a world of energy

2016 Registration Document

Rexel, a French *société anonyme*
with a share capital of €1.514.686.050

Registered office:
13, boulevard du Fort de Vaux –
75017 Paris
479 973 513 R.C.S. Paris

Registration document 2016 including the Annual Financial Report

This Registration document was filed with the *Autorité des marchés financiers* on March 31, 2017, in accordance with Article 212-13 of the General Regulations of the *Autorité des marchés financiers*. It may be used in connection with any financial transaction if completed by a note d'opération in respect of which the *Autorité des marchés financiers* has granted a visa. This Registration document has been prepared by the issuer and its binding on its signatories therefore assume responsibility for its contents.

Copies of this Registration document are available at no cost at the registered office of Rexel, 13, boulevard du Fort de Vaux, 75017 Paris – France. This Registration document is also available on the web site of Rexel (**www.rexel.com**) and on the web site of the *Autorité des marchés financiers* (**www.amf-france.org**).

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General information

This Registration document was prepared in connection with Rexel's disclosure obligations and for the purpose of the Rexel's Ordinary and Extraordinary Shareholders' Meeting convened for May 23, 2017 (the "**Shareholders' Meeting**").

In this Registration document, "**Rexel**" refers to the company Rexel. References to "**Rexel Développement**" are to Rexel Développement S.A.S., a direct subsidiary of Rexel. References to "**Rexel Distribution**" are to Rexel Distribution, an indirect subsidiary of Rexel, which merged into Rexel Développement during the 2011 financial year. The "**Rexel Group**" and the "**Group**" refer to Rexel and its subsidiaries and, before 2005, to Rexel Distribution and its subsidiaries.

This Registration document contains information about the Rexel Group's markets and competitive position, including information relating to market size and market shares. Unless otherwise stated, this information is based on the Rexel Group's estimates and is provided solely for indicative purposes.

To the Rexel Group's knowledge, there are no authoritative external reports in relation to the market providing comprehensive coverage or analysis of the professional distribution of low and ultra-low voltage electrical products. Consequently, the Rexel Group has made estimates based on a number of sources, including internal surveys, studies and statistics from independent third parties or professional federations of electrical products distributors, specialist publications (such as Electrical Business News and Electrical Wholesaling), figures published by the Rexel Group's competitors and data from operational subsidiaries. These various studies, which the Rexel Group considers reliable, have not been verified by independent experts. The Rexel Group does not guarantee that a third party using other methods to analyze or compile market data would obtain the same results. In addition, the Rexel Group's competitors may define their markets differently. The data relating to market shares and market size included in this Registration document thus do not constitute official data.

This Registration document contains information on the trends, objectives and prospects of development of the Rexel Group. Such information should not be interpreted as guaranty of future performance. Such information is based on data, assumptions, and estimates that the Rexel Group considers reasonable. They are likely to change or be modified due to the uncertainties of the economic, financial, competitive or regulatory environment. In addition, such intentions, objectives and prospects of development may be affected by the materialization of one or more risk factors as described in chapter 2 of this Registration document.

The forward-looking statements provided in this Registration document are made as of the date of this Registration document. Excluding any applicable legal or regulatory requirements, the Rexel Group does not make any commitment to supplement, update and amend these forward-looking statements provided to reflect any changes in its targets or events, conditions or circumstances on which such forward-looking statements are based. The Rexel Group operates in a competitive environment subject to rapid change. Therefore it is not able to anticipate all risks, uncertainties or other factors that may affect its activities, their potential impact on its activities or the extent to which the occurrence of a risk or combination of risks could have significantly different consequences from those set out in any forward-looking statements, it being noted that such forward-looking statements do not constitute a projection or guarantee of actual results. In addition, such forward-looking statements may be affected by the materialization of one or more risk factors as described in chapter 2 of this Registration document.

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1 Overview of the Rexel Group

“In 2016, Rexel confirmed the strength of its business model and its ability to withstand adverse conditions in an economic environment that remained challenging across most of its markets.”

PATRICK BERARD
Rexel Group CEO

SOLID PERFORMANCE IN 2016

Rexel posted performance in line with guidance. Sales were slightly down 1.9%* to €13.2bn with a strong 58% increase in net income from continuing operations to €134.3m. Rexel demonstrated its resilience with an adjusted EBITA margin of 4.2% and free cash flow before interest and tax from continuing operations representing 69% of EBITA. In parallel, the Group continued to strengthen its financial structure with a drop in net debt, a stable indebtedness ratio and lower financial expenses, thanks in particular to several refinancing operations aimed at extending debt maturity while taking advantage of improved market conditions. This solid performance enables us to propose a cash dividend of €0.40 per share, which is stable compared to last year and in line with our payout policy.

Our best performance was posted in the fourth quarter, with a sequential improvement in our organic sales in all three of our geographies, a first step that allows us to foresee a resumption of organic growth and increased profitability in 2017.

A STRENGTHENED GOVERNANCE STRUCTURE

The year 2016 was marked by a major change in governance within the Group. The Board of Directors decided last June to split the roles of Chairman and Chief Executive Officer. This new structure aims primarily at allowing management to focus all its efforts on implementing and executing the Group’s strategy with the oversight and full support of the Board.

* On a constant and same-day basis.

Ian Meakins was nominated to the Board as Non-Executive Chairman last October. His broad industry experience and knowledge of B-to-B distribution – he was instrumental in reshaping the strategy of the Wolseley group – and of the North American market in particular, is an invaluable asset for Rexel.

I am honored to have been asked to become Chief Executive Officer for Rexel. I intend to build on the experience I have gained during my 13 years at the company, first as CEO of Rexel France, and latterly as Senior Vice President for Europe, to accelerate profitable growth for the Group.

A STRATEGIC FOCUS ON PROFITABLE GROWTH

Thanks to its pivotal role in the value chain between manufacturers and customers, Rexel can boast many assets enabling it to seize growth opportunities: a broad and valuable customer base, a strong footprint in key geographies, key partnerships with global and leading manufacturers, best-in-class core capabilities and an increasingly multichannel customer approach.

To capitalize on these assets, I appointed a new Executive Committee, comprising 11 members, whose composition is strongly operations-oriented. It brings together the Heads of our key geographies as well as our key functional leaders. Together, we will implement the strategy that we presented at our Capital Markets Day last February 13, which will focus on three priorities:

- First, accelerate organic growth to gain market share. To do this, we will rely on two fundamental pillars—net customer gains and increased share of wallet with each customer, summarized in a simple motto: "More customers and More SKUs"—as well as on a customer approach that will be differentiated according to three main customer profiles: Proximity, Projects and Specialty.
- Next, increase selectivity in capital allocation and strengthen financial structure. We will focus our investments on both organic growth enablers and productivity enhancers, through increasing digitization and optimization of the branch network on the one hand, and automation of logistics and back-office digitization on the other hand. At the same time, we intend to undertake a divestment program that will reduce the Group's consolidated sales by around €800m by the end of 2018 in order to focus on those geographies and market segments that offer the best profitable growth and value-creation opportunities. Rexel will continue its targeted bolt-on acquisition strategy from 2018 onwards, aiming at broadening our footprint in our key markets and segments.
- Finally, improve our operational and financial performance. Rexel aims at continuously increasing its profitability through gross margin enhancement and strict cost control. The Group will also enhance its performance in key geographies, mainly the USA, Germany, the UK and Australia, which offer significant turnaround potential.

SHARED PERFORMANCE

As a signatory to the United Nations Global Compact, Rexel is committed to incorporating its 10 key principles into its strategy and procedures, reporting on their implementation and promoting them to all of its partners.

Rexel is convinced that the technological advances in energy efficiency, smart solutions for industrial and building automation, and the empowerment of end-users to optimize their energy management will allow the Group to continue to generate sustainable growth opportunities for its customers and all its stakeholders.

With a strengthened governance structure, a new Executive Committee, committed teams and a clear strategic roadmap, our ambition is to make Rexel a more focused, stronger and more profitable company that delivers growth and creates value for all players in the world of energy.

Group key figures

AS OF 31/12/2016

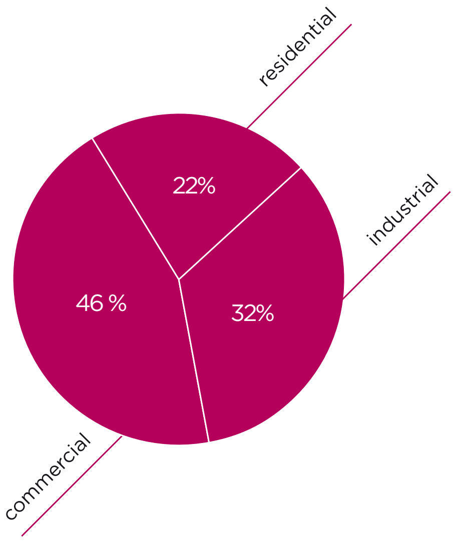
MORE THAN 650,000 ACTIVE CUSTOMERS IN THREE END-MARKETS

NEAR 100% INCREASE IN SALES OF ENERGY EFFICIENCY PRODUCTS AND SOLUTIONS SINCE 2011

-13.3% OF GHG EMISSIONS LINKED TO ENERGY CONSUMPTION VS. 2015

E-COMMERCE SALES IN 2016 (WEBSHOPS)

more than €1bn



2016 SALES BREAKDOWN BY END-MARKET

EMPLOYEES RECEIVED TRAINING IN 2016

more than 18,000

near €1.5bn

SALES OF ENERGY EFFICIENCY SOLUTIONS IN 2016, UP 12.6% VS. 2015

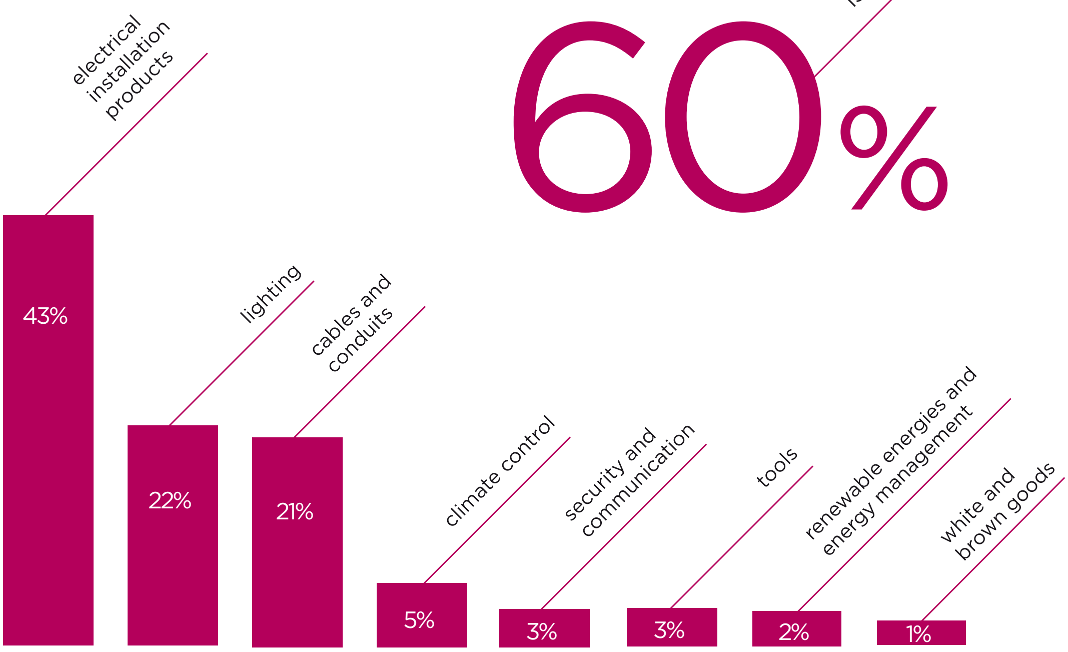
315 MILLION EUROS IN SALES OF RENEWABLE ENERGY SOLUTIONS IN 2016

MORE THAN 4,000 RECRUITMENTS IN 2016

76.3% OF EMPLOYEES HAD AN ANNUAL PERFORMANCE REVIEW IN 2016

60%

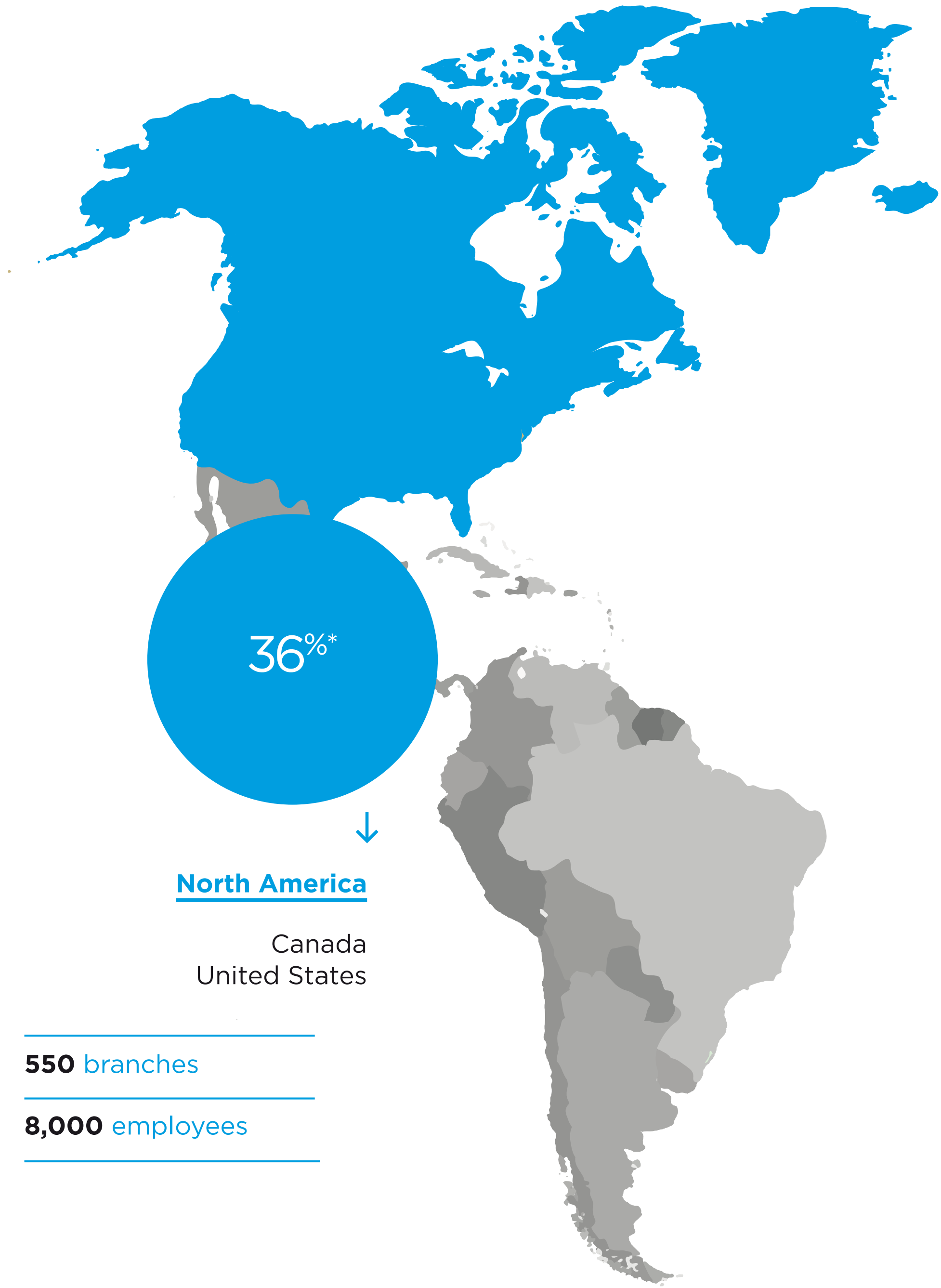
OF SALES ARE MADE IN COUNTRIES WHERE REXEL'S MARKET SHARE IS ABOVE 15%



SALES BREAKDOWN BY PRODUCT CATEGORY

Global footprint

AS OF 31/12/2016



North America

Canada
United States

550 branches

8,000 employees

Rexel is a leader in the professional distribution of products and services for the energy world. Already operating in emerging markets, the Group is also strengthening its position in mature markets.

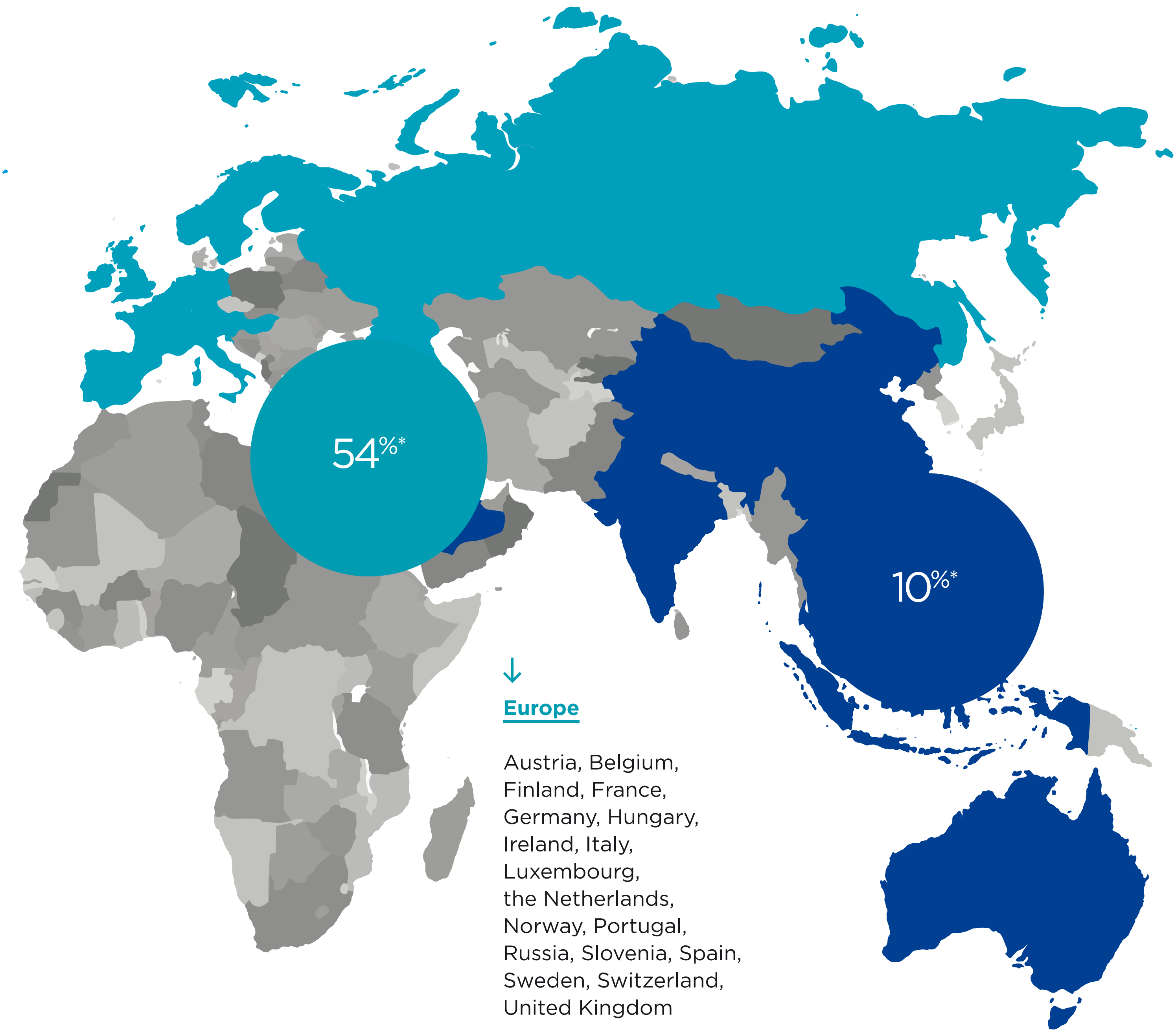
108 LOGISTICS STRUCTURES

27,000 EMPLOYEES

2,000 BRANCHES

32 COUNTRIES

* of the 2016 sales.



Europe

Austria, Belgium, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Russia, Slovenia, Spain, Sweden, Switzerland, United Kingdom

1,200 branches

16,000 employees

Asia-Pacific

Australia, China (including Macau and Hong Kong), India, Indonesia, Malaysia, New Zealand, Philippines, Saudi Arabia, Singapore, Thailand, United Arab Emirates, Vietnam

250 branches

3,000 employees

1.1 KEY CONSOLIDATED FIGURES

The selected financial information presented below was established on the basis of Rexel's consolidated financial statements for years ended December 31, 2016, 2015 and 2014.

Principal key figures of Rexel's consolidated income statement

(in millions of euros, unless specified otherwise)	2016	2015	2014 Restated (1)	2014
Sales	13,162.1	13,537.6	12,824.3	13,081.2
Gross profit	3,172.8	3,226.6	3,118.5	3,174.9
As a percentage of sales	*24.1%*	*23.8%*	*24.3%*	*24.3%*
EBITA(2)	539.6	573.0	646.6	646.8
Adjusted EBITA(2)	549.8	593.5	649.5	649.4
As a percentage of sales	*4.2%*	*4.4%*	*5.1%*	*5.0%*
Operating income	397.0	379.4	526.2	495.8
Net income from continuing operations	134.3	85.0	240.8	200.0
Results from discontinued operations	–	(69.3)	(40.8)	–
Net income	134.3	15.7	200.0	200.0
Net income attributable to the Rexel Group	137.9	16.9	199.7	199.7
Net recurring income(3)	250.3	269.4	289.9	278.1

(1) Restatement of the presentation of the Latin American operational sector in discontinued operations.
(2) EBITA (earnings before interest, taxes and amortization) is defined as the operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and expenses. The Adjusted EBITA (**"Adjusted EBITA"**) is defined as the restated EBITA of the estimated non-recurring impact resulting from fluctuations in copper-based cable prices (see paragraphs 2.1.4.1 "Risks relating to changes in prices of certain raw materials" and 5.1.1.1 "Effects connected to variations in the price of copper" of this Registration document). EBITA and Adjusted EBITA are not accepted accounting measures with standard and generally accepted definitions. They should not be considered as an alternative to operating income, net income, cash flow from operating activities or as a measure of liquidity. EBITA and Adjusted EBITA can be calculated in different ways by companies having similar or different operations.
(3) Net recurring income is defined as net income restated for the non-recurring impact resulting from fluctations in copper-based cables prices, other income and expenses and financial expenses associated with refinancing transactions after deducting the tax impact of the above mentioned items.

The table below presents a reconciliation of EBITA and Adjusted EBITA with operating income:

(in millions of euros, unless specified otherwise)	2016	2015	2014 Restated (1)	2014
Operating income	397.0	379.4	526.2	495.8
(–) Other income(2)	(5.6)	(5.1)	(11.6)	(11.7)
(+) Other expenses(2)	129.5	181.7	116.6	146.5
(+) Amortization of intangible assets arising on the purchase price allocation of acquisitions	18.7	17.0	15.5	16.1
= EBITA	**539.6**	**573.0**	**646.7**	**646.8**
(+) / (–) Non-recurrent effect resulting from changes in copper-based cable prices(3)	10.1	20.6	2.8	2.6
= Adjusted EBITA	**549.8**	**593.5**	**649.5**	**649.4**
Adjusted EBITA margin	4.2%	4.4%	5.1%	5.0%

(1) Restatement of the presentation of the Latin American operational sector in discontinued operations.
(2) See note 8 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2016 included in section 5.2 "Consolidated Financial Statements" of this Registration document.
(3) See paragraphs 2.1.4.1 "Risks relating to changes in prices of certain raw materials" and 5.1.1.1 "Impact of changes in copper price" of this Registration document.

The table below presents the reconciliation of net income with net recurring income:

(in millions of euros)	2016	2015	2014 Restated (1)	2014
Net income	134.3	15.7	200.0	200.0
(+) Results from discontinued operations	–	69.3	40.8	–
(+) / (–) Non-recurring effect resulting from changes in copper-based cable prices(2)	10.1	20.6	2.8	2.6
(–) Other income(3)	(5.6)	(5.1)	(11.6)	(11.7)
(+) Other expenses(3)	129.5	181.7	116.6	146.5
(+) Financial expenses related to refinancing transactions	16.3	52.5	–	–
(–) Tax impact of the items above	(34.4)	(65.3)	(58.7)	(59.3)
= Net recurring income	**250.3**	**269.4**	**289.9**	**278.1**

(1) Restatement of discontinued operations (Latin America).
(2) See paragraphs 2.1.4.1 "Risks relating to changes in prices of certain raw materials" and 5.1.1.1 "Impact of changes in copper price" of this Registration document.
(3) See note 8 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2016 included in section 5.2 "Consolidated Financial Statements" of this Registration document.

Principle key figures from the table of consolidated cash flow of Rexel

(in millions of euros)	2016	2015	2014
Operating cash flow(1)	563.8	564.8	647.5
Changes in working capital requirements	(26.1)	97.9	(34.1)
Cash generated from operating activities before net interest and income taxes	537.7	662.7	613.4
Net capital expenditure	(98.6)	(115.2)	(102.8)
Changes in working capital requirements adjusted for timing difference in supplier payments(2)	–	–	51.9
Free cash flow before net interest and income taxes(3) (4)	**439.1**	**547.5**	**562.4**

(1) Before interest, taxes, and changes in working capital requirements.
(2) Restatement of working capital requirements due to supplier payments scheduled for December 31, 2013 and made on January 2, 2014.
(3) Free cash flow before net interest and income taxes is defined as the change in the net cash position originating from operational activities before deduction of net financial interest paid and before deduction of income taxes paid, less net capital expenditure.
(4) Including €562.6 million related to continuing operations in 2015 (€559.7 million in 2014) and (€15.1) million to discontinued operations in Latin America (€2.7 million in 2014).

Principal key figures of Rexel's consolidated balance sheet

	AT DECEMBER 31,		
(in millions of euros, unless specified otherwise)	2016	2015	2014
Non-current assets	5,846.3	5,848.1	5,815.0
Working capital requirements	1,372.9	1,330.4	1,369.8
Shareholders' equity	4,383.3	4,352.9	4,343.4
Net indebtedness	2,172.6	2,198.7	2,213.1
Other non-current liabilities	663.3	626.9	628.3
Indebtedness Ratio (in multiple of EBITDA)(1)	3.04	2.99	2.74

(1) Calculated in accordance with the terms of the Senior Credit Agreement presented in note 23.1.1 to the consolidated financial statements.

The description of the Rexel Group's indebtedness and notations appears in paragraph 5.1.2.2 "Sources of Financing" of this Registration document.

1.2 HISTORY AND DEVELOPMENT

1.2.1 Corporate name

The corporate name of Rexel is "Rexel".

1.2.2 Place and number of registration

Rexel is registered in the Trade and Companies Register *(Registre du commerce et des sociétés)* of Paris under identification number 479 973 513 RCS Paris.

1.2.3 Date and term of incorporation

Rexel was incorporated on December 16, 2004 as a *société par actions simplifiée*, for a term of ninety-nine years, expiring, except in the event of extension or early dissolution, on December 16, 2103.

Rexel was converted into a French *société anonyme* with a Management Board and a Supervisory Board by a decision of the Combined General Shareholders' Meeting of its members on February 13, 2007.

Rexel was converted into a French *société anonyme* with a Board of Directors by a decision of the Combined General Shareholders' Meeting on May 22, 2014.

1.2.4 Registered office, legal form, and applicable law

The registered office of Rexel is located at:
13, boulevard du Fort de Vaux, 75017 Paris, France (telephone: +33 (0)1 42 85 85 00).

Rexel is a *société anonyme* under French law, with a Board of Directors, and governed in particular by the legislative and regulatory provisions of Book II of the French Commercial Code.

1.2.5 History of the Rexel Group

Rexel Distribution was founded in 1967 under the name "*Compagnie de Distribution de Matériel Electrique* (CDME)" and adopted the name of Rexel in 1993, and later Rexel Distribution in 2007.

The shares of Rexel Distribution were admitted for trading on the *Second Marché* of the Paris stock market on December 8, 1983, and were admitted for trading on the *Premier Marché* of the Paris stock market in 1990. In 1990, Pinault-Printemps-Redoute ("**PPR**") became the majority shareholder of Rexel Distribution upon acquisition of Compagnie Française de l'Afrique Occidentale (C.F.A.O.), of which CDME, renamed Rexel and later Rexel Distribution, was a subsidiary.

Under the terms of a purchase agreement entered into on December 10, 2004, PPR, through its subsidiary Saprodis S.A.S., transferred to a consortium of funds and investment capital companies, composed of Clayton Dubilier & Rice, Eurazeo S.A. and Merrill Lynch Global Private Equity (which became BAML Capital Partners) a controlling stake representing 73.45% of the share capital of Rexel Distribution. This disposal was followed by a share price guarantee, a public buyout offer followed by a compulsory squeeze-out, after which the shares of Rexel Distribution were delisted from the regulated Euronext market on April 25, 2005. Rexel's shares were admitted for trading on the regulated Euronext market on April 4, 2007. After the last disposals that took place during 2014, the consortium no longer holds any share in Rexel.

The Rexel Group initially developed its wholesale distribution operations for low and ultra-low voltage electrical products in France. It next undertook its international development by making acquisitions.

After implementation of restructuring and reorganizational measures between 2002 and 2003, the Rexel Group concentrated, in 2004, on accelerating its organic growth, in particular with the objective of developing its range of services, and to multiply local marketing initiatives. The Rexel Group also continued to optimize its operational structure, both in terms of commercial networks and in support functions, in particular, logistics and IT.

The organic growth was supplemented by a strategy of selective external growth. The Rexel Group acquired companies of regional, national, or international scale, enabling it to reinforce its position in targeted zones, as well as companies in countries with strong growth potential. Since 2010, the Rexel Group completed 40 consolidating acquisitions, including 3 in 2016.

In the context of the reorganization of the business portfolio started in early 2015, Rexel sold in September 2015 six of its companies previously acquired in Latin America, and sold in April 2016 its activities in Poland, Slovakia and the Baltic States.

1.3 RECENT ACQUISITIONS AND DISPOSALS

The acquisitions and disposals completed during the years ended December 31, 2015, and December 31, 2014, are respectively described in the Registration document filed with the *Autorité des marchés financiers* on April 7, 2016, under number D.16-0299 and in the Registration document filed with the *Autorité des marchés financiers* on March 25, 2015, under number D.15-0201.

The acquisitions and disposals completed during the year ended December 31, 2016 are described in notes 4.1 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2016, included in section 5.2 "Consolidated Financial Statements" of this Registration document.

1.4 BUSINESS AND STRATEGY

The Rexel Group considers itself to be one of the leading global distributors in low and ultra-low voltage electrical products in 2016 in terms of sales and number of branches. At December 31, 2016, it operated in 32 countries spread mainly over three geographical regions: Europe, North America and Asia-Pacific.

In 2016, the Rexel Group's consolidated sales reached €13,162.1 million, of which 54% was generated in Europe, 36% in North America and 10% in Asia-Pacific. Rexel Group generated a 2016 adjusted EBITA of €549.8 million, representing 4.2% of 2016 consolidated sales.

The Rexel Group targets three end-markets:

- The residential market, which mainly covers the use of electrical products in housing, building complexes, buildings and public housing, as part of their construction, extension, renovation or upgrading;
- The commercial market, covering the use of electrical products in stores, health institutions, schools, offices, hotels, public facilities as well as energy power plants, public networks and transport infrastructure, as part of their construction, extension, maintenance, renovation or upgrading;
- The industrial market, which covers the use of electrical products in plants and other industrial sites, either as part of their construction or extension, or for maintenance, renovation or upgrading.

The breakdown of the Rexel Group's sales in 2016 by end market is as follows:

NORTH AMERICA	
Residential	6%
Commercial	56%
Industrial	38%
EUROPE	
Residential	32%
Commercial	44%
Industrial	24%
ASIA-PACIFIC	
Residential	20%
Commercial	24%
Industrial	56%
REXEL GROUP	
Residential	22%
Commercial	46%
Industrial	32%

The balanced breakdown of its activity between these three end-markets (industrial, commercial and residential) and between the geographic regions allows the Rexel Group to reduce the effects of a downturn in a given end-market within a country or region, thus driving a resilient global business.

For these three end-markets, the Rexel Group is a key link of the value chain between electrical equipment providers and customers and end-users. The Rexel Group offers its solutions and services to a wide range of customers, in particular electrical equipment contractors, end-users with internal installation departments, parts manufacturers and panel builders, industrial companies and tertiary companies. This diversity allows the Rexel Group to avoid being dependent on any customer, although the degree of customer concentration in some countries or product ranges can be higher than in others. The Rexel Group's ten largest customers represented less than 4% of the Rexel Group sales in 2016.

The Rexel Group's product offer can be broken down into eight families: electrical installation equipment, cables and conduits, lighting, security and communication, climate control, tools, renewable energies and energy management, white and brown goods and other services and products. This offer is enhanced by combining products with services, in particular, logistics, technical assistance, financing and training aiming at addressing all of the needs of its customers.

As at December 31, 2016, the Rexel Group has a network of 2,023 branches grouped around different commercial brands, employing 27,309 people (full time equivalent).

The operational sectors on which the consolidated financial statements presented by the Rexel Group are based are set forth in note 5 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2016 included in section 5.2 "Consolidated financial statements" of this Registration document.

1.4.1 Rexel Group's Markets

1.4.1.1 The professional distribution market for low and ultra-low voltage electrical products

A significant market

Based on its estimates, the Rexel Group considers that the professional distribution market for low and ultra-low voltage electrical products in which it is present represented around €202 billion worldwide in 2016. For areas where Rexel is present, this market represents approximately €45 billion in Europe, approximately €86 billion in North America and approximately €50 billion in Asia-Pacific. This market, which demonstrated its resilience in the past 5 years, grew slightly compared to 2015, at constant foreign exchange rates.

Breakdown between the main countries for the professional distribution of electrical products where Rexel is present[1]:

PAYS	UNITED STATES	CANADA	GERMANY	FRANCE	UNITED KINGDOM
Size (€ billion)	82	4	8	7	5
Exchange rate used (1 euro =)	1.10	1.45	1.0	1.0	0.7

(1) Source : Rexel estimates (depending on the data available locally, these estimates are based on the figures of local professional associations, external market analyses such as Euroconstruct, as well as internal estimates). Rexel is present in China however, the data collected do not allow estimating the market on a reliable basis.

The valuation of this market does not include a certain number of services that exceed the simple distribution of electrical products, such as the production of energy audits or complementary services in logistics, such as inventory management.

A growth market

The Rexel Group considers that its market should grow in volume over the long term, following the trend in electricity consumption. This anticipated growth trend is notably driven by a combination of macroeconomic factors such as:

- The development of access to electricity linked to demographic growth and distribution;
- Energy issues awareness and tail the will to increase energy efficiency of equipment; and
- The increase in demand for safety and comfort.

In addition to the macroeconomic factors, the Rexel Group considers that the professional distribution market for low and ultra-low voltage electrical products is driven by a combination of different factors:

- Continuous technological progress (home automation or LED technology, for example) and the modernization of existing equipment. Customers are looking for high value added products that offer increased functionalities, in particular in terms of security, ease of use and energy efficiency, leading to increasing demand;
- A changing regulatory environment, which varies by country. The modification of safety and energy consumption standards constitutes a factor for equipment renewal;
- The development of technical assistance and maintenance services, due notably to the technological evolution of installations and customers' increasing demand for value added services;
- The development of solutions aiming at reducing energy consumption or the launch of new energy solutions; and
- The consolidation of international customers looking for a value-consistent service delivery offer across all countries in which they operate.

A generally more mature market in developed countries

The characteristics of the professional distribution of the low and ultra-low voltage electrical products sector vary according to the level of market maturity. In emerging countries, markets – with a larger share of major infrastructure projects – are mainly served by manufacturers that sell their products directly to end users. Developed economy countries present a more favorable environment for the professional distribution model, as a preferential interface between manufacturers and end customers. This is notably due to more diverse industrial and construction needs, more attention to comfort linked to higher purchasing power and more stringent regulations.

A market that is constantly changing depending on customer expectations

The Rexel Group considers that the role of professional distributors is strengthened by the change in its customers' expectations. The latter are more attentive to improvements in the level of services, in particular, in terms of ease of procurement and the availability of products and solutions associated with the reduction in energy consumption.

The traditional players in the industry of low and ultra-low voltage electrical products are, therefore, seeing the definition of their role and their market(s) changing and growing due to:

- The extension to their product offerings (HVAC, etc.) and services (inventory management, etc.); and
- The emergence of new markets connected to the increasing digitalization in the energy world (connected devices, etc.).

A renewal in the product offer

The ongoing development and renewal of the higher value added product offer encourages regular growth. This trend is particularly noticeable in the most technical product families, such as industrial automation, lighting, security and communication. It is also supported by the change in safety and energy savings standards, promoting the renewal and shift to more advanced products.

With the move towards the Internet of Things and a software offering, the offer is driven towards complex systems of connected products, steerable on-site or remotely, and of interconnected multi-purpose products. This emergence paves the way for a trend towards more added value and the need for consistent offerings.

A fragmented market

On a global level, the market for the professional distribution of low and ultra-low voltage electrical products is characterized by a large number of players.

In 2016, the Rexel Group estimates that around 26% of world sales in the professional distribution of low and ultra-low voltage electrical products market were generated by ten major distributors: Rexel and Sonepar, operating in the main world markets, WESCO International, Graybar Electric Company, Consolidated Electrical Distributors, HD Supply Holdings, Anixter International and W.W. Grainger, primarily located in North America, and Solar and Würth, located essentially in Europe.

Around 74% of global sales in the professional distribution of low and ultra-low voltage electrical products market are, therefore, generated by a large number of companies operating at national, regional or local levels.

Levels of market consolidation are very different depending on the country. In the United States, the market can be divided into two categories of players: multi-regional distributors (including the Rexel Group), which the Rexel Group estimates represent around 35% of the total sales generated in 2016, followed by a very fragmented spread of regional and local distributors. This configuration can be explained, in particular, by the geographical scope of the market and the historical presence of numerous local players. However, in some countries such as Australia, Canada, France, The Netherlands, the United Kingdom, Scandinavia and Switzerland, a large share of the market is occupied by a limited number of distributors. Such a situation arises from the historical presence of players that have consolidated and structured these markets.

This market fragmentation in some countries, combined with the search for productivity savings and economies of scale, favors distributor consolidation. Indeed, the Rexel Group believes that size (materialized by the market share) has a direct impact on the quality and profitability of its operations in a given country.

In parallel, in some countries, small-sized distributors of electrical products are looking to increase their relative size by forming central purchasing offices. These can be national distribution chains as well as independent distributors managing one or several branches. Similar dynamics exist with certain independent customers who decide to gather in groups purchasing agencies in order to increase their negotiating power in respect of professional distributors.

1.4.1.2 The geographical breakdown of the Rexel Group markets

The Rexel Group's businesses are spread over three main geographical regions (Europe, North America, and Asia-Pacific). The Rexel Group's 2016 sales amounted to €13,162.1 million. The breakdown between the different zones is as follows:

	IN MILLIONS OF EUROS	IN PERCENTAGE
Europe	7,168.5	54
North America	4,689.1	36
Asia-Pacific	1,304.6	10
Total	**13,162.1**	**100**

The presence of the Rexel Group in a number of countries over several continents limits its exposure to the fluctuations of local economic cycles.

Europe

According to its estimates, the Rexel Group is the second player in the market for the professional distribution of low and ultra-low voltage electrical products in Europe, with a 2016 market share of around 16%. It considers that the residential, commercial and industrial markets represented respectively 32%, 44% and 24% of its 2016 sales in Europe.

At December 31, 2016, the Rexel Group was located in 18 European countries. It considers that it occupies the first or second place in 12 of these countries.

North America

According to its estimates and based on its 2016 sales, the Rexel Group's market share for 2016 was around 5% for the professional distribution of low and ultra-low voltage electrical products market in North America. The Rexel Group considers that it is in one of the three leaders in this zone, with market shares of around 4% in the United States and 24% in Canada.

In North America, the Rexel Group operates essentially in the industrial and commercial markets and to a lesser extent in the residential market. The Rexel Group considers that the residential, commercial and industrial markets represented respectively 6%, 56% and 38% of its 2016 sales in North America.

Asia-Pacific

Based on its estimates and its 2016 sales, the Rexel Group considers that it is number two in Asia-Pacific and held a market share of approximately 3% in 2016.

According to its estimates, the residential, commercial and industrial markets represented respectively 20%, 24% and 56% of the Rexel Group's 2016 sales in Asia-Pacific.

At December 31, 2016, the Rexel Group was located in 12 Asia-Pacific countries.

The risks associated with the general economic environment are described in paragraph 2.1.1.1 "Risks relating to the general economic environment" in this Registration document. The competitive risks are described in paragraph 2.1.1.3 "Risks relating to competition" in this Registration document. The risks associated with emerging or non-mature markets are described in paragraph 2.1.1.8 "Risks relating to operations in emerging or non-mature countries" in this Registration document.

1.4.2 The Rexel Group's businesses and competitive advantages

A major player at the global level

Based on its estimates, the Rexel Group is one of the leaders in the market of the professional distribution of low and ultra-low voltage electrical products in terms of both sales and number of branches.

At December 31, 2016, the Rexel Group estimates that it held globally a market share of approximately 6%, allowing it to continue to develop its market share, in particular through external growth, by becoming one of the main players in the market consolidation for the professional distribution of low and ultra-low voltage electrical products.

This position allows the Rexel Group to have competitive advantages compared to distributors whose size or organization are not similar:

- Meet the demands of customers operating in several geographical zones while offering a comparable level of service and advice worldwide;
- Determine and apply the best practices in terms of business management and development within its network, thanks to Group-wide operations in the most important functions (purchasing, logistics, sales and training);
- Benefit from a common logistics model, and, at a regional level, from information systems shared among several operational platforms;
- Benefit from equivalent or better purchasing conditions than its smaller competitors, by entering into partnership agreements with its strategic suppliers; and
- Better identify external growth opportunities in countries targeted by the Rexel Group and integrate acquired businesses according to processes defined based on its experience.

An extensive and innovative products range

Eight product families

The Rexel Group's product range, spread across eight families, aims to cover all needs of electrical product contractors and industrial and commercial customers:

- **Electrical installation products** (43% of 2016 sales) groups coupling and circuit protection devices (switches, circuit breakers, meters, fuses), energy conversion and storage devices (transformers, accumulators and chargers, generating sets), command control devices (industrial automation, command control networks), sensors, actuators and consumers (pumps, fans, blowers, compressors) as well as solar panels. All these devices have an important role in the management and optimization of energy consumption;

- **Lighting** (22% of 2016 sales) which includes, on the one hand, sources such as low energy consumption bulbs, incandescent, halogen and fluorescent tubes and LEDs and, on the other hand, light fixtures, such as indoor and outdoor lighting systems, sensors and decorative accessories;
- **Cables and conduits** (21% of 2016 sales) that allow the distribution of electrical current and that also groups raceways, wiring ducts and cable troughs;
- **Climate control** (5% of 2016 sales) which covers ventilation, air conditioning and heating systems (in particular, those based on renewable energies);
- **Security and communication** (3% of 2016 sales) including primarily voice, data and image transmission systems (VDI), and detection (intrusion and fire) surveillance and access control devices;
- **Tools** (3% of 2016 sales) including hand and electrical tools, and instrumentation tools;
- **Renewable energies and energy management** (2% of 2016 sales) including equipment related to renewable energies control (solar, photovoltaic panels, wind, batteries for energy storage) and energy management systems; and
- **White and brown goods** (1% of 2016 sales) including household appliances and consumer electronic products.

The product families and percentages presented above correspond only to the professional distribution of low and ultra-low voltage electrical products business. These product families do not include the specific services provided by certain specialist entities of the Rexel Group, such as Gexpro Services in the United States, or the provision of services or software. The sales generated by the Rexel Group for these other business was around 3% in 2016.

In general, each of these product families has represented a relatively stable share of the Rexel Group's sales over the last three years.

A wide range of products and solutions, at the forefront of innovation

Among these eight product families, the Rexel Group offers a wide range of technical solutions that allow it to address local consumption behavior and applicable standards as well as technological innovations. The product range may, therefore, be widened, in particular within the framework of MRO (Maintenance, Repair and Operations) contracts. The product offer is generally marketed under the suppliers' brands, whose brand awareness is an important element in the contractors' purchase decision. Thus, the change in the product range is the result of a dynamic, continuous approach that takes into account customer requirements.

The Rexel Group permanently develops and adapts its product offer to take into account innovations offered by suppliers, technological innovations, and new customer demands associated in particular with increased needs for comfort, security, ergonomics, home automation, automation, and energy performance. The innovations developed by manufacturers in each of these product categories to meet the changes in user needs or applicable standards (in particular, in the area of energy consumption management or fire safety) allow the Rexel Group to improve the value of its offer.

The Rexel Group has acquired the technical mastery of all product families corresponding to the needs of electrical contractors. Its close relations with its key strategic suppliers make it a privileged contact between contractors and suppliers.

In a limited number of segments suitable for their development and corresponding to products that are not part of its core business, the Rexel Group also distributes its own-brand products (for example, the Bizline brand), on which it generates on average higher margins than those obtained in equivalent product categories under suppliers' brands.

Added-value services adapted to customer needs

The Rexel Group positions itself for its customers as a technical solutions supplier. It enhances the value of its product offer by combining it with varied added-value services. These services are carried out by qualified personnel benefiting from continuous training that allows them to master technological changes.

The services provided by the Rexel Group allow its customers to handle the technical changes involved in the distributed products families and support them along their projects. These services notably include:

- Training, support for automation programming and support for drafting cabling diagrams;
- And electrical installations design services;
- Support for major projects, *inter alia* international, in particular for logistics needs;
- Outsourcing programs for the supply chain, in particular in the area of inventory and assembly management, distribution of spare parts and the outsourcing of logistics services;
- The provision of turnkey solutions and the calculation of potential savings, in particular in the areas of energy efficiency; and
- Financing services adapted to their profiles.

These services are generally integrated into the offer price, and are not, therefore, invoiced separately, thus contributing to increasing the value of the Rexel Group's distributor role. In addition, these services are part of a customer loyalty and development policy, in particular, through the widening of skills to products incorporating the most recent technological evolutions.

A strong local leadership

Based on its 2016 sales, the Rexel Group considers that it is one of the leaders in its three main geographical zones: North America, Europe and Asia-Pacific. The countries in which Rexel considers that it has a market share over 15% represent more than 60% of its sales. The Rexel Group is convinced of the importance of reaching a critical size on each of the markets where it is present in order to guarantee the quality and profitability of its operations in such country. This involves focusing its investments on countries where this critical size has been reached or is reachable.

The Rexel Group's local leadership is primarily based on the following factors:

- Its ability to offer customers a range of products and services adapted to local needs, and that is more comprehensive than other independent distributors;
- An extensive network offering a good fit with customers' needs in terms of proximity to their operations;
- The development of multi-brand commercial networks that help increase the Rexel Group's market share in countries where it is already significant;
- A logistics organization adapted to customer demand and market density;
- Its ability to employ qualified personnel with deep knowledge of the local market and to provide them with ongoing training; and
- Its attractiveness for suppliers as a leading distributor in a given geographical zone to promote their products.

At December 31, 2016, the Rexel Group had 2,023 branches. By geographical zone, the number of branches changed as follows between December 31, 2014 and December 31, 2016:

	AT DECEMBER 31,		
(number of branches)	2016	2015(1)	2014(1)
Europe	1,196	1,234	1,280
North America	560	567	605
Asia-Pacific	267	263	260
Total	2,023	2,064	2,145

(1) Excluding Latin America.

The Rexel Group regularly checks the fit of its branch network with market needs, which can lead to branch openings, transfers, regrouping or closures. With changing technology and customer habits, the agency concept is strengthened by the increasing power of digital data and by the available product offering search engines with optimized delivery in terms of location and deadlines.

Qualified and experienced teams

Due to the technical nature of its business, the Rexel Group employs experienced personnel with in-depth knowledge of product specificities, local needs and applicable regulations. This know-how and training offered to customers allows the Rexel Group to direct them to higher value added systems for the end customer. The Rexel Group can therefore act as an advisor in technical solutions.

The Rexel Group's employees benefit from an active training program in performance-oriented technical and sales areas. The Rexel Group also aims to improve the productivity of its support functions, in particular, administrative services, to optimize operating costs.

In addition, the Rexel Group aims to develop its customers' loyalty and its market share for these customers.

The Rexel Group's managers have a broad experience in professional distribution as well as expertise in operational, financial and M&A matters.

An effective logistics model

The Rexel Group's distribution activities are based on an adaptable logistics model organized around three variants:

- Logistics centers: generally used in zones with high customer density, logistics centers exclusively carry out logistics functions, stock a large number of referenced products and are directly supplied by suppliers. Sales of products are carried out by the branches attached to these distribution centers;
- Hub and spoke branches: in zones with lower customer density, the Rexel Group has developed thanks to the implementation of hub and spoke branches. Each hub branch provides logistics support to its spoke branches, in addition to its own sales activity; and
- Autonomous branches: autonomous branches are generally located in regions with low customer density, where logistics centers and hub branches would not be economically efficient. All products are stocked in the branches, which are directly supplied by the suppliers.

The choice of one of these distribution modes for a given region depends on numerous parameters, in particular the customer concentration, market size, the density of the branch network, the product offer, competition as well as the type and diversity of services to be supplied. In addition, the Rexel Group can adapt each of these variants to take into account the characteristics of each region.

If the sales density allows it, the aim is to centralize flows through logistics centers.

The risks associated with the Rexel Group's logistics structure are described in paragraph 2.1.1.5 "Risks relating to the Rexel Group's logistical structure" in this Registration document.

Strategic relations with suppliers

In order to adapt its supply structure to the specificities of each country or geographical zone, and to optimize its purchasing conditions, the Rexel Group has implemented partnerships with its suppliers at several levels:

- On a global level, around thirty international suppliers are considered "strategic suppliers" by the Rexel Group. These suppliers are present in different countries on one or several continents and are committed with the Rexel Group in international development programs;
- At each country level, the Rexel Group subsidiaries negotiate specific purchasing conditions with national suppliers; and
- At a local level, the branches may also negotiate specific sales conditions with their suppliers.

The Rexel Group has a policy of concentrating its suppliers, with the aim of rationalizing its purchasing policy and strengthening its relations with the most important suppliers. Thus, the Rexel Group organizes supplier relations around a limited number of strategic suppliers – global players in the low and ultra-low voltage electrical products industry – and a certain number of suppliers operating in a given region or country.

In this way, the Rexel Group promotes the development of sustainable relations with its strategic suppliers who have the ability to contribute to the growth of its business both on global and local levels. These privileged relations enable the Rexel Group to have more bargaining power, obtain productivity gains, generate economies of scale in logistics; benefit from the supplier's marketing resources as well as their support in introducing innovations on the market. The Rexel Group's active supplier management has resulted in a gradual concentration in its purchases.

The Rexel Group's supplier relations are governed by short- to medium-term contracts.

The Rexel Group considers that it has generally favorable relations of interdependence with most of its major suppliers, thus limiting the inherent risks in a concentration of suppliers, as shown in the table below:

	DECEMBER 31,	
(# of suppliers to achieve)	**2016**	**2015**
50% of purchases	25	25
80% of purchases	327	328
100% of purchases	10,897	12,346

The risks associated with supplier dependence are described in paragraph 2.1.1.6 "Risks relating to supplier dependence" in this Registration document.

An economic model that generates cash flows

The Rexel Group's operating profitability, associated with the rigorous management of its working capital requirements and low capital intensity, allow it to generate significant cash flows.

A component of the managers' variable compensation is based on efficiently managing working capital requirements, aimed at reducing inventories and customer payment terms thanks to the continuous optimization of logistics and credit management. The deployment of the logistics model to a structure based on hub branches and regional distribution centers as well as the implementation of debt recovery monitoring software are examples of initiatives that have led to a reduction in working capital requirements for the Rexel Group in percentage of sales.

In addition, the Rexel Group has maintained its gross capital expenditure over the last three years to an annual level of between 0.8% and 0.9% of its consolidated sales. This investment policy is representative of the low capital intensity of the professional distribution of low and ultra-low voltage electrical products.

A costs structure favorable to profitable growth

The Rexel Group considers that its mainly fixed cost structure is an important driver for profitability, favoring improvements to its operating margin in growth periods. Indeed, as the cost base is mainly fixed, the Rexel Group is in a position to increase its business volumes without increasing in the same proportions its costs; growth therefore comes with higher marginal profitability. The Rexel Group has engaged in improving its fixed costs flexibility through the development of digitalization and a sales organization relying on shared structures.

Based on 2016 financial information, the Rexel Group considers that the structure of its operating costs before amortization comprises:

- Variable costs depending on the level of activity of 24% (transport, commissions, etc.); and

- Fixed costs, flexible in the short- to medium-term of 76% (salaries, rents, information systems costs, etc.).

The Rexel Group also aims at streamlining its expenses through the use of cloud-based solutions, which tend to replace fixed amortization expenses by variable operating expenses.

An ability to integrate acquisitions

In the context of a fragmented market with numerous acquisition opportunities, the Rexel Group considers that its size and strong local market shares, as well as its experience in terms of acquisitions and integration, allow it to better identify targets and carry out these acquisitions more effectively than its smaller-sized competitors or those with less experience in identifying synergies at the time of acquisitions.

Since 2010, the Rexel Group carried out 40 consolidating acquisitions, including 3 in 2016.

The risks associated with acquisitions are described in paragraph 2.1.1.2 "Risks relating to acquisitions" in this Registration document.

1.4.3 The Rexel Group's strategy

Further to changes in the management team in 2016 (appointment of a new Chief Executive Officer and of a new Executive Committee), the Rexel Group has refocused its strategy up to 2020, which will now focus on 3 priorities:

1 – Accelerate organic growth;

2 – Increase selectivity in capital allocation & strengthen financial structure; and

3 – Improve operational and financial performance.

Rexel has key attributes that will allow the Group to achieve its medium-term ambitions, focusing on profitable growth and value creation.

In a fast-changing energy world that opens up new growth opportunities, Rexel plays a key role in the value chain between manufacturers and customers and can count on:

- A broad and valuable customer base: In 2016, Rexel managed close to 650,000 active customer accounts in three end-markets (residential, commercial and industrial);
- A strong footprint in key geographies: Rexel holds leading or strategic positions in most markets in which it operates;
- Key partnerships with global and leading manufacturers: Rexel manages long-term relationships with its suppliers, notably strong partnerships with the top 25 suppliers representing close to 50% of Rexel's total purchases;
- Best-in-class core capabilities: Rexel offers a unique combination of local reach, broad offer of products and solutions, deep expertise, high level of service, robust logistics capabilities and IT backbone; and
- An increasingly multichannel customer approach, including a strong digital presence with sales on the webshop already reaching 1 billion euros.

Over the medium-term, Rexel aims to be a company that:

- Is more focused in terms of geographies and market segments;
- Structurally generates sales growth above that of the market;
- Is more profitable;
- Boasts a stronger financial structure, allowing greater flexibility;
- Rests on strengthened and committed teams; and
- Creates value for its stakeholders.

To achieve these aims, Rexel will implement a strategy based on three priorities:

1.4.3.1 Accelerate organic growth

Rexel's priority on organic growth is based on two fundamental pillars: More customers & More SKUs.

Indeed, Rexel targets both net customer gains and increasing its share of wallet with each customer.

Its customer approach will be differentiated, according to three main customer profiles:

- "Proximity" customers (representing c. 60% of Group sales): Rexel will broaden its footprint and expand its presence in selected areas through branch/counter openings, accelerate its multi-channel approach and constantly improve its service level;
- "Projects" customers (representing c. 25% of Group sales): Rexel will industrialize its offer process of products and solutions to customers managing industrial and commercial projects; and
- "Specialty" customers (representing c. 15% of Group sales): Rexel will increase its ability to meet specific requirements for specialized products and solutions.

This "More Customers & More SKUs" strategy will be supported by accelerated digitization of business and operations, including the development and implementation of new tools and applications.

Consistent with this strategy, Rexel has aligned its business KPIs and created new scorecards across the Group, revised its incentive policies and is constantly adapting its human resources strategy to reflect the need for new skills.

➤ Rexel's medium-term ambition is to achieve organic sales growth above market growth.

1.4.3.2 Increase selectivity in capital allocation and strengthen financial structure

Rexel intends to increase selectivity in capital allocation, both in terms of capital expenditure and investment. The Group also intends to strengthen its financial structure and increase its financial flexibility through deleveraging.

Reflecting Rexel's strategy to increase its focus on geographies and market segments that offer the best profitable growth and value-creation opportunities, Rexel announced a divestment program that will be completed by the end of 2018. Based on full-year 2016 consolidated accounts, total divestments, once achieved, should have the following financial impacts:

- A reduction of c. €800 million in the Group's consolidated sales;
- A positive contribution of c. 25 bps to the Group's consolidated Adjusted EBITA margin; and
- A slight improvement in the indebtedness ratio.

As regards capital expenditure, Rexel's investments will be focused on both organic growth enablers and productivity enhancers, through increasing digitization and optimization of its branch network, on the one hand, and automation of logistics and back-office digitization, on the other hand.

Rexel aims also at strengthening its balance-sheet through deleveraging, while maintaining an attractive dividend policy of paying out at least 40% of recurring net income.

Rexel now targets to be structurally at an indebtedness ratio (net debt/EBITDA as calculated according to the Senior Credit Agreement terms) below 2.5x at each year-end as from December 31, 2018.

In the medium-term, Rexel will continue its targeted bolt-on acquisition strategy from 2018 onwards, in line with its deleveraging objective and strict value-creation criteria. This acquisition strategy follows three main objectives: broaden its footprint in the most attractive geographies and segments (with a priority on the US market), expand to adjacent segments in key markets and capture more of the value chain.

➤ Rexel's medium term ambition is to allocate capital to high growth/high profitability geographies and segments and to use solid cash generation to (by order of priority):

  - Fund capital expenditure of between €100 and €150 million;
  - Pay-out a dividend of at least 40% of recurring net income;
  - Reduce its indebtedness ratio, targeting to be structurally below 2.5x at each year-end as from December 31, 2018;
  - Finance selective bolt-on acquisitions from 2018 onwards, with strict value-creation criteria; and
  - Return excess cash to shareholders, in the absence of M&A opportunities.

1.4.3.3 Improve operational and financial performance

Rexel aims at continuously increasing its profitability through gross margin enhancement and strict cost control.

Gross margin improvement will be driven by systematic implementation of pricing initiatives and supplier relationship management. Rexel will also strictly manage its cost base, reducing overhead and improving productivity, while, at the same time, reallocating operating expenses to accelerate sales growth and digitization.

In addition to these Group initiatives, Rexel will enhance its performance in key geographies, mainly the USA, Germany, the UK and Australia, which offer significant turnaround potential:

- In the USA, Rexel will gradually move from a national/banner approach to a regional/multi-banner approach, focusing on seven key regions. Through this approach, Rexel aims at gaining market share and gradually reaching an Adjusted EBITA margin at or above Group level.
- In Germany, the UK and Australia, through adapted and differentiated actions, Rexel also aims at gaining market share. In Australia, Rexel aims at gradually reaching an adjusted EBITA margin at or above Group level, while in the UK and Germany it aims at posting adjusted EBITA CAGR above the Group's performance and gradually approaching Adjusted EBITA margin at Group level.

➤ Rexel's medium term ambition is to continuously grow Adjusted EBITA and improve Adjusted EBITA margin through enhanced gross margin, strict cost control and turnaround of countries that offer significant potential.

1.4.4 Research and development, patents and licenses

Due to the nature of its business, the Rexel Group does not carry out any research and development activities.

The Rexel Group's intellectual property policy is centered on protection for its brands (mainly the Rexel brand and own-brands such as Bizline, Sector, Newlec and Gigamedia) and its domain names (rexel.com). This policy means that Rexel files or registers brands and domain names locally or with all the countries where it operates for more widely-used ones.

The Rexel Group's policy is to protect its trademarks appearing on some products by registering them in the sales territories and in registration classes for products sold.

In addition, the Rexel Group uses intellectual property rights (in particular, names, brands, logos, drawings, models or creations) that are not necessarily registered because they are used occasionally for a specific purpose (*e.g.* marketing campaign) or they are difficult to protect. This second category, however, remains marginal. To the Rexel Group's knowledge, use of these rights does not violate any third party's rights.

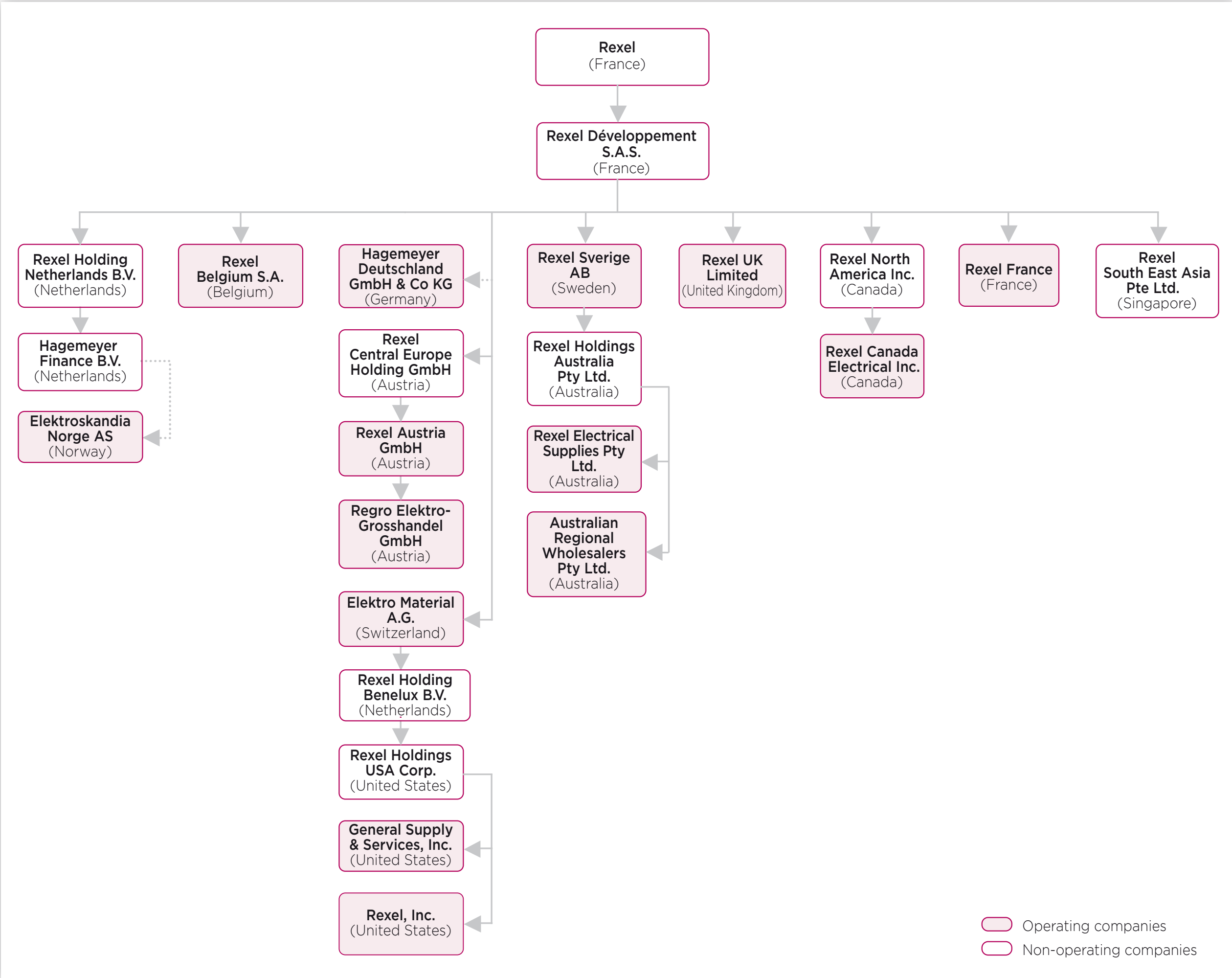
In April 1998, Rexel Distribution signed an agreement on the coexistence and global use of the "Rexel" trade name with a company, which had already registered the trade name and which operates in a different sector than the Rexel Group. Under the terms of this agreement, both companies are authorized to use the "Rexel" name for products and services that are not associated with the activities of the other company.

1.5 ORGANIZATION

1.5.1 Organizational chart

The organizational chart below is a simplified organizational chart of the Rexel Group as of December 31, 2016.

As at December 31, 2016, the Rexel Group comprised 133 subsidiaries. The list of all of the companies consolidated by Rexel as of December 31, 2016, and their geographical location is detailed in note 29 of the Notes to Rexel's consolidated financial statements for the year ended December 31, 2016, which are set out in section 5.2 "Consolidated Financial Statements" of this Registration document.



* The dotted lines designate the indirect subsidiaries. All the companies mentioned in the simplified organizational chart hereabove are 100% held by the Rexel Group.

1.5.2 Principal subsidiaries as of December 31, 2016

The Rexel Group comprises Rexel and its subsidiaries.

Rexel is the parent company of the Rexel Group and the head of the tax consolidation group implemented as of January 1, 2005. Rexel determines the orientation and strategy of the Rexel Group. Rexel has entered into loan agreements with Rexel Développement and certain of its subsidiaries within the terms set out in paragraph 3.3 "Related party transactions" of this Registration document.

Rexel Développement is an operational holding company *(holding d'animation)*. It centralizes the functional and operating management teams of the Rexel Group. It employs the staff dedicated to the management of the Rexel Group. It holds the Rexel Group operational companies, directly or indirectly.

Rexel Développement has entered into service agreements with certain of its subsidiaries in the financial, cash management, legal, accounting, human resources, activities (purchases, logistics) or IT systems fields.

Rexel Développement has entered into cash management agreements and / or loan agreements with certain of its subsidiaries in order to allow for their financing.

Rexel's principal direct and indirect subsidiaries are described below. With the exception of the equity securities of the Rexel Group's companies and certain intellectual property rights, held, inter alia, by Rexel Développement, such subsidiaries do not hold any strategic economic assets.

Rexel Développement SAS is a simplified joint stock company *(société par actions simplifiée)* governed by the laws of France with a share capital of €2,098,654,090. Its registered office is at 13, boulevard du Fort de Vaux, 75017 Paris, France. The company is registered under number 480 172 840 R.C.S. Paris. Rexel holds 100% of its share capital and acts as chairman of Rexel Développement. Rexel Développement provides services (management, strategic planning, finance, human resources, IT/Telecoms and legal) to the Group companies. Furthermore, Rexel Développement directly or indirectly holds Rexel Group operating investments and, among other things, provides cash management services for certain Rexel Group operating subsidiaries in France and abroad.

Europe

Regro Elektro-Grosshandel GmbH is a company governed by the laws of Austria with a share capital of €1,400,000. Its registered office is at 10, Richard Strauss Strasse, Vienna, Austria. It is registered with the registry of commerce and companies of Vienna under number FN 196359s. Its main activity is the distribution of electrical products. It is indirectly wholly owned by Rexel Central Europe Holding GmbH.

Hagemeyer Deutschland GmbH & Co KG is a limited partnership with a share capital governed by the laws of Germany *(Kommanditeinlage)* with a share capital of €13,001,000. Its registered office is at Landsberger Str. 312, 806837, Munich, Germany. It is registered with the registry of commerce and companies under number HRA 48737. Its main activity is the supply and distribution of electrical products as well as the acquisition and management of equity investments in other companies. It is indirectly wholly owned by Rexel Développement.

Rexel Belgium SA is a company governed by the laws of Belgium, with a share capital of €30,000,000, having its registered office at Zuiderlaan 91, 1731 Zellik, Belgium. It is registered with the Companies House under number 0437.237.396. Its main activity is the supply and distribution of electrical products. It is wholly owned by Rexel Développement.

Rexel Sverige AB is a company governed by the laws of Sweden with a share capital of SKR 80,000,000 paid-up at SKR 46,500,000. Its registered office is at Prästgårdsgränd 4, 125 44 Älvsjö, Stockholm, Sweden. It is registered with the registry of commerce and companies under number 556062-0220. Its main activity is the distribution of electrical products as well as holding equity investments in companies in the electrical products distribution business. It is wholly owned by Rexel Développement.

Elektroskandia Norge AS is a company governed by the laws of Norway with a share capital of NOK 82,150,000. Its registered office is in Alfasetveien 11, N-0668, Oslo, Norway. It is registered with the registry of commerce and companies under number 977 454 700. Its main activity is the supply and distribution of electrical products. It is indirectly wholly owned by Hagemeyer Finance B.V.

Elektro-Material A.G. is a joint stock company *(Aktiengesellschaft)* governed by the laws of Switzerland with a share capital of CHF 136,500,000. Its registered office is at Heinrichstrasse 200, 8005 Zurich, Switzerland. It is registered with the registry of commerce and companies under number CH-626.3.005.380-6. Its main activity is the distribution of electrical products, the management of shareholdings and the provision of services. It is wholly owned by Rexel Développement.

Rexel France is a simplified joint stock company *(société par actions simplifiée)* governed by the laws of France with a share capital of €41,940,672. Its registered office is at 13 boulevard du Fort de Vaux, 75017 Paris, France. The company is registered with the registry of commerce and companies under number 309 304 616 R.C.S. Paris. Its purpose is to distribute all electrical and electronic products, household appliances, IT equipment and derivative products, and more generally the supply of all materials and products for the construction and manufacturing industries, local authorities and individuals. In addition, its purpose is also to hold and manage shareholdings in other companies. It is wholly owned by Rexel Développement.

Rexel UK Limited is a limited company governed by the laws of the United Kingdom with a share capital of 319,879,885 pounds sterling. Its registered office is at Ground Floor, Eagle Court 2 – Hatchford Brook, Hatchford Way – B26 3RZ – Sheldon, Birmingham, United Kingdom. It is registered with the Companies House under number 434724. Its main activity is the sale of electrical products and the holding and the management of equity investments in other companies. It is indirectly wholly owned by Rexel Développement.

North America

Rexel Holdings USA Corp. is a corporation governed by the laws of Delaware with a share capital of US $1,001, registered under number 20-5021845. Its registered office is at 14951 Dallas Pkwy – Dallas, TX 75254, USA. Its main activity is the acquisition and management of equity investments in other companies and the provision of services. It is fully owned by Rexel Holding Benelux B.V.

Rexel, Inc. is a corporation governed by the laws of Delaware with a share capital of US $10,000, registered under number 75-2304244. Its registered office is at 14951 Dallas Pkwy – Dallas, TX 75254, USA. Its main activity is the distribution of electrical products. It is wholly owned by Rexel Holdings USA Corp.

General Supply & Services, Inc. is a corporation governed by the laws of the Connecticut with a share capital of US $1,000, registered under number 20-5021902. Its registered office is at 14951 Dallas Pkwy – Dallas, TX 75254, United States. Its main activity is the distribution of electrical equipment, the provision of services and ownership of equity investments in companies in the electrical product distribution business. It is wholly owned by Rexel Holdings USA Corp.

Rexel North America Inc. is a corporation with a share capital of CAD 108,904,500 governed by the laws of Canada, registered under number 381380-1. Its registered office is at 505 Locke, suite 200, Saint Laurent, Quebec H4T, 1X7 Canada. Its main purpose is the acquisition and management of equity investments in other companies and the provision of services. It is wholly owned by Rexel Développement.

Rexel Canada Electrical Inc. is a Canadian corporation with a share capital of CAD 1,829,744 governed by the laws of Canada, registered under number 428874 2. Its registered office is at 5600 Keaton Crescent, L5R 3G3 Mississauga, Canada. Its main activity is the distribution of electrical equipment. It is wholly owned by Rexel North America Inc.

Asia-Pacific

Rexel Electrical Supplies Pty Ltd is a New South Wales corporation with a share capital of AUD 39,000,000 governed by the laws of New South Wales, Australia, registered under number ACN 000 437 475 NSW. Its registered office is at First Floor - Building B, 12 Julius Avenue - North Ryde, 2113 NSW, Australia. Its main activity is the distribution of electrical equipment. It is indirectly wholly owned by Rexel Sverige AB.

Rexel Holdings Australia Pty Ltd is a New South Wales corporation with a share capital of AUD 169,598,471 governed by the laws of New South Wales, Australia, registered under number ACN 081 022 068 NSW. Its registered office is at First Floor - Building B, 12 Julius Avenue - North Ryde, 2113 NSW, Australia. Its main activity is the holding and management of interests in other companies. It is indirectly wholly owned by Rexel Sverige AB.

Rexel South East Asia Pte. Ltd. is a Singapore corporation with a share capital of SGD 108,780,000 governed by the laws of Singapore, registered under number 201112534M. Its registered office is at No. 1 Boon Leat Terrace #08-03, Harbourside Building 1, 119843 Singapore. Its main activity is the holding and management of interests in other companies. It is directly wholly owned by Rexel Développement.

Contributions from subsidiaries or significant sub-groups as of December 31, 2016, are as follows.

CONSOLIDATION VALUE (EXCLUDING DIVIDENDS) *(in millions of euros)*	FIXED ASSETS (INCLUDING GOODWILL)	GROSS DEBT	CASH AND CASH EQUIVALENTS	CASH FROM OPERATIONS	DIVIDENDS PAID AND DUE TO REXEL
Rexel (France)	0.3	1,590.5	0.3	16.4	–
Rexel Développement SAS (France)	25.0	(265.4)	386.6	(31.4)	298.0
Rexel France (France)	1,278.9	423.2	105.1	140.1	–
Rexel Holdings USA Corp. (USA)	1,311.4	281.0	33.0	36.1	–
Elektro-Material A.G. (Switzerland)	734.9	–	0.8	51.7	–
Rexel North America Inc. (Canada)	580.2	123.3	0.9	24.1	–
Rexel UK Limited (United Kingdom)	266.3	209.8	10.7	17.3	–
Hagemeyer Deutschland GmbH & Co KG (Germany)	255.1	124.2	5.8	(8.6)	–
Rexel Sverige AB (Sweden)	226.9	0.3	0.2	(2.2)	–
Rexel Holdings Australia Pty Ltd (Australia)	167.8	89.5	4.0	2.8	–
Elektroskandia Norge AS (Norway)	187.5	0.4	1.0	17.3	–
Regro Elektro-Grosshandel GmbH (Austria)	84.5	–	–	3.1	–
Rexel Belgium SA (Belgium)	85.6	62.5	0.3	14.9	–
Other	487.5	165.8	70.7	82.8	–
Total consolidated	**5,692.1**	**2,805.1**	**619.3**	**364.3**	**–**

The Rexel Group analyses its sales based on geographic areas, to which the legal entities referred to above belong based on their localization. Therefore, an analysis of sales with a breakdown by legal entity would not be relevant. Breakdown of sales by geographic area is detailed in section 5.1 “Activity Report” of this Registration document.

1.6 PROPERTY AND EQUIPMENT

The real estate strategy of the Rexel Group prioritizes operating leases as a predominant mode of occupancy of its commercial and logistical sites. This gives it greater operational flexibility, enabling it to continually adapt to developments in the market. For the past fifteen years, the Rexel Group has thus used sales and leasebacks for the majority of its real estate assets.

As of December 31, 2016, the property portfolio of the Rexel Group consisted primarily of the following sites:

- The registered office of Rexel, located in Paris (France), leased and having a surface area of 10,200 square meters, as well as the administrative seats of the Rexel Group’s operational entities, located in Europe, in North America and in Asia-Pacific, which are mainly leased. The registered office of Rexel and the administrative headquarters of the operational entities house the management and operational functions of the Rexel Group;
- 50 logistics centers situated in Europe (France, Austria, Belgium, Finland, Germany, Italy, the Netherlands, Norway, Portugal, Slovenia, Spain, Sweden and United Kingdom), in North America (United States) and in Asia-Pacific (Australia, China and New Zealand). The logistics centers are mainly leased and have an average surface area which ranges between 10,000 square meters, for those situated in Europe (excluding France) and 17,000 square meters, for those situated in France; and
- 2,023 branches (including the hub branches) located in Europe, North America and Asia-Pacific. The points of sale are mixed-use sales and storage buildings located in craft or industrial areas of activity, with an average surface area of approximately 1,000 square meters. The branches are primarily leased.

The real estate assets of the Rexel Group do not contain any item of significant value with respect to the Rexel Group, taken as a whole, and no investment of such type is foreseen. These assets are not burdened with sureties which could affect their current use or value.

1.7 INVESTMENTS

1.7.1 Investments completed

The table below presents the details of the capital expenditures as well as of investments in subsidiaries and divestments for each of the years ended December 31, 2016, 2015 and 2014:

(in millions of euros)	2016	2015	2014	Total 2014-2016
Capital expenditure				
Information systems	54.0	58.8	54.5	167.3
Renovation and opening of branches	20.2	28.6	20.8	69.6
Supply chain	23.0	16.5	11.4	50.9
Other	18.6	17.6	19.2	55.4
Total gross capital expenditure	**115.8**	**121.5**	**105.9**	**343,2**
Change in fixed assets suppliers payable	5.0	(1.3)	1.7	5.4
Disposals of fixed assets	(22.1)	(5.0)	(4.8)	(31.9)
Total net capital expenditure	**98.7**	**115.2**	**102.8**	**316.7**
Acquisitions and disposals of subsidiaries				
Investments	94.0	28.2	36.7	158.9
Divestments	(1.6)	(11.6)	–	(13.2)
Total acquisitions and disposals of subsidiaries	**92.4**	**16.6**	**36.7**	**145.7**

Gross capital expenditure made during 2016, 2015 and 2014 respectively represented 0.9%, 0.9% and 0.8% of the consolidated sales of the Rexel Group.

Investments made during 2016 are described in paragraph 5.1.2.1 “Cash flow” of this Registration document and were financed through cash assets.

1.7.2 Principal investments underway

New customer-relations electronic marketing and development solutions are being deployed in Europe, in North America and in the Pacific.

In several countries, a plan for the redesign of information technology tools is also in progress.

In Australia, new marketing and logistical platforms are in the deployment phase.

1.7.3 Principal investments contemplated

As of the date of this Registration document, no significant financial investment, other than those mentioned in paragraph 1.3 “Recent acquisitions and disposals” of this Registration document have been the subject of firm commitment with respect to third parties.

Capital expenditure of the Rexel Group, mainly in relation to its information systems, its logistical resources and its branch network, represent generally between €100 and €150 million, on an annual basis.

1.8 REGULATIONS

The wholesale distribution of electrical equipment is subject to the regulations of ordinary law in matters of product liability and environmental responsibility.

1.8.1 Product liability

As a non-manufacturing distributor, the Rexel Group could be held liable for the products which it distributes.

Also, in some countries, the Rexel Group could, as an importer, be held liable because of defects affecting the products which it imports and distributes.

The Rexel Group's liability is generally covered by the legal obligations of the manufacturers or the warranties and insurance coverages obtained from the manufacturers and transferred to the clients.

1.8.2 Environmental regulations

The Group's activities are subject to environmental regulations such as listed in paragraph 4.3.2 of this Registration document. The Rexel Group is also subject to specific local environmental regulations in the various countries where it operates.

The "RoHS" Directive

Directive 2002/95/EC of the European Parliament and of the Council of January 27, 2003, modified by Directive 2011/65/EU of July 1, 2011, know as the "RoHS" (Restriction of Hazardous Substances) Directive, prohibits the use of certain dangerous substances in electrical and electronic equipment.

As a non-manufacturing distributor, the Rexel Group strives to put into place adequate measures in order to comply with said Directive.

The "WEEE" Directive

The 2002/96/EC Directive of the European Parliament and of the Council of January 27, 2003, know as the "WEEE" Directive, pertaining to waste from household electrical and electronic equipment, in other words, which is intended for end-users, requires the selective collection of electrical and electronic waste, selective processing of certain components, and waste recovery through recycling (material and energy recovery). The WEEE Directive also sets out the obligation for the manufacturer to label devices with reference to European standards (in particular, the French standard NF EN 50149 responds to this requirement) as well as to affix a pictogram on each one of the items of household electrical and electronic equipment, indicating that such products are subject to selective collection. In this framework, the Rexel Group offers, for each sale, to take back a product of the same kind, to be collected by the eco-organizations which manage the relevant recycling facilities. The Rexel Group considers the impact from such mechanism to be minor, and that it complies with such regulations in the countries where it has been implemented.

The "REACH" Regulation

Regulation 1907/2006 of the European Parliament and of the Council of December 18, 2006, known as "REACH" (Registration Evaluation and Authorization of Chemicals) pertains to the registration, evaluation, and authorization of chemical substances as well as the restrictions applicable to such substances. This responsibility falls upon the manufacturer of the substances. The Rexel Group could at some point no longer receive such products if a supplier were compelled to cease the use of certain substances. As a non-manufacturing distributor on the European market of articles which may contain substances falling under this regulation, the Rexel Group is required to transmit to its clients the information received from its suppliers pertaining to impacts on health and the environment. The Rexel Group takes the obligations of the REACH Regulation into consideration, and endeavors to put into place adequate measures in order to conform.

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2
Risk Factors and Internal Control

Investors are urged to carefully review the risks described in this chapter, as well as all of the other information set forth in this Registration document. Such risks are, on the date hereof, the risks that Rexel believes may have a material adverse effect on its financial condition or its results of operations, should they occur. Rexel conducted a review of these risk factors and considers that there are no other significant risks than the ones described in this section. Note that there may, however, be other risks that have not yet been identified as of the date of this Registration document, or whose occurrence as of the date hereof is not considered likely to have a material adverse effect.

2.1 RISK FACTORS

In a constantly changing environment, Rexel is committed to protect the interests of its shareholders, employees, clients, suppliers, and all other stakeholders, while achieving its objectives. In this context, Rexel is implementing an active risk management policy in order to be able to efficiently respond to internal and external threats likely to have a material adverse effect on its financial condition, its results of operations or its reputation. The risk management approach initiated by Rexel, in particular through the Risk Committee, allows the identification of significant risks and the implementation of risk management measures for each of them.

This chapter describes the risk factors of the Rexel Group, as well as the major procedures implemented to limit those risks' likelihood and/or impact. Moreover, the risk management process implemented within the Rexel Group is described in paragraph 2.3 "Internal control and risk management procedures" of this Registration document.

2.1.1 Risks relating to the industry

2.1.1.1 Risks relating to the general economic environment

Risk

The Rexel Group's end markets are the industrial market, the commercial building market and the residential building market. These markets can be further subdivided into (i) investment and construction and (ii) maintenance and renovation. The Rexel Group's business is sensitive to changes in general macroeconomic conditions and, more particularly, those affecting industrial investments and the construction, renovation and maintenance of residential and commercial buildings. In addition, the demand for the products distributed by the Rexel Group, the prices of such products and the Rexel Group's margins depend on many factors, such as inflation, interest rates, bank credit availability, or changes in economic and monetary policy.

The impact of changes in macroeconomic conditions varies depending on the end-markets and geographic regions in which the Rexel Group operates. Europe, North America and Asia-Pacific accounted for 54%, 36% and 10% of the Rexel Group's 2016 sales respectively. In addition, the Rexel Group estimates that the industrial, commercial and residential markets, respectively, represented 32%, 46% and 22% of its 2016 sales from the distribution of electrical equipment. However, this distribution varies by region and by country (see paragraph 1.4.1 "The Rexel Group's markets" of this Registration document). For example, the industrial market accounts for approximately 38% of 2016 sales of the Rexel Group in North America while it is close to 87% of 2016 sales of the Rexel Group in China, and approximately 25% in France. In each geographical region, construction, renovation, and maintenance activities evolve differently.

An economic downturn in one or more of the Rexel Group's markets, or across all of its markets, may have an adverse effect on its financial condition, results of operations or its ability to implement its strategic decisions.

Similarly, political or economic instability in one of the countries where the Rexel Group is established may have an adverse impact on the results of operations in such country and of the Rexel Group.

Management of risk

Regarding risks related to the Brexit, it remains difficult to foresee its real impact given the context of high uncertainty with regards to the practical procedures and calendar of the exit process. The Rexel Group is following closely the evolution of the UK economic environment and regularly updates different scenarios that may impact the operations.

Although the Rexel Group cannot control the occurrence of external risks, it has implemented tools to monitor and assess the risk level and impact. For this purpose, summaries consisting of financial data and macroeconomic indicators are drawn up by the country and regional management teams as well as by the Rexel Group's investor relations department. The summaries are delivered on a regular basis to the Rexel Group's management.

These indicators are taken into account in the budget process and may lead to measures aimed to adapt the Rexel Group's strategy to the economic and political context.

2.1.1.2 Risks relating to acquisitions and disposals

Risk

In the medium-term, Rexel will continue its targeted bolt-on acquisition strategy from 2018 onwards, in line with its deleveraging objective and strict value-creation criteria. This acquisition strategy follows three main objectives: broaden its footprint in the most attractive geographies and segments (with a priority on the US market), expand to adjacent segments in key markets and capture more of the value chain. In the last few years, the Rexel Group has carried out acquisitions to increase its market shares, as well as disposals (see paragraphs 1.2 "History and development" and 1.3 "Recent Acquisitions and Disposals" of this Registration document), as well as disposals.

However, the Rexel Group may be unable to identify appropriate targets, complete deals under satisfactory terms or ensure compliance with the terms of the relevant sale or purchase agreement. In addition, while the Rexel Group seeks the successful integration of acquired entities and businesses, it cannot guarantee that this integration will occur within the planned timeframes. Moreover, the Rexel Group may have difficulties in retaining the key employees identified during the acquisition process, or achieving expected synergies within planned timeframes. The Rexel Group may also bear charges or liabilities undisclosed in its acquisition and due diligence processes and integration costs may be higher than initially anticipated. Lastly, in certain cases, minority shareholders may retain interests in the share capital of the companies that the Rexel Group takes control of. The purpose is to ensure continuity, implying increased complexity in decision-making processes.

