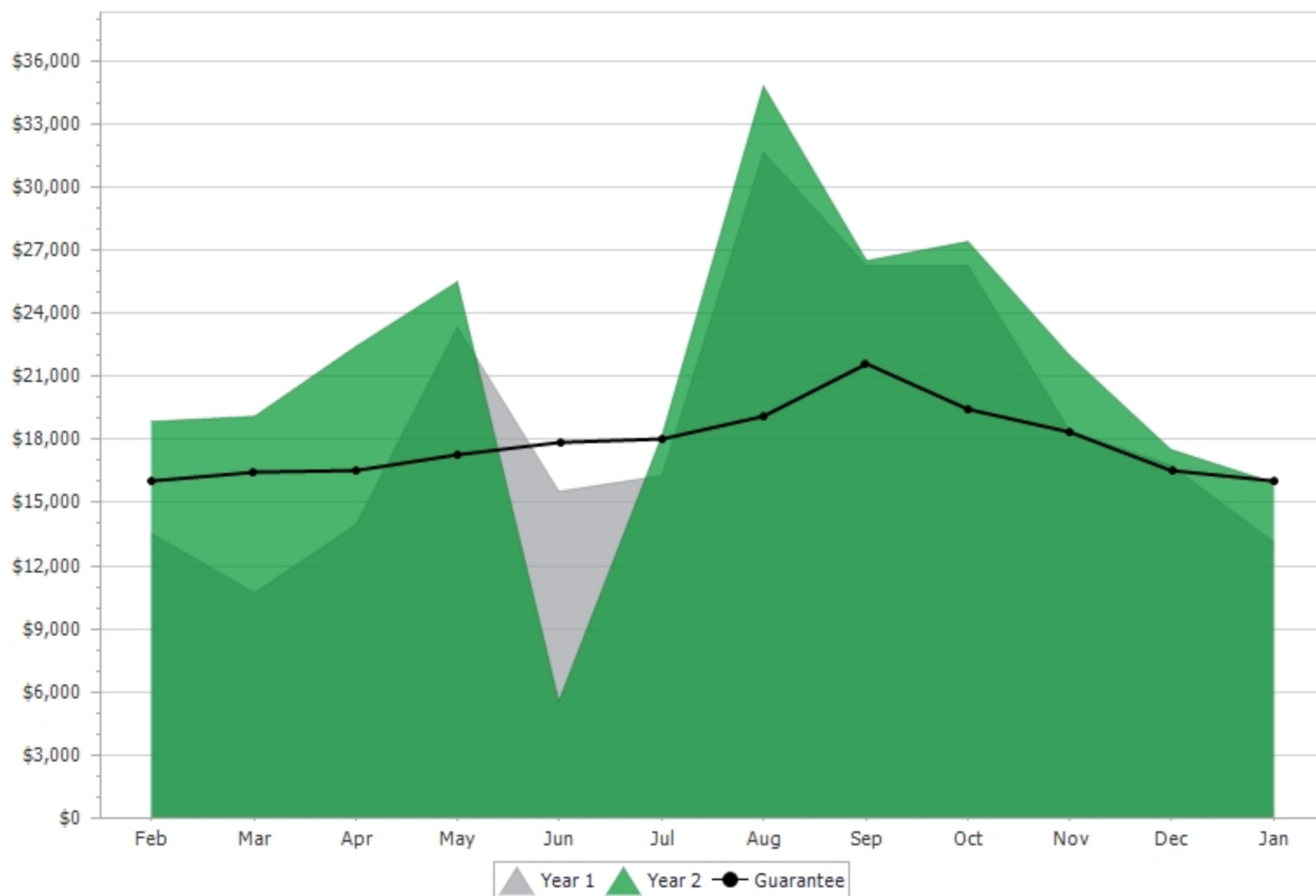
Cumulative Savings Performance

This graph represents total savings to date relative to total guarantee to date. Savings are reconciled on an annual basis indicated by the larger dots on the guarantee line. Reconciliation is based on cumulative savings relative to cumulative guarantee. The savings shown in this graph are based on rates as defined in the M&V plan.

Actual Savings vs. Guarantee



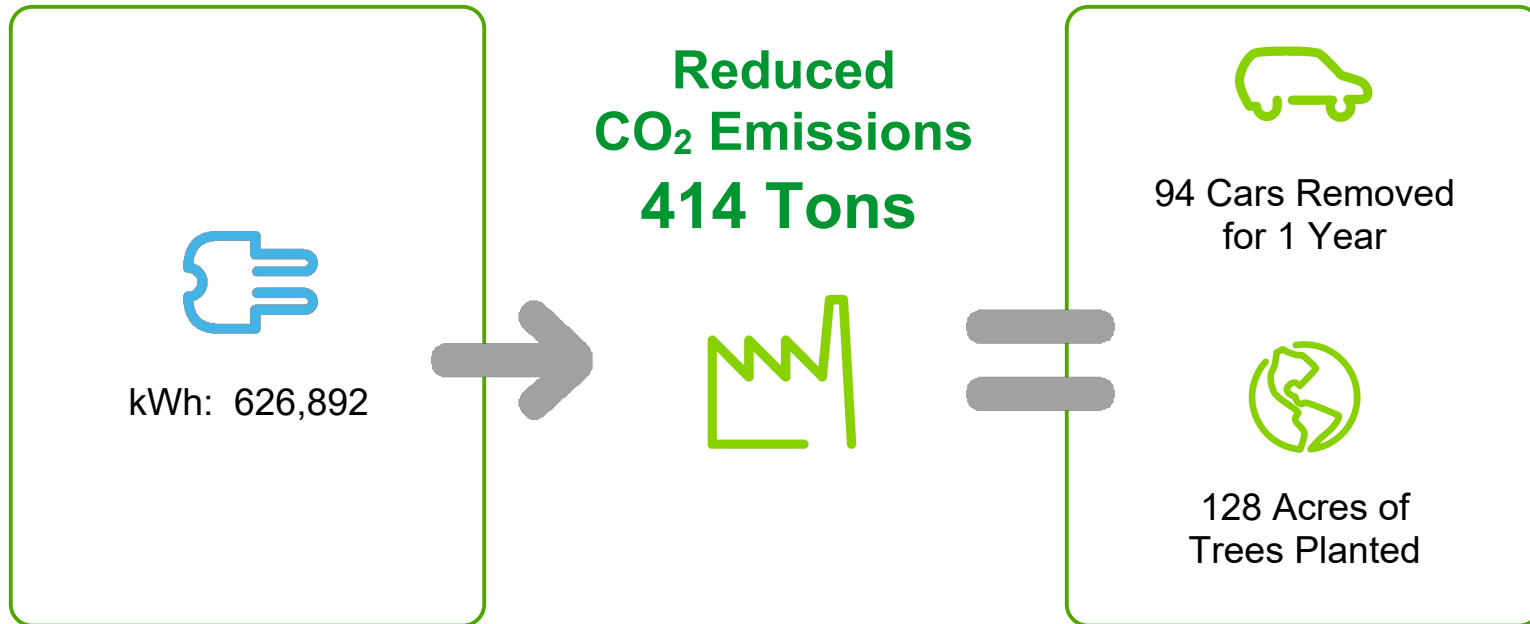
Annual Savings Performance



The graph above illustrates the month to month cost savings from previous project year to current project year for the entire project. The savings are based on rates as defined in the M&V plan. The black line represents the fixed guarantee while the solid areas are the monthly cost savings. The goal is for the monthly savings to exceed the monthly guarantee and to sustain or improve on the year to year performance.

Environmental Impact

In two years and seven months, the Golden Valley USD project has saved...



Tons of CO₂ are the equivalent emissions based on the reduction in consumption. Cars for a year is the equivalent number of cars removed from the road based on the reduction in consumption. Acres of trees is the equivalent quantity of trees required to absorb the CO₂ that would have been emitted during the production of the energy that was saved.

