

## Schneider Electric launches its first sustainability-linked bonds convertible into new shares and/or exchangeable for existing shares (OCEANEs) due 2026 for a nominal amount of €650 million

**Rueil-Malmaison (France), 17 November 2020** – Schneider Electric (ISIN Code: FR0000121972, Vigeo ESG Rating 66/100, MSCI Rating AAA) (the “**Company**”) announces today the launch of the offering of its first sustainability-linked senior unsecured bonds convertible into new shares and/or exchangeable for existing shares of the Company (OCEANEs) due 2026 (the “**Bonds**”), by way of a placement to qualified investors (within the meaning of the Prospectus Regulation (as defined below)) only in accordance with Article L. 411-2-1° of the French *Code monétaire et financier*, for a nominal amount of approximately €650 million (the “**Offering**”). The Bonds are expected to be rated A- by Standard and Poor’s.

The net proceeds of the Offering will be used by the Company for general corporate purposes.

### Main terms of the Bonds

The Bonds will not bear interest (zero-coupon) and will be issued at an issue price ranging between 106.25% and 109.25% of their nominal value, resulting in an annual gross yield-to-maturity of (1.58)% to (1.09)% (excluding any potential sustainability-linked Premium Payment Amount (as defined below)). The nominal unit value of the Bonds will be set at a premium of 45% to 50% above the Company's reference share price on the regulated market of Euronext in Paris (“**Euronext Paris**”)¹.

The final terms and conditions of the Bonds are expected to be announced later today and the settlement-delivery of the Bonds is expected to take place on 24 November 2020 (the “**Issue Date**”).

Unless previously converted, exchanged, redeemed or purchased and cancelled, the Bonds will be redeemed at par on 15 June 2026 (or on the following business day if this date is not a business day) (the “**Maturity Date**”).

In line with Schneider Electric’s Sustainability-Linked Financing Framework, if the average sustainability performance score², which should be published by the Company together with the 2025 annual audited financial statements and no later than 28 February 2026, (the “**Sustainability Performance Target Date**”) does not reach a minimum level by 31 December 2025, Schneider Electric shall pay in respect of each Bond an amount equal to 0.50% of their nominal unit value (the “**Premium Payment Amount**”) on either (i) the delivery date of the shares in respect of the Bonds where the exercise date falls after the Sustainability Performance Target Date, (ii) the relevant early redemption date where the date of notification of the early redemption falls after the Sustainability Performance Target Date, or (iii) for Bonds not converted, exchanged or redeemed as provided in (i) and (ii) above, the Maturity Date.

The Bonds may be redeemed prior to maturity at the option of the Company, under certain conditions.

<sup>1</sup> The reference share price will be equal to the volume-weighted average price (VWAP) of Schneider Electric’s shares recorded on Euronext Paris from the launch of the Offering today until the determination of the final terms (pricing) of the Bonds on the same day.

<sup>2</sup> Calculated as the arithmetic average of the three KPIs’ scores (as defined below) obtained as of 31 December 2025 (the “**KPI Average Score**”). For each KPI, the relevant score is obtained by linear interpolation after converting each KPI’s performance (based on each KPI’s KPI Base Performance and Sustainability Performance Target, as reported in the Appendix below) on a 10 point scale, rounded down to the second decimal.

In particular, the Bonds may be fully redeemed at par plus any applicable Premium Payment Amount at the Company's option at any time from 15 January 2024 (inclusive), subject to a prior notice of at least 30 (but not more than 60) calendar days, if the arithmetic mean, calculated over a period of 10 consecutive trading days, chosen by the Company from among the 20 consecutive trading days ending on (and including) the trading day immediately preceding the day of the publication of the early redemption notice, of the daily products on each of such 10 consecutive trading days of the volume weighted average price of the Company's shares on Euronext Paris and the applicable conversion/exchange ratio on each such trading day, exceeds 130% of the nominal value of each Bond.

Bondholders will be granted the right to convert or exchange the Bonds into new and/or existing shares of the Company (the "**Conversion/Exchange Right**") which they may exercise at any time from the day (inclusive) following the 40<sup>th</sup> day after the Issue Date (i.e., 4 January 2021) up to the 7<sup>th</sup> business day (inclusive) preceding the Maturity Date or, as the case may be, the relevant early redemption date.

The initial conversion/exchange ratio is set at one share per Bond, subject to standard adjustments, including anti-dilution and dividend protections, as described in the terms and conditions of the Bonds. Upon exercise of their Conversion/Exchange Right, bondholders will receive at the option of the Company new and/or existing shares of the Company carrying in all cases all rights attached to existing shares of the Company as from the date of delivery.

Application will be made for the admission of the Bonds to trading on Euronext Access™ of Euronext in Paris to occur within 30 calendar days from the Issue Date.

## Schneider Electric Sustainability-Linked Financing Framework

Schneider Electric published today its first Sustainability-Linked Financing Framework (the "**Framework**") which covers all debt instruments whose financial characteristics are linked with sustainability performance targets.