In addition, acquisitions carried out by the Rexel Group are reflected in its consolidated financial statements through the recognition of goodwill representing the expected future economic benefits from the purchased assets. Downward revisions of these expected benefits, including due to changes in macroeconomic conditions or in the context of a portfolio review, may lead to goodwill impairments, which would then have an adverse impact on the financial condition and results of the Rexel Group. At December 31, 2016, the amount of goodwill recognized in the Rexel Group's assets totaled €4,300.2 million and the impairments recognized in the consolidated income statement for 2016 totaled €46.8 million (see note 12.1 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2016 included in section 5.2 "Consolidated Financial Statements" of this Registration document).

Management of risk

In order to mitigate risks relating to acquisitions and integration processes of the acquired companies, the Rexel Group monitors the implementation of acquisition projects. An Investment Committee reviews the suitability of each acquisition and evaluates whether it is in line with the Group strategy. The Investment Committee, composed by the members of the Executive Management and of the concerned executives, meets at several stages of the acquisition process to perform comprehensive analyses for an optimum execution. Moreover, throughout the entire acquisition process, the Rexel Group employs specialized advisors. Any material acquisition or disposal (*i.e.*, with an enterprise value in excess of €50 million) was submitted for approval to the Rexel Board of Directors upon recommendation of the Strategic Investment Committee until December 31, 2016. From January 1, 2017, any material acquisition or disposal is submitted directly to the Rexel Board of Directors.

In relation to the post-acquisition stage, an integration plan is defined and synergies are followed-up for the larger acquisitions. Moreover a procedure for monitoring compliance with contractual undertakings in acquisitions has been established and distributed throughout the Rexel Group.

2.1.1.3 Risks relating to competition

Risk

The market for professional distribution of low voltage electrical products is highly competitive, as the products distributed by the Rexel Group are generally available from other distributors. At the international level, the Rexel Group competes with several large professional electrical distributors, such as Consolidated Electrical Distributors, Grainger, Graybar Electric Company, Solar, Sonepar, WESCO International and Würth.

The Rexel Group also competes with independent distributors that operate on the international, national, regional or local level which are part of, or may occasionally create, cooperative purchasing organizations (buying groups such as Imelco, Fegime).

Furthermore, the Rexel Group may compete with:

- Manufacturers that sell their products directly to certain clients in the industrial and services markets, essentially in connection with large-scale projects;

- Large do-it-yourself stores that distribute products directly to residential end-users;
- General building trade distributors, who could further expand their electrical product offerings or acquire companies already operating in the electrical product distribution sector and thereby create increased competition for the acquisition of market share;
- Specialists in e-commerce, distributing electrical material to professionals or end-users; and
- Service providers specialized in building maintenance or energy efficiency.

Moreover, regional competitors and new market entrants could attempt to hire the Rexel Group's employees, particularly sales and branch management personnel, which may have an adverse effect on operations.

The competitive pressure that the Rexel Group faces may therefore have an adverse effect on its financial condition or results of operations.

Management of risk

In order to limit the competition risks inherent in its business, the Rexel Group relies on its dense network of branches and sales personnel, the efficiency of its logistical systems as well as the quality of its services. In addition to its branch network, Rexel is developing a multichannel offering in most countries, including e-commerce, thereby responding to clients' expectations by simplifying administrative tasks and giving them technical advice.

Moreover, customers have access to a larger product offering when dealing directly with a professional distributor rather than a manufacturer. Customers also benefit from a higher quality of service and advice than that proposed by large do-it-yourself stores or e-commerce sites. A comprehensive e-business platform is in place and progressively rolled out in different countries to support Rexel's digitally powered multichannel business model. By developing multichannel relationships with customers, Rexel is seeking to increase customers' loyalty, and new multichannel features, are constantly released in the webshop to better respond to customers' needs.

Each year, the Rexel Group reviews its strategy and makes decisions taking into account market growth opportunities as well as its competitors' presence and market shares in order to adapt branches network and subsidiaries.

Lastly, in order to limit the risk of its key employees joining the competition, Rexel Group entities ensure that their remuneration policies are competitive and include non-compete clauses in employment agreements when such provision makes sense in the local market.

2.1.1.4 Risks relating to information technology systems

Risk

Globally, businesses continue to face an increasing rate of business disruption due to malicious actors.

Rexel is highly focused on the protection, confidentiality, integrity and maintenance of the operational capacity of its information systems.

Management of risk

Rexel is continually adapting its strategy in delivering IT services to address the necessary risks. The implementation of hybrid computing environments along with ongoing investments in technologies to detect and mitigate vulnerabilities and attacks is strengthening Rexel's cybersecurity posture, particularly around threats such as disruptive attacks and potential data breaches for both its internal and externally facing applications.

Internal control procedures define a periodic validation of disaster recovery plans and incident response procedures are in place. In addition, regular audits verify compliance with rules related to change management, planning and execution of complex projects as well as access control. Rexel frequently assesses the level of protection of its critical systems and has defined an organization, governance principles and technologies required to increase their protection against intrusion and hacking attempts. As new practices emerge around mobility at work, Rexel reinforces its practices regarding data management and protection on computing devices available to its employees.

However, due to the rapid evolution of systems and software, the Rexel Group is unable to provide assurances that information systems will be completely immune to circumstances that may impact availability. A major malfunction or *force majeure* event affecting Rexel or a critical service provider could have an impact on the activity, financial situation or results of operations of the Rexel Group. The Rexel Group may also be required to make unforeseen expenditures or may experience temporary or extended disruptions with respect to its personnel, operations or information processing.

2.1.1.5 Risks relating to the Rexel Group's logistical structure

Risk

The evolution of the Rexel Group's logistical structures or malfunction of one or several of such structures may result in temporary or long-lasting disruptions of its business. In addition, projects such as the implementation of new distribution centers, designed to improve the efficiency of the supply chain and better serve customers, may face delays or difficulties. This could have a negative impact on its reputation and results of operations.

Management of risk

The impact of such a risk is limited given the Rexel Group's logistical organization. It is organized at the local level, as opposed to the international level, and similar processes supported by warehouse management systems are shared across several countries. Should a malfunction occur in a distribution center, the disruptions may be limited through the use of another distribution center or through inter-branch transfers.

Moreover, performance and safety indicators on logistical platform security data are shared within countries and within the Rexel Group. Regular monitoring of this information serves to alert Rexel to problems and implement necessary corrective action.

2.1.1.6 Risks relating to supplier dependence

Risk

While rationalizing its purchasing policy, the Rexel Group is reducing the number of its suppliers in order to strengthen its relationships with a smaller number of manufacturers. In 2016, the Rexel Group's purchases from its 25 leading suppliers accounted for almost 50% of its total purchases. More than 70 % of its total purchases were from its 200 leading suppliers.

In general, the Rexel Group's distribution business involves entering into short and medium-term agreements with suppliers from which terms and conditions are subject to re-negotiations periodically. In certain geographical regions, some entities of the Rexel Group may be dependent on certain suppliers. In the event such a supplier reduces its product offering or in case of default or non-compliance of one or more such suppliers which would interrupt business relationships, the Rexel Group cannot guarantee that it will be able to offer a satisfactory alternative to its customers, as a result of which they may turn to one or more competitors to obtain products.

The occurrence of any of these events may have an adverse effect on the Rexel Group's financial condition or results of operations.

Management of risk

While constantly seeking for innovation, Rexel Group companies regularly identify new suppliers for the key products categories that they offer. In addition, the relative importance of the Rexel Group to its main suppliers limits the risks relating to the termination of contracts or a material change in the product offers.

2.1.1.7 Risks relating to the Rexel Group's reputation

Risk

Considering its international foothold and visibility, the Rexel Group is exposed to various types of criticism or allegations concerning its reputation. Communication channels such as the Internet and social media react to information in real time and exponentially increase the amount of information made available. This may accelerate the impact on the Rexel Group's reputation, its governance, financial condition or results of operations.

Management of risk

In order to limit such risk and to mitigate its impact, the Rexel Group uses its communication strategy to proactively monitor its Internet tools, raise employees' awareness through informational and educational campaigns, and promote ethical practices by distributing its Ethics Guide to all of its employees across its businesses. It also imposes stringent communication rules, which include a charter for the use of social medias, a best practices guide, and regularly-updated crisis management process.

2.1.1.8 Risks relating to operations in emerging or non-mature countries

Risk

Rexel develops its activities notably in emerging or non-mature countries, where its control environment is lower mainly due to the small size of local teams and/or due to a potentially changing economic, political, legal or tax environment.

Management of risks

Continuous risk assessment, integration and monitoring processes of these entities or activities have been defined to eventually ensure an adequate level of internal control on operational risks over the long term. Rexel is unable to provide assurances that no deficiency will affect these processes, which would impact the Rexel Group's financial conditions or results.

2.1.1.9 Risks relating to human resources

Risk

To attract, develop and retain talents is a priority for the Rexel Group in supporting its growth and strategy, and developing innovative solutions. The Group's in-house and external strategy in becoming a leading benchmark in human resources management and development focuses on 4 main areas: managers and change management, performance culture, employer brand, and organizational effectiveness.

However, changes in the local employment market and in particular the increasing pressure in competing for recruiting top talents could have a negative impact on the profitability of operations.

Management of risk

Various in-house programs have been launched to boost the performance-oriented corporate culture (top 100 development program, identifying and promoting high-potential employees with key management and technical skills, etc.).

Recruitment of external candidates with proven track records helps the Group ramp up skills and expertise in key domains.

In addition, the Rexel Group is committed to providing all its employees and all people on its sites a safe working environment. Risks related to safety and mitigating measures are detailed in paragraph 4.1 "Social information" of this Registration document.

2.1.2 Legal and regulatory risks

2.1.2.1 Risks relating to pending litigation

Risk

Risks related to pending litigation are described in detail in note 29 of the Notes to the consolidated financial statements of Rexel for the year ended December 31, 2016, which are set out in section 5.2 "Consolidated Financial Statements" of this Registration document.

Management of risk

These litigations have been analyzed by the management who concluded that, as of closing date, they should be subject to no additional provision, other than those already booked.

Considering the status of pending tax claims and ongoing tax proceedings, Rexel believes that no material effect is to be expected with regards to its financial condition or its results of operations. However, Rexel cannot predict the outcome of these cases with certainty or assess potential tax adjustments.

There are no other governmental, judicial or arbitration proceedings (including any outstanding or threatened proceedings of which Rexel is aware of) that might have or that had during the last twelve months a material impact on the financial condition or profitability of Rexel or the Rexel Group.

The Rexel Group cannot rule out the possibility that new claims or lawsuits may arise as a result of facts or circumstances that are not known and the risks of which cannot, therefore, be ascertained or quantified at the date of this Registration document. Such claims may have an adverse effect on its financial condition or results of operations.

2.1.2.2 Risks relating to legal and tax regulations

Risk

Like any international group operating in multiple jurisdictions, the Rexel Group has structured its commercial and financial activities in a manner which takes into consideration various legal and tax requirements. Such requirements are derived from internal laws of countries where the Group is set up, as well as international treaties between these countries.

The application of tax regimes to the Rexel Group's operations, intra-Group transactions or reorganizations may require reasoned interpretations. The Rexel Group cannot guarantee that such interpretations will not be questioned by the relevant tax authorities, which may adversely affect its financial condition or results of operations.

Furthermore, the Rexel Group may record deferred tax assets on its balance sheet, reflecting future tax savings resulting from discrepancies between the tax and accounting valuation of the assets and liabilities or in respect of tax loss carry-forwards from its entities. The actual recognition of these assets in future years depends on tax laws and regulations, the outcome of potential tax audits and on the expected future results of the relevant entities. Any reduction in the ability to use these assets due to changes in local laws and regulations, potential tax reassessments or lower-than-expected results could have a negative impact on the Rexel Group's financial condition or results. As at December 31, 2016, the Rexel Group's deferred tax assets linked to tax loss carry-forwards totaled €264.6 million, depreciated in an amount of €119.7 million (for more information regarding deferred tax see note 10.2 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2016, which are set out in section 5.2 "Consolidated Financial Statements" of this Registration document).

Management of risk

In order to limit the risks related to legal and tax rules applicable in the various countries where the Rexel Group is established, the legal and tax management of the Rexel Group, as well as tax experts assist local management in their transactions in respect of local or international applicable laws.

2.1.2.3 Risks relating to non-compliance

Risk

As any other company, Rexel is exposed to the risk of non-compliance with laws and regulations, in a context where regulations are constantly evolving and where the judicial authorities are more and more active. Rexel cannot guarantee that none of its employees or partners will ever violate these laws and regulations or procedures potentially involuntarily, which may impact its reputation or financial situation.

Management of risk

Rexel implements policies and procedures to ensure compliance with local and international laws, such as, but not limited to, anti-corruption, export control, anti-money-laundering, data protection, or competition law. In 2016, Rexel continued to roll out training sessions to employees (*via* e-learning and on-site sessions) in addition to regular communication on compliance topics.

As regulations evolve, regarding in particular, international sanctions, anti-corruption (new French regulation Sapin II), and data protection (European General Data Protection Regulation), Rexel ensures that its compliance program is updated as needed and adequate actions are taken, including communication to raise the awareness of concerned employees.

As such, in order to mitigate these risks, Rexel constantly enhances its compliance program, updates its policies and procedures as well as tools for its implementation.

2.1.2.4 Risks relating to regulatory matters, including environmental regulations

Risk

In light of the sectors in which it operates, the Rexel Group must ensure that its suppliers comply with applicable standards and directives in relation to products, the environment and safety.

The products that the Rexel Group distributes are subject to numerous legal and regulatory requirements applicable in each of the jurisdictions in which the Rexel Group operates. These products are also subject to quality and safety regulations and inspections resulting from national and international standards. In particular, these regulations involve European Union Directives and standards adopted by international organizations, such as the European Committee for Electrotechnical Standardization and the International Electrotechnical Commission. Changes in such laws and regulations and their implementation may necessitate a change in the product offering or cause an increase in its distribution expenses.

Management of risk

The risk management mechanism implemented by the Rexel Group with respect to product liability is described in paragraph 1.8.1 “Product liability” of this Registration document.

The Rexel Group must also endeavour to comply with local environmental regulations. The environmental risk prevention and management mechanisms are described in paragraph 4.3 “Environmental information” of this Registration document.

2.1.2.5 Risks relating to pension plans

Risks relating to pension plans and the corresponding risk management tool are described in note 22 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2016, as set out in section 5.2 “Consolidated Financial Statements” of this Registration document.

2.1.3 Risks relating to the Rexel Group’s financing

2.1.3.1 Risks relating to indebtedness

Risk

As at December 31, 2016, the Rexel Group’s gross indebtedness amounted to €2,805.1 million and its net indebtedness amounted to €2,172.6 million. In 2013, 2015 and 2016, Rexel issued bonds for a total outstanding amount of €1,463.1 million as of December 31, 2016.

Subject to certain conditions, Rexel and its subsidiaries may also incur or guarantee new borrowings.

Rexel Group’s level of indebtedness may affect its financing capacity as well as the related financial costs.

The Rexel Group may be required to devote a significant portion of its cash flow to service its debt, which may result in a reduction of funds available to finance its operations, capital expenditures, organic growth initiatives or acquisitions. In particular, the Rexel Group’s financial expenses may increase in the event of a material increase in interest rates, particularly in relation to the unhedged portion of its debt.

The Rexel Group may thus be at a disadvantage compared to competitors that do not have a similar level of indebtedness.

Furthermore, the Rexel Group’s ability to meet its obligations, in particular complying with the restrictions and contractual obligations, contained in certain of its credit agreements (in particular those in connection with the Senior Credit Agreement, the 2013 Bonds, the 2015 Bonds, the 2016 Bonds and the securitization programs, as described in note 23.1 of the Notes to the Rexel Group’s consolidated financial statements for the year ended December 31, 2016 set forth in section 5.2 “Consolidated Financial Statements” of this Registration document), or to pay interest on its loans or to refinance or repay its loans in accordance with the terms of its debt agreements will depend on the Rexel Group’s future operating performance, which may be affected by a number of factors (general economic conditions, conditions in the debt market, legal and regulatory changes, etc.), some of which are beyond the Rexel Group’s control.

If at any time the Rexel Group has insufficient cash to service its debt, it may be forced to reduce or delay acquisitions or capital expenditures, sell assets, refinance its debt or seek additional funding, which may adversely affect its business or financial condition. The Rexel Group may not be able to refinance its debt or obtain additional financing on acceptable terms.

Management of risk

The measures implemented to manage these risks are described in paragraph 2.1.3.2 "Risks relating to bank and bond financing (excluding securitizations)" and 2.1.3.3 "Risks related to securitization programs" of this Registration document. In addition, this debt exposes the Rexel Group to interest rate risk, which is described in paragraph 2.1.4.2 "Interest rate risk" of this Registration document.

2.1.3.2 Risks relating to bank and bond financing (excluding securitizations)

Risk

Certain bank loans and bond financings, including the Senior Credit Agreement and the 2013 Bonds, the 2015 Bonds and the 2016 Bonds (as described in note 23.1 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2016 set forth in section 5.2 "Consolidated Financial Statements" of this Registration document), contain customary restrictions limiting the Rexel Group's operations. In particular, these restrictions limit its capacity to grant guarantees on assets, dispose of certain assets, carry out acquisitions, merger or restructuring transactions, borrow or lend money, provide collateral and make certain investments, set up joint ventures, or change the business operations of the Rexel Group. The Senior Credit Agreement and the 2013 Bonds, the 2015 Bonds and the 2016 Bonds also contain provisions under which the Rexel Group's creditors could demand full or partial early repayment of borrowings, particularly in the event of the disposal of certain assets or changes of control. These restrictions may impact the Rexel Group's ability to respond to competitive pressures, downturns in its markets or, in general, overall economic conditions.

The Rexel Group's borrowings include various financial commitments described in note 23.1 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2016 set forth in section 5.2 "Consolidated Financial Statements" of this Registration document. As of December 31, 2016, the Rexel Group was in compliance with all of its applicable financial commitments. The Rexel Group must provide for each financial commitment a certificate of compliance with the relevant undertakings. This certificate must show how the items were calculated so that compliance with such undertakings may be assessed, including the *pro forma* indebtedness ratio (*i.e.*, adjusted consolidated net debt compared to adjusted consolidated EBITDA). The Rexel Group's Statutory Auditors issue their own attestation on this certificate.

Rexel's ability to meet these commitments will depend on the financial and operating performance of the Rexel Group as well as on various factors, some of which are beyond the Rexel Group's control. Non-compliance by the Rexel Group with its financial covenants, in particular with the financial ratios set out in the Senior Credit Agreement, the 2013 Bonds, the 2015 Bonds and the 2016 Bonds, may result in early termination by the borrowers of the agreements entered into with the Rexel Group. Under such agreements, the borrowers may require early repayment of any amounts of principal or interest that are due.

In such cases, the Rexel Group may not be in a position to refinance its indebtedness under similar terms, which may have a material adverse effect on its financial condition or results of operations.

As the group holding company without business operations of its own, Rexel relies on distributions from its subsidiaries. Rexel's inability to obtain sufficient funds from its subsidiaries could have an adverse effect on its capacity to meet its obligations under its indebtedness or to distribute dividends.

Management of risk

In order to monitor compliance with its financing agreements, the Rexel Group's Management regularly reviews the current and forecasted situation and corrective action is proposed to the Board of Directors if needed. The Audit and Risk Committee follows up on these situations on a regular basis.

2.1.3.3 Risks relating to securitization programs

Risk

Certain Rexel Group companies are engaged in securitization programs. Such programs are subject to customary terms and impose certain obligations with respect to service levels and collection of assigned accounts receivable (within the terms described in note 23.1.3 to the Rexel Group's consolidated financial statements for the year ended December 31, 2016, set forth in section 5.2 "Consolidated Financial Statements" of this Registration document).

As at December 31, 2016, the Rexel Group was in compliance with all of its financial commitments under these securitization programs.

If Rexel Group companies do not comply with their obligations as established by the credit institutions or the investors, such programs could be terminated. Furthermore, the quality of the receivables assigned has an impact on the cost and amount of the financing obtained, which could affect the Rexel Group's financial condition if the quality of the receivables deteriorates. In addition, the Rexel Group's receivables are transferred to special purpose entities that are financed through the issuance of short-term debt instruments subscribed by investors. In exceptional circumstances, the Rexel Group cannot guarantee that the special purpose entities could continue to issue such instruments, or to do so under similar terms. In such circumstances, the Rexel Group may be forced to refinance all or part of the programs affected by such events under less favorable terms.

The securitization programs are a material source of financing of the Rexel Group. In the cases described in the paragraph above, Rexel cannot provide assurances that the Rexel Group may refinance itself under similar terms, if at all. Refinancing under less favorable terms may have a material adverse effect on the financial condition or results of operations of the Rexel Group.

Management of risk

The Finance-Treasury department conducts a monthly follow-up of the contractual obligations to be complied with. For pan-European plans, a simulation of the various ratios' sensitivity to the evolution of sales forecasts (which determines the amount of liabilities) and the evolution of certain parts of the aged trial balance is carried out on a monthly basis by the Rexel Group's Finance-Treasury department with the help of the financial management of the relevant countries. For the other programs, subject to lower risk, a monthly review of the ratios is carried out.

The accounting treatment of the securitization programs is described in note 23.1.3 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2016, which are set out in section 5.2 "Consolidated Financial Statements" of this Registration document.

2.1.4 Market risks

2.1.4.1 Risks relating to changes in prices of certain raw materials

COPPER

Risk

In connection with the distribution of cable products, which account for approximately 14% of its sales, the Rexel Group is exposed to fluctuations in cable prices. As copper accounts for 60% of the composition of cables, cable prices change in accordance with copper prices. These changes are not, however, solely and directly linked to copper price fluctuations to the extent that the cable prices paid by the Rexel Group also depend on suppliers' commercial policies, the competitive environment of the Rexel Group and exchange rates. The Rexel Group's exposure to copper price variations is therefore indirect, and the Rexel Group is unable to provide a relevant sensitivity analysis in connection with copper-based cable price variations.

The Rexel Group believes that a decrease in copper-based cable prices would have the following effects:

- A negative recurring impact linked to a decrease in sales, insofar as the Rexel Group passes on most of the price decreases in the purchase prices of these cables through lower sales prices; and
- A negative non-recurring impact on gross margin corresponding to the impact of copper-based cable price decreases between the time they were purchased and the time they were sold, until complete turnover of inventory.

An increase in copper-based cable prices would have the reverse effects of those described above.

The recurring effect in relation to the price variation of copper-based cables reflects the price impact linked to the change in value of the copper part included in the selling price of cables from one period to another. This effect mainly relates to sales and margin.

The non-recurring effect in relation to the price variation of copper-based cables reflects the effect of copper price variations on the selling prices of cables between the moment they are purchased and the time they are sold, until all such inventory is sold (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price and the supplier's price effective at the date of the sale of the cables by the Rexel Group. Moreover, the non-recurring effect on EBITA corresponds to the non-recurring effect on gross profit less, if any, the non-recurring part of the change in administrative and commercial expenses (essentially, the variable part of compensation of sales forces, which absorbs approximately 10% of the change in gross profit).

Management of risk

These two effects are assessed, where possible, on all of the cable sales of the period, with the countries in this situation representing over two-thirds of the Rexel Group's consolidated sales (excluding activities other than the distribution of electrical products). The Rexel Group's internal procedures also provide that entities without information systems allowing them to carry out these calculations on an exhaustive basis must assess these effects based on a sample representing at least 70% of sales of the period, with the results being then extrapolated to all of the cable sales of the period. Taking into account the sales covered, the Rexel Group believes that the effects so measured represent a reasonable estimation.

In 2016, the Rexel Group estimates that variations in cable prices have contributed to reduce, on a recurring basis, its sales by approximately 0.9% on a constant basis and same number of days (as defined in section 5.1 "Activity Report" of this Registration document). Furthermore, the change in cable prices in 2016 resulted in a negative non-recurring impact on EBITA estimated at €10.1 million.

By comparison, in 2015, the Rexel Group had estimated that variations in cable prices had contributed to reduce, on a recurring basis, its sales by approximately 0.5% on a constant basis and same number of days (as defined in section 5.1 "Activity Report" of this Registration document). Furthermore, the change in cable prices in 2015 had resulted in a negative non-recurring impact on EBITA estimated at €20.6 million.

Although the occurrence of external risks cannot be managed, the Rexel Group has implemented tools to monitor and assess the risk level and impact. A specific monthly reporting process has been developed and is analyzed by the central teams. Furthermore, the Rexel Group discloses results adjusted to exclude the non-recurring effects of copper price variations.

OTHER RAW MATERIALS

Risk

The Rexel Group is also exposed to variations in prices of other commodities which are part of the components of distributed products such as metals (steel, aluminium or nickel) or oil and its derivatives (PVC, polyamide or polycarbonate). Oil also impacts transportation costs for products distributed by the Rexel Group. In 2016, transportation costs accounted for 2.7% of the Rexel Group's sales.

Changes in prices of certain commodities may have an adverse effect on the financial condition or the results of the Rexel Group.

Management of risk

Rexel follows the evolution of commodity prices at Group level. Most of the entities of the Rexel Group have entered into transport outsourcing agreements, which allow the impact of changes in oil prices to be managed.

2.1.4.2 Risk relating to interest rate

The interest rate risk and the system in place to manage this risk are detailed in note 24.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2016 set forth in section 5.2 "Consolidated Financial Statements" of this Registration document.

The applicable margin to the Senior Credit Agreement (as described in note 23.1.1 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2016, set forth in section 5.2 "Consolidated Financial Statements" of this Registration document) is determined based on the leverage ratio (as defined in the Senior Credit Agreement), in accordance with the mechanism described in note 23.1.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2016, set forth in section 5.2 "Consolidated Financial Statements" of this Registration document. Thus, depending on the Indebtedness Ratio, the margin applicable to the Senior Credit Agreement may vary between 0.85% and 2.50% (*i.e.*, a range of 165 base points), which may result in an increase in the financial expenses. Based on the leverage ratio as at December 31, 2016, it amounts to 1.50%.

2.1.4.3 Risk relating to foreign exchange rate

The exchange rate risk and the system in place to manage this risk are described in note 24.2 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2016, set forth in section 5.2 "Consolidated Financial Statements" of this Registration document.

2.1.4.4 Risk relating to liquidity

The liquidity risk and the system in place to manage this risk are detailed in note 24.3 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2016, set forth in section 5.2 "Consolidated Financial Statements" of this Registration document.

A description of the Rexel Group's indebtedness is provided in paragraph 5.1.2.2 "Sources of financing" of this Registration document.

A quarterly review of the Group's liquidity level is performed during Audit and Risk Committees. Corrective measures would be taken if the level of liquidity became lower than adequate.

2.1.4.5 Risk relating to counterparty

The counterparty risk and the system in place to manage this risk are described in note 24.4 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2016, set forth in section 5.2 "Consolidated Financial Statements" of this Registration document.

2.1.4.6 Risk relating to equity instruments

With the exception of Rexel's treasury shares, the Rexel Group does not hold, as of the date of this Registration document, any interests in listed companies.

As at December 31, 2016, Rexel held 1,349,227 of its own shares, as detailed in paragraph 6.3.3 "Treasury shares and purchase by Rexel of its own shares" of this Registration document.

Therefore, the Rexel Group believes that it is not subject to any risk in relation to shares of listed companies, other than the risk relating to the hedging assets of the pension obligations referred to in paragraph 2.1.2.5 "Risks relating to pension plans" of this Registration document.

2.2 INSURANCE

The Rexel Group's insurance policy focuses on the coverage of insurable risks the occurrence of which could result in a material negative impact on its business activities. Accordingly, the Rexel Group has implemented insurance programs that cover its business, distribution centers and branches against material damage and losses (property damage and subsequent operating losses) caused by unforeseeable and difficult to control events, as well as civil liability. These programs cover all the risks relating to the professional distribution of electrical products and the locations of the Rexel Group.

In accordance with the risk management procedure described above, the Rexel Group implements a policy of prevention and site protection in order to reduce the probability of occurrence, and the severity of losses, in particular: training of branch managers, audit of main sites, follow-up of guidelines from security professionals.

In addition, the Rexel Group believes that the impact of potential losses on its financial situation may be mitigated given the density of its branch network which limits the impact of accidents on one or more of its branches.

The insurance programs of the Rexel Group underwritten by leading international insurance companies cover in particular the following risks:

- Property damage to the assets of the Rexel Group caused by an external unexpected event, including fire, explosion, water damage, lightning, storm, flooding, natural hazards, as well as subsequent operating losses; and
- Civil liability: bodily injury, property damage and consequential financial losses caused to third parties by the Rexel Group or products and services sold by the Rexel Group.

Given its international operations and applicable regulations, the Rexel Group has taken out local insurance policies in order to take into account local practice and/or obligations in the relevant countries.

These policies are regularly analyzed (based on Rexel Group's experiences, exchanges with the market, industry practices, and the advice of brokers) in order to check the adequacy of coverage with regards to potential risks. Coverage limits significantly exceed the amount of losses experienced in the past.

In addition, risks of payment default for receivables are covered by local credit insurance policies taken out in countries where such insurance is available and where the Rexel Group can obtain favorable conditions. The contractual terms of this insurance are negotiated at the Rexel Group level through credit insurance companies of international renown. Resulting coverage is obtained subject to certain conditions on an individual basis for each customer.

2.3 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

The methods adopted by the Rexel Group are based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) standard as well as on the reference framework set forth by the *Autorité des marchés financiers* (AMF) and the accompanying guidelines.

Risk management is a lever for managing the Rexel Group that helps:

- Create and preserve the Rexel Group's value, assets and reputation;
- Secure the decision-making and the Rexel Group's processes to achieve its strategy and meet its objectives;
- Promote the consistency of the Rexel Group's actions with its values; and
- Bring the Rexel Group's employees together behind a shared vision of the main risks.

The risk management process aims at identifying and analyzing the main risks that the Rexel Group may face. The risks that are beyond the acceptable limits set by Rexel are dealt with and, where necessary, action plans are drawn up to address them. These action plans may include the implementation of controls, the transfer of financial consequences (through the setting up of an insurance coverage or an equivalent mechanism) or changes in the organization. Controls to be implemented are part of the internal control system.

The Rexel Group considers internal control as an ongoing process, aiming to ensure that:

- Laws and regulations are complied with;
- The instructions and directional guidelines set by the Executive Management are implemented;
- The Group's internal control processes are functioning correctly, particularly those related to the security of its assets; and
- Financial information is reliable.

As such, internal control contributes to risk management, fraud prevention and monitoring, transactional efficiency and the efficient use of Rexel Group's resources. However, as well conceived and applied as they may be, these measures cannot absolutely guarantee the achievement of the Rexel Group's objectives and strategy.

The Group is organized around geographic regions (the *Regions*) regrouping one or several countries or entities (the Entities, which do not always match a country).

At the headquarters level, the functional departments participate in defining and updating the internal control standards as well as in documenting and managing identified risks. The implementation of efficient and adequate internal controls is one of their objectives.

The internal control system described below constitutes a common standard which must be implemented by the Management of the respective entities. They are responsible for supplementing it by setting up local procedures. This internal control system applies to all consolidated Entities.

2.3.1 Control environment

The control environment is the keystone of the internal control system. Responsibility and the sense of responsibility are thus key principles in the definition of roles and responsibilities.

Management's role in promoting ethical conduct within the Rexel Group is essential to the control environment. Since 2007, managers have relied on an Ethics Guide, translated into the local languages of the countries where the Group operates. In 2013, the Ethics Guide was updated in order to reflect the values promoted through the Group's strategy.

Besides, the Board of Directors approved on May 22, 2014, and updated on February 10, 2017, its Insider Trading Policy (the "Policy") initially approved in 2007, in order to comply with the general regulation of the AMF. This Policy reiterates the applicable regulations relative to the risks of having, disclosing or potentially using inside information (it being specified that inside information is a "specific piece of information that has not been released to the public, directly or indirectly, concerning Rexel or the Rexel Group, or one or more Rexel Securities and which, if it were to be made public, could have a significant impact on the market price of Rexel Securities"). This Policy specifies in particular the terms and conditions for the establishment of insiders lists in case of inside information.

2.3.2 Risk and compliance management system

The risk management system relies on the diligence of the Risk Committee, which reports to the Executive Committee. The Risk Committee's duties include, in particular:

- Managing the annual update of the Group's risk mapping and the on-going identification of risks;
- Identifying "risk owners", determining the related action plans and the follow-up on the implementation of these plans;
- Reviewing the existing procedures and identifying the procedures to be set up to control such risks within the Group;

- Ensuring the coordination and coherence of the above procedures and the above plans; and
- More specifically, ensuring the implementation of the Risk Management Policy.

The Risk Committee met four times in 2016. The Risk Committee reported on its work and made recommendations twice to the Audit and Risk Committee, and twice to the Executive Committee during this financial year. The CEO of a Rexel subsidiary has been appointed Chairman of the Risk Committee at the end of 2016, reinforcing the operational orientation of the Risk Committee.

The Head of Risk Management, Internal Control and Compliance is in charge of:

- Defining, deploying and coordinating the Rexel Risks Management approach, under the oversight of the Risk Committee, and especially identifying and prioritizing operational and non-compliance risks;
- Coordinating the Rexel Compliance Program in its definition, implementation and maintenance;
- Providing support to risk owners in risks analysis, definitions of recommendations, and action plans follow-up aiming at preventing and dealing with the risks; and
- Enhancing the Group's Risks Management and compliance culture through trainings and communication activities.

Having risk management, internal control and compliance responsibilities assigned to one single department since 2015 enables to ensure consistent methodology and quick adjustments to the internal control framework based on identified risks.

2.3.2.1 Risk identification and assessment

The Audit and Risk Committee has an overall view on Rexel Group risks through the risk mapping set by the Executive Committee upon the recommendations of the Risk Committee. It is kept informed by the Director of Internal Audit, the chairman of the Risk Committee and by the functional directors on various risks that are specific to their field. The major risks identified are presented regularly to the Audit and Risk Committee.

Under the supervision of the Risk Committee, the head of risk management, internal control and compliance carries out annually the process of updating this mapping based on interviews with members of the Risk Committee, the Group's Executive Committee and a panel of operational specialists. Risk mapping is also carried out every year on selected entities to deploy the approach locally and to improve, if needed, risk mapping at the Rexel Group level.

The risk identification and evaluation processes make it possible to update the risk mapping. These processes first begin with updating the risk universe, which classifies and prioritizes all the potential risks identified for the Rexel Group by type and impact.

This risk analysis covers the three following areas:

- Strategic risks related to the environment in which the Group operates as well as underway within the Group, such as external growth projects or innovations;
- Operational risks, resulting from the inadequate or inefficient processes, organization and systems, or from external events impacting the operations; and
- Legal and compliance risks, related to the organization's obligations with regards to applicable local or international laws and regulations, as well as internal guidelines and procedures (including the compliance program), the Ethics Guide, contracts or industry standards and best practices.

This mapping is used to identify and monitor risks, making it possible to share the risk profile throughout the Rexel Group and to update risk factors disclosed in paragraph 2.1 "Risk Factors" of this Registration document. The Risk Committee annually reviews the consistency between the risk mapping and the risk factors.

2.3.2.2 Risk Management

The updating of the risk mapping within the Rexel Group, carried out in 2016 under the supervision of the Risk Committee, allowed the Executive Committee to update the list of top-priority risks and to identify risks of lesser priority, for which a specific follow-up has nevertheless been suggested.

With respect to the top-priority risks, the Rexel Group's approach, managed by the Risk Committee, consists in proposing a risk owner appointed by the Executive Committee. This risk owner is in charge of the risk assessment, presents the potential impacts, the indicators and the actions implemented to limit such risk, as well as action plans to reduce the risk to an acceptable level, as appropriate. The risk owner may set up a working group with relevant contributors in order to support the risk assessment and build the action plans. The chairman of the Risk Committee presents these action plans to the Executive Committee for review. The Risk Committee then follows up on the progress of action plans with each risk owner.

Certain risks do not directly fit in the Risk Committee's scope. Thus, risks related to the Group's governance and certain group-wide risks are monitored by the Rexel Group's Executive Committee. The Executive Committee receives assistance from appropriate working groups, which provide it with a detailed analysis of each risk and identify measures to be taken to manage these risks. Financial market risks and compliance risks are monitored mainly by the functional departments of the Rexel Group. They define action plans to be implemented by Entities based on procedures which they establish.

Operational risks are managed *via* the internal control system and the action plans defined by the entities. Internal control teams are in charge of following up on the progress of these action plans.

Therefore the Rexel Group's risk management policy ensures an acceptable level of risk considering its activity and structure.

Although the risk identification, assessment and management procedures are deemed acceptable by the Rexel Group, assessments are regularly conducted to identify the areas in which improvements are necessary or desirable. Once these areas are identified, corrective actions are taken.

2.3.3 Control activities

The Rexel Group and its branch network form a decentralized structure based on building a sense of accountability throughout the chain of command.

In reference to the risk management system described in paragraph 2.3.2 "Risk management system" of this Registration document, Rexel reviewed in 2016 the existing Internal Control Framework Manual in order to ensure consistency with the risk mapping and focus on critical risks. As applicable, the controls have been linked to the risks identified through the risk mapping. The updated Manual was widely communicated, including to the management of all Entities. For each of the main processes, the Manual presents the risks, the control objectives, and the related controls. Its 2016 version has been significantly circulated especially to the management of each entity.

For an operational entity, this manual contains approximately 680 controls, including approximately 130 critical ones, divided into the following processes:

- Strategic processes: governance, communication, business development and sustainable development;
- Operating processes: sales, purchasing and supply chain; and
- Support processes: information systems, human resources, financial and accounting information, treasury, tax, legal, compliance, real estate and insurance.

This Manual includes additional procedures set up by the functional departments to be deployed within the Rexel Group's entities.

For management reporting and preparing financial statements, the Financial and Administrative Department of the Rexel Group has defined a set of procedures, tools and guidelines that give it the means to ensure the quality and consistency of the information transmitted. These guidelines are discussed in paragraph 2.3.6 "Internal control procedures relating to the preparation and treatment of accounting and financial information" of this Registration document.

2.3.4 Internal communication of relevant and reliable information

Steering the internal control system requires assembling appropriate expertise (to manage risk by creating adequate controls). It also requires targeted communication to share more widely the Group's objectives. This targeted communication helps the Rexel Group's Executive Management share with local management teams not only the risk management measures and objectives, but also the necessary information to align their decisions and activities with the defined objectives.

In this context, Rexel Group's management bodies are kept informed on a regular basis during the meetings of the Audit and Risk Committee and of the Risk Committee. An overview of the internal control and audit activities performed during the period is presented at each quarterly Audit and Risk Committee meeting. Besides, a specific meeting of the Audit and Risk Committee dedicated to the review of risks occurs once a year. The Audit and Risk Committee then expresses its recommendations or propositions to the Board of Directors. The Executive Committee meetings and frequently-scheduled departmental meetings are also opportunities to mobilize the headquarters' and subsidiaries' main managers with respect to the importance of conforming the Rexel's activities to the Group standards.

Communications with the subsidiaries includes regular exchanges throughout the year, notably during the annual self-assessment (see paragraph 2.3.5 "Steering and monitoring of the internal control system" of this Registration document) and the follow-up of action plans. Since 2012, a formal meeting (zone audit committee) is scheduled at least once a year with the General Manager of each Region, its Chief Financial Officer and the Group Finance Department to monitor the various internal control matters.

Moreover, the Rexel Group has developed a knowledge-sharing platform on its Intranet for internal control, focusing on the policy manual and accompanying procedures. In addition, various communities specific to each functional department ensure that they diffuse their own instructions, procedures and best practices.

2.3.5 Steering and monitoring of the internal control system

The internal control system is based on (i) the self-assessment of controls by the entities, (ii) a review performed by internal or external auditors, and (iii) the Group's functional departments that assist entities in enforcing these controls. Rexel's Audit and Risk Committee steers and monitors the internal control system.

2.3.5.1 Internal control self-assessment

The Rexel Group is engaged in a process to permanently improve its internal control system. To do so, the Risks Management, Internal Control and Compliance Department coordinates on an annual basis a self-assessment exercise, measuring compliance with the policy Manual, through a questionnaire sent to the management of the entities. The results of this self-assessment are shared with the Executive Committee, management of the entities, the functional departments at headquarters and the Audit and Risk Committee which shares them with the Board of Directors.

The last self-assessment was carried out in 2016 and covered all processes of the Rexel Group framework (see paragraph 2.3.3 "Control activities" of this Registration document).

Action plans related to these self-assessments are defined and enforced under the responsibility of the Management of the entities. The goal of these action plans is to bring each entity up to the level of control of its processes recommended by the Rexel Group and, by doing so, to control risks.

These self-assessments also make it possible to identify more general areas of improvements, which are included in the internal control improvement action plans for the HQ functional departments. These plans define and disseminate good practices and provide assistance to local management teams.

Certain entities are less mature in their internal control system, such as entities which recently joined the Rexel Group post-acquisition. The purpose of continually improving internal control is to bring these entities to the required level.

Given its nature, the self-assessment approach cannot guarantee that the internal control system is applied in an effective manner. The Rexel Group therefore expands this approach by carrying out internal audits and testing certain key controls included in the entities' self-assessment. External auditors also review internal control systems within the Rexel Group on a regular basis and inform the Rexel Group's management and administration bodies of their findings.

2.3.5.2 The Internal Audit role

Executive Management has entrusted the Internal Audit Department the task of ensuring the entities' compliance with the Group's rules. More generally, the Internal Audit Department evaluates the operational, financial or personal safety risks covered by these audits.

The role, the scope and the responsibilities of Internal Audit have been defined in an Internal Audit Charter, whose update was officially approved by the Audit Committee in February 2011.

At the end of 2016, Internal Audit included 24 people, including 9 in the headquarters and 15 in the main subsidiaries of the Rexel Group (located in Australia, Austria, Canada, France, the United States and the United Kingdom), each of the major Regions having at least one auditor.

Based on an audit plan approved by the Audit and Risk Committee in early 2016, the internal audit teams performed in 2016 around forty audits of accounting, financial and operating procedures. About 300 audits on the network of branches were also carried out or supervised by this team.

Following each audit and based on recommendations by the auditors, action plans are prepared by the relevant entities to address the weaknesses identified in the audit report. The Internal Audit Department has established a follow-up process on the action plans to ensure that the detected weaknesses are corrected.

These assignments also allow for better control of the results of the self-assessments conducted by the entities. About half of the controls on self-assessments were reviewed during a standard audit on accounting and financial processes.

Moreover, each quarter, the Director of Internal Audit presents to the Rexel Audit and Risk Committee an overview of team activity, the main findings of the audits and a progress update on the related actions plans.

2.3.5.3 The External Audit role

External auditors help monitor the internal control system. In addition to the diligence conducted in certifying the financial statements, they verify each year the reliability of the results of the self-assessment campaign with respect to a portion of the framework, which varies from year to year. Although the scope of this review is limited, this verification applies to all Rexel Group entities, and the Internal Audit teams follow up with more comprehensive verifications on a limited number of entities. This allows the Rexel Group to improve the reliability of the self-assessments and harmonize practices.

2.3.5.4 Headquarters functional departments

The functional departments have a role in the internal control and risk management system and in the risk management procedures. In identifying need for group-wide action, they base their decisions on the responses to the self-assessment questionnaires and the audit reports prepared by Internal Audit teams. Each functional department supports subsidiaries in the setting-up of action plans to reduce identified risks in their areas of expertise.

2.3.6 Internal control procedures relating to the preparation and treatment of accounting and financial information

2.3.6.1 Planning, steering and reporting activities

The planning, steering and reporting processes are organized by entities, which may be countries, holdings or commercial entities whose activities are not related to the distribution of electrical equipment. The countries are grouped by geographic regions. The entities and regions each have their own general management, operating management, and financial teams.

For each financial year, a budget is established at the entity level and approved by the entities and the related regions' operating management, then subject to an open review with Executive Management, the Financial Control Department and Regions' Management. The budget, consolidated at the Group level, is submitted for approval to the Rexel Board of Directors after review by the Strategic Investment Committee. This process allows focusing the responsibility of the whole organization around the Rexel Group objectives and applies to all of the entities included in the Rexel Group scope of consolidation.

The monthly business reviews attended by members of the Executive Management, the Group Financial Control Department, and the Management of the Regions provide insight into (i) financial and economic changes with respect to activities, (ii) the assessment of operational decisions to be taken, (iii) the analysis of gaps between targets and performance, (iv) the steering of the financial structure and (v) the monitoring of the implementation of action plans. In tracking progress, the Executive Management relies on monthly reporting, comments on observed changes and indicators of operational and financial performance. At the level of the entities, regions and the Rexel Group, teams of financial controllers are responsible for monitoring the achievement of targets and for analyzing accounting and financial information.

Three times a year, forecasts for the current year are prepared and compared with budget targets in order to implement the necessary corrective actions. These forecasts include the usual items for the monitoring of the financial structure and of the Rexel Group activity, including the forecasting of key ratios defined in the financing agreements ("covenants").

A summary of business reviews and forecasts is communicated monthly to the members of the Board of Directors.

Each year, a strategic plan over several years is prepared at the entity level, validated by the relevant regions' management teams and subject to an open review with Executive Management, the Financial Control Department and Regions' Management. Together, this is consolidated and reviewed at the Rexel Group level and is submitted to the approval of the Board of Directors.

The yearly, half-year and quarterly financial statements are presented to the Audit and Risk Committee and approved by the Board of Directors.

2.3.6.2 Shared guidelines and procedures for the approval of financial statements

Rexel Group's financial statements are prepared in accordance with IFRS as adopted by the European Union and are based on information provided by the Financial Departments of the entities. The latter are responsible for ensuring that this information complies with the Rexel Group standards (especially accounting methods and accounts structure, included in a Reporting Manual) and observance of the detailed instructions issued by the Financial and Administrative Department.

This data is transmitted by the Financial Departments of the entities in a set format using a single consolidation tool that is used in preparing monthly reports and external financial information at each stage of consolidation: monthly reporting, budget, forecasting and strategic plan. This single format guarantees consistency between the different data used for internal steering and external communication.

The Rexel Group's Financial and Administrative Department ensures the consistency of the inflow of information from entities before aggregating the results and consolidation entries. It prepares detailed and documented analyzes of such data, explaining, in particular, changes in the scope of consolidation, exchange rate impacts and non-recurring operations.

As mentioned in paragraph 2.3.3 "Control activities" of this Registration document, internal controls relating to accounting and financial information are part of the general internal control system.

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3 Corporate governance

Report of the Chairman of the Board of Directors on the operation of the Board of Directors and on internal control procedures

The Report of the Chairman of the Board of Directors in connection with the operation of the Board of Directors and internal control proceedings for the financial year ended December 31, 2016, is made up of paragraphs 3.1 “Administration bodies and management”, 3.2 “Compensation of corporate officers”, 3.3 “Related party transactions”, 3.4 “Insider trading policy”, 3.5 “Implementation of the AFEP-MEDEF corporate governance Code of listed companies – Paragraph 27.1 of the AFEP-MEDEF Code” of this chapter as well as paragraphs 2.3 “Internal control and risk management procedures”, 6.1 “By-laws (Statuts)”, 6.2 “Shareholders” and 6.4 “Other elements that may have an impact in case of tender offer” of this Registration document.

This report was drawn up pursuant to Article L.225-37 of the French Commercial Code, in order to report on the conditions under which the work of the Board of Directors is prepared and organized, and on internal control procedures implemented by Rexel within the Group of which it is the holding company.

This report is drawn up by the Chairman of the Board of Directors in collaboration with the Group’s Executive Management, General Secretariat including the Legal Department, the Sustainable Development Department, the Corporate Communications Department as well as the Accounting Department, the Internal Control Department, the Internal Audit Department and the Human Resources Department based on the work carried out by the Rexel Group in 2016 in relation to internal control and risk management.

It was reviewed by the Nomination and Compensation Committee on February 9, 2017, as well as by the Audit and Risk Committee in its meeting of February 10, 2017, in presence of the representatives of the Statutory Auditors of Rexel, and subsequently approved by the Board of Directors in its meeting on the same date, in presence of the Representatives of the Statutory Auditors of Rexel.

The Company refers to the corporate governance principles of listed companies set out in the corporate governance code (the AFEP-MEDEF Code) established by the *Association française des entreprises privées* (AFEP) and the *Mouvement des entreprises de France* (MEDEF). The aspects on which the Company departs from the guidelines are set out in paragraph 3.5 “Implementation of the AFEP-MEDEF corporate governance Code of listed companies – Paragraph 27.1 of the AFEP-MEDEF Code” of this Registration document.

This code is available on the website of MEDEF (www.medef.fr) or at the registered office of the Company.

3.1 ADMINISTRATION BODIES AND MANAGEMENT

Rexel has been a French *société anonyme* with a Board of Directors since May 22, 2014. This governance model is aimed at:

- Simplifying the decision-making process;
- Speeding up the implementation of the Rexel Group’s strategy;
- Strengthening the Board of Directors’ responsibility; and
- Creating greater proximity between the members of the Board of Directors and the members of the Executive Committee.

At its meeting on June 23, 2016, the Board of Directors decided, following the recommendation of Rexel’s Nomination and Compensation Committee, to split the duties of Chairman and Chief Executive Officer between two separate persons as from July 1, 2016. The Board of Directors considered, in particular in view of the difficult macroeconomic and competitive environment of the Rexel Group, that the interests of the Rexel Group would be better served by dissociating the duties of Chairman and of Chief Executive Officer, thus allowing the Chief Executive Officer to focus all of his efforts on the implementation of the Rexel Group’s strategy.

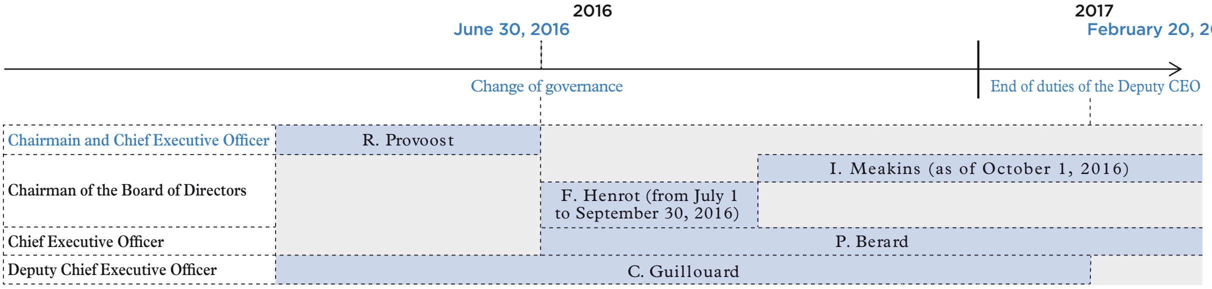
Consequently, the Board of Directors decided to entrust Patrick Berard with the duties of Chief Executive Officer in replacement of Rudy Provoost as of July 1, 2016. The Board of Directors also decided to appoint François Henrot as Chairman of the Board of Directors for the period from July 1, 2016 to September 30, 2016.

At its meeting on July 1, 2016, the Board of Directors co-opted Ian Meakins as Director in replacement of Rudy Provoost, for the remaining term of office of his predecessor, *i.e.* until the date of the shareholders meeting of the Company that is to resolve on the financial statements for the financial year ending December 31, 2017, to be held in 2018.

The Board of Directors also appointed Ian Meakins as Chairman of the Board of Directors as from October 1, 2016 and until the end of his term of office as director, François Henrot retained the duties of Deputy Chairman and senior independent director as from such date.

In addition, at its meeting on February 20, 2017, the Board of Directors decided to put an end to Catherine Guillouard's functions as Deputy Chief Executive Officer, effective on February 20, 2017. The decision follows a divergence of views over the implementation of Rexel's new strategic direction. Catherine Guillouard will not be replaced in her role as Deputy Chief Executive Officer. On May 15, 2017, Laurent Delabarre will take up the position of Group Chief Financial Officer and member of the Executive Committee. Pending his start date, Grégoire Bertrand, who is currently Chief Financial Officer Europe, will act as Group Chief Financial Officer on an interim basis.

These various changes are summarized as follows:



3.1.1 Board of Directors

In accordance with Rexel's by-laws, the Board of Directors is made up of a minimum of five members and a maximum of 15 members, subject to the exceptions provided for by law in the event of a merger.

The members of the Board of Directors are appointed for a maximum term of four years.

The Board of Directors is renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years.

As at December 31, 2016, the Board of Directors was made up of eight members, all of them independent, including 37.5% of female members, *i.e.*, three females out of eight members. Following the resignation of Pier-Luigi Sigismondi and the co-option of Agnès Touraine by the Board of Directors of February 10, 2017, the Board of Directors is made up of four females out of eight members, *i.e.* 50%.

The table below presents a summary of the membership of the Board of Directors as at December 31, 2016.

NAME	DUTIES WITHIN THE BOARD OF DIRECTORS OF REXEL	NATIONALITY	AGE	INDEPENDENCE	OTHER DUTIES OF BOARD MEMBER HELD IN LISTED COMPANIES	MEMBERSHIP OF A COMMITTEE: AUDIT AND RISK COMMITTEE	MEMBERSHIP OF A COMMITTEE: STRATEGIC INVESTMENT COMMITTE(1)	MEMBERSHIP OF A COMMITTEE: NOMINATION AND COMPENSATION COMMITTEE	DATE OF FIRST APPOINTMENT	DATE OF EXPIRY OF TERM OF OFFICE
Ian Meakins	Chairman	British	60	Yes	No	-	-	Yes	July 1, 2016	2018 shareholders meeting
François Henrot	Deputy Chairman Senior Independent Director	French	67	Yes	Yes	Yes	Yes	Chairman	October 30, 2013(2)	2017 shareholders meeting
Thomas Farrell	Director	US	60	Yes	No	Yes	-	Yes	May 16, 2012(2)	2020 shareholders meeting
Fritz Froehlich	Director	German	75	Yes	No	Chairman	-	Yes	April 4, 2007(2)	2019 shareholders meeting
Elen Phillips	Director	US and British	57	Yes	No	Yes	Yes	-	March 8, 2016	2020 shareholders meeting
Maria Richter	Director	US and Panama	62	Yes	Yes	Yes	-	Yes	May 22, 2014	2019 shareholders meeting
Pier Luigi Sigismondi	Director	Italian	51	Yes	No	-	Chairman	Yes	May 22, 2014(3)(4)	2018 shareholders meeting
Herna Verhagen	Director	Dutch	50	Yes	Yes	Yes	Yes	-	November 28, 2013(2)	2018 shareholders meeting

(1) The Strategic Investment Committee was suppressed by the Board of Directors effective January 1, 2017.
(2) In the capacity of member of the Supervisory board, and subsequently in the capacity of member of the Board of Directors as of May 22, 2014.
(3) In the capacity of observer of the Supervisory board, and subsequently in the capacity of member of the Board of Directors as of May 22, 2014.
(4) Resigning with effect on December 31, 2016.

3.1.1.1 Detailed membership of the Board of Directors

As at December 31, 2016, the Board of Directors was made up of the following eight members:

IAN MEAKINS

(60 years old)

PROFESSIONAL ADDRESS

13, Boulevard du Fort de Vaux – 75017 Paris – France

NUMBER OF REXEL SHARES HELD:

115,250

EXPERIENCE AND EXPERTISE

Director, Chairman of the Board of Directors, Member of the Nomination and Compensation Committee

Ian Meakins was co-opted as director by the Board of Directors on July 1, 2016, in replacement of Rudy Provoost. He was also appointed Chairman of the Board of Directors on July 1, 2016, effective October 1, 2016. The co-option of Ian Meakins as well as the renewal of his term of office will be submitted to the approval of the Shareholders' Meeting of May 23, 2017.

Ian Meakins is a British citizen.

Ian Meakins was chief executive officer for Wolseley from July 2009 to August 2016. He retired from Wolseley PLC in August 2016. He was previously chief executive officer for Travelex, an international company dealing with currency exchange and payments. Before that he was chief executive officer for Alliance UniChem plc until its merger with Boots in July 2006. Between 2000 and 2004, he was President, European Major Markets and Global Supply for Diageo plc, a company for which he has held various international management positions for more than 12 years. He was a non-executive director and senior director of Centrica plc. Ian Meakins is a graduate of Cambridge University.

TERM OF OFFICE

First appointment:

July 1, 2016 (as member of the Board of Directors)

Current term of office:

From July 1, 2016, until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2017

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France
- Director and Chairman of the Board of Directors of Rexel
- Member of the Nomination and Compensation Committee

Abroad

–

Over the last five financial years:

In France
- Member of Rexel's Strategic Investment Committee

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad
- Non-executive Chairman of Van Dyke Enterprises (The Netherlands – unlisted company)

Over the last five financial years:

In France

–

Abroad
- Chief Executive Officer of Wolseley plc (United Kingdom – listed company)
- Chairman of Wolseley plc Executive Committee (United Kingdom – listed company)
- Non- Executive Director and Senior Independent Director of Centrica plc (United Kingdom – listed company)
- Member of the compensation committee, nomination committee and audit committee of Centrica plc (United Kingdom – listed company)

FRANÇOIS HENROT

(67 years old)

PROFESSIONAL ADDRESS

23 bis avenue de Messine – 75008 Paris

NUMBER OF REXEL SHARES HELD:

7,133

EXPERIENCE AND EXPERTISE

Senior Independent Director, Deputy Chairman of the Board of Directors, Chairman of the Nomination and Compensation Committee, Member of the Audit and Risk Committee

François Henrot has served on the Board of Directors of Rexel as Senior Independent Director referent and Deputy Chairman of the Board since May 22, 2014. He served as interim Chairman of the Board of Directors between July 1, 2016, and October 1, 2016. He was previously a member of the Supervisory Board of Rexel further to his co-option by the Supervisory Board on October 30, 2013, to replace Manfred Kindle. The ratification of François Henrot's co-option as member of the Supervisory Board was approved by the Shareholders' Meeting of May 22, 2014. The renewal of his term of office will be submitted to the approval of the Shareholders' Meeting of May 23, 2017.

François Henrot is a French citizen.

François Henrot has been Managing Partner of Rothschild & Cie since 1998 and he serves as Chairman of the investment bank of the Rothschild Group. He started his career in 1974 at the French Council of State. In 1979, he became Director of France's Telecommunications Department. In 1985, he joined the Compagnie Bancaire where he became COO and Chairman of the Management Board. He was a Management Board Member at Compagnie Financière de Paribas from 1995 to 1998 before joining Rothschild. François Henrot is a Board member of Paris-Orléans SA (the holding company of the Rothschild Group), Yam Invest NV and Cobepa, which he presides. François Henrot is a graduate of the École Nationale d'Administration (ENA) and of the University of Stanford.

TERM OF OFFICE

First appointment:

October 30, 2013 (as member of the Supervisory Board) May 22, 2014 (as member of the Board of Directors)

Current term of office:

From May 22, 2014 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2016

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France

- Senior Independent Director of Rexel
- Deputy Chairman of the Board of Directors
- Chairman of Rexel's Nomination and Compensation Committee
- Member of the Audit and Risk Committee

Abroad

–

Over the last five financial years:

In France

- Member of Rexel's Strategic Investment Committee
- Chairman of the Board of Directors of Rexel from July 1, 2016 to September 30, 2016
- Member of Rexel's Supervisory Board
- Chairman of Rexel's Nomination Committee
- Member of Rexel's Compensation Committee
- Member of Rexel's Strategic Committee

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

- Chairman of the investment bank of the Rothschild Group (France – unlisted company)
- Managing partner of Rothschild & Cie (France – unlisted company)
- Member of the Supervisory board of Paris Orléans SA (holding of the Rothschild Group) (France – listed company)

Abroad

- Member of the Supervisory Board of Yam Invest NV (The Netherlands – unlisted company)
- Chairman of the Board of Directors of Cobepa (Belgium – unlisted company)

Over the last five financial years:

In France

- Managing partner of Rothschild & Cie Banque (France – unlisted company)
- Member of the Board of Directors of 3 Suisses (France – unlisted company)
- Member of the Supervisory Board of Vallourec (France – listed company)
- Observer (censeur) of the Supervisory Board of Vallourec (listed company)

Abroad

–

THOMAS FARRELL

(60 years old)

PROFESSIONAL ADDRESS

13, Boulevard du Fort de Vaux – 75017 Paris – France

NUMBER OF REXEL SHARES HELD:

8,437

EXPERIENCE AND EXPERTISE

Director, Member of the Audit and Risk Committee and member of the Nomination and Compensation Committee

Thomas Farrell has served on the Board of Directors of Rexel since May 22, 2014. Since May 16, 2012, he had been a member of the Supervisory Board. From November 2011 to May 2012, Thomas Farrell served as observer in the Supervisory Board of Rexel. His term of office was renewed by anticipation by the Shareholders' Meeting of May 25, 2016.

Thomas Farrell is a US citizen.

Thomas Farrell has worked with Lafarge between 1990 and 2015. Prior to joining Lafarge, Thomas Farrell was a corporate attorney with Shearman & Sterling, working at both their New York and Paris offices. After joining Lafarge, Thomas Farrell first worked at the Paris headquarters as Vice President of Strategy for two years. From 1992 to 2002, he managed various Lafarge operating units in France, Canada and India. From 1998 through 2002 he was CEO of Lafarge India. In June 2002, Thomas Farrell was appointed EVP of Lafarge North America. In September 2007, he was appointed Lafarge Group EVP, Co-President of the Aggregates & Concrete Division, and a member of the Executive Committee. In January 2012, he became Group EVP, Operations, responsible for the Group's operations in 20 countries. Thomas Farrell is a graduate of Brown University (BA 1978) and of Georgetown University Law Center (JD 1981).

TERM OF OFFICE

First appointment:

May 16, 2012 (as member of the Supervisory Board) and May 22, 2014 (as member of the Board of Directors)

Current term of office:

From May 25, 2016 until the Shareholders' Meeting deciding on the accounts for the financial year ended December 31, 2019

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France

- Director of Rexel
- Member of Rexel's Audit and Risk Committee
- Member of Rexel's Nomination and Compensation Committee

Abroad

–

Over the last five financial years:

In France

- Member of the Supervisory Board of Rexel
- Observer *(censeur)* of the Supervisory Board of Rexel
- Member of Rexel's Nomination Committee
- Member of Rexel's Audit Committee
- Member of Rexel's Strategic Committee

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad

–

Over the last five financial years:

In France

- Lafarge Group EVP, Operations (France – listed company)

Abroad

- Chairman, Lafarge North America (non listed company)
- Chairman, Lafarge Russia (non listed company)
- Chairman, Lafarge Bangladesh (listed company)
- Co-Chairman, Lafarge Tarmac (United-Kingdom – listed company)
- Board Member, Lafarge India (non listed company)
- Board Member, Bamburi Cement (Kenya – listed company)

FRITZ FROEHLICH

(75 years old)

PROFESSIONAL ADDRESS

13, Boulevard du Fort de Vaux – 75017 Paris – France

NUMBER OF REXEL SHARES HELD:

5,300

EXPERIENCE AND EXPERTISE

Director, Chairman of the Audit and Risk Committee, Member of the Nomination and Compensation Committee

Fritz Froehlich has served on the Board of Directors of Rexel since May 22, 2014. Since April 4, 2007, he had been a member of Rexel's Supervisory Board.

Fritz Froehlich is a German citizen.

Previously, Fritz Froehlich served as Deputy Chairman and Chief financial officer of AKZO Nobel from 1998 to 2004 and member of the executive board in charge of fibers from 1991 to 1998. Prior to joining AKZO Nobel, Fritz Froehlich was CEO of Krupp Widia from 1984 to 1991 and CEO of Sachs Dolmar from 1976 to 1984. He began his career by working in the fields of Marketing and Economic studies. Fritz Froehlich is a member of the Supervisory Board of Allianz Nederland Groep N.V. He holds a doctorate in economics from Cologne University and a Master of Business Administration (MBA).

TERM OF OFFICE

First appointment:

April 4, 2007 (as member of the Supervisory Board) and May 22, 2014 (as member of the Board of Directors)

Current term of office:

From May 27, 2015 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2018

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France
- Director of Rexel
- Chairman of Rexel's Audit and Risk Committee
- Member of Rexel's Nomination and Compensation Committee

Abroad

–

Over the last five financial years:

In France
- Member of Rexel's Supervisory Board
- Chairman of Rexel's Audit Committee
- Member of Rexel's Nomination Committee
- Member of Rexel Compensation Committee

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad
- Member of the Supervisory Board of Allianz Nederland Groep N.V. (The Netherlands – unlisted company)

Over the last five financial years:

In France

–

Abroad
- Chairman of the Supervisory Board of Randstad Holding N.V. (The Netherlands – listed company)
- Member of the Supervisory Board of ASML N.V. (The Netherlands – listed company)
- Member of the Supervisory Board of Prysmian SpA (Italy – listed company)
- Chairman of the Supervisory Board of Altana A.G. (Germany – listed company)
- Chairman of the Supervisory Board of Draka N.V. (The Netherlands – listed company)

ELEN PHILLIPS

(57 years old)

PROFESSIONAL ADDRESS

13, Boulevard du Fort de Vaux – 75017 Paris – France

NUMBER OF REXEL SHARES HELD:

1,000

EXPERIENCE AND EXPERTISE

Director, Member of the Audit and Risk Committee

Elen Phillips was co-opted as director by the Board of Directors on March 8, 2016 in replacement of Isabel Marey-Semper. The co-option of Elen Phillips as Director as well as the renewal of her term of office have been approved by the Shareholders' Meeting of May 25, 2016.

Elen Phillips is a dual citizen of the United Kingdom and the United States.

Elen Phillips was Vice-President, Fuel Sales and Marketing of Shell Oil for the American continent from 2010 until her retirement from the Shell group at the end of 2016.

Elen Phillips had previously occupied various executive positions within the Shell Group and in particular, she served as Vice-President in charge of the Shell International worldwide distribution network from 2004 to 2010 and Manager of the Shell Retail International distribution network from 2002 to 2004 and Chief Executive Officer in charge of network development of Shell Oil from 2000 to 2002. Elen Phillips served as Chief Executive Officer Retail Sales for the Gulf Coast region of Motiva Elen Phillips LLC from 1998 to 2000. Previously, she was Commercial Manager Retail for the East region of Shell Oil from 1997 to 1998. She acted as consultant within the enterprise transformation team of Shell Oil from 1995 to 1997. Elen Phillips acted as commercial manager in charge of aircraft fuels of Shell Oil Products from 1993 to 1995. She was also in charge of program development for Shell Chemical from 1991 to 1993 as well as of the strategic development of Shell International Chemical from 1988 to 1990. Elen Phillips had started her career within the Shell group in 1983, and she was in charge of business development and of product management until 1988.

Elen Phillips graduated in chemistry at the University of Salford and holds a degree in Business Science of the Manchester Business School.

TERM OF OFFICE

First appointment:

March 8, 2016

Current term of office:

March 8, 2016 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2019

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France
- Director of Rexel
- Member of the Audit and Risks Committee of Rexel

Abroad
–

Over the last five financial years:

In France
- Member of Rexel's Strategic Investment Committee

Abroad
–

Titles and duties outside the Rexel Group:

Current:

In France
–

Abroad
–

Over the last five financial years:

In France
–

Abroad
- Vice-President, Fuel Sales and Marketing of Shell Oil for the American continent (United States – listed company)

MARIA RICHTER

(62 years old)

PROFESSIONAL ADDRESS

13, Boulevard du Fort de Vaux – 75017 Paris – France

NUMBER OF REXEL SHARES HELD:

4,500

EXPERIENCE AND EXPERTISE

Director, Member of the Audit and Risk Committee, Member of the Nomination and Compensation Committee

Maria Richter was co-opted as director by the Board of Directors on May 22, 2014, to replace Roberto Quarta. Maria Richter's co-optation as director and the renewal of her directorship have been approved by the Shareholders' Meeting of May 27, 2015.

Maria Richter is a dual citizen of the Republic of Panama and the United States.

Maria Richter is a former Investment Banker and currently sits as a Non-Executive Director on public and private company boards. From 2003 to July 2014, she was a Non-Executive Director of National Grid plc and Chairman of its Finance Committee and a member of its Audit Committee and Appointments Committee. She is currently on the board of directors of Bessemer Trust (since 2008), a US wealth management company and is a member of its Remuneration Committee. As of January 1, 2015 she is also a Non-Executive Director of Johannesburg based Anglo Gold Ashanti and a member of the company's Audit and Risk Committee and Human Resources & Compensation Committee. Maria Richter is also on the Board of Pro Mujer International, a women's microfinance network and Chairman of the Board of Trustees of Pro Mujer UK. Maria Richter began her career as an attorney for the then law firm Dewey Ballantine (1980-1985) before joining The Prudential (1985-1992) where she held a number of executive positions latterly as a Vice-President of Prudential Power Funding Associates. She joined Salomon Brothers (1992-1993) as Vice President and then joined Morgan Stanley (1993-2002) as Executive Director and Head of Independent Power and Structured Finance and later became Managing Director and Head of South America Investment Banking and Managing Director of Corporate Finance Retail. Maria Richter has a Bachelor of Arts degree from Cornell University and a Juris Doctor degree from Georgetown University Law Center.

TERM OF OFFICE

First appointment:

May 22, 2014 (as member of the Board of Directors)

Current term of office:

From May 27, 2015 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2018

3

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France

- Director of Rexel
- Member of Rexel's Audit and Risk Committee
- Member of Rexel's Nomination and Compensation Committee

Abroad

–

Over the last five financial years:

In France

- Member of Rexel's Compensation Committee

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad

- Member of the Board of Directors and member of the Remuneration Committee of Bessemer Trust (United States – unlisted company)
- Non-executive director, member of the Audit and Risk Committee and member of the Human Resource and Compensation Committee of Anglo Gold Ashanti (South Africa – listed company)
- Member of the Board of Directors of Pro Mujer International (United States – unlisted organization) and Chairman of the Board of Trustees of Pro Mujer UK (United Kingdom – unlisted organization)

Over the last five financial years:

In France

–

Abroad

- Non-executive director, Chairman of the Finance Committee, member of the Audit Committee and member of the Appointmentss Committee of National Grid, plc (United Kingdom – listed company)
- Member of the Board of Directors, member of the Governance Committee and member of the Finance Committee of The Pantry, Inc. (United States – listed company)
- Non-executive director, member of the Audit Committee, member of the Appointments Committee and member of the Remuneration Committee of Vitec Group plc (United Kingdom – listed company)

PIER-LUIGI SIGISMONDI

(51 years old)

PROFESSIONAL ADDRESS

Unilever ASIA PLC,
20 Pasir Panjang Road #06-22 Mapletree Business City,
Singapore 117439

NUMBER OF REXEL SHARES HELD:

1,000

EXPERIENCE AND EXPERTISE

Director, Member of the Nomination and Compensation Committee

Pier-Luigi Sigismondi had served on the Board of Directors of Rexel since May 22, 2014. Since May 22, 2013, he had served as observer *(censeur)* further to his appointment by the Supervisory Board. Pier-Luigi Sigismondi resigned from his duties as director as of December 31, 2016.

Pier-Luigi Sigismondi is an Italian citizen.

Pier-Luigi Sigismondi is currently President, South East Asia & Australasia of Unilever Asia Private Limited. Prior to that, he was a member of the Executive Board and Chief Supply Chain Officer of Unilever from 2009 to February 2016. Previously, Pier-Luigi Sigismondi worked for Nestlé SA, where he was Vice President of corporate strategic operations, based in Switzerland, in charge of industrial strategies of the group as well as management of global cost improvement programmes before moving to Nestlé Mexico in 2005 as Vice President of operations and R&D. Pier-Luigi Sigismondi started his career in consulting, first with Booz Allen & Hamilton and later with AT Kearney. Pier-Luigi Sigismondi holds a Master's Degree in Industrial & Systems Engineering from the Georgia Institute of Technology, Atlanta, Georgia.

TERM OF OFFICE

First appointment:

May 22, 2013 (as observer *(censeur)* of the Supervisory Board) and May 22, 2014 (as member of the Board of Directors)

Current term of office:

From May 22, 2014 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2017

Pier-Luigi Sigismondi resigned from his duties as director as of December 31, 2016

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France

- Director of Rexel
- Member of Rexel's Nomination and Compensation Committee

Abroad

–

Over the last five financial years:

In France

- Chairman of Rexel's Strategic Investment Committee
- Member of Rexel's Supervisory Board
- Observer *(censeur)* of Rexel's Supervisory Board
- Member of Rexel's Compensation Committee
- Member of Rexel's Strategic Committee

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad

- President, South East Asia & Australasia of Unilever Asia Private Limited (Singapore – unlisted company)

Over the last five financial years:

In France

-

Abroad

- Member of the Executive Board and Chief Supply Chain Officer of Unilever (United Kingdom – listed company)

HERNA VERHAGEN

(50 years old)

PROFESSIONAL ADDRESS

Prinses Beatrixlaan 23 – 2595 Ak – La Hague – The Netherlands

NUMBER OF REXEL SHARES HELD:

1,000

EXPERIENCE AND EXPERTISE

Director, Member of the Audit and Risk Committee

Herna Verhagen has served on the Board of Directors of Rexel since May 22, 2014. She was previously a member of the Supervisory Board further to her co-option by the Supervisory Board on November 28, 2013, to replace Akshay Singh. The ratification of Herna Verhagen's co-option as member of the Supervisory Board as well as the renewal of her term of office as member of the Supervisory Board were approved by the Shareholders' Meeting of May 22, 2014.

Herna Verhagen is a Dutch citizen.

Herna Verhagen has been Chief Executive Officer of PostNL since April 2012. Prior to this, she served as a member of the Management Board of PostNL N.V., and was Managing Director Parcels and International PostNL, as of 2011. Herna Verhagen joined TNT Post in 1993 as a sales manager before going on to hold a number of senior positions including Commercial Director, Coordinating Managing Director Mail NL and Managing Director Group HR of TNT N.V. Herna Verhagen sits on the Supervisory Board of Actelion (Switzerland). She is a member of the executive committee and of the general council of the Confederation of Netherlands Industry and Employers VNO-NCW. She is also member of the supervisory board of Concertgebouw.

Herna Verhagen obtained a Master's Degree in Law from the University of Nijmegen, a Master's degree in Human Resources from the Tilburg University, an International Management degree from INSEAD, a degree in Economics from the London School of Economics and an Executive MBA degree from Stanford University.

TERM OF OFFICE

First appointment:

November 28, 2013 (as member of the Supervisory Board) and May 22, 2014 (as member of the Board of Directors)

Current term of office:

From May 22, 2014 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2017

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France

- Director of Rexel
- Member of Rexel's Audit and Risk Committee

Abroad

–

Over the last five financial years:

In France

- Member of Rexel's Strategic Investment Committee
- Member of Rexel's Supervisory Board
- Member of Rexel's Nomination Committee
- Member of Rexel's Strategic Committee

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad

- Chair, CEO and member of the Management Board of PostNL NV (The Netherlands – listed company)
- Non-executive director of Actelion SA (Switzerland – listed company)
- Member of the supervisory board of Concertgebouw (The Netherlands – unlisted company)
- Member of the executive committee of the general council of the Confederation of Netherlands Industry and Employers VNO NCW

Over the last five financial years:

In France

-

Abroad

- Member of the Supervisory Board of Nutreco NV (The Netherlands – listed company)

The Board of Directors of February 10, 2017, co-opted Agnès Touraine in replacement of Marianne Culver, who has resigned. Her biography is available in chapter 7 of this Registration document.

Membership in the Board of Directors during the financial year ended December 31, 2016

The following persons, who resigned prior to December 31, 2016, were also members of the Board of Directors during the 2016 financial year:

MARIANNE CULVER

(60 years old)

PROFESSIONAL ADDRESS

13, Boulevard du Fort de Vaux – 75017 Paris – France

NUMBER OF REXEL SHARES HELD:

3,000

EXPERIENCE AND EXPERTISE

Marianne Culver was co-opted as director by the Board of Directors on March 8, 2016, in replacement of Monika Ribar. The co-option of Marianne Culver as Director as well as the renewal of her term of office were approved by the Shareholders' Meeting of May 25, 2016. She resigned from her duties as director of Rexel on November 21, 2016.

Marianne Culver is a citizen of the United Kingdom.

Marianne Culver served as Chief Executive Officer of TNT Express UK/Ireland Ltd (domestic) from 2015 to 2016.

Marianne Culver occupied various executive duties within Premier Farnell Plc. between 2004 and 2014: Enterprise transformation and supplier Manager as well as world marketing product and logistic chain manager. She also acted as consultant for the British government between 2003 and 2004. Previously, she acted as Vice President Corporate and President of Avnet Inc. between 2000 and 2003. Marianne Culver served as Chief Executive Officer of Diplomac Plc. from 1987 to 2000. Marianne Culver is a graduate of St Andrew University.

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France

–

Abroad

–

Over the last five financial years:

In France

- Director of Rexel
- Member of the Nomination and Compensation Committee of Rexel
- Member of Rexel's Strategic Investment Committee

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad

- Member of the Board of Directors of the British Quality Foundation (United Kingdom – society, unlisted)

Over the last five financial years:

In France

-

Abroad

- Member of the Board of Directors of EDS (United States – society, unlisted)
- Chief Executive Officer of TNT Express UK/Ireland Ltd (domestic) (United Kingdom)

RUDY PROVOOST

(57 years old)

PROFESSIONAL ADDRESS

13, Boulevard du Fort de Vaux – 75017 Paris – France

NUMBER OF REXEL SHARES HELD:

216,165

EXPERIENCE AND EXPERTISE

Rudy Provoost served on the Board of Directors of Rexel since May 22, 2014. He had previously been a member of the Management Board of Rexel since October 1, 2011 before becoming Chairman on February 13, 2012. He resigned from his duties as director effective July 1, 2016.

Rudy Provoost is a Belgian citizen.

Rudy Provoost joined Philips in 2000, as Executive Vice President of the Consumer Electronics branch in Europe. In 2004, he became CEO of the Consumer Electronics branch and was appointed as member of the Management Board of Philips in 2006. In 2008, he became CEO of its Lighting branch and Chairman of its Sustainable Development Board. Rudy Provoost previously held various management positions at Procter & Gamble (1984-1987), Canon (1987-1992) and Whirlpool (1992-2000). Born in Belgium in 1959, Rudy Provoost holds a degree in psychology and an MBA from the University of Gand in Belgium. Rudy Provoost currently sits on the board of the Vlerick Leuven Gent Management School.

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France

–

Abroad

–

Over the last five financial years:

In France

- Director and Chairman and Chief Executive Officer of Rexel
- Member of the Strategic Investment Committee of Rexel
- Member and Chairman of Rexel's Management Board
- Member of Rexel's Nomination Committee
- Member of Rexel's Strategic Committee
- Director of Rexel France (France – unlisted company)

Abroad

- Director and President of Rexel Holdings USA Corp. (United States – unlisted company)
- Director of Rexel UK Limited (United Kingdom – unlisted company)
- Director and Chairman of Rexel North America, Inc. (Canada – unlisted company)
- Director of Rexel Senate Limited (United Kingdom – unlisted company)

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad

- Member of the Board of Directors of Randstad Holding N.V. (The Netherlands – listed company)
- Director of Vlerick Business School (Belgium – unlisted company)

Over the last five financial years:

In France

-

Abroad

- Member of the Management Board of Royal Philips (The Netherlands – listed company)
- Director of EFQM (Belgium – unlisted company)

ISABEL MAREY-SEMPER

(49 years old)

PROFESSIONAL ADDRESS

41, rue Martre – 92110 Clichy – France

NUMBER OF REXEL SHARES HELD:

1,000

EXPERIENCE AND EXPERTISE

Isabel Marey-Semper was co-opted as director by the Board of Directors on May 22, 2014, to replace Vivianne Akriche. Isabel Marey-Semper's co-option as director and the renewal of her directorship were approved by the Shareholders' Meeting of May 27, 2015. She resigned from her director duties on March 3, 2016.

Isabel Marey-Semper is a French citizen.

Isabel Marey-Semper was Project Officer – Managing Director for L'Oréal. She was previously Director of Advanced Research of L'Oréal Group (2011-2014), Director of Shared Services of L'Oreal Recherche & Innovation (2010-2011). She was previously Chief Financial Officer, Executive Vice President in charge of strategy and financial services of PSA Peugeot Citroen (2007-2009), Chief Operating Officer of the Intellectual Property and Licensing Business Unit of Thomson (2006-2007), Director of Corporate Planning and Strategy at Saint-Gobain (2004-2005) and Director of Corporate Planning, High Performance Materials of Saint-Gobain (2002-2004) and a Principal of A.T. Kearney (Telesis, prior to acquisition by A.T. Kearney) (1997-2002). She was also a member of the Board of Directors of Faurecia S.A. (2007-2009) and a member of the board of directors and audit committee of Nokia Oyj (2009-2013). Isabel Marey-Semper holds an MBA from the *Collège des Ingénieurs* (Paris) and a Ph.D. in neuro-pharmacology from the University of Paris Pierre et Marie Curie-Collège de France. She is also a graduate of *École Normale Supérieure*.

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France

–

Abroad

–

Over the last five financial years:

In France

- Director of Rexel
- Member of Rexel's Audit and Risk Committee
- Member of Rexel's Strategic Investment Committee
- Member of Rexel's Strategic Committee

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

- Executive Vice President Communications & Public Affairs of L'Oréal
- General Manager of L'Oréal Foundation

Abroad

–

Over the last five financial years:

In France

- Advanced Research Director of L'Oréal

Abroad

- Member of the Board of Directors and of the Audit Committee of Nokia (Finland – listed company)

MONIKA RIBAR

(57 years old)

PROFESSIONAL ADDRESS

4 Zimmerbergstrasse 8,
CH-8803 Rüschlikon,
Switzerland

NUMBER OF REXEL SHARES HELD:

2,000

EXPERIENCE AND EXPERTISE

Monika Ribar had served on the Board of Directors of Rexel since May 22, 2014. She had previously been co-opted as member of Supervisory Board by the Supervisory Board on October 30, 2013, to replace Eurazeo. The ratification of Monika Ribar's co-optation as member of the Supervisory Board had been approved by the Shareholders' Meeting of May 22, 2014. She resigned from her duties on March 8, 2016.

Monika Ribar is a Swiss citizen.

Monika Ribar was the President and Chief Executive Officer of the Panalpina Group, a Swiss freight forwarding and logistics services provider, from October 2006 until May 2013. At Panalpina Group, Monika Ribar has also occupied a variety of positions, including Chief Financial Officer, Chief Information Officer and Corporate Controller, and also served in project management positions. Prior to joining Panalpina, Monika Ribar worked at Fides Group (now KPMG Switzerland), a professional services firm, as Head of Strategic Planning, and at BASF, the German chemical products company. Monika Ribar also serves on the boards of SIKA AG, a supplier of specialty chemical products and industrial materials, Lufthansa AG, the German flag carrier airline and Chain IQ Group AG, a company for procurement outsourcing. She has also been appointed by the Swiss government Vice Chairman of SBB, the Swiss National Railway. Prior to her actual Board activity, Monika Ribar also served on the boards of Swiss International Air Lines Ltd., the flag carrier airline of Switzerland and Logitech, a world leader in electronics peripherals. Monika Ribar holds a Master's degree in Economics and Business Administration from the University of St. Gallen, Switzerland.

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France

–

Abroad

–

Over the last five financial years:

In France

- Director of Rexel
- Member of Rexel's Nomination and Compensation Committee
- Member of Rexel's Strategic Investment Committee
- Member of Rexel's Supervisory Board
- Member of Rexel's Nomination Committee
- Member of Rexel's Strategic Committee

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad

- Director and member of the Audit and Compensation Committee of Logitech International S.A. (Switzerland – listed company)
- Director and Chair of the Audit Committee of Sika AG (Switzerland – listed company)
- Director of Swiss International Airlines (Switzerland – unlisted company)
- Director and member of the Audit Committee of Lufthansa AG (Germany – listed company)
- Vice Chairman, Chair of the Risk Committee, member of the Infrastructure Committee and member of the HR Committee of SBB (Switzerland – unlisted company)
- Director of Chain IQ Group AG (Switzerland – unlisted company)

Over the last five financial years:

In France

–

Abroad

- Chairman and Chief Executive Officer of Panalpina Welttransport (Switzerland – listed company)

Citizenship of the directors

As at December 31, 2016, 7 directors were foreign nationals (Germany, the United Kingdom, the United States, Italy, the Netherlands and Switzerland).

Independent directors

As of December 31, 2016 and in accordance with the guidelines of the AFEP-MEDEF Code in connection with the percentage of independent members within boards of directors and committees:

- 8 members out of 8 of the Board of Directors were considered as independent: Thomas Farrell, Fritz Froehlich, François Henrot, Ian Meakins, Elen Phillips, Maria Richter, Pier-Luigi Sigismondi and Herna Verhagen, *i.e.*, an independence rate of 100%;
- 6 members out of 6 of the Audit and Risk Committee were considered as independent: Fritz Froehlich, Thomas Farrell, François Henrot, Elen Phillips, Maria Richter and Herna Verhagen, *i.e.*, an independence rate of 100%;
- 6 members out of 6 of the Nomination and Compensation Committee were considered as independent: François Henrot, Thomas Farrell, Fritz Froehlich, Ian Meakins, Maria Richter and Pier-Luigi Sigismondi, *i.e.*, an independence rate of 100%; and
- 5 members out of 5 of the Strategic Investment Committee were considered as independent: Pier-Luigi Sigismondi, François Henrot, Ian Meakins, Elen Phillips and Herna Verhagen, *i.e.*, an independence rate of 100%.

The percentage of independent members of the Board of Directors and of the Committees remain the same after the co-option of Agnès Touraine by the Board of Directors on February 10, 2017, in replacement of Marianne Culver, who had resigned.

The Board of Directors of February 10, 2017 reviewed, upon the report drawn up by the Nomination and Compensation Committee, the status of each Director of the Board according to the independence critera established by the AFEP-MEDEF Code.