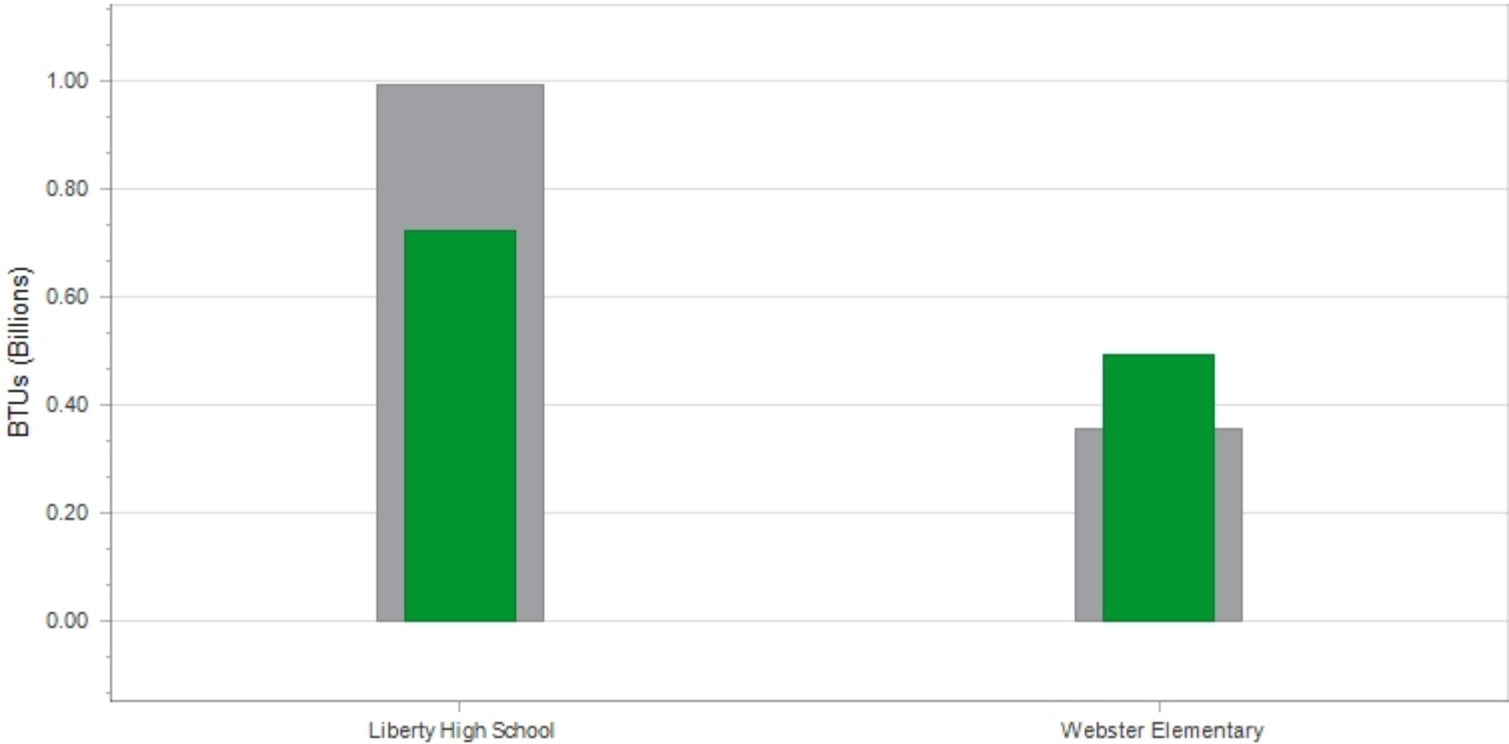
Commercial buildings in the United States used an estimated 18 Quadrillion BTU's in 2008. That's equivalent to 5,983 Million tons of CO₂ emissions.





**Based on data from the US Energy Information Administration at <http://www.eia.doe.gov> . All data is based on industry averages.*

**The numbers above reflect all applicable adjustments.*

In the last 12 months, you have saved ...

Projected Savings vs. Actual Savings (BTUs)



	Liberty High School	Webster Elementary
 BTUs (billions)	0.72	0.49
 Tons of CO2	140	95
 Cars for a Year	32	22
 Acres of Trees	43	29

Trust in Performance Assurance Support Services

- > Verifiable and measurable savings performance
- > Client focused support to ensure sustained performance and comfort
- > Partnership to achieve Energy Management goals
- > Proactive system review to optimize operations and maintenance
- > Consistent communication and visibility to empower maximum performance

Please contact one of the following Schneider Electric representatives with any questions or comments:

Performance Manager

The Performance Manager is your energy management partner to ensure the projects success and to assist you with achieving your energy savings and performance objectives. They consistently evaluate the projects performance and communicate opportunities for improvement. This is your contact for questions or concerns related to the project's performance or if you are interested in additional services

Project Support

In order to achieve sustained performance, it is critical that you and your staff have a path for quick resolution of issues and support. PASS has designated personnel experienced in highly responsive support of the operations and maintenance of the building automation systems. For critical after-hours issues, please leave a message and your phone call will be returned in less than 4 hours.

Phone: +1 800 274 5551 x4 | **Hours:** Monday - Friday, 7 am - 6 pm Central

Our Vision:
"A world where we can all achieve more
while using less of our common planet"



Holyoke School District

Year 1 SAVINGS REPORT

10/5/2023





Executive Summary

Holyoke School District entered an Energy Services Contract with Schneider Electric in October of 2020. Schneider Electric originally guaranteed the Holyoke School District that a total of \$1,664,567 in cost savings would be realized over a 15 year term. This equated to \$83,130 in Year 1 and increasing each year thereafter by a rate of 4% per year. The original guarantee is detailed in Table 2A.

The Energy Services Contract was amended due to a BEST grant remodel that affected the originally proposed lighting scope and includes the addition of plug load control scope that occurred during the installation period. The impact of the amendment to the expected savings is detailed in the following sections of the report. The amendment guarantees Holyoke School District that a total of \$1,634,719 in cost savings will be realized over the 15 year term. The new Year 1 savings equate to \$81,640 and increases each year thereafter by a rate of 4% per year. Utility Cost Savings began during the installation period. The project received final acceptance on April 30th 2022 and entered the performance assurance period May 1st 2022. The amended guarantee is detailed in Table 2B.

The original project scope includes lighting retrofits to decrease the lighting load, mechanical restoration to optimize mechanical equipment, building controls to manage setpoints and schedules, and telecom savings. Because of the BEST grant remodel completed at Holyoke High School, some of the lighting replacements at the High School were removed from the scope of this project and resulted in a decrease in the savings guarantee originally proposed. In addition to removing some of the lighting scope, the remodel resulted in a change in the configuration of the mechanical equipment that will be controlled. There was also mechanical equipment removed and added as part of the BEST Grant remodel. No savings will be claimed for the mechanical scope of this project, but the remodel does impact the usage and was accounted for with an adjustment. The impact of a greenhouse addition that did not exist at the time of the final proposal was also accounted for with an adjustment. Additionally, there was a plumbing issue at the High School Gym due to exposed plumbing at the peak of the winter season that caused a major increase in energy consumption. A savings adjustment was implemented for this situation as well. See Table 4 for the total savings impacts.



Schneider Electric informs the district that Year 1 unadjusted achieved savings are \$9,156 below guarantee in year 1. The unadjusted achieved savings for Year 1 are \$58,095 and are detailed in Table 3. An adjustment of \$14,389 detailed in Table 4 will bring the expected savings to \$72,484. The savings guarantee was not achieved with year 1 savings alone, but was reached with installation savings accrued as substantial completion was achieved for each scope item during the installation period of the project.

Table 2A – Originally Proposed Annual Savings Overview

Utility Cost Savings Measure or FIM	Total energy savings (MMBtu/yr)	Electric energy savings (kWh/yr)	Electric demand savings (kW/yr)	Electricity savings (MMBtu/yr)	Natural gas savings (MMBtu/yr)	Water savings (gallons/yr)	Other energy savings (MMBtu/yr)	Total energy and water cost savings, Year 1 (\$/yr)	Other energy-related O&M cost savings, Year 1 (\$/yr)	Total cost savings, Year 1 (\$/yr)
Controls	1,038	306,475	614	1,046	-8	0	0	\$29,184	\$6,500	\$35,684
Lighting	769	274,211	1,329	936	-166	0	0	\$37,646	\$5,500	\$43,146
Telecom	0	0	0	0	0	0	0	\$0	\$4,300	\$4,300
Total savings	1,807	580,686	1,943	1,982	-175	0	0	\$66,830	\$16,300	\$83,130
Original First year guaranteed savings: \$83,130										
Notes MMBtu=10 ⁶ Btu. *Annual electric demand savings (kW/yr) is the sum of the monthly demand savings.										

Table 2B – Proposed Annual Savings Overview

Utility Cost Savings Measure or FIM	Total energy savings (MMBtu/yr)	Electric energy savings (kWh/yr)	Electric demand savings (kW/yr)	Electricity savings (MMBtu/yr)	Natural gas savings (MMBtu/yr)	Water savings (gallons/yr)	Other energy savings (MMBtu/yr)	Total energy and water cost savings, Year 1 (\$/yr)	Other energy-related O&M cost savings, Year 1 (\$/yr)	Total cost savings, Year 1 (\$/yr)
Controls	1,038	306,475	614	1,046	-8	0	0	\$29,184	\$6,500	\$35,684
Lighting	724	258,094	1,249	881	-157	0	0	\$35,441	\$5,500	\$40,941
BERT Plugs	36	10,447	0	36	0	0	0	\$714	\$0	\$714
Telecom	0	0	0	0	0	0	0	\$0	\$4,300	\$4,300



Utility Cost Savings Measure or FIM	Total energy savings (MMBtu/yr)	Electric energy savings (kWh/yr)	Electric demand savings (kW/yr)	Electricity savings (MMBtu/yr)	Natural gas savings (MMBtu/yr)	Water savings (gallons/yr)	Other energy savings (MMBtu/yr)	Total energy and water cost savings, Year 1 (\$/yr)	Other energy-related O&M cost savings, Year 1 (\$/yr)	Total cost savings, Year 1 (\$/yr)
Total savings	1,797	575,016	1,863	1,963	-166	0	0	\$65,340	\$16,300	\$81,640
Amended First year guaranteed savings: \$81,640										
Notes MMBtu=10 ⁶ Btu. *Annual electric demand savings (kW/yr) is the sum of the monthly demand savings.										