Under this Framework, Schneider Electric selected three indicators (the "**Key Performance Indicators**" or "**KPIs**") and committed to achieve a minimum KPI Average Score of 9/10 on the three KPIs by 31 December 2025, considering that base year performance – corresponding to the estimated performance as of 31 December 2020<sup>3</sup> – receives a score of 3/10.

The detailed methodology and scoring approach is presented in the Framework and a summary, including the 2020 estimated baseline and the performance target for each of the three KPIs, is available in the Appendix.

Schneider Electric's Strategic Pillars	#	Schneider Electric's 2025 objectives for each KPI (corresponding to a score of 10/10)
CLIMATE	1	Deliver 800 megatons of saved and avoided CO <sub>2</sub> emissions to our customers
EQUAL	2	Increase gender diversity, from hiring to front-line managers and leadership teams (50/40/30)
GENERATIONS	3	Train 1 million underprivileged people in energy management

The Framework has been established in accordance with the Sustainability-Linked Bond Principles (SLBP) administered by ICMA and reviewed by Vigeo Eiris who provided a Second Party Opinion ("**SPO**") on 17 November 2020. Both the Framework and the SPO are available on the Company's website: ([www.se.com](http://www.se.com)).

<sup>3</sup> The KPI Base Performance might be adjusted following the publication of the actual performance of the KPIs as of 31 December 2020 along with the 2020 universal registration document of the Company, as verified by EY & Associés.

## Legal framework of the Offering and placement

The Bonds will be issued by way of a placement to qualified investors only (within the meaning of Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”), in accordance with Article L. 411-2-1° of the French *Code monétaire et financier*, as per the authorization granted by the Company’s extraordinary general meeting held on 25 April 2019 (20<sup>th</sup> resolution), in France and outside of France (excluding, in particular, the United States of America, Australia, Japan, Canada or South Africa), without an offer to the public (other than to qualified investors) in any country (including France).

Existing shareholders of the Company shall have no preferential subscription rights, and there will be no priority subscription period, in connection with the issuance of the Bonds or the underlying new shares of the Company issued upon conversion.

## Intentions of existing shareholders

The Company is not aware of the intention of any of its main shareholders to participate in the Offering.

## Lock-up undertakings

In the context of the Offering, the Company will agree to a lock-up undertaking with respect to its shares and securities giving access to the share capital for a period starting from the announcement of the final terms of the Bonds and ending 90 calendar days after the Issue Date, subject to certain customary exceptions or waiver from the Sole Global Coordinator.

## Dilution

For illustrative purposes, considering a €650 million principal amount and a par value of €170.38<sup>4</sup> per Bond, and based on the initial conversion/exchange ratio, the potential dilution would represent approximately 0.67% of the Company’s outstanding share capital, if the Conversion/Exchange Right was exercised for all the Bonds and the Company decided to only deliver new shares upon exercise of the Conversion/Exchange Right.

## Available information

Neither the offering of the Bonds, nor the admission of the Bonds to trading on Euronext Access<sup>TM</sup> is subject to a prospectus approved by the French *Autorité des marchés financiers* (the “**AMF**”). No key information document required by the PRIIPs Regulation (as defined below) has been or will be prepared. Detailed information about Schneider Electric, including its business, results, prospects and the risk factors to which Schneider Electric is exposed are described in the Company’s universal registration document (*Document d’enregistrement universel*) for the financial year ended 31 December 2019, filed by the Company with the AMF on 17 March 2020 under No. D.20-0137; the Company’s half-year financial report as at 30 June 2020 and the quarterly revenues press release as at 30 September 2020; which are all available on the Company’s website ([www.se.com](http://www.se.com)).

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<sup>4</sup> Calculated on the basis of a reference share price equal to €117.50 at close of trading on 16 November 2020, and a 45% conversion premium.

## Important information

This press release does not constitute or form part of any offer or solicitation to purchase or subscribe for or to sell securities to any person in the United States, Australia, Japan, Canada or South Africa or in any jurisdiction to whom or in which such offer is unlawful, and the Offering of the Bonds is an offer to the public in any jurisdiction including France, other than to qualified investors within the meaning of the Prospectus Regulation, or an offer to retail investors as such term is defined below.

*Note: The English version of this press release may differ from the French version for regulatory reasons.*

## About Schneider Electric:

Schneider Electric's purpose is to **empower all to make the most of our energy and resources, bridging progress and sustainability** for all. We call this Life Is On.

Our mission is to be your **digital partner for Sustainability and Efficiency**.

We drive digital transformation by integrating world-leading process and energy technologies, end-point to cloud connecting products, controls, software and services, across the entire lifecycle, enabling integrated company management, for homes, buildings, data centers, infrastructure and industries.