In particular, the status of François Henrot and especially, whether or not the existing business relationship between Rexel and the Rothschild group are significant, has been analyzed. Following this analysis, the Nomination and Compensation Committee has concluded that there was no significant business relationship between Rexel and the Rothschild group, taking into consideration:

- The fees paid to the Rothschild Group represent a small percentage of the consolidated turnover of Rexel (0.005%);
- The type of missions provided by the Rothschild group to Rexel. Those financial consulting missions do not fall under the field of intervention of François Henrot within the Rothschild group. Those missions are not provided by departments or offices under his reponsability and François Henrot is not informed, within the Rothschild group, of the missions carried out for the benefit of Rexel due to the existence of chinese walls;
- Finally, as of the date of this Registration document Rexel is not preparing any external growth operations with the Rothschild group.

Furthermore, the status of Ian Meakins, Chairman of the Board of Directors, and those of the other members of the Board of Directors have also been analyzed and it has been concluded by the Board of Directors, in consideration of the report established by the Nomination and Compensation Committee, that Ian Meakins and the other members of the Board of Directors met the independence criteria within the meaning of the AFEP-MEDEF Code.

Balanced representation of men and women

As at December 31, 2016, the Board of Directors comprised 3 female members out of a total of 8 members (*i.e.*, 37.5%), since the resignation of Pier-Luigi Sigismondi from his duties as director and the co-option of Agnès Touraine decided by the Board of Directors' meeting of February 10, 2017, the Board of Directors has four female members out of a total of eight members (*i.e.*, 50%) and is therefore in compliance with the provisions of the article L225-18-1 of the French Commercial Code as well as with the recommendations of the AFEP-MEDEF Code.

Under the proposition to the Shareholders' Meeting of May 23, 2017 to appoint Patrick Berard as Director and if the Shareholders' Meeting approves this appointment, the percentage will be decreased to 44.44% of woman and the Board of Directors will remain in compliance with the provisions referred to above.

Departure, nomination and renewal of Board members

During the financial year ended on December 31, 2016, the following changes took place in the membership of the Board of Directors:

DIRECTOR	APPOINTMENT/ CO-OPTION	RENEWAL	DEPARTURE	COMMENT
Pier-Luigi Sigismondi			x	Resignation as of December 15, 2016, effective as of December 31, 2016.
Marianne Culver	x	x	x	Co-opted as director by the Board of Directors on March 8, 2016 in replacement of Monika Ribar who resigned. Approval of co-option as Director by the Shareholder's Meeting of May 25, 2016. Renewal of her term of office as Director for four years by the Shareholders' Meeting of May 25, 2016. Resignation effective as of November 21, 2016.
Monika Ribar			x	Resignation effective as of March 8, 2016
Elen Phillips	x	x		Co-opted as director by the Board of Directors on March 8, 2016 in replacement of Isabel Marey-Semper who resigned. Approval of co-option as Director approved by the Shareholders Meeting of May 25, 2016. Renewal of her term of office as Director for four years by the Shareholders Meeting of May 25, 2016.
Isabel Marey-Semper			x	Resignation effective as of March 3, 2016.
Thomas Farrell		x		Renewal of his term of office as Director for four years by the Shareholders Meeting of May 25, 2016.
Ian Meakins	x			Co-opted as director by the Board of Directors on July 1, 2016 in replacement of Rudy Provoost.

It will be suggested to the Shareholders' Meeting of May 23, 2017, to approve the co-option by the Board of Directors on July 01, 2016, of Ian Meakins in the capacity of Director and to renew his term of office for a term of four years in accordance with article 14.2 of the by-laws.

Moreover, since the term of office of François Henrot terminates at the end of the Shareholders' Meeting of May 23, 2017, it will be also suggested to such meeting to renew his term of office for a term of four years.

Finally, it will be suggested to the Shareholders' Meeting of May 23, 2017 to approve the co-option by the Board of Directors on February 10, 2017, of Agnès Touraine as a replacement of Marianne Culver and to appoint Patrick Berard in the capacity of Director for a term of office of four years.

In consideration thereof, the biographies of Ian Meakins, François Henrot, Agnès Touraine and Patrick Berard are presented in chapter 7 of this Registration document.

Multiple corporate offices

Regarding multiple corporate offices, Rexel aims to comply with the recommendations of the AFEP-MEDEF Code.

The Board of Directors reviews, for each proposed appointment of a director, the Chief Executive Officer or the Deputy Chief Executive Officer within a board of directors of another company, the potential impact of such an appointment on the limitations on multiple corporate offices in accordance with the recommendations of the AFEP-MEDEF Code.

3.1.1.2 Rules governing the membership and operation of the Board of Directors

The Board of Directors is made up, organized and performs the missions entrusted to it in accordance with applicable laws and regulations, the Company's by-laws and its internal regulations.

The internal regulations of the Board of Directors were adopted on May 22, 2014, which were last updated on January 1, 2017, in connection, in particular, with the suppression of the Strategic Investment Committee. The internal regulations were adopted pursuant to Rexel's by-laws and set forth the provisions governing the organization and operation of the Board of Directors and the rights and responsibilities of its members. These internal regulations are not enforceable against third parties and may not be invoked by such parties against members of the Board of Directors.

The Board of Directors' internal regulations are available on the Company's website (www.rexel.com) and the main stipulations of the internal regulations are reproduced or summarized below.

Membership of the Board of Directors

Without prejudice to the exception provided by law on the event of a merger, the Board of Directors comprises at least 5 members but no more than 15 members, appointed or renewed in office by the ordinary shareholders' meeting for a period of 4 years in accordance with the provisions of the by-laws.

Chairman, Deputy Chairman and senior independent director, Executive Management

The Board of Directors elects a Chairman and, as the case may be, a Deputy Chairman from among its members private persons in accordance with the provisions of the by-laws.

Chairman

The Chairman of the Board of Directors is responsible for convening the Board of Directors. He organizes and directs the work of the Board, and he reports on this work to the shareholders' meeting. He oversees the proper functioning of the Company's bodies and ensures, in particular, that the directors are able to carry out their assignments. The Chairman prepares the report of the Chairman of the Board of Directors drawn up in accordance with Article L.225-37 of the French Commercial Code.

The Chairman is also in charge of:

- Ensuring that the corporate governance principles are defined and implemented;
- With the assistance of the Nomination and Compensation Committee, ensuring efficient operation of the Board of Directors and of its Committees and organizing the replacements and successions regarding the Board of Directors as well as the nominations on which is to resolve;
- Ensuring that the Directors have access to all the documentation and information necessary for performing their duties within the required timeframe and under a clear and appropriate form;
- Where applicable, assisting and advising the Chief Executive Officer while respecting the executive duties of the latter;
- Contributing to the promotion of the values and image of the Company both within and outside of the Group; and
- Preserving the quality of the relationship with the shareholders in close coordination with the action taken in this respect by the Chief Executive Officer.

To such effect, the Chairman:

- Is kept informed of significant events affecting the life of the Company and of its Group;
- May access any documents and information he/she deems necessary or useful for the discharge of his/her duties;
- May attend meetings of any committees of which he/she is not a member, without the right to vote; and
- May meet current or potential shareholders and forward their concerns in relation to governance to the Board.

It is in this context that Ian Meakins, in his capacity as Chairman of the Board of Directors, presented to the members of the Board, his expectations in connection with the organization and operation of the Board.

Deputy Chairman

In the absence of the Chairman, the Deputy Chairman serves as Chairman and enjoys the same prerogatives.

In addition, the Deputy Chairman also performs the functions of senior independent director. The Deputy Chairman acting as senior independent director must qualify as an independent member under the criteria made public by the Company.

The appointment of a Deputy Chairman is mandatory where the functions of Chairman of the Board of Directors and of Chief Executive Officer are exercised by a single person. In such case, the Deputy Chairman shall also perform the functions of senior independent director.

In his/her capacity as senior independent director, the Deputy Chairman is in charge of:

- Managing potential conflict of interest situations, if any;
- Where applicable, assisting and advising the Chairman of the Board of Directors in respect of the corporate governance principles or the organization of the Board of Directors and of its committees, while respecting the duties of the latter;
- Conducting annual assessments of the organization and operation of the Board of Directors and its Committees.

For such purpose, the Deputy Chairman/Senior Independent Director:

- Presents the potential conflicts of interest identified to the Chairman of the Board of Directors and to the Board of Directors, as well as his/her recommendations as to how to address them;
- May access any documents and information he/she deems necessary or useful for the discharge of his/her duties;
- May attend meetings of any committees of which he/she is not a member, without the right to vote;
- May, at least once a year, call a meeting of the Directors in the absence of the corporate officers; and

- May meet current or potential shareholders and forward their concerns in relation to governance to the Board of Directors.

The Deputy Chairman reports on his/her work to the Board of Directors.

Work of the Deputy Chairman and Senior Independent Director

During the financial year ended December 31, 2016, the Deputy Chairman and Senior Independent Director, François Henrot, convened on 3 occasions the non-executive Directors outside of the presence of the executive corporate officers.

Within these meetings, the non-executive Directors have addressed various matters, in particular: the assessment of the performance of the Chairman and Chief Executive Officer, the dissociation of the duties of Chairman and Chief Executive Officer, the nomination and compensation of the new Chairman of the Board of Directors and of the new Chief Executive Officer.

The Deputy Chairman and Senior Independent Director also serves as Chairman of the Nomination and Compensation Committee, reporting on the operations of the Committee to the Board of Directors.

The Senior Independent Director spoke at the General Shareholders' Meeting of the Company on May 25, 2016, and presented the "Corporate Governance" of the Company to the shareholders as well as the "Compensation of Managers" including a presentation of the Board of Directors, the suggested nominations or renewals of Director and the details of the compensation policy of corporate officers.

In accordance with the duties entrusted to the Deputy Chairman and Senior Independent Director, the Board of Directors of June 23, 2016, appointed Deputy Chairman and Senior Independent Director, François Henrot, as Chairman of the Board of Directors from July 1 to September 30, 2016, upon the commencement of the duties of Ian Meakins as Chairman of the Board of Directors. The Deputy Chairman and Senior Independent Director has taken back its duties as of October 1, 2016.

Executive Management

The Company's Executive Management is performed, under his/her responsibility, by the Chairman of the Board of Directors, or by another private person, who need not be a Director, appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The previous Chief Executive Officer was Rudy Provoost until June 30, 2016, followed by Patrick Berard from July 1, 2016.

The duties of Deputy Chief Executive Officer of Catherine Guillouard, held since May 22, 2014, have been renewed as of July 1, 2016. The Board of Directors' meeting of February 20, 2017, decided to put an end to Catherine Guillouard's functions as Deputy Chief Executive Officer, effective on February 20, 2017. This decision follows a divergence of views over of the implementation of the new strategic directives of Rexel. Catherine Guillouard will not be replaced in her role as Deputy Chief Executive Officer. On May 15, 2017, Laurent Delabarre will take up the position of Group Chief Financial Officer and member of the Executive Committee. Pending his start date, Grégoire Bertrand, who is currently Chief Financial Officer Europe, will act as Group Chief Financial Officer on an interim basis.

The information concerning the Executive Management of Rexel are developed in detail in paragraph "3.1.3 Executive Management" of this Registration document.

Board of Directors observer (censeur)

The Board of Directors may appoint up to 3 observers *(censeurs)* for up to 4 years, who may be but are not required to be shareholders. The observers are called to attend and take part in the meetings of the Board of Directors and of the committees with an advisory vote.

Operation of the Board of Directors

Competence

The Board of Directors determines the Company's business orientations and oversees their implementation. Subject to the powers specifically assigned to the shareholders' meeting and within the scope of the corporate purpose, it addresses any and all matters pertaining to the proper operation of the Company and settles the Company's business through its deliberations.

In its relationships with third parties, the Company is bound even by the *ultra vires* acts of the Board of Directors, unless it is able to prove that the third party was aware that the act was *ultra vires* or could not be unaware of it in the circumstances, provided always that the mere publication of the by-laws shall not suffice to establish such proof.

The Board of Directors undertakes the controls and verifications it deems fit.

Each director receives all of the information required for the purpose of discharging his/her duties and may obtain copies of any and all documents he/she deems useful from the Chairman. Each director may benefit, if he/she deems necessary, from training in connection with the specificities of Rexel, its businesses and industry. In 2016, the Directors newly appointed has been trained in Rexel strategy, its businesses and industry.

The Board of Directors has the following powers, *inter alia*:

(i) Powers in the area of control:

- It controls the management;
- It reviews the financial position, liquidity and commitments of Rexel and its subsidiaries;

- It reviews the liquidity of Rexel and its subsidiaries;
- It reviews the financial statements auditing process and information provided to the shareholders and to the market; and
- It authorizes related-party agreements.

(ii) Powers in the area of nomination and compensation:

- It appoints and dismisses the Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors;
- It appoints and dismisses the Chief Executive Officer and the Deputy Chief Executive Officers, determines their number within the limits provided by the by-laws and their compensation;
- It chooses the executive management organization method (separation of the functions of Chairman from the functions of Chief Executive Officer, or merger of both functions);
- It co-opts the directors;
- It allocates attendance fees;
- It is informed on the appointment, dismissal/termination of the members of the Executive Committee; and
- It issues opinions on the compensation of the Executive Committee members.

(iii) Preparation of reports to be submitted to general shareholders' meetings:

Each year, the Board of Directors submits a report on the Company's situation and business during the financial year and on the financial statements for the financial year to the ordinary annual shareholders' meeting.

The Chairman of the Board of Directors must append to this report a report on how the Board prepares and organizes its work, and on the internal control procedures implemented by the Company.

The Board of Directors submits recommendations on the reappointment of the Board members.

(iv) Powers to grant prior authorization to the Chief Executive Officer to make certain decisions:

The Board of Directors grants the Chief Executive Officer the authorizations required by law or by a provision of the by-laws.

Under Rexel's by-laws and the internal regulations of the Board of Directors, the following decisions require the prior authorization of the Board of Directors:

- Adoption of the annual budget;
- Adoption of the strategic plan;
- Proposed shareholder resolutions in relation to distributions (including dividends or reserves) to the shareholders;
- Proposed shareholder resolutions in relation to the replacement of the Statutory Auditors;
- Adoption of significant changes to the accounting methods;
- Rexel's acceptance of and resignation from any office as a member of a board of directors or equivalent body, and the nomination and dismissal of the Company's permanent representatives at such boards or equivalent bodies;
- Proposed shareholder resolutions and exercise of delegations of authority or powers granted by the shareholders' meeting in relation to the issue of shares or securities conferring access to the share capital of the Company, or of a company that holds more than one-half of its share capital (whether directly or indirectly), or of a company whose share capital is more than 50%- held by the Company (whether directly or indirectly), or of securities conferring the right to the allotment of debt securities, in each case whether immediately and/or in the future;
- Proposed resolutions to the shareholders' meeting in relation to share buyback programmes; acquisitions and disposals of any businesses, holdings in any companies or assets, and incurrence of any investment expenditure, in each case for an enterprise value in excess of an amount determined by the Board of Directors;
- Decisions to create a business division or subsidiary or to invest in a business division or to acquire an interest in a business in a country where the Company is not active;
- Indebtedness (including by means of bond issues) or assumption of liabilities, in each case for an amount in excess of a threshold determined by the Board of Directors;
- Allotment of stock options, free shares or other plans involving Company equity-securities in favor of employees of the Company or its subsidiaries;
- Signing of any merger, demerger or contribution agreement;
- Listing of securities of the Company or of any of its subsidiaries on a regulated market;
- Any transaction resulting in a significant change in the business of the Company and its subsidiaries; and
- Any settlement or compromise in relation to any dispute involving an amount in excess of a threshold determined by the Board of Directors.

Prior consultation of the Committees

Insofar as possible and depending on the circumstances, any deliberation of the Board of Directors on a matter falling within Committee's scope of competence shall be preceded by a referral of the relevant matter to the Committee and may be passed only after the relevant Committee has submitted its recommendations or proposals.

Meetings

The Board of Directors meets whenever the best interests of the Company so require, and at least once every quarter, at meetings convened by its Chairman or Deputy Chairman in accordance with the provisions of the by-laws.

The convening notice as well as the documents necessary to the duties of the directors are sent three business days prior to each meeting of the Board of Directors.

Meetings held by videoconference or other means of telecommunication

The directors can take part in Board meetings by videoconference or any other means of telecommunication, in accordance with the law and the provisions of the by-laws.

Majority rules

In accordance with the Company's by-laws, decisions are made by majority vote of the members who are present or represented; each Board member holds one vote and may not represent more than one fellow director.

In the event of a tie, the Chairman of the meeting shall have a casting vote if (and only if) the Board of Directors comprises an even number of directors in office, and only at meetings presided by the Chairman of the Board of Directors.

Code of Conduct of the Board of Directors

The Board of Directors, a collegiate body, is required to act in Rexel's corporate interests under all circumstances.

The Board members carry out their duties with loyalty and professionalism.

The Board members also make sure to avoid conflicts of interest between their personal interests and those of Rexel. Accordingly:

- The Board members ensure that their independence of judgment, decision and action is at all times protected. They agree not to be influenced by any factors contrary to the corporate interest that they are duty bound to defend; and
- The Board members undertake to avoid conflicts between their moral and material interests and those of the Company. They inform the Board of Directors of any conflicts of interest in which they may be involved. In such case, they abstain from taking part in the debates and in any decision on the relevant matters.

Compensation

The ordinary shareholders' meeting may allocate attendance fees to Board members, in an amount recorded in the Company's operating expenses. Such compensation remains valid until another decision is made by the shareholders' meeting. The Board of Directors allocates this compensation among the directors as it deems appropriate.

In addition, members of the Board of Directors whose country of residence is on another continent than the place of meeting of the Board may receive a specific time and travel allowance of an amount decided by the Board of Directors. This allowance will be taxable.

The Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officers and the Directors may receive a compensation in accordance with applicable law and the Company by-law's.

Holding of shares by the directors

For their whole term of office, the members of the Board of Directors must hold at least one thousand shares of the Company. If, at the date of his/her appointment, a member of the Board of Directors does not hold the required number of shares, or if, during the course of his/her term of office, he/she ceases to hold such number of shares, he/she shall be deemed to have resigned from his/her duties unless he/she takes the necessary steps within the time requirements of applicable law and regulations.

In addition to the requirement to hold one thousand Rexel shares, each director, as an individual member or as permanent representative of a legal entity, shall hold, under the registered form *(sous la forme nominative)*, during the term of his or her mandate, a number of shares of the Company corresponding to an amount at least equal to the gross amount of the fixed portion on yearly theoretical basis (assuming a participation to all the meetings of the Board of Directors) of the attendance fees received by such director. If a director does not hold a sufficient number of shares, the said director shall progressively acquire the said number of shares over a period of four years by using the attendance fees received.

Independent Directors

In accordance with the good corporate governance principles and practices set out in its internal regulations, the Board of Directors and each of the committees comprise independent members who are elected or co-opted as such.

Definition of independence and related criteria

The definition of independence as well as the independence criteria are set by reference to the AFEP and MEDEF corporate governance guidelines.

Accordingly, in assessing the situation of each director, the Board of Directors analyses the following criteria:

- Not be (or have been, over the past five years) an employee or an executive corporate officer of the Company or of a company included in its scope of consolidation, or an employee, an executive corporate officer or a director of its parent company or of any company consolidated by the parent company;
- Not be an executive corporate officer of a company in which the Company holds a directorship (whether directly or indirectly) or in which an employee appointed as a director or an executive corporate officer of the Company (currently or over the past five years) hold as directorship;

- Not be a client, supplier, investment banker, finance banker:
  - Of significant importance to the Company or its Group;
  - Or for whom the Company or its Group presents a substantial part of its business.

  For the purpose of the analysis of this criterion, the Board of Directors analyses:
  - The weight of the supplier in the total expenses of the Group/the weight of the client in to the total sales of the Group, or the fact that the Company or its Group presents a substantial part of the business of the supplier / of the client; and
  - The appraisal of exclusive relationships;
- Not have any close family ties with a corporate officer;
- Not have been a statutory auditor of the business in the past five years;
- Not be a director of the business for more than twelve years. The loss of the capacity of independent director occurs after twelve years.

Furthermore, an executive corporate officer cannot be considered as independent if he or she receives variable compensation in cash or shares or any compensation related to the performance of the company or the Group.

Directors representing significant shareholders of the Company or of its parent company may be considered as independent provided that such shareholders do not participate in the control of the Company. Nevertheless, beyond a threshold of 10% of share capital or voting rights held, the Board, upon report on the Nomination and Compensation Committee, systematically questions the capacity of independent director by considering the shareholding structure of the Company and the existence of potential conflicts of interest.

The Board of Directors may find that even where a director satisfies the independence criteria defined by the recommendations of the AFEP and of the MEDEF, that director may not be qualified as independent owing to his/her individual situation or to the situation of Rexel, in light of its shareholder base or for any other reason. Conversely, the Board of Directors may consider that a director who does not satisfy the criteria detailed above is nonetheless independent.

Qualification procedure for independent members

The Nomination and Compensation Committee reviews the designation of independent members each year and draws up a report to the Board of Directors on the matter. Each year, in light of this report, the Board of Directors reviews the situation of each director with respect to independence criteria.

The Board of Directors submits the findings of its review to the shareholders in the annual report.

The findings of the report of the Board of Directors are mentioned in paragraph “Independent Directors” above.

Board Committees

The Board of Directors may create Committees to assist it in carrying out its duties (see paragraph 3.1.2 “Board Committees” of this Registration document).

The internal regulations of the Board of Directors set the rules that apply to each Committee, in particular the rules relating to their composition and operational procedures, as well as certain rules that are specific to each of the Committees.

Assessment of organization and operation of the Board of Directors

The Board of Directors of Rexel undertakes a self-assessment of its performance on a periodic basis and at least once a year. The assessment of the performance of the Board of Directors is conducted by the senior independent director or the observer(s) in office or by an independent director. It may take the form of anonymous questionnaires sent to each director. Once a year, the results of such assessment are presented to and debated at a meeting of the Board of Directors, under the conduct of an observer or of an independent director. On this occasion, the various items of the mission and duties of the Board and of the directors are reviewed and assessed, and recommendations (as the case may be) are made for the improved operation of the Board.

In addition, an assessment of the Board of Directors' performance is carried out at least once every three years, with the assistance of an external consultant, eventually under the guidance of an independent director.

For 2016, the Board of Directors conducted a formal assessment of its performance on the basis of anonymous questionnaires sent to each of the directors.

This assessment shows on the one hand, that the membership, operation and missions of the Board and of the Committees are appropriate as well as the relations between the members of the Board and the management team, and on the other hand, that improvements remain possible and suggestions have been made in this respect in order to improve the organization and operation of the Board of Directors (concerning in particular, the organization: holding of specific meetings dedicated to the sustainable development and strategy matters, operation: improvements of the use and feedback in connection with the reports issued by the Committees) as well as on the contributions of each of the Directors.

Objectives of the Board of Directors

The Board of Directors had set as objectives to maintain the presence of female members and of independent members as well as the diversity of nationalities within the Board of Directors, and to maintain a multicultural dimension. The appointments carried out during the financial year ended December 31, 2016, *i.e.* those of Ian Meakins, Elen Phillips and Marianne Culver, as well as the change of governance made goes in the same direction as such objectives.

For 2017, the Board of Directors' meeting of February 10, 2017, upon recommendation of the Nomination and Compensation Committee, set as an objective to maintain the same number of independent members and of female members within the Board of Directors. The Board of Directors also wishes to maintain the diversity of nationalities within the Board and to maintain its multi-cultural nature.

3.1.1.3 The work of the Board of Directors during the 2016 financial year

During the financial year ended on December 31, 2016, the Board of Directors, met on 11 occasions.

The Board of Directors deliberated on, *inter alia*:

- The review of the financial statements for the financial year ended on December 31, 2015, and the related financial disclosure;
- The review of the 2015 Registration document and related information;
- The compensation of the executive corporate officers;
- The yearly approval and review of the related party agreements;
- The approval of the management report of the Chairman of the Board of Directors;
- The preparation of Rexel's Ordinary and Extraordinary Shareholders' Meeting of May 25, 2016;
- The review of the quarterly and half-year financial statements and related financial disclosure;
- The review of the work of the Audit and Risk Committee and of the Nomination and Compensation Committee;
- The "Opportunity 16" employee shareholding plan;
- The Rexel Group's budget for the 2016 financial year, the review of the draft budget for 2017 as well as the strategic multi-year plan;
- The Rexel Group's development projects;
- The envisaged disposals of the Rexel Group;
- The risk-mapping review;
- The change in governance;
- The co-option of directors;
- The review of the missions of the Chairman of the Board of Directors and of the Deputy Chairman of the Board of Directors; and
- A proposed issuance of high yield notes projects.

The Board of Directors was further informed of the progress made on the main structuring projects conducted by the Rexel Group subsidiaries.

The presence rate at the meetings of the Board of Directors and of the Committees was as follows:

	Board of Directors		Audit and Risk Committee		Nomination and Compensation Committee		Strategic Investment Committee	
Directors	Number of meetings	Attendance rate	Number of meetings	Attendance rate	Number of meetings	Attendance rate	Number of meetings	Attendance rate
Ian Meakins[(1)]	2	67%	–	–	3	75%	–	–
François Henrot	10	91%	4	80%	9	100%	–	–
Marianne Culver[(2)]	7	100%	–	–	4	100%	–	–
Thomas Farrell	11	100%	4	80%	8	89%	–	–
Fritz Froehlich	9	82%	5	100%	9	100%	–	–
Elen Phillips[(3)]	7	88%	3	100%	–	–	–	–
Maria Richter	9	82%	5	100%	7	78%	–	–
Pier-Luigi Sigismondi	10	91%	–	–	7	78%	–	–
Herna Verhagen	9	82%	5	100%	–	–	–	–
Rudy Provoost[(4)]	7	100%	–	–	–	–	–	–
Isabel Marey-Semper[(5)]	0	0%	0	0%	–	–	–	–
Monika Ribar[(6)]	2	100%	–	–	2	100%	–	–
Average rate		**87%**		**80%**		**90%**	**–**	**–**

(1) Ian Meakins was appointed as director on July 1, 2016.
(2) Marianne Culver resigned from her duties as director of Rexel on November 21, 2016 and was replaced by Agnès Touraine on February 10, 2017.
(3) Elen Phillips was appointed as director on March 8, 2016.
(4) Rudy Provoost's duties ended on June 30, 2016 and was replaced by Ian Meakins as of July 1, 2016.
(5) Isabel Marey-Semper resigned on March 3, 2016 and was replaced in her duties by Elen Phillips as from March 8, 2016.
(6) Monika Ribar resigned on March 8, 2016 and was replaced in her duties by Marianne Culver as from March 8, 2016.

3.1.2 Committees of the Board of Directors

The Board of Directors may create Committees to assist it in carrying out its duties.

As at December 31, 2016, the three Committees of the Board of Directors were as follows: the Audit and Risk Committee, the Nomination and Compensation Committee and the Strategic Investment Committee. Further to the decision of the Board of Directors of April 29, 2015, that had decided to replace the Strategic Committee with a Strategic Investment Committee, dedicated to merger and acquisition transactions so that the Group's strategy would be directly discussed within the Board of Directors, upon its meeting of November 22, 2016, the Board of Directors decided, under the lead of its new Chairman, to suppress the Strategic Investment Committee in order to collectively involved in the Board of Directors in the investment and divestment transactions. The number of Committees was therefore reduced from three to two as from January 1, 2017.

The Committees are responsible for providing the Board of Directors with their opinions, proposals or recommendations. Their powers are strictly advisory and they discharge their duties under the Board of Directors' responsibility.

In order to validly deliberate, at least half of the members must be in presence. A committee member may not be represented by another member.

The Committee's recommendations or proposals are issued by a majority vote of the members and the chairman does not have a casting vote in case of a tie.

After having informed the Chairman of the Board of Directors (and the Chief Executive Officer in cases (i) and (ii) below) and subject to reporting to the Board of Directors, each of the Committees may, in the exercise of its duties:

(i) Have the Company provide it with any document that it deems useful for the performance of its duties;

(ii) Organize a meeting with the Chief Executive Officer or any other person that the Committee deems fit to meet with; and

(iii) Be assisted in its meeting by any third party of its election (expert, counsel, lawyer or statutory auditor).

The Committees may also invite the Chief Executive Officer and the Deputy Chief Executive Officers to attend their meetings. Each of the Board of Directors' Committees may draw up internal regulations that shall be approved by the Board of Directors and which complement the provisions of the internal regulations of the Board of Directors.

3.1.2.1 Audit and Risk Committee

Members of the Audit and Risk Committee

As at December 31, 2016, the Audit and Risk Committee was made up of the following members:

- Fritz Froehlich (Chairman and Independent Director);
- Thomas Farrell (Independent Director);
- François Henrot (Senior Independent Director);
- Elen Phillips (Independent Director);
- Maria Richter (Independent Director); and
- Herna Verhagen (Independent Director).

The members of the Audit and Risk Committee are appointed on the basis of specific skills in the financial or accounting fields, in consideration of their academic education and professional experience, in particular in connection with the preparation, audit and analysis of financial statements, accounting issues and risk follow-up and management.

Each of the members of the Audit and Risk Committee has skills in the financial and/or accounting fields. In addition, the members of the Audit and Risk Committee are informed of the Rexel Group's accounting, financial or operational specificities.

The independence criteria of the members of the Board of Directors are set out in paragraph 3.1.1.2 "Rules governing the membership and operation of the Board of Directors" of this Registration document. Within the Audit and Risk Committee, in the financial year ended December 31, 2016, all of the members were therefore considered as independent, *i.e.*, an independence rate of 100%.

Operation of the Audit and Risk Committee

The main provisions of the internal regulations of the Audit and Risk Committee are set out below. Such provisions take into account the conclusions of the working group on audit Committee set up by the AMF.

Members

The Audit and Risk Committee is made up of a maximum of 7 members and includes independent directors. At least one of the independent directors must have expertise in financial and accounting matters.

The Chairman of the Board of Directors is not a member of the Audit and Risk Committee.

The members of the Audit and Risk Committee are appointed for their expertise in accounting and finance matters.

Competence

The Audit and Risk Committee monitors the elaboration and the control of the financial and accounting information. It assists the Board of Directors in ascertaining the accuracy and fairness of the Company and consolidated financial statements of the Company and the quality of the information provided. Its mission, as assigned by the Board of Directors when preparing the parent company and consolidated financial statements, which are drawn up annually, half-yearly and quarterly in accordance with applicable regulations, and when preparing any deliberations with respect to the financial statements of the Company, is to make recommendations and submit proposals to the Board of Directors in all areas listed below:

- Review and audit of the accounting and financial information:
  - Knowledge of the scope of consolidation, accounting methods and audit procedures;
  - Review of the quarterly, half-yearly and annual financial statements, and in particular analysis of provisions, and of material risks and off-balance sheet commitments;
  - Knowledge of accounting positions taken in recognizing material transactions;
  - Submission of recommendations to the Board of Directors on proposed adoptions of material changes to accounting methods;
  - Review of the Group's financial position, review and issue recommendations to the Board of Directors on any borrowing or assumption of liabilities by the Company in an amount exceeding the threshold which such transactions are subject to prior approval by the Board of Directors;
  - Monitoring the review by the statutory auditors of the quarterly, half year and annual company and consolidated financial statements;
  - Review of the procedures for preparing information provided to shareholders and to the market and review of the Group press releases relating to accounting and financial information.
- Oversight of the statutory auditors and monitoring of the independence of the statutory auditors:
  - Steering of the selection procedure applicable to the statutory auditors;
  - Submission of recommendations to the Board of Directors on the proposals to the general meeting of shareholders with respect to appointing, replacing and reappointing the statutory auditors;
  - Knowledge of the amount of fees paid to the statutory auditors and recommendation thereon to the Board of Directors;
  - Ascertaining that the statutory auditors comply with the rules governing their independence.
- Oversight of internal audit procedures and monitoring the efficiency of internal and risk management procedures:
  - Submission of recommendations on the mission and organization of the Group's internal audit department and its action plan;
  - Review of the main conclusions made by the internal audit department within its work, followed by a report to the Board of Directors;
  - Review of the contribution of the internal audit department within the evaluation of the risk management process and of the internal control;
  - Review of the organization and of the implementation of the internal control guidelines within the Group and review of the process for identifying and monitoring risks.

Operations

The Audit and Risk Committee meets at least 4 times per year and whenever it deems it necessary. It meets prior to those meetings of the Board of Directors at which matters falling within its scope are to be reviewed. The frequency and duration of Audit and Risk Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

The Audit and Risk Committee must report on its activities to the Board of Directors on a regular basis, and when the Board of Directors adopts the annual, half-year and quarterly financial statements.

The Audit and Risk Committee meets with the Internal Audit Manager and with the Internal Control Manager at each meeting in order to be informed of the internal audit program, and a periodical summary of the internal audit reports is presented to the Audit and Risk Committee. The Committee reviews the risks as well as the material off-balance sheet liabilities included in the financial statements.

The work of the Audit and Risk Committee during the financial year ended on December 31, 2016

The Audit and Risk Committee met on five occasions in the course of the 2016 financial year, in particular prior to the meetings of the Board of Directors called to approve the financial statements, and reported on its work to the Board of Directors.

The attendance rate at the meetings of the Audit and Risk Committee amounted to 80% in the course of the 2016 financial year.

The Company's Chief Finance, Control and Legal Officer (also assuming the functions of Deputy Chief Executive Officer), the Chief Administrative and Financial Officer, the Chief Internal Audit Officer, the Chief Internal Control Officer, the Chief Consolidation and Accounting Standards Officer, the Chief Financing and Treasury Officer and the Statutory Auditors attended each of these meetings. Other members of the management of the Rexel Group attended some of these meetings when matters requiring their expertise were on the agenda.

In addition, the Audit and Risk Committee may ask to hear the Chief Executive Officer if it deems it necessary in view of the matters on the agenda.

In 2016, its work related to, in particular the review of:

- The financial statements for the financial year ended on December 31, 2015, the summary half-year financial statements as at June 30, 2016 and the summary quarterly financial statements as at March 31, 2016 and September 30, 2016;

- The report of the Chairman of the Board of Directors on the operations of the Board of Directors and on internal control;
- The proper application of the accounting principles;
- The operation of the Company's internal control bodies (see in particular paragraph 2.3 "Internal control and risk management procedures" of this Registration document);
- The tax situation of the Rexel Group;
- The refinancing/restructuring projects of the debt of the Group; and
- The review process of the services that may be entrusted to the statutory auditors and to the networks further to the reform of auditing entered into force in 2016.

The Statutory Auditors presented their findings in connection with the audit of the annual financial statements for the financial year ended on December 31, 2015, the limited review of the summary half-year financial statements as at June 30, 2016 and of the procedures followed for the purpose of the summary quarterly financial statements as at March 31, 2016 and September 30, 2016. They were also heard by the members of the Committee at each meeting excluding the presence of the management of the Rexel Group.

3.1.2.2 Nomination and Compensation Committee

Members of the Nomination and Compensation Committee

As at December 31, 2016, the Nomination and Compensation Committee was made up of the following members:

- François Henrot (Chairman and Senior Independent Director);
- Thomas Farrell (Independent Director);
- Fritz Froehlich (Independent Director);
- Ian Meakins (Independent Director);
- Maria Richter (Independent Director); and
- Pier-Luigi Sigismondi (Independent Director).

The independence criteria of the members of the Board of Directors are detailed in the paragraph 3.1.1.2 "Rules governing the membership and operation of the Board of Directors" of this Registration document. At December 31, 2016, all of the members of the Nomination and Compensation Committee were considered as independent, *i.e.*, and independence rate of 100%.

Operation of the Nomination and Compensation Committee

The main stipulations of the internal regulations of the Nomination and Compensation Committee are set out below.

Members

The Nomination and Compensation Committee is made up of a maximum of 7 members and includes independent directors. It is chaired by an independent director. The executive corporate officers are not members of the Nomination and Compensation Committee.

Powers in relation to Nomination

The Nomination and Compensation Committee has the following responsibilities:

- Make proposals in relation to appointment, termination/dismissal and on the renewal of the offices of the directors and of the Chairman of the Board of Directors, of the members and of the chairman of the Audit and Risk Committee and of the Strategic Investment Committee, of the Chief Executive Officer and of the Deputy Chief Executive Officers, and to issue recommendations on the candidates considered, in terms of expertise, availability, appropriateness and complementarity with other members of the Board of Directors or of executive management;
- Be informed of any appointment, dismissal or termination of the functions of any Executive Committee member;
- Proposals in relation to the qualification as independent directors of members of the Board of Directors;
- Verify compliance with the independence criteria and issue opinions thereon, as required, and advise the Chairman of the Board of Directors on the number of independent directors;
- Be in a position at any time to formulate a proposal on a potential successor to the Chairman of the Board of Directors or of the Chief Executive Officer; and
- Issue a recommendation, on the Chief Executive Officer's proposal, on the Company's acceptance of and resignation from any office as a member of the Board of Directors or any equivalent body and on the nomination and dismissal of permanent representatives of Rexel on such Board of Directors or equivalent bodies.

In connection with the aforementioned powers, the members of the Committee may invite the executive corporate officers to participate in the works in order to express their views on the proposed appointments, except where their personal situation is concerned.

Powers in relation to compensation

The Nomination and Compensation Committee has the following responsibilities:

- Make recommendations to the Board of Directors on the compensation of the Chairman of the Board of Directors and of the Chief Executive Officer and Deputy Chief Executive Officers, and on the rules for determining the variable components of such compensation as well as any additional items such as retirement schemes and benefits in kind;

- Make recommendations to the Board of Directors on the allocation of the directors' fees;
- Be informed of the proposed severance payments in connection with the termination of the employment contract of the Chief Executive Officer or Deputy Chief Executive Officers, and provide its opinion in relation thereto to the Chairman of the Board of Directors;
- Express its views on the stock options and free shares allotment policy in respect of all categories of beneficiaries and particularly the Chief Executive Officer, the Deputy Chief Executive Officers and the members of the Company's Executive Committee; make a recommendation on the allotment periodicity and allotment terms and conditions; and
- Make recommendations on the compensation policy for members of the Executive Committee. On this occasion, the Committee may invite the executive corporate officers to participate in the meeting dedicated to the compensation of the members of the Executive Committee.

Operations

The Nomination and Compensation Committee meets at least once each year and, in any case, prior to those Board of Directors' meetings at which matters falling within its scope of competence are to be reviewed. The frequency and duration of Nomination and Compensation Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within its scope of competence.

The work of the Nomination and Compensation Committee during the financial year ended on December 31, 2016

The Nomination and Compensation Committee met on 9 occasions in the course of 2016.

The presence rate at the meetings of the Nomination and Compensation Committee during the financial year ended December 31, 2016, amounted to 90%.

It reported on its duties to the Board of Directors.

In 2016, its works related to, in particular:

- The report of the Nomination and Compensation Committee in respect of the independence of the member of the Board of Directors;
- The variable compensation in respect of the financial year ended December 31, 2015 of the executive corporate officers;
- The compensation in respect of the financial year ended December 31, 2016 of the executive corporate officers;
- The amendment of the terms of eligibility to severance packages at the benefit of the executive corporate officers;
- The yearly renewal of the directors: renewal by one quarter of the term of office of the members of the Board of Directors (appointment of two members);
- The evolution in the organization of the Committees of the Board of Directors;
- The allocation of performance shares; and
- Directors' compensation (attendance fees), and, in particular, the compensation of the Chairman of the Board of Directors;
- The compensation policy of the Executive Committee members;
- The co-option of three directors;
- The succession plan of the executive corporate officers;
- The dissociation of the duties of Chairman of the Board of Directors and Chief Executive Officer;
- The various legislative and regulatory evolutions of the draft bill referred to as "Sapin 2" (including say on pay) and the updating of the AFEP-MEDEF Code;
- The appointment of employee directors within the Board of Directors pursuant to the law referred to as Rebsamen; and
- The appointment of the Chairman of the Board of Directors and of the Chief Executive Officer.

The developments in connection with the terms of compensation of the executive corporate officers are set out in paragraph 3.2 "Compensation of the corporate officers" of this Registration document.

The executive corporate officers may be invited to participate in the meetings by the members of the Committee in order to express their views on the proposed appointments (except where their personal situation is concerned) and on the compensation of the members of the Executive Committee.

3.1.2.3 Strategic Investment Committee

By decision of November 22, 2016, effective from January 1, 2017, the Board of Directors suppressed the Strategic Investment Committee so that the mergers and acquisitions transactions are directly discussed within the Board of Directors, as specified in paragraph 3.1.2 "Committees of the Board of Directors" of this Registration document.

Members of the Strategic Investment Committee

As at December 31, 2016, the Strategic Committee was made up of the following members:

- Pier-Luigi Sigismondi (Chairman and Independent Director);
- François Henrot (Senior Independent Director);
- Ian Meakins (Independent Director);
- Elen Phillips (Independent Director); and
- Herna Verhagen (Independent Director).

The independence criteria of the members of the Board of Directors are detailed in the paragraph 3.1.1.2 "Rules governing the membership and operation of the Board of

Directors" of this Registration document. At December 31, 2016, six out of six of the members of the Strategic Investment Committee were considered as independent, *i.e.*, an independence rate of 100%.

Operation of the Strategic Investment Committee

The main stipulations of the internal regulations of the Strategic Investment Committee, as in force at December 31, 2016, are set out below.

Members

The Strategic Investment Committee is made up of a maximum of 7 members and includes independent directors.

Powers

The Strategic Investment Committee's responsibilities are:

- Review and issue recommendations to the Board of Directors on planned acquisitions or disposals of business divisions or assets, and on investments, whenever the enterprise value exceeds the threshold above which such transactions are subject to prior approval by the Board of Directors;
- Review and issue recommendations to the Board of Directors on all proposed mergers, spin-offs or asset transfers involving Rexel;
- Review and issue recommendations to the Board of Directors on any proposal for the admission to trading on an organized exchange of tradable securities issued by Rexel or any of its subsidiaries; and
- Review and issue recommendations to the Board of Directors on any transaction entailing a significant alteration in the scope of the business activities of Rexel and its subsidiaries.

Operations

The Strategic Investment Committee meets at least once each year and whenever it deems it necessary. It meets prior to those Board of Directors' meetings during which matters falling within its scope of competence are to be reviewed. The frequency and duration of the Strategic Investment Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Strategic Investment Committee's scope.

The work of the Strategic Investment Committee during the financial year ended on December 31, 2016

The Strategic Investment Committee did not hold any meeting during the 2016 financial year.

3.1.3 Executive Management

As of the date of this Registration document, Rexel's executive management is exercised by the Chief Executive Officer.

On May 22, 2014, further to the approval by the shareholders of the conversion of Rexel into a *société anonyme* with a board of directors, the Board of Directors had decided to combine the functions of Chairman of the Board of Directors and of Chief Executive Officer by appointing Rudy Provoost as Chairman and Chief Executive Officer. Rudy Provoost had been appointed for the duration of his term of office as a director, *i.e.* for a term of 4 years expiring at the close of the shareholders' meeting called to approve the financial statements for the financial year ending on December 31, 2017, to be held in 2018.

At its meeting on June 23, 2016, the Board of Directors decided, following the recommendation of Rexel's Nomination and Compensation Committee, to split the duties of Chairman and Chief Executive Officer between two separate persons as of July 1, 2016. The Board of Directors considered, in particular in view of the difficult macroeconomic and competitive environment of the Rexel Group, that the interests of the Rexel Group would be better served by dissociating the duties of Chairman and of Chief Executive Officer, thus allowing the Chief Executive Officer to focus all of his efforts on the implementation of the Rexel Group's strategy.

Consequently, the Board of Directors decided to entrust Patrick Berard with the duties of Chief Executive Officer in replacement of Rudy Provoost as of July 1, 2016. The Board of Directors also decided to appoint François Henrot as Chairman of the Board of Directors for the period from July 1, 2016 to September 30, 2016.

At its meeting on July 1, 2016, the Board of Directors co-opted Ian Meakins as Director in replacement of Rudy Provoost, for the remaining term of office of his predecessor, *i.e.* until the date of the shareholders meeting of the Company that is to resolve on the financial statements for the financial year ending December 31, 2017, to be held in 2018.

The Board of Directors also appointed Ian Meakins as Chairman of the Board of Directors as of October 1, 2016 and until the end of his term of office as director, François Henrot retained the duties of Deputy Chairman and senior independent director as of such date.

PATRICK BERARD

(63 years old)

PROFESSIONAL ADDRESS

13, Boulevard du Fort de Vaux - 75017 Paris - France

NUMBER OF REXEL SHARES HELD:

356,621

EXPERIENCE AND EXPERTISE

Chief Executive Officer

Patrick Berard has been serving as Chief Executive Officer of the Group since July 1, 2016.

In 2003, he joined Rexel as Chief Executive Officer of Rexel France. In 2007, he also became Manager of the southern Europe area (France, Italy, Spain, Portugal), then, in 2013, of Belgium and Luxembourg, prior to being appointed Chief Executive Officer Europe in 2015.

His career started in 1978 with the Pulp and Paper Research Institute of Canada.

From 1980 to 1987, Patrick Berard was a consultant with McKinsey, then Manager of Planning and Strategy of the Industry and Engineering Division of Thomson. From 1988 to 1999, he occupied various duties with Polychrome, including those of Chief Executive Officer Europe and Vice President of the Group, prior to becoming a member of the executive committee of Kodak Polychrome Graphics. He served as Operations Manager of Antalis (Groupe Arjo Wiggins) from 1999 to 2002, prior to being appointed in 2002 as Chairman and Chief Executive Officer of Pinault Bois & Matériaux, a company of the Kering group (formerly PPR Group).

Patrick Berard was born in 1953. He holds a PhD in Economics of the University of Grenoble.

TERM OF OFFICE

First appointment:

July 1, 2016 (as Chief Executive Officer)

Current title:

From July 1, 2016 until June 30, 2018

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France
- Chief Executive Officer of Rexel
- Director of Rexel France (France – unlisted company)

Abroad
- Director of Rexel Sverige AB (Sweden – unlisted company)
- Director of Moel AB (Sweden – unlisted company)
- Director of Rexel North America (Canada – unlisted company)
- Director and President of Rexel Holdings USA Corp. (United States – unlisted company)
- Director and President of Rexel Italia S.p.A (Italy – unlisted company)

Over the last five financial years:

In France
- President of Rexel France (France – unlisted company)
- President of Dismo France (France – unlisted company)
- President of Sofinther (France – unlisted company)

Abroad
- Director of Rexel Belgium SA (Belgium – unlisted company)
- Director of Rexel Luxembourg SA (Luxembourg – unlisted company)
- Director of Elektroskandsia Norge Holdings AS (Norway – unlisted company)
- Director of Elektroskansdia Norway Holdings AS (Norway – unlisted company)
- Director of Rexel Finland Oy (Finland – unlisted company)
- Director of Rexel UK limited (United Kingdom – unlisted company)
- Director of Rexel Holding Benelux BV (the Netherlands – unlisted company)
- Director of ABM Rexel (Spain – unlisted company)

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

The decisions requiring the prior authorization of the Board of Directors are described in paragraph 3.1.1.2 "Rules governing the membership and operation of the Board of Directors" of this Registration document.

Catherine Guillouard, appointed by the Board of Directors of May 22, 2014 as Deputy Chief Executive Officer, was renewed in such capacity for a term of two years expiring on June 30, 2018, by the Board of Directors' meeting of the June 23, 2016. Due to a difference of opinions in respect of the implementation of the new strategic orientations of Rexel, the Board of Directors, upon its meeting on February 20, 2017, decided to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer, effective February 20, 2017.

Catherine Guillouard will not be replaced in her duties of Deputy Chief Executive Officer.

As of December 31, 2016, Catherine Guillouard hold the following mandates:

CATHERINE GUILLOUARD

(52 years old)

PROFESSIONAL ADDRESS

13, Boulevard du Fort de Vaux – 75017 Paris – France

NUMBER OF REXEL SHARES HELD:

21,284

EXPERIENCE AND EXPERTISE

Deputy Chief Executive Officer

Catherine Guillouard has been Deputy Chief Executive Officer of Rexel since May 22, 2014. She had previously been a member of the Management Board of Rexel since April 30, 2013.

Catherine Guillouard is a French citizen.

Prior to joining Rexel, Catherine Guillouard had been Chief Financial Officer of Eutelsat and a member of the Executive Committee since September 2007. Prior to joining Eutelsat, Catherine Guillouard held various positions within Air France. From 2005 to September 2007, she was Senior Vice President of Finance. Prior to that, she was Senior Vice President of Human Resources and Change Management, Senior Vice President of Flight Operations, and Deputy Vice President of Corporate Control. She began her career in 1993 at the Treasury of the French Ministry of Finance in the Africa's office – CFA zone department and then in the Banking Affairs department. Born in 1965, Catherine Guillouard graduated from the *Institut d'Études Politiques* of Paris and the *École Nationale d'Administration*. She also holds a post-graduate degree (DESS) in European Union Law.

TERM OF OFFICE

First appointment:

April 30, 2013 (as member of the Management Board)

May 22, 2014 (as Deputy Chief Executive Officer)

Current title:

Her office as Deputy Chief Executive Officer began on July 1, 2016 and ended on February 20, 2017

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France

- Deputy Chief Executive Officer of Rexel
- Director of Rexel France (France – unlisted company)

Abroad

–

Over the last five financial years:

In France

- Member of the Management Board of Rexel

Abroad

- Director and Chairman of the Board of Directors of Rexel Ré S.A. (Luxembourg – unlisted company)

Titles and duties outside the Rexel Group:

Current:

In France

- Director of Engie and Member of the strategic, investments and technologies committee of Engie (France – listed company)

Abroad

- Director of Airbus (The Netherlands – listed company)

Over the last five financial years:

In France

- Director of ADP (France – listed company)
- Independent director of Technicolor (France – listed company)
- Member of the Supervisory Board of Atria Capital Partenaires (France – unlisted company)

Abroad

–

3.1.4 Executive Committee

Rexel's operational organization is structured around an Executive Committee.

The Executive Committee includes as at the date of this Registration document 10 members, including 6 in charge of key operating activities:

- Patrick Berard (Chief Executive Officer).

Support functions:

- Mathieu Larroumet (Group Business Transformations);
- Sébastien Thierry (General Secretary and Secretary of the Board of Directors); and
- Frank Waldmann (Group Human Resources).

Operational functions:

- Vincent Demange (Chief Executive Officer Rexel France);
- John Hogan (United Kingdom General Manager);
- Joakim Forsmark (Nordics General Manager);
- Brian McNally (Chief Executive Officer Rexel North America);
- Jeff Baker (President and Chief Executive Officer Platt Electric Supply and Rexel Commercial & Industrial); and
- Eric Gauthier (Chief Executive Officer Asia-Pacific).

The Executive Committee meets on a regular basis to define the Rexel Group's strategy, coordinate initiatives (particularly with respect to operations), monitor Rexel Group's performance and ensure the implementation of cross-divisional projects for the Rexel Group.

On May 15, 2017, Laurent Delabarre will take up the position of Group Chief Financial Officer and member of the Executive Committee, increasing the Executive Committee members to 11.

3.1.5 Statements concerning the Board of Directors

To Rexel's knowledge:

- There are no family ties between the members of the Board of Directors and the members of Rexel's Executive Management;
- No member of the Board of Directors or of Rexel's Executive Management has been convicted of fraud within the last five years;
- No member of the Board of Directors or of Rexel's Executive Management has been associated with any "bankruptcy", receivership or liquidation within the last five years;
- No member of the Board of Directors or of Rexel's Executive Management has been the subject of any official public incrimination or sanctions by statutory or regulatory authorities within the last five years; and
- No member of the Board of Directors or of Rexel's Executive Management has been disqualified by a court from acting as a member of an administrative, management or supervisory body of any issuer or from participating in the management or conduct of the business of any issuer within the last five years.

3.1.6 Conflicts of interest

All potential conflicts of interest are submitted to a debate within the Board of Directors. In addition, the Board of Directors has appointed François Henrot as Deputy Chairman of the Board of Directors and Senior Independent Director in charge of (*inter alia*) managing conflict of interest situations.

As of the date of this Registration document and to Rexel's knowledge, there exists no situation that could give rise to a conflict between the private interests of members of the Board of Directors or of Rexel's executive management and Rexel's interests.

3.1.7 Service agreements between members of the Board of Directors and Rexel or one of its subsidiaries

There are no service agreements between members of the Board of Directors or members of Rexel's executive management and Rexel or any of its subsidiaries and providing for the award of any benefits.

3.2 COMPENSATION OF CORPORATE OFFICERS

The Board of Directors refers to the recommendations of the AFEP-MEDEF Code for the determination of corporate officers' compensation and benefits in kind.

The Board of Directors takes such decisions based on the recommendations of the Nomination and Compensation Committee.

3.2.1 Compensation of Non-Executive Corporate Officers (members of the Board of Directors)

The Company's Shareholders' Meeting may grant attendance fees to the members of the Board of Directors.

On May 22, 2014, Rexel's Shareholders' Meeting granted an aggregate envelope of €1,315,000 in attendance fees, that has not been modified since this date.

Rules of allocation and amount of the attendance fees paid in respect of 2016

In connection with this envelope and upon recommendation of the Nomination and Compensation Committee, the Board of Directors decided that the attendance fees in respect of the 2016 financial year be allocated as follows:

- Fixed portion: €40,000[1];
- Variable portion: €5,000 per Committee meeting, up to a maximum amount of €40,000 per member[2];
- For the members serving as Chairman of a Committee: an additional amount of €15,000 for the chairmanship of the Nomination and Compensation Committee and for the Strategic Investment Committee, and an amount of €25,000 for the chairmanship of the Audit and Risk Committee;
- For the Deputy Chairman and Senior Independent Director of the Board of Directors: a fixed portion of €100,000, the variable portion remaining identical to that mentioned above. The Deputy Chairman and Senior Independent Director of the Board of Directors is not entitled to attendance fees in connection with the chairmanship of a Committee; and
- For members coming from a different continent to attend the Board of Directors meetings: a fixed travel allowance of €2,500 per stay.

Upon recommendation of the Nomination and Compensation Committee, the Board of Directors decided to determine the compensation of its members as follows:

	YEAR ENDED DECEMBER 31,			
	2016		2015	
	COMPENSATION	TOTAL	COMPENSATION	TOTAL
MEMBERS OF THE BOARD OF DIRECTORS DURING THE FINANCIAL YEARS				
Thomas Farrell		€95,000		€87,500
As director				
Fixed portion	€40,000		€40,000	
Variable portion	€40,000		€40,000	
Travel allowance	€15,000		€7,500	
Fritz Froehlich		€105,000		€107,500
In his capacity as Chairman of the Audit and Risk Committee	€25,000		€25,000	
As director				
Fixed portion	€40,000		€40,000	
Variable portion	€40,000		€40,000	
Travel allowance	–		€2,500	

(1) The Chairman of the Board of Directors does not qualify for this fixed portion.
(2) The Chairman of the Board of Directors does not qualify for this variable portion.

	Year ended December 31,			
	2016		2015	
	Compensation	Total	Compensation	Total
François Henrot[1]		€115,100		€140,000
As Deputy Chairman and senior independent director				
As Chairman of the Nomination and Compensation Committee	–			
As director	–			
Fixed portion	€75,100		€100,000	
Variable portion	€40,000		€40,000	
Travel allowance	–		–	
Isabel Marey-Semper[2]		€6,800		€60,000
As director				
Fixed portion	€6,800		€40,000	
Variable portion	–		€20,000	
Travel allowance			–	
Monika Ribar[3]		€17,400		€70,000
As director				
Fixed portion	€7,400		€40,000	
Variable portion	€10,000		€30,000	
Travel allowance			–	
Maria Richter		€95,000		€95,000
As director				
Fixed portion	€40,000		€40,000	
Variable portion	€40,000		€40,000	
Travel allowance	€15,000		€15,000	
Pier-Luigi Sigismondi[4]		€82,500		€82,500
In his capacity as Chairman of the Strategic Investment Committee			€15,000	
As director				
Fixed portion	€40,000		€40,000	
Variable portion	€35,000		€25,000	
Travel allowance	€7,500		€2,500	
Herna Verhagen		€65,000		€72,500
As director				
Fixed portion	€40,000		€40,000	
Variable portion	€25,000		€30,000	
Travel allowance			€2,500	
Patrick Sayer[5]		–		€37,300
As Committee Chairman			€6,100	
As director			–	
Fixed portion	–		€16,200	
Variable portion	–		€15,000	
Marianne Culver[6]		€48,300		
As director			–	–
Fixed portion	€28,300		–	–
Variable portion	€20,000		–	–
Travel allowance			–	–

	YEAR ENDED DECEMBER 31,			
	2016		2015	
	COMPENSATION	TOTAL	COMPENSATION	TOTAL
Ian Meakins(7)		€10,100		
As Chairman and director			–	–
Fixed portion	€10,100		–	–
Variable portion	–		–	–
Travel allowance			–	–
Elen Phillips(8)		€62,800		
As director			–	–
Fixed portion	€32,800		–	–
Variable portion	€15,000		–	–
Travel allowance	€15,000		–	–
TOTAL		**€703,000**		**€752,300**

(1) François Henrot was appointed as interim Chairman of the Board of Directors from July 1 to September 30, 2016. He has not received any attendance fees in respect of this period, however, he received specific compensation as set out in section 3.2.2.
(2) Isabel Marey-Semper resigned from her duties as member of the Board of Directors as of March 3, 2016.
(3) Monika Ribar resigned from her duties as member of the Board of Directors as of March 8, 2016.
(4) Pier-Luigi Sigismondi resigned from his duties as member of the Board of Directors as of December 31, 2016.
(5) Patrick Sayer resigned from his duties as member of the Board of Directors during the financial year ended December 31, 2015.
(6) Marianne Culver was appointed as member of the Board of Directors on March 8, 2016 and resigned from her duties as member of the Board of Directors as of November 21, 2016.
(7) Ian Meakins was co-opted by the Board of Directors on July 1, 2016 prior to becoming its Chairman as of October 1, 2016 (the compensation received in the capacity of chairman of the Board of Directors is set forth in section 3.2.2).
(8) Elen Phillips was appointed at the Board of Directors on March 8, 2016.

Rules of allocation of the attendance fees to be paid in respect of 2017:

Following the recommendation of the Nomination and Compensation Committee, the Board of Directors decided to renew in 2017 the rules of allocation of the attendance fees as defined above for 2016, based on the same envelope of €1,315,000, it being specified that the Strategic Investment Committee was suppressed as of January 1, 2017.

It is restated that the directors must comply with an obligation to hold shares of the Company over their term of office (of an amount equivalent to the theoretical fixed portion of the annual attendance fees).

3.2.2 Compensation of Non-Executive Corporate Officers (Chairman of the Board) and of Executive Corporate Officers

3.2.2.1 Principles of the compensation policy of the corporate officers and its various components

Main principles of the compensation policy

The main principles of the compensation policy are set by the Board of Directors following the recommendation of the Nomination and Compensation Committee. In accordance with the corporate governance structure in place, the executive corporate officers are:

- the Chairman of the Board of Directors (non-executive corporate officer);
- the Chief Executive Officer (executive corporate officer).

The Board of Directors decided to terminate the duties of the Deputy Chief Executive Officer, as of February 20, 2017. The appointment of a new Deputy Chief Executive Officer is not planned. Nevertheless, since the Deputy Chief Executive Officer carried out her duties until February 20, 2017, the compensation policy in respect of this position is included in the explanations below.

The compensation policy determined by the Board of Directors for non-executive corporate officers (Chairman of the Board) aims at attracting and retaining executives who are in charge of developing a working relationship with the members of the Board of Directors and increasing the number of strategic scenarios that bring support of the shareholders to the company and *vice versa*.

The compensation policy determined by the Board of Directors for executive corporate officers (Chief Executive Officer and Deputy Chief Executive Officer) aims at attracting, retaining and motivating executives who will develop the Group's performance and competitiveness in the medium- and long-term, in accordance with defined strategy, by aligning their interest with the best interest of the group and that of the shareholders. This compensation is determined by taking into account market practice, the executives' performance as well as the other stakeholders in the company. This policy is in line with the policy applicable to other managers of the Group.

In order to achieve these objectives efficiently, the Board of Directors determines on an exhaustive basis and with proportionality the various components of the compensation of corporate officers. In order to assess the competitiveness of the compensation of corporate officers, the Board of Directors uses studies carried out by an independent consulting firm (Willis Towers Watson); the benchmark includes a panel of French and European companies of similar industries and size in terms of sales, number of employees and market capitalization.

The various compensation items

Fixed portion

The compensation policy of corporate officers determined by the Board of Directors provides for the allocation of an annual fixed portion to the Chairman of the Board of Directors, to the Chief Executive Officer and to the Deputy Chief Executive Officer.

The compensation policy determined by the Board of Directors provides that the Chairman of the Board of Directors, who is a non-executive corporate officer, benefit of a fixed annual portion, excluding any other compensation component.

The amount of the fixed portion is determined according to criteria specific to each person (experience, seniority, responsibilities, in particular) and criteria based on the sector's business activity and the general economic environment (in addition to the above-mentioned market studies).

The Board of Directors intends to position the fixed annual compensation of the corporate officers at the median of the reference market and to propose a more dynamic short-term target variable compensation and long-term target variable compensation, both of which are integrally subject to demanding performance conditions. The board reviews the balance between these components.

The Board of Directors of February 10, 2016, decided to modify its compensation review policy in respect of corporate officers. The annual fixed and target variable compensation of the corporate officers is now set at the beginning of each term for the entire term of office. Previously, this fixed annual compensation was reviewed on a regular basis in accordance with the compensation policy that applied to all top managers of the company, in order to allow, through this continuous adjustment, the alignment of the fixed annual compensation with the median of the reference market.

Variable portion

The Chief Executive Officer and the Deputy Chief Executive Officer, who are executive corporate officers, also qualify for annual variable compensation (the annual target variable compensation as a percentage of the fixed compensation is also determined for the term of office). This variable compensation is paid in order to correlate the compensation of the Chief Executive Officer and of the Deputy Chief Executive Officer with the results of the business of the Rexel Group. The variable compensation is calculated on the basis of the achievement of criteria relative to the performance of the Rexel Group and of individual criteria.

The criteria linked to the Rexel Group are financial criteria determined in respect of and on the basis of the financial performance of Rexel and of the indicators that it uses in connection with the analysis of its financial performance. Individual goals are qualitative and measurable criteria determined based on the duties carried out within the Rexel Group and the tasks that are entrusted to that person.

The criteria and their expected level of achievement are clearly determined on an annual basis by the Board of Directors. The financial criteria are disclosed at the start of the financial year. The expected level of achievement and the performance reached are disclosed ex-post. In respect of individual criteria, their achievement rate is detailed for each of the corporate officers. Those criteria are described in a way to preserve the Rexel Group interests in a highly competitive environment.

Attendance fees

Top executives could receive attendance fees in respect of their mandates exercised inside the Group.

The Board of Directors's of February 10, 2016, decided to suppress the grant of intra-group attendance fees from 2016.

Benefits in kind

The Chief Executive Officer and the Deputy Chief Executive Officer are also awarded benefits in kind in respect of their duties carried out within the Rexel Group.

Long-term compensation: free allocation of shares and allocation of subscription or purchase options

In order to associate and involve corporate officers in the growth of the Rexel Group and its financial results, the Board of Directors may grant shares, subscription or purchase options to the Chief Executive Officer and the Deputy Chief Executive Officer.

The Chief Executive Officer and the Deputy Chief Executive Officer are currently eligible for the annual performance shares plan. This mechanism is used to motivate and retain employees and top managers of the Group.

These shares are currently fully subject to performance criteria and conditions assessed over minimum periods of 3 years.

These shares are allocated subject to presence after 3 or 4 years, with an additional 2 years holding period during which the shares cannot be sold, (depending on the country of reference). The rules for the free performance shares plans provide for the loss of unvested shares in case of departure from the Group (excluding any retirement leave or death or disability).

The Chief Executive Officer and the Deputy Chief Executive Officer have a retention obligation of at least 20% of the shares vested under these mechanisms until the end of their functions.

Furthermore, a limit was introduced since 2015 concerning the Chief Executive Officer and the Deputy Chief Executive Officer, aiming at guaranteeing a balance between their various components of compensation. Thus, the annual value of the performance shares allocated in respect of a given financial year to the Chief Executive Officer and the Deputy Chief Executive Officer, cannot exceed 100% of their respective annual fixed and variable target compensation for the relevant financial year.

An additional limit also provides that the number of shares allocated to the Chief Executive Officer and to the Deputy Chief Executive Officer cannot exceed 10% of the aggregate amount of performance shares allocated to all of the beneficiaries.

Medium-term savings scheme

The Board of Directors wishes to put in place, as of 2016, a scheme allowing executives to progressively build up medium-term savings. This scheme provides for the payment of an annual contribution at the benefit of the executive, in proportion with the compensation effectively received and capped. This contribution is paid by Rexel partly on mid-term investment vehicle (such as life insurance), and partly in cash in order to pay for taxes and social contributions due in respect of all of the contribution.

The Board of Directors has considered that this type of regime was more adapted and attractive for current executives than other schemes such as supplemental retirement schemes.

Accordingly the Board of Directors has put an end to the additional defined-benefit retirement scheme (within the meaning of article L.137-11 of the French Social Security code) that benefited to certain employees and executives, since the legislation in connection with such regimes has been constantly evolving, which made the system unstable and with rising costs for the company. Only a few executives benefited from the upholding of the schemes, in consideration of their career and their seniority.

Severance indemnities

The compensation policy of executive corporate officers determined by the Board of Directors provides, under certain conditions, the payment of severance indemnities in case of departure.

These severance indemnities are subject to the following cumulative conditions: (i) cases of forced departure and (ii) change of control or of strategy.

The payment of such indemnities is also subject to performance conditions to be assessed over 2 years.

The severance indemnities are limited to an amount that cannot exceed 24 months of the Monthly Reference Compensation of the relevant executive (last fixed and variable annual compensation received, divided by 12) excluding any exceptionnal bonus in accordance with the AFEP-MEDEF Code.

The severance indemnity is not applicable in the event of resignation, termination for gross negligence *(faute grave)* or willful misconduct *(faute lourde)*, for departure or retirement leave[1].

A non-compete clause may be provided for (period limited to 12 months). The Board of Directors reserves the right to waive implementation of this non-compete clause[2].

The gross severance indemnity, limited to 24 months of Monthly Reference Compensation, includes, as the case may be, the non-compete indemnity.

The Board of Directors may decide that an executive will not qualify for these severance indemnities in respect of his/her corporate office in consideration of specific circumstances (profile, career…).

In respect of the allocation of free performance shares, as specified above in relation to the required attendance criteria, the rules of the plans provide for the loss of allocated and unvested shares in case of departure from the Group (excluding any retirement leave or death or disability).

Other Exceptional compensation and Recruitment compensation

The Board of Directors considers that, for the best interest of the Group and of the stakeholders, it should not be excluded as a principle that exceptional compensation be paid to executive corporate officers in very specific circumstances. The payment of such compensation items must be motivated and the reasons having led to their implementation must be explained.

Similarly, if the Board of Directors intends to focus on the internal development of talents in succession plans, it also considers that the payment of a recruitment compensation for an executive corporate officer may be envisaged, if justified by the best interest of the Group in order to attract a new talented top executive. This compensation would be related to the loss suffered by the top executive upon its change of duties.

(1) The position adopted by the Board of Directors is more restrictive than the guidelines of the AFEP-MEDEF Code that provides for the payment of indemnities in case of forced departure "independent of the form of such departure".

(2) The Board of Directors, having the option to assess the interest for the Group to activate the non-compete clause or to waive its right in such respect depending on the effective risk of competition upon the departure of the executive (in particular in the situation where the executive would continue to carry out missions or functions for competitors, even after a retirement leave), believes that the activation of such clause should not be ruled out as a principle (in particular, taking into account the various legislations applicable in respect of retirement rights for international executives).

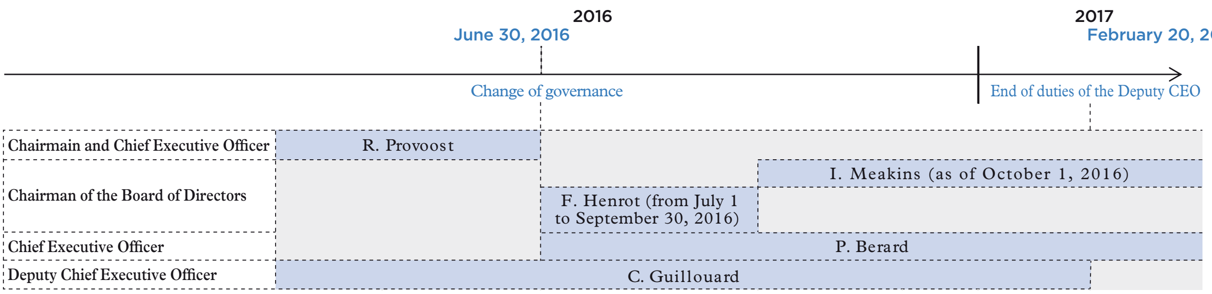
In any case, these compensation items would meet the requirements of the AFEP-MEDEF Code and comply, in particular, with the principles of reasonability and fair balance among the various interests in presence.

3.2.2.2 Implementation of the compensation policy of Corporate Officers (executive and non-executive)

Annual fixed and variable compensation and additional benefits (executive and non-executive corporate officers)

The Board of Directors decided upon its meeting of June 23, 2016, to adopt a new governance structure and to dissociate the duties of Chairman and of Chief Executive Officer and to terminate the duties of the Chairman and Chief Executive Officer. Furthermore, the Board of Directors decided to put an end to the duties of the Deputy Chief Executive Officer effective from February 20, 2017.

The chart below reflects the various periods of the governance implemented within the year 2016 and the decision of the Board of Directors of February 20, 2017. The relevant compensation of corporate officers is detailed below.



Compensation and benefits of the Chairman of the Board of Directors

Chairman of the Board of Directors since October 1, 2016, Ian Meakins

IAN MEAKINS (IN €)	2017	Evolution(1)	2016*
Fixed portion	500,000	0%	125,000
Variable portion	N/A		N/A

* *Prorata temporis* from October 1 to December 31.
(1) On a 12 months comparable basis.

2017 financial year

The compensation items of Ian Meakins for the 2017 financial year were determined by the Board of Directors on February 10, 2017, as follows:

Fixed portion

The annual gross fixed compensation of Ian Meakins was set at €500,000[(1)].

Variable portion

Ian Meakins' compensation does not include any variable portion.

2016 financial year

The compensation items of Ian Meakins for the 2016 financial year were determined by the Board of Directors on July 1, 2017. This compensation was determined in consideration of French and European market practice, of the strong expertise of Ian Meakins in relation to professional distribution business in particular, of his recognized management capacities and of his international experience.

Fixed portion

The annual gross fixed compensation of Ian Meakins was set at €500,000[(1)] on a *prorata temporis* basis, *i.e.*, a gross amount of €125,000 for the period between October 1 and December 31, 2016.

Variable portion

Ian Meakins' compensation does not include any variable portion[(2)].

Interim Chairman of the Board of Directors from July 1 to September 30, 2016, François Henrot

FRANÇOIS HENROT (IN €)	2017	Evolution	2016*
Fixed portion			125,000
Variable portion			N/A

* *Prorata temporis* from July 1 to September 30.

(1) The fixed portion is set for the term of office in accordance with the compensation policy.
(2) The attendance fees received by Ian Meakins in his capacity as director, prior to his duties of Chairman of the Board of Directors, from July 1 to September 30, 2016 is referred to in section 3.2.1 of this Registration document.

2016 financial year

The compensation items of François Henrot for the period from July 1, 2016 to September 30, 2016 were determined by the Board of Directors on June 23, 2016, upon recommendation of the Nomination and Compensation Committee, as follows (on a *prorata* basis of the compensation determined for the Chairman of the Board of Directors detailed above):

Fixed portion

The annual gross fixed compensation of François Henrot was set at €125,000.

Variable portion

François Henrot's compensation does not include any variable portion for the relevant period.[1]

Compensation and benefits of the Chairman and Chief Executive Officer, of the Chief Executive Officer and the Deputy Chief Executive Officer

Compensation and other benefits of Chief Executive Officer Patrick Berard

The Board of Directors' meeting of June 23, 2016, decided to appoint Patrick Berard as Chief Executive Officer as of July 1, 2016 for a term of two years.

Considering the seniority (born in 1953) and the carrier of Patrick Berard within the Rexel Group (Patrick Berard joined Rexel in 2003), the Board of Directors decided to maintain and suspend the employment agreement held by Patrick Berard prior to his new duties.

PATRICK BERARD (IN €)	2017	Evolution[(1)]	2016*
Fixed portion	650,000	0%	325,000
Target variable portion	780,000	0%	390,000
Total target	**1,430,000**	**0%**	**715,000**
Target variable portion/fixed portion	*120%*		*120%*
Variable portion paid in respect of the relevant year			300,788
Total performance in the variable portion			77%

* *Prorata temporis* from July 1 to December 31.
(1) On a 12 months comparable basis.

2017 financial year

In accordance with the compensation policy in relation to compensation in cash determined for the term of office, the compensation of Patrick Berard remains unchanged.

Fixed portion

The annual gross fixed compensation of Patrick Berard was set at €650,000.

Variable portion

The variable compensation of Patrick Berard was maintained at 120% of his gross annual fixed compensation in case of 100% achievement of the financial and individual criteria.

The 2017 variable compensation is based for 75% on financial criteria and for 25% on individual criteria. The financial objectives may reach a maximum result of 150%, if the achieved financial results exceed 100% of the financial targets. The individual part of the variable compensation is capped at 100%, of achievement (the maximum variable portion may represent 165% of the fixed compensation):

2017 FIXED COMPENSATION IN €	2017 TARGET VARIABLE PART IN PERCENTAGE OF FIXED COMPENSATION	2017 TARGET VARIABLE PORTION IN €	FINANCIAL PORTION OF THE TARGET VARIABLE PORTION	INDIVIDUAL PORTION OF THE TARGET VARIABLE PORTION	MAXIMUM FINANCIAL PORTION	MAXIMUM INDIVIDUAL PORTION	MAXIMUM 2017 TARGET VARIABLE PORTION IN% OF TARGET AND IN €	MAXIMUM 2017 TARGET VARIABLE PORTION IN% OF FIXED COMPENSATION AND IN €
			75%	25%	(75% x 150%) = 112.5%	(25% x 100%) = 25%	137.5%	165%
650,000	120%	780,000	585,000	195,000	877,500	195,000	1,072,500	1,072,500

(1) The compensation of François Henrot, received in his capacity as Deputy Chairman and Senior Independent Director (outside of this interim period), is reflected in section 3.2.1 of this Registration document.

The financial targets determined for 2017 are sales growth in volume (33%), adjusted EBITA in volume (33%) and ATWC (33%). The weighting of the criteria has been reviewed in order to recognize the contribution of each criteria to the Group's development.

The terms of implementation of these criteria have been amended as detailed below, in order to recognize the improvement of the performance compared to the previous financial year, and particularly demanding targets.

The targets to be achieved are those of the 2017 budget.

CRITERION	WEIGHT	MINIMUM	TARGET	MAXIMUM
Sales growth in volume	33%	Payment of the 1st euro upon achievement of the sales made within the prior financial year	125% payout if result reaches 100% of target	150% payout if result reaches 120% of target
Adjusted EBITA in volume	33%	Payment at 50% upon achievement of the adjusted EBITA made within the prior financial year	110% payout if result reaches 100% of target	Payment capped at 150%
ATWC	33%	25% payout if result reaches 95% of target	100% payout if result reaches 100% of target	150% payout if result reaches 105% of target
	100%(*)	Calculation on a linear basis between the points		

Details regarding 2017 individual targets:

Transform/turn around operations in key geographies
Successions planning
Digital strategy implementation in key geographies

2016 financial year

The compensation items of Patrick Berard for the 2016 financial year were determined by the Board of Directors meeting of June 23, 2016, upon recommendation of the Nomination and Compensation Committee, as set forth below.

This compensation has been defined by the Board of Directors based on the reference market, the career, industry experience and responsibilities of Patrick Berard in this new governance structure, as well as in consideration of the various components of his compensation.

Fixed portion

The annual gross fixed compensation has been set at €650,000 (on a *prorata temporis* basis as from July 1, 2016). Thus, the fixed compensation received by Patrick Berard in respect of his term of office during the relevant period amounted to €325,000.

This compensation was rather in the lower range of market practice,(1) as the Board of Directors wished to take into account the compensation of Patrick Berard as a whole, including the upholding of the defined-benefit pension scheme that he benefited of prior to his new duties (subject to performance criteria).

For information, the fixed gross annual compensation of Patrick Berard prior to his appointment as Chief Executive Officer of the Rexel Group amounted to €515,000. This compensation was paid on a *prorata* basis for the period from January 1 to June 30, 2016.

Variable portion

The annual variable target-based compensation was set to 120% of the annual gross fixed compensation (on a *prorata* basis) if 100% of the financial and individual set targets were reached.(2) The Board wished to strengthen the target variable portion subject to performance conditions in the cash compensation structure. Furthermore, certain benefits such as the calculation of potential rights in connection with the defined-benefit pension scheme that benefits to Patrick Berard are limited in respect of the annual variable portion.

The variable compensation for 2016 was based for 75% on financial criteria and for 25% on individual criteria. The financial criteria for 2016 were adjusted EBITA in volume (45%), ATWC (35%) and sales growth in volume (20%). The targets to reach were those set in the 2016 budget.

The financial targets could reach a maximum result of 150%, if the achieved financial results exceeded 100% of the financial targets. The individual part of the variable

(*) Rounded amount.
(1) As a reminder, the annual gross fixed compensation of the former Chairman and Chief Executive Officer was set at €875,500.
(2) As a reminder, the annual target variable compensation of the former Chairman and Chief Executive Officer was set at 110% of his fixed compensation (*i.e.*, €963,050 of target variable compensation compared to €780,000 annually for Patrick Berard).

compensation was capped at 100% of achievement (*i.e.*, a maximum variable portion representing 165% of the fixed compensation – excluding the overperformance recognition mechanism).

Having assessed the performance of the Chief Executive Officer, the Board of Directors of February 10, 2017 determined a global performance of 77.1% of the target variable compensation, *i.e.* a gross amount of €300,788 to be paid in respect of the 2016 financial year (for the period from July 1 to December 31, 2016).

Detailed 2016 performance was as follows:

2016 FIXED PORTION (*PRORATA TEMPORIS* FROM JULY 1 TO DECEMBER 31, 2016)	2016 TARGET VARIABLE PORTION IN PERCENTAGE OF FIXED COMPENSATION	2016 TARGET VARIABLE PORTION IN € (*PRORATA TEMPORIS* FROM JULY 1 TO DECEMBER 31, 2016).	FINANCIAL PART OF THE TARGET VARIABLE PORTION	INDIVIDUAL PART OF THE TARGET VARIABLE PORTION	FINANCIAL PART 2016 RESULT	INDIVIDUAL PART 2016 RESULT	ACHIEVEMENT OF 2016 FINANCIAL PART	ACHIEVEMENT OF 2016 INDIVIDUAL PART	GLOBAL ACHIEVEMENT IN PERCENTAGE OF TARGET VARIABLE PORTION	AMOUNT IN € TO BE PAID IN RESPECT OF 2016 VARIABLE PORTION (FROM JULY 1 TO DECEMBER 31, 2016)
A	B	(A x B) = C	D	E	F	G	(D x F) = H	(E x G) = I	(H + I) = J	(C x J)
325,000	120%	390,000	75%	25%	69.5%	100%	52,1%	25%	77.1%	300,788

Details regarding achievement of 2016 financial targets:

2016 CRITERIA	WEIGHT	2016 OBJECTIVE	MINIMUM	TARGET	MAXIMUM	PERCENTAGE OF ACHIEVEMENT (BEFORE WEIGHTING)	RESULT AFTER WEIGHTING IN % OF THE 2016 TARGET FINANCIAL PORTION
Adjusted EBITA in volume	45%	603.6	50% payout if result reaches 85% of target	100% payout if result reaches 100% of target	150% payout if result reaches 115% of target	74.9%	33.7%
ATWC	35%	14.026%	25% payout if result reaches 95% of target	100% payout if result reaches 100% of target	150% payout if result reaches 105% of target	102.3%	35.8%
Sales growth in volume	20%	0.018%	50% payout if result reaches 90% of target	100% payout if result reaches 100% of target	150% payout if result reaches 150% of target	0.0%	0.0%
	100%		Calculation on a linear basis between the points				**69.5%**

Moreover, the Board of Directors had set up a mechanism in order to specifically recognize consistent financial overperformance. The financial part of the variable compensation as described above could thus be increased by applying a multiplier coefficient if the following cumulative conditions were satisfied:

- The weighted average achievement level of the annual financial objectives reached at least 100%;
- The weighted average achievement level of the quarterly financial objectives exceeded 100% during at least 3 quarters;
- The global variable compensation payout was capped at 200% of the target value.

This specific mechanism was not activated in 2016.

Details regarding 2016 individual targets:

	ACHIEVEMENT
Defining and organizing priority operations in the implementation of the strategy	100%
Improving the representativity of key geographical areas within the management teams	
Ensuring the continuity of efficient and operational management methods at the European level	
Positioning the functional expertise in support of commercial operations and at the benefit of the countries	

For information, the target variable annual compensation of Patrick Berard prior to his appointment as Chief Executive Officer of the Rexel Group amounted to 80% of his fixed annual compensation. This compensation was paid depending on the achievement of the financial and individual targets previously set, on a *prorata* basis for the period from January 1 to June 30, 2016.

Other compensation items over the considered period

The various benefits in kind were as follows:

- Health, death and disability insurance; health check-up;
- Basic and additional pension;
- Tax and retirement advisors fees; and
- Company car (€3,181).

Compensation and benefits of Chairman and Chief Executive Officer, Rudy Provoost

Due to a divergence of views with the Board of Directors about the implementation of the strategy of the Rexel Group, the Board was requested to terminate the duties of the Chairman and Chief Executive Officer as of June 30, 2016. Additional information in connection with the payment of the severance indemnity of Rudy Provoost are set forth in this section 3.2.2.2 of this Registration document[1].

RUDY PROVOOST (IN €)	2016*	Evolution	2015
Fixed portion	437,750	0%	875,500
Variable portion	481,525	0%	963,050
Target total	**919,275**	**0%**	**1,838,550**
Target variable portion/fixed portion	*110%*		*110%*
Variable portion paid in respect of relevant year	346,216		348,624
Global performance on variable portion	71.9%		36.2%
Housing allowance	30,000	0%	60,000
Various benefits	14,439		25,773
Attendance fees			90,000

* *Prorata temporis* from January 1 to June 30.

2016 financial year

Fixed portion

The annual gross fixed compensation of Rudy Provoost was set at €875,500 (unchanged since 2014).

The Board of Directors of June 23, 2016 determined the fixed compensation in respect of the 2016 financial year at a gross amount of €437,750 on a *prorata* basis for the period from January 1, 2016 to June 30, 2016.

Variable portion

The annual variable target-based compensation was maintained by the Board of Directors of February 10, 2016 at 110% of the annual fixed compensation if 100% of the financial and individual targets were reached.

This variable compensation for 2016 was based for 75% on financial criteria and for 25% on individual criteria. The financial criteria for 2016 were adjusted EBITA in volume (45%), ATWC (35%) and sales growth in volume (20%). The targets to reach were those set in the 2016 budget.

The financial targets could reach a maximum result of 150%, if the achieved financial results exceeded 100% of the financial targets. The individual portion of the variable compensation was capped at 100% of achievement. The maximum variable portion could represent 151% of the fixed compensation – excluding the overperformance recognition mechanism.

The Board of Directors meeting of July 28, 2016 having assessed the performance of the Chairman and Chief Executive Officer, based on the financial statements as at June 30, 2016, determined a global performance of 71.9% of the target variable portion on a *prorata* basis (from January 1, 2016 to June 30, 2016), *i.e.* a gross amount of €346,216 to be paid in respect of the relevant period.

(1) Section entitled "Compensation items, indemnities or benefits due or likely to be due by reason of the taking, ending or change in the duties of corporate officer".

Based on the financial statements as at June 30, 2016, the level of achievement of the 2016 criteria referred to above are as follows:

2016 FIXED PORTION (*PRORATA TEMPORIS* FROM JANUARY 1 TO JUNE 30, 2016)	2016 TARGET VARIABLE PORTION IN PERCENTAGE OF FIXED COMPENSATION	2016 TARGET VARIABLE PORTION IN € (*PRORATA TEMPORIS* FROM JANUARY 1 TO JUNE 30, 2016)	FINANCIAL PART OF THE TARGET VARIABLE PORTION	INDIVIDUAL PART OF THE TARGET VARIABLE PORTION	FINANCIAL PART 2016 RESULT	INDIVIDUAL PART 2016 RESULT	ACHIEVEMENT OF 2016 FINANCIAL PART	ACHIEVEMENT OF 2016 INDIVIDUAL PART	GLOBAL ACHIEVEMENT IN PERCENTAGE OF TARGET VARIABLE PORTION	AMOUNT IN € TO BE PAID IN RESPECT OF 2016 VARIABLE PORTION (FROM JANUARY 1 TO JUNE 30, 2016)
A	B	(A x B) = C	D	E	F	G	(D x F) = H	(E x G) = I	(H + I) = J	(C x J)
437,750	110%	481,525	75%	25%	82.5%	40%	61.9%	10%	71.9%	346,216

Details regarding achievement of 2016 financial targets (financial statements as at June 30, 2016):

2016 CRITERIA	WEIGHT	2016 OBJECTIVES	MINIMUM	TARGET	MAXIMUM	PERCENTAGE OF ACHIEVEMENT BEFORE WEIGHTING	RESULT AFTER WEIGHTING IN PERCENTAGE OF THE 2016 TARGET FINANCIAL PORTION
Adjusted EBITA in volume	45%	276.7	50% payout if result reaches 85% of target	100% payout if result reaches 100% of target	150% payout if result reaches 115% of target	101.2%	45.5%
ATWC	35%	14.15%	25% payout if result reaches 95% of target	100% payout if result reaches 100% of target	150% payout if result reaches 105% of target	105.7%	37.0%
Sales growth in volume	20%	-1.32%	50% payout if result reaches 90% of target	100% payout if result reaches 100% of target	150% payout if result reaches 150% of target	0.0%	0.0%
	100%		Calculation on a linear basis between the points				**82.5%**

The Board of Directors decided to apply a specific mechanism initially implemented in 2015 in order to specifically recognize consistent financial overperformance. The financial part of the variable compensation as described above could thus be increased by applying a multiplier coefficient if the following cumulative conditions were satisfied:

- The weighted average achievement level of the annual financial objectives reached at least 100%;
- The weighted average achievement level of the quarterly financial objectives exceeded 100% during at least 3 quarters;

The global variable compensation payout was capped at 200% of the target value.