Table 3 - Achieved Savings Overview for First Performance Year

Utility Cost Savings Measure or FIM	Total energy savings (MMBtu/yr)	Electric energy savings (kWh/yr)	Electric demand savings (kW/yr)	Electricity savings (MMBtu/yr)	Natural gas savings (MMBtu/yr)	Water savings (gallons/yr)	Other energy savings (MMBtu/yr)	Total energy and water cost savings, Year 1 (\$/yr)	Other energy-related O&M cost savings, Year 1 (\$/yr)	Total cost savings, Year 1 (\$/yr)
Controls	841	265,159	-11	905	-64	0	0	\$18,727	\$6,500	\$25,227
Lighting	184	264,935	420	904	-720	0	0	\$22,519	\$5,500	\$28,019
BERT Plugs	24	7,085	2	24	0	0	0	\$549	\$0	\$549
Telecom	0	0	0	0	0	0	0	\$0	\$4,300	\$4,300
Total savings	1,050	537,179	411	1,833	-784	0	0	\$41,795	\$16,300	\$58,095
Notes MMBtu=10 ⁶ Btu. *Annual electric demand savings (kW/yr) is the sum of the monthly demand savings.										

The achieved savings from the project scope are outlined in Table 3 above, but the negative impact to savings from the changes outlined in Table 4 resulted in adjustments that are equal to that calculated impact.



Table 4. – Savings Impact of Adjustments Implemented

ECM	Total energy savings (MMBtu)	Electric energy savings (kWh)	Electric demand savings (kW)	Electricity savings (MMBtu)	Natural gas savings (MMBtu)	Water savings	Other energy savings	Total energy & water cost savings (\$)	Other energy-related O&M cost savings (\$)	Total cost savings (\$)
Greenhouse Addition	430	4,263	5	15	415	0	0	\$2,921	\$0	\$2,921
BEST Remodel - Mechanical	-1	-326	25	-1	0	0	0	\$395	\$0	\$395
Plumbing Failure	609	80,152	192	274	335	0	0	\$11,072	\$0	\$11,072
Total Impact	1,038	84,088	222	287	751	0	0	\$14,389	\$0	\$14,389
Notes MMBtu=10 ⁶ Btu										
*Annual electric demand savings (kW/yr) is the sum of the monthly demand savings.										

Some factors that did not allow achieved savings to meet guarantee are misidentified lighting fixtures part of the Option A lighting scope that reduced our potential for savings as detailed in the Option A lighting section of this report. The reduced lighting load did not meet our projected savings. Also, building operation outside of the setpoints and schedules outlined in the Energy Performance Contract did not allow savings to reach their potential. See the negative savings impact operating outside of contract parameters detailed in the Option C section of this report. Additionally, demand performance overall has not met the anticipated savings targets for Year 1 and will be an area of improvement for Year 2.

The cumulative savings achieved through the installation period and Year 1 including adjustments implemented is \$135,938. This is \$54,298 over the Year 1 guarantee. See Table 5 for the adjusted savings for the performance period to date.

The baseline energy rates used are \$0.06901/kwh, \$15.74/kW, and \$0.57520/therm for Option C and \$0.57831/therm for Option A measured savings. Electric rates will be escalated from the baseline period to Year 1 by 5.455%. Gas rates will be escalated by 6.090% from the baseline period to year 1. After Year 1, all savings will be escalated at a rate of 4% each year.



Table. 5 – Adjusted Savings Achieved for Performance Period to Date

Year	Total energy savings (MMBtu/yr)	Electric energy savings (kWh/yr)	Electric demand savings (kW/yr)	Electricity savings (MMBtu/yr)	Natural gas savings (MMBtu/yr)	Water savings	Other energy savings	Total energy & water cost savings, Year 1 (\$/yr)	Other energy-related O&M cost savings, Year 1 (\$/yr)	Total cost savings, Year 1 (\$/yr)
Installation	2,365	563,604	1,355	1,924	441	0	0	\$63,455	\$0	\$63,455
Year 1	2,087	621,267	633	2,120	-33	0	0	\$56,184	\$16,300	\$72,484
Total savings	4,452	1,184,872	1,989	4,044	408	0	0	\$119,638	\$16,300	\$135,938

Notes MMBtu=10⁶ Btu.

*Electric demand savings (kW) is the sum of the monthly demand savings.

The following report sections provide a summary of the Energy Conservation Measures (ECMs) installed by savings methodology used and Non-Measured savings verification strategies utilized.



Current Rates

While contractual rates are used to calculate savings in comparison to the guarantee, current utility rates are also applied for informational purposes only. The current utility rates are not used to meet the savings guarantee. Year 1 savings with adjustments, when calculated using current utility rates, come out to \$75,358 which is \$2,875 higher than the contractual rate savings. This means that Holyoke School District's utility rates increased more than expected, but also that they should be seeing savings slightly higher than what is held to the guarantee in this report. Current rate savings are detailed below.

Please note that the year 1 current rate savings are not used for comparison to the savings guarantee, but for informational purposes only. The year 1 savings also do not include any savings accumulated during the installation phase of the project.

Table 6. – Adjusted Year 1 Savings with Current Rates Applied

	Total energy savings (MMBtu/yr)	Electric energy savings (kWh/yr)	Electric demand savings (kW/yr)	Electricity savings (MMBtu/yr)	Natural gas savings (MMBtu/yr)	Water savings	Other energy savings	Total energy & water cost savings, Year 1 (\$/yr)	Other energy-related O&M cost savings, Year 1 (\$/yr)	Total cost savings, Year 1 (\$/yr)
Total Y1 savings	18	621,267	633	2,120	-33	0	0	\$59,058	\$16,300	\$75,358



Option A: Methodology and Savings Summary

The method of determining energy savings for the lighting scope at Holyoke Elementary School used “Option A – Retrofit Isolation – Key Parameter Measurement” as described in the International Performance Measurement and Verification Protocol (IPMVP). The Option A method requires the energy use of the equipment affected by an ECM to be separated from the energy use of the rest of the facility. For the Option A portion of the project, the lighting fixture power consumption for the pre/post-retrofit fixture types was measured as stated in Schedule D of the Energy Performance contract. This savings methodology was used only for the lighting scope performed at the Holyoke Elementary School.

Measurements of the fixture types listed in Schedule D of the Energy Performance Contract were taken until the statistical thresholds were met. Measurements were taken once during the installation period and will not repeat through the lifetime of the project. Those measurements can be found in the Appendix.

The measurements were combined with the parameters that were estimated (rather than measured) to determine the amount of energy saved. The demand diversity, burn hours, heating and cooling efficiency conversion factors, and burnout rates were estimated for this project. The values used in the calculations can be found in Schedule D of the Energy Services Contract and in the tables below.

Space Type	Consumption HVAC Factor (kWh/kWh)	Demand HVAC Factor (kW/kW)	Heating Penalty Factor (therms/kWh)
Interior	0.132689	0.379111	-0.009835
Exterior	0.0	0.0	0.0

Space Type	Burnout	Demand Diversity
Interior	0.05	0.90
Exterior	0.05	0.00

The power measurements and other parameters were used to calculate the actual savings achieved from the retrofits performed, using the equations and methods described in Schedule D of the Energy Services Contract.



Electric lighting consumption savings were determined by multiplying the power of the pre-retrofit fixtures by their annual burn hours and subtracting from that the product of the power of the post-retrofit fixtures and the post-retrofit annual burn hours.

Electric lighting demand savings were determined by multiplying the power of the pre-retrofit fixtures by the probability of being on during the peak demand and subtracting from that the product of the power of the post-retrofit fixtures and the post-retrofit probability of being on during the peak demand.

Heating penalty and cooling savings were determined by multiplying the electric consumption savings by an estimated conversion factor.

The table in the Appendix shows all the components and calculations used to compute the savings and the total calculated energy and cost savings per retrofit in the rightmost columns. 11 months of demand savings were used to calculate achieved savings.