We are the **most local of global companies**. We are advocates of open standards and partnership ecosystems that are passionate about our shared **Meaningful Purpose, Inclusive and Empowered** values.

[www.se.com](http://www.se.com)

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## Appendix – Summary of the scoring approach

Key Performance Indicator	KPI Base Performance <sup>5</sup> (corresponding score of 3/10)	Sustainability Performance Target (corresponding score of 10/10)
KPI 1: saved and avoided CO <sub>2</sub> emissions to our customers	280 megatons	800 megatons
KPI 2 : gender diversity from hiring to front-line managers and leadership teams	2.a. 43% women hiring, 2.b. 25% women among front-line managers, 2.c. 23% women in leadership teams	2.a. 50% women hiring, and 2.b. 40% women among front-line managers, and 2.c. 30% women in leadership teams
KPI 3 : number of underprivileged people trained in energy management	268,000	1 million

### Disclaimer

No communication or information relating to the offering of the Bonds may be transmitted to the public in a country where there is a registration obligation or where an approval is required. No action has been or will be taken in any country in which such registration or approval would be required. The issuance or the subscription of the Bonds may be subject to legal and regulatory restrictions in certain jurisdictions; none of Schneider Electric and the financial intermediaries assumes any liability in connection with the breach by any person of such restrictions.

This press release is an advertisement and not a prospectus within the meaning of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). This press release is not an offer to the public other than to qualified investors in any jurisdiction, including France.

The Bonds will be offered only by way of a placement in France and/or outside France (excluding the United States of America, Australia, Canada, Japan and South Africa), solely to qualified investors as defined in Article 2 point (e) of the Prospectus Regulation and pursuant to Articles L. 411-1 and L. 411-2 of the French *Code monétaire et financier*. There will be no public offering in any country (including France) in connection with the Bonds, other than to qualified investors. This press release does not constitute a recommendation concerning the Bonds. The value of the Bonds and the shares of Schneider Electric can decrease as well as increase. Potential investors should consult a professional adviser as to the suitability of the Bonds for the person concerned.

### Prohibition of sales to European Economic Area and United Kingdom retail investors

No action has been undertaken or will be undertaken to make available any Bonds to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision: (a) the expression "retail investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97, as amended, where that customer would not qualify as a professional client as defined in point (10) of

<sup>5</sup> Estimated performance as of 31 December 2020. The KPI Base Performance might be adjusted following the publication of the actual performance of the KPIs as of 31 December 2020 along with the 2020 universal registration document of the Company, as verified by EY & Associés.

Article 4(1) of MiFID II; or (iii) not a “qualified investor” as defined in the Prospectus Regulation; and (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the European Economic Area or in the United Kingdom has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the European Economic Area or in the United Kingdom may be unlawful under the PRIIPS Regulation.

MIFID II product governance / Retail investors (France only), professional investors and ECPs target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is retail investors in France, eligible counterparties and professional clients, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds to retail investors in France, eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels. For the avoidance of doubt, even if the target market includes retail investors in France, the manufacturers have decided that the Bonds will be offered, as part of the initial offering, only to eligible counterparties and professional clients.

## France

The Bonds have not been and will not be offered or sold or cause to be offered or sold, directly or indirectly, to the public in France other than to qualified investors. Any offer or sale of the Bonds and distribution of any offering material relating to the Bonds have been and will be made in France only to qualified investors (*investisseurs qualifiés*), as defined in Article 2 point (e) of the Prospectus Regulation, and in accordance with, Articles L.411-1 and L.411-2 of the French *Code monétaire et financier*.

## United Kingdom

This press release is addressed and directed only (i) to persons located outside the United Kingdom, (ii) to investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), (iii) to high net worth companies, and other persons to whom it may lawfully be communicated, falling within by Article 49(2) (a) to (d) of the Order (the persons mentioned in paragraphs (i), (ii) and (iii) all deemed relevant persons (the “**Relevant Persons**”). The Bonds and, as the case may be, the shares to be delivered upon exercise of the conversion rights (the “**Financial Instruments**”), are intended only for Relevant Persons and any invitation, offer or agreement related to the subscription, tender, or acquisition of the Financial Instruments may be addressed and/or concluded only with Relevant Persons. All persons other than Relevant Persons must abstain from using or relying on this document and all information contained therein.

This press release is not a prospectus which has been approved by the Financial Conduct Authority or any other United Kingdom regulatory authority for the purposes of Section 85 of the Financial Services and Markets Act 2000.

## United States of America

The Bonds and the shares deliverable upon conversion or exchange of the Bonds described in this press release have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any State of the United States, and such securities may not be offered, sold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, US persons absent

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## Australia, Canada, Japan and South Africa

The Bonds may not and will not be offered, sold or purchased in Australia, Canada, Japan or South Africa. The information contained in this press release does not constitute an offer of securities for sale in Australia, Canada, Japan or South Africa. The distribution of this press release in certain countries may constitute a breach of applicable law.