This specific mechanism was not activated in 2016.

Details regarding the 2016 individual criteria

The Board of Directors has reviewed the individual criteria previously determined and fixed the achievement level in consideration of the performance of the Chairman and Chief Executive Officer as at June 30, 2016, as follows:

	ACHIEVEMENT
Actions relating to the customer-focused differentiation strategy	
Continuation of the implementation of a profitable growth strategy	40%
Development of a performing organization	

Other compensation items

The Board of Directors decided to suppress the grant of intragroup attendance fees as from 2016. No attendance fees were thus paid in respect of 2016.

Rudy Provoost benefited from the following additional compensation items over the relevant period:

- A housing allowance on a pro rata basis for a gross amount of €30,000;
- Benefits in kind in the amount of €14,439, consisting of a company car (€4,589), as well as €9,850 for executive director's unemployment coverage GSC; and
- An additional health insurance (mutuelle), a death and disability insurance (contrat de prévoyance), a basic and additional pension, a health check-up, and compensation for tax and retirement advisors' fees;

2015 financial year

Fixed portion

The annual gross fixed compensation of Rudy Provoost was set at €875,500 (unchanged since 2014).

Variable portion

The annual variable target-based compensation was maintained at 110% of the annual fixed compensation if 100% of the financial and individual targets were reached.

This variable compensation for 2015 was based for 75% on financial criteria and for 25% on individual criteria.

The financial criteria for 2015 were adjusted EBITA in volume (45%), ATWC (35%) and sales growth in volume (20%). The targets to reach were those set in the 2015 budget.

The financial targets could reach a maximum result of 150%, if the achieved financial results exceeded 100% of the financial targets. The individual portion of the variable compensation was capped at 100% of achievement. The maximum variable portion could represent 151% of the fixed compensation – excluding the overperformance recognition mechanism.

The Board of Directors of February 10, 2016 assessed the performance of the Chairman and Chief Executive Officer and determined the variable gross compensation to be paid in respect of 2015 to a gross amount of €348,624, *i.e.*, a global achievement rate of 36.2% of target variable compensation.

Detailed 2015 performance was as follows:

2015 FIXED PORTION	2015 TARGET VARIABLE PORTION IN PERCENTAGE OF FIXED COMPENSATION	2015 TARGET VARIABLE PORTION IN €	FINANCIAL PART OF THE TARGET VARIABLE PORTION	INDIVIDUAL PART OF THE TARGET VARIABLE PORTION	FINANCIAL PART 2015 RESULT	INDIVIDUAL PART 2015 RESULT	ACHIEVEMENT OF 2015 FINANCIAL PART	ACHIEVEMENT OF 2015 INDIVIDUAL PART	GLOBAL ACHIEVEMENT IN PERCENTAGE OF TARGET VARIABLE PORTION	AMOUNT IN € TO BE PAID IN RESPECT OF 2015 VARIABLE PORTION
A	B	(A x B) = C	D	E	F	G	(D x F) = H	(E x G) = I	(H + I) = J	(C x J)
875,500	110%	963,050	75%	25%	21.6%	80%	16.2%	20%	36.2%	348,624

Details regarding achievement of 2015 financial targets:

2015 CRITERIA	WEIGHT	2015 OBJECTIVE	MINIMUM	TARGET	MAXIMUM	ACHIEVEMENT PERCENTAGE (BEFORE WEIGHTING)	RESULT AFTER WEIGHTING IN PERCENTAGE OF THE 2015 TARGET FINANCIAL PORTION
Adjusted EBITA in volume	45%	715.6	50% payout if result reaches 85% of target	100% payout if result reaches 100% of target	150% payout if result reaches 115% of target	82.10%	0.00%
ATWC	35%	13.70%	25% payout if result reaches 95% of target	100% payout if result reaches 100% of target	150% payout if result reaches 105% of target	97.40%	21.60%
Sales growth in volume	20%	1.80%	50% payout if result reaches 90% of target	100% payout if result reaches 100% of target	150% payout if result reaches 150% of target	-	0.00%
	100%		Calculation on a linear basis between the points				**21.60%**

The Board of Directors also decided to apply a specific mechanism in respect of 2015 in order to specifically recognize consistent financial overperformance. The financial part of the variable compensation as described above may be increased by applying a multiplier coefficient if the following cumulative conditions were satisfied:

- The weighted average achievement level of the annual financial objectives reached at least 100%; and
- The weighted average achievement level of the quarterly financial objectives exceeded 100% during at least 3 quarters.

The 2015 global variable compensation payout was capped at 200% of the target value.

This specific mechanism was not activated in 2015.

Regarding individual targets

The Board of Directors of February 10, 2016 reviewed the individual targets previously determined and set the achievement level taking into account the performance achieved by the Chairman and Chief Executive Officer. These targets included notably the development of a new strategic plan, the improvement of the organizational effectiveness and development of talents and succession plans.

Other compensation items

Rudy Provoost benefited from the following additional compensation items:

- A housing allowance for an annual gross amount of €60,000;
- Benefits in kind in the amount of €9,179, consisting of a company car, as well as €16,594 for executive director's unemployment coverage GSC;
- A supplemental health insurance *(mutuelle)*, a death and disability insurance *(contrat de prévoyance)*, a basic and supplementary pension, a health check-up, and compensation for tax and retirement advisors' fees; and
- Attendance fees in respect of the corporate offices mandates held in 2015 within Rexel UK Ltd, British subsidiary, and Rexel Holdings USA Corp., US subsidiary, for a total amount of €90,000 to be paid in 2016.

Compensation and benefits of Deputy Chief Executive Officer, Catherine Guillouard

The Board of Directors of Rexel, upon its meeting of February 20, 2017, decided to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer, effective February 20, 2017. This decision follows a divergence of views over the implementation of the new strategic direction of Rexel presented at the Capital Markets Day of February 13, 2017. Additional information in connection with the payment of the severance indemnity of Catherine Guillouard are set forth in section 3.2.2.2 of this Registration document.(1)

CATHERINE GUILLOUARD (IN €)	2017*	Evolution	2016	Evolution	2015
Fixed portion	70,833	0%	500,000	5%	475,000
Variable portion:	63,750		450,000		380,000
Total target	**134,583**	**0%**	**950,000**	**11%**	**855,000**
Target variable portion/fixed portion	*90%*		*90%*		*80%*
Variable portion paid in respect of the relevant year	The variable portion will be determined based on the financial statements as at June 30, 2017		313,538		186,352
Total performance in respect of variable portion			69.7%		49.0%
Other benefits			24,016		13,866

* *Prorata temporis* from January 1 to February 20, 2017 (term of corporate office).

2017 financial year

The Board of Directors' meeting of June 23, 2016 had decided to renew the term of office of Deputy Chief Executive Officer Catherine Guillouard for a term of two years as of July 1, 2016. The Board of Directors had decided, upon recommendation of the Nomination and Compensation Committee, to maintain the terms of compensation of Catherine Guillouard as determined by the Board of Directors in its meetings of February 10, 2016 and March 8, 2016.

(1) Section entitled "Compensation items, indemnities or benefits due or likely to be due by reason of the taking, ending or change in the duties of corporate officer".

Thus, these decisions applied until the end of the corporate office of the Deputy Chief Executive Officer, *i.e.*, February 20, 2017.

Catherine Guillouard's employment agreement, that had been suspended during her corporate office, was reactivated as at February 21, 2017.

Fixed portion

The gross annual fixed compensation was determined at €500,000 (unchanged compared to 2016), *i.e.*, a *prorata* compensation from January 1 to February 20, 2017 amounting to a gross amount of €70,833.

Variable portion

The annual variable target-based compensation amounts to 90% of the annual gross fixed compensation if 100% of the financial and individual set targets are reached.

The 2017 variable compensation is based for 65% on financial criteria and for 35% on individual criteria.

The financial objectives may reach a maximum result of 150%, if the achieved financial results exceed 100% of the financial targets. The individual part of the variable compensation is capped at 100%, of achievement.

This annual *prorata* variable portion payable in respect of 2017 for the period between January 1 and February 20, 2017, will be determined by the Board of Directors based on the financial statements as at June 30, 2017[(1)].

2017 FIXED COMPENSATION (*PRORATA TEMPORIS* FROM JANUARY 1 TO FEBRUARY 20, 2017)	2017 TARGET VARIABLE PORTION IN PERCENTAGE OF FIXED COMPENSATION (*PRORATA TEMPORIS*)	2017 TARGET VARIABLE PORTION IN € (*PRORATA TEMPORIS*)	FINANCIAL PART OF THE TARGET VARIABLE PORTION	INDIVIDUAL PART OF THE TARGET VARIABLE PORTION	MAXIMUM ACHIEVEMENT OF THE FINANCIAL PORTION	MAXIMUM ACHIEVEMENT OF THE INDIVIDUAL PORTION	MAXIMUM 2017 TARGET VARIABLE PORTION IN % OF TARGET AND IN € (*PRORATA TEMPORIS*)	MAXIMUM 2017 TARGET VARIABLE PORTION IN % OF FIXED COMPENSATION AND IN € (*PRORATA TEMPORIS*)
			65%	35%	(65% x 150%) = 97.5%	(35% x 100%) = 35%	132.5%	119%
70,833	90%	63,750	41,437	22,312	62,156	22,312	84,468	84,468

The financial targets determined for 2017 are sales growth in volume (33%), adjusted EBITA in volume (33%) and ATWC (33%). The weighting of the criteria has been reviewed in order to recognize the contribution of each criteria to the group's development.

The terms of implementation of these criteria have been amended as detailed below, in order to recognize the improvement of the performance compared to the previous financial year, and particularly demanding targets.

The targets to be achieved are those of the 2017 budget (the performance will be determined based on the financial statements as at June 30, 2017).

CRITERIA	WEIGHT	MINIMUM	TARGET	MAXIMUM
Sales growth in volume	33%	Payment of the 1st euro upon achievement of the sales made within the prior financial year	125% payout if result reaches 100% of target	150% payout if result reaches 120% of target
Adjusted EBITA in volume	33%	Payment at 50% upon achievement of the adjusted EBITA made within the prior financial year	110% payout if result reaches 100% of target	Payment capped at 150%
ATWC	33%	25% payout if result reaches 95% of target	100% payout if result reaches 100% of target	150% payout if result reaches 105% of target
	100%[(2)]	Calculation on a linear basis between the points		

(1) In accordance with the provisions of law No. 2016-1691 of December 9, 2016 *("Loi Sapin 2")*, the payment of the 2017 variable portion will be subject to the approval of the general ordinary shareholders' meeting 2018.
(2) Rounded amount.

Details regarding 2017 individual targets:

Strengthen the financial position of the Group and arbitrate between several alternatives
Warrantee an efficient management of the cash-flow and assets of the Group

Other compensation items

The various benefits in kind were renewed for 2017 (health insurance, death and disability insurance, basic and additional pension, health check-up, tax and retirement advisors fees, company car, executive director's unemployment coverage GSC). They have been paid on a *prorata* basis over the term of the corporate office.

2016 financial year

The compensation items of Catherine Guillouard for the financial year 2016 were determined by the Board of Directors meeting of February 10, 2016, upon recommendation of the Nomination and Compensation Committee, as set forth below.

The 2016 annual compensation of Catherine Guillouard has been reviewed in a significant manner in order to progressively align her fixed compensation with the median of the reference market (progressive changes since she took her office), taking into account in particular the individual performance, and in order to strengthen in a more dynamic way the annual variable compensation entirely subject to performance conditions, in accordance with the compensation policy set by the Board of Directors.

The benchmarks were provided by an independent consulting firm and covered a panel of French and European companies of similar industries and size which are comparable in terms of sales, number of employees and market capitalization.

Fixed portion

The gross fixed annual compensation had been set at €500,000 (€475,000 in 2015, *i.e.*, +5.26%).

Variable portion

The target-based variable annual compensation had been set at 90% (80% in 2015) of the gross fixed annual compensation in case of 100% achievement of the financial and individual targets.

The variable compensation for 2016 was based for 65% on financial criteria and for 35% on individual criteria. The financial criteria for 2016 were adjusted EBITA in volume (45%), ATWC (35%) and sales growth in volume (20%). The targets to reach were those set in the 2016 budget.

The financial targets could reach a maximum result of 150%, if the achieved financial results exceeded 100% of the financial targets. The individual portion of the variable compensation was capped at 100% of achievement (*i.e.*, a maximum variable portion representing 119% of the fixed compensation – excluding the overperformance recognition mechanism).

Having assessed the performance of the Deputy Chief Executive Officer, the Board of Directors of February 10, 2017 determined a global performance of 69.7% of the target variable compensation, *i.e.* a gross amount of €313,538 to be paid in respect of the 2016 financial year.

Detailed 2016 performance was as follows:

2016 FIXED PORTION	2016 TARGET VARIABLE PORTION IN PERCENTAGE OF FIXED COMPENSATION	2016 TARGET VARIABLE PORTION IN €	FINANCIAL PART OF THE TARGET VARIABLE PORTION	INDIVIDUAL PART OF THE TARGET VARIABLE PORTION	FINANCIAL PART 2016 RESULT	INDIVIDUAL PART 2016 RESULT	ACHIEVEMENT OF 2016 FINANCIAL PART	ACHIEVEMENT OF 2016 INDIVIDUAL PART	GLOBAL ACHIEVEMENT IN PERCENTAGE OF TARGET VARIABLE PORTION	AMOUNT IN € TO BE PAID IN RESPECT OF 2016 VARIABLE
A	B	(A x B) = C	D	E	F	G	(D x F) = H	(E x G) = I	(H + I) = J	(C x J)
500,000	90%	450,000	65%	35%	69.5%	70%	45.2%	24.5%	69.7%	313,538

Details regarding achievement of 2016 financial targets:

2016 CRITERIA	WEIGHT	2016 OBJECTIVE	MINIMUM	TARGET	MAXIMUM	PERCENTAGE OF ACHIEVEMENT (BEFORE WEIGHTING)	RESULT AFTER WEIGHTING IN % OF THE 2016 TARGET FINANCIAL PORTION
Adjusted EBITA in volume	45%	603.6	50% payout if result reaches 85% of target	100% payout if result reaches 100% of target	150% payout if result reaches 115% of target	74.9%	33.7%
ATWC	35%	14.0%	25% payout if result reaches 95% of target	100% payout if result reaches 100% of target	150% payout if result reaches 105% of target	102.3%	35.8%
Sales growth in volume	20%	0.0%	50% payout if result reaches 90% of target	100% payout if result reaches 100% of target	150% payout if result reaches 150% of target	0.0%	0.0%
	100%		Calculation on a linear basis between the points				**69.5%**

The Board of Directors decided to apply a specific mechanism initially implemented in 2015 in order to specifically recognize consistent financial overperformance. The financial part of the variable compensation as described above could thus be increased by applying a multiplier coefficient if the following cumulative conditions were satisfied:

- The weighted average achievement level of the annual financial objectives reached at least 100%;
- The weighted average achievement level of the quarterly financial objectives exceeded 100% during at least 3 quarters;

The global variable compensation payout was capped at 200% of the target value.

This specific mechanism was not activated in 2016.

Regarding individual targets

	ACHIEVEMENT
Strengthen the financial position of the Group and arbitrate between several alternatives	70%
Warrantee and efficient management of the cash flow and assets of the Group	
Improve growth and profitability of priority markets	
Maintain regular communication with investors and stakeholders	

Other compensation items

Catherine Guillouard benefited from the following other compensation items:

- Benefits in kind amounting to €6,479, consisting of a company car and of €17,537 for executive director's unemployment coverage GSC; and
- An additional health insurance *(mutuelle)*, a death and disability insurance *(contrat de prévoyance)*, a basic and additional pension, a health check-up, and compensation for tax and retirement advisors' fees.

2015 financial year

Fixed portion

The annual gross fixed compensation of Catherine Guillouard was set at €475,000 (unchanged since June 2014).

Variable portion

The annual variable target-based compensation was increased (as compared to 2014) to 80% of the annual gross fixed compensation if 100% of the financial and individual set targets were reached.

This variable compensation for 2015 was based for 65% on financial criteria and for 35% on individual criteria.

The financial targets could reach a maximum result of 150%, if the achieved financial results exceeded 100% of the financial targets. The individual part of the variable compensation was capped at 100% of achievement.

The financial criteria for 2015 were adjusted EBITA in volume (45%), ATWC (35%) and sales growth in volume (20%). The targets to reach were those set in the 2015 budget.

Having assessed the performance of the Deputy Chief Executive Officer, the Board of Directors of February 10, 2016 determined a global performance of 49.04% of the target variable compensation, *i.e.* a gross amount of €186,352 to be paid in respect of the 2015 financial year.

Detailed 2015 performance was as follows:

2015 FIXED PORTION	2015 TARGET VARIABLE PORTION IN PERCENTAGE OF FIXED COMPENSATION	2015 TARGET VARIABLE PORTION IN €	FINANCIAL PART OF THE TARGET VARIABLE PORTION	INDIVIDUAL PART OF THE TARGET VARIABLE PORTION	FINANCIAL PART 2015 RESULT	INDIVIDUAL PART 2015 RESULT	ACHIEVEMENT OF 2015 FINANCIAL PART	ACHIEVEMENT OF 2015 INDIVIDUAL PART	GLOBAL ACHIEVEMENT IN PERCENTAGE OF TARGET VARIABLE PORTION	AMOUNT IN € TO BE PAID IN RESPECT OF 2015 VARIABLE PORTION
A	B	(A x B) = C	D	E	F	G	(D x F) = H	(E x G) = I	(H + I) = J	(C x J)
475,000	80%	380,000	65%	35%	21.6%	100%	14.0%	35%	49.04%	186,352

Details regarding achievement of 2015 financial targets:

2015 CRITERIA	WEIGHT	2015 OBJECTIVE	MINIMUM	TARGET	MAXIMUM	ACHIEVEMENT PERCENTAGE (BEFORE WEIGHTING)	RESULT AFTER WEIGHTING IN PERCENTAGE OF THE 2015 TARGET FINANCIAL PORTION
Adjusted EBITA in volume	45%	715.6	50% payout if result reaches 85% of target	100% payout if result reaches 100% of target	150% payout if result reaches 115% of target	82.10%	0.00%
ATWC	35%	13.70%	25% payout if result reaches 95% of target	100% payout if result reaches 100% of target	150% payout if result reaches 105% of target	97.40%	21.60%
Sales growth in volume	20%	1.80%	50% payout if result reaches 90% of target	100% payout if result reaches 100% of target	150% payout if result reaches 150% of target	-	0.00%
	100%		Calculation on a linear basis between the points				**21.60%**

The Board of Directors also decided to apply a specific mechanism in respect of 2015 in order to specifically recognize consistent financial overperformance. The financial part of the variable compensation as described above may be increased by applying a multiplier coefficient if the following cumulative conditions were satisfied:

- The weighted average achievement level of the annual financial objectives reached at least 100%;
- The weighted average achievement level of the quarterly financial objectives exceeded 100% during at least 3 quarters;

The global variable compensation payout was capped at 200% of the target value.

This specific mechanism was not activated in 2015.

Regarding individual targets

The Board of Directors of February 10, 2016 reviewed the individual targets previously determined and set the achievement level taking into account the performance achieved by the Deputy Chief Executive Officer. These targets are linked to the generation of cash flow, the strengthening of the Group's balance sheet and the financing costs optimization.

(1) This regime was closed in 2016.

Other compensation items

Catherine Guillouard benefited from the following other compensation items:

- Benefits in kind amounting to €6,479, consisting of a company car and of €7,387 for executive director's unemployment coverage GSC; and
- A supplemental health insurance *(mutuelle)*, a death and disability insurance *(contrat de prévoyance)*, a basic and supplementary pension, a defined benefit retirement plan(1), a health check-up, and compensation for tax and retirement advisors' fees.

Long-term compensation: allocation of subscription or purchase options and free allocations of performance shares (Executive Corporate Officers)

Share subscription or purchase options for the Executive Corporate Officers

No option of subscription or purchase of shares has been allocated to the executive corporate officers by Rexel or any of the company of the Rexel Group for the financial year ended December 31, 2016.

No option of subscription or purchase of shares has been exercised by the executive corporate officers during the financial year ended December 31, 2016.

The insider trading policy of Rexel includes an undertaking by corporate officers not to use hedging options to cover their risk in respect of the options, issues shares resulting from the exercise of options and from performance shares.

Allotment of free performance shares to the executive corporate officers

The number of performance shares allocated to each executive corporate officer by the issuer and by any Group company during the financial year ended December 31, 2016, is detailed below:

BENEFICIARIES	PLAN NAME	NUMBER OF SHARES	VALUE OF ALLOCATED SHARES	ACQUISITION DATE	TRANSFERABILITY DATE
CORPORATE OFFICERS					
Chief Executive Officer Patrick Berard	Plan 3+2	85,000(1)	927,350	June 23, 2019	June 24, 2021
Chairman and Chief Executive Officer Rudy Provoost(2)		No share allocated in 2016			
Deputy Chief Executive Officer Catherine Guillouard	Plan 3+2	58,200(3)	634,962	June 23, 2019	June 24, 2021

(1) 87,876 after adjustment (see note 4).
(2) Change in governance structure as at July 1, 2016.
(3) 60,169 after adjustment (see Note 4).
(4) The number of performance shares still in the process of being vested as at July 1, 2016 has been adjusted for all of the beneficiaries, by decision of the Chief Executive Officer of July 5, 2016 under delegation from the Board of Directors of June 23, 2016. This decision aims at preserving the rights of all of the beneficiaries of such plans and follows the distribution to the shareholders of an amount of €0.40 per share, fully deducted from the issue premium.

The table below presents the performance criteria determined and the method applied to determine their impact on the future acquisition of the performance shares allocated during the financial year ended December 31, 2016:

	WEIGHT	TRIGGER	TARGET	MAXIMUM	COMMENTS
Average over 3 years(1) of EBITA growth (mid-term plan)	30%	Acquisition equal to 50% if the average reaches 75% of target	100% of shares vest if the target is reached	Allocation equal to 150% if the average reaches or exceeds 125% of target	Calculation on a linear basis between the points
3-year average(1) of organic sales growth (mid-term plan)	30%	Acquisition equal to 50% if the average reaches 75% of target	100% of shares vest if the target is reached	Acquisition equal to 150% if the average reaches or exceeds 125% of target	Calculation on a linear basis between the points
3-year average(2) of the free cash flow before interest and tax/EBITDA ratio (mid-term plan)	20%	50% of shares vest if the average performance reaches 90% of target	100% of shares vest if the target is reached	150% of shares vest if the average performance reaches at least 120% of target	Calculation on a linear basis between the points
TSR ranking of Rexel compared to a panel of companies (enterprises of the Stoxx Europe TMI "Electronic & Electrical Equipment", as well as Wolseley; Farnell; Grainger; Anixter; Electrocomponents and Wesco International) after a reference period of 3 years(3)	20%	50% of shares vest if the Rexel's TSR performance reaches the median of the panel	100% of shares vest if the Rexel's TSR performance reaches the 70th percentile of the panel	150% of shares vest if the Rexel's TSR performance reaches at least 90th percentile of the panel	Calculation on a linear basis between the points
	100%	The performance level of each criterion is combined with the weight of each criterion in order to obtain a weighted global level of performance. In any case, said global level is limited to 100% of the initial allotment			

(1) Average variation over the period 2015-2018, for the 2016 plan.
(2) Average 2016, 2017 and 2018, for the 2016 plan.
(3) 2016-2019, for the 2016 plan.

History of the last performance shares allocated, acquired or transferable during the financial year ended December 31, 2016 by Executive Corporate Officer

Chief Executive Officer – Patrick Berard (since July 1, 2016)

PERFORMANCE SHARES	JUNE 23, 2016	JULY 28, 2015	MAY 22, 2014 KEY MANAGERS	MAY 22, 2014 TRANSITION	APRIL 30, 2013	MAY 02, 2012
Number of shares alloted	**85,000**	**–**	**–**	**–**	**–**	**–**
Adjusted number of shares alloted[(1)]	*87,876*	–	–	–	–	–
Vesting date	June 23, 2019	–	–	–	–	–
Performance rate	unknown	–	–	–	–	–
Number of shares irrevocably acquired	unknown	–	–	–	–	–
Transferability date	June 24, 2021	–	–	–	–	–
Number of lost shares at December 31, 2016	–	–	–	–	–	–

Chairman and Chief Executive Officer – Rudy Provoost (end of his functions on June 30, 2016)

PERFORMANCE SHARES	JUNE 23, 2016	JULY 28, 2015	MAY 22, 2014 KEY MANAGERS	MAY 22, 2014 TRANSITION	APRIL 30, 2013	MAY 02, 2012
Number of shares alloted with possible over achievement – not realized	–	–	–	–	*96,682*	*90,816*
Number of shares alloted	**–**	**120,000**	**60,000**	**60,000**	**69,058**	**60,544**
Vesting date	–	July 28, 2018	May 22, 2017	May 22, 2016	April 30, 2015	May 02, 2014
Performance rate	–	unknown	unknown	**36.0%[(2)]**	**35.2%[(2)]**	**43.3%**
Number of shares irrevocably acquired	–	unknown	unknown	**21,600**	**24,309**	**26,216**
Transferability date	–	July 29, 2020	May 23, 2019	May 23, 2018	May 02, 2017	May 03, 2016
Number of lost shares at December 31, 2016	–	120,000*	60,000*	–	–	–

* Loss of rights in respect of the performance shares allocated but not yet vested as at June 30, 2016.

Deputy Chief Executive Officer – Catherine Guillouard (end of her functions on February 20, 2017)

PERFORMANCE SHARES	JUNE 23, 2016	JULY 28, 2015	MAY 22, 2014 KEY MANAGERS	MAY 22, 2014 TRANSITION	APRIL 30, 2013	MAY 02, 2012
Number of shares alloted with possible over achievement – not realized	–	–	–	–	*42,980*	–
Number of shares alloted	**58,200**	**58,200**	**29,100**	**29,100**	**30,700**	**–**
Adjusted number of shares alloted[(1)]	*60,169*	*60,169*	*30,085*	–	–	–
Vesting date	June 23, 2019	July 28, 2018	May 22, 2017	May 22, 2016	April 30, 2015	–
Performance rate	unknown	unknown	unknown	**36.0%[(2)]**	**35.2%[(2)]**	–
Number of shares irrevocably acquired	unknown	unknown	unknown	**10,476**	**10,808**	–
Transferability date	June 24, 2021	July 29, 2020	May 23, 2019	May 23, 2018	May 02, 2017	–
Number of lost shares at December 31, 2016	–	–	–	–	–	–

(1) The number of performance shares still in the process of being vested by all the beneficiaries of these plans has been adjusted, by decision of the Chief Executive Officer of July 5, 2016 under delegation from the Board of Directors of June 23, 2016. This decision aims at preserving the rights of all the beneficiaries and follows the distribution to the shareholders of an amount of €0.40 per share, fully deducted from the issue premium.

(2) The performance rate of 35.2% and 36.0% are detailled in section 6.2.2.6 of this Registration document.

The performance shares allocated but not yet vested as at the departure from the Group of the Chairman and Chief Executive Officer and of the Deputy Chief Executive Officer shall be canceled, since the attendance criterion is not met. This concerns:

- For Rudy Provoost, Chairman and Chief Executive Officer, the shares allocated in respect of the plans of July 28, 2015 and May 22, 2014 (Key Managers);
- For Catherine Guillouard, Deputy Chief Executive Officer, the shares allocated in respect of the plans of July 23, 2016 and July 28, 2015[(1)].

The Insider trading policy of Rexel includes an undertaking by corporate officers not to use hedging options to cover their risk in respect of the options, issues shares resulting from the exercise of options and from performance shares.

Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of Corporate Officers (Executive Corporate Officers)

Chief Executive Officer

Severance indemnity of Patrick Berard

No severance indemnity has been granted to Patrick Berard by the Board of Directors of June 23, 2016, in respect of the termination of his duties as Chief Executive Officer of the Company, nor any non-competition compensation indemnity in connection with the termination of such duties, taking into account his career and profile.

The employment agreement of Patrick Berard, suspended during the exercise of his duties as Chief Executive Officer of the Company, provides under certain conditions the payment of such indemnities, within the limits of a global amount of 18 months of monthly reference compensation (*i.e.*, the last annual fixed compensation increased by the average amount of the last 2 bonuses received, divided by 12)[(2)]. The suspended employment agreement also provides for possible non-compete indemnity under certain conditions, the indemnification of which would range within the total limit of 18 months of Monthly Reference Compensation as described above.

It is specified by the Board of Directors that in case of reactivation of the employment agreement of Patrick Berard, these potential severance indemnities would be calculated without taking into account the exercise period of the corporate office (without considering his seniority or fixed or variable compensation received as a corporate officer).

Chairman and CEO

Severance indemnity of Rudy Provoost

Rudy Provoost was eligible to a severance indemnity subject to performance conditions that had been the purpose of decisions of the Board of Directors on May 22, 2014, February 11, 2015 and February 10, 2016, which has been approved by the Shareholders Meeting of May 27, 2015 and the Shareholders' Meeting of May 25, 2016.

The Board of Directors meeting of February 11, 2015, had thus decided to limit the eligibility conditions for receiving the severance package allocated to corporate officers. The severance package of which the Chairman and Chief Executive Officer was eligible to was thus subject to the following cumulative conditions (i) event of forced departure and (ii) change of control or strategy.

Also, the Board of Directors of February 10, 2016, had decided to amend and harmonize the calculation and payment conditions of the severance indemnity of the Chairman and Chief Executive Officer in order to align them with market practice.

Rudy Provoost was eligible to a gross severance indemnity equal to 24 months of a monthly reference compensation. As decided by the Board of Directors of February 10, 2016, the monthly reference compensation was understood as the last fixed gross annual compensation plus the gross amount of the last variable bonus paid, excluding any exceptional bonus, with this sum being divided by 12 in accordance with the AFEP-MEDEF Code (until that date, the reference compensation was understood as the fixed gross annual compensation plus the average gross amount of the last two variable bonuses paid).[(3)]

Due to a divergence of views with the Board of Directors about the change in governance and the approach of the Chairman and Chief Executive Officer in the implementation of the strategy of the Group, the duties of Rudy Provoost as Chairman and Chief Executive Officer were terminated on June 30, 2016.

Thus, the Board of Directors of June 23, 2016:

- Having acknowledged that the conditions related to the payment of the severance indemnity of the Chairman and Chief Executive Officer, as determined by the Board of Directors on February 11, 2015, had been met, and;
- Having validated the achievement of the performance conditions associated with this severance indemnity (as determined by the Board of Directors on May 22, 2014 and approved by the shareholders meeting of May 27, 2015 as amended by the Board of Directors on February 10, 2016 and approved by the Shareholders Meeting of May 25, 2016, detailed below;

(1) Vesting dates after notice period of the collective agreement of a term of 3 months.
(2) This amount also includes any legal indemnity or indemnity pursuant to the collective bargaining agreement.
(3) Thus, the severance indemnity shall not exceed 24 months of the last fixed and variable compensation paid.

- Decided the payment of a severance indemnity corresponding to 24 months of a monthly reference compensation corresponding to the last amount of the fixed gross annual compensation plus the gross amount of the last variable bonus paid, excluding any exceptional bonus, with this sum being divided by 12.

CALCULATION OF THE REFERENCE COMPENSATION FOR THE PURPOSES OF THE CALCULATION OF THE SEVERANCE INDEMNITY	
Annual fixed portion	875,500
Last (annual) variable portion received for 2015	348,624
Annual total	**1,224,124**
Monthly reference compensation (/12)	102,010
24 months of monthly reference compensation	**2,448,248**

The Board of Directors also decided to implement the non-compete clause. This non-competition undertaking is limited to a period of 12 months from the date of effective termination of the corporate mandate. In return, the monthly compensation of no competition is equal to one twelfth of annual gross fixed compensation. The severance indemnity corresponding to 24 months of Monthly Reference Compensation, as described above, includes the non-competition indemnity.

Therefore, the gross severance indemnity payable to Rudy Provoost amounts to €2,448,248 (including the non-competition indemnity).

Reminder concerning the conditions of performance in connection with the severance indemnity, determined by the Board of Directors of May 22, 2014:

- The payment of 60% of the indemnity depends on the level of EBITA of the Rexel Group; This payment would be due for 100% if the level of EBITA, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate duties (the reference period) reached on average a minimum of 60% of the amount budgeted for such two periods; and
- The payment of 40% of the indemnity depends on the level of ATWC (average trading working capital) of the Rexel Group. This payment was due for 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate duties (the reference period) reached on average a maximum of 125% of the performance budgeted for such two financial years.

Confirmation of the achievement of the performance conditions:

PAYMENT OF 60% DEPENDING ON EBITA LEVEL			PAYMENT OF 40% DEPENDING ON WCR LEVEL		
2014 Target	Adjusted EBITA in volume – €M	710.8	2014 Target	ATWC	14.30%
2014 Achievement	Adjusted EBITA in volume – €M	649.4	2014 Achievement	ATWC	14.42%
	2014 achievement rate of	91.4%		2014 achievement rate of	100.8%
2015 Target	Adjusted EBITA in volume – €M	715.6	2015 Target	ATWC	13.70%
2015 Achievement	Adjusted EBITA in volume – €M	587.2	2015 Achievement	ATWC	14.07%
	2015 achievement rate of	82.1%		2015 achievement rate of	102.7%
	an average achievement rate over the last two 2014 and 2015 financial years of	86.7%		an average achievement rate over the last two 2014 and 2015 financial years of	101.8%
	Performance conditions satisfied			**Performance conditions satisfied**	
The conditions for payment of 100% of the severance indemnity are thus satisfied					

Deputy Chief Executive Officer

Catherine Guillouard was eligible to a severance indemnity subject to performance conditions that was the purpose of decisions of the Board of Directors on May 22, 2014, February 11, 2015, and February 10, 2016, which was approved by the shareholders meeting of May 27, 2015 and of May 25, 2016, and renewed by the Board of Directors of June 23, 2016[(1)].

Catherine Guillouard's employment agreement with Rexel Développement had been suspended since April 30, 2013, and provided that, in the event of termination of her corporate office, her employment agreement with Rexel Développement would be reinstated with a compensation package equivalent to that from which she benefited as corporate officer.

The employment contract of Catherine Guillouard, amended on February 24, 2016 provided, in the event of

(1) The Board of Directors' meeting of June 23, 2016 decided to renew the corporate office of the Deputy Chief Executive Officer for a term of two years, effective from July 1, 2016.

termination of the employment contract at the initiative of the employer, notified within twelve months following the end of her duties as corporate officer, the conditions referred to as forced departure, and linked to a change in control or strategy, independent of the grounds of the termination of contract, except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave, that Catherine Guillouard would benefit from a gross contractual severance indemnity equal to 24 months of the monthly reference compensation.

The monthly reference compensation was defined as the gross annual fixed compensation applicable during the full month prior to the month of the effective redundancy date, plus the amount of the gross variable compensation received in respect of the last financial year, excluding any other additional or exceptional compensation items, divided by 12. The monthly reference compensation included any potential compensation (fixed and variable, on a *prorata* basis) received as a corporate officer during this last month in respect of the fixed compensation or for the last financial year in respect of the variable compensation (excluding any additional or exceptional compensation item)(1).

Catherine Guillouard's employment agreement amended on February 24, 2016 also provided, in the event of the termination of the employment contract at the initiative of the employer, notified more than 12 months after the end of her duties as corporate officer, and subject to the actual exercise of a salaried position during this period, that the conditions of termination of the corporate office referred to above or to the performance conditions mentioned below would not be applicable.

In addition, regardless of the cause of departure from Rexel, a non-compete clause was stipulated in Catherine Guillouard's employment contract amended on February 24, 2016. This non-compete undertaking was limited to a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-compete indemnity was equal to one twelfth of the gross fixed annual compensation. The company could waive this non-compete clause(2).

The contractual severance indemnity is deemed to include the statutory severance indemnity *(indemnité légale de licenciement)* or severance indemnity pursuant to the applicable collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the non-complete indemnity (with the above indemnities not being subject to the conditions of termination of the corporate office referred to above, or to the performance conditions referred to below).

The Board of Directors of Rexel, upon its meeting of February 20, 2017, decided to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer, effective February 20, 2017. This decision follows a divergence of views over the implementation of the new strategic directions of Rexel presented at the Capital Markets Day of February 13, 2017.

Thus, the Board of Directors of February 20, 2017:

- Having acknowledged that the conditions related to the payment of the severance indemnity of Catherine Guillouard, as determined by the Board of Directors on May 22, 2014, February 11, 2015, February 10, 2016 and of June 23, 2016 had been met (case of forced departure related to a change of control or strategy);
- Having acknowledged the achievement of the performance criteria associated with such severance indemnity (as determined by the Board of Directors on May 22, 2014 and approved by the Shareholders' Meeting of May 27, 2015, as amended by the Board of Directors on February 10, 2016 and approved by the shareholders' meeting of May 25, 2016, renewed by the Board of Directors of June 23, 2016);
- Decided the payment of a gross severance indemnity equal to 24 months of the monthly reference compensation. As decided by the Board of Directors of February 10, 2016 and approved by the shareholders' meeting of May 25, 2016, and as renewed by the Board of Directors of June 23, 2016, the monthly reference compensation is understood as the last fixed gross annual compensation (as described above) plus the gross amount of the last variable compensation paid in respect of the last financial year, excluding any additional or exceptional compensation, with this sum being divided by 12 in accordance with the AFEP-MEDEF Code.

This severance indemnity thus amounts to a gross amount of €1,627,076. This amounts includes any statutory severance indemnity or severance indemnity pursuant to the applicable collective bargaining agreement or non-compete indemnity in respect of the termination of the employment agreement of Catherine Guillouard.

CALCULATION OF THE REFERENCE COMPENSATION FOR THE PURPOSES OF THE SEVERANCE INDEMNITY

Annual fixed portion	500,000
Variable portion paid in respect of the last financial year (2016)	313,538
Annual total	**813,538**
Monthly reference compensation (/12)	67,795
24 months of monthly reference compensation	**1,627,076(3)**

Reminder concerning the conditions of performance in connection with the severance indemnity (excluding the statutory severance indemnity or severance indemnity pursuant to the applicable collective bargaining agreement

(1) Consequently, the severance indemnity should not exceed 24 months of the last fixed and variable compensation paid.

(2) The Board of Directors, having the option to assess the interest for the Group to activate the non-compete clause or to waive its right in such respect depending on the effective risk of competition upon the departure of the executive officer (in particular in the situation where the executive would continue to carry out mission or functions for competitors, even after a retirement leave or a compulsory retirement leave), believes that the activation of such clause should not be ruled out as a principle, in the event of a voluntary retirement leave by the executive (in particular, taking into account the various legislations applicable in respect of retirement rights for international executives officers).

(3) In the accounts of Rexel SA and Rexel Développement.

and non-compete indemnity), determined by the Board of Directors of May 22, 2014:

- The payment of 60% of the indemnity was dependent on the level of EBITA of the Rexel Group. This payment was 100% if the level of EBITA, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate office or employment contract (the reference period) reached on average a minimum of 60% of the amount budgeted for such two periods; and
- The payment of 40% of the indemnity depended on the level of ATWC (average trade working capital) of the Rexel Group. This payment was100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate office or employment contract (the reference period) reached on average a maximum of 125% of the performance budgeted for such two financial years.

Validation of the achievement of the performance conditions:

PAYMENT OF 60% DEPENDING ON EBITA LEVEL			PAYMENT OF 40% DEPENDING ON WCR LEVEL		
2015 Target	Adjusted EBITA in volume – €M	715.6	2015 Target	ATWC	13.70%
2015 Achievement	Adjusted EBITA in volume – €M	587.2	2015 Achievement	ATWC	14.07%
	2015 achievement rate of	82.1%		2015 achievement rate of	102.7%
2016 Target	Adjusted EBITA in volume – €M	603.6	2016 Target	ATWC	14.03%
2016 Achievement	Adjusted EBITA in volume – €M	558.2	2016 Achievement	ATWC	14.00%
	2016 achievement rate of	92.5%		2016 achievement rate of	99.8%
	an average achievement rate over the last two 2015 and 2016 financial years of	87.3%		an average achievement rate over the last two 2015 and 2016 financial years of	101.2%
	Performance conditions satisfied			**Performance conditions satisfied**	
The conditions for payment of 100% of the severance indemnity are thus satisfied					

3.2.3 Pension, retirement or other benefits

Supplementary defined-benefit pension plan, within the meaning of L.137-11 of the French Social Security code (article 39)

Chief Executive Officer Patrick Berard

The meeting of the Board of Directors of February 10, 2016, upon recommendation of the Nomination and Compensation Committee, decided to close the additional defined-benefit retirement scheme (Article 39), within the meaning of article L.137-11 of the French Social Security code. This regime, set up on March 30, 2009 and effective as of July 1, 2009 included in particular Deputy Chief Executive Officer Catherine Guillouard as beneficiary. After its closure, only a small number of non-corporate officers, approaching the age of retirement, continued to benefit therefrom.

The Board of Directors had considered, in particular, that this regime was no longer adapted to the profiles of the top managers of the Group (more international profiles, joining the Group in the middle of their career…). Furthermore, the legislation relating to these schemes has continually changed in recent years, making the system unstable and substantially limiting the attractiveness of these schemes for companies, in particular due to the increase in social contributions and charges.

Nevertheless, subsequently to the decision of the Board of Directors dated February 10, 2016, one of the participants having been maintained in the capacity of employee in the defined-benefits additional retirement plan, Patrick Berard, has been appointed as Chief Executive Officer of Rexel.

In consideration of his seniority and of his career, the Board of Directors of July 1, 2016 decided not to interrupt the benefit of this scheme of defined-benefits additional retirement plan during the period of exercise of his corporate office.

In order to comply with article L. 225-42-1 of the French commercial code, the Board of Directors decided that the contingent rights that may be acquired by Patrick Berard in respect of his duties as Chief Executive Officer in connection with this scheme would be subject to the achievement of annual performance conditions[(1)].

(1) These conditions shall apply solely to the additional conditional rights that Patrick Berard may acquire in respect of the exercise of his corporate office.

The performance criteria determined by the Board of Directors of July 1, 2016 have been aligned with those of the annual variable portion of the Chief Executive Officer (financial portion and individual portion). The performance conditions will be considered as achieved if the payment level of the annual variable portion reaches at least 60% of the target variable portion for the relevant year (as described in section 3.2.2 of this 2016 Registration document).

Therefore, it is only in case of achievement of these annual performance conditions that:

- the time of exercise in the capacity of Chief Executive Officer by Patrick Berard will be taken into consideration for the calculation of his seniority and that;
- the compensation received in respect of the duties of Chief Executive Officer may be taken into consideration for the assessment of the average of the three years of highest compensation.

The Board of Directors of February 10, 2017 acknowledged the achievement of the performance criteria for the 2016 financial year (the level of the variable portion for 2016 over the exercise period of the corporate office having reached 77.1%). The activity period and the compensation received in respect of the duties of corporate officer over the considered period shall be taken into consideration for the calculation of the contingent rights (within the limits provided by the retirement scheme described below).

Characteristics of the additional defined-benefit retirement plan that the Chief Executive Officer benefits from

The Chief Executive Officer benefits from a supplementary defined-benefit pension scheme, within the meaning of L.137-11 of the French Social Security code, made up of two successive regimes:

- a first regime set up unilaterally, effective from May 31, 2005 and amended for the last time with effect from September 1, 2016 (regime 1). This regime was frozen as at June 30, 2009;
- a second regime set up unilaterally on March 30, 2009, with effect from July 1, 2009 and amended for the last time with effect from September 1, 2016 (regime 2).

The contingent rights that the Chief Executive Officer may acquire in respect of his activity as corporate officer, in connection with this scheme (consideration of the compensation for Regimes 1 and 2 and consideration of seniority only for Regime 2), shall only be granted if performance criteria such as those described above are met.

Characteristics of the Regimes:

	REGIME 1	REGIME 2
Effective date	• May 31, 2005 • Rights frozen as from June 30, 2009	• July 1, 2009
Reference compensation	• Average of the three best calendar years of gross compensation • Gross compensation includes fixed compensation, exclusively contractual annual bonuses and benefits in kind (excluding exceptional bonuses, hardship allowances and equivalent items)	• Average of the three best calendar years of gross compensation • Gross compensation includes fixed compensation and exclusively contractual annual bonuses limited to 80% of the fixed portion (excluding exceptional bonuses, hardship allowances and equivalent items) • Global limit equal to 40 PASS
Seniority	• Minimum seniority of 4 years	• Entry into the Rexel Group prior to January 1, 2010 (compliance with the minimum the seniority criteria of 2 years provided by the AFEP/MEDEF Code)
Rights acquisition formula	• 2.5% per year of service • For Patrick Berard, potential accrued rights frozen amount to 10.0%	• 1.00% per year of service for the tranche between 4 and 20 PASS • 0.50% per year of service for the tranche between 20 and 40 PASS

	REGIME 1	REGIME 2
Applicable limits	• Retirement pension under this plan and other additional retirement schemes of Rexel limited to 12.5% of the reference compensation • For Patrick Berard, potential accrued rights are below limit	• Retirement pension limited to 20% of the reference compensation under Regime 2 • Retirement pension under this plan and other supplemental pension schemes of Rexel (including Regime 1) limited to 25% of the reference compensation under Regime 2 • Retirement pension under this plan and all other Rexel additional pension schemes (including Regime 1) and compulsory regimes, limited to 50% of the reference compensation
Reversion pension	• 60% of the additional pension calculated on the basis of seniority and reference compensation as at the date of the death.	• 50% of the additional pension calculated on the basis of seniority and reference compensation as at the date of the death.
Conditions of entry into the regime	Entry into the regime is subject to the following cumulative conditions	
	• Having the status of employee and/or corporate officer; • And having a status and activity compliant with the definition of article L.3111-2 of the French labor code and a certain level of responsibility.	• Having the status of employee and/or corporate officers; • having joined the Rexel Group prior to January 1, 2010; • and having the status and activity compliant with the definition of article L.3111-2 of the French labor code and a certain level of responsibility.
Joint criteria for enjoying the benefits – general rule	The benefits are subject to the following cumulative conditions: • participating to the old-age insurance of the French Social Security regime; • being part of Rexel Développement (or Rexel for Regime 2) as at the date of their retirement or forced retirement; • putting an end to their professional career within Rexel Développement (or Rexel for Regime 2), in accordance with the condition set forth in article L.137-11 of the French Social Security code ; and • having settled their retirement pension of the French Social Security base regime.	
Joint criteria for enjoying the benefits – specific situations	Ability to maintain the regime in the following cases: • Dismissal after the age of 55 (except for willful misconduct) provided that the beneficiary does not exercise afterwards any other professional activity; • Disability classified as the 2nd or 3rd class under the French Social Security regime; • Early departure in connection with an early retirement company regime; • Death before departure from the company (upholding of the related rights such as reversion pension). The effective benefits can be enjoyed as from the effective liquidation of the old-age pension of the base Social Security regime.	

It is restated that these defined-benefit additional retirement plan within the meaning of Article L.137-11 of the French Social Security Code is compliant with all of the guidelines of the AFEP-MEDEF corporate governance code.

AFEP-MEDEF GUIDELINES	
Eligibility criteria	Compliant
Number of corporate officers compared to the total number of beneficiaries	Compliant
Seniority criteria	Compliant
Demanding performance criteria	Compliant
Yearly accrual percentage	Compliant
Maximum acquisition period	Compliant
Reference compensation	Compliant
Maximum amount of pension	Compliant
Information on potential rights	Compliant
Information on potential rights	Compliant

Since this scheme corresponds to the characteristics of the schemes referred to in article L.137-11 of the French Social Security code, it is subject to the related-party agreements procedure governed by article L.225-42-1 of the French commercial code and will be submitted to the approval of the next shareholders meeting.

The impact of the partial closure of the additional defined-benefit retirement plan represented a reversal from provisions of an amount of €1,769,356 in the 2016 consolidated accounts.

The total provision booked by Rexel for all employees covered by this supplemental defined-benefit retirement plan corresponded to a liability of €12.1 million as of December 31, 2016 reduced by the value of a plan asset in an insurance company.

As of December 31, 2016, the value of this plan asset was estimated approximately at €1.6 million. Insurance premiums are paid by Rexel to this plan asset depending on the financing needs as beneficiaries retire.

At December 31, 2016, 3 beneficiairies were potentially eligible to this defined-benefit pension scheme.

It is also indicated that at the closing of the 2016 financial year, the yearly amount of the pension of the Chief Executive Officer under this scheme was estimated at approximately €130,720. This estimation was based on the length of service acquired as at the date of closing of the financial year and on the compensation recorded during the last financial years, as if the Chief Executive Officer could benefit therefrom on the next day following the closing of the financial year.

This pension would have been liable to:

- CSG and CRDS (7.1%), the special Social Security contribution (1%), the CASA (additional solidarity contribution for autonomy at the rate of 0.3%) as well as to a specific contribution up to 14% (within the terms provided by article L.137-11-1 of the French Social Security code); and
- Personal income tax, after a 10% deduction.

Insurance premiums paid are subject to a 24% contribution, borne by Rexel.

Medium-term collective savings scheme

Deputy Chief Executive Officer, Catherine Guillouard

In consideration of the closure of the defined-benefit pension scheme, a medium-term collective saving scheme was set up in 2016, effective from January 1, 2016, at the benefit of the top managers of the Rexel group, having joined the group as from January 1, 2010. The Board of Directors on February 10, 2016, upon recommendation of the Nomination and Compensation Committee, granted the benefit of this regime, better adapted and competitive given the international profiles of the Group's top managers, to the Deputy Chief Executive Officer. Nevertheless, as described above, the Chief Executive Officer continues to benefit from the defined-benefit pension schemes.

The collective mid-term savings scheme includes:

- A yearly component: a contribution based on the fixed and variable compensation received the relevant year(1), thus taking into account the annual performance achieved:
  - 20% on the portion of compensation ranging from 4 to 20 PASS(2);
  - 10% on the portion of compensation ranging from 20 to 40 PASS(2).

  This contribution was initially calculated based on the compensation received in 2016 by Catherine Guillouard. In 2016, it amounted to €106,378(3).
- An exceptional contribution will be made in order to take into account her seniority and the recent restructuring of the compensation policy of the group's top managers. In such respect, Deputy Chief Executive Officer Catherine Guillouard could benefit from a specific contribution of €81,765 per year during 3 years as of 2016, subject to attendance as at December 31 of each year(4). This specific contribution was calculated in accordance with the same rules as those described for the annual component of the scheme, based on the compensation received by the Deputy Chief Executive Officer since the beginning of her term of office.

An amount of €81,765 was paid in respect of 2016, since the attendance condition was satisfied as at December 31, 2016.

All contributions are liable to social security contributions and personal income tax.

Half of these contributions is paid by Rexel to a medium-term investment vehicle (such as a life insurance repurchasable at any time), with a lock-up undertaking from the corporate officers of at least 8 years, and the other half in cash (with the possibility to allocate all or part of it to such vehicle under the form of voluntary contributions).

(1) The variable portion taken into consideration will be limited in any case to 80% of the fixed annual reference compensation.
(2) Annual Social Security limit *(Plafond Annuel de la Sécurité sociale).*
(3) Calculation based on reference compensation of €686,352 (2016 fixed compensation of €500,000 and variable 2015 compensation paid in 2016 of €186,352).
(4) The two other contributions of €81,765 scheduled and subject to attendance criteria as at December 31, 2017 and December 31, 2018, will not occur, due to the departure from the group of Catherine Guillouard.

Summary table relating to employment contracts, specific retirement benefits, severance packages and non-compete clauses

A summary of the employment contract, specific retirement benefits, severance packages and non-compete clauses of the executive corporate officers is displayed in the table below:

CORPORATE OFFICER	EMPLOYMENT AGREEMENT	SPECIFIC RETIREMENT SCHEME BENEFITS	INDEMNITIES OR BENEFITS DUE OR LIKELY TO BE DUE FOLLOWING TERMINATION OR CHANGE IN DUTIES	INDEMNITEES IN RELATION TO A NON COMPLETE CLAUSE
Patrick Berard Chief Executive Officer Start of term of office: July 1, 2016 End of term of office: June 30, 2018	Yes Agreement suspended since July 1, 2016	Yes Additional defined-benefit retirement plan (within the meaning of Article 137-11 of the French Social Security Code) (see paragraph 3.2.3 "Pensions, retirement or other benefits" of this Registration document)	No (no indemnities provided in respect of his corporate office) (see paragraph "Items of compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the duties of corporate officers" of this Registration document)	No (no indemnities provided in respect of his corporate office)
Rudy Provoost Chairman and CEO Start of term of office: May 22, 2014 End of term of office: June 30, 2016	No	No (see paragraph 3.2.3 "Pensions, retirement or other benefits" of this Registration document)	Yes (see paragraph "Items of compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the duties of corporate officers" of this Registration document)	Yes Term: 12 months Compensatory allowance 1/12th of the annual fixed gross compensation per month
Catherine Guillouard Deputy Chief Executive Officer Date of first appointment May 22, 2014 Start of current office: July 1, 2016 End of term of office: February 20, 2017	Yes Agreement suspended since April 30, 2013	No (see paragraph 3.2.3 "Pensions, retirement or other benefits" of this Registration document)	Yes (see paragraph "Items of compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the duties of corporate officers" of this Registration document)	Yes Term: 12 months Compensatory allowance 1/12th of the annual fixed gross compensation per month

Summary tables concerning short-term and long-term compensation

Table 1 – Summary table of compensation, options and shares allocated to each Corporate Officer

A summary of all of the compensation items due to the managing corporate officers by the companies of the Rexel Group in respect of the financial years ended December 31, 2016 and December 31, 2015 is shown in the table below:

	YEAR ENDED DECEMBER 31,	
	2016	2015
Ian Meakins[1]		
Compensation in respect of the financial year[2]	€125,000	–
Valuation of the options allocated in respect of the financial year	N/A	–
Valuation of the performance shares allocated in respect of the financial year[6]	N/A	–
Total	**€125,000**	**–**
François Henrot[3]		
Compensation in respect of the financial year[2]	€125,000	–
Valuation of the options allocated in respect of the financial year	N/A	–
Valuation of the performance shares allocated in respect of the financial year[6]	N/A	–
Total	**€125,000**	**–**
Rudy Provoost[4]		
Compensation in respect of the financial year[2]	€3,276,653	€1,399,897
Valuation of the options allocated in respect of the financial year	N/A	N/A
Valuation of the performance shares allocated in respect of the financial year[6]	–	€1,267,200
Total	**€3,276,653**	**€2,667,097**
Patrick Berard[5]		
Compensation in respect of the financial year[2]	€628,969	–
Valuation of the options allocated in respect of the financial year	N/A	–
Valuation of the performance shares allocated in respect of the financial year[6]	€927,350	–
Total	**€1,556,319**	**–**
Catherine Guillouard		
Compensation in respect of the financial year[2]	€1,025,697	€675,218
Valuation of the options allocated in respect of the financial year	N/A	N/A
Valuation of the performance shares allocated in respect of the financial year[6]	€634,962	€614,592
Total	**€1,660,659**	**€1,289,810**

(1) Ian Meakins was appointed as non-executive Chairman of the Board of Directors as of October 1, 2016.
(2) See paragraph 3.2.2 "Compensation of corporate officers" of this Registration document.
(3) François Henrot was appointed as chairman of the Board of Directors on an interim basis from July 1 to September 30, 2016.
(4) The mandate of Rudy Provoost was terminated on June 30, 2016.
(5) Patrick Berard was appointed as Chief Executive Officer as of July 1, 2016 in replacement for Rudy Provoost.
(6) As at the date of allocation, see paragraph 6.2.2.6 of the 2016 Registration document.

Table 2 – Summary table of the compensation of each Executive Corporate Officer

	YEAR ENDED DECEMBER 31,			
	2016		2015	
	DUS	VERSÉS	DUS	VERSÉS
Ian Meakins[1][13]				
Fixed compensation	€125,000	€125,000	–	–
Variable compensation	–	–	–	–
Exceptional compensation	–	–	–	–
Housing allowance	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	–	–	–	–
Total	**€125,000**	**€125,000**	**–**	**–**

	YEAR ENDED DECEMBER 31,			
	2016		2015	
	DUS	VERSÉS	DUS	VERSÉS
François Henrot[2][13]				
Fixed compensation	€125,000	€125,000	–	–
Variable compensation	–	–	–	–
Exceptional compensation	–	–	–	–
Housing allowance	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	–	–	–	–
Total	**€125,000**	**€125,000**	**–**	**–**
Rudy Provoost[3][13]				
Fixed compensation	€437,750	€437,750	€875,500	€875,500
Variable compensation[6][7]	€346,216	€694,840	€348,624	€703,412
Severance package	€2,448,248	€2,448,248	–	–
Exceptional compensation	–	–	–	–
Housing allowance	€30,000	30,000	€60,000	€60,000
Attendance fees[8]	–	90,000	€90,000	€90,000
Benefits in kind	€14,439	14,439	€25,773	€25,773
Total[9]	**€3,276,653**	**€3,715,277**	**€1,399,897**	**€1,754,685**
Patrick Berard[4][13]				
Fixed compensation	€325,000	€325,000	–	–
Variable compensation[11]	€300,788	N/A	–	–
Exceptional compensation	–	–	–	–
Housing allowance	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	€3,181	€3,181	–	–
Total	**€628,969**	**€328,181**	**–**	**–**
Catherine Guillouard[5]				
Fixed compensation	€500,000	€500,000	€475,000	€475,000
Variable compensation[9][10]	€313,538	€186,352	€186,352	€249,288
Mid-term savings contribution (annual and specific contribution)	€188,143	€188,143	–	–
Exceptional compensation	–	–	–	–
Housing allowance	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	€24,016	€24,016	€13,866	€13,866
Total[12]	**€1,025,697**	**€898,511**	**€675,218**	**€738,154**

(1) Ian Meakins was appointed as nonexecutive Chairman of the Board of Directors as of October 1, 2016.
(2) François Henrot was appointed as chairman of the Board of Directors on an interim basis from July 1 to September 30, 2016.
(3) The mandate of Rudy Provoost as Chairman and Chief Executive Officer was terminated on June 30, 2016.
(4) Patrick Berard was appointed as Chief Executive Officer as of July 1, 2016 in replacement for Rudy Provoost.
(5) The mandate of Catherine Guillouard as Deputy Chief Executive Officer was terminated on February 20, 2017.
(6) Variable compensation due in respect of the financial year ended December 31, 2015 and paid during the financial year ended December 31, 2016.
(7) Variable compensation due in respect of the financial year ended December 31, 2016 and paid during the financial year ended December 31, 2016.
(8) Attendance fees due in respect of the financial year ended December 31, 2015 and paid during the financial year ended December 31, 2016.
(9) See also paragraph "Items of compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the duties of corporate officers" of this Registration document, for an exhaustive review of the compensation due and paid.
(10) Variable compensation due in respect of the financial year ended December 31, 2015 and paid during the financial year ended December 31, 2016.
(11) Variable compensation due in respect of the financial year ended December 31, 2016 and paid during the financial year ended December 31, 2017.
(12) See also paragraph "New medium-term collective saving scheme" of this Registration document, for an exhaustive review of the compensation due and paid.
(13) Amount calculated in proportion to the duration of the positions held.

Table 3 – Table on the attendance fees and other compensation received by the non-executive corporate officers. See paragraph 3.2.1 of this Registration document.

Table 4 – Share subscription or purchase options allocated during the financial year to each executive corporate officer by Rexel and any other company of the Rexel Group: Nil. See paragraph 3.2.2.2 and paragraph 6.2.2.5 of this Registration document.

Table 5 – Share subscription or purchase options exercised by each executive corporate officer during the financial year: Nil. See paragraph 3.2.2.2 and paragraph 6.2.2.5 of this Registration document.

Table 6 – Performance shares allocated to each executive corporate officer by the issuer and by any Group company. See paragraph 3.2.2.2 and paragraph 6.2.2.6 of this Registration document.

Table 7 – Performance shares that became available during the financial year for each executive corporate officer. See paragraphs 3.2.2.2 and 6.2.2.6 of this Registration document.

Table 8 – History of allocations of share subscription or purchase options. See paragraph 6.2.2.5 of this Registration document.

Table 9 – Subscription or purchase options for shares granted to employees who are not corporate officers, and the options exercised by them during the financial year. See paragraph 6.2.2.5 of this Registration document.

Table 10 – History of allocations of performance shares. See paragraph 6.2.2.6 of this Registration document.

Table 11 – Summary table relating to employment contracts, specific retirement benefits, severance packages and non-compete clauses. See paragraph 3.2.3 of this Registration document.

3.2.4 Consultation on the corporate officers' individual compensation (paragraph 26.1 of the AFEP-MEDEF Code)

Items of compensation due or granted to Ian Meakins, Chairman of the Board of Directors, as of October 1, 2016(1) submitted to a shareholder consultation at the Shareholders' Meeting (14th resolution):

Ian Meakins (Non-executive Chairman of the Board of Directors as of October 1, 2016)

COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Fixed annual compensation	€125,000	The annual gross fixed compensation of Ian Meakins had been set at €500,000, *i.e.*, fixed compensation of €125,000 on a pro rata temporis basis for the period from October 1, 2016 to December 31, 2016. This compensation was determined by the Board of Directors on July 1, 2016 in consideration of the French and European market practice, of the strong expertise of Ian Meakins in relation to professional distribution in particular, of its recognized management capacities and of its international vision. This compensation is determined for the term of the corporate office. See paragraph 3.2.2.2 of this Registration document.
Variable annual compensation	Not applicable	Ian Meakins does not benefit from any variable annual compensation.
Variable deferred compensation	Not applicable	Ian Meakins does not benefit from any variable deferred compensation.
Variable multi-annual compensation	Not applicable	Ian Meakins does not benefit from any variable multi-annual compensation.
Exceptional compensation	Not applicable	Ian Meakins does not benefit from any exceptional compensation.
Other compensation item	Not applicable	Ian Meakins does not benefit from any other compensation item.
Subscription or purchase options	Not applicable	Ian Meakins does not benefit from any share subscription or purchase options.

(1) Ian Meakins was appointed as non-executive Chairman of the Board of Directors by the Board of Directors' meeting of July 1, 2016, as of October 1, 2016.

Ian Meakins (Non-executive Chairman of the Board of Directors as of October 1, 2016)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Performance share allotments	Not applicable	Ian Meakins does not benefit from any performance share allotments.
Other long-term compensation item	Not applicable	Ian Meakins does not benefit from any other long-term compensation item.
Attendance fees	Not applicable	Ian Meakins does not benefit from any attendance fees.
Valuation of benefits in kind	Not applicable	Ian Meakins does not benefit from any benefit in kind.
Severance indemnities	Not applicable	Ian Meakins does not benefit from any severance indemnity.
Non-compete indemnity	Not applicable	Ian Meakins does not benefit from any non compete indemnity.
Additional retirement scheme	Not applicable	Ian Meakins does not benefit from any additional retirement scheme.

Compensation items due or allocated to François Henrot as Chairman of the Board of Directors on an interim basis, in respect of the period between July 1, 2016, to September 30, 2016[1], subject to the consultation of the shareholders upon the shareholders meeting (13th resolution):

François Henrot (Chairman of the Board of Directors from July 1 to September 30, 2016)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Fixed annual compensation	€125,000	The gross fixed compensation in respect of the period between July 1, 2016 and September 30, 2016, determined by the Board of Directors of June 23, 2016, upon recommendation of the Nomination and Compensation Committee is €125,000 (on a *prorata temporis* basis of the annual compensation determined for the Chairman of the Board of Directors). See paragraph 3.2.2.2 of this Registration document.
Variable annual compensation	Not applicable	François Henrot does not benefit from any variable annual compensation.
Variable deferred compensation	Not applicable	François Henrot does not benefit from any variable deferred compensation.
Variable multi-annual compensation	Not applicable	François Henrot does not benefit from any multiannual variable compensation.
Exceptional compensation	Not applicable	François Henrot does not benefit from any exceptional compensation.
Other compensation item	Not applicable	François Henrot does not benefit from any other compensation item.
Subscription or purchase options	Not applicable	François Henrot does not benefit from any share subscription or purchase options.
Performance share allotments	Not applicable	François Henrot does not benefit from any performance share allotments.
Other long-term compensation item	Not applicable	François Henrot does not benefit from any other long-term compensation item.
Attendance fees	Not applicable	François Henrot does not benefit from any attendance fees.
Valuation of benefits in kind	Not applicable	François Henrot does not benefit from any benefit in kind.

(1) The Board of Directors's meeting of June 23, 2016, appointed François Henrot as Chairman of the Board of Directors for the period from July 1, 2016 to September 30, 2016.

François Henrot (Chairman of the Board of Directors from July 1 to September 30, 2016)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Severance indemnities	Not applicable	François Henrot does not benefit from any severance indemnity.
Non-compete indemnity	Not applicable	François Henrot does not benefit from any non-compete indemnity.
Additional retirement scheme	Not applicable	François Henrot does not benefit from any additional retirement scheme.

Compensation items due or allocated to Patrick Berard as Chief Executive officer, in respect of the financial year ended December 31, 2016

(Patrick Berard was appointed as Chief Executive Officer by the Board of Directors of June 23, 2016, as of July 1, 2016, for a term of office of two years) subject to the consultation of the shareholders upon the shareholders meeting (11th resolution):

Patrick Berard (Chief Executive Officer)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Fixed annual compensation	€325,000	The gross fixed annual compensation in respect of the financial year ended on December 31, 2016, determined by the Board of Directors of June 23, 2016, upon recommendation of the Nomination and Compensation Committee is €650,000. The fixed gross compensation of Patrick Berard for the relevant period, from July 1 to December 31, 2016, was set at €325,000. This compensation was defined by the Board of Directors on June 23, 2016, based on the career, industry experience and responsibilities of Patrick Berard in this new governance structure, as well as in consideration of the various items of his compensation. This compensation is determined for the term of the corporate office. See paragraph 3.2.2.2 of this Registration document.
Variable annual compensation	€300,788	The gross variable annual compensation in respect of the financial year ended December 31, 2016, determined by the Board of Directors of February 10, 2017, for the period from July 1 to December 31, 2016, is €300,788. The variable compensation was based for 75% on financial criteria (adjusted EBITA in volume, ATWC and sales growth in volume) and for 25% on individual criteria. Financial performance stood at 69.5% and individual performance stood at 100%. This amount thus corresponds to 77.1% of the target variable compensation (the target variable compensation was determined at 120% of the *prorata* fixed annual compensation if 100% of the financial and individual targets were achieved) *i.e.*, 92.5% of the fixed compensation for the relevant period. For details on the calculation of the variable compensation for 2016, please see paragraph 3.2.2.2 of this Registration document.
Variable deferred compensation	Not applicable	Patrick Berard does not benefit from any variable deferred compensation.
Variable multi-annual compensation	Not applicable	Patrick Berard does not benefit from any multi-annual variable compensation.
Exceptional compensation	Not applicable	Patrick Berard does not benefit from any exceptional compensation.
Other compensation item	Not applicable	Patrick Berard does not benefit from any other compensation item.
Subscription or purchase options	Not applicable	No subscription or purchase options have been allocated to Patrick Berard during the financial year ended on December 31, 2016.

Patrick Berard (Chief Executive Officer)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Performance share allotments	€927,350	In accordance with the authorizations granted by Rexel's Shareholders' of May 25, 2016, (resolution No.18), the Board of Directors, at its meeting of June 23, 2016, decided to allot Rexel performance shares. Accordingly, 85,000 shares were allotted to Patrick Berard. This number of shares is the maximum number of shares that may be vested and corresponds to a maximum vesting percentage of 100%. Such shares represented 0.03% of the share capital and voting rights of Rexel as at December 31, 2016. The final vesting of the shares allotted to Patrick Berard is entirely subject to performance conditions over 3 years, as described in paragraph 3.2.2.2 and paragraph 6.2.2.6 of this Registration document. In accordance with the two limitations set up by the Board of Directors: the annual value of the performance shares allotted to the Chief Executive Officer has not exceeded 100% of his 2016 fixed and variable target compensation, and the number of shares allotted in 2016 to the Chief Executive Officer and Deputy Chief Executive Officer has not exceeded 10% of the overall envelope of performance shares allotted to all the beneficiaries.
Other long-term compensation item	Not applicable	Patrick Berard does not benefit from any other long-term compensation item.
Attendance fees	Not applicable	Patrick Berard does not benefit from any attendance fees.
Valuation of benefits in kind	€3,181	Patrick Berard receives benefits in kind, consisting of a company car *inter alia*, in the amount of €3,181 (on a *prorata* basis over the relevant period) See paragraph 3.2.2.2 of this Registration document.
Severance indemnities	Not applicable	The Board of Directors has not granted to Patrick Berard any severance indemnity in respect of the termination of his duties as Chief Executive Officer of the Company. See paragraph 3.2.2.2 of this Registration document.
Non-compete indemnity	Not applicable	The Board of Directors has not granted to Patrick Berard any non-compete indemnity in respect of the termination of his duties as Chief Executive Officer of the Company. See paragraph 3.2.2.2 of this Registration document.
Additional retirement scheme	No payment	Patrick Berard benefited, in his capacity as employee, from a defined-benefits additional retirement scheme. In consideration of the seniority and of the career of Patrick Berard at the date of his nomination as Chief Executive Officer, the Board of Directors of July 1, 2016, decided to maintain the benefit of this scheme of defined-benefit additional retirement plan for Patrick Berard during the period of exercise of his corporate office. Nevertheless, pursuant to article L. 225-42-1 of the French Commercial Code, the contingent rights that may be acquired by Patrick Berard in respect of his duties as Chief Executive Officer in connection with this scheme will only be granted subject to the achievement of the following annual performance conditions, in line with the performance criteria set for the variable compensation of Patrick Berard. The Board of Directors of February 10, 2017 acknowledged the achievement of the performance criteria for the 2016 financial year (the payment level of the variable portion for 2016 over the exercise period of the corporate office having reached 77.1%). The activity period and the compensation received in respect of the duties of corporate officer over the considered period shall be taken into consideration for the calculation of the contingent rights. This defined-benefit additional retirement plan is compliant with all of the guidelines of the AFEP-MEDEF corporate governance code. Since this scheme corresponds to the characteristics of the schemes referred to in article L.137-11 of the French Social Security code, it is subject to the related-party agreements procedure and is submitted to the approval of the shareholders meeting of May 23, 2017 (resolution No. 5). See paragraph 3.2.3 of this Registration document.

Items of compensation due or granted to Rudy Provoost as former Chairman and Chief Executive Officer (Rudy Provoost left his duties as Chairman and Chief Executive Officer on June 30, 2016), in respect of the financial year ended December 31, 2016, submitted to a shareholder consultation at the Shareholders' Meeting (10th resolution):

Rudy Provoost (Chief Executive Officer and Chairman of the Board of Directors)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE[1]	PRÉSENTATION
Fixed annual compensation	€437,750	The gross fixed annual compensation in respect of the financial year ended on December 31, 2016, determined by the Board of Directors of February 2016, amounted to €875,500 (unchanged since 2014). The gross fixed compensation on a *prorata temporis* basis in respect of the consolidated period from January 1 to June 30, 2016 stood at €437,750. See paragraph 3.2.2.2 of this Registration document.
Variable annual compensation	€346,216	The gross variable annual compensation in respect of the financial year ended December 31, 2016 determined by the Board of Directors of July 28, 2016 is €346,216 for the period from January 1, 2016 to June 30, 2016. The variable compensation was based for 75% on financial criteria (adjusted EBITA in volume, ATWC and sales growth in volume) and for 25% on individual criteria. In percentage, financial performance stood at 82.5% (based on the financial statements as at June 30, 2016) and individual performance stood at 40%. This amount thus corresponds to 71.9% of the target variable compensation (the target variable compensation was determined at 110% of the fixed annual compensation if 100% of the financial and individual targets were achieved), *i.e.*, 79.1% of the fixed compensation for the relevant period. For details on the calculation of the variable compensation for 2016, please see paragraph 3.2.2.2 of this Registration document.
Deferred variable compensation	Not applicable	Rudy Provoost does not benefit from any deferred variable compensation.
Multi-annual variable compensation	Not applicable	Rudy Provoost does not benefit from any multi-annual variable compensation.
Exceptional compensation	Not applicable	Rudy Provoost does not benefit from any exceptional compensation.
Other compensation item	€30,000	Rudy Provoost benefits from a housing allowance, an annual gross amount of €60,000. (No change compared to the financial year ended December 31, 2015). The amount paid on a *prorata temporis* basis is €30,000
Subscription or purchase options	Not applicable	No subscription or purchase options have been allocated to Rudy Provoost during the financial year ended on December 31, 2016.
Performance share allotments	No allocation	Rudy Provoost has not benefited from the allocation of performance shares in 2016. Furthermore, due to his departure from the Group as at June 30, 2016, Rudy Provoost has lost his rights in respect of the performance shares allocated but not yet vested, in consideration of the attendance criteria required and not fulfilled as at the date of final vesting of the shares, *i.e.*: • 60,000 shares allocated under the Key Managers 3+2 plan on May 22, 2014; and • 120,000 shares allocated under the 3+2 plan on July 28, 2015.
Other long term compensation items	Not applicable	Rudy Provoost does not benefit from any other long term compensation items.
Attendance fees	Not applicable	No attendance fees have been paid in respect of the financial year ended December 31, 2016. The attendance fees paid in respect of the financial year ended December 31, 2015, amounted to €90,000.The Board of Directors of February 10, 2016 decided to suppress the attendance fees at the benefit of the Chairman and Chief Executive Officer as of 2016. See paragraph 3.2.2.2 of this Registration document.

Rudy Provoost (Chief Executive Officer and Chairman of the Board of Directors)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE[(1)]	PRÉSENTATION
Valuation of benefits in kind	€14,439	Rudy Provoost received benefits in kind comprising a company car amounting to €4,589, and €9,850 for executive director's unemployment coverage GSC on a *prorata* basis. For the financial year ended on December 31, 2015, such benefits in kind amounted to €25,773. See paragraph 3.2.2.2 of this Registration document.
Severance indemnities	€2,448,248	The Board of Directors, in its meeting of June 23, 2016, decided to terminate the duties of Rudy Provoost. Therefore, the Board of Directors, having acknowledged that the payment and performance conditions were met, decided to pay a gross severance indemnity in an amount equal to 24 months of reference monthly compensation. In accordance with the decision made by the Board of Directors of February 10, 2016, reference monthly compensation is defined as the last gross fixed annual compensation increased by the gross amount of the last annual variable bonus received, except for any exceptional bonuses, divided by 12 (the severance indemnity shall not exceed 24 months of the last fixed and variable compensation paid) in accordance with the AFEP-MEDEF Code. As this is a related party agreement, this severance indemnity was approved by the General Shareholders' Meeting of May 25, 2016 (resolution No. 5). Therefore, the gross severance indemnity payable to Rudy Provoost amounts to €2,448,248. See paragraph 3.2.2.2 of this Registration document.
Non-compete indemnity	Included in severance indemnity	Regardless of the cause of Rudy Provoost's departure from Rexel, a non-compete clause is provided. The Board of Directors may waive the implementation of such a non-compete clause. This non-compete undertaking is limited to a period of 12 months as from the date of effective termination of his corporate office. In consideration for such non-compete undertaking, the monthly non-compete indemnity is equal to one twelfth of the gross fixed annual compensation. It is not subject to performance conditions. The gross severance indemnity includes, as the case may be, the non-compete indemnity. This non-compete indemnity was authorized by a decision of the Board of Directors of February 11, 2015 and of February 10, 2016. As this is a related party agreement, this non compete indemnity was approved by the General Shareholders' Meeting of May 25, 2016 (resolution No. 5). The Board of Directors decided not to waive this non-compete obligation for Rudy Provoost. The non-compete indemnity is included in the severance indemnity determined by the Board of Directors, of a total amount of €2,448,248. See paragraph 3.2.2.2 of this Registration document.
Supplemental retirement plan	Not applicable	In accordance with the request of Rudy Provoost, the Supervisory Board of March 6, 2013[(2)] decided to withdraw the advantage resulting from the benefit of the defined-benefits retirement plan.

(1) Period from January 1, 2016 to June 30, 2016.
(2) Rexel was a *société anonyme* with a Supervisory Board and a Management Board.

Items of compensation due or allocated to Catherine Guillouard, Deputy Chief Executive Officer, in respect of the financial year ended December 31, 2016, subject to the consultation of the shareholders upon the shareholders meeting (12th resolution):

(Catherine Guillouard ceased her duties a Deputy Chief Executive Officer on February 20, 2017)

Catherine Guillouard (Deputy Chief Executive Officer)

COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Fixed annual compensation	€500,000	The gross fixed annual compensation in respect of the financial year ended on December 31, 2016 determined by the Board of Directors of February 10, 2016, upon recommendation of the Nomination and Compensation Committee is €500,000. This fixed annual compensation has been reviewed by the Board of Directors in accordance with the compensation policy applicable to top managers of the Group in order to allow, through this continuous adjustment, the alignment of the fixed annual compensation with the median of the reference market taking into account individual performance, and to strengthen the variable part fully submitted to performance conditions in a more dynamic way in accordance with the compensation policy (based on benchmarks provided by an independent consulting firm on a panel of French and European companies of similar industries and size and comparable in terms of sales, number of employees and market capitalization). This alignment takes also into account the responsibilities carried out, the experience and the performance achieved. Upon the renewal of the corporate office of the Deputy Chief Executive Officer as from July 1, 2016, the Board determined this compensation of €500,000 for the whole of this new term of office. The gross fixed annual compensation in respect of the financial year ended December 31, 2015 stood at €475,000. See paragraph 3.2.2.2 of this Registration document.
Variable annual compensation	€313,538	The gross variable annual compensation in respect of the financial year ended on December 31, 2016 determined by the Board of Directors of February 10, 2017, upon recommendation of the Nomination and Compensation Committee is €313,538. The variable compensation was based for 65% on financial criteria (adjusted EBITA in volume, ATWC and sales growth in volume) and for 35% on individual criteria. Financial performance stood at 69.5% and individual performance stood at 70%. This amount thus corresponds to 69.7% of the target variable portion (the target variable portion was determined at 90% of the fixed annual compensation if 100% of the financial and individual targets were achieved) *i.e.*, 62.7% of the annual fixed compensation. The target variable portion was amended in 2016 in order to consider the compensation policy then in force and in particular to increase the portion of compensation fully subject to conditions of performance. For details on the calculation of the variable compensation for 2015, please see paragraph 3.2.2.2 of this Registration document.
Deferred variable compensation	Not applicable	Catherine Guillouard does not benefit from any deferred variable compensation.
Multi-annual variable compensation	Not applicable	Catherine Guillouard does not benefit from any multiannual variable compensation.
Exceptional compensation	Not applicable	Catherine Guillouard does not benefit from any exceptional compensation.
Subscription or purchase options	Not applicable	No subscription or purchase options have been allocated to Catherine Guillouard during the financial year ended on December 31, 2016.

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Catherine Guillouard (Deputy Chief Executive Officer)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Performance share allotments	€634,962	In accordance with the authorizations granted by Rexel's Shareholders' of May 25, 2016 (resolution No. 18), the Board of Directors, at its meeting of June 23, 2016, decided to allot Rexel performance shares. Accordingly, 58,200 performance shares were allotted to Catherine Guillouard. This number of shares is the maximum number of shares that may be vested and corresponds to a maximum vesting percentage of 100%. Such shares represented 0.02% of the share capital and voting rights of Rexel as at December 31, 2016. The final vesting of the shares allotted to Catherine Guillouard is entirely subject to performance and attendance conditions as described in paragraph 3.2.2.2 and paragraph 6.2.2.6 of this Registration document. In accordance with the two limits put by the Board of Directors: the annual value of the performance shares allotted to the Deputy Chief Executive Officer has not exceeded 100% of her 2016 fixed and variable target compensation, and the number of shares allotted to the Chief Executive Officer and Deputy Chief Executive Officer has not exceeded 10% of the overall envelope of performance shares allotted to all the beneficiaries.
Other long term compensation items	Not applicable	Catherine Guillouard does not benefit from any other long term compensation items.
Attendance fees	Not applicable	Catherine Guillouard does not benefit from any attendance fees.
Valuation of benefits in kind	€24,016	Catherine Guillouard receives benefits in kind, comprising a company car amounting to €6,479 and €17,537 for executive director's unemployment coverage GSC. For the financial year ended on December 31, 2015, such benefits amounted to €13,866. See paragraph 3.2.2.2 of this Registration document.

Catherine Guillouard (Deputy Chief Executive Officer)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	**AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE**	**PRESENTATION**
Severance indemnities	No payment	Catherine Guillouard's employment contract with Rexel Développement had been suspended since April 30, 2013. It was provided that, in the event of termination of her corporate office within Rexel, Catherine Guillouard's employment contract with Rexel Développement would be reinstated with a compensation package equivalent to that from which she benefited as corporate officer. The employment contract of Catherine Guillouard provided, in the event of termination of the employment agreement at the initiative of the employer, within conditions referred to as forced departure and linked to a change in control or strategy, independent of the grounds of the termination of contract, except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave[1], that Catherine Guillouard will benefit from a gross contractual severance indemnity equal to 24 months of the monthly reference compensation. The monthly reference compensation was defined as the gross annual fixed compensation applicable during the full month prior to the month of the effective redundancy date, plus the amount of the gross variable compensation received in respect of the last financial year, excluding any other additional or exceptional compensation items, divided by 12. The severance indemnity could not exceed 24 months of the last fixed and variable compensation paid. The gross contractual severance indemnity was deemed to include the statutory severance indemnity *(indemnité légale de licenciement)* or severance indemnity pursuant to the applicable collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the non-compete indemnity. This contractual severance indemnity (excluding the statutory severance indemnity or the severance indemnity pursuant to the applicable collective bargaining agreement and the non-compete indemnity, if any) was subject to performance conditions assessed over 2 years, described in section 3.2.2.2 of this Registration document. The payment of these indemnities required a prior decision of the Board of Directors acknowledging the satisfaction of these conditions. This severance indemnity was authorized by a decision of the Board of Directors of February 11, 2015, and a decision of February 10, 2016. These decisions were approved by the Shareholders' Meeting of May 25, 2016 (resolution No. 6). This severance indemnity was again approved by the Board of Directors of June 23, 2016. As this is a related party agreement, this decision is submitted to the approval of the Shareholders' Meeting of May 23, 2017 (resolution No. 6). See paragraph 3.2.2.2 of this Registration document.
Non-compete indemnity	No payment	Regardless of the cause of Catherine Guillouard's departure from Rexel, a non-compete clause was stipulated in her employment contract. This non-compete undertaking was limited to a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-compete indemnity was equal to one twelfth of her gross fixed annual compensation. The Company could waive this non-compete clause[1]. The contractual severance indemnity included the non-compete indemnity, if any. This non-compete indemnity was authorized by a decision of the Board of Directors of February 11, 2015 and by a decision of the Board of Directors of February 10, 2016, approved by the Shareholders' Meeting of May 25, 2016 (resolution No. 6). This non compete indemnity was again authorized by the Board of Directors of June 23, 2016. As this is a related party agreement, this decision is submitted to the approval of the Shareholders' Meeting of May 23, 2017 (resolution No. 6). See paragraph 3.2.2.2 of the Registration document.

Catherine Guillouard (Deputy Chief Executive Officer)

COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Additional retirement scheme	No payment	Catherine Guillouard benefited from the additional defined-benefit retirement plan in force within Rexel Développement and Rexel since July 1, 2009, as amended successively. The Board of Directors of February 10, 2016, upon proposal of the Nomination and Compensation Committee, decided to put an end, as from 2016, to the additional defined-benefit retirement scheme(2), that included in particular Deputy Chief Executive Officer Catherine Guillouard as beneficiary. The Board of Directors considered, in particular, that this regime was no longer adapted to the profiles of the top managers of the group (more international profiles, joining the group in the middle of their career...). Furthermore, the legislation relating to these schemes has continually changed in recent years, making the system unstable and increasing the costs for companies. See paragraph 3.2.3 of the Registration document.
Medium-term collective savings scheme	€188,143	A medium-term collective saving scheme was set up by the Boards of Directors on April 28, 2016 and November 22, 2016, upon recommendation of the Nomination and Compensation Committee, and is better adapted and competitive given the international profiles of the Group's top managers. This is a collective defined-contribution scheme to be fed by Rexel, including: • An annual component: a contribution based on the fixed and variable compensation received the relevant year(3), thus taking into account the annual performance achieved: – 20% on the portion of compensation ranging from 4 to 20 PASS(4); – 10% on the portion of compensation ranging from 20 to 40 PASS(4). This contribution was initially calculated based on the compensation received in 2016. • An exceptional contribution will be made in order to take into account the restructuring of the components of the compensation of the Group's top managers concerned. In such respect, Deputy Chief Executive Officer Catherine Guillouard would be able to benefit from an exceptional contribution of €81,765 per year during 3 years as from 2016, subject to attendance at December 31 of each year. This exceptional contribution was calculated in accordance with the same rules as those described for the annual component of the scheme, based on the compensation received by the Deputy Chief Executive Officer since the beginning of her term of office. All contributions are liable to social security contributions and personal income tax. These contributions are paid by Rexel to a medium-term investment vehicle (such as a life insurance repurchasable at any time), with a lock-up undertaking from the corporate officers of at least 8 years. Part of the contribution is paid directly in cash to the beneficiaries in order to allow them to pay for the tax and Social Security charges associated with this scheme. The contribution paid by Rexel to the benefit of Catherine Guillouard in respect of the 2016 year amounts to €106,378. Since the attendance criterion was met at December 31, 2016, the exceptional component of €81,765 was also paid for 2016. The total of the contribution therefore amounts to €188,143, that have been paid in part on the investment scheme (50%), and partly in cash (50%). As this is a related party agreement, this decision is submitted to the approval of the Shareholders Meeting of May 23, 2017 (resolution No. 4).