There were some fixtures that upon measuring were different than what was noted in the IGA lighting audit. The 2 Lamp 32W T8 4ft BF=1.15 and 4 Lamp 32W T8 4ft BF=1.15 fixtures had ballasts with a ballast factor of 0.88 instead of 1.15 which consequently decreased the baseline usage and led to a lower wattage measurement than expected. Additionally, the 4 Lamp 32W T8 4ft BF=1.15 fixtures were actually two 2 Lamp 32W T8 4ft fixtures which would bring this fixture to the next class of measurement requirements that calls for 10 measurements to be taken because of the resulting larger quantity of the 2 Lamp 32W 4ft BF=0.88 fixture. It was not possible to take more measurements because the fixtures had already been replaced so only 4 measurements were taken of the 2 Lamp 32W T8 fixture type. The wattage calculated from these 4 measurements was used in the savings calculations for the 2 Lamp 32W T8 4ft BF=0.88, 2 Lamp 32W T8 4ft BF=1.15, and 4 Lamp 32W T8 4ft BF=1.15 because they are all the same 2 Lamp 32W T8 4ft BF=0.88 fixture with the same ballast factor.

Because the actual existing fixtures found during the retrofit were more efficient than what was originally accounted for in the initial lighting audit, the calculated savings fell below the expected savings for the Option A lighting scope. The power measurements for the rest of the fixture types measured were in line with what was expected. Find the exact readings in the Appendix.



The table below shows the saving impact misidentifying the ballast factors had on the total savings achieved.

Table 7. Negative Savings Impact of Misidentified Fixtures

	Total energy use (MMBtu/yr)	Electric energy savings (kWh/yr)	Electric demand savings (kW/yr)	Electricity savings (MMBtu/yr)	Natural gas savings (MMBtu/yr)	Water savings (gallons/yr)	Other energy savings (MMBtu/yr)	Total energy and water cost savings, Year 1 (\$/yr)	Other energy-related O&M cost savings, Year 1 (\$/yr)	Total cost savings, Year 1 (\$/yr)
Savings Impact	-53	-20,747	-119	-71	18	0	0	-\$3,369	\$0	-\$3,369

Table 8 below compares the proposed Option A lighting savings with the achieved savings. The impact of the misidentified fixtures along with the variances in power measurements from what was expected resulted in savings that were \$3,369 lower than what was proposed.

Table 8. Impact to energy and cost savings from changes between final proposal and as-built conditions for ECM

	Total energy use (MMBtu/yr)	Electric energy savings (kWh/yr)	Electric demand savings (kW/yr)	Electricity savings (MMBtu/yr)	Natural gas savings (MMBtu/yr)	Water savings (gallons/yr)	Other energy savings (MMBtu/yr)	Total energy and water cost savings, Year 1 (\$/yr)	Other energy-related O&M cost savings, Year 1 (\$/yr)	Total cost savings, Year 1 (\$/yr)
Proposed	204	79,671	447	272	-68	0	0	\$12,795	\$0	\$12,795
Achieved	153	59,467	325	203	-50	0	0	\$9,422	\$0	\$9,422
Variance	-51	-20,204	-122	-69	18	0	0	-\$3,374	\$0	-\$3,374
Notes MMBtu=10 Btu. *Annual electric demand savings (kW/yr) is the sum of the monthly demand savings.										

During the site visit performed as part of the Energy Performances Contract lighting fixtures were found to be in good condition and no deficiencies were found.

The cost savings achieved were calculated using energy rates in the table below and can also be found listed in Schedule D under the Option A section of the Energy Services Contract.



Unit	Charge
\$/kWh	\$0.06901
\$/kW	\$15.74
\$/therm	\$0.57831

The table below shows a summary of the total fixture retrofit consumption and dollar savings in Year 1.

Table 9. Option A – Cost and Unit Savings

	Total energy use (MMBtu/yr)	Electric energy savings (kWh/yr)	Electric demand savings (kW/yr)	Electricity savings (MMBtu/yr)	Natural gas savings (MMBtu/yr)	Water savings (gallons/yr)	Other energy savings (MMBtu/yr)	Total energy and water cost savings, Year 1 (\$/yr)	Other energy-related O&M cost savings, Year 1 (\$/yr)	Total cost savings, Year 1 (\$/yr)
Baseline Use	336	98,536	536	336	0	0	0	\$16,072	\$0	\$16,072
Post-Installation Use	183	39,068	211	133	50	0	0	\$6,650	\$0	\$6,650
Savings	153	59,467	325	203	-50	0	0	\$9,422	\$0	\$9,422
Notes MMBtu=10 Btu. *Annual electric demand savings (kW/yr) is the sum of the monthly demand savings.										

The electric annual savings value is escalated beginning in Year 1 at 5.455% and 4% thereafter. The gas annual savings value is escalated beginning in Year 1 at 6.090% and 4% thereafter. Installation savings totaling \$9,032 accrued from the start of the substantial completion date of this scope item through the Guarantee Commencement date.



Option C: Methodology and Savings Summary

The method of determining energy savings for the lighting and controls scope at the Holyoke High School uses “Option C – Whole Facility (Main Meter Measurement)” as described in the International Performance Measurement and Verification Protocol (IPMVP). The Option C method measures savings by comparing the Performance Period’s total energy consumption and demand to the total energy consumption and demand for the same area in the base year period by utilizing energy meter data. Base year energy and demand are adjusted for differences in weather, facility operation and facility modifications to estimate how much energy would have been used in the Performance Period if the energy conservation measures had not been implemented. Energy savings are calculated as the difference between the adjusted base year energy usage and the Performance Period energy usage.

The baseline is the set of parameters that describes both the energy consumed in the base year and the conditions that caused that consumption to occur. These parameters include twelve (12) months of utility data, facility use information, weather data, and any additional information that may have impacted baseline energy usage. The baseline usage may be adjusted to account for changes in the facilities and their use during the base year and throughout the Performance Period. The purpose of the adjustments are to determine the magnitude of the achievable savings when the ECMs are used effectively under the baseline facility conditions (scheduling, setpoints, etc.)

Savings for 2 Electrical meters and 1 Natural Gas meter at the Junior High/High School building are measured using this methodology. The specific meters along with the equations and parameters used to calculate savings are noted in the Option C section located in Schedule D of the Energy Performance Contract.

Daily high and low temperatures are collected from the Imperial Municipal Airport, NE (IML) weather station. This weather data along with the usage readings from the monthly utility bills as provided by Holyoke School District will continue to be collected throughout the Performance Period to calculate achieved savings because of the lighting and controls scope implemented.

Low demand values were noted in the spring and early summer of 2019 in the base year because the chiller was not fully operational during these months. Since the chillers will be fully operational during the



Performance Period, the baseline demand is modified for the Holyoke High School Chiller Electric meter as noted in the Option C section in Schedule D of the Energy Services contract. The chiller outage during this period was not considered when calculating the demand baseline regression.

An annual site visit was conducted to verify the scope installed. The site was assessed to determine current operating conditions and identify areas of improvement for each site. No major issues or deficiencies were found and ECMs implemented were found in good condition at the time of the Year 1 site visit. However, operational deficiencies with Building Automation System schedules and setpoints were noted and are detailed further into this report section.

Each scope item measured using the Option C savings methodology is detailed below. The performance of the ECMs outlined are evaluated together as it is difficult to isolate the actual savings attributed to each ECM using this methodology.

Existing Building Automation System Controls Replacement

The previous Richards-Zeta Building Automation System (BAS) was replaced with a Schneider Electric BAS at Holyoke High School as part of the project scope implemented. The new system is programmed for temperature setup and setback to keep systems from cooling or heating the air during unoccupied times. Optimized scheduling was also put in place to prevent unit operation during unoccupied times. These measures will minimize the operation of mechanical equipment and thus energy usage.

The schedules and setpoints recommended and used within savings calculations can be found in Schedule D of the Energy Services Contract and in the following tables.

Facility	Space	Day Type	Daily Schedule
Holyoke High School	All other spaces	Weekday	7:00am – 4:00pm
	All	Weekend/Holiday	Unoccupied
	Auditorium, old gym, new gym, main office AHUs	Summer Weekday	10:00am – 6:00pm as needed for maintenance
	Junior High side AHUs	Summer Weekday through end of June	
	High School side AHUs (including locker rooms)	Summer Weekday July through start of school year	
	All other spaces/equipment	Summer Weekday	Unoccupied



	Heating	Cooling
Occupied	69°F	75°F
Unoccupied	50°F	99°F

As part of the Performance Period Verification activities, a monthly review of the Building Automation System (BAS) was performed to verify the setpoints and schedules that were agreed upon in the Energy Services Contract and to note any equipment deficiencies that may impact energy usage. A monthly report was delivered to Holyoke School District reporting the findings.

Through the monthly review of the BAS it was found that throughout the Year 1 Performance Period the setpoints set were on average outside of the contract parameters. The average setpoints in place found from our monthly reviews are in the table below.