(1) The Board of Directors, having the option to assess the interest for the company to activate the non-compete clause or to waive its right in such respect depending on the effective risk of competition upon the departure of the executive (in particular in the situation where the executive would continue to carry out mission or functions for competitors, even after a retirement leave or a compulsory retirement leave), believes that the activation of such clause should not be ruled out as a principle, in the event of a voluntary retirement leave by the executive (in particular, taking into account the various legislations applicable in respect of retirement rights for international executives).

(2) Except for some beneficiaries, non corporate officers at the time, about to retire.

(3) The variable portion taken into consideration will be limited in any case to 80% of the fixed annual reference compensation.

(4) Annual Social Security limit *(Plafond Annuel de Sécurité Sociale)*.

3.3 RELATED PARTY TRANSACTIONS

3.3.1 Main related-party transactions

The material agreements entered into between Rexel and related parties, *i.e.* the members of Rexel's executive management, of Rexel's Board of Directors, the shareholders of Rexel and the subsidiaries of Rexel, within the meaning of Articles L.225-38 *et seq.* of the French Commercial Code, and that were in force at December 31, 2016, are:

3.3.1.1 Agreements entered into by Rexel during the financial year ended December 31, 2106 and authorized by the Board of Directors, subject to the approval of the Shareholders' Meeting of May 23, 2017

Agreements referred to in Article L.225-38 of the French Commercial Code entered into by Rexel during the financial year ended December 31, 2016 and previously authorized by the Board of Directors:

Of the Board of Directors of April 28 and of November 22, 2016 authorized the setting up, as of 2016, of a medium-term collective saving scheme, including:

- An annual component: a contribution calculated on the fixed and variable compensation received the relevant year, thus taking into account the annual performance achieved (20% on the portion of compensation of an amount ranging between 4 and 20 PASS and 10% on the portion of compensation of an amount ranging between 20 and 40 PASS). This contribution was initially calculated based on the compensation received in 2016;

- An exceptional component in order to take into account the restructuring of the components of the compensation of the Group's top managers concerned. In such respect, Catherine Guillouard is able to benefit from an exceptional contribution of €81,765 per year during 3 years, as from 2016, subject to attendance conditions at December 31 of each year. This exceptional contribution was calculated in accordance with the same rules as those described for the yearly component of the scheme, based on the compensation received by Catherine Guillouard since the beginning of her term of office.

The Company pays half of both components onto the life insurance-type scheme (with AXA France Vie) and the other half directly in cash to the beneficiaries in order to allow them to pay for the tax and Social Security charges associated with this scheme.

Catherine Guillouard has undertaken to retain the amounts paid on the underlying life insurance for at least 8 years.

Agreements entered into by Rexel during the financial year ended December 31, 2016 and previously authorized by the Board of Directors in 2016

- The undertakings granted by Rexel to the benefit of Chief Executive Officer Patrick Berard, under the additional defined-benefit pension plan of March 31, 2005 (closed to any new seniority beyond June 30, 2009) and of July 1, 2009, it being specified that the terms and conditions of the additional defined-benefit pension plan (within the meaning of article L.137-11 of the French Social Security code) implemented by the company had already been authorized by the Supervisory Board of the Company on March 30, 2009. This agreement was authorized by the Board of Directors on July 1, 2016 (see paragraph 3.2.3 on the characteristics of this plan).

- The undertakings granted to the benefit of Deputy Chief Executive Officer Catherine Guillouard, providing for the payment of compensation items due or likely to be due as a result of the termination of the duties of Catherine Guillouard and the attached conditions of performance. This agreement has been authorized by the Board of Directors on May 23, 2016, in connection with the reappointment of Catherine Guillouard as Deputy Chief Executive Officer as of July 1, 2016. (see paragraph 3.2.2.2 of this Registration document in connection with severance indemnities due to Catherine Guillouard by reason of the termination of his duties as Chairman and Chief Executive Officer).

3.3.1.2 Agreements entered into by Rexel during the financial year ended December 31, 2106, authorized by the Board of Directors and approved by the Shareholders' Meeting of May 25, 2016

Agreements referred to in Article L.225-42-1 of the French Commercial Code, entered into by Rexel during the financial year ended on December 31, 2016, previously authorized by the Board of Directors and approved by the Shareholders' Meeting of May 25, 2016

The Board of Directors of February 10, 2016:

- Authorized the amendment of the undertakings granted to the benefit of Rudy Provoost resulting from the termination of his duties. This amendment, decided in order to harmonize the calculation and payment of severance indemnities, specified that the monthly reference compensation was to be understood as the last amount of the fixed gross annual compensation received, plus the gross amount of the last variable bonus paid, excluding any exceptional bonus, with this sum being divided by 12 (the compensation was understood until such date as the annual gross fixed compensation plus the gross average amount of the last two variable bonuses received); and

- Decided to suppress the option for the Board of Directors to review the performance criteria during the reference financial years, in case of deterioration of the economic and financial condition of Rexel or of the market.

This amendment was approved by the Shareholders' meeting of May 25, 2016 (see paragraph 3.2.2.2 of this Registration document in connection with severance indemnities due to Rudy Provoost by reason of the termination of his duties as Chairman and Chief Executive Officer).

The Board of Directors of February 10, 2016:

- Authorized the amendment of the undertakings granted to the benefit of Catherine Guillouard by reason of the termination of her duties. This amendment, decided in order to harmonize the calculation and payment of severance indemnities, specified that the monthly reference compensation was to be understood as the last amount of the fixed gross annual compensation received, plus the gross amount of the last variable bonus paid, excluding any exceptional bonus, with this sum being divided by 12 (the compensation was understood until such date as the annual gross fixed compensation plus the gross average amount of the last two variable bonuses received); and
- Decided to suppress the option for the Board of Directors to review the performance criteria during the reference financial years, in case of deterioration of the economic and financial condition of Rexel or of the market.

This amendment was approved by the Shareholders' Meeting of May 25, 2016 and remains unchanged (see paragraph 3.2.2.2 of this Registration document in connection with severance indemnities due to Catherine Guillouard by reason of the termination of her duties as Deputy Chief Executive Officer).

Agreements referred to in Article L.225-38 of the French Commercial Code, entered into by Rexel during the financial year ended on December 31, 2016, previously authorized by the Board of Directors and approved by the Shareholders' Meeting of May 25, 2016

The termination of the undertakings granted by Rexel at the benefit of Deputy Chief Executive Officer Catherine Guillouard, under the additional defined-benefit pension plan opened on July 1, 2009, it being specified that the terms and conditions of the additional defined-benefit pension plan (Article 39) implemented by the company had already been authorized by the Supervisory Board of the Company on March 30, 2009. The termination of these undertakings was authorized by the Board of Directors on February 10, 2016 and approved by the Shareholders' Meeting of May 25, 2016 (see paragraphs 3.2.3 and 7.1.2.3 of this Registration document).

3.3.1.3 Agreements entered into by Rexel in the past and having remained effective during the course of the financial year ended December 31, 2016

1. The commitments granted to the benefit of Rudy Provoost, Chairman and Chief Executive Officer of Rexel, providing for the payment of items of compensation due or likely to be due in case of termination of the duties of Rudy Provoost, and the attached performance criteria, *i.e.*:

- Rudy Provoost did not have an employment contract with any of the Rexel Group companies.
- In the event that his corporate functions terminated, Rudy Provoost benefited from a gross contractual severance payment equal to 24 months of monthly reference compensation.

Monthly reference compensation was understood as the amount of the fixed gross annual compensation plus the average gross amount of the last two variable bonuses paid, excluding any exceptional bonus, with this sum being divided by 12.

This gross severance indemnity was deemed to include the compensating indemnity for honoring the non-compete clause, if any. It would not apply in the event of termination for gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or retirement leave or compulsory retirement leave;

- In addition, regardless of the cause of departure from Rexel, a non-compete clause was stipulated. The Board of Directors could waive this non-compete clause. This non-compete undertaking was limited to a period of 12 months as from the date of effective termination of his corporate office. As consideration, the monthly non-competition payment was equal to one twelfth of his gross fixed annual compensation.

Pursuant to the provisions of article L.225-42-1 of the French Commercial Code, Rudy Provoost's severance indemnities, other than the non-compete clause compensatory indemnity, were subject to the following performance criteria:

- The payment of 60% of the indemnity would be dependent on the level of EBITA of the Rexel Group. This payment would be 100% if the level of EBITA, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions (the reference period) reached on average a minimum of 60% of the amount budgeted for such two periods. If, during any or both reference financial years, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorated, this average level could be reviewed by the Board of Directors, upon the proposal of the Nomination and Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the objective with the difficulty of its implementation; and

- The payment of 40% of the indemnity would be dependent on the level of ATWC (average trade working capital requirement) of the Rexel Group. This payment was due for 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate duties (the reference period) reached on average a maximum of 125% of the performance budgeted for such two financial years. If, during any or both reference financial years, Rexel's economic and financial condition and/or the economic and financial conditions of the market deteriorated, this average level could be reviewed by the Board of Directors, upon the proposal of the Nomination and Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the objective with the difficulty of its implementation.

This commitment has been authorized by your Board of Directors on May 22, 2014 following the appointment of Rudy Provoost as the Chairman and Chief Executive Officer and approved by the Shareholders' Meeting on May 27, 2015. These commitments have the same terms as those authorized by the Supervisory Board on February 12, 2014, when Rudy Provoost was the Chairman of the Management Board, and approved by the Shareholders' Meeting on May 22, 2014.

The Board of Directors on February 11, 2015 authorized the change of the commitments taken to the benefit of Rudy Provoost, Chairman and Chief Executive Officer of Rexel, previously authorized by the Board of Directors on May 22, 2014 and approved by the Shareholders' meeting of May 27, 2015.

This change specified that the severance indemnity would only be paid in case of compulsory leave linked to a change of control or of strategy. The severance indemnity would not apply in the event of resignation, termination for gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or voluntary leave or compulsory retirement leave.

The other undertakings granted to the benefit of Rudy Provoost, authorized by the Board of Directors on May 22, 2014 and approved by the shareholders meeting of May 27, 2015, remained unchanged.

This agreement was amended by the Board of Directors on February 10, 2016 under the above mentionned conditions.

Rudy Provoost has ended his duties as Chairman and CEO on June 30, 2016.

2. The undertakings granted to the benefit of Deputy Chief Executive Officer Catherine Guillouard, providing for the payment of compensation items due or likely to be due as a result of the termination of the duties of Catherine Guillouard and the attached performance criteria, *i.e.*:

- It was provided that, in the event of termination of her corporate office as Deputy Chief Executive Officer of Rexel, Catherine Guillouard's employment contract with Rexel Développement SAS would be reinstated with a compensation package equivalent to that from which she benefited in her capacity as a corporate officer;
- The employment agreement of Catherine Guillouard provided, as from April 30, 2013, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for any reason whatsoever, except a gross negligence or willful misconduct or a voluntary leave or compulsory retirement leave, that Catherine Guillouard would benefit from a contractual severance indemnity in a gross amount corresponding to 18 months of her Monthly Reference Compensation.

The monthly reference compensation was defined as the gross annual compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months.

This contractual indemnity is deemed to include the statutory severance indemnity or severance indemnity pursuant to the collective bargaining agreement due, if any, as well as the indemnity for honoring the non-compete clause.

It would not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity would be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

- – The notice period for breach of contract at the option of the employer was 8 months. The compensation in lieu of notice was equal to 8 months of the last paid compensation, in her capacity as corporate officer or as employee of the company, whichever the highest.
- – A non-compete clause was stipulated in Catherine Guillouard's suspended employment contract. This non-compete undertaking was limited to a period of 12 months from the effective date of the termination of the employment contract (it being specified that the Rexel reserved the right to apply the non-compete clause in case of compulsory or voluntary retirement leave). As consideration, the monthly non-competition payment was equal to one twelfth of his gross fixed annual compensation.

Pursuant to the provisions of Article L.225-42-1 of the French Commercial Code, the contractual severance indemnities of Catherine Guillouard, other than the statutory severance indemnity or the non-compete indemnity, were subject to the following performance criteria:

- The payment of 60% of the indemnity would be dependent on the level of EBITA of the Rexel Group.

This payment would be 100% if the level of EBITA, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the employment contract (the reference period), reached on average a minimum of 60% of the amount budgeted for such two periods. If, during any or both reference financial years, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorated, this average level could be reviewed by the Board of Directors, upon the proposal of the Nomination and Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the objective with the difficulty of its implementation; and

- The payment of 40% of the indemnity would be dependent on the level of ATWC (average trade working capital requirement) of the Rexel Group. This payment would be 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the employment contract (the reference period) reached on average a maximum of 125% of the performance budgeted for such two financial years. If, during any or both reference financial years, Rexel's economic and financial condition and/or the economic and financial conditions of the market deteriorated, this average level could be reviewed by the Board of Directors, upon the proposal of the Nomination and Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the objective with the difficulty of its implementation.

This commitment has been authorized by your Board of Directors on May 22, 2014 following the appointment of Catherine Guillouard as Deputy Chief Executive Officer and approved by the Shareholders' Meeting on May 27, 2015. This commitment has the same terms as that authorized by your Supervisory Board on February 12, 2014, when Catherine Guillouard was a member of the Management Board of your Company, and approved by the Shareholders' Meeting on May 22, 2014.

The Board of Directors on February 11, 2015 authorized the change of the commitments taken to the benefit of Catherine Guillouard, Deputy Chief Executive Officer of Rexel, previously authorized by the Board of Directors on May 22, 2014 and approved by the Shareholders' meeting of May 27, 2015.

This change specified that the severance indemnity would only be paid in case of compulsory leave linked to a change of control or of strategy. The severance indemnity would not apply in the event of resignation, termination for gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or voluntary leave or compulsory retirement leave.

The other undertakings granted to the benefit of Catherine Guillouard, authorized by the Board of Directors on May 22, 2014 and approved by the shareholders meeting of May 27, 2015, remained unchanged.

This agreement was amended by the Board of Directors on February 10, 2016 under the above mentionned conditions.

Catherine Guillouard ended her duties as Deputy Chief Executive Officer on February 20, 2017.

Ordinary agreements entered into by Rexel under ordinary terms:

- A long-term facility agreement between Elektro-Material AG and Rexel, entered into on July 1, 2013;
- A long-term facility agreement between Rexel Sverige AB (formely Svenka Elgrossist AB Selga) and Rexel, entered into July 1, 2013;
- A long-term facility agreement between Elektroskandia Norway Holding AS and Rexel, entered into on September 1, 2013;
- A tax integration agreement entered into on May 9 and May 24, 2012, April 28, 2014 and April 20, 2015 between Rexel and each of the companies included in the tax integration perimeter of the Rexel Group since January 1, 2005 under the conditions and forms required under Article 223 A *et seq.* of the French general tax Code; and
- The renewal of the tax integration option pursuant to which Rexel has become solely liable for corporate tax (*impôt sur les sociétés*), for the social contribution on corporate profits pursuant to article 223 ter ZC of the French general tax Code and for the yearly flat-rate tax *(imposition forfaitaire annuelle)*, owed by the group formed by Rexel and the subsidiaries held directly or indirectly at least at 95% of the share capital and having agreed thereto, pursuant to articles 223 A *et seq.* of the French general tax Code.

3.3.2 Agreements between the executives or shareholders of Rexel and Rexel's subsidiaries

The agreements entered into between, on the one hand, the Chief Executive Officer, the Deputy Chief Executive Officer or one of the directors of Rexel or one of its shareholders holding more than 10% of the share capital of Rexel and, on the other hand, companies in which Rexel holds, directly or indirectly, more than half of the share capital, include the following agreement:

- The employment agreement between Patrick Berard and Rexel Développement, suspended since July 1, 2016 (see paragraph 3.2 "Compensation of corporate officers" of this Registration document);
- The employment agreement between Catherine Guillouard, and Rexel Développement, suspended since April 30, 2013 and modified on February 24, 2016 (see paragraph 3.2 "Compensation of corporate officers" of this Registration document).

3.3.3 Special reports of the Statutory Auditors in relation to the related party agreements

3.3.3.1 Special report of the Statutory Auditors in relation to the related party agreements for 2016

This is a free translation into English of the Statutory Auditors' report on related party agreements and commitments issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

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France

Rexel S.A.
Registration office: 13, boulevard du Fort-de-Vaux – 75017 Paris – France

Statutory Auditors' report on related party agreements and commitments

(Shareholders' Meeting for the approval of the financial statements for the year ended December 31, 2016)

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms, conditions and the reasons for the company's interest of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-31 of the French Commercial Code *(Code de commerce)*, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code *(Code de commerce)* in relation to the implementation during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments to be submitted for the approval of the Shareholders' Meeting

Agreements and commitments authorized during the year

In accordance with article L.225-40 of the French Commercial Code *(Code de commerce)*, we were informed of the following agreements and commitments which received prior authorization from your Board of Directors.

1. Set up of a medium-term collective savings scheme, taken to the benefit of Ms Catherine Guillouard, the Deputy Chief Executive Officer, including a yearly contribution and an exceptional contribution

Related party

Ms Catherine Guillouard, in her capacity of Deputy Chief Executive Officer of Rexel S.A.

Nature and purpose

The Board of Directors of April 28, 2016 and November 22, 2016 authorized the setting up of a medium-term collective savings scheme. This scheme is notably taken to the benefit of the Deputy Chief Executive Officer of Rexel S.A.

This scheme includes:

- A yearly component, a contribution based on the fixed and variable compensation received the relevant year, thus taking into account the annual performance achieved:
  - 20% on the portion of compensation ranging from 4 to 20 PASS "the Annual Social Security limit" *(Plafond Annuel de la Sécurité Sociale)*;
  - 10% on the portion of compensation ranging from 20 to 40 PASS "the Annual Social Security limit" *(Plafond Annuel de la Sécurité Sociale)*.

  This contribution was initially calculated based on the compensation received in 2016.
- An exceptional contribution in order to take into account the restructuring of the components of the compensation of the Group's top managers concerned. In such respect, Ms Catherine Guillouard is able to benefit from an exceptional contribution of €81,765

per year for 3 years as from 2016, subject to attendance conditions at December 31 each year. This specific contribution was calculated in accordance with the same rules as those described for the annual component of the scheme, based on the compensation received by Ms Catherine Guillouard since the beginning of her term of office.

Conditions

Ms Catherine Guillouard is committed to retaining the contributions paid by Rexel S.A. to a medium-term investment vehicle for at least 8 years.

The annual contribution calculated based on the compensation received in 2016 by Ms Catherine Guillouard amounted to €106,378K. This amount has been half paid (€53,189K) through an investment support such as life insurance (with AXA France Vie) and half paid (€53,189K) in cash in order to discharge income and social taxes on the totality of the annual component.

Regarding the exceptional contribution, the amount of €81,765K has been paid to Ms Catherine Guillouard for 2016, the effective attendance condition has been satisfied on December 31, 2016. This amount has been half paid (€40,882K) through an investment support such as life insurance (with AXA France Vie) and half paid (€40,882K) in cash in order to discharge income and social taxes on the totality of the exceptional component.

The Board of Directors on February 20, 2017 decided to terminate the duties of Ms Catherine Guillouard as Deputy Chief Executive Officer, effective February 20, 2017.

The annual contribution and exceptional contribution already paid for 2016 remains acquired by Ms Catherine Guillouard. Ms Catherine Guillouard will receive in 2017 the annual contribution based on *prorata temporis* for the period of service of Deputy Chief Executive Officer of Rexel S.A. (from January 1 to 20 February 2017) which shall amount to around €30K. Ms Catherine Guillouard will not benefit from an exceptional contribution related to the years 2017 and 2018.

Motives

"The Board of Directors has considered that this scheme is consistent with the Group's corporate interests, better appropriate and competitive given the profiles of the Group's top managers and recent changes in French legislation. This new scheme is more attractive and allows to reinforce retention of top managers. Furthermore, this scheme is in line with practices observed on the market in comparable companies as Rexel, and with an equivalent cost for Rexel Group as the defined benefit supplementary pension plan (article 39)."

2. Commitment taken to the benefit of Mr Patrick Berard, Chief Executive Officer on the additional defined-benefit pension plan

Related party

Mr Patrick Berard, in his capacity of Chief Executive Officer of Rexel S.A.

Nature and purpose

Mr Patrick Berard, as employee of Rexel Developpement used to benefit from an additional defined-benefit pension plan. Patrick Berard's employment contract is suspended during the exercise of his duties as Chief Executive Officer of the company.

The Board of Directors of July 1, 2016 decided to maintain the benefit of the additional defined-benefit retirement scheme for Mr Patrick Berard, Chief Executive Officer of Rexel S.A., during the period of exercise of his corporate office.

Conditions

The contingent rights that may be acquired by Mr Patrick Berard in respect of his duties as Chief Executive Officer in connection with this scheme would only be granted subject to the achievement of the annual performance conditions.

The performance criteria determined by the Board of Directors have been aligned with those of the annual variable portion of the Chief Executive Officer (financial portion and individual portion). The annual performance criteria shall be considered as satisfied if the payment level of the annual variable portion reaches at least 60% of the target variable portion.

Thus, in case of annual performance criteria satisfied:

- Activity period as Chief Executive Officer should be taken into consideration for the calculation of seniority;
- Compensation received in respect of the duties of Chief Executive Officer shall be taken in consideration to calculate the additional pension equal to the average of the three highest calendar years of gross compensation.

The additional pension under this plan is equal to the product of the reference compensation, the years of seniority and an annual acquisition factor described above:

- Before July 1, 2009 (regime 1), 2.5% per year of service;
- From July 1, 2009 (regime 2), 1.00% per year of service for the range between 4 and 20 PASS ("the Annual Social Security limit") and 0.5% per year of service for the range between 20 and 40 PASS

The reference compensation used to calculate the additional pension is equal to the average of the three highest calendar years of gross compensation received for the period in which the potential beneficiary can justify seniority and eligibility.

This commitment was not executed for the financial year ended December 31, 2016.

Motives

"The Board of Directors of July 1, 2016 approved the commitment in the context of the appointment of Mr Patrick Berard as Chief Executive Officer since July 1, 2016, in consideration of the seniority and of the career of Mr Patrick Berard."

3. Confirmation of the commitment taken to the benefit of Ms Catherine Guillouard, Deputy Chief Executive Officer of Rexel S.A., in case of termination of duties

Related party

Ms Catherine Guillouard, in her capacity of Deputy Chief Executive Officer of Rexel S.A.

Nature and purpose

The Board of Directors of June 23, 2016 approved the same terms of the benefit of Ms Catherine Guillouard for 2016 as that authorized by the Board of Directors on May 22, 2014, February 11, 2015 and February 10, 2016 and approved by the Shareholders' meetings on May 27, 2015 and May 25, 2016, providing for the payment of compensation items due or likely to be due as a termination of the duties and the attached conditions of performance, as detailed in the paragraph "Agreements and commitments already approved by the Shareholders' Meeting" of this report.

Conditions

This commitment had no impact on the financial statements of your company for the financial year ended December 31, 2016.

The Board of Directors on February 20, 2017 decided to terminate the duties of Ms Catherine Guillouard as Deputy Chief Executive Officer, effective February 20, 2017.

The Board of Directors acknowledged that the conditions related to the payment of the severance indemnity of Catherine Guillouard had been met (case of forced departure related to a change of control or strategy).

The Board of Directors has set the severance indemnity due to Catherine Guillouard in 2017 to a gross amount of €1,627,076 that represents 24 months of her monthly reference compensation (in Rexel S.A. and Rexel Developpement S.A.S. accounts in 2017). This amount includes the statutory severance indemnity *(indemnité légale de licenciement)* and severance indemnity pursuant to the applicable collective bargaining agreement *(indemnité conventionnelle de licenciement)*, as well as the non-compete indemnity.

Motives

"The Board of Directors on June 23, 2016 decided to maintain the benefit of this commitment for Ms Catherine Guillouard in connection with the reappointment as Deputy Chief Executive Officer as of July 1, 2016."

Agreements and commitments already approved by the Shareholders' Meeting

Agreements and commitments approved

We hereby inform that the following agreements and commitments whose implementation continued during the year, already approved by the General Meeting of Shareholders on May 25, 2016 on the basis of the special report of the statutory auditors' dated April 6, 2016.

1. Commitment taken to the benefit of Mr Rudy Provoost, the Chairman and Chief Executive Officer, in case of termination or change of duties

Related party

Mr Rudy Provoost, in his capacity as Chairman and Chief Executive Officer of Rexel S.A.

Nature and purpose

The Board of Directors on February 10, 2016 authorized the change of the commitments taken to the benefit of Mr Rudy Provoost, the Chairman and Chief Executive Officer of Rexel S.A., previously authorized by the Board of Directors on May 22, 2014 and modified by the Board of Directors on February 11, 2015.

Mr Rudy Provoost does not have an employment contract with any of the Rexel Group companies.

In the event that his corporate functions are terminated, Mr Rudy Provoost shall benefit from a gross contractual severance payment equal to 24 months of monthly reference compensation. The severance indemnity will only be paid in case of cumulative conditions: (i) compulsory leave and (ii) linked to a change of control or of strategy.

This gross severance indemnity is deemed to include the compensating indemnity for honoring the non-compete clause, if any.

In addition, regardless of the cause of departure from Rexel, a non-compete clause is stipulated. The Board of Directors may waive this non-compete clause. This non-competition undertaking is limited to a period of 12 months from the date of the termination of the corporate mandate. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Pursuant to the provisions of article L.225-42-1 of the French Commercial Code, Mr Rudy Provoost's severance indemnities, other than the non-compete clause compensatory indemnity, are subject to the following performance criteria:

a) The payment of 60% of the severance indemnity would be dependent on the level of EBITA of Rexel Group. This payment would be 100% if the level of EBITA, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions (the reference period), reaches in average a minimum of 60% of the amount budgeted for such two periods. If, during any or both reference financial years, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level could be reviewed by the Board of Directors, upon the proposal of the Nomination and Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and

b) The payment of 40% of the indemnity would be dependent on the level of ATWC (average trade working capital requirement) of Rexel Group. This payment would be 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions (the reference period), reaches in average a maximum of 125% of the performance budgeted for such two periods. If, during any or both reference financial years, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level could be reviewed by the Board of Directors, upon the proposal of the Nomination and Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

The changes of this commitment, approved by the Board of Directors on February 10, 2016 related to the two following items:

- The monthly reference compensation is now understood as the last amount of the fixed gross annual compensation plus the gross amount of the last variable bonus paid, excluding any exceptional bonus, with this sum being divided by 12. The monthly reference compensation was previously understood as the fixed gross annual compensation plus the average gross amount of the last two variable bonuses paid.
- The performance criteria remain unchanged, but the possibility for the Board of Directors to review them during the reference financial years (if Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate) has been deleted.

The Board of Directors on February 11, 2015 authorized the change of the commitments taken to the benefit of Mr Rudy Provoost, the Chairman and Chief Executive Officer of Rexel S.A., previously authorized by the Board of Directors on May 22, 2014 and approved by the Shareholders' meeting on May 27, 2015.

This change specified that the severance indemnity will only be paid in case of compulsory leave linked to a change of control or of strategy. The severance indemnity shall not apply in the event of resignation, termination for gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or voluntary leave or compulsory retirement leave.

Conditions

In the context of the duties of Mr Rudy Provoost, the Chairman and Chief Executive Officer of Rexel S.A., were terminated on June 30, 2016, the Board of Directors on June 23, 2016 has acknowledged that the conditions related to the payment of severance indemnity had been met and has validated the achievement of the performance conditions. The gross severance indemnity payable to Mr Rudy Provoost amounts to €.2 448 248. This indemnity included the non-competition indemnity.

2. Commitment taken to the benefit of Ms Catherine Guillouard, Deputy Chief Executive Officer, in case of termination of duties

Related party

Ms Catherine Guillouard, in her capacity of Deputy Chief Executive Officer of Rexel S.A.

Nature and purpose

The Board of Directors on February 10, 2016 authorized the change of the commitments taken to the benefit of Ms Catherine Guillouard, the Deputy Chief Executive Officer of Rexel S.A., previously authorized by the Board of Directors on May 22, 2014 and modified by the Board of Directors on February 11, 2015.

Ms Catherine Guillouard's employment contract with Rexel Developpement S.A.S. has been suspended since April 30, 2013.

In the event of termination of her corporate office within Rexel, Ms Catherine Guillouard's employment contract with Rexel Developpement S.A.S. would be reinstated with a compensation package equivalent to that from which she benefited in her capacity as a corporate officer.

The employment agreement of Ms Catherine Guillouard provides, as from April 30, 2013, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave, that Ms Catherine Guillouard will benefit from a gross contractual severance indemnity equal to 18 months of her monthly reference compensation.

This contractual indemnity is deemed to include the statutory severance indemnity or severance indemnity pursuant to the collective bargaining agreement due, if any, as well as the indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

The notice period for breach of contract at the option of the employer is 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in her capacity as officer or as employee of the company, whichever the highest.

A non-compete clause is stipulated in Ms Catherine Guillouard's suspended employment contract. This non-competition undertaking is limited to a period of 12 months from the date of the termination of the employment contract (Rexel has the right to apply this clause in case of departure or retirement). As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Pursuant to the provisions of article L.225-42-1 of the French Commercial Code, Ms Catherine Guillouard severance indemnities other than the compete clause compensatory indemnity, as well as the contractual indemnities for termination of the employment contracts are subject to the following performance criteria:

a) The payment of 60% of the severance indemnity would be dependent on the level of EBITA of Rexel Group. This payment would be 100% if the level of EBITA, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions or employment contract (the reference period), reaches in average a minimum of 60% of the amount budgeted for such two periods. If, during any or both reference financial years, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level could be reviewed by the Board of Directors, upon the proposal of the Nomination and Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and

b) The payment of 40% of the indemnity would be dependent on the level of ATWC(average trade working capital requirement) of Rexel Group. This payment would be 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions or employment contract (the reference period), reaches in average a maximum of 125% of the performance budgeted for such two periods. If, during any or both reference financial years, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level could be reviewed by the Board of Directors, upon the proposal of the Nomination and Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

The changes of this commitment, approved by the Board of Directors on February 10, 2016, in order to align the calculation and severance payments, related to the two following items:

- The monthly reference compensation is now understood as the last amount of the fixed gross annual compensation plus the gross amount of the last variable bonus paid, excluding any exceptional bonus, with this sum being divided by 12. The monthly reference compensation was previously understood as the fixed gross annual compensation plus the average gross amount of the last two variable bonuses paid.
- The performance criteria remain unchanged, but the possibility for the Board of Directors to review them during the reference financial years (if Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate) has been deleted.

The Board of Directors on February 11, 2015 authorized the change of the commitments taken to the benefit of Ms Catherine Guillouard, the Deputy Chief Executive Officer of Rexel S.A., previously authorized by the Board of Directors on May 22, 2014 and approved by the Shareholders' meeting on May 27, 2015.

This change specified that the severance indemnity will only be paid in case of compulsory leave linked to a change of control or of strategy. The severance indemnity shall not apply in the event of resignation, termination for gross negligence (faute grave) or willful misconduct (faute lourde) or voluntary leave or compulsory retirement leave.

Conditions

This commitment had no impact on the financial statements of your Company for the financial year ended December 31, 2016.

This commitment was executed in 2017 due to the termination of the duties of the Deputy Chief Executive Officer of Ms Catherine Guillouard, as described above in the § 3 of "the agreements and commitments to be submitted for the approval of the shareholders' meeting".

3. Termination of the additional defined-benefit pension plan ("article 39"), taken to the benefit of Ms Catherine Guillouard, Deputy Chief Executive Officer

Related party

Ms Catherine Guillouard, in her capacity of Deputy Chief Executive Officer of Rexel S.A.

Nature and purpose

The Board of Directors on February 10, 2016 authorized the termination of the additional defined-benefit pension plan ("Article 39"). This agreement was approved by the Supervisory Board of the Company on March 30, 2009. This agreement had been authorized by the Board of Directors on May 22, 2014, following the appointment of Ms Catherine Guillouard as a Deputy Chief Executive Officer, and approved by the Shareholders' Meeting on May 27, 2015. This commitment has the same terms as that authorized by your Supervisory Board on February 12, 2014, when Ms Catherine Guillouard was member of the Management Board of your Company, and approved by the Shareholders' Meeting on May 22, 2014.

This agreement benefited in particular to the Deputy Chief Executive Officer, Ms Catherine Guillouard. Only a small number of persons approaching the age of retirement will continue to benefit of this agreement.

Conditions

The impact of the partial closure of the additional defined-benefit pension plan (article 39) represented a total reversal for an amount of €1,769,356 (of which Ms Catherine Guillouard) in Rexel Developpement S.A.S. accounts and in the consolidated financial statements of Rexel S.A. as at December 31, 2016.

Paris-La Défense and Neuilly-sur-Seine, March 30, 2017

The Statutory Auditors
French original signed by

KPMG Audit *Department of KPMG S.A.*		PricewaterhouseCoopers Audit
Valérie Besson	Jean-Marc Discours	Christian Perrier

3.3.3.2 Special reports of the Statutory Auditors in relation to the related party agreements for 2015 and 2014

The special reports of the statutory auditors of Rexel in relation to the related party agreements for the financial year ended December 31, 2015, and December 31, 2014, are set out in the Registration document filed with the *Autorité des marchés financiers* on April 7, 2016, under number D.16-0299 and in the Registration document filed with the *Autorité des marchés financiers* on March 25, 2015, under number D.15-201, respectively.

3.4 INSIDER TRADING POLICY

Following the transformation of Rexel into a *société anonyme* with a Board of Directors, Rexel adopted on May 22, 2014, and updated on February 10, 2017, its Insider trading policy (the "Policy"), initially adopted in 2007, in order to comply with the general rules of the French financial markets authority ("AMF"). The purpose of the Charter is to specify the applicable regulations in respect of security transactions and of compliance with the rules concerning market abuse and, in particular, insider trading.

This Charter is available on the website of the Company: www.rexel.com

3.5 IMPLEMENTATION OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES – PARAGRAPH 27.1 OF THE AFEP-MEDEF CODE

The AFEP-MEDEF Code, amended in November 2016, represents Rexel's corporate governance standards.

Rexel believes that it complies with the corporate governance principles as defined in the AFEP-MEDEF Code, to the extent that such principles are compatible with the organization, size and means of the Rexel Group, with the following exceptions:

AFEP-MEDEF GUIDELINES	REXEL GROUP PRACTICE AND EXPLANATIONS
Allocation of attendance fees to executive corporate officers (guideline 20.1) The terms of allocation of such compensation must take into account effective participation of the directors in the board and the committees, and thus include a prevailing variable part.	The Board of Directors of February 10, 2017, confirmed that independently from their capacity of member of the Board of Directors, each Director is also member of one or two committees. The Board of Directors has met 11 times in 2016, the Audit and Risk Committee 5 times, the Nomination and Compensation Committee 9 times. However, no meeting of the Strategic Investment Committee took place in 2016. In addition, in 2016, 3 entire days were dedicated to a deepening understanding of the markets (notably in Europe) and the strategy of the Group. The Directors were available to assist to these different work sessions and the Board of Directors has consequently estimated not necessary to modify the variable part of the fees that already takes into account of the effective attendance of the Directors to the committees.
Termination of the employment agreement in case of corporate mandate (guideline 21) It is recommended, that a manager who becomes an officer of the company should terminate his employment agreement with the company or a company of the group, either by way of settled termination, or by resignation.	The Nomination and Compensation Committee recommended that the employment agreement in its amended version of November 4, 2015 and entered into between Rexel Développement SAS and Patrick Berard be upheld, while being suspended (in accordance with case law in this respect) as of July 1, 2016. Patrick Berard, who joined the Group in 2003, in addition to having a seniority of over thirteen years within the Rexel Group, is 63 years old and is therefore approaching the end of his professional career. Patrick Berard would therefore be likely to suffer material prejudice as a result of the loss of his capacity as employee in connection with his appointment as Chief Executive Officer as of July 1, 2016.

The AFEP and MEDEF corporate governance Code is available on the website of MEDEF (www.medef.com).

3.6 REPORT OF THE STATUTORY AUDITORS IN RELATION TO THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

This is a free translation into English of the Statutory Auditors' report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

PricewaterhouseCoopers Audit
63 rue de Villiers
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13, boulevard du Fort de Vaux – CS 60002 – 75838 Paris Cedex 17

Statutory Auditors' Report prepared in accordance with article L.225-235 of the French Commercial Code *(Code de commerce)* on the report prepared by the Chairman of the Board of Directors of Rexel SA

(Year ended December 31, 2016)

To the Shareholders,

In our capacity as Statutory Auditors of Rexel SA, and in accordance with article L.225 235 of the French Commercial Code *(Code de commerce)*, we hereby report to you on the report prepared by the Chairman of your company in accordance with article L.225-37 of the French Commercial Code *(Code de commerce)* for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the company and providing the other information required by article L.225-37 of the French Commercial Code *(Code de commerce)* in particular relating to corporate governance measures.

It is our responsibility:

- to report to you our observations on the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that this report sets out the other information required by article L.225-37 of the French Commercial Code *(Code de commerce)*, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with article L.225-37 of the French Commercial Code *(Code de commerce)*.

Other information

We attest that the Chairman's report sets out the other information required by article L.225-37 of the French Commercial Code *(Code de commerce)*.

Neuilly-sur-Seine and Paris-La Défense, March 30, 2017

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit
Christian Perrier

KPMG Audit
Valérie Besson – Jean-Marc Discours

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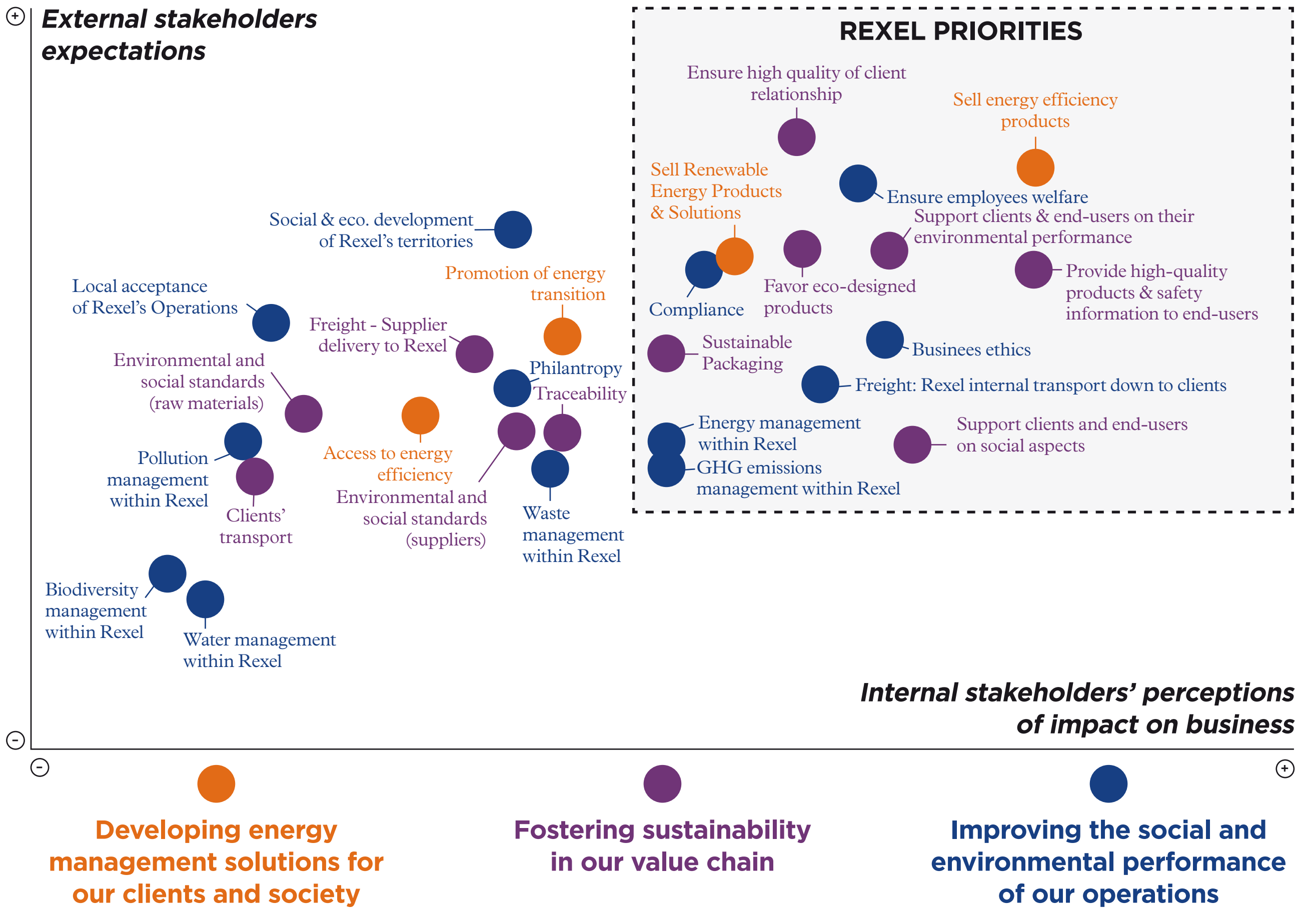
4
Corporate Responsibility

The Rexel Group has consistently used its leadership and close relationship with all stakeholders to conduct its business in a sustainable and responsible manner.

When it joined the United Nations Global Compact in 2011, the Rexel Group committed itself to advance the universally-accepted ten principles relating to human rights, labor, the environment and anti-corruption. As specified in its Ethics Guide, the Rexel Group respects and promotes the provisions outlined in the fundamental conventions of the International Labor Organization relating to the freedom of association and the right to collective bargaining, the elimination of discrimination in respect of employment and occupation, the elimination of all forms of forced or compulsory labor, and the effective abolition of child labor.

In 2015, in order to strengthen the Group's sustainable development policy, the Group conducted a study to identify all environmental and social impacts throughout its value chain. This study involved interviewing the Group's key stakeholders (customers, suppliers, experts, NGOs, employee representatives, managers of Group entities) on Rexel's priority issues, and conducting an internal assessment to measure the impact of these issues on the Group's capacity to conduct its business in future years. A graphic representation of this materiality analysis is set forth below.



This materiality analysis allowed strengthening the Rexel Group's sustainable development strategy by focusing it on its priorities. Rexel's sustainable development strategy is therefore based on three pillars:

- Developing energy management solutions for our customers and society to drive energy efficiency and renewable energies adoption;
- Fostering sustainability in our value chain to improve environmental and social performance from our suppliers to our customers;
- Improving the social and environmental performance of our operations to engage our employees and preserve the environment.

All of our actions in connection with sustainable development are focused on these three pillars. These pillars are strategic as they contribute to Rexel Group's growth, innovation and global performance improvement.

To clarify, a correspondence table between these pillars and information presented in this chapter is set out in paragraph 9.6 of this Registration document.

4.1 SOCIETAL INFORMATION

The Rexel Group's model builds on creating value with all its stakeholders, customers, partners, public authorities, communities, employees and shareholders. Given the specific nature of its business, along with its extensive network and the diverse cultures of its employees, the Group must take account of societal issues when defining and deploying its development strategy.

4.1.1 Interacting with stakeholders

Rexel believes that being responsible means paying attention to the expectations of its ecosystem. In order to guarantee its sustained development and local acceptance of its projects, Rexel has identified and categorized its stakeholders based on their type of business relations and has established dialogue with them both at Group level and through the subsidiaries. In 2015, the Rexel Group carried out a materiality assessment which involved interviewing a certain number of stakeholders on priority key sustainable development issues.

Employees and employee representative bodies

The satisfaction and the well-being of employees is a major priority area for the Rexel Group. To this end, initiatives to obtain feedback from and install dialogue with all employees have been developed. The European Works Council was also involved in the materiality assessment conducted by the Rexel Group in 2015. In addition, 41 new labor agreements were signed in 2016 in Rexel Group entities (see paragraph 4.2 "Social Information" of this Registration document).

Customers

Rexel's mission is to support customers wherever they are, to create value and run their business better, all around the globe. The Rexel Group has launched a number of initiatives for its customers as regards information, dialogue and feedback such as commercial events, satisfaction surveys and training programs on public subsidies linked to energy efficiency, new home automation technologies and renewable energies.

Suppliers and subcontractors

The Rexel Group builds positive relationships with its suppliers and subcontractors which benefit both parties: they are partners of vital importance to both business and growth and the Rexel Group supports their performance by helping them to expand internationally and by supporting their business.

Rexel endeavors to establish a constructive dialogue with them and nurtures sound and long-lasting relationships in accordance with social and environmental issues.

The Rexel Group requires all of its suppliers and subcontractors to comply with the ethical standards presented in its Ethics Guide. From a contractual standpoint, they must adhere to the general terms and conditions of sale, which include specific clauses regarding the obligation to respect the International Labor Organization's fundamental conventions and local legislation, notably in terms of minimum wage, working hours, working environment, occupational safety, and health.

In 2016, the Rexel entities carried out on-site supplier audits to ensure that the Group's ethical standards and the social and environmental clauses in its contracts were applied. Also, following a pilot project rolled out in 2013 and 2014, the Rexel Group decided to deploy the EcoVadis platform on a global scale in order to assess its suppliers' CSR (Corporate Social Responsibility) performance. The Group also determined a coverage target of 80% of its direct purchasing volume (in value) for these CSR performance assessments in 2020. At the end of 2016, suppliers representing 43% of the direct purchasing volume in 2016 had been assessed.

Going beyond its business relationships, the Rexel Group has set up community-based initiatives with some of its suppliers to promote access to energy efficiency for all. These initiatives are supported by the Rexel Foundation for a better energy future which was launched in June 2013 (see paragraph 4.1.3 "Welfare and sponsorship" of this Registration document).

Professional associations and universities

Rexel is a member of the AFEP *(Association Française des Entreprises Privées)* and takes part in professional associations such as Perifem, the FGME (*Fédération des Grossistes en Matériel Electrique* – Federation of Electrical Equipment Wholesalers), the NAED (National Association of Electrical Distributors) and the EUEW (European Union of Electrical Wholesalers), to discuss and share industry practices and thus help operate changes in the sector. In an effort to achieve transparency and progress, the Rexel Group is also involved in various studies and publications to interact with its stakeholders, but also to promote experience sharing, at the EpE *(Entreprises pour l'Environnement)* for example, and Agrion, an international professional network dedicated to sustainable development and energy. In addition, the Rexel Foundation allocates part of its resources to academic research programs through grants for students that are just starting their career. These students are primarily working on positive behavior changes towards energy efficiency, barriers preventing the development of renewable energies, as well as innovative equipment in the areas of home automation, heating, ventilation, etc. (see paragraph 4.1.3 "Welfare and sponsorship" of this Registration document).

Shareholders, investors and rating agencies

The Rexel Group provides the various players (shareholders, investors, rating agencies, etc.) with clear information on its performance, initiatives and priorities in terms of sustainable development. These exchanges may be occasional or regular depending on the player and the events occurring affecting of the Group.

Rexel is part of the following social and responsible investment (SRI) indices: FTSE4Good, STOXX (STOXX® Global ESG Impact, STOXX® Low Carbon indices Global, Europe and EURO), Ethibel Sustainability Index Excellence Europe, and the Dow Jones Sustainability Index Europe since September 2013.

Moreover, since 2011, the Rexel Group has been reporting on its greenhouse gas emissions to the Carbon Disclosure Project (CDP), an independent non-profit organization that evaluates the carbon performance of large companies and their climate change strategy on behalf of over 827 institutional investors.

4.1.2 Impact on local economic and social development

As a world-leader in professional distribution, the Rexel Group actively contributes to organizing and developing the business segment through all its local operations thus creating more and more value for its stakeholders. This approach is based on the inclusion of local features when defining the strategy, the permanent quest to operational excellence, the optimization of processes and the spreading of innovative solutions towards energy management and renewable energies.

Thanks to its local presence worldwide (network of approximately 2,000 branches established in 32 countries), the Rexel Group is a major contributor to the local economies in which it has operations by:

- Directly supporting its customers' growth around the globe;
- Spreading innovation through its services, solutions and the continuous introduction of new products;
- Contributing to the financing of local public policies through taxes and levies paid;
- Employing almost exclusively local workers (the Rexel Group has a total of 27,273 employees);
- Providing its partners, global suppliers and small local businesses with new prospects and access to new markets; and
- Helping to train professionals and students by teaming up with schools and universities.

The Group's business and profitability benefit all its stakeholders. A large part of the value created is thus directly distributed to employees, public authorities and local authorities in the countries where the Rexel Group operates.

The Rexel Group's economic relationships with its main stakeholders

In 2016, the Rexel Group purchased goods in the amount of €9,990 million from its suppliers and generated sales of €13,162.1 million with its customers. Payroll expenses amounted to €1,609.5 million. The Rexel Group paid a total of €981.8 million to its lessors, subcontractors and other suppliers for services and consumables. Its financial partners (bank and bond investors) earned €146.3 million in interest. Dividends paid to shareholders in 2016 with respect to 2015 amounted to €120.3 million. Finally, the Rexel Group recorded a corporate tax charge of €116.4 million.

4.1.3 Charities and Sponsorship

Further to its corporate mission, the Rexel Group has developed a community involvement program which includes several initiatives to fight against fuel poverty and work toward a better energy future.

In order to structure this approach, the Rexel Group relies on a community involvement Charter and Guide since 2012 based on a core focus: "Improving access to energy efficiency for all". To this end, the Rexel Group wishes to encourage a better use and an optimized consumption of energy by offering to the public its expertise, tools and structures in the energy field. Since 2013, thanks to the Rexel Foundation, the Rexel Group has boosted and developed numerous community initiatives based on three strategic priorities:

- Support community projects for the public good spearheaded by NGOs, not-for-profit organizations and partners to improve access to energy efficiency for disadvantaged communities;
- Increase the understanding and awareness about energy efficiency by setting up a shared knowledge base through studies, conferences, workshops and applied research programs; and
- Promote innovative solutions and models thanks to the social entrepreneurship support platform, by supporting social innovators in terms of financial sponsorship, logistics, equipment or skills.

In 2016 the Foundation launched 19 initiatives to improve the access to energy efficiency for all, in partnership with Rexel Group subsidiaries as well as various other organizations, thus bringing the total number of supported projects up to 63 since its creation:

- In the United States, the Rexel Foundation supports an applied research program in Berkeley University in connection with the efficiency and reproducibility of sustainable renovation at the scale of a "block".
- In partnership with the Schneider Foundation and the IECD, the Rexel Foundation creates training programs for the role of electrician in Vietnam.
- The Foundation finances the evaluation study for the assisted self-rehabilitation methodology led by *Agence Nationale des Compagnons Bâtisseurs* consisting in involving inhabitants in energy refurbishment in France.
- Wherever Rexel is present, its Foundation supports innovative project leaders: Stacey Epperson of Next Step offers an affordable solution for modular and eco-efficient prefabricated houses, labeled "Energy Star" in the United States; Kevin Chaplais of *Energie Solidaire* develops micro-donations for energy bills to support projects to fight against energy poverty; Salinee Tavaranan brings energy products and services to rural areas in Thailand and trains villagers in the maintenance of equipment through its social enterprise SunSawang.
- Lastly, as part of the internal awareness raising campaign on sustainable development (the *"Ecodays"*) and in order to involve the employees, six projects proposed by employees were launched in 2016, including a solar panels equipment project for a center of the association *Terre des enfants* in Madagascar as well as an energy access project for native American communities in the United States, whose poverty rate in 2014 exceeded 28%, *i.e.*, twice the national average.

  The Rexel Foundation launched the second edition of the internal call for projects in 2016. Eight projects have been selected and will be supported by the Foundation in 2017.

To supplement and strengthen this global approach, the Rexel Group subsidiaries and employees initiated a number of sponsorship and welfare projects outside the Foundation. For example, the employees took part in campaigns in the health field (fight against cancer) and ones aimed to support education and children.

A number of Rexel Group entities also supported collective and community-based initiatives by providing goods and equipment free of charge.

The donations from the Rexel Group, including the funding from the Rexel Foundation, totaled €890,837 in 2016 and €880,969 in 2015.

4.2 EMPLOYEE-RELATED INFORMATION

Scope of reporting: the inclusion of entities in the employee-related scope of reporting is based on the legal status of the entities to which employees of the Rexel Group belong. Thus, any entity on which Rexel employees depend is included in the annual reporting. Entities either acquired after November 1, 2016 (when the scope was determined) or sold before December 31, 2016, are not accounted for.

In 2016, Rexel identified three key indicators of particular significance for the Rexel Group. These key indicators were subjected to an external audit and are as follows:

- Health, safety and working conditions;
- Employee training;
- Employee retention through the number of resignations.

4.2.1 Workforce

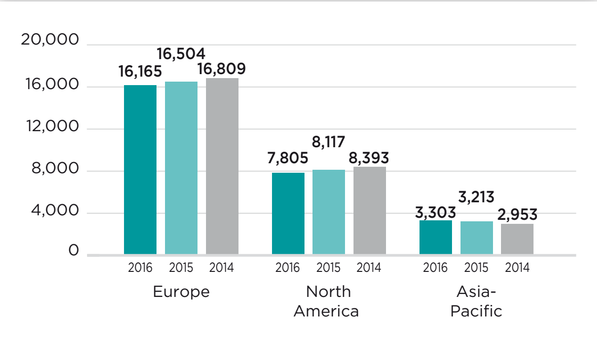
Total workforce (number of people employed at December 31, 2016)

At December 31, 2016, the Rexel Group employed 27,273 people compared to 27,834 at December 31, 2015 and 29,591 at December 31, 2014.

The breakdown of employees by region as defined in paragraph 4.2 "General overview" of this Registration document is as follows:

	REGISTERED WORKFORCE (NUMBER OF EMPLOYEES) AT DECEMBER 31,		
NUMBER OF EMPLOYEES	2016	2015	2014
Total workforce	27,273	27,834	29,591
BY REGION			
Europe	16,165	16,504	16,809
North America	7,805	8,117	8,393
Asia-Pacific	3,303	3,213	2,953
Latin America*	–	–	1,436

* In 2015, Rexel sold its three subsidiaries in Latin America (Brazil, Chile and Peru).



Lastly, at December 31, 2016, the Rexel Group had 4,871 managers (defined as overseeing at least one employee or subject to local definition such as having management-level status in France), or 17.9% of the total workforce compared to 19.6% in 2015.

Breakdown of permanent employees by age

At December 31, 2016, the average age of the Rexel Group employees was 43.1 years, this average was of 42.8 years at December 31, 2015.

Most employees are over 50 years of age (8,258) followed by those between 40 and 50 years of age (7,479).

Senior employees (defined as being over 50) accounted for 30.3% of the total workforce with employees under 30 making up 16.2%.

The Rexel Group organizes employee data into the following regions for analysis:

- North America: Canada and the USA;
- Asia-Pacific: Australia, China, India, New Zealand, Saudi Arabia, the UAE and various countries in Southeast Asia;

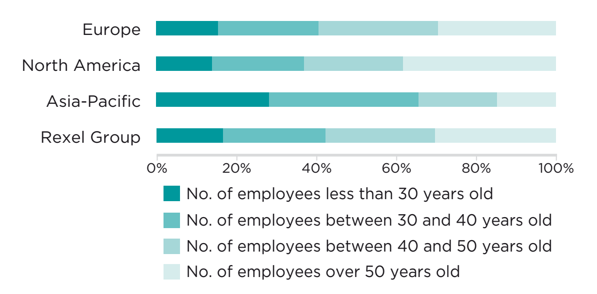
Breakdown of employees by type of contract and level

The Rexel Group has few fixed-term or temporary employees. Hiring employees under these types of contracts is mainly to meet specific needs.

At December 31, 2016, there were 967.2 full-time equivalent temporary employees, or 3.5% of the total average monthly workforce (3.9% in 2015).

At December 31, 2016, there were 26,777 permanent employees, and 496 fixed-term employees or 1.8% of the workforce (2.7% in 2015).

- Europe: Austria, Belgium, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg, The Netherlands, Norway, Portugal, Russia, Slovenia, Spain, Sweden, Switzerland and the UK.



Breakdown of employees by gender

The Rexel Group is committed to ensuring the equal treatment of all its male and female employees at every stage of their professional lives. In this it is guided in particular by its Ethics Guide (see paragraph 4.2.6. "The Rexel Group's commitment to ethics" in this Registration document).

At December 31, 2016, Rexel had 6,345 female employees, or 23.3% of the total workforce (23.2% at December 31, 2015).

Of the Rexel Group's 6,345 female employees, 901 held managerial positions, thus accounting for 18.5% of managers. This proportion was 17% in 2015.

Breakdown of employees by gender at December 31, 2016

	MANAGERS		NON-MANAGERS	
	WOMEN	MEN	WOMEN	MEN
Rexel Group	**901 (18.5%)***	**3,970 (81.5%)***	**5,444 (24.3%)****	**16,958 (75.7%)****
North America	302 (22.8%)*	1,024 (77.2%)*	1,529 (23.6%)**	4,950 (76.4%)**
Asia-Pacific	123 (18.9%)*	528 (81.1%)*	871 (32.8%)**	1,781 (67.2%)**
Europe	476 (16.4%)*	2,418 (83.6%)*	3,044 (23%)**	10,227 (77%)**

* As a % of managers.
** As a % of non-managers.

4.2.2 Employment and integration

4.2.2.1 New employees

In 2016 the Rexel Group hired a total of 4,067 employees irrespective of contract type and status compared to 3,970 hires for 2015.

New employees accounted for 14.9% of the Rexel Group's total workforce in 2016 (14.3% in 2015).

Number and characteristics of recruitments

	2016
Number and of recruitments	**4,067**
Of which:	
• Permanent employees	3,629
• Fixed-term employees	438
• Managers	379
• Non-managers	3,688

As in previous fiscal years, most recruits were permanent employees for non-managerial positions.

Of all new permanent employees, regardless of gender or position:

- 5.2% were young graduates;
- 12.1% were senior employees; and
- 0.2% had a disability.

The Rexel Group sets up numerous measures in the various countries in order to improve the integration of new employees and reduce turnover in such population (depending on the country: presentation of the Company, distribution of a welcome booklet, setting-up of tutorial systems, regular follow-up interviews, technical, product or organization training, rotation between departments, dedicated web site, integration seminar, etc.). In 2016, the Rexel Group launched a specific on boarding module in order to introduce the Company and its activities to new employees.

4.2.2.2 Departures

In 2016, 4,136 permanent employees left the Rexel Group (4,245 in 2015).

The reasons for departure are laid out below.

Reasons for the departure of permanent employees in 2016

	NUMBER	AS A PERCENTAGE OF DEPARTURES
Number of departures	**4,136**	**15.4% of all permanent employees**
Of which:		
• Resignations	2,426	58.7%
• Redundancies (economic layoffs)	478	11.6%
• Dismissals for other reasons	720	17.4%
• Retirement or early retirement	232	5.6%
• Cessation and/or sale of activity	–	–
• Other reasons	280	6.8%

Collective procedures

In 2016, 478 employees within the Rexel Group were made redundant compared to 600 in 2015.

The scale of restructuring was largest in Canada, the USA and in the United Kingdom.

Alternatives to layoffs were implemented, such as internal redeployment solutions, in particular in Canada and in the United Kingdom.

These measures made it possible to limit in part the number of departures.

Furthermore, and wherever possible, restructurings were discussed with employee representatives so as to provide the employees concerned with support measures, in particular outplacement and financial compensation.

Employee turnover

The employee turnover rate is defined as the average of the entry and departure rates:

- The entry rate is defined as the number of new permanent employees divided by the total number of permanent employees;
- The departure rate is defined as the number of permanent employees who have left divided by the total number of permanent employees.

In 2016, the entry rate within the Rexel Group was 13.6%.

In 2016, the departure rate within the Rexel Group was 15.4%.

Thus, the staff turnover rate of the Rexel Group for 2016 was 14.5%.

Employee turnover rate of the Rexel Group at December 31

	2016	2015
Staff turnover rate	14.5%	14.2%

The employee turnover rate of the Rexel Group increased slightly in 2016.

Aware of the significance of employee turnover, the Rexel Group examines employees' motives for leaving and variations in the rate of integration of new hires. Most Group subsidiaries arrange exit interviews with departing employees in order to understand why they are leaving.

4.2.2.3 Staff retention capacity

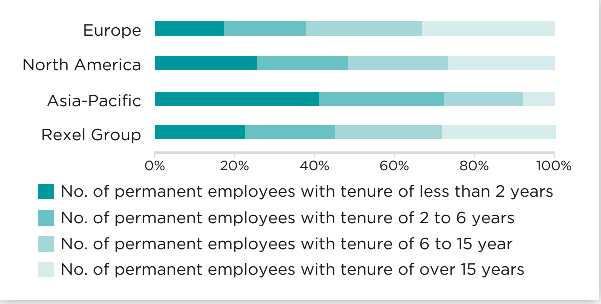
Rate of integration

The rate of integration of new employees (defined as the percentage of new hires in the Rexel Group three months after hiring) was 90.6% in 2016 (92.2% in 2015).

The medium-term rate of integration (defined as the percentage of new hires in the Rexel Group one year after hiring) was 77% in 2016 (77.3% in 2015).

Breakdown of permanent employees by seniority

At December 31, 2016, the average seniority of permanent employees of the Rexel Group was 11.4 years.



Traditionally, seniority varies strongly by region: employee turnover is much higher in Asia-Pacific, where 72.3% of permanent employees have tenure of less than 6 years, whereas 33.4% of permanent employees in Europe have seniority of over 15 years.

4.2.3 Attractiveness of the Company for employees

4.2.3.1 Compensation

Compensation policy

The Group's compensation policy is based on the company's performance and earnings. Compensation levels are defined for each country in line with the twin requirements: competitiveness of proposes compensation and internal equality. Of the Rexel Group's permanent employees, 56.8% were eligible for individual performance-related pay. Most of these employees held marketing and managerial positions.

Of the Rexel Group's employees, 56.7% belonged to a profit-sharing plan calculated on the basis of Group earnings.

In total, payroll expenses amounted to €1,609.5 million in 2016 (€1,613 million in 2015).

Employee shareholding

At the time of the Rexel Group's listing on the Paris stock exchange in 2007, 18.33% of eligible employees took the opportunity of acquiring shares in the Company as part of a reserved preferential share offering.

In line with management's desire to involve Rexel employees in the Group's performance, four new employee shareholding plans were put forward in 2010, 2012, 2013 and 2016. The 2010 employee shareholding plan was offered in 12 countries accounting for 80% of the Group's workforce; 13.2% of eligible employees took part. The 2012 employee shareholding plan was offered in 16 countries accounting for 90% of the Group's workforce; 14.36% of eligible employees took part. The 2013 employee shareholding plan was offered in 15 countries accounting for 80% of the Group's workforce; 14.47% of eligible employees took part. The 2016 shareholding plan was offered in 14 countries accounting for 90% of the Group's workforce; 17.60% of eligible employees took part, with rates higher than 20% in Belgium, Canada, China, The Netherlands, and a rate of 36.70% for France.

At December 31, 2016, the number of shares held by existing and former employees under employee shareholding plans accounted for 0.59% of Rexel's share capital and voting rights.

Employee benefits

Employee benefits fall under social protection and thus vary from country to country.

In most countries where it operates, the Rexel Group offers its employees health and disability insurance to supplement mandatory cover. Most employees either choose or are obliged by law to take out these complementary insurances depending on the country in question.

Certain Group entities have put complementary retirement plans in place for their employees according to local regulations.

The Rexel Group has established a minimum standard coverage for work accidents *via* the "Rexel +" plan.

This plan allows for compensation corresponding to one or two years of basic salary in the case of death or permanent severe disability.

Launched on July 1, 2010, the "Rexel +" plan is managed at the local level and illustrates Rexel's continued commitment to corporate responsibility. It is made up of four local policies covering Austria, Hungary, Luxembourg, the United Kingdom as well as a policy issued by France covering Slovenia under a service agreement. At December 31, 2016, it covered close to 3000 employees in 5 countries. The decrease of the number of covered employees is due to the businesses transferred by the Group in 2016.

Other benefits

A certain number of benefits or services are often offered to employees in addition to those required by law. They are either negotiated as part of collective agreements or granted unilaterally and mostly concern housing allowances, meal and/or transport allowances, concierge services, help with day care, family leave, medical assistance and legal assistance.

4.2.3.2 Working time organization

Duration and breakdown of working time

The duration of working time varies according to the laws of the countries in which the Group is active.

The Rexel Group employees work an average of 39 hours a week, or close to 8 hours per day.

Part-time work

Part-time work	2016	2015	2014
% of part-time employees	3.4%	3.7%	3.6%

At December 31, 2016, the number of the Rexel Group employees working part-time was 93 or 3.4% of the total workforce.

Overtime

In managing the working time of its employees, the Rexel Group makes little use of overtime: 646,149 overtime hours were worked by the total of Rexel Group employees in 2016, *i.e.*,1.3% of all hours worked in the year (577,686 overtime hours, *i.e.*, 1.2% of all hours worked in 2015).

4.2.3.3 Working conditions

Health and safety conditions

Going beyond its legal obligations, the Group fulfills its social responsibility through a constant concern for its employees' health and safety. The safety of its employees, stakeholders and assets has always been a priority for Rexel.

The main risks for Rexel's employees are related to road traffic, falls, the operation of machinery, the handling of materials and cables, and computer work.

Rexel ensures that a responsible, effective and consistent safety policy is implemented in every country where the Group is present. For this reason, since 2015, Rexel set up a Group safety initiative. In order to strengthen safety practices and culture, the Group safety policy enhances and completes the procedures and rules in force in every country and facilitates a common framework for all Group entities.

The objective of the Group initiative is to:

- Guarantee a safe working environment wherever Rexel is active;
- Build a culture of shared responsibility;
- Involve employees by sharing best practices.

In order to create a common language for the Group's safety priorities, Rexel has established ten safety principles. These ten principles enable a common approach and bring safe and responsible practices and behavior to the fore. They address the key risks to which Rexel is exposed as a result of its activities.

Number of work accidents

The Rexel Group monitors and examines several indicators in order to formulate suitable action plans.

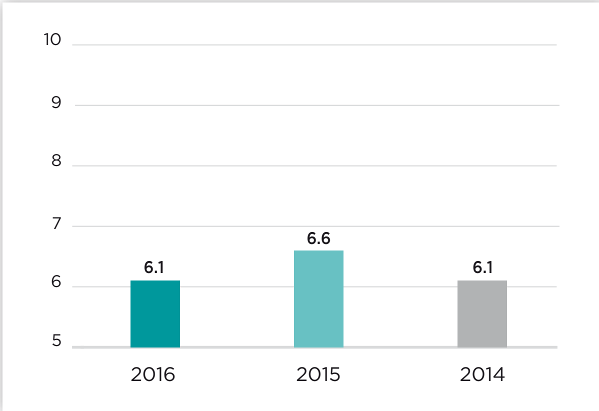
	2016	2015	2014
Number of accidents leading to death	–	–	1
Number of accidents leading to time off work	293	323	296
Number of accidents not leading to time off work	419	440	501

Of the 712 work accidents within the Rexel Group in 2016, none led to death, 293 led to time off work and 419 did not lead to time off work.

In 2016, 9,534 working days were lost due to work accidents.

Most work accidents leading to time off work occurred in logistics (124 accidents, *i.e.* 42 %) and sales & marketing (122 accidents, *i.e.* 41 %).

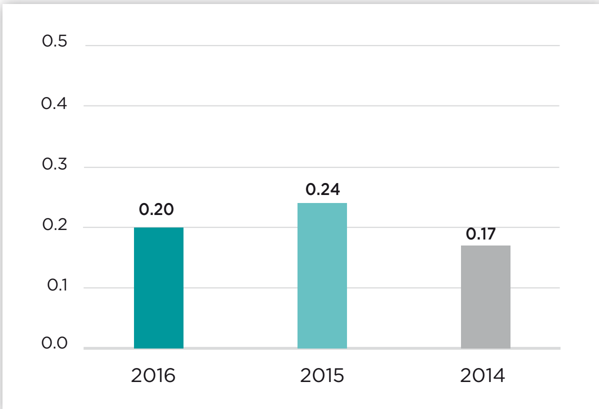
Frequency rate of work accidents



The frequency rate of work accidents at the Rexel Group, calculated as the number of work accidents leading to time off work per million hours worked, was 6.1 in 2016.

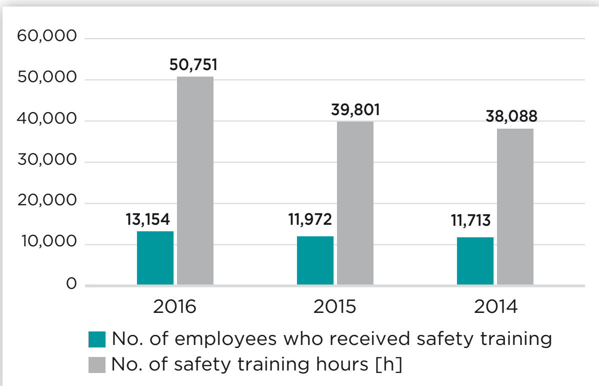
This rate is down from the 6.6 figure for 2015.

Severity rate of work accidents



The severity rate of work accidents at the Rexel Group, calculated as the number of work days lost due to temporary disability per thousand hours worked, was 0.20 in 2016, compared to 0.24 in 2015.

Safety training



In 2016, 13,154 employees received safety training, *i.e.*, 48.2% of the total workforce.

In 2016, there were 65 Health, Safety and Working Conditions committees within the Rexel Group. They comprised 432 employees accounting for 1.6% of all permanent employees.

Occupational diseases

In 2015, 9 occupational diseases were reported and 6 were recognized.

4.2.3.4 Diversity/Equal opportunities

The Ethics Guide outlines the economic, environmental and social principles which the Rexel Group defends and upholds. The Guide comprises 7 general principles and 20 practices including the "Dignity and respect of people" practices.

One of the fundamental principles in the Ethics Guide is the rejection of all forms of discrimination and the promotion of equal opportunities.

Gender equality

The Rexel Group is committed to ensuring the equal treatment of its male and female employees on a comparable basis in every sphere and in every respect, for example hiring, pay, career development and training. In this it is guided in particular by its Ethics Guide.

At December 31, 2016, women accounted for 23.3% of the total workforce compared to 23.2% in 2015. This percentage reflects the reality of the market and the low representation of women in the specialized distribution sector.

Indicators for 2016 show insignificant gaps in the following areas:

- Promotion

  In 2016, 5.8% of women were promoted compared with 5.2% of men.

  70 female non-managers, *i.e.*, 1.3% of female non-managers, were promoted to managerial positions. The figure for men was slightly higher with 279 male non-managers, *i.e.*, 1.6% of male non-managers, promoted to managerial positions.

- Wage increases

  64% of females with an open-ended the employment agreement and having at least a 1-year seniority benefited from a wage increase in 2016, compared to 65.2% of men with an open-ended the employment agreement and having at least a 1-year seniority.

- Training

  In 2016, 21.9% of employees who received training were women with female employees accounting for 23.3% of the total workforce, and 78.1% of employees having received training were men with male employees accounting for 76.7% of the total workforce.

Employees with a disability

In 2016, 309 Rexel employees had a disability or about 1.1% of the total workforce (1% in 2015).

At December 31, 2016, 0.2% of new permanent employees had a disability.

Senior employees

As defined in paragraph 4.2.1 "Workforce" of this Registration document, senior employees of the Rexel Group accounted for:

- 30.3% of the total workforce in 2016;
- 12.1% of new permanent employees in 2016.

4.2.4 Training and skills management

In the current context of a rapidly changing sector, training is an essential means of acquiring new skills, mastering new technologies, in particular digital technologies and gaining greater expertise in the area of energy efficiency.

In order to meet and prepare for current and future challenges in the world of energy, Rexel proceeded the rolling out of Rexel Academy in 2016. In effect an internal university, Rexel Academy offers various programs to develop knowledge in every sphere of strategic expertise such as customer centricity, energy efficiency, products expertise, and digital skills to further Rexel's business success. The digital learning platform is accessible worldwide and offers digital e-learning (remote and physical training sessions). Rexel Academy creates learning communities and makes leading internal and external experts available to all. Rexel Academy aims to become the hub for sharing the Group's culture and knowledge.

At the end of 2016, Rexel Academy was available in 15 of the countries in which the Rexel Group is active.

In 2016, 18,239 employees received training (excluding safety training), an increase from the 15,395 figure for 2015. At December 31, 2016, the number of training hours (excluding safety training) increased from 217,611 at December 31, 2015 to 316,845 hours at December 31, 2016. In 2016, 143,145 hours were spent on online training compared to 62,785 in 2015.

Employees undergoing training received an average of 17 hours of training in 2016.

Total number of training hours

	2016		2015	
	TOTAL NUMBER OF EMPLOYEES TRAINED	TOTAL NUMBER OF TRAINING HOURS	TOTAL NUMBER OF EMPLOYEES TRAINED	TOTAL NUMBER OF TRAINING HOURS
Rexel Group	18,239	316,845	15,395	217,611
Europe	8,244	117,167	7,215	114,698
North America	7,805	170,884	6,732	85,984
Asia-Pacific	2,190	28,794	1,448	16,930

The training offered to employees is thus adapted to their position, skills, career prospects, local requirements, and personal and collective objectives.

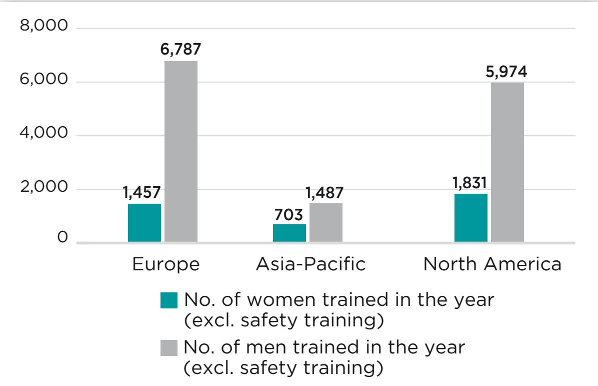
In 2016, Rexel employees took part in numerous training programs dealing with various aspects of their jobs such as products, management, sales, marketing skills, logistics, administration, IT, personal development, e-commerce and project management.

In addition to these regular sessions, numerous training initiatives are implemented to support the Group's strategy and the development of employees towards more services and new technologies in pursuit of energy efficiency. In 2016, training initiatives dealt among other things with multi-energy solutions, online sales, automation, home automation, KNX, customer service and Rexel values.

Training by position held

In 2016, 18.5% of the 18,239 employees having received training were managers and 81.5% held non-managerial positions.

Training by employee gender



In 2016, 21.9% of trained employees were women, 78.1% of trained employees were men.

Performance reviews

For several years, the Rexel Group has implemented a strong policy in order to standardize the practice of an annual and formalized performance for all of its employees.

In 2016, most Group entities arranged an annual session of individual performance interviews in which 76.3% of employees took part.

	2016	2015	2014
Number of employees who received a performance review	20,809	19,846	18,074
% of employees reviewed in relation to the total workforce	76.3%	71.3%	64.9%

Promotions

In 2016, 1,422 permanent employees were promoted or 5.3% of permanent employees in the Rexel Group. This percentage was 4.1% in 2015.

Of the 1,422 employees promoted, 24.5%were non-managers promoted to a managerial position.

4.2.5 Employee engagement

4.2.5.1 *Satisfaxion15* employee satisfaction survey

In 2015, the Rexel Group conducted its fifth opinion survey, *"Satisfaxion15"* on over 27,000 of its employees, or 98% of the total workforce at December 31, 2015.

The results of the 2015 survey were fairly similar to those of the 2013 survey, in particular with regard to the three categories that support sustained commitment:

- The engagement category received 76% positive responses;
- The well-being category received 65% positive responses; and
- The enablement category received 79% positive responses.

At the end of 2016, the Rexel Group launched specific surveys concerning the engagement category in 21 countries, *i.e.* over 19,000 employees.

In 2014 Rexel organized focus groups consisting of employees that were representative of various functions and levels, and in 2015 it launched its employee value proposition around 5 promises. The largest number of positive responses in *Satisfaxion15* were to the "Make a difference" and "Work with a great team" promises, or 83% and 77% respectively.

4.2.5.2 Absenteeism

	2016	2015	2014
Absenteeism rate	3.1%	3.1%	2.8%

In 2016, the average absentee rate in the Rexel Group was 3.1% (same as for 2015).

The absenteeism rate in 2016 varied by region: higher in Europe 4.1% and lower in Asia-Pacific 1.9% and North America 1.4%.

The Rexel Group is putting specific measures in place to reduce the absenteeism rate. These include specific monitoring by dedicated human resources managers, regular notifications, consultations and training, regular checkups and awareness campaigns, the indexing of bonuses to work attendance, job rotation or working hours adjustments, and return to work assessments.

4.2.5.3 Labor relations

Representation of employees

The Rexel Group takes the freedoms of expression and representation of its employees very seriously. This principle forms part of the Ethics Guide applicable in all countries in which the Group is active.

The Rexel Group maintains a permanent dialogue with staff representative bodies.

Rexel employees are represented such that:

- 411 employees belong to representative bodies, or 1.5% of all permanent employees of the Rexel Group; and
- 101 employees are trade union representatives, or 0.4% of all permanent employees of the Rexel Group.

European Works Council

Established in December 2005, the European Works Council is a platform to share views and information and ensure the representation of Rexel employees within the European Union.

In addition to being briefed on the Rexel Group's financial results, the Council was informed of other matters pertaining to the Group such as Rexel Academy or the findings of the "*Satisfaxion15*" employee opinion survey. The European Works Council took part in the material assessment of matter pertaining to sustainable development (materiality assessment), and the findings of such survey were shared in 2016.

Collective bargaining agreements

In 2016, 41 agreements were negotiated and concluded between employee representatives and entities of the Rexel Group.

Most of these agreements were concluded in Spain, France and Germany and pertained to life quality at work, pay, profit sharing, pensions and working time.

Out of all of the agreements, three agreements concerned health and/or safety.

Profit-sharing agreements in France

At December 31, 2016, the employees of Rexel France, Rexel Développement, Conectis and Dismo were eligible under a profit-sharing agreement with specific calculation criteria for each subsidiary.

The profit-sharing agreements in effect at the relevant French subsidiaries conform to the French Labor Code.

Industrial action

In 2016, 517 hours were lost to strikes in Belgium (265 hours) and France (252 hours) further to national strikes.

4.2.6 The Rexel Group's commitment to ethics

In 2007, the Rexel Group adopted an ethics policy centered on promoting behavior and actions that conform to its ethical principles. This initiative found expression in an Ethics Guide that is drawn up and distributed to all employees of the Rexel Group. The Guide is applicable in every country where the Rexel Group is active. It applies to all employees and is intended as an aid providing clear references for dealing with potentially sensitive situations in the workplace. It was updated in 2009 and again in 2013 to reflect the Rexel Group's growing commitment to ethics, in particular its joining of the United Nations Global Compact in 2011. In 2014, a campaign on the *Data protection program* was launched for all Rexel employees with a focus on strengthening precautions relative to the use of social media.

The Guide lays out the principles which the Rexel Group defends and upholds on economic, environmental and human scales. It comprises seven general principles and 20 practices.

A network of "ethics correspondents" was put in place to drive the Rexel Group's ethics policy. These correspondents are appointed by the country heads and perform this function over and above their other duties. They make sure all Group employees receive a copy of the Ethics Guide, take all necessary measures to implement the Group's ethical principles and practices, and respond to any queries. They can be contacted on a confidential basis *via* email by anyone, whether a Rexel employee or not, wishing to ask them a question or tell them about a specific problem.

The following table summarizes the queries received in 2016 altogether by ethics officers according to type, source, subject and region.

		NUMBER OF QUERIES RECEIVED
Type of query	Information	10
	Complaint	27
	Legal dispute	4
	Other	2
Source of query	Customers	2
	Rexel employees	35
	Suppliers	0
	Local authorities	2
	Employee representatives/trade unions	1
	Anonymous	1
	Other	2
Subject of query	Customer relations	3
	Supplier relations	3
	Relations between employees	6
	Discrimination	8
	Working conditions	12
	Anti-corruption	4
	Anti-fraud and anti-theft	7
	Environmental protection	0
Type of measure put in place	Preventive	22
	Corrective	16
Region	Europe	3
	North America	34
	Asia-Pacific	6

In 2016, 43 ethics cases were brought to the attention of an ethics officer of the Rexel Group. Most were recorded in North America and 81% had to do with relations between employees.

All queries were processed, verified (by means of an audit or investigation led by the management of the country in question) and dealt with through preventive and/or corrective measures as appropriate. The remaining cases are still being investigated or resolved.

4.2.7 Note on methodology

The employee-related scope of reporting includes all fully consolidated legal entities having at least one employee. Acquired or newly created entities are included in the scope of reporting:

- In the year of acquisition if before November 1 (inclusive); or
- As from January 1 of the year N+1 if after November 1.

Disposed entities or terminated activities are deconsolidated with immediate effect. In 2016, entities disposed in Poland, Slovakia and the Baltics States were thus deconsolidated. In 2015, entities disposed in Latin America (Brazil, Chile and Peru) were deconsolidated. 2014 data used for comparative reasons in paragraph 4.2 do not include sold entities in 2015 because of the impact of this disposal on social information.

Employment indicators are collected and consolidated *via* Enablon to which all reporting entities have access.

It should be noted that:

- The workforce is defined by the number of (full-time and part-time) permanent and fixed-term employees on the payroll at December 31. Employees on extended leave (for example parental leave, sabbatical leave or leave of absence to start a business) are included in the reported workforce.

  The following reasons are excluded:

  – Interns (paid or unpaid);

  – Temporary employees;

  – Subcontractors;

  – Employees in early retirement; and

  – Employees falling under the V.I.E. scheme (a kind of international internship);
- The inclusion of new employees is reported by reason:

  – Hiring of (full-time and part-time) permanent or fixed-term employees;

  – Integration of employees of acquired entities; and

  – Other reasons, for example Group mobility (internal transfer of permanent employees from one entity of the Rexel Group to another);

  The following reasons are excluded:

  – Promotions;

  – Changes in function or level within the same entity;

  – Hiring of interns and temporary workers; and

  – Hiring of employees under the V.I.E. scheme;
- In countries such as China and the USA where permanent employment (indefinite contract) is not common practice, the term "permanent employee" applies to any employee who is not hired for a specific project having a set period;
- The number of training hours is based on estimation in some entities, (*e.g.* based on the average number of training hours per employee). Efforts will be made in order to ensure the accuracy of the reporting of the number of training hours, notably thanks to the implementation of Rexel Academy;
- The absenteeism rate is calculated in reference to the number of calendar days, as is the standard, on the basis of the total number of absentee days (for any reason) and the number of days in the year;
- The frequency rate of work accidents only takes work accidents leading to at least one lost day (excluding the day of the accident) into account;
- The severity rate of work accidents is calculated on the basis of lost days as a result of work accidents and the number of hours worked. The number of hours worked corresponds to the real duration of working time during which employees are exposed to the risk of an accident; and
- The bases on which the number of lost days related to work accidents is calculated take account of the differences in local legislation and may differ from those defined in the HR scope of reporting.

4.3 ENVIRONMENTAL INFORMATION

4.3.1 The Rexel Group's environmental policy

4.3.1.1 Environmental responsibility

Due to its worldwide presence and the nature of its business, the Rexel Group's environmental responsibility is two-fold:

- As a global company with operations in numerous countries that manages infrastructures and generates logistic flows, the Rexel Group has a widespread environmental footprint on the ecosystems in which it conducts business (resource consumption, waste generation, direct and indirect emissions); and
- By developing and selling energy management solutions, the Rexel Group also takes up an important coaching role and helps to improve the environmental performance of buildings and installations worldwide.

In this context, the Rexel Group's environmental policy, defined by the Sustainable Development Department, is built around 2 major work streams:

Environmental performance of operations

This work stream aims to reduce the environmental footprint caused by the Rexel Group's operations and infrastructures while maintaining and even improving its operational efficiency. It covers both impacts linked to the core business of a distributor (selecting products, shipping them and recovering them if necessary), and the impacts resulting from site operations (energy, water, etc.).

Although these impacts are relatively small compared with those related to industrial production, the Rexel Group subsidiaries strive to reduce them through the following initiatives:

- Managing the consumption of natural resources, such as energy, paper, packaging materials and water;
- Collecting and recycling waste generated by its activities and specific waste from its customers; and
- Reducing greenhouse gas emissions, by addressing transport issues and the energy efficiency of its facilities (headquarters, branches, logistic centers, etc.) to fight against climate change.

Development of the energy efficiency and renewable energy solutions range

This work stream focuses on accelerating the spread of eco-efficient energy solutions in the industrial, residential and commercial markets. This commitment has been a major pillar of the Group's sustainable growth strategy since 2011.

Thus, the Rexel Group entities are developing a wide range of innovative and energy-efficient products and services to address their customers' issues.