	Avg. Heating	Avg. Cooling
Occupied	68°F	73°F
Unoccupied	53°F	92°F

Additionally, it was found that schedules were operating outside of the contract parameters during projected system shutdowns, causing increased system runtime and thus an increase in energy usage from what was projected.

An estimate of the negative energy impact resulting from the setpoint changes and additional runtime was calculated using the average of the setpoints and schedules found in place throughout the performance year. These inputs were updated in the energy model used to calculate savings and the results were used to calculate the impact. The calculated dollar savings lost is found in Table 10 below. The dollar value is only used to quantify the impact these changes had on savings and was not used as an adjustment to savings achieved at this time. Schneider Electric estimates that the district could save an \$1,857 more by following contractual schedules and setpoints.



Table 10. Energy Impact of Change in Setpoints and Schedules

	Total energy use (MMBtu/yr)	Electric energy savings (kWh/yr)	Electric demand savings (kW/yr)	Electricity savings (MMBtu/yr)	Natural gas savings (MMBtu/yr)	Water savings (gallons/yr)	Other energy savings (MMBtu/yr)	Total energy and water cost savings, Year 1 (\$/yr)	Other energy-related O&M cost savings, Year 1 (\$/yr)	Total cost savings, Year 1 (\$/yr)
Savings Impact	-38	-11,114	-63	-38	0	0	0	-\$1,857	\$0	-\$1,857

Notes MMBtu=10 Btu.

*Annual electric demand savings (kW/yr) is the sum of the monthly demand savings.

Interior/Exterior LED Lighting Upgrade

The existing lighting at the High School was replaced with more efficient LED fixtures. Savings are achieved by reducing the lighting load in the building. Only the lighting scope completed at the Holyoke High School is measured using the Option C savings methodology.

An annual site visit was conducted to verify the project scope implemented. The lighting retrofits were found in good condition and still in place at the time of the planned site visit for Year 1.

BERT Plug Savings

As part of the contract amendment signed, the installation of BERT Plugs were added to the project scope. Turning classroom equipment off at schedule times using the BERT plugs decreases consumption by the equipment and leads to energy savings. A portion of these plugs were installed at the Junior High/High School campus and are measured and verified through the electrical meter being tracked using the Option C methodology.

An annual site visit was conducted to verify the project scope implemented. The BERT plugs were found in good condition at the time of the planned site visit for Year 1.

Adjustments Implemented

Although the following changes are not directly related to the ECMs implemented as part of the project scope, they do have an impact on the energy usage of the meters tracked using the Option C savings



methodology outlined in this section. These changes are outside the scope of our project and were done independently by Holyoke School District. A baseline adjustment was implemented so that savings as a result from the ECMs implemented can be accurately accounted for.

Greenhouse Addition

Since the final proposal of savings presented, a greenhouse was constructed which is tied to the main High School electrical meter that is tracked through the Performance Period of the project. The greenhouse has exhaust fans and a unit heater. The additional energy usage that the greenhouse consumes was added as an adjustment to the baseline. This will remove the estimated energy the greenhouse uses from consideration when calculating savings achieved.

The adjustment to the baseline was calculated using the equipment specifications of the installed equipment as stated in the greenhouse as-built provided by the customer, the operating parameters of the equipment provided by the customer, and hourly temperature readings as collected from the Imperial FAA AP (725626) TMY3 weather station. The calculation can be found in the folder included with this report. The number of days and hours that the equipment was in operation was estimated based on the operating parameters of the greenhouse and the weather data collected. The equipment specifications were used to calculate the energy usage during the estimated time of operation. See the tables below for the total energy adjustment resulting from the greenhouse addition.

Table 11. Greenhouse Addition – Cost and Unit Savings Adjustment

Greenhouse Addition	Total energy use (MMBtu/yr)	Electric energy savings (kWh/yr)	Electric demand savings (kW/yr)	Electricity savings (MMBtu/yr)	Natural gas savings (MMBtu/yr)	Water savings (gallons/yr)	Other energy savings (MMBtu/yr)	Total energy and water cost savings, Year 1 (\$/yr)	Other energy-related O&M cost savings, Year 1 (\$/yr)	Total cost savings, Year 1 (\$/yr)
Savings Impact	430	4,263	5	15	415	0	0	\$2,921	\$0	\$2,921

Notes MMBtu=10 Btu.

*Annual electric demand savings (kW/yr) is the sum of the monthly demand savings.

The cost savings adjustment was calculated using the rates as listed in Schedule D of the contract.

BEST Grant Remodel - Mechanical



In addition to the newly constructed greenhouse, the JR High School/High School underwent renovations that added and removed mechanical equipment during the installation of the scope of this project. A baseline adjustment was calculated by modeling the changes using the same parameters and assumptions used to establish the original baseline described under the Option C methodology. The removed equipment included 3 Air Handlers, 11 Fan Coil Units, and 1 unit ventilator. The added equipment consisted of 3 Cabinet Unit Heaters, 5 Exhaust Fans, 1 Fan Coil Unit, 1 Air Handler, and 4 Roof Top Units. The energy and savings impact of these changes is found in the table below. The changes resulted in overall less efficiency.

Table 12. BEST Grant Remodel – Cost and Unit Savings Adjustment

BEST Grant Remodel	Total energy use (MMBtu/yr)	Electric energy savings (kWh/yr)	Electric demand savings (kW/yr)	Electricity savings (MMBtu/yr)	Natural gas savings (MMBtu/yr)	Water savings (gallons/yr)	Other energy savings (MMBtu/yr)	Total energy and water cost savings, Year 1 (\$/yr)	Other energy-related O&M cost savings, Year 1 (\$/yr)	Total cost savings, Year 1 (\$/yr)
Savings Impact	-1	-326	25	-1	0	0	0	\$395	\$0	\$395
Notes MMBtu=10 Btu. *Annual electric demand savings (kW/yr) is the sum of the monthly demand savings.										

The cost savings adjustment was calculated using the rates as listed in Schedule D of the contract.

High School Gym Plumbing Failure

During the Year 1 Performance Period, there was an incident at one of the High School gyms where exposed plumbing burst during the months of January and February, the winter peak, causing major water damage to the gym wood floors. To fully dry out the floors, auxiliary heating equipment in addition to the building system was used to raise the space temperatures to a high temperature at a time of very low outdoor temperatures. The energy impact was significant and is difficult to quantify so to account for this event, savings were adjusted to our projected savings targets for the affected months. An adjustment equal to the difference between actual energy consumption and projected energy savings was implemented.

Table 13. Plumbing Failure – Cost and Unit Savings Adjustment



Plumbing Failure	Total energy use (MMBtu/yr)	Electric energy savings (kWh/yr)	Electric demand savings (kW/yr)	Electricity savings (MMBtu/yr)	Natural gas savings (MMBtu/yr)	Water savings (gallons/yr)	Other energy savings (MMBtu/yr)	Total energy and water cost savings, Year 1 (\$/yr)	Other energy-related O&M cost savings, Year 1 (\$/yr)	Total cost savings, Year 1 (\$/yr)
Savings Impact	609	80,152	192	274	335	0	0	\$11,072	\$0	\$11,072
Notes MMBtu=10 Btu. *Annual electric demand savings (kW/yr) is the sum of the monthly demand savings.										

The achieved savings from the project scope are outlined in Table 14 below, but the positive adjustments to savings from the changes outlined in this section are not included. The total adjustment implemented is equal to the values found in Table 4 of the Executive Summary of this report. The adjustments total \$14,389 in savings.

The Option C scope achieved \$30,325 in savings for Year 1 as shown in Table 14 excluding adjustments to the baseline. With adjustments, option C savings total \$44,714.

Table 14. Option C Cost and Unit Savings – No Adjustments Included

	Total energy use (MMBtu/yr)	Electric energy savings (kWh/yr)	Electric demand savings (kW/yr)	Electricity savings (MMBtu/yr)	Natural gas savings (MMBtu/yr)	Water savings (gallons/yr)	Other energy savings (MMBtu/yr)	Total energy and water cost savings, Year 1 (\$/yr)	Other energy-related O&M cost savings, Year 1 (\$/yr)	Total cost savings, Year 1 (\$/yr)
Baseline Use	5774	1,127,672	3,921	3849	1925	0	0	\$160,317	\$0	\$160,317
Post-Installation use	4935	669,880	3,835	2286	2648	0	0	\$129,991	\$0	\$129,991
Savings	839	457,792	86	1562	-723	0	0	\$30,325	\$0	\$30,325
Notes MMBtu=10 Btu. *Annual electric demand savings (kW/yr) is the sum of the monthly demand savings.										