To promote these solutions and encourage their adoption by installers and industrial clients, the Rexel Group entities have developed awareness raising and information campaigns as well as commercial events, across several communication channels (catalogs, dedicated spaces and websites), in partnership with the manufacturers (see paragraph 4.3.4 "Energy efficiency and renewable energy solutions range" of this Registration document).

4.3.1.2 Setting-up and implementing the policy

Each year in connection with the preparation of the Registration document, the Board of Directors is informed of the environmental, social and societal performance. The sustainable development strategy of the Group, the driving of the environmental policy and its operational implementation are led by the Sustainable Development Department, reporting to the General Secretariat of the Group, together with the functional departments of the headquarters and the local operational teams.

The Rexel Group uses several tools to implement this policy:

- The Environmental Charter;
- An annual environmental report;
- The deployment of environmental impact management procedures and management systems based on ISO 14001;
- *Ecodays*, an awareness raising campaign on societal and environmental issues targeted to all employees ; and
- Two sustainable development training programs available on Rexel Academy, the Rexel Group's e-learning platform.

Environmental Charter

To support the operational implementation of its policy, the Rexel Group has been rolling out its Environmental Charter for the past several years. In order to reflect the progress made, the Charter was revised in 2012 following a consultation with the subsidiaries. The charter is published in 23 languages and distributed to all the Rexel Group subsidiaries.

It presents the Rexel Group's three primary commitments to the environment:

1. Improve the environmental performance of buildings

- By upgrading facilities with energy efficient equipment for lighting, heating and cooling, etc.; and
- By managing segregating and re-directing waste to recycling or other appropriate treatments channels.

2. Reduce the environmental footprint of operations

- By minimizing the use of packaging and papers;
- By optimizing transport flows and thereby reducing fuel consumption and associated carbon emissions.

3. Develop and promote energy-efficient solutions

- By providing customers with a wide selection of innovative products and services in energy management and renewable energies use; and
- By training Rexel Group commercial teams on up-to-date technologies and providing them with specific marketing and information materials.

At the end of 2016, the new version of the Charter was displayed in 95% of Rexel Group sites.

Environmental reporting

The Rexel Group's environmental reporting is a key management tool. It helps identify and quantify the environmental aspects of its activities and provides an overall view of the improvement plans that need to be put in place.

In 2016, the Rexel Group environmental reporting process was further updated for enhanced reliability and relevance, primarily through stabilizing environmental impacts included in the reporting scope, strengthening the data collection channels, and further training of the Rexel Group correspondents in the subsidiaries on reporting methods.

The *reporting* framework of the Rexel Group regulatory obligations is based on the Article 225 of the Grenelle 2 French law, and also on recognized international references and standards:

- The sustainable development reporting guidelines set out in the fourth version of the GRI (Global Reporting Initiative), which constitute a worldwide recognized framework, to define the performance indicators and the reporting procedures; and
- The GHG Protocol (Greenhouse Gas Protocol), to quantify and effectively report on greenhouse gas emissions (see paragraph 4.3.5 "Note on methodology and summary table" of this Registration document).

The Rexel Group's reporting process relies on a global network of approximately 70 correspondents throughout its subsidiaries. In April 2016, the correspondents were invited to attend the annual international seminar on sustainable development. There, they discussed the Group's sustainable development policy and the reporting approach, shared ideas, best practices and initiatives, and took training courses on the environmental challenges of the Rexel Group.

Thus, the quality and the relevance of the answers further improved between 2015 and 2016, making it easier to assess the issues and the progress made. But this may demand cautions interpretations of some of the variation between these two years.

Environmental management systems and procedures

The Rexel Group is continuing to implement Environmental Management Systems (EMS). These systems define and document procedures in order to manage the environmental aspects of its operations and help spearhead improvement initiatives. Since 2013, the Rexel Group has developed its own environmental management standard to harmonize, support and accelerate the deployment of EMS in its subsidiaries.

To this end, several subsidiaries undertook ISO 14001 certification, which proves that an EMS has been implemented and that they are committed to a continuous improvement process with respect to their environmental policy. As of the date of this Registration document, the number of Rexel Group sites using an EMS is stable compared to 2015 and covers close to 45% of the Group's sites, of which 25% are ISO 14001 certified.

In addition, several subsidiaries also engaged in the setting up of energy management systems compliant with the ISO 50001 Standard. These subsidiaries with an ISO 50001-certified energy management system represent approximately 20% of the Group's sites and 17% of the Group's energy consumption.

Awareness raising on environmental and social issues for all employees

In addition to the existing tools and processes, the Sustainable Development Department raises awareness among all employees on environmental and social issues *via* an awareness raising campaign called *"Ecodays"*.

A website available in three languages enables all employees to seek information on issues associated with the protection of the environment, the various initiatives launched by the Rexel Group and its subsidiaries in this field, and on daily habits they can adopt to help reduce the environmental footprint of the Rexel Group. This digital campaign is supplemented by on-site events in the Group subsidiaries and headquarters and by several in-house contests to engage employees in both social and environmental issues. The *Ecodays* are thus a key tool for raising awareness internally on sustainable development issues and provide an overall view of the Rexel Group's sustainable development policy. This platform contributes to achieving the objective set by Rexel to inform and raise awareness with 100% of employees by 2020.

Training on sustainable development

Sustainable development training is available on Rexel Academy. It presents the main challenges and principles of sustainable development with videos, practical cases and quizzes.

A comprehensive e-learning module in connection with energy efficiency is also available for all with three levels of expertise. The objective of this program is to help employees to improve their knowledge level, strengthening their expertise and improve self-confidence when they discuss energy efficiency.

4.3.1.3 2016 Objectives and achievements

The Rexel Group has defined environmental targets for 2020 associated with climate change:

- At least double the sales of energy efficiency products and services (2011 baseline); and
- Reduce by at least 30% the carbon emissions of its operations (2010 baseline).

In 2016, the Rexel Group made steady progress with its environmental policy. A number of projects were rolled out and enabled the Group to deliver its objectives, namely:

- Continue to build the fundamentals for its environmental management policy through the release of the Environmental Charter and further assistance to the Rexel Group subsidiaries in implementing the standard EMS;
- Improve environmental performance management by providing each subsidiary management team with a detailed report on their environmental impact, progress made and associated costs;
- Enhance the understanding of the main environmental impacts: energy, packaging, waste and greenhouse gas emissions and better manage them by setting up *ad hoc* dedicated cross-functional teams depending on projects;
- Engage the Group in a policy designed to measure the environmental performance of the Rexel Group suppliers by using a shared assessment platform; and
- Increase awareness among customers about energy efficient equipment and boost the relevant sales.

The results and main initiatives are presented in paragraphs 4.3.3 "Environmental aspects of the Rexel Group activities" and 4.3.4 "Offering energy efficiency and renewable energy solutions" of this Registration document.

4.3.2 Risk management and regulatory compliance

4.3.2.1 Assessment and conformity approach

Compliance with regulatory environmental requirements is essential when defining the environmental policy, both on a global scale and local scale.

The main regulations likely to affect the Rexel Group activities are included in paragraph 1.8.2 "Environmental regulations" of this Registration document.

The Rexel Group's business falls under environmental regulations provided for in European Directives and Regulations (among other):

- Directive 2011/65/EU of the European Parliament and Council of June 8, 2011, known as the "RoHS" (Restriction of Hazardous Substances) Directive which restricts the use of certain hazardous substances in electric and electronic equipment;
- Directive 2012/19/EU of the European Parliament and Council of July 4, 2012, on Waste Electrical and Electronic Equipment ("WEEE" Directive);

Regulation 1907/2006 of the European Parliament and Council of December 18, 2006, known as the "REACH" (Registration Evaluation and Authorization of Chemicals) Regulation, which addresses the registration and authorization of chemical substances; and

Directive 2012/27/EU of the European Parliament and Council of October 25, 2012, which provides for mandatory energy audits for large companies in the European Union. This Directive was incorporated into French Law in Article 40 of the Act of July 16, 2013.

The Rexel Group is also subject to specific local regulations in the countries where it operates regarding the environment, health and the safety of its activities and facilities.

Certain facilities are subject to a declaration or registration with administrative bodies, environmental permits and operating licenses, and regulatory monitoring requirements. In France for example, the Rexel Group is subject to the law on classified facilities for environmental protection (ICPE). As a result, some areas, particularly in logistics centers, are subject to a declaration or registration, depending on their level of danger or inconvenience: covered as well as that store fuel, storage areas for plastics, paper, cardboard and wood warehouses, battery charging facilities. If applicable, the delivery and renewal of these declarations and administrative approvals are managed locally.

4.3.2.2 Environmental risk management and prevention

As a non-manufacturer distributor, the Rexel Group did not identify any material environmental risk linked to its operations. Risk identification, occurrence and severity are subject to an annual review as part of the Group's annual risk assessment and the occurrence of environmental incidents is monitored *via* the annual environmental report. In 2016, none of the Rexel Group entities reported any incident of this nature.

As of the date of this Registration document, to the best of the Group's knowledge, there were no environmental risks likely to have a material impact on its business or its financial position.

However, Rexel cannot guarantee that it has always complied, or shall in all circumstances comply with environmental standards and regulations, or that it shall not be liable for any future significant costs in order to comply with such standards and regulations, which could have an adverse effect on the Rexel Group's reputation and financial results.

4.3.2.3 Expenses incurred to prevent environmental impacts from operations

The sites for which certain environmental risks have been identified (particularly those that include a fuel storage area) comply with the various regulations that apply to them and have implemented operating procedures, quality systems and a set of safety measures. The expenses incurred by the Rexel Group to prevent the consequences of its activities on the environment are integrated into the customary investment process of Rexel and have not been identified on a separate basis.

4.3.2.4 Resources allocated to reduce environmental risks

Given the Rexel Group's profile, the environmental risk is low. The costs for assessing, preventing and addressing environmental risks therefore represent small amounts which are included in the Rexel Group's investment processes and were not broken down separately. In addition, environmental risks are assessed in the acquisition processes for new legal entities.

4.3.2.5 Adapting to climate change

Given the nature of its business, the Rexel Group believes that it is not directly exposed to risks resulting from climate change and therefore has not developed any adaptation policy.

4.3.2.6 Provisions and guarantees set aside for risks

As of the date of this Registration document and to the best of the Rexel Group's knowledge, there are no:

- Disputes other than those set out in section 5.2 "Consolidated financial statements" of this Registration document;
- Environment-related items or situations likely to have a material impact on Rexel's assets or results; or
- Any specific environmental issues that could have an impact on the use of the Group's tangible fixed assets.

In 2016, the Rexel Group did not record any significant provision in its consolidated financial statements for environmental risks.

4.3.2.7 Compensation paid pursuant to a decision of court

In 2016, no significant compensation was paid pursuant to a decision of court in relation to the environment or to actions undertaken to remedy environmental damage.

4.3.3 Environmental aspects of the Rexel Group activities

The Rexel Group's sustainable development approach focuses on reducing the environmental footprint of its activities throughout the distribution chain.

Different initiatives have been deployed within the Rexel Group, both at international and local levels, to manage the environmental impacts of its operations. These impacts are linked, in particular, to infrastructures (waste, use of energy, water resources, etc.), sales activities (travel to visit suppliers and customers, consumption of paper and consumables, etc.) and logistics (deliveries, packaging, etc.).

4.3.3.1 Energy consumption

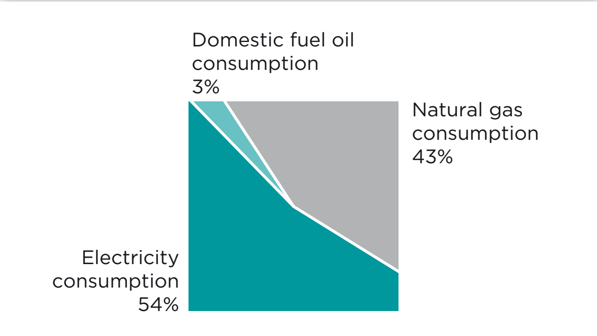
For the Rexel Group, energy consumption is a major environmental issue to preserve resources and fight against climate change, as well as manage costs.

In this context, the Group has engaged a voluntary approach to optimize consumption within each entity, both in terms of energy consumption on-site and for product and people transport.

On-site energy consumption

In 2016, total energy consumption totaled 290,371 MWh, broken down as follows:

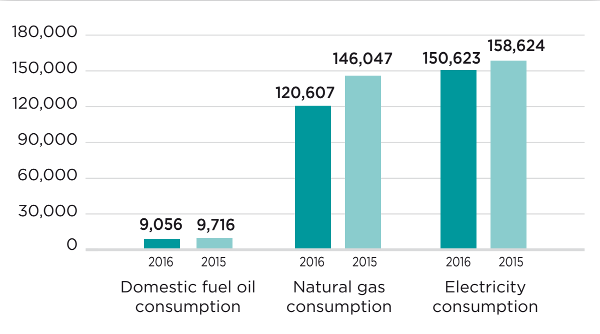
Primary energy consumption by type of energy (2016)



This data is calculated based on a scope representing 100% of the Rexel Group's sales.

At constant scope, between 2015 and 2016, energy consumption decreased by 10.6% mainly due to the reduction in the use of natural gas. This consumption decreased sharply thanks to favorable weather conditions in Canada, the United States and in France as well as the ongoing building energy efficiency initiatives within the Group.

Energy consumption evolution (MWh), constant scope



Measures taken to improve the sites' energy efficiency

During renovation, opening or relocation of sites, the energy efficiency of buildings is specifically studied, in particular with:

- Implementation of energy management systems, ISO 50001-certified or not, as set forth in paragraph 4.3.1.2 of this Registration document;
- Improvements to lighting equipment, by using low consumption technologies (in particular, LEDs), and control and automation systems (home automation, presence and light detectors, etc.);
- Upgrade of heating, air conditioning and ventilation systems, and better management (reduction in the room temperature set point, etc.);
- Management of energy consumption *via* the annual environmental reporting or specific measurement or management tools within certain subsidiaries (site by site management on a monthly basis or even in real time); and
- Use of renewable energies, with the installation of solar panels or the connection to heating networks from biomass power plants. Increasing numbers of the Rexel Group subsidiaries subscribe to electricity supply contracts that guarantee its renewable origin (hydraulic, biomass, etc.).

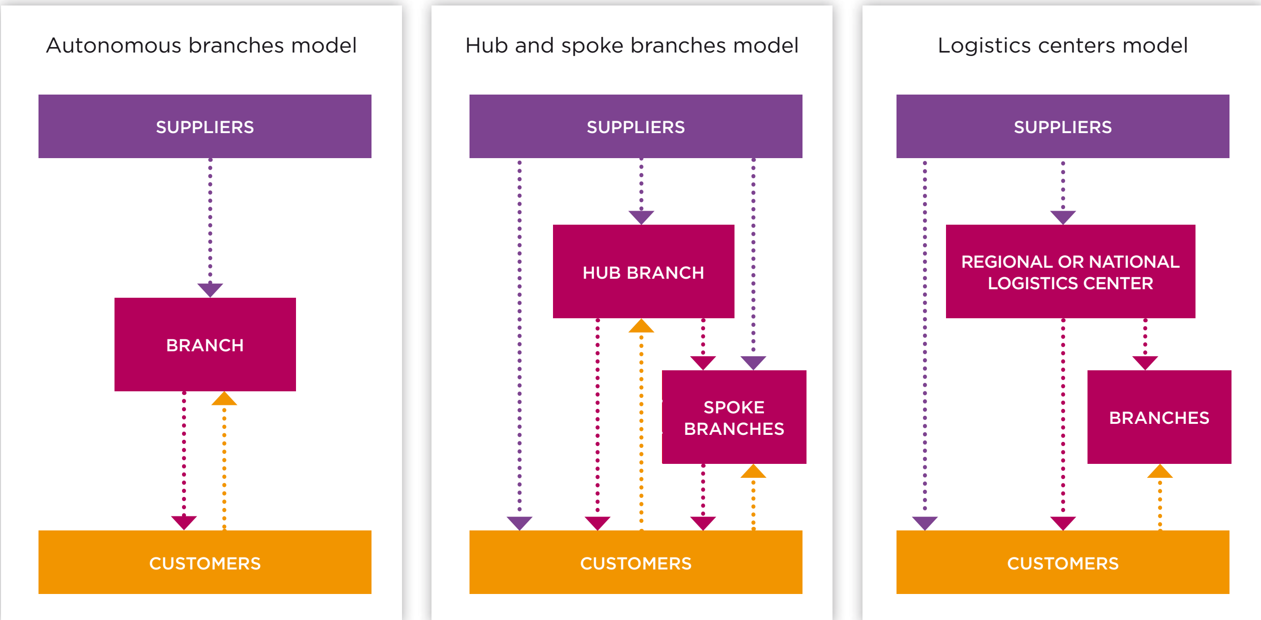
Fuel consumption for goods transport

The Rexel Group's activities require the transport of materials and goods, from suppliers to customers.

The diagram below presents the Rexel Group's logistics organization and indicates the main goods transport flows associated with its activity:

- In **purple**, upstream transport, *i.e.* flows that leave suppliers to the Rexel Group logistics centers, branches and customers. These flows are managed by the suppliers themselves;
- In **orange**, customer flows provided by their own means of transport, to and from Rexel branches;
- In **red**, transport initiated and managed by the Rexel Group: (i) internal flows between logistics centers/hub branches and other branches, and (ii) downstream flows from logistics centers/hub branches and other branches to customers. These flows can be provided by the Rexel Group's internal fleet or by sub-contractors.

Diagram: Representation of transport flows depending on the logistics model implemented



With regard to environmental reporting, the Rexel Group focuses on assessing the transport that it initiates or manages (red flows) to continually improve data collection and support the roll out of improvement programs.

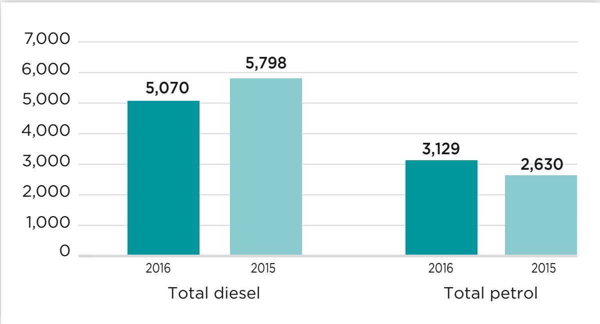
Customer and supplier flows were reviewed during the carbon footprint study conducted by the Rexel Group in 2013.

In 2015, the Rexel Group's internal goods transport fleet included 780 trucks and 973 vans in total, *i.e.* a reduction in the number of vehicles compared to 2015.

In 2016, this internal fleet consumed slightly more than 5.07 million liters of diesel and 3.13 million liters of petrol (figures calculated on a scope representing 100% of the Rexel Group total sales).

At constant scope between 2015 and 2016, these consumptions respectively decreased by 12.5% and increased by 19%.

Evolution of fuel consumption for product deliveries by internal fleet (m^3), constant scope



Transport optimization measures

In 2016, the entities of the Rexel Group continued to deploy their transport optimization program, which aims to optimize costs and increase service flexibility, while reducing kilometers traveled, fuel consumption and the associated greenhouse gas emissions.

This policy is built around two major focuses.

Firstly, the Rexel Group promotes the use of shared transport, by sub-contracting transport to service providers that pool Rexel Group's flows with those of other customers, thus reducing the environmental impact of logistics.

Secondly, where pooling is not possible, the Rexel Group progressively carries out optimization programs for transport flows *via* its internal fleet or dedicated external means, through the rationalization of delivery routes, optimization of vehicle loads, the use of GPS systems to measure various performance indicators (fuel consumption, CO_2 emissions, distances traveled, load rate, etc.) and the introduction of electric and hybrid vehicles.

In addition, the Rexel Group is committed to adding more environmental criteria when selecting transporters, such as the environmental performance of vehicles and their maintenance, the implementation of environmental action plans and the reporting of fuel consumption and greenhouse gas emissions.

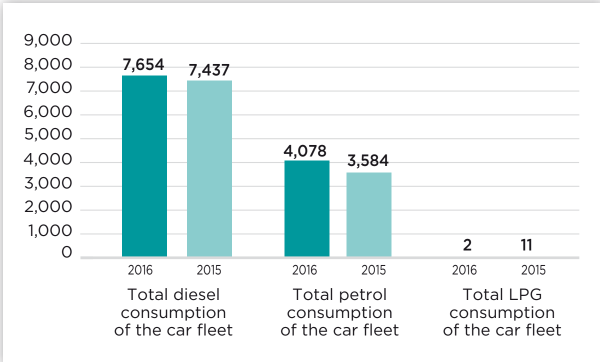
Fuel consumption for business travel

The Rexel Group's activities also require staff travel, in particular for customer visits by sales representatives. For this, most subsidiaries have a fleet of vehicles either owned or on long-term leases.

In 2016, the Rexel Group's fleet comprised around 5,527 cars (excluding vans and trucks) and consumed nearly 4.1 million liters of petrol, 7.7 million liters of diesel and 2,422 liters of LPG.

At constant scope between 2015 and 2016, these consumptions respectively increased by 13.8% and 2.9% and decreased by 78.5%

Evolution of fuel consumption for travels by company cars (m^3), constant scope



Vehicle fleet optimization measures

Over several years, Rexel Group's Indirect Purchasing Department has deployed framework agreements to rationalize the Company's vehicle fleet (cars, vans and trucks) and to improve its environmental performance. Thanks to partnerships signed with several leasing companies and 6 automotive manufacturers, the Rexel Group supports its subsidiaries in applying this rationalization policy and encourages the monitoring of performance indicators (fuel consumption, level of CO_2 emissions per kilometer).

In 2016, through the 2 main long-term leasing companies, 28% of the European fleet was renewed with vehicles (excluding vans and trucks) whose average rate is 102 g CO_2e/km. In comparison, in 2015, this average rate was 105 g CO_2e/km. In addition, the Rexel Group fleet now includes hybrid and electric vehicles. Furthermore, a shared electric vehicle is being tested at the headquarters of Rexel in Paris in order to decrease the use of taxis and car services, and another one will be made available at the beginning of 2017.

4.3.3.2 Water consumption

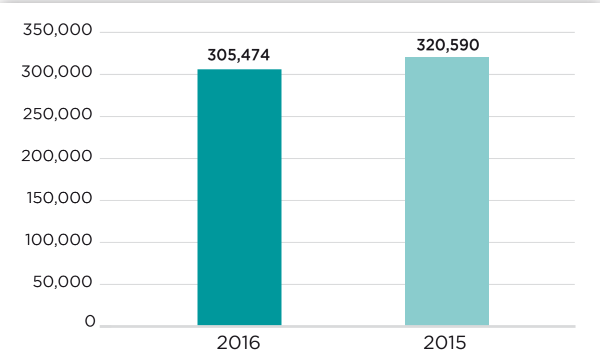
Water consumption by the Rexel Group primarily corresponds to water used within sales and administrative buildings (branches, logistic centers), in particular in air conditioning and sanitation circuits, for premises maintenance as well as compulsory purges for the fire protection systems. It is, therefore, entirely sourced from drinking water networks.

Only the sites of the Rexel Middle East entity are located in a water stress zone. These sites nevertheless represent a water consumption (138 cubic meters) which is negligible as compared to the total Rexel Group water consumption.

The Rexel Group's total water consumption was approximately 305,612 cubic meters in 2016, based on quantified elements representing a scope of 96.3% of the Rexel Group's sales.

At constant scope, this consumption decreased by 4.7% compared to 2015.

Evolution of water consumption (m^3), constant scope

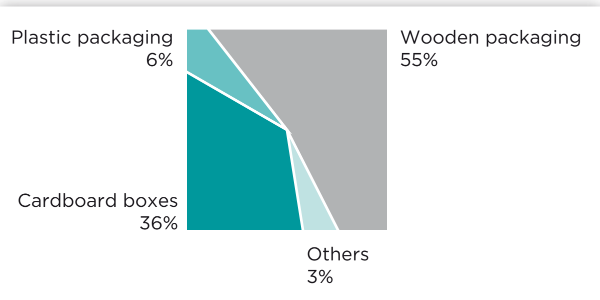


4.3.3.3 Packaging materials and paper consumption

Packaging materials

The total quantity of packaging (cardboard, plastic, wood, other packaging) consumed by the Rexel Group in 2016 is estimated at 12,446 tons, based on a scope representing 100% of the Rexel Group sales, broken down as follows:

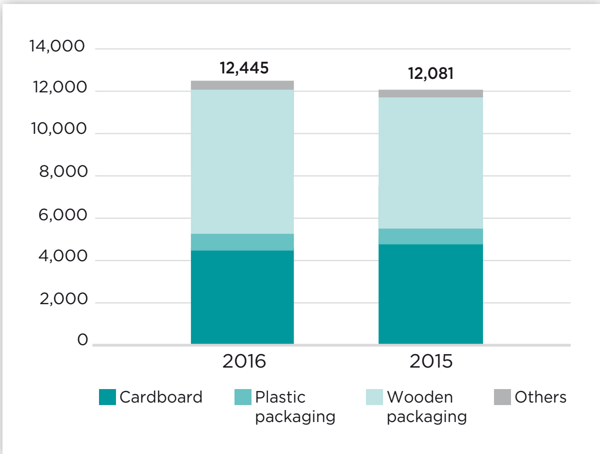
Packaging material consumption by type of material (2016)



Reuse of packaging is encouraged within the Rexel Group: numerous countries have implemented a system to reuse pallets, wood drums and supplier boxes for customer deliveries, or to use reusable plastic boxes for deliveries of small materials between logistics centers and branches.

Following the opening of new logistics centers, and the change in distribution models, the consumption of packaging materials increased by 3.0 % at constant scope, compared to 2015, essentially due to wood and plastic packaging. These figures must be qualified by the fact that packaging consumption monitoring has also improved year on year (thanks notably to the implementation of separate accounting from other consumables) and is, therefore, more comprehensive.

Evolution of packaging material consumption (tons), constant scope



Note: the packaging quantities reported here are only those purchased and consumed by the Rexel Group. They do not take into account supplier packaging reused by the Rexel Group.

Paper

In 2016, the Rexel Group consumed around 1,324 tons of paper to print its sales leaflets, brochures and catalogs. The consumption of other paper (office paper, invoicing, etc.) was nearly 1,278 tons. 61% of the total quantity of paper used were certified from recycled fibers or sustainably managed forests. This data is calculated based on a scope representing 100% of the Rexel Group's sales.

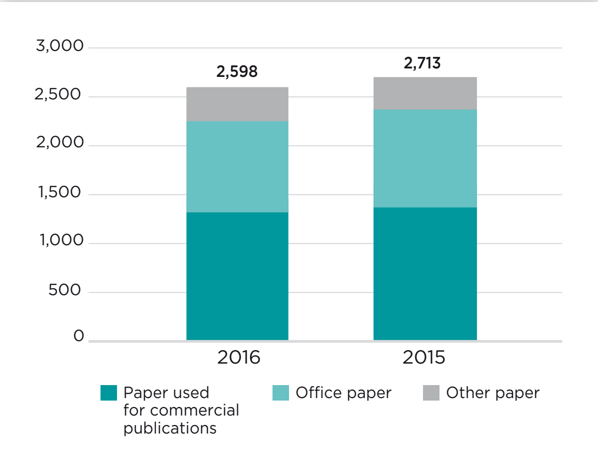
The Rexel Group's international scale is a powerful driver to optimize and rationalize its indirect purchasing policy, by using a responsible approach to reduce its environmental impacts.

Thus, in 2016, the Rexel Group continued to work with approved office equipment, printing and paper suppliers to reduce the amount of paper consumed.

Over several years, the partnership with a printing solutions supplier, deployed over almost 80% of the Rexel Group, confirms Rexel's ability to manage its paper consumption, by implementing improvement action plans.

Lastly, the digitization of a number of documents (catalogues, invoices, etc.) enabled to enhance these efforts. Thus, at constant scope, total paper consumption decreased by more than 4.2% between 2015 and 2016.

Evolution of paper consumption (tons), constant scope



4.3.3.4 Waste management

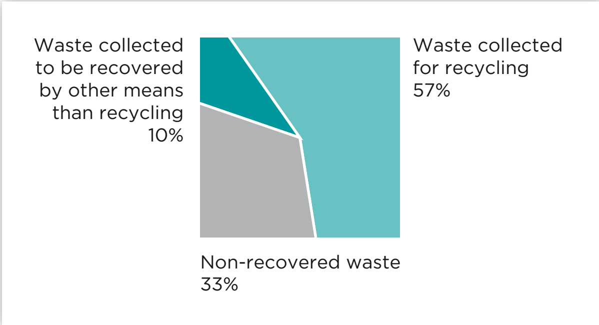
As part of its environmental policy, the Rexel Group aims to reduce the amount of waste generated by its activities and to promote its recycling and recovery. The Rexel Group encourages all of its branches, in particular through its Environmental Charter, to:

- Implement a selective waste sorting system to recycle or recover paper, cardboard, plastic and wood;
- Ensure that hazardous waste (for example, from batteries, IT and electrical equipment) is transported for treatment and recycling in an environmentally friendly way; and
- Contribute, within the framework of local regulations, to the collection and recovery of certain specific customer waste, such as waste electrical and electronic equipment (WEEE) (see paragraph 4.3.2.1 "Assessment and Conformity Approach", in this Registration document).

Total quantity of waste generated

The quantity of waste generated by the Rexel Group is estimated at 25,322 tons for 2016 for all materials (excluding WEEE and batteries). This data is calculated based on a scope representing 96.1% of the Rexel Group's sales.

Waste produced by destination (2016)

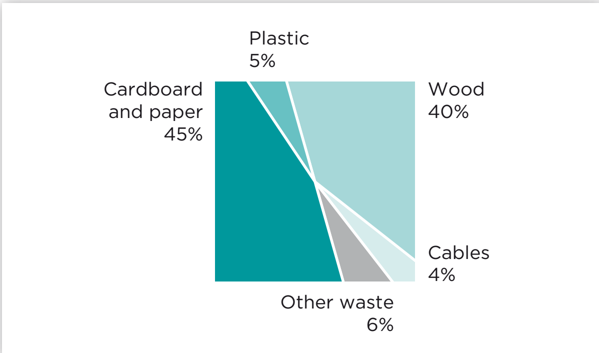


At constant scope, we observe an increase of 0.4% of the total waste generated compared to 2015.

Collection and recovery/recycling of ordinary waste

As far as possible, the Rexel Group branches carry out the selective sorting of ordinary waste (in particular, cardboard, plastic and wood) for recycling or recovery. The total quantity of waste recovered by the Rexel Group, for all materials (excluding WEEE and batteries), was around 16,934 tons in 2016. This data is calculated based on a scope representing 96.1% of the Rexel Group's sales.

Waste recycled by type of material (2016)



At constant scope, the quantity of waste recovered increased between 2015 and 2016 (8.1%), essentially in France, the United States and Germany. The waste recovery rate thus increased between 2015 and 2016 from 62% to 67%.

Fighting against food waste

Given the Rexel Group's activity, this matter is considered as having no material impact.

Collection and recovery/recycling of specific waste

In most European countries, the implementation of European legislation with regard to Waste Electrical and Electronic Equipment (WEEE) has led the Rexel Group branches to collect customer WEEE in order to recycle it. In other countries, the Rexel Group subsidiaries have exceeded applicable legal requirements by offering this additional service to their customers. Thus, in 15 countries, Rexel Group has implemented a WEEE management and recovery system, with around 1,514 tons of this waste being sent for recycling, including around 1,175 tons of fluorescent tubes and light bulbs.

In 2016, the Rexel Group also contributed to the recycling of more than 51 tons of batteries. This data is calculated based on a scope representing 96.1% of the Rexel Group's sales.

4.3.3.5 Pollution and nuisance

Water and ground discharges

Given the Rexel Group's activity, there is a low risk of release of polluting substances into the water or ground.

The potential pollution risks linked to underground fuel tanks are managed locally, in accordance with local legislation, by the implementation of operational procedures, quality systems and safety measures (see paragraph 4.3.2 "Risk management and regulatory conformity" in this Registration document).

Air emissions

For greenhouse gas emissions (GHG), see paragraph 4.3.3.6 "Greenhouse gas emissions and the fight against climate change" in this Registration document.

In addition to GHG emissions, the Rexel Group does not generate significant amounts of air emissions.

Noise pollution

The Rexel Group considers that its impact in terms of noise pollution is not significant with regard to its service activity.

Odor nuisances

The Rexel Group considers that this information is irrelevant with regard to its service activity.

Ground use conditions and impact on biodiversity

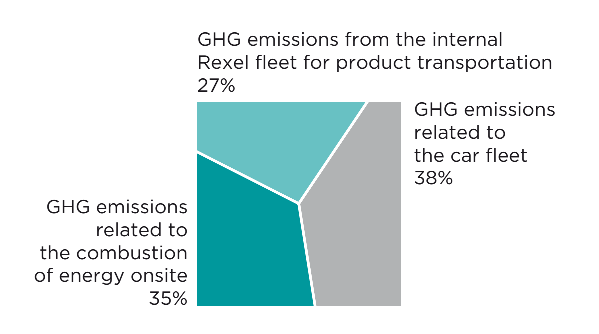
The Rexel Group considers that its impact on ground use and biodiversity is not significant with regard to its service activity.

4.3.3.6 Greenhouse gas emissions and the fight against climate change

As a distributor, the Rexel Group's direct carbon footprint (known as "Scope 1") is limited. In 2016, it represented 77,856 tons CO_2 equivalent, a value obtained based on a scope representing 100% of the Rexel Group's sales.

These direct emissions include emissions linked to the consumption of primary energy (mainly natural gas and domestic fuel oil) and fuel for transport carried out by company vehicles (see paragraph 4.3.5.1 "Note on methodology" of this Registration document)

GHG Scope 1 by source (2016)



Indirect Scope 2 emissions include emissions linked to the production of electricity and heat consumed by the Rexel Group sites (see paragraph 4.3.5.1 "Note on methodology" of this Registration document). In 2016, these totaled 38,282 tons CO_2 equivalent.

GHG emissions related to energy consumption

Direct greenhouse gas emissions linked to the on-site combustion of primary energies were estimated at 27,032 tons CO_2 equivalent in 2016.

Indirect emissions linked to the production of electricity purchased by the Rexel Group totaled nearly 35,433 tons CO_2 equivalent in 2016 and those linked to heat production 2,850 tons CO_2 equivalent.

At constant scope, the total emissions (direct and indirect) due to energy consumption decreased 13.3% compared to 2015.

GHG emissions related to the transport of goods by the internal fleet

Some of the Rexel Group subsidiaries have an internal fleet of vehicles to transport goods between Rexel sites and to customers.

In 2016, greenhouse gas emissions linked to the transport of goods by this fleet totaled 20,874 tons CO_2 equivalent. At constant scope, these emissions increased by 1.0% compared to 2015.

GHG emissions related to business travel by company cars

These emissions are linked to professional travel either in the owned or leased car fleet by the Rexel Group subsidiaries.

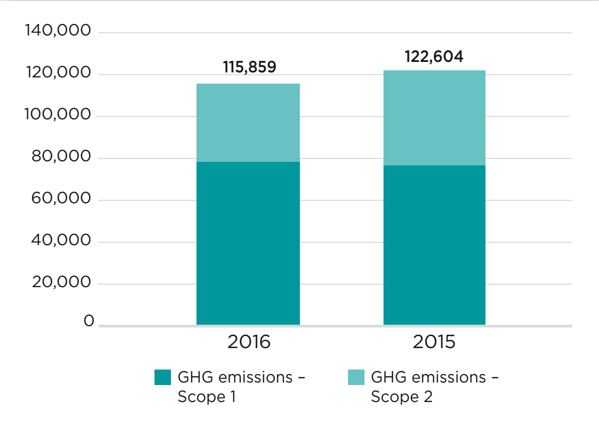
In 2016, these emissions represented 29,950 tons CO_2 equivalent. At constant scope, these emissions increased by 11.6% compared to 2015.

Measures taken to fight against climate change

Although its impact on climate change is relatively small, the Rexel Group seeks to limit its GHG emissions through initiatives to reduce energy consumption at its sites, optimize logistics and upgrade its vehicle fleet (see paragraph 4.3.3.1 "Energy consumption" in this Registration document).

Thus, the total scope 1 and 2 emissions decreased by 5.5% at constant scope between 2015 and 2016.

Evolution of scope 1 and 2 GHG emissions (tons of CO_2 e.), constant scope



Since 2010, reference year of the commitment of the Group to reduce admissions for its operations (Scopes 1 and 2) by at least 30% by 2020, Rexel has reduced its GHG emissions by 28.7% based on this scope at the end of 2016.

Indirect GHG emissions, known as "scope 3"

Works have been carried out twice in the past to quantify these emissions. At the end of 2016, new works to quantify these emissions were being carried out.

4.3.4 Energy efficiency and renewable energy solutions range

As presented previously in paragraph 1.4.3 "the Rexel Group's Strategy" in this Registration document, the Rexel Group intends to accelerate its development by building on categories with strong potential such as energy efficiency, renewable energies, etc.

The Rexel Group has developed a range of innovative products and services that meet its market's structural trends: the need for electrical efficiency to reduce energy consumption, and the necessary development of renewable energies.

In the energy efficiency sector, the Rexel Group offers a wide range of products and solutions for the construction, renovation and maintenance of residential, commercial and industrial buildings: replacement of lighting sources (fluorescent lamps and tubes, low consumption halogens and LEDs), implementation of measurement and management systems (sensors, detectors, smart meters, variators, etc.), and also energy audits and energy economy certificates. In 2016, these activities generated total sales of €1,450 million, an increase of 12.6% compared to 2015.

Since 2011, reference year of the commitment of the Group to double, at least, its sales of products and services for energy efficiency by 2020, Rexel has almost doubled its sales (x1.97) based on this scope at the end of 2016.

In the renewable energy sector, the Rexel Group develops solutions adapted to each country, market and customer. In the photovoltaic market, it supplies different equipment including solar panels and mounting accessories. In the wind energy market, the Rexel Group offers targeted solutions ranging from simple delivery to fully integrated service offers (from procurement, to inventory management, to delivery of products on the assembly line). The range of products includes electrical components, cables and other products required for the production of turbines and the operation of wind farms.

In 2016, the photovoltaic segment generated sales of €206.5 million, a decrease of 11.1% compared to 2015. The wind energy market generated total sales of €108.4 million decreasing by 16.5% compared to 2015.

4.3.5 Note on methodology and summary table

4.3.5.1 Note on methodology

Reporting Protocol

Environmental reporting provides annual data for the Sustainable Development Department's management dashboard, with the objectives of piloting policy implementation, facilitating information and good practice sharing within the Rexel Group and meeting external reporting requirements, in particular the regulatory obligations associated with the Grenelle 2 law and Article R.225-105-1 of the French Commercial Code, and also requests from stakeholders (customers, investors, rating agencies, etc.).

The Rexel Group is therefore committed to providing environmental reporting that meets the following requirements: coherence (ensuring that data is comparable and established according to standard rules), completeness and accuracy (reported data reflects reality), materiality (the data reports on the most significant issues), transparency and control (the data sources, calculation and estimation methods are available and easily accessible).

In terms of organization, in each entity, a contributor is responsible for collecting all the data which is then checked by a validator.

Over the last seven years, dedicated reporting software, in the form of a secure Internet platform, has enabled the Rexel Group to ensure reliable data collection.

In 2016, the Sustainable Development Department continued its efforts to ensure that the collection process is reliable and that the rules defined in its reporting protocol are applied correctly. This reporting protocol is available in 4 languages.

This environmental reporting protocol defines:

- The objectives of the environmental reporting process;
- Reporting scope of application;
- Procedures for data collection and reporting;
- Selected indicators and their definition, to ensure correct, consistent understanding by all contributors; and
- Formulas used to calculate certain indicators, such as conversion factors.

External verification

All the material environmental information, whether qualitative or quantitative, was verified externally by an appointed Statutory Auditor, to increase stakeholders' confidence in the information, and in accordance with the provisions in the Grenelle 2 law and its application decree.

Scope of reporting

The scope of the environmental reporting is intended to be identical to that retained for preparing the consolidated financial statements, as defined by the Rexel Group's Finance Department.

Recently acquired entities (*i.e.* during the financial year or late in the previous financial year) are not integrated into the scope, due to difficulties in obtaining some data during the acquisition year. In 2016, no significative entity (representing more than 1% of the Rexel Group sales) was concerned. An entity acquired in 2015 (Rexel Middle East) was integrated into the scope of reporting of this year.

Also, three entities (Elektroskandia Polska, Hagard:Hal, spol. sr.o. and Elektroskandia Baltics) were excluded from the scope further to their transfer during the 2016 financial year.

Thus, in 2016, with the exception of the exclusions set forth above, the scope of environmental reporting represents 100% of the total sales of the Rexel Group.

Calculation of the scope of indicator coverage

Exceptionally, and if its reliability is not judged satisfactory, some data for some entities may be excluded from the reporting. Three entities are excluded based on certain indicators due to the difficulty to produce reliable data. In 2016, out of these three entities, the only significative entity representing more than 1% of the Rexel Group sales was Rexel APAC & Rexel China. These exclusions are taken into account for the fiction of the scopes of coverage. These coverage scopes are indicated for each indicator in the text and summary table in paragraph 4.3.5.2 "Summary Table" in this Registration document. They correspond to the ratio of the total sales of entities that have reported the indicator compared to the total Rexel Group sales excluding entities acquired during the financial year.

Some 2015 data required corrections applied retroactively.

Restatement of 2015 data

INDICATOR	RESTATEMENT
Energy consumption	The total quantity of energy consumed in 2015 was revised upwards following modifications applied *a posteriori* on the data reported on the consumption of domestic fuel by the Irish and Belgian entities.
Water consumption	The 2015 figure was revised downwards following corrections to data from the Austrian and French entities.
Total quantity of packaging purchased	The 2015 figure was revised upwards following corrections to data from the Dutch and French entities (Francofa).
Paper consumption	The 2015 figure was revised downwards following corrections to data from the Italian entity.
Scope 1 direct emissions	The 2015 figure was revised downwards following corrections to data from the Irish and Belgian entities.
Scope 2 indirect emissions	The 2015 figure was revised upwards following corrections to data from the Hungarian and Austrian entities.

Calculation of constant scope

To analyze changes from one year to another, the environmental indicators are also presented with a constant scope. The data is restated as follows:

- the data from year N-1 does not include: the de-consolidated entities (due to divestment) as well as entities for which data has been partially excluded in year N;
- the data from year N does not include: the de-consolidated entities (due to divestment) as well as entities for which data has been partially excluded in year N;

These restatements do not correct variations due to growth or reduction in activity within the entities.

For all the environmental data, evolutions between year N and year N-1 are thus presented at constant perimeter, whereas the data from year N-1 are presented on the basis of the consolidated perimeter.

Accounting for greenhouse gas emissions

Methodology and references

The methodology used by the Rexel Group to quantify its greenhouse gas emissions (indicated as "GHG" for the rest of this document) is based on the GHG Protocol framework.

The *scope 1* represents direct GHG emissions, from sources held or controlled by the Rexel Group. Thus, the Rexel Group has chosen to include emissions from vehicles on long term lease contracts over which it exercises operational control.

The *scope 2* accounts for indirect GHG emissions resulting from the production of electricity and heat purchased by the Rexel Group.

The *scope 3* accounts for indirect GHG emissions resulting from the Rexel Group activities, but which come from sources that do not belong to the Group or over which the Group only exercises operational control or has a limited impact.

Emission factors used

The emission factors associated with energy production used in the reporting software are those published by the IEA (International Energy Agency). In 2016, the factors used are the factors for 2013, as for the year 2015.

In the case of specific supply contracts (in particular, those including a proportion of renewable energy), the emission factors applied are those indicated by the suppliers.

In 2016, in order to improve the precision of the GHG emissions reported, all other emission factors now stem from the GHG Protocol *("Emission Factors from Cross-Sector Tools 2014").* The change in the emission factors resulted in an increase of 3.95% of the scope 1 and scope 2 emissions between 2015 and 2016.

Calculation of emissions related to transport

To obtain the most reliable data based on available activity data, the emissions due to transport are calculated:

- From fuel consumption, by applying an emissions factor for each fuel type (diesel, gasoline or LPG);
- If this is not available, from distances traveled by applying an average emissions factor per kilometer, and by distinguishing between 3 vehicle categories: cars (weight under 1.5 ton), light utility vehicles such as vans (weight less than or equal to 3.5 tons) and heavy vehicles (weight over 3.5 tons).

Sales of energy efficiency and renewable energies solutions

In 2011, the definition of sales categories for energy efficiency and renewable energies was clarified.

The energy efficiency solutions segment includes products and services that enable a measurable, indirect or direct, reduction in energy consumption. This includes eco-efficient lighting (sources and accessories), control systems (such as detectors and sensors), measurement systems (smart meters, etc.) and eco-efficient power systems.

The renewable energies segment includes photovoltaic solutions (all products, accessories and services associated with photovoltaic systems, off-grid or grid connected) and the sales of products and services for the wind power market (components and accessories supplied to the different sector players).

The sales figures for 2015 and 2016 are presented with comparable structures and exchange rates.

4.3.5.2 Summary table

INDICATORS	UNIT	2016	SCOPE	CONSTANT SCOPE 2016	CONSTANT SCOPE 2015	CONSTANT SCOPE VARIATION	CONSTANT SCOPE SCOPE
CONSUMPTION OF RESOURCES							
Total energy consumption	**MWh**	**290,371**	**100%**	**290,311**	**324,688**	**-10.6%**	**99.7%**
Of which electricity consumption	*MWh*	*150,683*	*100%*	*150,623*	*158,624*	*-5.0%*	*99.7%*
Of which gas consumption	*MWh PCS*	*120,607*	*100%*	*120,607*	*146,047*	*-17.4%*	*99.7%*
Of which fuel consumption	*MWh PCS*	*9,056*	*100%*	*9,056*	*9,716*	*-6.8%*	*99.7%*
Water consumption	**m^3**	**305,612**	**96.3%**	**305,474**	**320,590**	**-4.7%**	**96.1%**
Total packaging consumption:	**Tons**	**12,446**	**100%**	**12,445**	**12,081**	**3.0%**	**99.3%**
Of which cardboard	*Tons*	*4,500*	*100%*	*4,500*	*4,773*	*-5.7%*	*99.3%*
Of which plastics	*Tons*	*768*	*100%*	*767*	*748*	*2.6%*	*99.3%*
Of which wood	*Tons*	*6,790*	*100%*	*6,790*	*6,153*	*10.4%*	*99.3%*
Paper consumption, including:	**Tons**	**2,601**	**100%**	**2,598**	**2,713**	**-4.2%**	**99.6%**
Commercial paper	*Tons*	*1,324*	*100%*	*1,324*	*1,364*	*-3.0%*	*99.6%*
WASTE							
Total quantity of waste generated	Tons	25,322	96.1%	25,309	25,197	0.4%	95.7%
Total quantity of waste recovered	*Tons*	*16,934*	*96.1%*	*16,930*	*15,663*	*8.1%*	*95.7%*
Recovery rate	%	66.9	96.1%	66.9	62.2	-4.7,pts	95.7%
GREENHOUSE GAS EMISSIONS							
Scope 1 direct emissions	**Tons CO_2 e**	**77,856**	**100%**	**77,607**	**76,957**	**0.8%**	**99.7%**
Emissions related to on-site energy combustion	Tons CO_2 e	27,032	100%	27,032	29,676	-8.9%	99.7%
Emissions related to the transportation of products by the internal fleet	Tons CO_2 e	20,874	100%	20,696	20,496	1.0%	99.7%
Emissions related to business travel by company cars	Tons CO_2 e	29,950	100%	29,880	26,785	11.6%	99.7%
Scope 2 indirect emissions	**Tons CO_2 e**	**38,282**	**100%**	**38,252**	**45,647**	**-16.2%**	**99.7%**
Emissions related to the production of purchased and consumed electricity	Tons CO_2 e	35,433	100%	35,402	43,312	-18.3%	99.7%
Emissions related to the production of purchased and consumed heat	Tons CO_2 e	2,850	100%	2,850	2,334	22.1%	99.7%
SALES OF ENERGY EFFICIENCY AND RENEWABLE ENERGY SOLUTIONS							
Sales of energy efficiency solutions	€ million	–	–	1,450.1	1,287.9	12.6%	100%
Sales of photovoltaic solutions	€ million	–	–	206.5	232.2	-11.1%	100%
Sales from the wind turbine market	€ million	–	–	108.4	129.8	-16.5%	100%

4.4 INDEPENDENT VERIFIER'S REPORT

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated human resources, environmental and social information included in the management report

Year ended December 31, 2016

To the shareholders,

In our capacity as Statutory Auditor of Rexel, appointed as independent third party and certified by COFRAC under number 3-1060[1], we hereby report to you our report on the consolidated human resources, environmental and social information for the year ended December 31, 2016, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code *(Code de commerce)*.

Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the company's internal reporting standards used by the Company (hereinafter the "Guidelines"), summarised in the section 4.2.7 and 4.3.5 of the registration document, and available on request from the company's head office.

Independence and quality control

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

Statutory Auditors's responsibility

On the basis of our work, our responsibility is to:

- Attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- Express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved 6 persons and was conducted between September 2016 and February 2017 during a 7 week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of statutory auditors *(Compagnie nationale des Commissaires aux comptes)* relating to this engagement and with ISAE 3000[2] concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, *i.e.*, the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the

(1) The scope of which is available on the www.cofrac.fr website.
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

limitations set out in the methodological note, presented in section 4.2.7 and 4.3.5 of the registration document.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted two interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- Assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- Verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important(3):

- At parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- At the level of a representative sample of entities selected by us(4) on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 25% of headcount considered as material data of social issues and between 17% and 22% of quantitative environmental data considered as material data of environmental issues(5).

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, February 13, 2017

One of the Statutory Auditors
PricewaterhouseCoopers Audit

Christian Perrier	Sylvain Lambert
Partner	Partner of the Sustainability Department

(3) **Environmental and societal information:**
- *Quantitative information:* energy consumption, GHG emissions (scopes 1 and 2), the quantity of waste collected for valuation, quantity of packaging purchased.
- *Qualitative information:* deployment of Rexel's environmental charter, measures taken to reduce environmental footprint, trainings provided in respect of the environment to employees, taking into account social and environmental challenges in the purchasing policy, ethical commitments of the Group.

Social information:
- *Quantitative indicators:* total number of employees, total number of departures of permanent employees, absenteeism rate, frequency and gravity of work accidents, and total number of training hours.
- *Qualitative information:* training policy for employees, employees' support actions in case of restructuring, means to protect employees' health and safety at work, employees' performance assessment process, health and safety conditions.

(4) Rexel UK, Rexel Austria, Hagemeyer Deutschland, Elektro Material AG, Rexel New Zealand Ltd.

(5) Coverage rate for each environmental subject: energy: 20%, packaging: 17%, waste: 20%, greenhouse gas emissions: 22%.

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5
Financial and accounting information

5.1 Activity Report

5.1 ACTIVITY REPORT

Pursuant to article 28 of the Commission Regulation (EC) N°809/2004 of April 29, 2004, the following information is incorporated by reference in this Registration document:

- the operating and financial review of the Rexel Group for the year ended December 31, 2015, the consolidated financial statements (as well as the related report of the Statutory Auditors) and the annual financial statements (as well as the related report of the Statutory Auditors) which are included in pages 156 to 217 and 218 to 241, respectively, of the Registration document filed with the *Autorité des marchés financiers* on April 7, 2016, under number D.16-0299; and
- the operating and financial review of the Rexel Group for the year ended December 31, 2014, the consolidated financial statements (as well as the related report of the Statutory Auditors) and the annual financial statements (as well as the related report of the Statutory Auditors) which are included in pages 88 to 106, 109 to 167 and 169 to 191, respectively, of the Registration document filed with the *Autorité des marchés financiers* on March 25, 2015, under number D.15-0201.

The information in these documents that is not incorporated by reference is either irrelevant for the investor or is covered in another section of this Registration document.

5.1.1 Operating and financial review and prospects

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The Group consists of Rexel and its subsidiaries (herein after referred to as “the Group” or ”Rexel”).

The activity report is presented in euros and all numbers are rounded to the nearest tenth of a million, except where otherwise stated. Totals and sub-totals presented in the activity report are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to rounding.

5.1.1.1 Financial position of the Group

Group Overview

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. The Group principally operates in three geographic areas: Europe, North America and Asia-Pacific. This geographic segmentation is based on the Group’s financial reporting structure.

In 2016, the Group recorded consolidated sales of €13,162.1 million, of which €7,168.5 million were generated in Europe (54% of Group sales), €4,689.1 million in North America (36% of Group sales) and €1,304.6 million in Asia-Pacific (10% of Group sales).

The Group’s activities in Europe are in France (which accounts for 35% of sales in this region), the United Kingdom (13% of sales of this region), Germany (11% of sales of this region), Scandinavia (Sweden, Norway and Finland) and Austria, Switzerland, Belgium, The Netherlands, Spain, Italy, Ireland, Slovenia, Portugal, Russia and Luxembourg.

The Group’s activities in North America are in the United States (78% of sales in this region) and Canada (22% of sales in this region).

The Group’s activities in Asia-Pacific are in Australia (38% of sales in this region), China (37% of sales of this region) and also in South-East Asia, New Zealand, India and Middle East.

This activity report analyses the Group’s sales, gross profit, distribution and administrative expenses, and operating income before amortization of intangible assets recognized on purchase price allocations and other income and other expenses (EBITA) separately for each of the three geographic segments, as well as for the Other operations segment.

Seasonality

Despite the low impact of seasonality on sales, changes in the Group’s working capital requirements lead to variations in cash flows over the course of the year. As a general rule, the Group’s cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters, because of higher working capital requirements in those periods.

Impact of changes in copper price

The Group is indirectly exposed to fluctuations in copper price in connection with its distribution of cable products. Cables represent approximately 14% of the Group’s sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also reflect suppliers’ commercial policies and the competitive environment of markets in which the Group operates. Changes in copper price have an estimated “recurring” and “non-recurring” effect on the Group’s performance, assessed as part of the monthly internal reporting process of the Rexel Group:

- **The recurring effect** related to the change in copper-based cable prices corresponds to the change in the value of the copper included in the sales price of cables from one period to another. This effect mainly relates to sales;

- **The non-recurring effect** related to the change in copper-based cable prices corresponds to the effect of copper price variations on the sales price of cables between the time they are purchased and the time they are sold, until such inventory has been rebuilt (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price for copper-based cable and the supplier price effective at the date of the sale of the cables by the Rexel Group. Additionally, the non-recurring effect on EBITA corresponds to the non-recurring effect on gross profit, which may be offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (principally the variable portion of compensation of sales personnel, which accounts for approximately 10% of the change in gross profit).

The impact of these two effects is assessed for as much of the Group's total cable sales as possible over each period, and in any case covering at least a majority of sales. Group procedures require entities that do not have information systems capable of such comprehensive calculation to estimate these effects based on a sample representing at least 70% of sales during the period. The results are then extrapolated to all cables sold during the period for that entity. On the basis of the sales covered, the Rexel Group considers such estimates of the impact of the two effects to be reasonable.

Comparability of the Group's operating results and Adjusted EBITA

The Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Second, currency exchange rates may also fluctuate significantly. In addition, the number of working days in each period also has an impact on the Group's consolidated sales. Lastly, the Group is exposed to fluctuations in copper price. For these reasons, a comparison of the Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Group's consolidated results presented below, financial information is also restated to give effect to the following adjustments.

Excluding the effects of acquisitions and disposals

The Group adjusts its results to exclude the effects of acquisitions and disposals. Generally, the Group includes the results of an acquired company in its consolidated financial statements at the date of the acquisition and ceases to include the results of a divested company at the date of its disposal. To neutralize the effects of acquisitions and disposals on the analysis of its operations, the Group compares the results of the current year against the results of the preceding financial year, as if the preceding financial year had the same scope of consolidation for the same periods as the current year.

Excluding the effects of exchange rate fluctuations

Fluctuations in currency rates against the euro affect the value of the Group's sales, expenses and other balance sheet items as well as the income statement. By contrast, the Group has relatively low exposure to currency transaction risk, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Group restates its comparative period results at the current year's exchange rates.

Excluding the non-recurring effect related to changes in copper price

To analyze the financial performance on a constant adjusted basis, the estimated non-recurring effect related to changes in copper-based cable prices, as described above, is excluded from the information presented for both the current and the previous periods. Such information is referred to as "adjusted" throughout this activity report.

Excluding the effects of different numbers of working days in each period on sales

The Group's sales in a given period compared with another period are affected by the number of working days, which changes from one period to another. In the analysis of its consolidated sales, the Group neutralizes this effect by proportionally adjusting the comparative sales number of the comparative period to match with the current period's number of working days. No attempt is made to adjust any line items other than sales for this effect, as it is not considered relevant.

Accordingly, in the following discussion of the Group's consolidated results, some or all of the following information is provided for comparison purposes:

- **On a constant basis,** which means excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales;
- **On a constant and same-day basis,** which means on a constant basis (as described above) and restated for the effect of different numbers of working days in each period. Such information is used only for comparisons related to sales; and
- **On a constant basis, adjusted,** which means on a constant basis (as described above) and adjusted for the estimated non-recurring effect related to changes

in copper-based cable prices. Such information is used for comparisons of gross profit, distribution and administrative expenses, and EBITA. This information is not generated directly by the Group's accounting systems but is an estimate of comparable data in accordance with the principles explained above.

The Group uses the "EBITA" and "Adjusted EBITA" measures to monitor its performance. Neither EBITA nor Adjusted EBITA is an accepted accounting measure under IFRS. The table below reconciles reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

	PERIOD ENDED DECEMBER 31,	
(in millions of euros)	2016	2015
Operating income before other income and other expenses	**521.0**	**555.9**
Changes in scope of consolidation	–	11.3
Foreign exchange effects	–	(9.3)
Non-recurring effect related to copper	10.1	20.3
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	18.7	17.0
Adjusted EBITA on a constant basis	**549.8**	**595.3**

5.1.1.2 Comparison of financial results as of December 31, 2016 and as of December 31, 2015

Rexel Group's consolidated financial results

The following table sets out Rexel's consolidated income statement for 2016 and 2015, in millions of euros and as a percentage of sales. For the period ended December 31, 2015 results of Latin America segment are excluded from continuing operations and are presented discontinued operations following the completion of the sale transaction in September 2015.

	PERIOD ENDED DECEMBER 31,		
(in millions of euros)	2016	2015	Change in %
REPORTED			
Sales	**13,162.1**	**13,537.6**	**(2.8)%**
Gross profit	3,172.8	3,222.6	(1.5)%
Distribution and administrative expenses[(1)]	(2,633.2)	(2,649.6)	(0.6)%
EBITA	**539.6**	**573.0**	**(5.8)%**
Amortization[(2)]	(18.7)	(17.0)	9.7%
Operating income before other income and expenses	**521.0**	**555.9**	**(6.3)%**
Other income and expenses	(124.0)	(176.5)	(29.8)%
Operating income	397.0	379.4	4.6%
Net financial expenses	(146.3)	(210.0)	(30.3)%
Income taxes	(116.4)	(84.4)	37.9%
Net income from continuing operations	**134.3**	**85.0**	**58.0%**
as a % of sales	*1.0%*	*0.6%*	
Net income from discontinued operations	**0.0**	**(69.3)**	**N/A**
Net income	**134.3**	**15.7**	
(1) Of which depreciation and amortization.	(97.1)	(90.7)	7.0%

(2) Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions.

	PERIOD ENDED DECEMBER 31,		
(in millions of euros)	2016	2015	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**13,162.1**	**13,384.1**	**(1.7)%**
Same-day basis			*(1.9)%*
Gross profit	3,184.3	3,219.2	(1.1)%
as a % of sales	*24.2%*	*24.1%*	
Distribution and administrative expenses	(2,634.5)	(2,623.9)	0.4%
as a % of sales	*(20.0)%*	*(19.6)%*	
EBITA	**549.8**	**595.3**	**(7.6)%**
as a % of sales	***4.2%***	***4.4%***	

Sales

In 2016, Rexel's consolidated sales amounted to €13,162.1 million, as compared to €13,537.6 million in 2015.

On a reported basis, sales were down 2.8% year-on-year, including a negative currency impact of 1.6% and a positive net effect from acquisitions of 0.4%.

- The negative impact of currency amounted to €212.7 million, mainly due to the depreciation of the British Pound, the Canadian Dollar and the Chinese Yuan against the euro;
- The positive net effect from acquisitions amounted to €59.2 million, reflecting acquisitions mainly made in

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Europe partly offset by the divestment of operations in Slovakia, Poland and Baltics finalized in the second quarter of 2016.

- On a constant and same-day basis, sales decreased by 1.9%. By geography, Europe remained broadly stable at -0.1% whereas North America decreased by 4.1% and Asia-Pacific decreased by 2.7%. Excluding the 0.9 percentage point negative impact due to lower copper-based cable prices, sales were down 1.0% as compared to 2015.

On a constant and actual number of working days basis, sales decreased by 1.7% as the calendar impact was positive at 0.2 percentage point.

On a reported basis, sales were down 1.5% year-on-year, including a negative currency impact of 0.8% and a negative net effect from acquisitions of 0.2%.

On a constant and same-day basis, sales were stable, reflecting 1.7% increase in Europe, 2.0% drop in North America and 1.9% decrease in Asia-Pacific. Excluding the negative impact of a 0.1 percentage point due to the lower copper-based cable prices compared to the fourth quarter of 2015, sales were up 0.1%.

The table below summarizes the impact on sales evolution of the number of working days, changes in scope and in currency effects:

	Q1	Q2	Q3	Q4	YEAR-TO-DATE
Growth on a constant and same-day basis	(1.4)%	(2.3)%	(3.7)%	0.0%	(1.9)%
Number of working days effect	(0.6)%	2.4%	(0.6)%	(0.5)%	0.2%
Growth on a constant and actual-day basis	***(2.0)%***	***0.1%***	***(4.3)%***	***(0.5)%***	***(1.7)%***
Changes in scope effect	1.2%	0.6%	0.3%	(0.2)%	0.4%
Foreign exchange effect	(1.1)%	(2.8)%	(1.6)%	(0.8)%	(1.6)%
Total scope and currency effects	***0.1%***	***(2.2)%***	***(1.3)%***	***(1.0)%***	***(1.2)%***
Growth on a reported basis(1)	**(1.9)%**	**(2.2)%**	**(5.6)%**	**(1.5)%**	**(2.8)%**

(1) Growth on a constant basis and actual number of working days compounded by the scope and currency effects.

Gross profit

In 2016, gross profit amounted to €3,172.8 million, down 1.5%, on a reported basis, as compared to €3,222.6 million in 2015.

On a constant basis, adjusted gross profit decreased by 1.1% and adjusted gross margin increased by 14 basis points to 24.2% of sales, reflecting an increase in Asia-Pacific operations and in North America while gross margin in Europe was broadly stable.

Distribution & administrative expenses

In 2016, distribution and administrative expenses amounted to €2,633.2 million, down 0.6%, on a reported basis, as compared to €2,649.6 million in 2015.

On a constant basis, adjusted distribution and administrative expenses increased by 0.4% mainly related to an increase in Europe, largely offset by a decrease in North America, Asia-Pacific and Corporate. They represented 20.0% of sales in 2016 compared to 19.6% in 2015, a 41 basis-point deterioration.

EBITA

In 2016, EBITA stood at €539.6 million, down 5.8%, on a reported basis, as compared to €573.0 million in 2015.

On a constant basis, Adjusted EBITA decreased by 7.6% to €549.8 million and Adjusted EBITA margin stood at 4.2% of sales, down 27 basis points year-on-year.

Other income and expenses

In 2016, other income and expenses represented a net expense of €124.0 million (€176.5 million in 2015), consisting mainly of:

- €59.3 million restructuring costs (€58.7 million in 2015) incurred in connection with branch network and logistics optimization (*e.g.* USA, Germany), business transformation programs (*e.g.* United Kingdom, Spain), support services reorganizations (United Kingdom, China, corporate) and changes in corporate senior management positions (€14.1 million);
- €46.8 million goodwill impairment expenses, of which:
  - €38.3 million in China as a result of lower prospects in the industrial end-market,
  - €4.7 million in Slovenia due to the continued weakness of the construction market and the lack of infrastructure projects and,
  - €3.8 million in South East Asia reflecting weaker than expected investments in the oil & gas industry.

In 2015, impairment expense was €85.7 million mostly attributable to goodwill in Australia (€50.5 million) and The Netherlands (€33.9 million).

Net Financial expenses

In 2016, net financial expenses stood at €146.3 million, as compared to €210.0 million in 2015.

In 2016, net financial expenses were impacted by a €16.3 million one-off expense relating to the early redemption of the 5.125% €650 million senior notes due 2020 (refinanced through the issuance of 3.50% €650.0 million notes due 2023) and the straight repayment of USD 170.0 million out of the 5.25% USD 500 million notes due 2020.

In 2015, net financial expenses included a €52.5 million non-recurring expense incurred in connection with the early repayment of the €489 million senior notes due 2018 (straight repayment in the first quarter of 2015) and the USD 500 million senior notes due 2019 (refinanced by the €500 million senior notes due 2022 issued in the second quarter of 2015).

Restated from these effects in both periods, net financial expenses were down 18% mainly driven by a 35 basis-point decrease in the effective interest rate on gross debt (from 3.9% in 2015 to 3.5% in 2016) as a result of the above transactions as well as a reduced level of interest bearing debt.

Tax expense

In 2016, income tax expense was €116.4 million, up 37.9% as compared to €84.4 million in 2015. This increase reflected the improvement in profit before tax (from €169.4 million in 2015 to €250.7 million in 2016). Effective tax rate is impacted by non-tax deductible goodwill impairment and stood at 46.4% in 2016 as compared to 49.8% in 2015.

Net income from continuing operations

As a result of the above items, net income from continuing operations stood at €134.3 million in 2016, a 58.0% increase as compared to €85.0 million in 2015.

Net income from discontinued operations

Net income from discontinued operations was nil in 2016 and a loss of €69.3 million in 2015. This loss was related to Latin America operating segment sold to Sonepar on September 15.

Net income

Including net income from discontinued operations, net income stood at €134.3 million in 2016, as compared to €15.7 million in 2015.

Europe (54% of Group sales)

	PERIOD ENDED DECEMBER 31,		
(in millions of euros)	2016	2015	Change in %
REPORTED			
Sales	**7,168.5**	**7,289.3**	**(1.7)%**
Gross profit	1,915.1	1,921.7	(0.3)%
Distribution and administrative expenses	(1,528.3)	(1,507.9)	1.3%
EBITA	**386.9**	**413.7**	**(6.5)%**
as a % of sales	*5.4%*	*5.7%*	

	PERIOD ENDED DECEMBER 31,		
(in millions of euros)	2016	2015	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**7,168.5**	**7,151.0**	**0.2%**
Same-day basis			*(0.1)%*
Gross profit	1,912.8	1,911.3	0.1%
as a % of sales	*26.7%*	*26.7%*	*-5 bps*
Distribution and administrative expenses	(1,528.5)	(1,486.9)	2.8%
as a % of sales	*(21.3)%*	*(20.8)%*	*-53 bps*
EBITA	**384.3**	**424.4**	**(9.5)%**
as a % of sales	***5.4%***	***5.9%***	

Sales

In 2016, sales in Europe amounted to €7,168.5 million, a 1.7% decrease on a reported basis, as compared to €7,289.3 million in 2015.

Exchange rate variations accounted for a decrease of €154.4 million, mainly due to the depreciation of the British Pound against the euro.

The positive net effect from acquisition amounted to €16.0 million, related to Electro-Industrie en Acoustiek in Belgium acquired in the third quarter of 2015 and Sofinther in France January 2016; offset by the divestment of operations in Slovakia, Poland and Baltics finalized in the second quarter of 2016.

On a constant and same-day basis, sales remained broadly stable as compared to 2015. Excluding the negative impact of 1.1 percentage point due to the lower copper-based cable prices compared to 2015, sales were up 0.9%.

In **France**, sales amounted to €2,539.9 million in 2016, an increase of 1.3% as compared to 2015 on a constant and same-day basis, reflecting good performance in Heating-Ventilating & Air-Conditioning (HVAC), Multienergy and LED Lighting sales partly offset by lower copper price (-1.2%).

In the **United Kingdom**, sales amounted to €933.5 million in 2016, a decrease of 5.3% from 2015 on a constant and same-day basis, affected by a drop in photovoltaic sales accounted for 3.4 percentage points due to reduction in feed-in tariff from January 2016 and by lower cable sales accounted for 0.9 percentage-point due to copper price decrease.

In **Germany,** sales stood at €801.4 million in 2016, a 0.9% decrease from 2015 on a constant and same-day basis, mainly attributable to the negative copper impact for 2.0 percentage points. Excluding this effect, sales were up 1.1%, with improved performances both in industry and contractors & installers business.

In **Scandinavia** sales amounted to €930.8 million in 2016, an increase of 2.1% from 2015 on a constant and same-day basis, with contrasted performances in the three countries: +8.4% in Sweden, -3.5% in Norway and -4.1% in Finland.

In **Belgium** and in **The Netherlands,** sales amounted respectively to €345.4 million and €229.2 million in 2016. Sales in Belgium increased by 2.5% with a good performance on photovoltaic equipment accounted for 2.0 percentage points. Sales in The Netherlands were up 8.4% on a constant and same-day basis, mainly driven by the acquisition of new customers.

In **Switzerland** and **Austria,** sales amounted respectively to €450.0 million and €337.2 million in 2016. Sales in Austria increased by 3.3% from 2015, on a constant and same-day basis. Sales in Switzerland decreased by 4.2% from 2015, on a constant and same-day basis.

In **Southern Europe,** sales amounted to €385.0 million in 2016, a 7.3% decrease from 2015 on a constant and same-day basis. This reflects a 8.4% decrease in Spain mainly attributable to lower export activities while domestic activities were slightly up. In Italy sales were down 2.3%.

Gross profit

In 2016, Europe recorded a gross profit of €1,915.1 million, slightly decreasing by 0.3%, on a reported basis, as compared to €1,921.7 million in 2015.

On a constant basis, adjusted gross profit increased by 0.1% and adjusted gross margin was broadly stable at 26.7% of sales.

Distribution & administrative expenses

In 2016, distribution and administrative expenses amounted to €1,528.3 million, up 1.3%, on a reported basis, as compared to €1,507.9 million in 2015.

On a constant basis, adjusted distribution and administrative expenses increased by 2.8% in 2016, representing 21.3% of sales, a 53 basis-point increase as compared to 20.8% in 2015, mainly driven by higher salaries and benefits as well as investments for growth, notably higher depreciation expenses linked to IT investments.

EBITA

In 2016, on a reported basis, EBITA amounted to €386.9 million, down 6.5% as compared to €413.7 million in 2015.

On a constant basis, Adjusted EBITA decreased by 9.5% from 2015 and Adjusted EBITA margin decreased by 57 basis points to 5.4% of sales.

North America (36% of Group sales)

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2016	2015	Change in %
REPORTED			
Sales	**4,689.1**	**4,898.1**	**(4.3)%**
Gross profit	1,022.4	1,066.0	(4.1)%
Distribution and administrative expenses	(856.8)	(877.7)	(2.3)%
EBITA	**165.6**	**188.3**	**(12.0)%**
as a % of sales	*3.5%*	*3.8%*	

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2016	2015	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**4,689.1**	**4,891.2**	**(4.1)%**
Same-day basis			*(4.1)%*
Gross profit	1,036.3	1,074.4	(3.5)%
as a % of sales	*22.1%*	*22.0%*	
Distribution and administrative expenses	(857.9)	(878.2)	(2.3)%
as a % of sales	*(18.3)%*	*(18.0)%*	
EBITA	**178.4**	**196.2**	**(9.1)%**
as a % of sales	***3.8%***	***4.0%***	

Sales

In 2016, sales in North America amounted to €4,689.1 million, down 4.3%, on a reported basis, as compared to €4,898.1 million in 2015.

Unfavorable exchange rate variations accounted for €26.5 million, mainly due to the depreciation of Canadian dollar against the euro.

On a constant and same-day basis, sales decreased by 4.1% as compared to 2015, impacted by a 27% drop in the oil and gas segment, representing 6% of total sales of the region. Excluding this impact, sales decreased by 2.0%.

In the **United States,** sales dropped by 3.7% from 2015 on a constant and same-day basis. Sales were impacted by decline in oil and gas business for 2.3 percentage points, lower cable sales for 1.0 percentage point and branch closures for 2.0 percentage points. Excluding these unfavorable effects, sales were up 1.6%, mainly driven by contractors and installers sales, while industry remained weak.

In **Canada,** sales were down 5.6% from 2015 on a constant and same-day basis, of which 1.0 percentage point due to the 13% drop in sales to the oil and gas industry, 0.9 percentage point due to lower cable sales and 1.1 percentage point attributable to the 71% drop in sales to the wind industry. Excluding these unfavorable effects, sales were down 2.6%, reflecting weak industrial environment.

Gross profit

In 2016, in North America, gross profit amounted to €1,022.4 million, down 4.1%, on a reported basis, as compared to €1,066 million in 2015.

On a constant basis, adjusted gross margin increased by 13 basis points at 22.1% of sales. This gross margin improvement was mainly driven by the United States.

Distribution & administrative expenses

In 2016, distribution and administrative expenses amounted to €856.8 million, down 2.4%, on a reported basis, as compared to €877.7 million in 2015.

On a constant basis, adjusted distribution and administrative expenses decreased by 2.3% in 2016 and representing 18.3% of sales in 2016, a 34 basis-point increase as compared to 18.0% in 2015. This decrease benefited from both restructuring and savings plans.

EBITA

In 2016, as a result, EBITA amounted to €165.6 million, down 12.0%, on a reported basis, as compared to €188.3 million in 2015.

On a constant basis, Adjusted EBITA decreased by 9.1% from 2015 and Adjusted EBITA margin decreased by 21 basis points to 3.8% of sales.

Asia-Pacific (10% of Group sales)

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2016	2015	Change in %
REPORTED			
Sales	**1,304.6**	**1,350.3**	**(3.4)%**
Gross profit	235.1	234.9	0.1%
Distribution and administrative expenses	(220.8)	(224.5)	(1.6)%
EBITA	**14.3**	**10.4**	**37.6%**
as a % of sales	*1.1%*	*0.8%*	

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2016	2015	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**1,304.6**	**1,342.0**	**(2.8)%**
Same-day basis			*(2.7)%*
Gross profit	235.1	233.4	0.7%
as a % of sales	*18.0%*	*17.4%*	
Distribution and administrative expenses	(220.8)	(222.1)	(0.6)%
as a % of sales	*(16.9)%*	*(16.5)%*	
EBITA	**14.3**	**11.3**	**26.6%**
as a % of sales	***1.1%***	***0.8%***	

Sales

In 2016, sales in Asia-Pacific amounted to €1,304.6 million, down 3.4%, on a reported basis, as compared to €1,350.3 million in 2015.

The entity acquired in the fourth quarter of 2015 (Zhonghao Technology in China) contributed for €23.6 million.

Unfavorable exchange rate variation accounted for €31.8 million, primarily due to the depreciation of the Chinese Yuan against the euro.

On a constant and same-day basis, sales declined by 2.7% as compared to 2015.

In **Australia,** sales amounted to €503.9 million, broadly stable year on year, on a constant and same-day basis.

In **China,** sales amounted to €450.8 million, a 9.4% decrease mainly due to automation products impacted by industry downturn.

Gross profit

In 2016, in Asia-Pacific, gross profit amounted to €235.1 million, up 0.1%, on a reported basis, as compared to €234.9 million in 2015.

On a constant basis, adjusted gross profit increased by 0.7% and adjusted gross margin was 18.0% of sales, a 63 basis-point increase as compared to 2015, mainly driven by Australia.

Distribution & administrative expenses

In 2016, on a reported basis, distribution and administrative expenses amounted to €220.8 million, down 1.6% as compared to €224.5 million in 2015, mainly as a result of restructuring in Australia and China.

On a constant basis, adjusted distribution and administrative expenses decreased by 0.6% in 2016, representing 16.9% of sales, a 37 basis-point increase as compared to 16.6% in 2015.

EBITA

In 2016, EBITA amounted to €14.3 million, up 37.6%, on a reported basis, as compared to €10.4 million in 2015.

On a constant basis, Adjusted EBITA increased by 26.6% from 2015 and Adjusted EBITA margin increased by 25 basis points to 1.1% of sales.

Other operations

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2016	2015	Change in %
REPORTED			
Sales	**0.0**	**0.0**	**N/A**
Gross profit	0.1	0.0	N/A
Distribution and administrative expenses	(27.3)	(39.5)	(30.9)%
EBITA	**(27.2)**	**(39.5)**	**(31.2)%**
as a % of sales	*N/A*	*N/A*	

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2016	2015	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**0.0**	**0.0**	**N/A**
Gross profit	0.1	0.0	N/A
as a % of sales	*N/A*	*N/A*	
Distribution and administrative expenses	(27.3)	(36.6)	(25.5)%
as a % of sales	*N/A*	*N/A*	
EBITA	**(27.2)**	**(36.6)**	**(25.8)%**
as a % of sales	***N/A***	***N/A***	

This segment mostly includes unallocated corporate overhead expenses. EBITA improvement year on year is mainly due to reduced salaries and benefits in 2016 as compared to 2015 as a result of corporate reorganizations and lower professional fees.

5.1.2 Liquidity and capital resources

5.1.2.1 Cash flow

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2016	2015	Change
Operating cash flow	**563.8**	**564.8**	**(1.0)**
Interest	(118.8)	(144.6)	25.8
Taxes	(54.6)	(108.0)	53.4
Change in working capital requirements	(26.1)	97.9	(124.0)
Net cash flow from operating activities	**364.3**	**410.1**	**(45.8)**
o.w. operating cash flows used by discontinued operations	–	*(16.7)*	*16.7*
Net cash flow from investing activities	**(190.2)**	**(131.8)**	**(58.4)**
o.w. investing cash flows (used)/provided by discontinued operations	–	*(6.9)*	*6.9*
o.w. operating capital expenditures(1)	*(98.6)*	*(113.5)*	*14.9*
Net cash flow from financing activities	**(339.2)**	**(611.4)**	**272.1**
o.w. financing cash flows (used)/provided by discontinued operations	–	*11.3*	*(11.3)*
Net cash flow	**(165.1)**	**(333.1)**	**167.9**
o.w. net cash flow from discontinued operations	–	*(12.3)*	*12.3*
Free cash flow – continuing operations:			
Operating cash flow	563.8	572.3	(8.5)
Change in working capital requirements	(26.1)	103.8	(129.9)
Operating capital expenditures(1)	(98.6)	(113.5)	14.9
Free cash flow before interest and taxes	**439.1**	**562.6**	**(123.5)**
Interest	(118.8)	(141.0)	22.1
Taxes	(54.6)	(108.4)	53.7
Free cash flow after interest and taxes	**265.6**	**313.3**	**(47.7)**

WCR as a % of sales(2) at:	DECEMBER 31, 2016	2015
Reported basis	10.4%	9.8%
Constant basis	10.2%	9.9%

(1) Net of disposals.
(2) Working capital requirements, end of period, divided by last 12-month sales.

Cash flow from operating activities

Rexel's net cash flow from operating activities was an inflow of €364.3 million in 2016 as compared to €410.1 million in 2015.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements remained broadly stable at €563.8 million in 2016 as compared to €564.8 million in 2015 despite decreasing sales.

Interest and taxes

In 2016, net interest paid decreased from €144.6 million in 2015 to €118.8 million. This decrease mainly results from the refinancing of senior notes at lower interest rate and the straight repayment of the senior notes that occurred both in 2015 and in 2016 (see paragraph 5.1.1.2).

In 2016, income tax paid decreased from €108.0 million in 2015 to €54.6 million. This decrease is mainly due to a favorable comparable basis: in 2015, income tax paid included a one-time expense related to the down payment of a disputed tax reassessment in Finland. In addition, in 2016, the Group benefited from the refund of excess tax installments paid end of 2015 as a result of lower than expected 2015 taxable income in respect of French and US corporate income tax.

Change in working capital requirements

In 2016, change in working capital requirements accounted for an outflow of €26.1 million as compared to a €97.9 million inflow in 2015. Trade receivables contributed for €40.7 million in the 2016 cash outflow and for a €81.0 million cash inflow in 2015.

As a percentage of sales over the last 12 months, on a constant basis, working capital requirements amounted to 10.4% of sales as of December 31, 2016 as compared to 9.8% as of December 31, 2015, a 60 basis-point increase. This increase was primarily associated with sales outstanding as a percentage of total sales which raised to 16.3% as of December 31, 2016 from 15.5% as of December 31, 2015 as a result of accelerating sales in the last two months of 2016.

Cash flow from investing activities

Cash flow from investing activities consisting of acquisitions and disposals of fixed assets, as well as financial investments, amounted to a €190.2 million outflow in 2016, as compared to an outflow of €131.8 million in 2015.

	PERIOD ENDED DECEMBER 31,	
(in millions of euros)	2016	2015
Acquisitions of operating fixed assets	(115.8)	(119.5)
Proceed from disposal of operating fixed assets	22.1	4.7
Net change in debts and receivables on fixed assets	(4.9)	1.3
Net cash flow from operating investing activities – continuing operations	**(98.6)**	**(113.5)**
Net cash flow from operating investing activities – discontinued operations	**–**	**(1.8)**
Net cash flow from operating investing activities	**(98.6)**	**(115.3)**
Acquisition of subsidiaries, net of cash acquired	(94.0)	(28.2)
Proceeds from disposal of subsidiaries, net of cash disposed of	1.6	11.6
Net cash flow from financial investing activities	**(92.4)**	**(16.6)**
Net change in long-term investments	**0.8**	**–**
Net cash flow from investing activities	**(190.2)**	**(131.8)**

Acquisitions and disposals of operating fixed assets – continuing operations

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €98.6 million in 2016, as compared to €113.5 million in 2015.

In 2016, gross capital expenditures amounted to €115.8 million (€119.5 million in 2015), *i.e.* 0.9% of sales for the period. This increase is mainly attributable to France, Canada and the United States in connection with IT projects. Disposals of fixed assets amounted to €22.1 million (€4.7 million in 2015).

Financial investments

Financial investments resulted in a net outflow of €92.4 million in 2016 as compared to €16.6 million in 2015, consisting mainly of acquisition of subsidiaries, net of proceeds from disposal of subsidiaries.

In 2016, financial investments expenditures of €94.0 million were primarily associated with the purchase price of acquired entities: Sofinther and Cordia in France, Brohl & Appel in the United States. Cash proceeds received from the sale to Würth of operations in Poland, Slovakia and the Baltics, net of cash disposed of, amounted to €1.6 million.

In 2015, financial investments included a €28.2 million expenditure related to the purchase price of the following acquired companies: Electro-Industrie en Acoustiek in Belgium; Al Mousa for Industrial Projects Co Ltd in Saoudi Arabia, Shanghai Maxqueen Industry Development Co. Ltd (60% controlling interest) and Zhonghao (Shangai) Technology Co. Ltd in China (60% controlling interest). This amount was reduced by €11.6 million of proceeds net of cash disposed of from the sale of Latin America subsidiaries to Sonepar.

Cash flow from financing activities

In 2016, cash flow from financing activities represented a net cash outflow of €339.2 million, resulting mainly from the:

- Redemption of the 5.125% €650 million senior notes due 2020 on June 16, 2016 for €675.0 million including a redemption premium of €25.0 million;

- Redemption of USD 170 million of senior notes due 2020 (out of USD 500 million) on November 2, 2016 for €160.3 million including a redemption premium of €6.0 million;
- Decrease in other borrowings amounting to €49.8 million;
- Dividend distribution of €120.3 million;

partially compensated by proceeds received from the:

- €650 million issuance of senior notes due 2023 with coupons of 3.50% for an amount net of transaction costs of €642.5 million;
- Increase of €15.2 million in assigned receivables with respect to securitization programs.

In 2015, cash flow from financing activities reflected a net cash outflow of €611.3 million, resulting mainly from the:

- Redemption of the 7.00% senior notes due 2018 on March 16, 2015 for €522.6 million including a redemption premium of €25.4 million;
- Redemption of the 6.125% senior notes due 2019 on June 22, 2015 for €468.6 million including a redemption premium of €25.5 million;
- Dividend distribution in cash of €91.3 million;
- Decrease of €86.1 million in assigned receivables with respect to securitization programs;
- Acquisition of non-controlling interests for €10.7 million;

partially compensated by the proceeds received from the:

- €500 million issuance of senior notes due 2022 with coupons of 3.25% for an amount net of transaction costs of €489.7 million;
- Increase in other borrowings amounting to €75.5 million.

5.1.2.2 Sources of financing

In addition to the cash from operations, the Group's main sources of financing are bond issuances, securitization programs and bilateral credit facilities. At December 31, 2016, Rexel's consolidated net debt amounted to €2,172.6 million as compared to €2,198.7 million at December 31, 2015, consisting of the following items:

	DECEMBER 31,					
	2016			2015		
(in millions of euros)	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Senior notes	–	1,480.9	1,480.9	–	1,637.1	1,637.1
Securitization	367.9	718.2	1,086.0	378.7	710.8	1,089.4
Bank loans	18.6	3.2	21.8	57.2	1.5	58.7
Commercial paper	131.7	–	131.7	134.6	–	134.6
Bank overdrafts and other credit facilities	84.5	–	84.5	88.4	–	88.4
Finance lease obligations	6.8	16.9	23.7	8.0	19.5	27.6
Accrued interest	6.3	–	6.3	8.1	–	8.1
Less transaction costs	(5.9)	(24.1)	(30.0)	(6.5)	(26.9)	(33.3)
Total financial debt and accrued interest	**610.0**	**2,195.1**	**2,805.1**	**668.5**	**2,342.1**	**3,010.6**
Cash and cash equivalents			(619.3)			(804.8)
Accrued interest receivables			(0.9)			(0.7)
Debt hedge derivative			(12.3)			(6.4)
Net financial debt			**2,172.6**			**2,198.7**

At December 31, 2016, the Group's liquidity amounted to €1,467.9 million (€1,645.5 million at December 31, 2015).