Non-Measured Savings

The project included Non-Measured lighting savings and BERT plug savings that will not be measured throughout the Performance Period. Savings has been agreed upon as outlined in the Non-Measured Savings in Schedule D of the Energy Services Contract. Table 15 shows the non-measured savings achieved.

Table 15. Non-Measured Cost and Unit Savings

	Total energy use (MMBtu/yr)	Electric energy savings (kWh/yr)	Electric demand savings (kW/yr)	Electricity savings (MMBtu/yr)	Natural gas savings (MMBtu/yr)	Water savings (gallons/yr)	Other energy savings (MMBtu/yr)	Total energy and water cost savings, Year 1 (\$/yr)	Other energy-related O&M cost savings, Year 1 (\$/yr)	Total cost savings, Year 1 (\$/yr)
Baseline Use	677	32,207	8	110	567	0	0	\$9,409	\$0	\$9,409
Post-Installation Use	619	12,287	8	42	577	0	0	\$7,362	\$0	\$7,362
Savings	57	19,919	0	68	-11	0	0	\$2,048	\$0	\$2,048
Notes MMBtu=10 Btu.										
*Annual electric demand savings (kW/yr) is the sum of the monthly demand savings.										

The electric annual savings value is escalated beginning in Year 1 at 5.455% and 4% thereafter. The gas annual savings value is escalated beginning in Year 1 at 6.090% and 4% thereafter. Installation savings totaling \$1,755 accrued from the start of the substantial completion date of this scope item through the Guarantee Commencement date.

In addition to the Non-Measured Utility Cost Savings, Operation and Maintenance savings are achieved each year of the Performance Period after the start of the Guarantee Commencement Date. The Operation and Maintenance savings are listed in the table below for Year 1. Savings will be escalated 4% annually moving forward.

Operations and Maintenance Savings Measure	Y1 Cost Savings
Controls O&M	\$6,500
Lighting O&M	\$5,500
Total	\$12,000



Savings are also be claimed for the Telecom scope implemented. The savings associated with this measure are listed in the table below. Savings will be escalated 4% annually.

Telecom Savings Measure	Year 1 Cost Savings
Telecom Savings	\$4,300



Appendix – Option A Lighting Calculations

Site	Area	Pre-Fixture	Pre-Qty	Pre-Wattage	Pre-Hrs	Post-Fixture	Post-Qty	Post-Wattage	Post-Hrs	Burn Out %	Demand Div	Consumption Coefficient	Demand Coefficient	Heating Coefficient	kWh Savings	kW Savings	Therms Savings	Gas Penalty	\$ Savings
Elementary School	Room 169	8'-DID-4L-4'-F32T8-Total155W	8	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	8	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	1190.248	6.831908	-10.3343	-\$5.98	\$183.70
Elementary School	Room 167	8'-DID-4L-4'-F32T8-Total155W	8	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	8	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	1190.248	6.831908	-10.3343	-\$5.98	\$183.70
Elementary School	Room 168	8'-DID-4L-4'-F32T8-Total155W	8	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	8	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	1190.248	6.831908	-10.3343	-\$5.98	\$183.70
Elementary School	Room 166	8'-DID-4L-4'-F32T8-Total155W	8	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	8	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	1190.248	6.831908	-10.3343	-\$5.98	\$183.70
Elementary School	Ladies Room	4'-W-2L-4'-F32T8-Total60W	2	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	2	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	148.781	0.853989	-1.29179	-\$0.75	\$22.96
Elementary School	Men's restroom	4'-W-2L-4'-F32T8-Total60W	3	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	3	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	223.1715	1.280983	-1.93769	-\$1.12	\$34.44
Elementary School	Storage and Electric Room	A19-INC-60W	1	57.6	2100	LED10DA19/840 120	1	9.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	107.3245	0.616032	-0.93185	-\$0.54	\$16.56
Elementary School	Room 163	8'-DID-4L-4'-F32T8-Total155W	8	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	8	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	1190.248	6.831908	-10.3343	-\$5.98	\$183.70



Site	Area	Pre-Fixture	Pre-Qty	Pre-Wattage	Pre-Hrs	Post-Fixture	Post-Qty	Post-Wattage	Post-Hrs	Burn Out %	Demand Div	Consumption Coefficient	Demand Coefficient	Heating Coefficient	kWh Savings	kW Savings	Therms Savings	Gas Penalty	\$ Savings
Elementary School	Room 162	8'-DID-4L-4'-F32T8-Total155W	8	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	8	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	1190.248	6.831908	-10.3343	-\$5.98	\$183.70
Elementary School	Room 161	8'-DID-4L-4'-F32T8-Total155W	8	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	8	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	1190.248	6.831908	-10.3343	-\$5.98	\$183.70
Elementary School	Room 160	8'-DID-4L-4'-F32T8-Total155W	8	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	8	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	1190.248	6.831908	-10.3343	-\$5.98	\$183.70
Elementary School	Room 159	8'-DID-4L-4'-F32T8-Total155W	8	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	8	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	1190.248	6.831908	-10.3343	-\$5.98	\$183.70
Elementary School	Room 158	8'-DID-4L-4'-F32T8-Total155W	8	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	8	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	1190.248	6.831908	-10.3343	-\$5.98	\$183.70
Elementary School	Music	8'-DID-4L-4'-F32T8-Total155W	2	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	2	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	297.562	1.707977	-2.58359	-\$1.49	\$45.92
Elementary School	Music	4'-DID-2L-4'-F32T8-Total78W	27	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	27	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	2008.544	11.52885	-17.4392	-\$10.09	\$309.99
Elementary School	Music - Music Storage	4'-W-2L-4'-F32T8-Total60W	1	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	1	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	74.39051	0.426994	-0.6459	-\$0.37	\$11.48
Elementary School	Music - Music office	4'-W-2L-4'-F32T8-Total60W	1	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	1	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	74.39051	0.426994	-0.6459	-\$0.37	\$11.48



Site	Area	Pre-Fixture	Pre-Qty	Pre-Wattage	Pre-Hrs	Post-Fixture	Post-Qty	Post-Wattage	Post-Hrs	Burn Out %	Demand Div	Consumption Coefficient	Demand Coefficient	Heating Coefficient	kWh Savings	kW Savings	Therms Savings	Gas Penalty	\$ Savings
Elementary School	Music - Music Office #2	4'-W-2L-4'-F32T8-Total60W	1	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	1	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	74.39051	0.426994	-0.6459	-\$0.37	\$11.48
Elementary School	Music - Back Hallway	4'-W-2L-4'-F32T8-Total60W	1	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	1	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	74.39051	0.426994	-0.6459	-\$0.37	\$11.48
Elementary School	Room 156	8'-DID-4L-4'-F32T8-Total155W	8	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	8	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	1190.248	6.831908	-10.3343	-\$5.98	\$183.70
Elementary School	Room 154	8'-DID-4L-4'-F32T8-Total155W	4	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	4	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	595.1241	3.415954	-5.16717	-\$2.99	\$91.85
Elementary School	Ladies Room	V2x4T-3L-4'-F32T8-Total128W	2	87.66	2100	(2) LED14BDT8/G4/840 With Fuse and Sockets	2	28.74	2100	0.05	0.9	0.132689	0.379111	-0.00983	259.4485	1.489209	-2.25267	-\$1.30	\$40.04
Elementary School	Gentlemen Room	4'-W-2L-4'-F32T8-Total60W	2	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	2	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	148.781	0.853989	-1.29179	-\$0.75	\$22.96
Elementary School	Janitor	A19-INC-60W	1	57.6	2100	LED10DA19/840 120	1	9.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	107.3245	0.616032	-0.93185	-\$0.54	\$16.56
Elementary School	Gym	4'-LHB-6L-4'-F32T8-Total233W	8	233	1890	(6) LEDT8/LC/4/840 (1) LED/DR/D2L/HW 21W (1) LED/DR/D4L/HW 21W	8	126	1890	0.05	0.9	0.132689	0.379111	-0.00983	1632.989	10.41466	-14.1784	-\$8.20	\$268.42



Site	Area	Pre-Fixture	Pre-Qty	Pre-Wattage	Pre-Hrs	Post-Fixture	Post-Qty	Post-Wattage	Post-Hrs	Burn Out %	Demand Div	Consumption Coefficient	Demand Coefficient	Heating Coefficient	kWh Savings	kW Savings	Therms Savings	Gas Penalty	\$ Savings
Elementary School	Gym - Stage	4'-S-2L-4'-F32T8-Total78W	13	56.394	1890	(2) LED11BDT8/G4/840 With Fuse and Sockets	13	22.3	1890	0.05	0.9	0.132689	0.379111	-0.00983	870.369	5.550926	-7.55699	-\$4.37	\$143.07
Elementary School	Gym - Stage	4'-S-2L-4'-F34T12-Total63W	1	63	1890	(2) LED11BDT8/G4/840 With Fuse and Sockets	1	22.3	1890	0.05	0.9	0.132689	0.379111	-0.00983	80.38636	0.512678	-0.69796	-\$0.40	\$13.21
Elementary School	Gym - Downstairs locker Room	A19-INC-60W	12	57.6	1890	LED10DA19/840 120	12	9.6	1890	0.05	0.9	0.132689	0.379111	-0.00983	1159.105	7.392389	-10.0639	-\$5.82	\$190.53
Elementary School	Gym - Courtyard Entrance	A19-INC-100WJ	2	100	2100	LED15DA21/850 120	2	15	2100	0.05	0.9	0.132689	0.379111	-0.00983	380.5835	2.184512	-3.30442	-\$1.91	\$58.74
Elementary School	Boiler Room	4'-S-2L-4'-F32T8-Total78W	4	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	4	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	297.562	1.707977	-2.58359	-\$1.49	\$45.92
Elementary School	Tech Specialists	4'-S-2L-4'-F32T8-Total78W	2	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	2	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	148.781	0.853989	-1.29179	-\$0.75	\$22.96
Elementary School	Cafeteria	8'-DID-4L-4'-F32T8-Total155W	18	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	18	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	2678.058	15.37179	-23.2523	-\$13.45	\$413.32
Elementary School	Cafeteria - Kitchen	4'-W-2L-4'-F32T8-Total60W	24	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	24	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	1785.372	10.24786	-15.5015	-\$8.96	\$275.55



Site	Area	Pre-Fixture	Pre-Qty	Pre-Wattage	Pre-Hrs	Post-Fixture	Post-Qty	Post-Wattage	Post-Hrs	Burn Out %	Demand Div	Consumption Coefficient	Demand Coefficient	Heating Coefficient	kWh Savings	kW Savings	Therms Savings	Gas Penalty	\$ Savings
Elementary School	Cafeteria - Kitchen Walk in	A19-INC-100WJJ	1	100	2100	LED15DA21/850 120	1	15	2100	0.05	0.9	0.132689	0.379111	-0.00983	190.2917	1.092256	-1.65221	-\$0.96	\$29.37
Elementary School	Cafeteria - Kitchen Elec room	A19-INC-60W	1	57.6	2100	LED10DA19/840 120	1	9.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	107.3245	0.616032	-0.93185	-\$0.54	\$16.56
Elementary School	Cafeteria - Kitchen Back Hall Stairwell	4'-W-2L-4'-F32T8-Total60W	2	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	2	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	148.781	0.853989	-1.29179	-\$0.75	\$22.96
Elementary School	Cafeteria - Kitchen Back Hall Stairwell	2'-AW-2L-2'-F17T8-Total32W	1	31	2100	(2) LED9BDT8/G2/840 With Fuse and Sockets	1	18	2100	0.05	0.9	0.132689	0.379111	-0.00983	27.2355	0.156329	-0.23647	-\$0.14	\$4.20
Elementary School	Cafeteria - Kitchen Downstairs Storage	4'-W-2L-4'-F32T8-Total60W	3	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	3	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	223.1715	1.280983	-1.93769	-\$1.12	\$34.44



Site	Area	Pre-Fixture	Pre-Qty	Pre-Wattage	Pre-Hrs	Post-Fixture	Post-Qty	Post-Wattage	Post-Hrs	Burn Out %	Demand Div	Consumption Coefficient	Demand Coefficient	Heating Coefficient	kWh Savings	kW Savings	Therms Savings	Gas Penalty	\$ Savings
Elementary School	Cafeteria - Kitchen Downstairs Storage	A19-INC-60W	3	57.6	2100	LED10DA19/840 120	3	9.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	321.9736	1.848097	-2.79554	-\$1.62	\$49.69
Elementary School	Cafeteria - Kitchen Restroom	A19-INC-100WJJ	1	100	2100	LED15DA21/850 120	1	15	2100	0.05	0.9	0.132689	0.379111	-0.00983	190.2917	1.092256	-1.65221	-\$0.96	\$29.37
Elementary School	Main Entrance	4'-DID-2L-4'-F32T8-Total78W	6	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	6	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	446.3431	2.561966	-3.87538	-\$2.24	\$68.89
Elementary School	Front Office	4'-DID-2L-4'-F32T8-Total78W	3	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	3	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	223.1715	1.280983	-1.93769	-\$1.12	\$34.44
Elementary School	Counselor	V2x4T-3L-4'-F32T8-Total128W	1	87.66	2100	(2) LED14BDT8/G4/840 With Fuse and Sockets	1	28.74	2100	0.05	0.9	0.132689	0.379111	-0.00983	129.7243	0.744605	-1.12633	-\$0.65	\$20.02
Elementary School	Main Office	8'-DID-4L-4'-F32T8-Total155W	1	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	1	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	148.781	0.853989	-1.29179	-\$0.75	\$22.96
Elementary School	Teachers Lounge	A19-INC-100WJJ	6	100	2100	LED15DA21/850 120	6	15	2100	0.05	0.9	0.132689	0.379111	-0.00983	1141.75	6.553536	-9.91326	-\$5.73	\$176.21
Elementary School	Teachers Lounge	A19-INC-100WJJ	3	100	2100	LED15DA21/850 120	3	15	2100	0.05	0.9	0.132689	0.379111	-0.00983	570.8752	3.276768	-4.95663	-\$2.87	\$88.11



Site	Area	Pre-Fixture	Pre-Qty	Pre-Wattage	Pre-Hrs	Post-Fixture	Post-Qty	Post-Wattage	Post-Hrs	Burn Out %	Demand Div	Consumption Coefficient	Demand Coefficient	Heating Coefficient	kWh Savings	kW Savings	Therms Savings	Gas Penalty	\$ Savings
	Restroom																		
Elementary School	Teachers Lounge Restroom	4'-W-2L-4'-F32T8- Total60W	2	56.39 4	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	2	22.3	2100	0.05	0.9	0.1326 89	0.379 111	- 0.009 83	148.781	0.853 989	-1.29179	-\$0.75	\$22.96
Elementary School	Empty Office	V2x4T-3L-4'-F32T8- Total128W	1	87.66	2100	(2) LED14BDT8/G4/840 With Fuse and Sockets	1	28.7 4	2100	0.05	0.9	0.1326 89	0.379 111	- 0.009 83	129.724 3	0.744 605	-1.12633	-\$0.65	\$20.02
Elementary School	Room 139	4'-DID-2L-4'-F32T8- Total78W	1 5	56.39 4	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	1 5	22.3	2100	0.05	0.9	0.1326 89	0.379 111	- 0.009 83	1115.85 8	6.404 914	-9.68845	-\$5.60	\$172.22
Elementary School	Ladies Room	4'-W-2L-4'-F32T8- Total60W	2	56.39 4	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	2	22.3	2100	0.05	0.9	0.1326 89	0.379 111	- 0.009 83	148.781	0.853 989	-1.29179	-\$0.75	\$22.96
Elementary School	Storage	4'-W-2L-4'-F32T8- Total60W	1	56.39 4	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	1	22.3	2100	0.05	0.9	0.1326 89	0.379 111	- 0.009 83	74.3905 1	0.426 994	-0.6459	-\$0.37	\$11.48
Elementary School	Boys Restroom	4'-W-2L-4'-F32T8- Total60W	2	56.39 4	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	2	22.3	2100	0.05	0.9	0.1326 89	0.379 111	- 0.009 83	148.781	0.853 989	-1.29179	-\$0.75	\$22.96
Elementary School	Room 138	4'-DID-2L-4'-F32T8- Total78W	1 5	56.39 4	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	1 5	22.3	2100	0.05	0.9	0.1326 89	0.379 111	- 0.009 83	1115.85 8	6.404 914	-9.68845	-\$5.60	\$172.22