	DECEMBER 31,	
(in millions of euros)	2016	2015
Cash and cash equivalents	619.3	804.8
Bank overdrafts	(84.5)	(88.4)
Commercial paper	(131.7)	(134.6)
Undrawn Senior Credit Agreement	982.0	982.0
Bilateral facilities	82.9	81.7
Liquidity	**1,467.9**	**1,645.5**

Senior Credit Facility Agreement

The leverage ratio, stood at 3.0x as of December 31, 2016 (as compared to 3.0x as of December 31, 2015), in compliance with the covenant such as agreed under the Senior Credit Facility Agreement.

5.1.3 Outlook

The objectives and forecast presented in this section have been determined on the basis of data, assumptions and estimates that are considered reasonable by the Rexel Group's management. These data, assumptions and estimates may change as a result of uncertainties relating to, among other things, the economic, financial, accounting, competitive and regulatory environment, or other factors that are currently unknown to the Rexel Group as of the date of this Registration document. In addition, the occurrence of certain of the risks described in chapter 2 "Risk Factors and Internal Control" of this Registration document could have an impact on the business, the financial condition, and the results of operations of the Rexel Group and hence its ability to achieve these objectives and forecasts. The Rexel Group can give no assurances and provide no guarantee that the following objectives and forecast will be met.

5.1.3.1 Comparison between the Rexel Group 2016 forecast and achievements

For 2016, Rexel had expressed the following forecast, on the basis of the assumptions set forth in the Registration document filed with the *Autorité des marchés financiers* on April 7, 2016 under number D.16-0299:

- Organic sales growth between -3% and 1% (on a constant and same-day basis);
- An Adjusted EBITA margin of between 4.1% and 4.5% (*vs* 4.4% in 2015);
- A solid free cash flow:
  - Between 70% and 80% of EBITDA, before interest and tax;
  - Between 35% and 45% of EBITDA, after interest and tax.

Upon presentation of the results of the second quarter and of the first half of 2016 on July 29, 2016, the Rexel Group confirmed the above mentioned forecast.

Upon presentation of the results of the third quarter and of the nine months of 2016 on October 28, 2016, the Rexel Group confirmed again this forecast, while indicating that it should stay at the low-end of the February guidance:

- Organic sales decline on a constant and same-day basis of at most 3% (February guidance was "organic sales growth on a constant and same-day basis of between -3% and +1%");
- Adjusted EBITA margin of at least 4.1% (February guidance was "Adjusted EBITA margin of between 4.1% and 4.5%");
- Solid free cash flow generation of:
  - Between 70% and 80% of EBITDA, before interest and tax (unchanged);
  - Between 35% and 45% of EBITDA, after interest and tax (unchanged).

On February 13, 2017, Rexel announced its full-year 2016 results, in line with guidance:

- Sales of €13.2bn, were down 1.9% on a constant and same-day basis;
- Adjusted EBITA margin stood at 4.2%;
- Free cash flow generation stood at 69% of EBITDA, before interest and tax, and at 42% of EBITDA, after interest and tax.

5.1.3.2 Rexel 2017 objectives

On February 13, 2017, Rexel also announced its 2017 outlook.

In an environment that will likely continue to be impacted by economic and political uncertainty, Rexel aims at achieving the following full-year 2017 targets, which are fully consistent with the medium-term ambitions and strategy that Rexel presented on the same day at its Capital Markets Day (CMD):

- After two years of decline, Rexel targets resuming organic growth, with sales up in the low single digits (on a constant and same-day basis);
- In addition, Rexel targets a mid to high single-digit increase in adjusted EBITA;
- Lastly, Rexel targets an indebtedness ratio (net debt-to-EBITDA as calculated under the Senior Credit Agreement terms) of below 3 times at December 31, 2017.

5.1.3.3 Rexel medium-term objectives

Lastly, on February 13, 2017, at the Capital Markets Day (CMD) that was held in Paris, following the full-year 2016 annual results presentation, Rexel also presented its medium-term ambitions:

- As regards sales, Rexel's medium-term ambition is to grow organic sales faster than the market;
- As regards profitability, Rexel's medium term ambition is to continuously grow adjusted EBITA and improve Adjusted EBITA margin through enhanced gross margin, strict cost control and turnaround of countries that offer significant potential;
- As regards capital allocation policy, Rexel's medium term ambition is to allocate capital to high growth/high profitability geographies and segments and use solid cash generation to (by order of priority):
  - Fund capital expenditure of between €100m and €150m;
  - Pay out a dividend of at least 40% of recurring net income;
  - Reduce its indebtedness ratio, targeting to be structurally below 2.5x at each year-end as from December 31, 2018;
  - Finance selective bolt-on acquisitions from 2018 onwards, with strict value-creation criteria;
  - Return excess cash to shareholders, in the absence of M&A opportunities.

5.1.4 Significant changes in the issuer's financial or commercial position

On March 13, 2017, Rexel issued €300.0 million of 2.625% unsecured senior notes due 2024. The notes have been admitted for trading on the Euro MTF market of the Luxembourg Stock Exchange. Rexel intends to use the net proceeds of the notes, together with some available cash, for the redemption, on or about June 15, 2017, of all of the 5.250% senior US$ notes due June 2020 of which US$330,000,000 remain outstanding.

To Rexel's knowledge, and with the exception of the items described in this Registration document, there has been no other significant change in the Rexel Group's financial or commercial position since the end of the financial year ended December 31, 2016.

5.2 Consolidated financial statements

5.2 CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to article 28 of the Commission Regulation (EC) N°809/2004 of April 29, 2004, the following information is incorporated by reference in this Registration document:

- the consolidated financial statements and the audit report for the financial year ended December 31, 2015, set out on pages 156 to 217 of the Registration document for the financial year ended December 31, 2015, filed with the AMF on April 7, 2016, under number D.16-0299; and
- the consolidated financial statements and the audit report for the financial year ended December 31, 2014 set out on pages 109 to 167 of the Registration document for the financial year ended December 31, 2014, filed with the AMF on March 25, 2015 under number D.15-0201.

5.2.1 Consolidated financial statements as at December 31, 2016

Consolidated income statement

		FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	NOTE	2016	2015
Sales	5	13,162.1	13,537.6
Cost of goods sold		(9,989.3)	(10,315.1)
Gross profit		**3,172.8**	**3,222.6**
Distribution and administrative expenses	6	(2,651.8)	(2,666.6)
Operating income before other income and expenses		**521.0**	**555.9**
Other income	8	5.6	5.1
Other expenses	8	(129.5)	(181.7)
Operating income		**397.0**	**379.4**
Financial income		2.0	1.8
Interest expense on borrowings		(104.3)	(122.9)
Non-recurring redemption costs		(16.3)	(52.5)
Other financial expenses		(27.7)	(36.4)
Net financial expenses	*9*	*(146.3)*	*(210.0)*
Net income before income tax		**250.7**	**169.4**
Income tax	10	(116.4)	(84.4)
Net income from continuing operations		**134.3**	**85.0**
Net loss from discontinued operations	11	–	(69.3)
Net income / (loss)		**134.3**	**15.7**
Portion attributable:			
to the equity holders of the parent		137.9	16.9
to non-controlling interests		(3.6)	(1.2)
Earnings per share:			
Basic earnings per share (in euros)	20	0.46	0.06
Fully diluted earnings per share (in euros)	20	0.46	0.06
Earnings per share from continuing operations:			
Basic earnings per share from continuing operations (in euros)		0.46	0.29
Fully diluted earnings per share from continuing operations (in euros)		0.46	0.29

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

Consolidated statement of comprehensive income

(in millions of euros)	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2016	2015
Net income		**134.3**	**15.7**
Items to be reclassified to profit and loss in subsequent periods			
Net gain / (loss) on net investment hedges		(15.0)	(113.3)
Income tax		5.2	39.0
Sub-total		**(9.8)**	**(74.3)**
Foreign currency translation adjustment		47.4	187.4
Income tax		(12.9)	(32.2)
Sub-total		**34.5**	**155.2**
Net gain / (loss) on cash flow hedges		1.8	(0.3)
Income tax		(0.6)	0.1
Sub-total		**1.2**	**(0.2)**
Items not to be reclassified to profit and loss in subsequent periods			
Remeasurements of net defined benefit liability	22	(24.8)	(7.4)
Income tax		(1.7)	1.7
Sub-total		**(26.5)**	**(5.7)**
Other comprehensive income / (loss) for the period, net of tax		**(0.7)**	**75.0**
of which other comprehensive income / (loss) from discontinued operations		–	*27.9*
Total comprehensive income / (loss) for the period, net of tax		**133.7**	**90.7**
Portion attributable:			
to the equity holders of the parent		137.5	91.5
to non-controlling interests		(3.8)	(0.8)

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

Consolidated balance sheet

(in millions of euros)	NOTE	AS OF DECEMBER 31, 2016	2015
ASSETS			
Goodwill	12.1	4,300.2	4,266.6
Intangible assets	12.1	1,109.5	1,108.0
Property, plant and equipment	12.2	282.4	288.7
Long-term investments	12.3	41.8	33.8
Deferred tax assets	10.2	128.4	159.0
Total non-current assets		**5,862.3**	**5,856.2**
Inventories	13.1	1,579.3	1,535.0
Trade accounts receivable	13.2	2,187.3	2,129.4
Current tax assets		23.5	47.6
Other accounts receivable	13.3	489.6	495.3
Assets held for sale	14	0.3	53.8
Cash and cash equivalents	15	619.3	804.8
Total current assets		**4,899.3**	**5,065.8**
Total assets		**10,761.6**	**10,922.1**
EQUITY			
Share capital	17	1,514.5	1,509.4
Share premium	17	1,561.2	1,680.5
Reserves and retained earnings		1,302.4	1,154.1
Total equity attributable to equity holders of the parent		**4,378.1**	**4,343.9**
Non-controlling interests		5.2	9.0
Total equity		**4,383.3**	**4,352.9**
LIABILITIES			
Interest bearing debt (non-current part)	23	2,195.1	2,342.1
Net employee defined benefit liabilities	22.2	338.5	343.4
Deferred tax liabilities	10.2	240.0	211.2
Provision and other non-current liabilities	21	84.8	72.3
Total non-current liabilities		**2,858.3**	**2,968.9**
Interest bearing debt (current part)	23	603.6	660.4
Accrued interest	23	6.3	8.1
Trade accounts payable		2,179.0	2,138.3
Income tax payable		37.5	29.8
Other current liabilities	25	693.5	712.9
Liabilities related to assets held for sale	14	-	50.7
Total current liabilities		**3,519.9**	**3,600.2**
Total liabilities		**6,378.3**	**6,569.1**
Total equity and liabilities		**10,761.6**	**10,922.1**

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

Consolidated statement of cash flows

(in millions of euros)	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income		397.0	315.2
Depreciation, amortization and impairment of assets and assets write off	6 – 8 – 11	167.8	250.0
Employee benefits		(26.2)	(27.2)
Change in other provisions		10.1	(10.1)
Other non-cash operating items		15.1	36.9
Interest paid		(118.8)	(144.6)
Income tax paid		(54.6)	(108.0)
Operating cash flows before change in working capital requirements		**390.4**	**312.2**
Change in inventories		(13.3)	(34.6)
Change in trade receivables		(40.7)	77.8
Change in trade payables		33.9	49.9
Change in other working capital items		(5.9)	4.8
Change in working capital requirements		**(26.1)**	**97.9**
Net cash from operating activities		**364.3**	**410.1**
Of which operating flows provided / (used) by discontinued operations		–	*(16.7)*
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of tangible and intangible assets		(120.8)	(120.2)
Proceeds from disposal of tangible and intangible assets		22.1	5.0
Acquisitions of subsidiaries, net of cash acquired	4.2	(94.0)	(28.2)
Proceeds from disposal of subsidiaries, net of cash disposed of	11	1.6	11.6
Change in long-term investments		0.8	-
Net cash from investing activities		**(190.2)**	**(131.8)**
Of which investing flows provided / (used) by discontinued operations		–	*(6.9)*
CASH FLOWS FROM FINANCING ACTIVITIES			
Insuance of capital	17.1	5.2	(0.3)
Contribution received from non-controlling interests		-	2.7
Disposal / (Purchase) of treasury shares		1.0	(0.6)
Acquisition of non-controlling interests	4.4	-	(10.7)
Issuance of senior notes net of transaction costs	23.2	642.5	489.7
Repayment of senior notes	23.2	(835.3)	(991.2)
Settlement of interest rate swaps qualified as fair value hedge	23.1.1	5.8	–
Net change in credit facilities, commercial papers, other financial borrowings	23.2	(49.8)	75.5
Net change in securitization	23.2	15.2	(86.1)
Net change in finance lease liabilities	23.2	(3.6)	1.1
Dividend paid	18	(120.3)	(91.3)
Net cash from financing activities		**(339.2)**	**(611.4)**
Of which financing flows provided / (used) by discontinued operations		–	*11.3*
Net (decrease) / increase in cash and cash equivalents		**(165.1)**	**(333.0)**
Cash and cash equivalents at the beginning of the period		804.8	1 159.8
Effect of exchange rate changes on cash and cash equivalents		(23.3)	(19.1)
Cash and cash equivalent reclassified to assets held for sale		2.9	(2.9)
Cash and cash equivalents at the end of the period		**619.3**	**804.8**

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

Consolidated statement of changes in equity

(in millions of euros)	NOTE	SHARE CAPITAL (NOTE 17.1)	SHARE PREMIUM (NOTE 17.1)	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION	CASH FLOW HEDGE RESERVE	REMEASUREMENT OF NET DEFINED BENEFIT LIABILITY	TOTAL ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015										
As of January 1, 2015		**1,460.0**	**1,599.8**	**1,351.5**	**79.5**	**(1.7)**	**(153.4)**	**4,335.7**	**7.7**	**4,343.4**
Net income		–	–	16.9	–	–	–	16.9	(1.2)	15.7
Other comprehensive income		–	–	–	80.5	(0.2)	(5.7)	74.6	0.4	75.0
Total comprehensive income for the period		**-**	**-**	**16.9**	**80.5**	**(0.2)**	**(5.7)**	**91.5**	**(0.8)**	**90.7**
Cash dividends	18	–	–	(91.2)	–	–	–	(91.2)	(0.1)	(91.3)
Share capital increase		49.4	80.7	(130.3)	–	–	–	(0.2)	2.7	2.5
Share-based payments		–	–	10.1	–	–	–	10.1	–	10.1
Acquisition of non-controlling interests		–	–	(2.3)	0.6	–	–	(1.7)	(2.4)	(4.1)
Acquisition of subsidiaries		–	–	–	–	–	–	–	1.9	1.9
Disposal / (Purchase) of treasury shares		–	–	(0.3)	–	–	–	(0.3)	–	(0.3)
As of December 31, 2015		**1,509.4**	**1,680.5**	**1,154.4**	**160.6**	**(1.9)**	**(159.1)**	**4,343.9**	**9.0**	**4,352.9**
FOR THE YEAR ENDED DECEMBER 31, 2016										
As of January 1, 2016		**1,509.4**	**1,680.5**	**1,154.4**	**160.6**	**(1.9)**	**(159.1)**	**4,343.9**	**9.0**	**4,352.9**
Net income		–	–	137.9	–	–	–	137.9	(3.6)	134.3
Other comprehensive income		–	–	–	24.9	1.2	(26.5)	(0.5)	(0.2)	(0.7)
Total comprehensive income for the period		**-**	**-**	**137.9**	**24.9**	**1.2**	**(26.5)**	**137.5**	**(3.8)**	**133.7**
Cash dividends	18	–	(120.3)	–	–	–	–	(120.3)	–	(120.3)
Share capital increase		5.1	1.0	(0.6)	–	–	–	5.6	–	5.6
Share-based payments		–	–	10.3	–	–	–	10.3	–	10.3
Disposal / (Purchase) of treasury shares		–	–	1.0	–	–	–	1.0	–	1.0
As of December 31, 2016		**1,514.5**	**1,561.2**	**1,303.1**	**185.5**	**(0.7)**	**(185.6)**	**4,378.1**	**5.2**	**4,383.3**

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

Accompanying Notes

1. General information

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The Group consists of Rexel and its subsidiaries (hereafter referred to as "the Group" or "Rexel").

The Group is mainly involved in the business of the distribution of low and ultra-low voltage electrical products to professional customers. It serves the needs of a large variety of customers and markets in the fields of construction, industry, and services. The product offering covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown goods. The principal markets in which the Group operates are in Europe, North America (United States and Canada) and Asia-Pacific (mainly in Australia, New Zealand and China).

These consolidated financial statements cover the period from January 1 to December 31, 2016 and were authorized for issue by the Board of Directors on February 10, 2017.

2. Significant events of the years ended December 31, 2016 and December 31, 2015

In 2016, Rexel early repaid the 5.125% €650 million senior notes due 2020 and refinanced this amount through the issuance of 3.50% €650 million senior notes due 2023. Rexel also early redeemed US$170 million out of its 5.25% US$500 million senior notes due 2020 (see note 23).

In 2015, Rexel entered into several refinancing transactions, including the redemption of its 7% €488.8 million senior notes due 2018 and the refinancing of its 6.125% $500 million senior notes due 2019 through the issuance of a 3.25% €500 million senior notes due 2022 (see note 23).

In accordance with its disposal program, the Group divested from its operations in Latin America (Brazil, Chile and Peru) effective in the third quarter of 2015. Therefore, results of Latin America operating segment are reported as discontinued operations in the income statement for the year ended December 31, 2015 representing a net loss of €69.3 million in 2015 (see note 11).

In 2015, the Group decided to dispose of its operations in Poland, Slovakia and Baltics and entered into selling agreements with the Würth group that have been executed on January 19, 2016. As of December 31, 2015, assets and liabilities related to these operations have been reclassified as assets and liabilities held for sale and a €27.1 million impairment charge was recognized. The sale of these assets was completed on April 28, 2016 (see note 14).

3. Significant accounting policies

3.1 Statement of compliance

The consolidated financial statements (hereafter referred to as "the financial statements") for the year ended December 31, 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the standards of the International Accounting Standards Board (IASB) which are in force at December 31, 2016.

IFRS as adopted by the European Union can be consulted on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

3.2 Basis of preparation

The financial statements are presented in euros and all values are rounded to the nearest tenth of a million, unless otherwise stated. Totals and sub-totals presented in the consolidated financial statements are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to this rounding effect.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed frequently, and thus the effect of changes in accounting estimates is accounted for from the date of the revision.

Information related to the main estimates and judgments made on the application of accounting policies which have significant effect on the financial statements are described in the following notes:

- Business combinations (notes 3.5 and 4);
- Impairment of intangible assets and goodwill (notes 3.5 and 12.1);
- Employee benefits (notes 3.11 and 22);
- Provisions and contingent liabilities (notes 3.13, 21 and 29);
- Recognition of deferred tax assets (notes 3.17 and 10);
- Measurement of share-based payments (notes 3.12 and 19).

3.2.1 Changes in accounting policies – amended standards

Effective as of January 1, 2016, the following new amendments previously endorsed by the European Union are applicable to Rexel. These changes had no material effect on the Group's financial statements:

- Amendment to IAS 19 "Defined Benefits Plans: Employee Contributions": the narrow scope amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary;
- Improvements cycle 2010-2012, issued in December 2013, include minor changes to existing standards;
- Improvements to IFRSs 2012-2014 cycle include a series of minor amendments to IFRS 5 "Non-Current Assets held for sale and Discontinued Operations", IFRS 7 "Financial Instruments Disclosures", IAS 19 "Employee Benefits" and IAS 34 "Interim Financial Reporting";
- IAS 1 "Disclosure initiative" amendment addresses professional judgment to apply in determining what information to disclose in the financial statements. For example, the amendment makes clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendment clarifies that professional judgment should be used in determining where and in what order information is presented in the financial disclosures.

3.2.2 New and amended accounting standards and interpretations endorsed by the European Union with effect in future periods

The following standards issued by IASB have been endorsed by the European Union in 2016 but are not yet effective:

- IFRS 9 "Financial Instruments" that supersedes IAS 39 "Financial Instruments": Recognition and Measurement, addresses both classification and measurement, impairment and hedge accounting. This new standard is effective as of January 1, 2018 with early application permitted. Except for hedge accounting, retrospective application is required. For hedge accounting, the requirements are generally applied prospectively. The Group plans to adopt the new standard on the required effective date and expects no significant impact. With regards to the new impairment model of trade receivables induced by IFRS 9, the Group expects to apply the simplified approach and record expected loss on all trade receivables resulting in a higher loss allowance and a negative impact on equity. Currently, the Group does not provide for non-due and less than 30 days past-due trade receivables. The Group will perform a detailed assessment in 2017 to determine the magnitude of such impairment model but expects no significant impact;
- IFRS 15 "Revenue from Contracts with Customers". Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede IAS 11 "Construction contracts" and IAS 18 "Revenues" on revenue recognition. The new standard will come into effect as of January 1, 2018 with early application permitted. The Group has decided not to early adopt IFRS 15.

  In 2016, the Group has initiated a preliminary assessment of the potential impacts resulting from the adoption of IFRS 15 on a limited number of entities. The Group is involved in the distribution of electrical products to professional customers and currently recognizes sales when the significant risks and rewards attached to the goods are passed on to the customers which usually occurs with the delivery or shipment of the product. As sales of electrical equipment are generally expected to be the only performance obligation identified under IFRS 15, revenue will be recognized at a point in time when control of the goods is transferred to the customer, generally on delivery or shipment of the products. This assessment remains subject to changes arising from a more detailed analysis to be conducted in 2017 on a full scope basis.

3.2.3 Accounting standards and interpretations issued by IASB and IFRS Interpretation Committee but not yet endorsed by the European Union

The following standards and interpretations issued by IASB and IFRS Interpretation Committee are not yet approved by the European Union. Their potential impact is currently under review by the Group.

- On January 13, 2016, the IASB issued a new accounting standard called IFRS 16 "Leases" which represents a major revision to account for leases. The standard provides a single lessee accounting model requiring to recognize assets and liabilities for all leases unless the term is twelve months or less, or the underlying asset has a low value. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (*e.g.*, a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). These remeasurements will be generally recognized as an adjustment to the right-of-use asset. IFRS 16 applies to reporting period beginning on or after January 1, 2019. Entities can choose to apply the new standard using either a full retrospective or a modified retrospective approach. IFRS 16 should impact on Rexel's financial situation and performance as the Group entered into lease arrangements for most of its premises including branch network, logistic centers and administrative buildings. The Group has initiated the identification of lease agreements and measurement of lease liabilities on a limited scope of entities and intends to roll-out the assessment phase of the impacts on the consolidated financial statements on all Group entities in 2017. The Group does not currently plan to early adopt IFRS 16;

- Disclosure Initiative (Amendments to IAS 7 Statement of cash flows), issued in January 2016 requires additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. These amendments are applicable for annual periods beginning on or after January 1, 2017 and should have no material impact on Group's financial statements;
- Amendments to IAS 12 "Income Taxes" issued on January 19, 2016: the amendments, "Recognition of Deferred Tax Assets for Unrealized Losses", clarify how to account for deferred tax assets related to debt instruments measured at fair value and the requirements on recognition of deferred tax assets for unrealized losses. These amendments are applicable for annual periods beginning on or after January 1, 2017 and should have no material impact on Group's financial statements;
- Amendments to IFRS 2 "Share-based Payment" clarify how to account for certain types of share-based payment transactions. The amendment provides requirements on the accounting for:
  - the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
  - share-based payment transactions with a net settlement feature for withholding tax obligations; and
  - a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

  These amendments are applicable for annual periods beginning on or after January 1, 2018 with early application permitted.
- Interpretation IFRIC 22 "Foreign Currency Transaction and Advance Consideration" addresses how to determine the exchange rate for the recognition of the related asset, revenue or expense when an entity has received or paid advance consideration in a foreign currency. This interpretation is applicable for annual periods beginning on or after January 1, 2018.

3.3 Basis of consolidation

The consolidated financial statements include the financial statements for Rexel S.A., parent company of the Group, and its direct and indirect subsidiaries as of December 31, 2016. The subsidiaries (including Special Purpose Entities) are controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In assessing control, present and potential voting rights are taken into account.

The subsidiaries are fully consolidated from the date on which control is obtained to the date when control ceases. All assets and liabilities, unrealized gains and losses, income and expenses, dividends, and other transactions arising from intragroup transactions are eliminated when preparing the consolidated financial statements.

Losses within a subsidiary are attributed to the non-controlling interests for their share even if that results in a deficit balance.

3.4 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The functional currency of Rexel and the presentation currency of the Group's financial statements are the euro.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate prevailing at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities that are measured at cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation are translated into euro at foreign exchange rates prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated into euro at rates approximating the foreign exchange rates ruling at the dates of the transactions. All resulting translation differences are recognized as a separate component of equity (foreign currency translation reserve).

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on disposal.

3.5 Intangible assets

Goodwill

The cost of an acquisition is measured at acquisition date. Any contingent considerations are recognized at their fair value estimated as of the acquisition date. Subsequent changes in the fair value of contingent considerations are recognized in the income statement. For each business combination, the Group measures the non-controlling interests either at fair value or at the proportionate share of the acquiree's identifiable net assets. The costs of acquisition are recognized as expenses.

At the acquisition date, any excess of the consideration transferred and the non-controlling interests over the fair value of the net assets acquired is allocated to goodwill.

Goodwill is then measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units (CGUs).

Goodwill is not amortized but subject to an impairment test, as soon as there is an indication that it may be impaired, and at least once a year. Indications that goodwill may be impaired include material adverse changes of a lasting nature affecting the economic environment or the assumptions and objectives made at the time of acquisition.

A goodwill impairment loss is recognized whenever the carrying amount of the cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement (in "Other expenses").

Impairment losses in respect of goodwill may not be reversed.

When goodwill is allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other intangible assets

Intangible assets other than goodwill are stated at cost less accumulated amortization (see below) and impairment losses.

Identifiable intangible assets existing at the date of acquisition in a business combination are recognized as part of the purchase accounting and measured at fair value. Intangible assets are considered identifiable if they arise from contractual or legal rights or are separable.

Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at each annual balance sheet date, at least. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the assessment of indefinite useful life for this asset continues to be justified. If not, a change in the useful life assessment from indefinite to finite is made on a prospective basis. Other intangible assets are amortized from the date that they are available for use. Estimated useful lives of capitalized software development costs range from 3 to 10 years.

3.6 Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Leased assets

Lease contracts which substantially transfer to the Group all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Assets held under finance leases are stated at an amount equal to the fair value of the leased property or, if this is lower, the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses. Minimum lease payments are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The capital gains arising from the sale and leaseback of property, plant and equipment are recognized in full upon sale when the lease qualifies as an operating lease and the transaction is realized at fair value. They are spread on a straight-line basis over the lease term in case of a finance lease.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, when shorter, the term of the finance lease.

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement on a straight-line basis as an integral part of the total lease expense.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives are as follows:

- Commercial and office buildings 20 to 35 years;
- Building improvements and operating equipment 5 to 10 years;
- Transportation equipment 3 to 8 years;
- Computers and hardware 3 to 5 years.

The assets' residual values, useful lives, and methods of depreciation are reviewed and adjusted if appropriate at each balance sheet date.

3.7 Inventories

Inventories are mainly composed of goods held for resale. Inventories are stated at the lower of cost and net realizable value. Cost is calculated by reference to a first-in first-out basis, including freight in costs, net of any purchase rebates. Net realizable value is the estimated selling price at balance sheet date, less the estimated selling expenses, taking into account technical or marketing obsolescence and risks related to slow moving inventory.

3.8 Financial assets

3.8.1 Long-term investments

Long-term investments principally include investments in non-consolidated companies and other shareholdings, deposits required for operating purposes, and loans.

Investments in non-consolidated companies and other shareholdings are measured at fair value. When fair value is not reliably measurable, investments are stated at cost less impairment losses when necessary. Changes in fair value are recognized in other comprehensive income and transferred to profit or loss when the asset is sold or permanently impaired.

3.8.2 Held for trading instruments

Financial instruments held for trading mainly include marketable securities and are stated at fair value, with any resulting gain or loss recognized in profit or loss.

3.8.3 Trade and other accounts receivable

Trade and other accounts receivable are measured initially at fair value and subsequently measured at amortized cost using the effective interest rate method (see note 3.10) less impairment losses.

Impairment losses from estimated irrecoverable amounts are recognized in the income statement when there is objective evidence that the asset is impaired. The principal factors considered in recognizing these potential impairments include actual financial difficulties or aging of overdue receivables in excess of 30 days.

3.8.4 Derivative financial instruments

Derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss. However, when derivatives qualify for hedge accounting, the recognition of any resulting gain or loss is dependent on the nature of the item being hedged (see note 3.8.5). They are classified as assets or liabilities depending on their fair value.

Fair value measurement

Level 1

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. This valuation method is referred to as Level 1 in the hierarchy established by IFRS 13.

Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation models incorporating various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward interest rate curves. The assumptions used are observable either directly (*i.e.* as prices) or indirectly (*i.e.* derived from prices). This valuation method is referred to as Level 2 in the hierarchy established by IFRS 13.

Whether a financial instrument is valued using one or the other of these methods is indicated in the summary of financial assets (note 16) and the summary of financial liabilities (note 25).

3.8.5 Hedge accounting

Cash flow hedges

When a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized in the cash flow hedge reserve as other comprehensive income.

When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain (loss) is removed from the cash flow hedge reserve and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognized as other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (*i.e.*, when interest income or expense is recognized).

For cash flow hedges, other than those described in the previous paragraph, the associated cumulative gain (loss) is removed from the cash flow hedge reserve and recognized in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognized immediately in profit or loss.

If the hedged transaction is no longer expected to take place, then the cumulative unrealized gain (loss) recognized as other comprehensive income is immediately reclassified to profit or loss.

Fair value hedges

Fair value hedge accounting is used when a derivative financial instrument is designated as a hedge of the variability of the fair value of a recognized asset or liability (or firm commitment), including fixed rate indebtedness such as indexed bonds and other fixed rate borrowings.

The hedging instrument is measured at fair value with changes in fair value recognized in the income statement. The hedged item is remeasured to fair value in respect of the hedged risk. Any resulting adjustment to the carrying amount of the hedged item related to the hedged risk is recognized in the income statement.

Hedge of net investment in foreign operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognized directly in other comprehensive income. The ineffective portion is recognized immediately in profit or loss. Gains and losses accumulated in equity are recognized in the income statement when the foreign operation is disposed of.

3.8.6 Trade accounts payable

Trade accounts payable include exclusively payables due to suppliers of goods held for resale. Invoices payable to general and administrative suppliers are presented in other current liabilities.

3.8.7 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits with banks and other short-term highly liquid investments subject to an insignificant risk of changes in value.

3.9 Share capital

Repurchase of equity instruments

When the company purchases its own equity instruments, the amount of the consideration paid, including directly attributable costs, is recognized as a reduction in equity.

Dividends

Dividends paid in cash are recognized as a liability in the period in which the distribution has been approved by the shareholders.

3.10 Interests-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost.

Effective interest rate

The effective interest rate is the rate that discounts the expected stream of future cash flows through to maturity to the current net carrying amount of the liability on initial recognition. When calculating the effective interest rate of a financial liability, future cash flows are determined on the basis of contractual commitments.

Transaction costs

Transaction costs are incremental costs that are directly attributable to the issue of the credit line. They include fees and commissions paid to agents and advisers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums, or allocations of internal administrative or overhead expenses.

For financial liabilities that are carried at amortized cost, transaction costs are included in the calculation of amortized cost using the effective interest rate method and, in effect, amortized through the income statement over the life of the instrument.

3.11 Employee benefits

3.11.1 Short-term employee benefits

Short-term employee benefits include wages, salaries, social security contributions, compensated absences, profit-sharing and bonuses and are expected to be settled wholly before twelve months after the end of the reporting period. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized in operating income as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.11.2 Post-employment and other long-term benefits

Post-employment and other long-term benefits include:

- Post-employment benefits including pensions, retirement supplements and medical benefits after retirement;
- Other long-term benefits (during employment) mainly including jubilees and long service awards.

These benefits are classified as either:

- Defined contribution plans when the employer pays fixed contributions into a separate entity recognized as an expense in profit and loss and will have no legal or constructive obligation to pay further contributions; or
- Defined benefit plans when the employer guarantees a future level of benefits.

Post-employment benefits

The Group's net obligation in respect of defined post-employment benefit plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed periodically by an independent actuary using the projected unit credit method.

The liability recognized in the balance sheet in respect of defined benefit schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets.

When the calculation results in plan assets exceeding liability, the recognized asset is limited to the present value of any currently available future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved (reduced), the portion of the increased (decreased) benefit relating to past service by employees is recognized immediately as an expense (income) in the income statement. The current and past service costs as well as administrative costs paid from registered pension plans' assets are presented in the income statement as part of the distribution and administrative expenses. The net interest expenses (income) relating to the discounting of the net funded position (defined benefit obligation less plan assets) is presented in net financial expenses in the income statement.

Remeasurements of net defined benefit obligation including (i) actuarial gains and losses, (ii) actual return on plan assets including administrative expenses allocated to manage plan assets and (iii) changes in the effect of the asset ceiling are recognized in other comprehensive income.

Other long-term benefits

Long-term benefits mainly include jubilees or long service leaves. The Group's net obligation in respect of long-term benefits, other than post-employment plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The value of the obligation is determined using the projected unit credit method. This amount is discounted at the rate based on high quality corporate bonds with maturity dates close to those of the Group's obligations prevailing on the balance sheet date.

Actuarial gains and losses are immediately recognized in the income statement as part of the distribution and administrative expenses.

3.12 Share-based payments

Bonus share programs, qualified as equity-settled, allow Group employees to receive shares of the parent company of the Group. The fair value of bonus shares allocated is recognized as a personnel expense with a corresponding increase in other reserves in equity over the period during which the employees become unconditionally entitled to the options (the vesting period). The expense is based on fair value estimate of the equity instruments in accordance with conditions of granting.

Fair value of bonus shares is measured at grant date using an appropriate model depending on the characteristics of the plans.

3.13 Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when the amount can be estimated reliably.

If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Provision for restructuring

A restructuring is a program that is planned and controlled by management that materially changes either the scope of the business or the manner in which that business is conducted.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for. Restructuring expenses are presented in “Other expenses” (see note 3.15). Restructuring costs principally include personnel costs (severance payments, early retirement costs, notice period not worked), branch closure costs, and indemnities for the breach of non-cancellable agreements.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Provisions for disputes and litigations

Provisions for disputes and litigation include estimated costs for risks, disputes, litigation and third party claims, and the probable costs associated with warranties given by the Group in the context of the disposal of non-current assets or subsidiaries.

These provisions also include costs of personnel disputes and tax litigation. A provision is not made for tax assessments received or in course of preparation when there is a reasonable probability that the Group will succeed in convincing the authority of its position.

Any accepted assessment is recorded as a liability when the amount can be reasonably estimated.

3.14 Sales

Revenue arising from the sale of goods is presented in sales in the income statement. Sales are recognized when the significant risks and rewards of ownership have been transferred to the buyer, which usually occurs with the delivery or shipment of the product.

Sales are recognized net of customer rebates and discounts.

The Group may enter into direct sales (as opposed to warehouse sales) whereby the product is sent directly from the supplier to the customer without any physical transfer to and from the Group’s warehouse. The Group is acting as principal and therefore recognizes the gross amount of the sale transaction.

3.15 Other income and other expenses

Other operating income and expenses include, irrespective of their amount, gains and losses on asset disposals, asset impairment and write-offs, expenses arising from the restructuring or integration of acquired companies, separation costs, acquisition related costs from business combinations and gains or losses on earn out as well as other significant items such as disputes. These items are presented separately in the income statement in order to allow the Chief Executive Officer and the Deputy Chief Executive Officer acting as Chief operating decision maker within the meaning of IFRS 8 “Operating Segments”, to assess the trading performance of the business segments.

3.16 Financial expenses (net)

Financial expenses (net) comprise interest payable on borrowings calculated using the effective interest rate method, dividends on preference shares classified as liabilities, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognized in profit or loss (see note 3.8.5).

Interest income is recognized in profit or loss as it accrues, using the effective interest rate method. Dividend income is recognized in profit or loss on the date the entity’s right to receive payment is established which in the case of quoted securities is the ex-dividend date. The interest expense component of finance lease payments is recognized in profit or loss using the effective interest rate method.

3.17 Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or in equity, in which case it is recognized respectively in other comprehensive income or in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: (i) goodwill not deductible for tax purposes, (ii) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and (iii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available to recover this asset. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Practically, this is achieved through a valuation allowance recognized against deferred tax assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income tax levied by the same tax jurisdiction and the Group intends to settle its current tax assets and liabilities on a net basis.

Information as to the calculation of income tax on the profit for the periods presented is included in note 10.

3.18 Segment reporting

In accordance with IFRS 8 "Operating segments", operating segments are based on the Group's management reporting structure. The information is shown by geographic zone consistently with Group's internal organization.

Based on this structure, the reportable segments are:

- Europe;
- North America;
- The Asia-Pacific area.

Latin America reporting segment is no longer presented following the divestment of Latin America operations on September 15, 2015 and was disclosed as discontinued operations in 2015 (see note 11).

The Group's financial reporting is reviewed monthly by the Chief Executive Officer and the Deputy Chief Executive Officer acting as the Chief operating decision maker.

3.19 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options and free shares granted to employees.

4. Business combinations

4.1 2016 Acquisitions

On January 4, 2016, Rexel acquired Sofinther, a French €116 million annual sales distribution company specializing in thermal, heating and control solutions. The Group acquired a 100% ownership interest for a total consideration of €81.6 million. As part of the purchase price allocation, the Group recognized customer relationships of €23.4 million with a useful life of 8 years. Goodwill arising on this acquisition amounted to €31.8 million. Sofinther has been consolidated starting on its acquisition date.

In addition, the Group acquired the following non-material entities in the first quarter of 2016:

- Cordia, a French distributor of fire prevention equipment and services;
- Brohl & Appell, a US company specialized in industrial automation.

4.2 Purchase Price Allocation

The table below shows the purchase price allocation to identifiable assets and liabilities, for the entities acquired in 2016.

Net assets acquired and consideration transferred

(in millions of euros)	SOFINTHER	OTHERS	TOTAL
Customer relationships	23.4	–	23.4
Other fixed assets	2.9	0.8	3.7
Other non current assets	1.6	0.0	1.6
Current assets	54.3	10.1	64.4
Net financial debt	8.4	2.9	11.4
Other non current liabilities	(9.1)	(0.2)	(9.3)
Current liabilities	(31.7)	(3.8)	(35.4)
Net asset acquired (except goodwill acquired)	**49.8**	**9.9**	**59.7**
Goodwill acquired	31.8	12.9	44.6
Consideration transferred	**81.6**	**22.8**	**104.4**
Cash acquired	(11.8)	(3.9)	(15.7)
Net cash paid for 2016 acquisitions	**69.8**	**18.8**	**88.6**
Payments related to prior year acquisitions(1)	–	5.3	5.3
Net cash paid for acquisitions in 2016	**69.8**	**24.2**	**94.0**

(1) Converted at acquisition date exchange rate.

The amount of fees associated with these acquisitions totaled €0.9 million, of which €0.4 million was incurred in 2016. For the year ended December 31, 2016, the contribution of the acquired entities to the Group's sales and operating income was €155.8 million and €8.8 million respectively.

4.3 2015 Acquisitions

In 2015, the Group completed the following acquisitions:

- A 60% controlling interest in Shanghai Maxqueen Industry Development Co. Ltd On February 26, 2015, a company based in China;
- Electro-Industrie en Acoustiek NV on June 1, 2015, based in Belgium;
- The assets and business of Al Mousa for Industrial Projects Co Ltd on July 15, 2015, a company based in Saudi Arabia;
- A 60% controlling interest in Zhonghao (Shanghai) Technology Co. Ltd, a company based in China, on September 1, 2015.

These entities were non-material relative to the Group's total assets, sales and operating income.

4.4 Acquisition of non-controlling interests

In 2015, the Group exercised its purchase option to acquire a 35% equity interest of Rexel-Hualian Electric Equipment Commercial Co., Ltd, a company based in China, for a consideration of €4.1 million. As a result of this transaction, the Group holds 100% interests in this company. The Group also paid €6.1 million for the acquisition of the remaining non-controlling interests in Beijing Zhongheng Hengxing Automation Equipment Co., Ltd, under a purchase agreement dated 2014.

5. Segment reporting

The reportable operational segments are Europe, North America and Asia-Pacific.

Information by geographic segment for the year ended December 31, 2016 and 2015

(in millions of euros)	2016 EUROPE	NORTH AMERICA	ASIA-PACIFIC	TOTAL OPERATING SEGMENTS	CORPORATE HOLDINGS AND OTHER RECONCILING ITEMS	TOTAL GROUP
FOR THE YEAR ENDED DECEMBER 31,						
Sales to external customers	7,168.5	4,689.1	1,304.6	**13,162.2**	(0.1)	**13,162.1**
EBITA[1]	386.9	165.6	14.3	**566.8**	(27.2)	**539.6**
Goodwill impairment	(4.7)	–	(42.1)	**(46.8)**	–	**(46.8)**
AS OF DECEMBER 31,						
Working capital	613.3	645.6	146.1	**1,405.0**	(18.6)	**1,386.4**
Goodwill	2,547.0	1,535.4	217.9	**4,300.2**	–	**4,300.2**

(in millions of euros)	2015 EUROPE[2]	NORTH AMERICA	ASIA-PACIFIC	TOTAL OPERATING SEGMENTS	CORPORATE HOLDINGS AND OTHER RECONCILING ITEMS[2]	TOTAL GROUP
FOR THE YEAR ENDED DECEMBER 31,						
Sales to external customers	7,289.3	4,898.1	1,350.3	**13,537.6**	–	**13,537.6**
EBITA[1]	413.7	188.3	10.4	**612.4**	(39.5)	**573.0**
Goodwill impairment	(43.8)	–	(50.5)	**(94.3)**	–	**(94.3)**
AS OF DECEMBER 31,						
Working capital	572.5	588.1	175.3	**1,335.9**	(22.1)	**1,313.8**
Goodwill	2,543.7	1,465.4	257.6	**4,266.6**	–	**4,266.6**

(1) EBITA is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses.
(2) After reallocation of Rexel Holding Netherlands BV from Corporate Holdings to Europe reporting segment.

The reconciliation of EBITA with the Group's consolidated income before income taxes is presented in the following table:

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2016	2015
EBITA – Total continuing operation	**539.6**	**573.0**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(18.7)	(17.0)
Other income and other expenses	(124.0)	(176.5)
Net financial expenses	(146.3)	(210.0)
Net income before tax from continuing operations	**250.7**	**169.4**

The reconciliation of the total allocated assets and liabilities with the Group's consolidated total assets is presented in the following table:

(in millions of euros)	AS OF DECEMBER 31, 2016	2015
Working capital	1,386.4	1,313.8
Goodwill	4,300.2	4,266.6
Total allocated assets & liabilities	**5,686.6**	**5,580.4**
Liabilities included in allocated working capital	2,868.5	2,842.7
Accrued interest receivable	0.9	0.7
Other non-current assets	1,433.6	1,430.5
Deferred tax assets	128.4	159.0
Current tax assets	23.5	47.6
Assets classified as held for sale	0.3	53.8
Derivatives	0.4	2.4
Cash and cash equivalents	619.3	804.8
Group consolidated total assets	**10,761.6**	**10,922.1**

6. Distribution & administrative expenses

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2016	2015
Personnel costs (salaries & benefits)	1,609.5	1,612.7
Building and occupancy costs	268.5	272.3
Other external costs	623.3	638.6
Depreciation expense	97.1	90.7
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	18.7	17.0
Bad debt expense	34.7	35.3
Total distribution and administrative expenses	**2,651.8**	**2,666.6**

7. Salaries & Benefits

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2016	2015
Salaries and social security charges	1,530.9	1,543.9
Share-based payments	10.5	10.5
Pension and other post-retirement benefits-defined benefit plans	7.9	6.1
Other employee expenses	60.2	52.2
Total employee expenses	**1,609.5**	**1,612.7**

The table below sets forth average number of employees by geographic segment:

	FOR THE YEAR ENDED DECEMBER 31, 2016	2015
Europe	15,910	15,893
North America	7,986	8,401
Asia-Pacific	3,232	3,281
Total operating segments	**27,128**	**27,575**
Corporate Holdings and divested entities	422	758
Group average number of employees	**27,550**	**28,333**

8. Other income & other expenses

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2016	2015
Gains on disposal of tangible assets	1.8	0.5
Write-back asset impairment	1.2	0.2
Release of unused provisions	1.5	4.1
Gains on earn-out	0.3	0.1
Other operating income	0.8	0.2
Total other income	**5.6**	**5.1**
Restructuring costs(1)	(59.3)	(58.7)
Losses on non-current assets disposed of(2)	(5.1)	(1.8)
Impairment of goodwill(3)	(46.8)	(84.4)
Asset write-offs(4)	(6.4)	(1.3)
Impairment of assets held for sale in Poland, Slovakia & Baltics(5)	–	(27.1)
Acquisition related costs	(1.0)	(2.5)
Losses on earn-out	(2.5)	–
Litigation costs	(6.6)	(2.0)
Other operating expenses	(1.9)	(3.9)
Total other expenses	**(129.5)**	**(181.7)**

(1) Mainly in connection with branch network and logistics optimization (*e.g.*: USA, Germany), business transformation programs (*e.g.* United Kingdom, Spain), support services reorganization (*e.g.* United Kingdom, China, corporate) and changes in corporate senior management positions (€14.1 million).
(2) In 2016, including a disposal loss of €3.2 million relating to the sale of operations in Slovakia, Poland and Baltics to the Würth group completed on April 28, 2016 for a consideration of €10.0 million before working capital and debt adjustments.
(3) Of which €38.3 million relating to China, €3.8 million to South East Asia and €4.7 million to Slovenia. (€84.4 million, of which €50.5 million attributable to Australia and €33.9 million to The Netherlands in 2015) (see note 12.1).
(4) Own brand business terminated in the United Kingdom.
(5) Impairment of assets held for sale relating to Poland, Slovakia and Baltics operations disposed of in 2016. The group of assets held for sale was subject to an impairment loss of €27.1 million to bring down its net carrying value to the fair value less cost to sale (see note 14).

9. Net financial expenses

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2016	2015
Interest income on cash and cash equivalents	0.4	0.4
Interest income on receivables and loans	1.6	1.4
Financial income	**2.0**	**1.8**
Interest expense on financial debt (stated at amortized cost)	(110.0)	(132.0)
Interest gain / (expense) on interest rate derivatives	0.2	5.8
Gains and losses on derivative instruments previously deferred in other comprehensive income and reclassified in the income statement	–	(0.0)
Change in fair value of interest rate derivatives through profit and loss	5.5	3.3
Financial expense on borrowings	**(104.3)**	**(122.9)**
Non-recurring redemption costs	**(16.3)**(1)	**(52.5)**(2)
Foreign exchange gain (loss)	*4.4*	*(4.8)*
Change in fair value of exchange rate derivatives through profit and loss	*(2.8)*	*(0.7)*
Net foreign exchange gain (loss)	1.6	(5.4)
Net financial expense on employee benefit obligations	(10.6)	(12.0)
Others	(18.7)	(19.0)
Other financial expenses	**(27.7)**	**(36.4)**
Net financial expenses	**(146.3)**	**(210.0)**

(1) Relating to the early repayment of the €650 million senior notes due 2020 for €10.0 million and the redemption of US$170 million out of the US$ 500 million senior notes due 2020 for €6.3 million (see note 23.1.2).
(2) Non-recurring costs related to the early repayment of the €500 million senior notes due 2018 and the US$500 million senior notes due 2019.

10. Income tax

Rexel and its French subsidiaries have formed a tax group from January 1, 2005. Rexel uses tax consolidation in other countries where similar options exist.

10.1 Income tax expense

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2016	2015
Current tax	(82.9)	(55.8)
Deferred tax	(31.9)	(23.2)
Prior year adjustments on income tax	(1.6)	(5.4)
Total income tax expense	**(116.4)**	**(84.4)**

10.2 Deferred tax assets and liabilities

Changes in net deferred tax assets / (liabilities) are as follows:

(in millions of euros)	2016	2015
Net deferred tax at the beginning of the year	**(52.1)**	**(21.7)**
Deferred tax income (expense)	(29.8)	(26.1)
Other comprenhensive income	(10.1)	8.6
Change in consolidation scope	(7.1)	(2.1)
Currency translation adjustment	(12.4)	(11.1)
Other changes	(0.2)	0.3
Net deferred tax at the end of the year	**(111.6)**	**(52.1)**

Analysis of deferred tax assets and liabilities by nature is as follows:

(in millions of euros)	AS OF DECEMBER 31, 2016	2015
Intangible assets	(385.4)	(377.4)
Property, plant and equipment	(2.1)	(4.9)
Financial assets	24.8	24.0
Trade accounts receivable	14.2	13.1
Inventories	22.2	20.0
Employee benefits	95.0	100.9
Provisions	11.4	13.7
Financing fees	(4.9)	(7.0)
Other items	3.7	11.3
Tax losses carried forward	264.6	309.8
Deferred tax assets / (liabilities), net	**43.8**	**103.5**
Valuation allowance on deferred tax assets	(155.4)	(155.6)
Net deferred tax assets / (liabilities)	**(111.6)**	**(52.1)**
of which deferred tax assets	128.4	159.0
of which deferred tax liabilities	(240.0)	(211.2)

A valuation allowance on deferred tax assets of €155.4 million was recognized as of December 31, 2016 (€155.6 million as of December 31, 2015), as a result of the recoverability assessment of the net deferred tax assets by each tax entity. The recoverable amount excludes risks arising from notified tax reassessments that are contested by the Group and is based on the expected taxable profits over the next 5 years.

As of December 31, 2016, deferred tax assets arising on tax losses carried forward that are not expected to be used within five years were subject to a valuation allowance mostly in the United Kingdom, Spain, France and Germany. The expiry date of such tax losses carried forward is as follows:

(in millions of euros)	AS OF DECEMBER 31, 2016	2015
One year	–	–
Two years	–	0.8
Three years	1.5	1.0
Four years	1.1	1.3
Five years	4.1	0.9
Thereafter	494.4	453.8
Total tax losses carried forward (tax basis) subject to a valuation allowance	**501.1**	**457.8**

10.3 Effective tax rate

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2016		2015	
Income before tax and before share of profit in associates	250.7		169.4	
French legal tax rate		*34.4%*		*38.0%*
Income tax calculated at the legal tax rate	(86.3)		(64.4)	
Differences of tax rates between French and foreign jurisdictions	9.1	(3.6%)	19.0	(11.2%)
Changes in tax rates(1)	7.4	(3.0%)	(3.9)	2.3%
(Current year losses unrecognized), prior year losses recognized(2)	(14.8)	5.9%	(3.7)	2.2%
(Non-deductible expenses), tax exempt revenues(3)	(21.1)	8.4%	(33.5)	19.8%
Others(4)	(10.6)	4.2%	2.1	(1.2%)
Actual income tax expense	**(116.4)**	**46.4%**	**(84.4)**	**49.8%**

(1) Of which €7.1 million gain relating to the decrease in French tax rate, from 34.4% to 28.9% effective in 2020.
(2) Including unrecognized tax loss carried forward in China for €7.7 million in 2016.
(3) Including tax impact of non-deductible goodwill impairment expense of €9.8 million (€23.7 million in 2015).
(4) Including a tax levy calculated on added value in France (CVAE) for €6.8 million (€6.0 million in 2015)

11. Discontinued operations

Effective on September 15, 2015, the Group sold its operations in Latin America to Sonepar for a selling price of €17.2 million (US$ 18.6 million). As a result, the Group recognized a divestment loss of €60.0 million, as part of the €69.3 million net loss from discontinued operations.

For the year ended December 31, 2015, proceeds received from the buyer were €16.7 million less €5.1 million of cash disposed of representing a net cash amount of €11.6 million. This operation had no significant tax impact.

The income statement of Latin America operating segment presented as discontinued operations in 2015 was detailed as follows:

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2015
Sales	169.7
Cost of goods sold	(134.4)
Gross profit	**35.3**
Distribution and administrative expenses	(37.0)
Operating income before other income and expenses	**(1.7)**
Other income and expenses	(62.5)
Operating income	**(64.2)**
Net financial expenses	(7.0)
Net income / (loss) before income tax	**(71.2)**
Income tax	2.0
Net income / (loss) from discontinued operations	**(69.3)**
Earnings per share for discontinued operations:	
Basic earnings per share (in euros)	(0.23)
Fully diluted earnings per share (in euros)	(0.23)

Distribution and administrative expenses

(in millions of euros)	FOR THE YEAR ENDED 2015
Personnel costs (salaries & benefits)	20.6
Building and occupancy costs	4.6
Other external costs	8.7
Depreciation expense	1.3
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	0.4
Bad debt expense	1.4
Total distribution and administrative expenses	**37.0**

Other income and other expenses

(in millions of euros)	FOR THE YEAR ENDED 2015
Gains on disposal of tangible assets	–
Other operating income	0.1
Total other income	**0.1**
Restructuring costs	(0.7)
Losses on non-current assets disposed of	(25.1)
Impairment of goodwill and other intangible assets	(15.8)
Impairment of tangible assets	(14.0)
Other operating expenses	(6.9)
Total other expenses	**(62.6)**
Other income and expenses	**(62.5)**

12. Long-term assets

12.1 Goodwill and intangible assets

(in millions of euros)	STRATEGIC PARTNERSHIPS	DISTRIBUTION NETWORKS	SOFTWARE AND OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS	GOODWILL
Gross carrying amount as of January 1, 2015	**185.6**	**663.1**	**602.5**	1,451.3	4,612.4
Change in consolidation scope	–	–	(7.3)	**(7.3)**	**(29.7)**
Additions	–	–	52.6	**52.6**	**-**
Disposals	–	–	(2.1)	**(2.1)**	**-**
Currency translation adjustment	–	18.4	25.1	**43.5**	**100.1**
Other changes	–	–	(6.8)	**(6.8)**	**(26.5)**
Gross carrying amount as of December 31, 2015	**185.6**	**681.6**	**664.0**	1,531.2	4,656.3
Change in consolidation scope	–	–	18.1	**18.1**	**44.6**
Additions	–	–	46.6	**46.6**	**-**
Disposals	–	–	(17.9)	**(17.9)**	**(26.3)**
Currency translation adjustment	–	1.0	(2.0)	**(1.0)**	**40.1**
Other changes	–	–	8.5	**8.5**	**26.3**
Gross carrying amount as of December 31, 2016	**185.6**	**682.6**	**717.3**	**1,585.5**	**4,741.1**
Accumulated amortization and depreciation as of January 1, 2015	**-**	**(5.8)**	**(361.4)**	(367.2)	(368.5)
Change in consolidation scope	–	–	7.3	**7.3**	**46.9**
Amortization expense	–	–	(50.8)	**(50.8)**	**-**
Impairment losses	–	–	(6.7)	**(6.7)**	**(105.7)**
Release	–	–	1.9	**1.9**	**-**
Currency translation adjustment	–	–	(14.0)	**(14.0)**	**11.1**
Other changes	–	–	6.2	**6.2**	**26.5**
Accumulated amortization and depreciation as of December 31, 2015	**-**	**(5.8)**	**(417.4)**	(423.2)	(389.7)
Change in consolidation scope	–	–	5.5	**5.5**	**-**
Amortization expense	–	–	(58.5)	**(58.5)**	**-**
Impairment losses	–	–	–	**-**	**(46.8)**
Write off(1)	–	–	(6.4)	**(6.4)**	**-**
Release	–	–	17.1	**17.1**	**26.3**
Currency translation adjustment	–	–	(4.2)	**(4.2)**	**(4.3)**
Other changes	–	–	(6.3)	**(6.3)**	**(26.3)**
Accumulated amortization and depreciation as of December 31, 2016	**-**	**(5.8)**	**(470.3)**	(476.1)	(440.8)
Carrying amount as of January 1, 2015	**185.6**	**657.3**	**241.2**	**1,084.1**	**4,243.9**
Carrying amount as of December 31, 2015	**185.6**	**675.8**	**246.6**	**1,108.0**	**4,266.6**
Carrying amount as of December 31, 2016	**185.6**	**676.8**	**247.1**	**1,109.5**	**4,300.2**

(1) Own brand business terminated in the United Kingdom.

Strategic partnerships

Strategic partnerships acquired in business combinations arise from contractual rights. Their valuation is determined on the basis of a discounted cash flow model.

Distribution networks

Distribution networks are considered separable assets as they could be franchised. They correspond to the value added to each branch through the existence of a network, and include notably banners and catalogues. Their measurement is performed using the royalty relief method based on royalty rates used for franchise contracts, taking their profitability into account. The royalty rate ranges from 0.4% to 1.0% of sales depending on each country.

Strategic partnerships and distribution networks are regarded as having an indefinite useful life when there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group. They are not amortized and are tested for impairment annually or as soon as there is an indication that these assets may be impaired.

Software and other intangible assets

This caption includes mainly the net book value of software for €129.5 million in 2016 (€127.8 million in 2015) and customer relationships for €67.2 million in 2016 (€51.9 million in 2015).

Customer relationships are recognized when the acquired entity establishes relationships with key customers through contracts. Customer relationships are measured using an excess profit method and are amortized over their useful lives based on historical attrition ranging from 5 to 15 years.

Goodwill

Goodwill arising in a business combination represents a payment made in anticipation of future economic benefits arising from assets that are not capable of being identified individually and accounted for separately, such as market shares, the value of workforce, the potential to develop existing business assets and expected synergies from the combination. In the wholesale distribution sector, these synergies notably include those expected in terms of purchasing, logistics, network and administration. Goodwill is tested at least annually for impairment purposes.

The table below sets forth the allocation of goodwill and intangible assets with indefinite useful life by cash generating unit.

(in millions of euros)		AS OF DECEMBER 31,					
		2016			2015		
CGU	GEOGRAPHIC SEGMENT	GOODWILL	INTANGIBLE ASSETS	TOTAL	GOODWILL	INTANGIBLE ASSETS	TOTAL
United States	North America	1,056.2	162.6	1,218.8	1,015.6	157.4	1,173.0
France	Europe	1,047.7	169.4	1,217.1	1,010.1	169.4	1,179.5
Canada	North America	479.2	71.4	550.6	449.8	67.0	516.8
Switzerland	Europe	279.1	39.2	318.3	276.7	38.9	315.5
United Kingdom	Europe	202.0	59.8	261.8	235.7	69.7	305.4
Sweden	Europe	193.8	19.7	213.5	201.4	20.5	221.9
Germany	Europe	184.4	51.7	236.1	184.4	51.7	236.1
Norway	Europe	171.1	13.6	184.7	161.9	12.9	174.8
Australia	Asia-Pacific	124.8	26.6	151.4	122.3	26.0	148.3
Austria	Europe	88.5	13.0	101.5	88.5	13.0	101.5
Belgium	Europe	76.4	-	76.4	76.4	-	76.4
Other		397.0	235.4	632.4	444.0	234.8	678.8
Total		**4,300.2**	**862.4**	**5,162.6**	**4,266.6**	**861.4**	**5,128.0**

Impairment

The Group performs impairment tests of goodwill at the country level, which represents the lowest level at which operations are monitored by management for the purpose of measuring return on investment.

Value-in-use key assumptions

The recoverable amount of the cash-generating units was determined based on value in use. The calculation of the value in use is based on a discounted cash flow model. The cash flows are derived from the strategic plan prepared in June 2016 and updated during the yearly budget process in November 2016 for the next 4 years and also include an extrapolation of one additional year and a normative terminal value. A perpetual growth rate has been used for the calculation of the terminal value. Cash-flows were discounted on the basis of the weighted average cost of capital net of tax calculated for each country. Country-specific risk is incorporated by applying individual risk-free rates and equity risk premium. The weighted average cost of capital reflects the time value of money and the specific risks of the assets, not already factored in the projected cash flow, by taking into account the capital structure and the financing terms and conditions of a standard market participant.

The calculation of value in use is mostly sensitive to the EBITA margin computed in the terminal value, the discount rate and the perpetual growth rate:

- EBITA Margin
  EBITA margin factored in the terminal value cash flow is set on a country by country basis based on both historical

and expected performance, Rexel's market share and characteristics of the local market and by reference to other cash generating units within the Group with similar profile.

- Discount rate and perpetual growth rate

  The following after tax discount rates and perpetual growth rate were used to estimate the value-in-use of the CGUs:

	2016			2015		
	DISCOUNT RATE (WACC)	PERPETUAL GROWTH RATE	WACC - PERPETUAL GROWTH RATE	DISCOUNT RATE (WACC)	PERPETUAL GROWTH RATE	WACC - PERPETUAL GROWTH RATE
United States	7.8%	1.8%	6.0%	8.0%	2.0%	6.0%
France	7.5%	1.8%	5.7%	7.5%	2.0%	5.5%
Canada	7.3%	1.8%	5.5%	8.0%	2.0%	6.0%
Switzerland	6.3%	0.8%	5.5%	6.3%	2.0%	4.3%
United Kingdom	7.5%	1.8%	5.7%	7.8%	2.0%	5.8%
Sweden	7.3%	1.8%	5.5%	7.3%	2.0%	5.3%
Germany	7.0%	1.8%	5.2%	7.2%	2.0%	5.2%
Norway	7.8%	1.8%	6.0%	7.9%	2.0%	5.9%
Australia	9.5%	2.5%	7.0%	9.5%	2.5%	7.0%
Austria	7.3%	1.8%	5.5%	7.7%	2.0%	5.7%
Belgium	7.3%	1.8%	5.5%	7.5%	2.0%	5.5%
Other	6.0% to 15.8%	1.0% to 5.0%	5.0% to 10.8%	5.6% to 14.7%	3.0% to 5.2%	2.6% to 9.5%

Impairment loss

As a result of impairment testing, a €46.8 million loss was recognized in 2016 in connection with goodwill:

- In China for €38.3 million as a result of lower prospects of the industrial end-market reducing the goodwill to €15.8 million;
- In Slovenia, which was fully impaired, for €4.7 million due to of the weakness of the construction market and the lack of infrastructure projects;
- In South-East Asia for €3.8 million reflecting weaker than expected investments in the Oil & Gas industry reducing the goodwill to €38.4 million.

In 2015, the Group recognized a goodwill impairment expense of €84.4 million, of which €50.5 million attributable to Australia and €33.9 million to The Netherlands.

Sensitivity analysis

The table below summarizes the impact by cash generating units of a change of 50 bps in EBITA margin, discount rate and perpetual growth rate on the impairment expense:

	GOODWILL & INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE	EBITA MARGIN (-50 BPS)	DISCOUNT RATE (+50 BPS)	PERPETUAL GROWTH RATE (-50 BPS)
United States	1,218.8	(129.7)	(101.6)	(48.0)
France	1,217.1	–	–	–
Canada	550.6	(17.4)	(22.4)	(5.2)
Switzerland	318.3	–	–	–
United Kingdom	261.8	–	–	–
Sweden	213.5	–	–	–
Germany	236.1	–	–	–
Norway	184.7	–	–	–
Australia	151.4	(17.8)	(15.8)	(9.7)
Austria	101.5	–	–	–
Belgium	76.4	–	–	–
Other	632.4	(33.8)	(16.6)	(8.5)
Total	**5,162.6**	**(198.7)**	**(156.4)**	**(71.4)**

12.2 Property, plant & equipment

(in millions of euros)	LAND & BUILDINGS	PLANT & EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL PROPERTY, PLANT AND EQUIPMENT
Gross carrying amount as of January 1, 2015	**264.5**	**663.0**	**36.8**	**964.4**
Change in consolidation scope	–	(10.6)	0.1	**(10.5)**
Additions	9.6	53.9	5.4	**68.9**
Disposals	(3.8)	(37.2)	(2.1)	**(43.2)**
Currency translation adjustment	8.0	10.3	1.0	**19.3**
Other changes	(7.4)	(1.7)	(10.2)	**(19.2)**
Gross carrying amount as of December 31, 2015	**270.9**	**677.8**	**31.0**	**979.7**
Change in consolidation scope	(7.2)	1.0	(0.5)	**(6.8)**
Additions	7.2	58.9	3.2	**69.2**
Disposals	(36.2)	(58.8)	(1.3)	**(96.4)**
Currency translation adjustment	(6.6)	5.7	0.2	**(0.7)**
Other changes	9.6	(2.3)	(1.8)	**5.5**
Gross carrying amount as of December 31, 2016	**237.6**	**682.3**	**30.7**	**950.6**
Accumulated amortization and depreciation as of January 1, 2015	**(144.4)**	**(513.0)**	**(19.8)**	**(677.3)**
Change in consolidation scope	–	6.4	5.0	**11.4**
Depreciation expense	(10.5)	(45.9)	(2.2)	**(58.6)**
Impairment losses	(4.3)	(1.0)	(6.8)	**(12.1)**
Release	1.9	34.4	0.9	**37.2**
Currency translation adjustment	(3.4)	(8.5)	0.8	**(11.1)**
Other changes	7.8	7.5	4.1	**19.4**
Accumulated amortization and depreciation as of December 31, 2015	**(153.0)**	**(520.0)**	**(18.0)**	**(691.0)**
Change in consolidation scope	7.3	2.5	0.7	**10.5**
Depreciation expense	(9.2)	(45.9)	(2.3)	**(57.3)**
Impairment losses	–	–	–	**–**
Release	19.7	55.3	1.0	**76.0**
Currency translation adjustment	3.3	(4.5)	(0.0)	**(1.3)**
Other changes	(6.9)	2.6	(0.8)	**(5.0)**
Accumulated depreciation and amortization as of December 31, 2016	**(138.8)**	**(510.0)**	**(19.4)**	**(668.2)**
Carrying amount as of January 1, 2015	**120.1**	**150.0**	**17.0**	**287.1**
Carrying amount as of December 31, 2015	**117.9**	**157.8**	**13.0**	**288.7**
Carrying amount as of December 31, 2016	**98.8**	**172.3**	**11.3**	**282.4**

Additions of the year 2016 include €8.4 million of assets (€10.0 million in 2015) acquired through finance lease contracts. In the consolidated cash flow statement, these acquisitions have been included in cash flows from investing activities and the corresponding variation of financial debt was included in "Net change in finance lease liabilities" in cash flows from financing activities.

12.3 Long-term investments

	AS OF DECEMBER 31,	
(in millions of euros)	2016	2015
Loans	0.2	–
Deposits	25.1	25.3
Derivatives	16.2	8.3
Other long-term investments	0.3	0.2
Long-term investments	**41.8**	**33.8**

13. Current assets

13.1 Inventories

(in millions of euros)	AS OF DECEMBER 31, 2016	2015
Cost	1,675.7	1,623.8
Allowance	(96.4)	(88.7)
Inventories	**1,579.3**	**1,535.0**

Changes in impairment losses

(in millions of euros)	2016	2015
Allowance for inventories as of January 1,	**(88.7)**	**(94.9)**
Change in consolidation scope	5.5	3.7
Net change in allowance	(13.7)	(7.6)
Currency translation adjustment	0.3	(2.2)
Other changes	0.2	12.4
Allowance for inventories as of December 31,	**(96.4)**	**(88.7)**

13.2 Trade accounts receivable

(in millions of euros)	AS OF DECEMBER 31, 2016	2015
Nominal value	2,313.0	2,247.6
Impairment losses	(125.7)	(118.3)
Trade accounts receivable	**2,187.3**	**2,129.4**

Trade accounts receivable includes sales taxes collected on behalf of tax authorities that, in certain circumstances, may be recovered when the client defaults. Recoverable taxes amounted to €237.1 million as of December 31, 2016 (€259.4 million as of December 31, 2015).

The Group has implemented credit insurance programs in certain countries. Trade accounts receivable covered by these programs amounted to €818.8 million as of December 31, 2016 (€781.9 million as of December 31, 2015).

Also, in some countries, the Group benefits from additional guarantees according to the specificities of local jurisdictions, notably in the United States and in Canada. Trade accounts receivable covered by these guarantees represented €248.3 million as of December 31, 2016 (€247.6 million as of December 31, 2015).

Changes in impairment losses

(in millions of euros)	2016	2015
Impairment losses on trade accounts receivable as of January 1,	**(118.3)**	**(136.3)**
Change in consolidation scope	2.0	4.7
Net allowance[(1)]	(9.4)	14.7
Currency translation adjustment	0.0	(1.4)
Impairment losses on trade accounts receivable as of December 31,	**(125.7)**	**(118.3)**

(1) Of which receivables written-off for €25.7 million in 2016 (€44.6 million in 2015).

As of December 31, 2016, trade receivables were subject to impairment losses estimated on an individual basis following the assessment of the customer default risk for €89.7 million (€87.8 million as of December 31, 2015).

In accordance with the accounting principle stated in note 3.8.3, all past due receivables above 30 days are subject to an impairment loss estimated on the basis of the ageing for €33.9 million as of December 31, 2016 (€30.5 million as of December 31, 2015).

Past due receivables are detailed as follows:

(in millions of euros)	AS OF DECEMBER 31, 2016	2015
From 1 to 30 days	284.5	261.8
From 31 to 60 days	80.6	72.7
From 61 to 90 days	30.1	35.4
From 91 to 180 days	44.6	36.4
Above 180 days	36.5	34.3

13.3 Other accounts receivable

(in millions of euros)	AS OF DECEMBER 31, 2016	2015
Purchase rebates	345.7	339.2
VAT receivable and other sales taxes	26.4	22.0
Prepaid expenses	37.3	39.9
Derivatives	0.4	2.4
Other receivables	79.7	91.8
Total accounts receivable	**489.6**	**495.3**

14. Assets held for sale

Assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The Group must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of their carrying amount and fair value less costs to sell.

In 2015, the Group entered in a round of exclusive negotiations to dispose of its operations in Poland, Slovakia and Baltics. As a result, on April 28, 2016, the Group completed sale agreements with the Würth group for a consideration of €10,0 million before working capital and debt adjustments.

As of December 31, 2015, the group of assets to be disposed of had been reclassified as assets and liabilities held for sale. An impairment charge of assets held for sale was recognized for €27.1 million to bring down the net carrying value of assets held for sale to the amount of the fair value less costs to sell.

Assets and liabilities classified as held for sale were detailed as of December 31, 2015 as follows:

(in millions of euros)	AS OF DECEMBER 31, 2015
ASSETS	
Inventories	8.0
Trade accounts receivable	36.3
Other accounts receivable	3.5
Cash and cash equivalents	2.9
Total assets	**50.7**
LIABILITIES	
Interest bearing debt	0.2
Trade accounts payable	38.2
Other liabilities	12.3
Total liabilities	**50.6**
Net assets held for sale	**0.1**

As of December 31, 2015, the Group also recognized other net assets held for sale of €3.1 million mainly relating to properties in Europe.

15. Cash and cash equivalents

	AS OF DECEMBER 31,	
(in millions of euros)	2016	2015
Cash equivalents	0.3	481.3
Cash at bank	618.0	322.5
Cash in hand	1.0	1.1
Cash and cash equivalents	**619.3**	**804.8**

As of December 31, 2016, short-term investments include units in mutual funds, valued at their fair market value, for a total of €0.3 million (€481.3 million as of December 31, 2015). These investments were made in accordance with the Group's investment policy which requires that funds in which it invests are highly liquid, easily convertible into a known amount of cash and liable to a negligible risk of loss.

16. Summary of financial assets

(in millions of euros)	NOTE	IAS 39 CATEGORY	FAIR VALUE HIERARCHY*	AS OF DECEMBER 31, 2016 CARRYING AMOUNT	2016 FAIR VALUE	2015 CARRYING AMOUNT	2015 FAIR VALUE
Hedging derivatives[1]		FV P&L	2	16.0	16.0	8.0	8.0
Hedging derivatives[1]		FV OCI	2	0.2	0.2	0.2	0.2
Other derivative instruments not eligible to hedge accounting		FV P&L	2	–	–	0.2	0.2
Loans		L&R		0.2	0.2	–	–
Deposits		L&R		25.1	25.1	25.3	25.3
Others[2]		N/A		0.3	N/A	0.2	N/A
Total long-term investments	12.3			**41.8**	**–**	**33.8**	**–**
Trade accounts receivable	13.2	L&R		**2,187.3**	**2,187.3**	**2,129.4**	**2,129.4**
Supplier rebates receivable		L&R		345.7	345.7	339.2	339.2
VAT and other taxes receivable[2]		N/A		26.4	N/A	22.0	N/A
Other accounts receivable		L&R		79.7	79.7	91.8	91.8
Other derivative instruments eligible to hedge accounting		FV OCI	2	0.2	0.2	–	–
Other derivative instruments not eligible to hedge accounting		FV P&L	2	0.2	0.2	2.4	2.4
Prepaid expenses[2]		N/A		37.3	N/A	39.9	N/A
Total other current assets	13.3			**489.6**	**–**	**495.3**	**–**
Cash equivalents		FV P&L	2	0.3	0.3	481.3	481.3
Cash		L&R		619.0	619.0	323.5	323.5
Cash and cash equivalents	15			**619.3**	**–**	**804.8**	**–**

(1) Specific accounting treatment for hedging.
(2) Not a financial instrument under IAS 39.

Loans and receivables	L&R
Assets available for sale	AFS
Fair value through profit or loss	FV P&L
Fair value through other comprehensive income	FV OCI
Not applicable	N/A

* For fair value hierarchy see note 3.8.4.

17. Share capital and premium

17.1 Changes in share capital and issuance premium

Rexel's share capital is composed of ordinary shares, with a par value of €5. The following table shows changes in the share capital and issuance premium:

	NUMBER OF SHARES	SHARE CAPITAL (in millions of euros)	SHARE PREMIUM (in millions of euros)
As of January 1, 2015	**292,005,576**	**1,460.0**	**1,599.8**
Exercise of share subscription rights(1)	14,900	0.1	–
Issuance of shares in connection with payments of dividends(2)	8,955,801	44.8	82.1
Employee share purchase plan	109,181	0.5	–
Issuance of shares in connection with free shares plans(3)	785,920	3.9	–
Allocation of free shares	–	–	(9.0)
Free shares cancelled	–	–	7.5
As of December 31, 2015	**301,871,378**	**1,509.4**	**1,680.5**
Exercise of share subscription rights(1)	98,442	0.5	–
Payments of dividends(2)	–	–	(120.3)
Employee share purchase plan	530,854	2.7	0.9
Issuance of shares in connection with free shares plans(3)	397,349	2.0	–
Allocation of free shares	–	–	(10.0)
Free shares cancelled	–	–	10.1
As of December 31, 2016	**302,898,023**	**1,514.5**	**1,561.2**

(1) For the year ended December 31, 2016, 98,442 stock options were exercised by key managers (14,900 for the year ended December 31, 2015).
(2) In 2016, payment of a dividend of €0.40 per share, by deduction from share premium, for a total cash amount of €120,3 million approved by the shareholders meeting on May 25, 2016. In 2015, payment of a dividend of €0.75 per share, either in cash or in Rexel shares at a price of €14.21, at the option of each shareholder. The total amount of the dividend distributed was €218.5 million, of which €91.2 million was paid in cash and €127.3 million was settled by the issuance of 8,955,801 new shares. Capital increase related costs of €0.3 million were recognized in reduction of the share premium.
(3) In 2016, issuance of 392,355 shares in connection with the 2012 bonus shares plan ("Plan 4+0"), 1,300 shares in connection with the 2013 bonus shares plan ("Plan 3+2") and 3,694 shares in connection with the 2014 bonus free shares plan ("Plan 2+2"). In 2015, issuance of 774,796 shares in connection with the 2011 bonus shares plans ("Plan 4+0") and 11,124 shares in connection with the 2013 bonus free shares plans ("Plan 2+2").

17.2 Capital Management and treasury shares

The Shareholders' Meeting of May 25, 2016 authorized the Board of Directors, with the option of sub-delegation, to have Rexel buy up to a maximum number of shares representing up to 10% of the Company's share capital for a maximum price of €30 per share. This program is capped at €250 million with a term of 18 months from the date of the Shareholders' Meeting (ending November 24, 2017).

The objectives of this program in decreasing order of priority are as follows:

- Ensuring liquidity and activity in the market for the shares through an investment services provider;
- Setting up any stock option plan of the Company;
- Retaining and delivering shares further to an exchange or as a consideration in the context of external growth transactions within the limit of 5% of the share capital of Rexel;
- Granting shares in connection with the exercise of rights attached to securities conferring access to Rexel shares;
- Cancelling all or part of any shares so repurchased;
- Any other actions that comply with applicable regulations in force.

In connection with this share buy-back program, Rexel entered into a mandate with a financial institution, complying with a Code of Ethics recognized by the *Autorité des marchés financiers* (AMF), the French securities regulator, to promote the liquidity of Rexel shares transactions for an amount of €16.7 million as of December 31, 2016 (€15.1 million as of December 31, 2015).

Rexel also repurchased in previous years treasury shares to serve its free share plans (944,227 shares held as of December 31, 2016).

As of December 31, 2016, Rexel held in aggregate 1,349,227 treasury shares (1,602,736 as of December 31, 2015) valued at an average price of €13.31 per share (€12.48 per share as of December 31, 2015) that were recognized as a reduction in shareholders' equity, for a total of €18.0 million (€20.0 million as of December 31, 2015).

Net capital gains realized on the sale of treasury shares in 2016 amounted to €1.0 million net of tax and were recognized as an increase in shareholders' equity (net capital losses of €0.6 million in 2015).

18. Dividends

	FOR THE YEAR ENDED DECEMBER 31,	
	2016	**2015**
Dividends on ordinary shares	€0.40	€0.75
Dividends paid (in millions of euros)	**120.3**	**218.5**
of which:		
• dividends paid in cash	*120.3*	*91.2*
• dividends paid in share	*–*	*127.3*

19. Share based payments

19.1 Bonus share plans

In addition to its long-term profit sharing policy for employees, Rexel has bonus share plans in place, the principal characteristics of which are described below:

Plans issued in 2016

On June 23, 2016, Rexel entered into free share plans for top executive managers amounting to a maximum of 1,820,625 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares depending on their country of residence:

- Either three years after the grant date (June 24, 2019), these being restricted for an additional two-year period (until June 24, 2021), the so-called "3+2 Plan";
- Or four years after the grant date (June 24, 2020) with no subsequent restrictions, the so-called "4+0 Plan".

The actual delivery of these bonus shares is subject to service, performance and market conditions as described below:

Vesting conditions	Three-year service condition from grant date and performance conditions based on: (i) 2015/2018 average growth of EBITA in value, (ii) 2015/2018 average Organic Sales Growth, (iii) average free cash flow before interest and tax to EBITDA between 2016 to 2018, (iv) Rexel share market performance compared to peers.	Four-year service condition from grant date and performance conditions based on: (i) 2015/2018 average growth of EBITA in value, (ii) 2015/2018 average Organic Sales Growth, (iii) average free cash flow before interest and tax to EBITDA between 2016 to 2018, (iv) Rexel share market performance compared to peers.	TOTAL
Plan	3+2	4+0	
Delivery date	June 24, 2019	June 24, 2020	
Share fair value at grant date June 23, 2016(1)	*10.91*	*10.50*	*10.64*
Maximum number of shares granted on June 23, 2016	**741,500**	**1,079,125**	**1,820,625**
2016 adjustment (see note 19.2)	25,142	36,695	**61,837**
Forfeited in 2016	(128,500)	(71,653)	**(200,153)**
Maximum number of shares granted on December 31, 2016	**638,142**	**1,044,167**	**1,682,309**

(1) The fair value of Rexel's shares was computed based on a Monte Carlo model which simulates the evolution of Rexel and panel shares quotations over three years. The impact of restrictions attached to the dividends until the delivery date of the shares to the beneficiaries was excluded from the fair value.

Plans issued in 2015

On July 28, 2015, Rexel entered into free share plans for top executive managers amounting to a maximum of 1,798,393 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares depending on their country of residence:

- Either three years after the grant date (July 29, 2018), these being restricted for an additional two-year period (until July 29, 2020), the so-called “3+2 Plan”;
- Or four years after the grant date (July 29, 2019) with no subsequent restrictions, the so-called “4+0 Plan”.

The actual delivery of these bonus shares is subject to service, performance and market conditions as described below:

Vesting conditions	Three-year service condition from grant date and performance conditions based on: (i) 2014/2017 average EBITA margin variation, (ii) average free cash flow before interest and tax to EBITDA between 2015 to 2017, (iii) Rexel share market performance compared to peers.	Four-year service condition from grant date and performance conditions based on: (i) 2014/2017 average EBITA margin variation, (ii) average free cash flow before interest and tax to EBITDA between 2015 to 2017, (iii) Rexel share market performance compared to peers.	**TOTAL**
Plan	3+2	4+0	
Delivery date	July 29, 2018	July 29, 2019	
Share fair value at grant date July 28, 2015(1)	*10.56*	*9.91*	
Maximum number of shares granted on July 28, 2015	**795,775**	**1,002,618**	**1,798,393**
Forfeited in 2015	(6,325)	(34,275)	**(40,600)**
Total maximum number of shares granted as of December 31, 2015	**789,450**	**968,343**	**1,757,793**
2016 adjustment (see note 19.2)	26,760	32,913	**59,673**
Forfeited in 2016	(252,286)	(123,309)	**(375,595)**
Total maximum number of shares granted as of December 31, 2016	**563,924**	**877,947**	**1,441,871**

(1) The fair value of Rexel’s shares was computed based on a Monte Carlo model which simulates the evolution of Rexel and panel shares quotations over three years. The impact of restrictions attached to the dividends until the delivery date of the shares to the beneficiaries was excluded from the fair value.

Plans issued in 2014

On May 22, 2014, Rexel entered into free share plans for the members of the top executive managers amounting to a maximum of 1,641,008 shares. According to these plans, the beneficiaries will either be eligible to receive Rexel shares:

- Two years after the grant date (May 23, 2016), these being restricted for an additional two-year period (until May 23, 2018), the so-called “2+2 Plan”;
- Three years after the grant date (May 23, 2017), these being restricted for an additional two-year period (until May 23, 2019), the so-called “3+2 Plan”;
- Four years after the grant date (May 23, 2018) with no subsequent restrictions, the so-called “4+0 Plan”.

The actual delivery of these bonus shares is subject to service, performance and market conditions set forth in the plan as described below:

Vesting conditions	Two-year service condition from grant date and performance conditions based on: (i) 2013/2015 Adjusted EBITA margin increase, (ii) average free cash flow before interest and tax to EBITDA between 2014 and 2015, (iii) Rexel share market performance compared to peers.		Three-year service condition from grant date and performance conditions based on: (i) 2013/2016 Adjusted EBITA margin increase, (ii) average free cash flow before interest and tax to EBITDA between 2014 and 2016, (iii) Rexel share market performance compared to peers.		**TOTAL**
Plan	2+2	4+0	3+2	4+0	
Delivery date	May 23, 2016	May 23, 2018	May 23, 2017	May 23, 2018	
Share fair value at grant date May 22, 2014[(1)]	*13.49*	*12.14*	*12.78*	*12.11*	
Maximum number of shares granted on May 22, 2014	**348,980**	**471,524**	**348,980**	**471,524**	**1,641,008**
Forfeited in 2014	(4,263)	(11,963)	(4,263)	(11,963)	**(32,452)**
Forfeited in 2015	(18,021)	(96,041)	(18,021)	(96,041)	**(228,124)**
Total maximum number of shares granted as of December 31, 2015	**326,696**	**363,520**	**326,696**	**363,520**	**1,380,432**
2016 adjustment (see note 19.2)		12,433	11,111	12,433	**35,977**
Forfeited in 2016	(211,093)	(244,423)	(115,421)	(43,162)	**(614,099)**
Delivered in 2016	(115,603)	–	–	–	**(115,603)**
Total maximum number of shares granted as of December 31, 2016	**-**	**131,530**	**222,386**	**332,791**	**686,707**

(1) The fair value of Rexel's shares was computed based on a Monte Carlo model which simulates the evolution of Rexel and panel shares quotations over three years. The impact of restrictions attached to the dividends until the delivery date of the shares to the beneficiaries was excluded from the fair value.

Plans issued in 2013

On April 30, and July 25, 2013, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,131,539 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date these being restricted for an additional two-year period, the so-called "2+2 Plan", or four years after the granting date with no subsequent restrictions, the so-called "4+0 Plan".

Furthermore, on April 30, 2013, Rexel entered into free share plans for its operational managers amounting to a maximum of 521,600 shares. According to these plans, these employees will either be eligible to receive Rexel shares three years after the grant date (May 2, 2016) these being restricted for an additional two-year period (May 2, 2018), the so-called "3+2 Plan", or five years after the grant date with no subsequent restrictions, the so-called "5+0 Plan".