Site	Area	Pre-Fixture	Pre-Qty	Pre-Wattage	Pre-Hrs	Post-Fixture	Post-Qty	Post-Wattage	Post-Hrs	Burn Out %	Demand Div	Consumption Coefficient	Demand Coefficient	Heating Coefficient	kWh Savings	kW Savings	Therms Savings	Gas Penalty	\$ Savings
Elementary School	Room 137	4'-DID-2L-4'-F32T8-Total78W	15	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	15	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	1115.858	6.404914	-9.68845	-\$5.60	\$172.22
Elementary School	Room 122	8'-DID-4L-4'-F32T8-Total155W	12	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	12	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	1785.372	10.24786	-15.5015	-\$8.96	\$275.55
Elementary School	Room 122	V2x4T-3L-4'-F32T8-Total128W	2	87.66	2100	(2) LED14BDT8/G4/840 With Fuse and Sockets	2	28.74	2100	0.05	0.9	0.132689	0.379111	-0.00983	259.4485	1.489209	-2.25267	-\$1.30	\$40.04
Elementary School	Room 122 - Restrooms	DR-2L-12"-CircF-32W-Total60W	2	60	2100	NLED LED12FMM-138L840-NI	2	18	2100	0.05	0.9	0.132689	0.379111	-0.00983	185.5344	1.06495	-1.61091	-\$0.93	\$28.63
Elementary School	Room 136	4'-DID-2L-4'-F32T8-Total78W	15	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	15	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	1115.858	6.404914	-9.68845	-\$5.60	\$172.22
Elementary School	Library	4'-DID-2L-4'-F32T8-Total78W	10	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	10	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	743.9051	4.269943	-6.45897	-\$3.74	\$114.81
Elementary School	Library	V2x4T-3L-4'-F32T8-Total128W	24	87.66	2100	(2) LED14BDT8/G4/840 With Fuse and Sockets	24	28.74	2100	0.05	0.9	0.132689	0.379111	-0.00983	3113.382	17.87051	-27.032	-\$15.63	\$480.50
Elementary School	Library - Reading Room #1	V2x4T-3L-4'-F32T8-Total128W	2	87.66	2100	(2) LED14BDT8/G4/840 With Fuse and Sockets	2	28.74	2100	0.05	0.9	0.132689	0.379111	-0.00983	259.4485	1.489209	-2.25267	-\$1.30	\$40.04



Site	Area	Pre-Fixture	Pre-Qty	Pre-Wattage	Pre-Hrs	Post-Fixture	Post-Qty	Post-Wattage	Post-Hrs	Burn Out %	Demand Div	Consumption Coefficient	Demand Coefficient	Heating Coefficient	kWh Savings	kW Savings	Therms Savings	Gas Penalty	\$ Savings
Elementary School	Library - Reading Room #2	V2x4T-3L-4'-F32T8-Total128W	2	87.66	2100	(2) LED14BDT8/G4/840 With Fuse and Sockets	2	28.74	2100	0.05	0.9	0.132689	0.379111	-0.00983	259.4485	1.489209	-2.25267	-\$1.30	\$40.04
Elementary School	Library - Storage	V2x4T-3L-4'-F32T8-Total128W	1	87.66	2100	(2) LED14BDT8/G4/840 With Fuse and Sockets	1	28.74	1785	0.05	0.9	0.132689	0.379111	-0.00983	139.9786	0.744605	-1.21537	-\$0.70	\$20.68
Elementary School	Activity Room	V2x4T-3L-4'-F32T8-Total128W	13	87.66	2100	(2) LED14BDT8/G4/840 With Fuse and Sockets	13	28.74	2100	0.05	0.9	0.132689	0.379111	-0.00983	1686.415	9.679859	-14.6423	-\$8.47	\$260.27
Elementary School	Reading Specialist	V2x4T-3L-4'-F32T8-Total128W	4	87.66	2100	(2) LED14BDT8/G4/840 With Fuse and Sockets	4	28.74	2100	0.05	0.9	0.132689	0.379111	-0.00983	518.897	2.978418	-4.50533	-\$2.61	\$80.08
Elementary School	Room 116	4'-DID-2L-4'-F32T8-Total78W	19	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	19	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	1413.42	8.112891	-12.272	-\$7.10	\$218.14
Elementary School	Room 110	8'-DID-4L-4'-F32T8-Total155W	8	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	8	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	1190.248	6.831908	-10.3343	-\$5.98	\$183.70
Elementary School	Room 115	V2x4T-3L-4'-F32T8-Total128W	2	87.66	2100	(2) LED14BDT8/G4/840 With Fuse and Sockets	2	28.74	1785	0.05	0.9	0.132689	0.379111	-0.00983	279.9572	1.489209	-2.43073	-\$1.41	\$41.35
Elementary School	Room 114	V2x4T-3L-4'-F32T8-Total128W	1	87.66	2100	(2) LED14BDT8/G4/840 With Fuse and Sockets	1	28.74	2100	0.05	0.9	0.132689	0.379111	-0.00983	129.7243	0.744605	-1.12633	-\$0.65	\$20.02



Site	Area	Pre-Fixture	Pre-Qty	Pre-Wattage	Pre-Hrs	Post-Fixture	Post-Qty	Post-Wattage	Post-Hrs	Burn Out %	Demand Div	Consumption Coefficient	Demand Coefficient	Heating Coefficient	kWh Savings	kW Savings	Therms Savings	Gas Penalty	\$ Savings
Elementary School	Room 109	8'-DID-4L-4'-F32T8-Total155W	8	112.788	2100	(4) LED11BDT8/G4/840 With Fuse and Sockets	8	44.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	1190.248	6.831908	-10.3343	-\$5.98	\$183.70
Elementary School	Room 104	V2x4T-3L-4'-F32T8-Total128W	10	87.66	2100	(2) LED14BDT8/G4/840 With Fuse and Sockets	10	28.74	2100	0.05	0.9	0.132689	0.379111	-0.00983	1297.243	7.446046	-11.2633	-\$6.51	\$200.21
Elementary School	Room 101	V2x4T-3L-4'-F32T8-Total128W	10	87.66	2100	(2) LED14BDT8/G4/840 With Fuse and Sockets	10	28.74	2100	0.05	0.9	0.132689	0.379111	-0.00983	1297.243	7.446046	-11.2633	-\$6.51	\$200.21
Elementary School	Room 101 - Restroom	A19-INC-60W	2	57.6	2100	LED10DA19/840 120	2	9.6	2100	0.05	0.9	0.132689	0.379111	-0.00983	214.6491	1.232065	-1.86369	-\$1.08	\$33.13
Elementary School	Room 101 - Girls Restroom	V2x4T-3L-4'-F32T8-Total128W	1	87.66	2100	(2) LED14BDT8/G4/840 With Fuse and Sockets	1	28.74	2100	0.05	0.9	0.132689	0.379111	-0.00983	129.7243	0.744605	-1.12633	-\$0.65	\$20.02
Elementary School	Room 101 - Custodian	4'-S-2L-4'-F32T8-Total78W	2	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	2	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	148.781	0.853989	-1.29179	-\$0.75	\$22.96
Elementary School	Room 101 - Room 108	4'-DID-2L-4'-F32T8-Total78W	19	56.394	2100	(2) LED11BDT8/G4/840 With Fuse and Sockets	19	22.3	2100	0.05	0.9	0.132689	0.379111	-0.00983	1413.42	8.112891	-12.272	-\$7.10	\$218.14
Elementary School	Hallways	V2x4T-3L-4'-F32T8-Total128W	23	87.66	2940	(2) LED14BDT8/G4/840 With Fuse and Sockets	23	28.74	2940	0.05	0.9	0.132689	0.379111	-0.00983	4177.121	17.12591	-36.2679	-\$20.97	\$536.85



Site	Area	Pre-Fixture	Pre-Qty	Pre-Wattage	Pre-Hrs	Post-Fixture	Post-Qty	Post-Wattage	Post-Hrs	Burn Out %	Demand Div	Consumption Coefficient	Demand Coefficient	Heating Coefficient	kWh Savings	kW Savings	Therms Savings	Gas Penalty	\$ Savings
Elementary School	Hallways	6"RC-1L-4pin-G24-HPL-CFL-26W-Total25W	2	25	2940	LED-7320-40K-G3	2	10	2940	0.05	0.9	0.132689	0.379111	-0.00983	91.5779	0.375463	-0.79513	-\$0.46	\$11.77
Elementary School	Hallways	8"-DID-4L-4'-F32T8-Total155W	2	112.788	2940	(4) LED11BDT8/G4/840 With Fuse and Sockets	2	44.6	2940	0.05	0.9	0.132689	0.379111	-0.00983	416.5869	1.707977	-3.61702	-\$2.09	\$53.54
Elementary School	Exterior	FC-WP-1L-HPL-CFL-42W-Total39W	8	39	4380	LED-7320-40K-G3	8	10	4380	0.05	0	0	0	0	947.832	0	0	\$0.00	\$65.41
Elementary School	Exterior	SQ-CA-2L-HPL-CFL-13W-Total25W	3	25	4380	(2) LED 7320 40K G3	3	20	4380	0.05	0	0	0	0	49.275	0	0	\$0.00	\$3.40
Elementary School	Exterior	SQ-CA-2L-HPL-CFL-13W-Total25W	6	25	4380	NLED LED FX SCM 28 40K BK 28W	6	28	4380	0.05	0	0	0	0	-111.69	0	0	\$0.00	-\$7.71
Elementary School	Exterior	SB-AR-1L-HID-HPS-150W-Total174W	2	188	4380	ALED3T50/PCT	2	55.17	4380	0.05	0	0	0	0	1081.247	0	0	\$0.00	\$74.62
Elementary School	Exterior	None	3	0	0	TRL-ACEM-BR	3	11	4380	0.05	0	0	0	0	-144.54	0	0	\$0.00	-\$9.97