The actual delivery of these bonus shares is subject to service, performance and market conditions set forth in the plan as described below:

BENEFICIARIES	MEMBERS OF GROUP EXECUTIVE COMMITTEE AND TOP MANAGERS		OPERATIONAL MANAGERS		TOTAL
Vesting conditions	Two-year service condition from grant date and performance conditions based on: (i) 2013 Adjusted EBITA, (ii) 2012/2014 Adjusted EBITA margin increase, (iii) average free cash flow before interest and tax to EBITDA between 2013 and 2014, (iv) free cash flow before interest and tax 2013, and (v) Two-year service condition from grant date and Rexel share performance compared with a panel of shares from firms of the same activity segment conditions.		Three-year service condition from grant date		
Plan	2+2	4+0	3+2	5+0	
Delivery date	May 4, 2015	May 2, 2017	May 2, 2016	May 2, 2018	
Share fair value at grant date April 30, 2013(1)	*13.70*	*12.04*	*14.37*	*12.71*	
Maximum number of shares granted on April 30, 2013	793,310	1,259,819	99,100	422,500	**2,574,729**
Delivery date	July 27, 2015	July 26, 2017			
Share fair value at grant date July 25, 2013	*15.73*	*14.07*			
Maximum number of shares granted on July 25, 2013	50,694	27,716			**78,410**
Total maximum number of shares granted in 2013	**844,004**	**1,287,535**	**99,100**	**422,500**	**2,653,139**
Forfeited in 2013	(368,148)	(563,165)	(11,100)	(18,200)	**(960,613)**
Forfeited in 2014	(155,619)	(274,550)	-	(31,500)	**(461,669)**
Forfeited in 2015	(119,717)	(177,006)	(7,000)	(45,900)	**(349,623)**
Delivered in 2015	(200,520)	–	–	–	**(200,520)**
Total maximum number of shares granted as of December 31, 2015	**-**	**272,814**	**81,000**	**326,900**	**680,714**
2016 adjustment (see note 19.2)	–	9,404	–	11,174	**20,578**
Forfeited in 2016	–	–	(3,100)	(11,170)	**(14,270)**
Delivered in 2016	–	–	(77,900)		**(77,900)**
Total maximum number of shares granted as of December 31, 2016	**-**	**282,218**	**-**	**326,904**	**609,122**

(1) The fair value of Rexel's shares was computed based on a Monte Carlo model which simulates the evolution of Rexel and panel shares quotations over three years. The impact of restrictions attached to the dividends until the delivery date of the shares to the beneficiaries was excluded from the fair value.

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Plans issued in 2012

In 2012, Rexel entered into several bonus share plans for its senior executives and key employees subject to service and performance conditions. The table below shows the number of shares granted and not delivered:

	PLANS ISSUED IN 2012
Average share fair value at the grant date	*€13.32*
Maximum number of shares granted initially	**2,262,404**
Forfeited	(1,666,567)
Delivered	(204,328)
Maximum number of shares granted as of December 31, 2015 and not delivered	**391,509**
2016 adjustment (see note 19.2)	1,766
Forfeited in 2016	(920)
Delivered in 2016	(392,355)
Maximum number of shares granted as of December 31, 2016 and not delivered	**–**

19.2 Adjustments of rights under existing stock option and free share plans following the distribution of dividends by deduction of share premium

Following the distribution of dividends by deduction of share premium on July 5, 2016 and in accordance with provisions contained in free share plans issued by Rexel, rights granted under such alive plans were adjusted to allow holders to invest the same amount of money as planned at the grant date. This adjustment resulted in an increase by 179,831 in the number of free shares granted for the plans issued from 2012 to 2016.

The adjustment ratio was set to 0.96728 and was calculated based on the average opening Rexel share price over the 20 trading days prior to the distribution record date of July 1, 2016.

As this adjustment was made in accordance with the provisions of the plans to put back holders of these rights to the position that they would have been had there have not been a distribution of share premium, no incremental share based payment expense was recognized as a result of this adjustment.

19.3 Employee share purchase plan

On September 26, 2016, the Company closed an employee offering in the major countries of the Group.

Subscription has been carried out directly or through employee shareholding funds (*fonds communs de placement d'entreprise* or FCPE).

The price of the employee offering, except for US and UK participating employees, was set at the average of the opening price of Rexel shares over the 20 trading days preceding the launch of the operation, minus a 20% discount, thus resulting in a subscription price of €11.08 per share. For US employees, the subscription price was set at 85% of the Rexel share price on the Paris Stock Exchange on September 9, 2016, *i.e.* €11.62 per share.

In France, participating employees benefited from an employer matching contribution equal to 150% of the subscribed amount up to €400 and 50% from €401 to €1,000 in the limit of €900.

Outside France, employees are granted two matching shares for each of the first thirty whole shares subscribed and for subsequent shares up to €1,600 invested one matching share is allocated for each share subscribed. Matching shares are subject to a five-year service condition.

In the United Kingdom, a specific share incentive plan has been proposed to employees through a trustee. Subscription price will be the minimum of the Rexel share market value as measured on September 26, 2016 (€13.4) and on March 10, 2017. Employees are granted two matching shares for each of the first thirty whole shares subscribed and for subsequent shares up to €1,600 invested one matching share is allocated for each share subscribed. The settlement and delivery of the shares to be subscribed for pursuant to the United-Kingdom plan is expected to take place in March 2017.

The overall subscription was €4.5 million not taking account of €1.4 million of matching contribution granted by the Group to participating employees. Benefits granted excluding matching shares to employees resulted in personnel costs of €3.0 million of which €1.1 million related to the discount granted to employees and €1.9 million related to the employer matching contribution offered to beneficiaries in France. In addition, 223,971 matching free shares have been granted to participating employees.

19.4 Share-based payment expenses

Expenses related to free share plans accounted for in "Distribution and administrative expenses" are summarized as follows:

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	2016	2015
Plans issued in 2012	–	0.1
Plans issued in 2013	0.2	3.5
Plans issued in 2014	2.1	4.2
Plans issued in 2015	4.3	1.8
Plans issued in 2016	2.1	–
Expense related to employee share purchase plan	1.7	0.8
Total free share plans expense	**10.5**	**10.5**

20. Earnings per share

Information on the earnings and number of ordinary and potential dilutive shares included in the calculation is presented below:

	FOR THE YEAR ENDED DECEMBER 31,	
	2016	2015
Net income attributed to ordinary shareholders :		
• of which continuing operations *(in millions of euros)*	137.9	86.2
• of which discontinuing operations *(in millions of euros)*	-	(69.3)
Net income attributed to ordinary shareholders (in millions of euros)	***137.9***	***16.9***
Weighted average number of ordinary shares *(in thousands)*	300,773	295,041
Potential dilutive shares in connection with payments of dividends *(in thousands)*	–	128
Non-dilutive potential shares *(in thousands)*	698	881
Weighted average number of issued common shares adjusted for non-dilutive potential shares (in thousands)	***301,471***	***296,050***
Basic earning per share (in euros)	**0.46**	**0.06**
Dilutive potential shares *(in thousands)*	573	1,008
• of which share options *(in thousands)*	82	94
• of which bonus shares *(in thousands)*[(1)]	492	914
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	***302,044***	***297,058***
Fully diluted earnings per share (in euros)	**0.46**	**0.06**

(1) The number of potential dilutive shares does not take into account the free shares whose allocation is subject to future performance or market conditions not yet met at the balance sheet date.

21. Provisions and other non-current liabilities

	AS OF DECEMBER 31,	
(in millions of euros)	2016	2015
Provisions	71.8	57.0
Derivatives	3.3	5.1
Other non-current liabilities	9.7	10.2
Provisions and other non-current liabilities	**84.8**	**72.3**

Other non-current liabilities comprise profit sharing related payables to French employees in the amount of €9.7 million (€10.2 million at December 31, 2015).

The variation in provisions is detailed in the table below:

(in millions of euros)	RESTRUCTURING[(1)]	TAX LITIGATION	OTHER LITIGATION & WARRANTY CLAIMS[(2)]	VACANT PROPERTIES[(3)]	TOTAL PROVISIONS
As of January 1, 2015	**26.6**	**1.5**	**21.0**	**15.3**	**64.4**
Increase	17.0	2.4	6.8	7.3	**33.5**
Use	(24.7)	–	(2.9)	(9.1)	**(36.7)**
Release	(3.3)	(1.1)	(0.5)	(0.6)	**(5.5)**
Currency translation adjustment	0.1	–	(0.2)	0.7	**0.6**
Other changes	1.1	–	(0.3)	(0.1)	**0.7**
As of December 31, 2015	**16.8**	**2.8**	**23.9**	**13.5**	57.0
Increase	29.6	3.3	12.1	4.8	**49.8**
Use	(18.1)	(3.1)	(6.9)	(6.3)	**(34.5)**
Release	(0.5)	0.7	(0.4)	(0.6)	**(0.8)**
Currency translation adjustment	(0.0)	0.0	0.2	(0.5)	**(0.4)**
Other changes	(0.0)	2.2	(1.5)	–	**0.7**
As of December 31, 2016	**27.7**	**5.8**	**27.4**	**10.9**	**71.8**

Provisions mainly comprise:

(1) Provisions for redundancy plans to adapt the Group's structure to current trading conditions. These restructuring plans resulted in the closure of branches, optimization of distribution centers and reorganization of administrative headquarters. Provisions for restructuring activities undertaken at December 31, 2016, mainly concerned Europe for €12.8 million (€10.9 million in 2015), North America for €4.6 million (€2.6 million in 2015), Asia-Pacific for €1.8 million (€3.3 million in 2015) and Corporate Holdings for €8.5 million.

(2) Other litigations and warranty claims amounted to €27.4 million (€23.9 million in 2015), of which €9.5 million relating to litigation with French social security authorities (€8.5 million in 2015), €3.5 million to employee claims (€2.9 million in 2015) and €3.3 million to trade disputes (€1.6 million in 2015).

(3) Provisions for vacant properties include lease commitments and restoration costs incurred mainly in the United Kingdom for €4.5 million (€4.3 million in 2015), the United States for €1.4 million (€2.9 million in 2015), Canada for €1.1 million (€1.7 million in 2015) and France for €1.2 million (€1.4 million in 2015).

22. Post-employment and long-term benefits

22.1 Defined benefit plans description

The Group provides employee benefits under various arrangements, including defined benefit and defined contribution plans. The specific conditions of these plans vary according to the rules applying in each country concerned. These plans include pensions, lump-sum payments on retirement, jubilees, early retirement benefits, and health care and life insurance benefits in favor of former employees, including retired employees.

The most significant funded defined benefit pension plans sponsored by the Group are in Canada, in the United Kingdom and in Switzerland. Related funds are managed through independent vehicles.

In the United Kingdom, Rexel operates deferred final salary defined benefits through the Rexel UK Pension Scheme fund. All sections under this plan are closed to new entrants with effect of April 5, 2002. Accrued benefits and pensions are subject to indexation. Statutory funding objectives are agreed between the Trustee Board and the company. In that respect, the Trustee Board carries out a full valuation of the Scheme at least every three years, after which a recovery plan of contributions is agreed with the company to restore any funding deficit. The most recent full valuation was performed on April 5, 2014 and was rolled forward up to December 31, 2016 for accounting purposes. The Trustee Board is also responsible for determining the investment strategy of the plan.

In Switzerland, Rexel provides a second pillar pension plan for their employees. Assets are managed through a pension fund *"Pension Kasse"*, the *Elektro Material Pension Plan*. The plan runs under a contribution-based pension plan agreement with guaranteed return, thus qualifying as a defined benefit plan. The Pension Board *"Conseil de Fondation"* is responsible to set up adequate company's and employee's contribution and asset allocation strategy that seeks to meet at least guaranteed return. A full valuation of this plan is performed each year.

In Canada, defined benefit pension plans mainly include:

- The Employees' Plan which is a registered plan and has both defined benefit and defined contribution provisions. The defined benefit provision of the plan has a career average type formula. This plan was closed to new entrants on January 1, 2000;
- The Executives' Pension Plan and the Supplementary Executives' Retirement Plan ("SERP") which provide retirees with a pension based on a percentage of their prior earnings. The Executives' Plan is a final average

earnings defined benefit registered plan. The SERP has two provisions: the first provides benefit in excess of the limits of the Executives' Plan and the second portion provides a term annuity upon retirement based on a notional account.

A full actuarial valuation of Canadian plans is performed every three years. The most recent valuations were performed as at December 31, 2013. The 2016 quantitative information on these plans was prepared based on a roll forward of these full valuations.

22.2 Employee Benefit Plan information

The change in the present value of the obligation in respect of defined benefit plans is as follows:

	DEFINED BENEFIT OBLIGATIONS				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
As of January 1, 2015	**490.1**	**263.9**	**195.0**	**203.9**	**1,152.8**
Service cost	0.1	3.2	7.5	6.0	16.8
Interest cost	18.2	10.2	2.7	5.0	35.9
Benefit payments	(15.4)	(14.4)	(5.6)	(8.9)	(44.3)
Employee contributions	–	0.6	3.6	0.1	4.3
Change in consolidation scope	–	–	–	–	–
Currency translation adjustment	29.9	(18.0)	21.2	2.9	36.0
Past service cost / settlement and other	–	(4.4)	(1.2)	(4.8)	(10.5)
Remeasurements				–	
Effect of change in demographic assumptions	*4.9*	*–*	*–*	*0.3*	*5.3*
Effect of change in financial assumptions	*5.1*	*(0.0)*	*8.8*	*0.8*	*14.7*
Effect of experience adjustments	*(5.6)*	*(0.4)*	*0.2*	*(1.0)*	*(6.9)*
As of December 31, 2015	**527.3**	**240.5**	**232.1**	**204.3**	**1,204.2**
Service cost	–	2.5	7.6	6.0	16.1
Interest cost	16.3	9.6	1.8	4.9	32.5
Benefit payments	(14.1)	(12.2)	(7.2)	(9.2)	(42.7)
Employee contributions	–	0.5	3.7	0.1	4.2
Change in consolidation scope	–	–	–	0.8	0.8
Currency translation adjustment	(78.2)	15.8	2.1	1.5	(58.7)
Past service cost / settlement and other	–	(5.9)	–	(11.3)	(17.2)
Remeasurements				–	
Effect of change in demographic assumptions	*–*	*–*	*0.1*	*–*	*0.1*
Effect of change in financial assumptions	*75.5*	*8.7*	*(1.6)*	*4.4*	*87.1*
Effect of experience adjustments	*(6.8)*	*(0.5)*	*(1.5)*	*(3.6)*	*(12.5)*
As of December 31, 2016	**519.9**	**259.0**	**237.2**	**197.9**	**1,214.0**

The change in the fair value of the defined benefit plan assets breaks down as follows:

	PLAN ASSETS				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
As of January 1, 2015	**350.8**	**183.7**	**184.6**	**89.5**	**808.6**
Employer contributions	13.3	7.3	6.5	5.2	32.2
Employee contributions	–	0.6	3.6	0.1	4.3
Interest income	12.0	7.2	2.7	2.0	23.9
Benefit payments	(15.4)	(14.4)	(5.6)	(9.1)	(44.6)
Change in consolidation scope	–	–	–	–	–
Currency translation adjustment	21.3	(12.6)	20.1	0.3	29.1
Past service cost / settlement and other	–	–	–	–	–
Return on plan assets excluding interest income (OCI)	5.9	(3.8)	5.1	0.0	7.3
As of December 31, 2015	**387.9**	**167.9**	**217.0**	**88.0**	**860.7**
Employer contributions	13.4	6.9	6.1	7.1	33.5
Employee contributions	–	0.5	3.7	0.1	4.2
Interest income	11.2	6.8	1.7	2.1	21.8
Benefit payments	(14.1)	(12.2)	(7.3)	(9.3)	(42.9)
Change in consolidation scope	–	–	–	–	–
Currency translation adjustment	(57.5)	11.3	2.0	0.5	(43.7)
Past service cost / settlement and other	–	–	–	(9.2)	(9.2)
Return on plan assets excluding interest income (OCI)	39.7	8.3	0.5	2.5	51.0
As of December 31, 2016	**380.6**	**189.6**	**223.6**	**81.7**	**875.4**

The change in the net liability / (asset) breaks down as follows:

	NET LIABILITY / (ASSET)				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
As of January 1, 2015	**139.4**	**80.1**	**10.4**	**114.3**	**344.2**
Service cost	0.1	3.2	7.5	6.0	16.8
Interest cost	6.1	3.0	0.0	2.9	12.0
Past service cost / settlement and other	–	(4.4)	(1.2)	(4.8)	(10.5)
Employer contributions	(13.3)	(7.3)	(6.5)	(5.2)	(32.2)
Benefit payments	–	–	0.0	0.3	0.3
Change in consolidation scope	–	–	–	–	–
Currency translation adjustment	8.6	(5.4)	1.1	2.7	6.9
Remeasurements	(1.5)	3.4	3.9	0.1	5.9
As of December 31, 2015	**139.4**	**72.6**	**15.2**	**116.2**	**343.4**
Service cost	–	2.5	7.6	6.0	16.1
Interest cost	5.0	2.7	0.1	2.8	10.6
Past service cost / settlement and other	–	(5.9)	–	(2.1)	(8.0)
Employer contributions	(13.4)	(6.9)	(6.1)	(7.1)	(33.5)
Benefit payments	0.0	–	0.1	0.2	0.3
Change in consolidation scope	–	–	–	0.8	0.8
Currency translation adjustment	(20.7)	4.5	0.1	1.0	(15.1)
Remeasurements	29.0	(0.1)	(3.4)	(1.7)	23.8
As of December 31, 2016	**139.3**	**69.4**	**13.6**	**116.1**	**338.5**

The reconciliation of the liability recognized on the balance sheet with the present value of the obligation in respect of defined benefit plans is as follows:

	LIABILITY RECONCILIATION				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
For the year ended December 31, 2015					
Defined benefit obligations	**527.3**	**240.5**	**232.1**	**204.3**	**1,204.2**
of which Funded schemes	*526.9*	*213.8*	*228.6*	*121.1*	*1,090.4*
of which Unfunded schemes	*0.4*	*26.7*	*3.6*	*83.2*	*113.8*
Fair value of plan assets	(387.9)	(167.9)	(217.0)	(87.9)	(860.7)
Recognized net liability for defined benefit obligations	**139.4**	**72.6**	**15.2**	**116.2**	**343.4**
of which "Employee benefits"	*139.4*	*72.6*	*15.2*	*116.2*	*343.4*
of which "Other financial assets"	–	–	–	–	–
For the year ended December 31, 2016					
Defined benefit obligations	**519.9**	**259.0**	**237.2**	**197.9**	**1,214.0**
of which Funded schemes	*519.5*	*236.1*	*233.9*	*113.0*	*1,102.5*
of which Unfunded schemes	*0.4*	*22.8*	*3.3*	*84.9*	*111.5*
Fair value of plan assets	(380.6)	(189.6)	(223.6)	(81.6)	(875.4)
Recognized net liability for defined benefit obligations	**139.3**	**69.4**	**13.6**	**116.1**	**338.5**
of which "Employee benefits"	*139.3*	*69.4*	*13.6*	*116.1*	*338.5*
of which "Other financial assets"	–	–	–	–	–

22.3 Re-measurements of the net defined benefit liability

	OTHER COMPREHENSIVE INCOME				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Return on plan assets excluding interest income	(5.9)	3.8	(5.2)	0.1	(7.2)
Effect of change in demographic assumptions	4.9	–	–	0.3	5.3
Effect of change in financial assumptions	5.1	–	8.7	0.8	14.6
Effect of experience adjustments	(3.7)	(0.4)	0.0	(1.2)	(5.3)
OCI recognized for the year ended December 31, 2015	**0.4**	**3.4**	**3.6**	**0.1**	**7.4**
Return on plan assets excluding interest income and asset ceiling	(39.7)	(8.3)	(0.5)	(2.5)	(51.0)
Effect of change in demographic assumptions	–	–	0.2	–	0.2
Effect of change in financial assumptions	75.5	8.7	(1.3)	4.4	87.2
Effect of experience adjustments	(6.8)	(0.5)	(1.3)	(2.9)	(11.6)
OCI recognized for the year ended December 31, 2016	**29.0**	**(0.0)**	**(3.0)**	**(1.1)**	**24.8**

22.4 Employee Benefit expense

The expense recognized in the consolidated income statement breaks down as follows:

	EXPENSE				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Service cost[1]	0.1	3.2	7.5	6.0	16.8
Past service costs[1]	–	(4.0)	(1.2)	(4.2)	(9.4)
Net Interest expense[2]	6.1	3.0	0.0	2.9	12.0
Other[4]	(1.9)	(0.0)	0.3	0.4	(1.3)
Expense recognized for the year ended December 31, 2015	**4.3**	**2.2**	**6.6**	**5.0**	**18.1**
Service cost[1]	–	2.5	7.6	6.0	16.1
Past service costs[1]	–	(5.9)	–	(1.6)	(7.5)
Gain on settlement[3]	–	–	–	(0.6)	(0.6)
Net Interest expense[2]	5.0	2.7	0.1	2.8	10.6
Other[4]	0.0	(0.0)	(0.2)	(0.5)	(0.7)
Expense recognized for the year ended December 31, 2016	**5.0**	**(0.7)**	**7.5**	**6.1**	**18.0**

(1) Recognized as personnel costs (see note 7).
(2) Recognized as net financial expenses (see note 9).
(3) Recognized as other expenses.
(4) Of which re-measurements on long term benefits for €1.1 million (€1.4 million in 2015).

Significant plan amendments and settlements

For the year ended December 31, 2016

In Canada, the Group provides for health & dental care and life insurance coverage to the retirees and their dependents. Upon retirement, employees can choose to maintain the above described benefits or to elect for a lump sum settlement payment in lieu of their benefits. In 2016, the Group amended the plan to introduce a regular retiree contribution which is currently entirely paid by the employer, this contribution corresponding to 50% of the plan cost. This change applies to future retirees retiring on or after July 1, 2016.

As a result of this plan amendment, a gain of €5.9 million (CAD$8.7 million) was recognized in the income statement as a reduction in salaries and benefits.

In France, the Group closed a supplementary executive retirement plan and recognized €1.8 million curtailment gain in the income statement under the line item "salaries and benefits".

For the year ended December 31, 2015

The Group amended its post-retirement Medical and Heathcare plans in Canada and in the United States to reduce medical coverage benefits. As a result of these amendments, the Group recognized gains of respectively €4.2 million and €3.9 million in the income statement (salaries and benefits).

22.5 Plan asset allocation

(in millions of euros)	PLAN ASSETS CLASS		
	UNITED KINGDOM	CANADA	SWITZERLAND
Cash and cash equivalents	19.9	0.8	9.0
Equity instruments (quoted in an active market)	14.7	72.8	74.5
Debt instruments (quoted in an active market)	141.1	91.3	84.0
Real estate	–	–	45.8
Investment funds	211.7	–	–
Asset held by insurance company	–	3.1	0.1
Other	0.6	–	3.4
As of December 31, 2015	**387.9**	**167.9**	**217.0**
Cash and cash equivalents	4.6	0.9	14.8
Equity instruments (quoted in an active market)	15.2	82.4	74.5
Debt instruments (quoted in an active market)	121.4	103.1	82.3
Real estate	–	–	47.3
Investment funds	235.2	–	0.0
Asset held by insurance company	3.8	3.3	–
Other	0.5	–	4.6
As of December 31, 2016	**380.6**	**189.6**	**223.6**

22.6 Actuarial assumptions

The main actuarial assumptions are as follows:

	UNITED KINGDOM		CANADA		SWITZERLAND	
	2016	2015	2016	2015	2016	2015
Average plan duration *(in years)*	18	18	13	13	17	17
Discount rate *(in %)*	2.75	3.50	3.75	4.00	0.50	1.25
Future salary increases *(in %)*	N/A	N/A	3.13	3.12	1.00	2.00

Discount rates have been set by reference to market yields on high quality corporate bonds (AA rated-bonds by at least one of the top three rating agencies: Standard & Poor's, Moody's and Fitch) with a similar duration to the underlying obligation. Each future year expected benefit payments are discounted by the corresponding of the yield curve and when there is no deep market in bonds with a sufficiently long maturity to match the maturity of the benefit payments, the discount rate is estimated by extrapolating current market rates along the yield curve. Then a single discount rate is calculated that, when applied to all cash flows, results in the same interest cost as the application of the individual rates would have produced.

22.7 Post-employment plan risks

In order to identify and deal with the risks in relation to the management of pension and other post-retirement plans, a pension committee made up by Finance and Human Resources representatives, meets on a quarterly basis. This pension committee, supported by experts, reviews, in particular, the funding of pension plans, and the performance of the pension plan's assets. It is informed of any material event in relation to the benefits granted to employees, the financial impact in relation to the plans, or changes in the regulations. The committee reports to Audit Committee on a yearly basis.

The Group's major defined benefit plans are subject to funding requirements that mainly fluctuate based on interest rates, performance of plan assets and changes in local regulations. Depending on changes in the above parameters, the Group may be required to make additional contributions to the pension funds in a defined time frame.

Volatility in discount rates and inflation

The defined benefit liability is calculated by discounting future expected cash flows. Discount rates are determined based upon bonds yield prevailing at the measurement date which may fluctuate from one period to another. In addition, accrued benefits and pension annuities are usually subject to salary increase and conditional or unconditional indexation which vary depending on inflation level. Any change in the above parameters may adversely affect the defined benefit liability and the service cost, and thus triggers additional contributions to comply with local minimum funding requirements.

Volatility in asset values

Plan assets mainly include equities, fixed incomes securities and other assets which values are subject to market volatility. A downturn in financial markets would result in an increase of the net liability and, therefore, in reduced funding ratios requiring additional contributions from the Group in a defined time frame.

Sensitivity analysis

	SENSITIVITY TO A 50 BASIS POINTS DECREASE IN DISCOUNT RATE				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Service cost	–	0.1	0.6	0.3	1.0
Defined Benefit Obligation	50.1	17.3	18.9	13.4	99.7

	SENSITIVITY TO A 10% DOWNTURN IN FINANCIAL MARKET				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Plan assets	(1.5)	(8.2)	(7.5)	(0.5)	(17.7)

Risk Management

To mitigate risks identified above, the Group has already implemented or is currently setting up the following actions which include changes in the design of the defined benefit schemes as well as financial measures:

- Closure of defined benefits schemes, where appropriate, and move to defined contribution plans, with frozen benefit rights;
- Rationalization of benefits including the level of pension benefits, conversion rate factors and indexation caps;
- Selective additional cash contributions to increase funding level, on top of regular contributions;
- Inflation and Interest rate hedging;
- Adoption of investment strategies that broadly match the nature of the liabilities, with a progressive alignment of asset allocation and pension plans duration;
- Regular meetings with trustees;
- Periodic review of investment performance by independent advisors to monitor investment volatility.

22.8 Expected cash flows

	EXPECTED CASH FLOW				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Expected benefit payments for 2017	13.9	12.3	6.2	9.6	42.0
Expected benefit payments for 2018	14.8	12.7	6.3	15.2	49.1
Expected benefit payments for 2019	15.0	13.2	6.9	7.8	42.8
Expected benefit payments for 2020	15.9	13.5	7.1	8.5	45.0
Expected benefit payments for 2021 and afte	110.4	88.7	51.0	58.9	309.0
Expected benefit contributions for 2017	11.4	7.5	5.6	6.9	31.5

23. Financial liabilities

This note provides information on financial liabilities as of December 31, 2016. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interests less transaction costs.

23.1 Net financial debt

As of December 31, 2016, Rexel's consolidated net debt stood at €2,172.6 million, consisting of the following items:

	AS OF DECEMBER 31,					
	2016			2015		
(in millions of euros)	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Senior notes			1,480.9	–	1,637.1	1,637.1
Securitization	367.9	718.2	1,086.0	378.7	710.8	1,089.4
Bank loans	18.6	3.2	21.8	57.2	1.5	58.7
Commercial paper	131.7	–	131.7	134.6	–	134.6
Bank overdrafts and other credit facilities	84.5	–	84.5	88.4	–	88.4
Finance lease obligations	6.8	16.9	23.7	8.0	19.5	27.6
Accrued interests(1)	6.3	–	6.3	8.1	–	8.1
Less transaction costs	(5.9)	(24.1)	(30.0)	(6.5)	(26.9)	(33.3)
Total financial debt and accrued interest	***610.0***	***2,195.1***	***2,805.1***	***668.5***	***2,342.1***	***3,010.6***
Cash and cash equivalents			(619.3)			(804.8)
Accrued interest receivable			(0.9)			(0.7)
Debt hedge derivatives(2)			(12.3)			(6.4)
Net financial debt			**2,172.6**			**2,198.7**

(1) Of which accrued interests on Senior Notes for €2.5 million as of December 31, 2016 (€3.3 million as of December 31, 2015).
(2) Debt hedge derivatives includes fair value hedge interest rate derivatives and foreign exchange derivatives designated as hedge of financial debt.

23.1.1 Senior Facility Agreement

The Senior Facility Agreement executed on March 13, 2013 and further amended on November 13, 2014 and on October 28, 2016 provides for a five-year multicurrency revolving credit facility for an aggregate maximum initial amount of €1,100 million reduced to €982 million until November 13 2019, and €910 million until November 12, 2021 with BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Bank France, Natixis and Société Générale as Mandated Lead Arrangers and Bookrunners. Facilities can also be drawn down through swingline loans for an aggregate amount of €157.5 million.

Interest and margin

Amounts drawn bear interest at a rate determined in reference to (i) the EURIBOR rate when funds are made available in euro or the LIBOR rate when funds are made available in currencies other than euro, (ii) the applicable margin, (iii) certain *premia* for loans in currencies other than euro and (iv) mandatory costs (representing the costs to be borne by the lenders for the financing of the banking control system imposed by the banking regulatory authorities of their respective countries), if any.

Swingline drawings bear interest at a rate determined in reference to (i) the EONIA rate, (ii) the applicable margin and (iii) mandatory costs, if any.

The initial applicable margin was 1.25% *per annum* and varies in accordance with the leverage ratio (defined as the ratio of consolidated adjusted total net debt to consolidated adjusted EBITDA, in each case as such terms are defined under the Senior Facility Agreement) calculated as of December 31 and June 30 of every year. The margin ranges from 0.85% to 2.5%.

In addition, the applicable margin shall be increased by a utilization fee that varies depending on the percentage of the total commitment drawn under the Senior Facility Agreement at any given time.

Rexel shall also pay a commitment fee in the base currency on that lender's available commitment the amount of which varies based on the leverage ratio.

Under the Senior Credit Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as at December 31 and June 30 of each year.

The Leverage Ratio corresponds to adjusted total net debt relative to adjusted EBITDA, as such terms are defined below:

"Adjusted EBITDA" means, in relation to a measurement period, consolidated operating income without double counting before other income (or expenses) as defined in the relevant consolidated accounts of the Group:

- Including the last 12 months of Adjusted EBITDA of any Subsidiary acquired in that measurement period *prorata* the participation of the Group;

- Including proceeds related to commodity price derivatives entered into to hedge exposure to the price fluctuation of certain commodities which do not qualify for cash flow hedge accounting as per applicable IFRS;
- After adding back EBITDA of assets held for sale and not taking into account EBITDA of assets sold during the measurement period;
- After adding back net operational depreciation/amortization;
- Taking no account of any expense referable to equity settled share based compensation of employees or management, to the extent the balance of it is taken in account into financial indebtedness;
- After adding back non-cash employee share, incentive or remuneration scheme costs entered into as part of equity-based remuneration of employees of the Group, as well as legal profit sharing, to the extent the balance of it is taken into account in financial indebtedness;
- Excluding the non-recurring impact of the evolution of the copper prices as disclosed in the press release published in connection with the consolidated financial statements for such measurement period;
- After adding back any other restructuring and/or acquisition costs relating to any permitted acquisition.

"Adjusted total net debt" means:

- Any indebtedness for or in respect of interest bearing debt (whether or not in cash or in kind, both current and non-current) but which shall:
  - Exclude any upfront, legal, advisory costs related to the implementation of such debt as well as the financial charges accounted for as a result of the repayment of any outstanding debt of the borrower;
  - Exclude intragroup loans between members of the Group;
  - Include any indebtedness for or in respect of any amount payable in respect of securities issued by any member of the Group which are not mandatorily redeemable in shares; and
  - Include any other amount raised under any other transaction accounted for as borrowing under the accounting standards;
- Any indebtedness for or in respect of accrued interest (including capitalized interest and any payment in kind) other than in respect of intragroup loans between members of the Group; less
- Cash and cash equivalents.

This ratio may exceed 3.50 on three accounting dates during the life of the Senior Facility Agreement, being specified that only two of such three accounting dates may be consecutive, and provided that (i) such ratio does not exceed 3.75 times on two accounting dates during the life of the Senior Facility Agreement and (ii) such ratio does not exceed 3.90 times on one accounting date during the life of the Senior Facility Agreement.

As of December 31, 2016, this credit facility was not drawn down.

In addition to the Senior Facility Agreement, Rexel entered into two bilateral term loan agreements of €37.9 million (US$ 40 million) and €45 million. On June 26, 2015, Rexel extended the maturity of its US$40 million Revolving Credit Facility Agreement (RCFA) with Wells Fargo Bank International for a period of two years ending on June 27, 2017. The €45 million Facility matures in March 2018. As of December 31, 2016, these facilities were undrawn.

23.1.2 Senior notes

As of December 31, 2016, the carrying amount of the existing senior notes is detailed as follows:

	AS OF DECEMBER 31,									
	2016					2015				
	NOMINAL AMOUNT *(in millions of currency)*		NOMINAL AMOUNT *(in millions of euros)*	FAIR VALUE ADJUST-MENTS[1]	TOTAL	NOMINAL AMOUNT *(in millions of currency)*		NOMINAL AMOUNT *(in millions of euros)*	FAIR VALUE ADJUST-MENTS[1]	TOTAL
Senior notes due 2020	USD	330.0	313.1	3.8	**316.8**	USD	500.0	459.3	4.3	**463.6**
Senior notes due 2020		–	–		**-**	EUR	650.0	650.0	19.7	**669.7**
Senior notes due 2022	EUR	500.0	500.0	14.1	**514.1**	EUR	500.0	500.0	3.8	**503.8**
Senior notes due 2023	EUR	650.0	650.0	–	**650.0**		–	–	–	**-**
TOTAL			**1,463.1**	**17.9**	**1,480.9**			**1,609.3**	**27.8**	**1,637.1**

(1) Adjustment to reflect interest rate fluctuations on the part of the notes hedged through fair value hedge derivatives (see note 24.1).

Repayment of €650 million notes due 2020

On June 16, 2016, Rexel redeemed its 5.125% senior notes due 2020 for a total amount of €675.0 million, including the principal amount of €650.0 million, an applicable redemption premium of €25.0 million.

As part of the early repayment of the senior notes due 2020, the Group settled interest rate swaps of a nominal amount of €150 million and qualified as fair value hedge of the Senior notes. Rexel received €3.0 million representing the settlement price of such interest rate swaps.

As a result of the repayment of the senior notes due 2020, the Group revised the amortized cost of such notes and recognized a financial expense of €10.0 million as a result of the effective interest rate method.

US$500 million senior notes due 2020 reduced to US$330 million in 2016

On April 3, 2013, Rexel issued a US$500 million of senior unsecured notes due 2020 with coupons of 5.25%.

The notes rank *pari passu* with Rexel's Senior Credit Facility and other senior unsecured notes. Rexel pays interest on the notes semi-annually on June 15 and December 15, starting from December 15, 2013. The notes mature on June 15, 2020 and are listed on the Luxembourg Stock Exchange.

These notes were redeemable in whole or in part at any time prior to June 15, 2016 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2016, the notes are redeemable in whole or in part by paying the redemption price set forth below:

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT) DOLLAR BONDS
June 15, 2016	103.938%
June 15, 2017	102.625%
June 15, 2018	101.313%
June 15, 2019 and after	100.000%

On November 2, 2016, Rexel early redeemed US$170.0 million out of its $5.25% US$ 500 million senior notes due 2020. The redemption price was 103.938% of the principal amount of the redeemed notes and amounted to €160.3 million. A loss of €6.3 million was recognized in the net financial expenses including the early redemption premium of €6.0 million.

As part of the early repayment of the senior notes due 2020, the Group settled interest rate swaps of a nominal amount of US$200 million and qualified as fair value hedge of the senior notes. Rexel received €2.8 million representing the settlement price of such interest rate swaps.

€500 million notes due 2022

On May 27, 2015, Rexel issued €500 million of senior unsecured notes due 2022 which bear interests at 3.25% annually.

The notes rank *pari passu* with Rexel's Senior Credit Facility and other senior unsecured notes. Rexel pays interest on the notes semi-annually on June 15 and December 15, starting from December 15, 2015. The notes mature on June 15, 2022 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior June 15, 2018 at a redemption price equal to 100% of their amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2018, the notes are redeemable in whole or in part by paying the redemption price set forth below:

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT)
June 15, 2018	101.625%
June 15, 2019	100.813%
June 15, 2020 and after	100.000%

Issuance of €650 million notes due 2023

On May 18, 2016, Rexel issued €650 million of senior unsecured notes due 2023 which bear interests at 3.50% annually.

The notes rank *pari passu* with Rexel's Senior Credit Facility and other senior unsecured notes. Rexel pays interest on the notes semi-annually on June 15 and December 15, starting from December 15, 2016. The notes mature on June 15, 2023 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to June 15, 2019 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2019, the notes are redeemable in whole or in part by paying the redemption price set forth below:

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT)
June 15, 2019	101.750%
June 15, 2020	100.875%
June 15, 2021 and after	100.000%

23.1.3 Securitization programs

Rexel runs several on-going securitization programs which enable it to obtain financing at a lower cost than issuing bonds or incurring bank loans.

The specific characteristics of Rexel Group's securitization programs vary depending on the country. The relevant subsidiaries remain responsible for the collection of receivables once assigned. These receivables are assigned to special-purpose entities operating with no action required by the subsidiaries. The special purpose vehicles obtain the financing required to purchase these receivables, notably through the issuance of short-term debt instruments such as French, US, or Canadian commercial paper, which is rated by rating agencies.

In exchange for the assigned receivables, the subsidiaries receive a cash payment from the special purpose vehicle, the amount of which represents the value of the receivables minus an amount committed to guarantee their recovery, which latter amount is only reimbursed, in whole or in part, after complete payment of the receivables. However, under certain programs, the Group also has the option of contributing its receivables in exchange for subscribing the securitization vehicle's subordinated notes.

In view of their characteristics, notably the fact that the Group retains a significant part of the late payment and credit risks, these receivables assignment programs, with the exception of an off-balance sheet US program described in the following paragraphs, do not qualify for derecognition under IAS 39 requirements. Therefore, assigned receivables remain classified as assets on the Group's balance sheet on the line "Trade accounts receivable" whereas the financing received is shown as financial debt.

In addition to these on-balance sheets programs, in 2009, the Group entered into an agreement with Ester Finance Titrisation (the purchaser), a French subsidiary of CALYON, to sell a participating interest in eligible trade receivables of Rexel's US subsidiaries under a Receivables Participation Agreement ("RPA"). This agreement was amended in 2016 and allows the Group to assign eligible receivables and receive cash consideration up to a maximum amount of US$225 million. The maturity of this program was extended to December 2019.

The purchase price of the receivables is equal to the face value of the receivables sold less a discount including a credit risk premium and the funding cost. Under the RPA, the Group is liable for collecting the receivables on behalf of the purchaser and receives servicing fees as remuneration of this obligation. As part of this transaction, the Group entered into a Collateral and Intercreditor Agreement to secure the performance of its obligations under the RPA. The obligations of the Group under the RPA guarantee the transfer of cash collected by the Group on behalf of the purchaser, as well as the payment of expenses and allowances due by the Group. However, these guarantees do not include any compensation obligation in relation to unrecovered receivables.

As a result of this agreement, credit risk, interest risk and late payments risk attached to the receivables assigned in relation to the Ester program are transferred to the purchaser through the credit and funding discounts. The dilution risk is not considered for risks and rewards analysis as this risk is not attached to the receivables but is analyzed as a risk of misuse of the securitization program as disputed receivables are not eligible to the program or as a risk attached to the servicing of the receivables that is guaranteed by a collateral. Therefore, receivables sold under this agreement are derecognized from the balance-sheet at the transfer date.

The difference between the sale price and the carrying value of these receivables is recorded in the income statement as a financial expense.

As of December 31, 2016, derecognized receivables totaled €197.8 million (€195.2 million as of December 31, 2015) and the resulting loss was recorded as a financial expense for €7.9 million (€8.3 million in 2015). Carrying value and fair value of cash collected under the servicing agreement in relation to derecognized receivables and not yet transferred to the purchaser totaled €37.4 million and was recognized in financial liabilities (€34.2 million as of December 31, 2015).

The Group did not retain any interests in the receivables sold under this program.

Securitization programs are subject to certain covenants concerning the quality of the trade receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of December 31, 2016, Rexel had satisfied all of these covenants. All the programs are on-going programs and therefore are not subject to seasonality other than seasonality arising in the ordinary course of business.

Information with respect to Rexel's securitization programs including the off-balance sheet programs is provided in the table below:

PROGRAM	COMMITMENT	AMOUNT OF RECEIVABLES ASSIGNED AS OF DECEMBER 31, 2016	AMOUNT DRAWN DOWN AS OF DECEMBER 31, 2016	BALANCE AS OF DECEMBER 31, 2016	BALANCE AS OF DECEMBER 31, 2015	REPAYMENT DATE
	(in millions of currency)			*(in millions of euros)*		
Europe and Australia	EUR 375.0(1)	EUR 479.9	EUR 367.9	367.9	345.7	12/18/2017
United States	USD 515.0(2)	USD 670.2	USD 465.9	441.9	444.9	12/20/2019(2)
Canada	CAD 175.0	CAD 256.2	CAD 175.0	123.3	115.8	01/18/2019
Europe	EUR 354.0(3)	EUR 504.8	EUR 350.6	350.6	378.2	11/20/2019(3)
TOTAL				**1,283.7**	**1,284.6**	
Of which:						
• on balance sheet				1,086.0	1,089.4	
• off balance sheet				197.8	195.2	

(1) Commitment reduced to €375.0 million on April 18, 2016.
(2) On December 2016, Rexel amended its United States Securitization programs and extended the maturity date to December 2019. The maximum commitment of the program was reduced from US$545.0 million to US$515.0 million.
(3) On November 2016, Rexel amended its European securitization program and extended the maturity date to November 2019. The maximum commitment of the program was reduced from €384.0 million to €354.0 million.

These securitization programs pay interest at variable rates including a specific credit spread to each program. As of December 31, 2016, the total outstanding amount authorized for these securitization programs was €1,340.9 million, of which €1,283.7 million were used.

23.1.4 Promissory notes

In order to manage its credit risk in China, the Group discounts with no recourse to various financial institutions non-matured promissory notes issued by banks ("Bank Acceptance Drafts") that are received from customers as payment of trade receivables. Rexel transfers risks and benefits associated with discounted Bank Acceptance Drafts. As of December 31, 2016, Bank Acceptance Drafts were derecognized from the balance sheet for €56.7 million (€68.3 million as of December 31, 2015).

23.1.5 Commercial paper program

Rexel runs a €500 million commercial paper program, with fixed maturities ranging from one to three months depending on the notes, issued to diversify its investor base and minimize the cost of financing.

As of December 31, 2016, the company had issued €131.7 million of commercial paper (€134.6 million as of December 31, 2015).

23.2 Change in net financial debt

As of December 31, 2016 and December 31, 2015, the change in net financial debt was as follows:

	AS OF DECEMBER 31,	
(in millions of euros)	2016	2015
As of January 1,	**2,198.7**	**2,213.1**
Issuance of senior notes net of transaction costs	642.5	489.7
Repayment of senior notes	(835.3)	(991.2)
Transaction costs and refinancing costs	(1.6)	(0.7)
Net change in credit facilities, commercial papers and other financial borrowings	(48.2)	76.2
Net change in credit facilities	**(242.5)**	**(426.0)**
Net change in securitization	15.2	(86.1)
Net change in finance lease liabilities	(3.6)	1.1
Net change in financial liabilities	***(230.9)***	***(511.0)***
Change in cash and cash equivalents	165.1	333.0
Effect of exchange rate changes on net financial debt	16.1	130.7
Effect of acquisition	4.4	8.9
Effect of divestment	(1.5)	(33.6)
Amortization of transaction costs	6.2	8.2
Non recurring refinancing costs	16.3	52.5
Other changes	(1.9)	(3.1)
As of December 31,	**2,172.6**	**2,198.7**

24. Market risks and financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

24.1 Interest rate risk

In order to hedge its exposure to changing interest rates, the Group has adopted an interest rate hedging strategy aimed at maintaining a hedging ratio on a one-year rolling basis of close to 80%, 50% on a two-year rolling basis, and 25% on a three-year rolling basis of its net financial debt at fixed or capped rates with the remainder at variable interest rates.

The breakdown of financial debt between fixed and variable rates, before and after hedging, is as follows:

	AS OF DECEMBER 31,	
(in millions of euros)	2016	2015
Senior notes and other fixed rate debt	1,475.2	1,639.3
Floating to fixed rate swaps	848.9	1,496.9
Fixed to floating rate swaps	(784.6)	(1,109.3)
Sub-total fixed or capped rate instruments	**1,539.5**	**2,026.9**
Floating rate debt before hedging	1,316.7	1,364.2
Floating to fixed rate swaps	(848.9)	(1,496.9)
Fixed to floating rate swaps	784.6	1,109.3
Cash and cash equivalents	(619.3)	(804.8)
Sub-total floating rate debt instruments	**633.1**	**171.7**
Total net financial debt	**2,172.6**	**2,198.7**

Fair value hedge derivatives

As of December 31, 2016, the portfolio of interest rate swaps used as hedge for exposure of changes in fair value of its senior notes disclosed in note 23.1.2 is as follows:

	TOTAL NOTIONAL AMOUNT *(in millions of currency)*	TOTAL NOTIONAL AMOUNT *(in millions of euros)*	MATURITY	WEIGHTED AVERAGE FIXED RATE RECEIVED	FLOATING RATE PAID	FAIR VALUE (1) *(in millions of euros)*	HEDGED ITEM
SWAPS PAYING VARIABLE RATE							
American dollar	300.0	284.6	June 2020	1.83%	3M Libor	0.8	Notes due 2020
Euro	500.0	500.0	June 2022	0.55%	3M Euribor	15.5	Notes due 2022
Total		**784.6**				**16.3**	

(1) Derivative instruments are presented at fair value, including accrued interest receivable for €0.3 million.

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement as interest expenses on borrowings. The changes in fair value of the derivatives and the changes in the fair value of the hedged item are recognized in the income statement to match each other.

Any adjustment to carrying value of items carried at amortized cost is amortized through profit or loss over the remaining term.

The change in fair value of these fair value hedging swaps for the year ended December 31, 2016 represented a gain of €14.1 million, partially offset by a loss of €13.5 million resulting from the change in the fair value of the senior notes.

Cash-flow hedge derivatives

In accordance with the policy described above, the Group has entered into several fixed interest rate swap contracts.

Cash-flow hedge swaps mature until October 2018. The Group intends to renew a significant portion of these swaps in order to hedge the variability of future interest expense related to its floating interest debt, in accordance with the strategy described above. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning trends of the interest rates linked to those currencies.

As of December 31, 2016, derivative instruments classified as cash flow hedges are as follows:

	TOTAL NOTIONAL AMOUNT *(in millions of currency)*	TOTAL NOTIONAL AMOUNT *(in millions of euros)*	MATURITY	FLOATING RATE RECEIVED	WEIGHTED AVERAGE FIXED RATE PAID	FAIR VALUE (1) *(in millions of euros)*
SWAPS PAYING FIXED RATE						
American dollar	50.0	47.4	December 2017	3M Libor	1.02%	0.1
	100.0	94.9	June 2018	3M Libor	1.24%	0.0
	250.0	237.2	September 2018	3M Libor	1.33%	0.1
Canadian dollar	100.0	70.5	October 2018	3M CDOR	1.23%	(0.2)
Australian dollar	80.0	54.8	July 2018	3M BBSW AUD	2.26%	(0.3)
Total		**504.8**				**(0.4)**

(1) Derivative instruments are presented at fair value, including accrued interest payable for €0.2 million.

The change in fair value of the cash flow hedging instruments for the year ended December 31, 2016 was recorded as a €0.9 million increase in cash flow hedge reserve (before tax).

The ineffectiveness recognized in profit and loss in 2016 was immaterial.

5

Derivatives not eligible for hedge accounting

	TOTAL NOTIONAL AMOUNT *(in millions of currency)*	TOTAL NOTIONAL AMOUNT *(in millions of euros)*	MATURITY	FLOATING RATE RECEIVED (PAID)	WEIGHTED AVERAGE FIXED RATE PAID (RECEIVED)	FAIR VALUE(1) *(in millions of euros)*
SWAPS PAYING FIXED RATE						
American dollar	100.0	94.9	December 2017	3M Libor	1.01%	0.1
Swedish Krona	450.0	47.1	September 2017	3M Stibor	(0.16)%	(0.1)
Swiss franc	150.0	139.7	November 2017	3M Libor	(0.76)%	0.0
Euro	62.5	62.5	May 2018	6M Euribor	3.21%	(4.2)
Total		**344.2**				**(4.2)**

(1) Derivative instruments are presented at fair value, including accrued interest payable of €1.3 million.

These derivatives are designated primarily as hedges of variable cash flows arising from interest rate swaps and are not eligible to hedge accounting under IAS 39 requirements.

Sensitivity to interest rate variation

As of December 31, 2016, a 1% increase in interest rates on variable debt after effective interest rate hedging would lead to an increase in the current annual interest expense estimated to €10.3 million and a €11.0 million gain related to the change in fair value of the hedging instruments of which a €4.4 million in the income statement and €6.6 million in other comprehensive income.

24.2 Foreign exchange risk

The Group's financing policy is to centralize external borrowings and to provide financing to its foreign subsidiaries in their own functional currencies. The foreign currency risk arises principally from intercompany financings denominated in currencies other than euro and is managed at corporate level. In order to neutralize foreign exchange risk exposure, the Group's parent company incurs external indebtedness in foreign currencies other than euro or enters into foreign exchange derivatives (forward contracts or exchange rate swaps). As part of this policy, the Group issued senior notes denominated in US dollars in 2015 for an initial amount of US$500 million reduced to US$330 million in 2016 (see note 23.1.2) of which US$248.9 million were qualified as net investment hedges of the US dollars denominated Group's net assets. For the year ended December 31, 2016, unrealized exchange loss in other comprehensive income related to external borrowings qualified as net investment hedges account for €15.0 million before tax.

As of December 31, 2016, the notional value of foreign exchange derivatives was €368.5 million (€350.7 million of forward sales and €17.8 million of forward purchases). Forward contracts are recognized at their fair value for a net negative amount of €3.6 million. The change in fair value of forward contracts for the year ended December 31, 2016 was recorded as a financial loss of €2.8 million.

Sensitivity to changes in foreign exchange rates

The Group's financial statements are presented in euros, and it is therefore required to translate into euro those assets, liabilities, revenues and expenses denominated in currencies other than the euro.

The results of these operations are included in the Group's consolidated income statement after conversion at the average rate applicable to the period. On an annual basis, a 5% increase (or decrease) of the euro against the main currencies (US dollar, Canadian dollar, Australian dollar and British Pound) would lead to a decrease (increase) in sales of €308.9 million and a decrease (increase) in operating income before other income and other expenses of €9.6 million.

The Group's financial liabilities and shareholders' equity are likewise included on its consolidated balance sheet after conversion at the financial year-end exchange rate. Thus, a 5% appreciation (depreciation) of the euro against the other currencies as compared to the closing exchange rates as of December 31, 2016 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €78.3 million and €110.6 million respectively.

Financial debt per repayment currency

The table below presents the financial debt's sensitivity to exchange rate changes for each repayment currency:

(in millions of euros)	EURO	US DOLLAR	CANADIAN DOLLAR	AUSTRALIAN DOLLAR	NORWEGIAN KRONE	SWEDISH KRONA	BRITISH POUND	SWISS FRANC	CHINESE RENMINBI	OTHER CURRENCIES	TOTAL
Financial liabilities	1,798.7	593.1	123.4	91.2	0.4	0.3	145.0	0.1	19.0	20.7	2,791.9
Cash and cash equivalents	(854.5)	243.7	13.4	109.4	35.4	1.8	(154.7)	(11.3)	(4.7)	2.2	(619.3)
Net financial position before hedging	**944.2**	**836.7**	**136.8**	**200.6**	**35.8**	**2.1**	**(9.7)**	**(11.2)**	**14.3**	**22.9**	**2,172.6**
Impact of hedges	(337.3)	(4.5)	(3.0)	(0.1)	1.7	37.1	0.4	307.3	–	(1.6)	0.0
Net financial position after hedging	**606.9**	**832.2**	**133.8**	**200.5**	**37.5**	**39.3**	**(9.3)**	**296.1**	**14.3**	**21.3**	**2,172.6**
Impact of a 5% increase in exchange rates	*–*	*41.6*	*6.7*	*10.0*	*1.9*	*2.0*	*(0.5)*	*14.8*	*0.7*	*1.1*	*78.3*

24.3 Liquidity risk

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its financial liabilities when they are due. The Group aims to maintain the level of its cash and cash equivalents and available credit facilities at an amount in excess of its cash outflows on financial liabilities over the next 12 months.

The contractual repayment schedule of financial liabilities is as follows:

(in millions of euros)	AS OF DECEMBER 31, 2016	2015
DUE WITHIN		
One year	615.9	675.0
Two years	8.5	602.8
Three years	722.3	4.0
Four years	318.9	118.5
Five years	0.8	1,134.0
Thereafter	1,168.7	509.6
Total gross financial debt before transaction costs	**2,835.1**	**3,043.9**
Transaction costs	(30.0)	(33.3)
Gross financial debt	**2,805.1**	**3,010.6**

As of December 31, 2016, the remaining contractual cash flows in relation to financial indebtedness and derivatives, including interest owed, are as follows:

(in millions of euros)	FINANCIAL DEBT & INTERESTS	DERIVATIVES	TOTAL
DUE WITHIN			
One year	698.9	(3.1)	695.8
Two years	83.3	(4.0)	79.2
Three years	793.5	(2.6)	790.8
Four years	367.2	(1.9)	365.3
Five years	41.2	(1.2)	40.0
Thereafter	1,209.6	(0.1)	1,209.5
Total	**3,193.6**	**(12.9)**	**3,180.7**

The remaining US$330 million senior notes issued in April 2013 for an initial amount of US$ 500 million mature in June 2020, the €500 million notes issued in May 2015 mature in June 2022 and the €650 million notes issued in May 2016 mature in June 2023.

The Senior Facility Agreement maturity was extended by one year in October 2016, to November 2021. The Senior Facility Agreement together with the €45 million Bilateral Term loan provide a five-year multicurrency revolving credit facility for an aggregate maximum available amount of €1,027.0 million which can also be drawn down through swingline loans for an aggregate amount of €157.5 million. As of December 31, 2016, these facilities were undrawn.

On June 26, 2015, Rexel extended the maturity of its US$40 million Revolving Credit Facility Agreement with Wells Fargo Bank International for a period of two years ending on June 27, 2017. As of December 31, 2016, this facility was undrawn.

Lastly, following amendment in 2016 (see note 23.1.3), securitization programs mature in 2017 and 2019. The financing under these programs directly depends on the amounts and quality of transferred receivables. In the event that the relevant companies do not comply with certain obligations, these securitization programs may have to be repaid early, which could have an adverse effect on the Group's liquidity and financial situation. In addition, if the special purpose entities to which the receivables have been transferred were unable to issue short term debt (commercial paper) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

In addition, the trade accounts payable amounted to €2,179.0 million as of December 31, 2016 (€2,138.3 million as of December 31, 2015) and are due in less than one year.

As of December 31, 2016, the Group's liquidity amounted to €1,467.9 million (€1,645.5 million as of December 2015) in excess of €852.0 million compared to €615.9 million expected to be paid within the next twelve months with respect to financial debt repayment schedule.

	AS OF DECEMBER 31,	
(in millions of euros)	2016	2015
Cash and cash equivalents	619.3	804.8
Bank overdrafts	(84.5)	(88.4)
Commercial paper	(131.7)	(134.6)
Undrawn Senior Facility Agreement	982.0	982.0
Bilateral facilities	82.9	81.7
Liquidity	**1,467.9**	**1,645.5**

24.4 Counterparty risk

The financial instruments that could expose the Group to counterparty risk are mainly trade accounts receivable, cash and cash equivalents and derivative instruments.

Credit risk with respect to trade accounts receivable is limited due to the large number of customers, the diversity of their activities (contractors, manufacturers, municipalities), and their geographical spread in France and abroad. In addition, credit insurance programs have been implemented in the majority of the significant countries in which the Group operates. As of December 31, 2016, the maximum risk corresponding to the total accounts receivable amounted to €2,187.3 million (€2,129.4 million as of December 31, 2015) and is detailed in note 13.2 Trade accounts receivable.

The counterparty risk concerning cash, cash equivalents and hedging instruments is likewise limited by the quality of the relevant counterparties, which are the Group's traditional banking partners for its financing and are almost exclusively based in Europe. The outstanding amount was €631.6 million as of December 31, 2016 (€811.2 million as of December 31, 2015), which equals the net book value of the aforementioned items.

The maximum counterparty risk on the Group's other financial assets was €531.4 million (€529.1 million as of December 31, 2015) and mainly corresponds to supplier discounts receivable.

25. Summary of financial liabilities

			AS OF DECEMBER 31,			
			2016		2015	
(in millions of euros)	CATEGORY IAS 39	FAIR VALUE HIERARCHY*	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Bonds	AC	1	1,480.9	1,525.5	1,637.1	1,641.2
Other financial debts, including accrued interest	AC		1,324.2	1,324.2	1,373.5	1,373.5
Total financial liabilities			**2,805.1**		**3,010.6**	
Hedging derivatives[1]	FV P&L	2	–	–	–	–
Hedging derivatives[1]	FV OCI	2	0.5	0.5	0.6	0.4
Other derivative instruments not eligible to hedge accounting	FV P&L	2	2.9	2.9	4.5	4.5
Other liabilities[2]	N/A		9.7	N/A	10.1	N/A
Total other non-current liabilities			**13.0**		**15.2**	
Trade accounts payable	AC		**2,179.0**	**2,179.0**	**2,138.3**	**2,138.3**
Vendor rebates receivable	AC		136.1	136.1	127.6	127.6
Personnel and social obligations[2]	N/A		246.5	N/A	231.4	N/A
VAT payable and other sales taxes[2]	N/A		78.8	N/A	75.2	N/A
Hedging derivatives[1]	FV OCI	2	–	–	0.5	0.8
Other derivative instruments not eligible to hedge accounting	FV P&L	2	3.9	3.9	8.0	8.0
Other liabilities	AC		217.8	217.8	259.8	259.8
Deferred income	N/A		10.4	N/A	10.4	N/A
Total other debts			**693.5**		**712.9**	

(1) Specific accounting measurements for hedging.

(2) Not classified as a financial instrument under IAS 39.

Financial liabilities – stated at amortized cost	AC
Fair value through profit or loss	FV P&L
Fair value through other comprehensive income	FV OCI
Not applicable	N/A

* For fair value hierarchy see note 3.8.4.

26. Operating leases

The following table details the Group's obligations in relation to operating lease contracts, representing the minimum payments under non-cancelable leases:

	PAYMENTS OUTSTANDING AS OF DECEMBER 31,	
(in millions of euros)	2016	2015
DUE WITHIN		
One year	212.4	202.0
Two years	169.4	156.9
Three years	128.1	117.9
Four years	96.6	79.2
Thereafter	170.0	143.7
Total	**776.5**	**699.8**

The total expense under operating lease contracts was €214.5 million for the year ended December 31, 2016 (€217.9 million as of December 31, 2015).

27. Related party transactions

Executive compensation

Expenses relating to compensation of the Executive Committee members of the Group are as follows:

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	2016	2015
Salaries and other short-term benefits	7.4	10.9
Post-employment benefits (service costs)	0.3	1.2
Indemnities at termination of contract	6.9	1.2
Free shares and stocks options(1)	1.5	3.3

(1) Share-based payment expense is detailed in note 19 – Share based payments.

Salaries and other short-term benefits comprise the social security contributions and payroll taxes paid by the Group.

In the event of a breach of employment contract, the Group could have to compensate the Executive Committee members a total amount of €4.8 million.

28. Statutory A uditors fees

The table below is provided in accordance with regulation n° 2016-09 of the French Accounting Standard Authority (ANC) and sets forth the fees paid to Statutory Auditors in connection with their engagement in the parent company and the French subsidiaries. Amounts are exclusive of VAT and out-of pocket expense.

	2016		
(in millions of euros)	PWC AUDIT	KPMG AUDIT	TOTAL AUDITORS
Audit services	1.2	0.9	2.1
Audit related services	0.2	–	0.2
TOTAL	**1.4**	**0.9**	**2.3**

29. Litigation & other contingencies

29.1 Litigation

Rexel Group is subject to legal, administrative and regulatory proceedings in the normal course of its business. A provision is recognized in the balance sheet when it is probable that an outflow of economic benefits from Rexel or one of its subsidiaries will be required to settle the obligation and when the amount can be estimated reliably.

The principal proceedings are set out below.

Asbestos litigation

The Group is party to several proceedings relating to exposure to asbestos-containing materials in the United States. The Group believes that the risk of it being ordered to pay significant amounts in connection with these proceedings is limited, and that these lawsuits will not therefore have, individually or as a whole, a material adverse effect on its financial condition or results of operations, since the claims may be rejected or settled for amounts partially or fully covered by Rexel's insurance policies. Considering the wide range of these claims, the different stages in the proceedings, the number of defendants and the absence of any individual claim, the Group cannot precisely assess the financial consequences that may result from these proceedings.

ACCC (Australia) claim against Olex and others

On December 3, 2014, the Australian Competition and Consumer Commission (ACCC) commenced civil proceedings in the Federal Court of Australia against several parties, including the Australian affiliate of the Group (Rexel Electrical Supplies PTY Ltd). The proceedings have been filed against five companies, six individuals and an industry association for alleged cartel and exclusionary conduct in the supply and acquisition of electrical cable in Australia. The last hearing took place on the 12th of February 2016, the judgment is now reserved, and the Australian affiliate waits for the judgment to be delivered.

At this stage in the proceedings, it is not possible either to predict the outcome of this claim or to meaningfully quantify its financial impact.

The principal tax proceedings involving Group companies as of December 31, 2016 are described below:

Rexel

Following a tax audit, Rexel received in December 2011 a proposed tax reassessment in which the French tax authorities allege that Rexel did not demonstrate that its borrowings from Ray Finance LP (subsidiary of Ray Investment SARL) amounting to €952 million were real transactions; they also alleged that Ray Finance LP enjoyed a privileged tax regime and accordingly, rejected the deduction of €91 million of interest expense related to the 2005 to 2007 tax years. Rexel disputes the tax authority's position entirely and referred the case to the Administrative Court in April 2014. A provision amounting to €32 million was recorded by writing down deferred tax assets on tax losses carried forward. The Administrative court decided in March 2016 that Rexel's position was correct. Tax authorities lodged an appeal against that judgment in July 2016. The provision was maintained.

Hagemeyer Finance BV Finnish branch

In a final report received in May 2014, Finnish tax authorities asserted that the interest on the financing used to acquire Elektroskandia Oÿ in 2008 should be allocated to the Dutch head office of Hagemeyer Finance BV, rather than to the Finnish branch. The Group disputed this analysis in a response letter sent in September 2014. In December 2014, Finnish tax authorities issued the reassessment decision for years 2008-2012, resulting in an amount of tax payable of €11.3 million for fiscal years 2008-2012. Rexel Group lodged an appeal in 2015 before the Tax Adjustment Board. In December 2015, reassessments for fiscal years 2013 and 2014 were issued, resulting in additional amount of tax of €1.5 million, which Rexel Group contests also. Rexel considers that it is more likely than not that the matter will be resolved favorably in its interest and has therefore not recorded a provision.

To the best of Rexel's knowledge, over the last financial year there were no other legal or arbitration proceedings that might have or recently had a material impact on the financial situation or profitability of Rexel.

29.2 Other contingent liabilities

The Group has granted the following warranties to purchasers in connection with the disposal of certain assets.

Latin America

With respect to the divestment of Latin America operations, the Group committed to indemnify for any damage incurred by the purchaser up to US$9 million. In 2016, the purchaser sent a notice of claims for €1.3 million. Rexel is currently discussing the merits of such claim with the purchaser.

Slovakia, Poland and Baltics

The agreements entered into with Würth group in connection with the disposal of operations in Slovakia, Poland and the Baltics provide for indemnification of any damage and liability incurred by the purchaser. The aggregate liability for indemnification shall not exceed €8 million. This warranty had not been called as of the balance sheet date.

Environmental warranty

Under an agreement signed on February 28, 2003 with Ashtenne, a real estate company, concerning a sale and leaseback transaction relating to 45 sites in Europe, the Group agreed to indemnify the purchaser for any environmental liabilities with respect to third party claims and governmental injunctions. This warranty covers a maximum of €4 million free of VAT for all of the properties sold, with a minimum threshold of €30,000. This commitment expires five years after the expiration of the leases.

30. Events after the reporting period

At the presentation date of the consolidated financial statements there have been no subsequent events after December 31, 2016 that would have a significant impact on Rexel's financial situation.

31. Consolidated entities as of December 31, 2016

	HEAD OFFICE	% INTEREST
FRANCE		
Holding companies and Group services companies		
Rexel	Paris	Société mère
Rexel Développement S.A.S.	Paris	100.00
Rexel Amérique latine S.A.S.	Paris	100.00
Operating companies		
Rexel France S.A.S.	Paris	100.00
Dismo France S.A.S.	St-Ouen l'Aumône	100.00
Espace Elec S.A.S.	Ajaccio	100.00
Bizline S.A.S.	Paris	100.00
BCCT	Paris	100.00
Conectis S.A.S.	Paris	100.00
Francofa Eurodis S.A.S.	Neuilly-Plaisance	100.00
SBEM	Paris	100.00
La Boîte Electrique	Paris	100.00
Esabora Digital Services	Paris	100.00
Sofinther	Bouguenais	100.00
Cordia	Mitry-Mory	100.00
EUROPE		
Germany		
Rexel GmbH	Munich	100.00
Hagemeyer Deutschland GmbH & Co KG	Munich	100.00
Hagemeyer Deutschland Verwaltungs GmbH	Munich	100.00
Hagemeyer Beteiligungs GmbH	Munich	100.00
Silstar Deutschland GmbH	Emmerich am Rhein	100.00
Hagemeyer Holding Deutschland GmbH	Munich	100.00
United Kingdom		
Rexel Senate Ltd.	Birmingham	100.00
Denmans Electrical Wholesalers Ltd.	Birmingham	100.00
Senate Group Ltd.	Birmingham	100.00
Rexel (UK) Holdings Ltd.	Birmingham	100.00
Rexel (UK) Ltd.	Birmingham	100.00
Newey & Eyre Ltd.	Birmingham	100.00
Parker Merchanting Limited	Birmingham	100.00
WF Electrical Plc	Birmingham	100.00
Newey & Eyre (C.I.) Ltd.	Guernesey	100.00
Warrior (1979) Ltd.	Birmingham	100.00

	HEAD OFFICE	% INTEREST
H.A. Wills (Southampton) Ltd.	Birmingham	100.00
Rexel UK Pension Trustees Ltd.	Birmingham	100.00
J&N Wade Limited	Birmingham	100.00
Clearlight Electrical Company	Birmingham	100.00
Power Industries Limited	Birmingham	100.00
Sweden		
Rexel Sverige AB	Alvsjô	100.00
Moel AB	Bredaryd	100.00
Austria		
Rexel Central Europe Holding GmbH	Vienna	100.00
Rexel Austria GmbH	Vienna	100.00
Schäcke Elektro-Grosshandel GmbH	Vienna	100.00
Regro Elektro-Grosshandel GmbH	Vienna	100.00
The Netherlands		
Rexel Nederland B.V.	Gouda	100.00
Cosa Liebermann B.V.	Hoofddorp	100.00
Rexel Holding Netherlands B.V.	Hoofddorp	100.00
Hagemeyer Finance B.V.	Hoofddorp	100.00
Borsu International B.V.	Hoofddorp	100.00
Italy		
Rexel Italia SpA	Milano	100.00
Spain		
ABM-Rexel SL	Madrid	100.00
Suministros Eléctricos Erka, S.L.	Renteria	100.00
Belgium		
Rexel Belgium S.A.	Zellik	100.00
Portugal		
Rexel Distribuição de Material Elecrico S.A.	Lisboa	100.00
Ireland		
Rexel Electrical Supply & Services Holding Ltd.	Tralee	100.00
M Kelliher 1998 Ltd.	Tralee	100.00
Hagemeyer Industrial Ireland Ltd.	Tralee	100.00
Astrotek Ireland Limited	Tralee	100.00
Switzerland		
Elektro Material AG	Zurich	100.00
Luxembourg		
Rexel Luxembourg S.A.	Luxembourg	100.00
Rexel RE S.A.	Luxembourg	100.00

	HEAD OFFICE	% INTEREST
Rexel Holding Luxembourg	Luxembourg	100.00
Czech Republic		
Rexel CZ s.r.o.	Brno	100.00
Slovakia		
HH 2016 spol.	Bratislava	100.00
Hungary		
Rexel Hungary General Supply & Services kft	Fót	100.00
Slovenia		
Elektronabava d.o.o.	Ljubljana	100.00
Russia		
OOO Elektroskandia Rus	St. Petersburg	100.00
Finland		
Rexel Finland Oy	Hyvinkää	100.00
Norway		
Elektroskandia Norge AS	Oslo	100.00
Elektroskandia Norway Holding AS	Oslo	100.00
NORTH AMERICA		
United States		
Rexel Holdings USA Corp.	Dallas	100.00
Rexel Inc.	Dallas	100.00
SKRLA LLC	Dallas	100.00
SPT Holdings Inc.	Dallas	100.00
Rexel of America LLC	Dallas	100.00
Rexel Patriot Acquisition, LLC	Dallas	100.00
General Supply & Services Inc.	Dallas	100.00
Bizline North America Inc.	Wilmington	100.00
Canada		
Rexel North America Inc.	St Laurent	100.00
Rexel Canada Electrical Inc.	Mississauga	100.00
ASIA-OCEANIA		
Hong Kong RAS		
Rexel Hong Kong Ltd.	Kowloon	100.00
Huazhang Electric Automation Holding Co. Ltd.	Hong Kong	100.00
LuckyWell Int'l Investment Ltd.	Hong Kong	100.00
China		
Rexel Ouneng (Beijing) Technology Co. Ltd.	Beijing	55.00
Rexel Hailongxing Electrical Equipment Co. Ltd.	Beijing	65.00
Rexel Electric Co. Ltd.	Shanghai	100.00

	HEAD OFFICE	% INTEREST
Zhejiang Huazhang Automation Equipment Co. Ltd.	Huanzhou	100.00
Rexel Integrated Solutions (Shanghai) Co. Ltd.	Shanghai	100.00
Rexel China Management Co. Ltd.	Shanghai	100.00
Suzhou Xidian Co. Ltd.	Suzhou	100.00
Beijing LuckyWell-ZN Electrical Co. Ltd.	Beijing	100.00
Beijing Zhongheng Hengxin Automation Equipment Co. Ltd	Beijing	100.00
Henan Qixin Automation Equipment Co. Ltd.	Zhengzhou	100.00
Shanghai Suhua Industrial Control Equipment Co. Ltd	Shanghai	100.00
LinElec Business Consulting (Shanghai) Limited	Shanghai	100.00
Shanghai Maxqueen Industry Development Co. Ltd	Shanghai	60.00
Zhonghao (Shanghai) Technology Co. Ltd.	Shanghai	60.00
Jinan Rexel Enterprise Management Service Co., Ltd.	Jinan	100.00
India		
Rexel India Private Limited	Pune	100.00
Macau RAS		
Gexpro Supply (Macau) Company Limited	Macau	100.00
Korea		
Gexpro Korea Co., Ltd.	Seoul	100.00
Indonesia		
P.T. General Supply & Services Indonesia	Jakarta	100.00
Malaysia		
Rexel Luxlight SDN. BHD.	Kuala Lumpur	100.00
Singapore		
Rexel Singapore Pte. Ltd.	Singapore	100.00
Rexel South East Asia Pte Ltd.	Singapore	100.00
Luxlight Pte, Ltd.	Singapore	100.00
Lenn International Pte. Ltd.	Singapore	100.00
Thailand		
Rexel General Supply and Services Co. Ltd.	Bangkok	100.00
Rexel Quality Trading Co. Ltd.	Bangkok	70.00
Vietnam		
Rexel Vietnam Co. Ltd.	Ho Chi Minh City	100.00
Australia		
Rexel Holdings Australia Pty Ltd.	Sydney	100.00
Rexel Electrical Supplies Pty Ltd.	Sydney	100.00
Australian Regional Wholesalers Pty Ltd.	Sydney	100.00
EIW Holding Pty Ltd.	Sydney	100.00
Hagemeyer Holdings (Australia) Pty Ltd.	Sydney	100.00

	HEAD OFFICE	% INTEREST
New Zealand		
Rexel New Zealand Limited	Auckland	100.00
Redeal Pensions Ltd	Auckland	100.00
Kingdom Saudi Arabia		
Rexel Services KSA LLC	Riyadh	100.00
Rexel Arabia Electrical Supplies LLC	Riyadh	65.00
United Arab Emirates		
Redco FZE	Jebel Ali	100.00
Rexel Middle East FZE	Dubaï	100.00
Rexel Emirates LLC	Abu Dhabi	90.00

5.2.2 Report of the Statutory Auditors on the consolidated financial statements for the financial year ended December 31, 2016

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.
This report also includes information relating to the specific verification of information given in the group's management report.
This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
63 rue de Villiers
92208 Neuilly-sur-Seine

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

KPMG Audit
Département de KPMG S.A.
Tour Eqho
2, avenue Gambetta
92066 Paris-La Défense

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

Rexel

Year ended December 31, 2016

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2016, on:

- The audit of the accompanying consolidated financial statements of Rexel;
- The justification of our assessments;
- The specific verification required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I – Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 as at December 31, 2016 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.

II – Justification of our assessments

In accordance with the requirements of article L.823-9 of the French commercial code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- Goodwill and intangible assets with indefinite useful lives are subject to annual impairment tests, according to the accounting policies and principles described in notes 3.5 and 12.1 to the consolidated financial statements. We have examined the terms and conditions for implementing these tests, as well as the data and assumptions used. We have also verified that the information disclosed in notes 8 and 12.1 to the consolidated financial statements is appropriate, especially regarding the sensitivity analysis.
- Your company has booked provisions relating to post-employment and other long-term benefits according to the accounting policies and terms and conditions described

in note 3.11 to the consolidated financial statements. The related obligations were assessed with the assistance of external actuaries. Our work consisted in examining the data used, assessing the chosen assumptions and verifying that the information disclosed in note 22 to the consolidated financial statements is appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, February 13, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit

Christian Perrier

KPMG Audit
Département de KPMG S.A.

Valérie Besson
Jean-Marc Discours

5.3 Company financial statements

5.3 COMPANY FINANCIAL STATEMENTS

Pursuant to article 28 of the Commission Regulation (EC) N°809/2004 of April 29, 2004, the following information is incorporated by reference in this Registration document:

- the Company financial statements and the relevant audit report for the year ended December 31, 2015 which is included in pages 218 to 241 of the Registration document for the financial year ended on December 31, 2015 registered by the *Autorité des marchés financiers* on April 7, 2016 under number D.16-0299; and
- the Company financial statements and the relevant audit report for the year ended December 31, 2013 which is included in pages 169 to 191 of the Registration document for the financial year ended on December 31, 2014 registered by the *Autorité des marchés financiers* on March 25, 2015, under number D.15-0201.

5.3.1 Company financial statements as at December 31, 2016

Income Statement

		FOR THE YEAR ENDED DECEMBER 31,	
(in million of euros)	NOTE	2016	2015
Operating revenues		**2.9**	**1.1**
Other purchases and outside services		(18.3)	(16.8)
Taxes other than income taxes		(0.2)	(0.8)
Other expenses		(5.4)	(5.2)
Depreciation, amortization and increases in provisions		(0.1)	(11.6)
Loss from operations	(3.1)	**(21.1)**	**(33.3)**
Dividend income		298.0	–
Other financial revenues (from short-term investments, loans and exchange gains)		54.7	51.7
Decrease in financial provisions, transfer of expenses		–	–
Total financial revenues		**352.7**	**51.7**
Interest and related expenses and exchange losses		(110.4)	(166.1)
Increase in financial provisions		(0.6)	–
Total financial expenses		**(111.0)**	**(166.1)**
Net financial income	(3.2)	**241.7**	**(114.4)**
Income from ordinary activities		**220.6**	**(147.7)**
Non-recurring income (expense), net	(3.3)	**(4.1)**	**(2.1)**
Profit before tax		**216.5**	**(149.8)**
Income taxes	(3.5)	**44.2**	**72.3**
Net income		**260.7**	**(77.5)**

Balance sheet

(in million of euros)	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2016	2015
ASSETS			
Intangible fixed assets		**–**	**–**
Tangible fixed assets	(4.1)	**0.3**	**0.4**
Land		–	–
Buildings		0.3	0.4
Long-term financial assets	(4.1)	**4,554.0**	**4,562.5**
Investments in related companies		4,104.9	4,104.9
Other securities		–	–
Loans and other long-term financial assets		449.1	457.6
Fixed assets	(4.1)	**4,554.3**	**4,562.9**
Trade accounts receivable	(4.2)	1.9	2.0
Other accounts receivable	(4.2)	810.2	44.1
Short-term investments, cash and bank	(4.2)	12.2	496.3
Adjustment accounts		**3.2**	**4.0**
Prepayments		0.1	0.3
Deferred charges	(4.2)	3.1	3.7
Unrealized exchange rate losses		–	–
Current assets		**827.5**	**546.4**
TOTAL ASSETS		**5,381.8**	**5,109.3**

(in million of euros)	NOTE	2016	2015
		FOR THE YEAR ENDED DECEMBER 31,	
LIABILITIES AND STOCKHOLDERS' EQUITY			
Share capital		1,514.5	1,509.4
Share premiums		1,561.2	1,680.5
Legal reserve		56.5	56.5
Regulated reserves		–	–
Statutory and contractual reserves		–	–
Other reserves		36.3	37.3
Retained earnings		(10.8)	66.7
Net income for the period		260.7	(77.5)
Stockholders' equity	(4.3)	**3,418.4**	**3,272.9**
Provisions		**13.3**	**14.2**
Bonds	(4.4)	1,465.5	1,612.6
Borrowings from financial institutions	(4.4)	131.8	134.9
Other financial debt	(4.4)	325.3	20.4
Trade accounts payable		2.1	2.6
Other operating liabilities		25.4	51.7
Deferred income		–	–
Unrealized exchange rate gains		–	–
Liabilities	(4.4)	**1,950.1**	**1,822.2**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**5,381.8**	**5,109.3**

Company results over the last five years (as required by articles 133, 135 and 148 of the French commercial decree)

	FROM JANUARY 1 TO DECEMBER 31,				
(in euros)	2012	2013	2014	2015	2016
SHARE CAPITAL AT YEAR END					
Share capital	1,359,616,145	1,416,686,070	1,460,027,880	1,509,356,890	1,514,490,115
Number of issued shares	271,923,229	283,337,214	292,005,576	301,871,378	302,898,023
Number of convertible bonds	–	–	–	–	–
INCOME STATEMENT INFORMATION					
Sales, excluding sales taxes	3,046,692	1,837,506	1,475,018	1,086,524	1,544,737
Net income before taxes, depreciation and provisions	(61,519,890)	208,065,057	158,900,553	(135,871,677)	216,217,885
Income taxes	(70,816,280)	(81,663,693)	(62,368,238)	(72,318,484)	(44,184,303)
Net income	633,586	267,679,378	221,076,956	(77,523,045)	260,711,376
Earnings distributed	203,138,200	211,864,482	218,459,916	120,307,183	120,619,518[(1)]
EARNINGS PER SHARE					
Earnings per share after taxes but before depreciation and provisions	0.03	1.02	0.76	(0.21)	0.86
Earnings per share after taxes, depreciation and provisions	0.00	0.94	0.76	(0.26)	0.86
Dividend paid per share	0.75	0.75	0.75	0.40	0.40[(1)]
PERSONNEL					
Number of employees	–	–	–	–	–
Total remuneration	–	–	–	–	–
Total social charges and other personnel related expenses	–	–	–	–	–

(1) Proposed distribution to be voted at the Annual General Meeting May 23, 2017.

Principal subsidiaries and other investments

DECEMBRE 31, 2016 *(in millions of euros)*											
					CARRYING OF VALUE SHAREHOLDING						
CORPORATE NAME	REGISTERED OFFICE	CAPITAL	RESERVES AND RETAINED EARNINGS (EXCLUDING CURRENT YEAR RESULTS)	PERCENTAGE SHARE CAPITAL HELD	COST	NBV	OUTSTANDING LOANS	GUARANTEES GRANTED BY REXEL S.A.	CURRENT YEAR RESULT	DIVIDENDS RECEIVED	SALES
A/ FRENCH SUBSIDIARIES											
Rexel Développement SAS	Paris	2,098.6	2,053.4	100.00%	4,104.9	4,104.9	443.6	0.0	108.1	298.0	73.8
TOTAL		**2,098.6**	**2,053.4**		**4,104.9**	**4,104.9**	**443.6**	**0.0**	**108.1**	**298.0**	**73.8**

Notes to the Company's financial statements

1. Description of business

Rexel SA incorporated in December 2004 is the holding company of Rexel Group. As such Rexel SA owns Rexel Développement SAS shares and provides the financing of its direct and indirect subsidiaries.

2. Accounting principles

The financial statements for the year ended December 31, 2016 are presented with comparative amounts for the year ended December 31, 2015 and have been prepared in accordance with French law, with the principles and policies defined in *Autorité des Normes Comptables* (ANC) Regulation 2014-03, approved by government order of September 8, 2014, relating to the French general accounting standards, and with accounting principles generally accepted in France.

The accounting principles set out below have been applied in a prudent manner, and in conformity with the following concepts:

- going concern;
- consistency;
- cut-off.

Main accounting principles used are described hereafter.

2.1 Long-term financial assets

Long-term investments are initially measured at acquisition cost. A valuation allowance is recorded when carrying value exceeds value in use. Rexel determines the value in use of long-term investments in subsidiaries on the basis of projected cash flows less net debt. When the carrying amount exceeds value in use, an impairment write-down is recognized for the difference.

2.2 Loans and other long-term financial assets

Loans and other long-term financial assets are initially measured at nominal amount. When considered necessary, a valuation allowance is recorded to cover the risk of non-recovery. Own shares held are measured at the year-end closing price.

2.3 Receivables and payables

Receivables and payables are recorded at historical cost. When considered necessary, receivables are subject to an allowance to cover the risk of non-recovery. Assets and liabilities denominated in foreign currencies are converted at the year-end exchange rate. Exchange rate differences arising from this adjustment are recorded on the balance sheet as "unrealized exchange rate gains or losses".

For assets and liabilities denominated in foreign currencies and subject to foreign exchange hedge (hedge fixing the foreign currency at the maturity date):

- Perfect hedge (the nominal amount of the hedging instrument is equal to the nominal amount of the underlying at the closing date): no unrealized exchange differences should be recognized since the unrealized exchange gains and losses on the underlying asset and liability is offset by the unrealized gains and losses linked to the hedging instrument;
- When the nominal amount of the hedging instrument is lower than the nominal amount of the underlying at the closing date: Only the unrealized exchange loss linked to non hedged part is provided for through the income statement;
- When the nominal amount of the hedging instrument is higher than the nominal amount of the underlying at the closing date: The accounting treatment of the non allocated part of the hedging instrument depends on whether the instrument is traded on an organized market and equivalent or over the counter market. When the hedging instrument is traded on an organized market and equivalent, unrealized exchange gains and losses are recognized through the income statement. When the hedging instrument is traded over the counter market, only the unrealized exchange losses linked to the non allocated part of the instrument is provided for through the income statement.

2.4 Short-term investments

Short-term investments are recorded at acquisition cost, with a provision to cover any unrealized losses. Own shares held and already attributed to free shares plans are recorded at acquisition cost until their delivery to recipients.

2.5 Borrowings and related issuing cost

Borrowings are recognized at nominal value. Bonds issue costs are recognized through the income statement. Bonds premiums are amortized, either over the life of bonds, or in proportion to accrued interests. Bonds in foreign currency are converted to the year-end exchange rate.

2.6 Financial instruments covering currency and interest rate risks

In order to optimize the management of its financial borrowings, Rexel uses derivatives instruments as hedges against foreign exchange and interest rate risks, in particular foreign exchange and interest rate swaps, forward exchange contracts, and interest rate and foreign exchange options. Premiums or discounts arising from the operation of interest rate swaps and of options are recorded in income over the life of the contracts, as an adjustment to interest expense.

2.7 Key events of the period

1. On May 18, 2016, Rexel issued €650 million of senior unsecured notes due 2023 which bear interests at 3.50% annually.
2. On June 16, 2016, Rexel early redeemed its 5.125% senior notes due 2020 for the principal amount of €650 million.
3. On November 2, 2016, Rexel early partially redeemed $170.0 million out of its 5.25% $500 million senior notes due 2020.
4. On December 16, 2016, Rexel received €298.0 million interim dividends from its subsidiary Rexel Développement.

3. Notes to the income statement

3.1 Operating revenues and expenses

Operating income amounts to €2.9 million (€1.1 million in 2015) and relates to services provided to subsidiaries for €1.5 million (€1.1 million in 2015), and decrease in provisions for €1.4 million.

Operating expenses amount to €24 million (€34.4 million in 2015) and mainly comprise fees and other expenses for €5.7 million (€5.3 million in 2015), personnel costs and other charges for €5.4 million (€5.2 million in 2015), bank charges for €5.3 million related to the non-use of the facilities under Senior Credit (€5.5 million in 2015), bonds issue costs for €7.5 million (€6.9 million in 2015), and depreciation and provisions for €0.1 million (€11.5 million in 2015 of which depreciation of loans issue costs for €11.2 million).

3.2 Net financial income

Net financial income amounts to €241.7 million (€114.4 million net expense in 2015), comprising:

- €352.7 million of financial income (€51.7 million in 2015) relating principally to interim dividends received for €298.0 million, interests on loans to its subsidiaries for an amount of €23.4 million, to termination balances of interest rate swaps received for €5.8 million, the result of sales of Rexel's shares for €1.5 million, these shares being held in accordance with the share repurchase program (see section § 4.1), and to other financial incomes for €24.0 million;
- €111.0 million of financial expenses (€166.1 million in 2015) relating principally to the interests of the senior unsecured notes for €67.9 million, the commercial paper for €0.6 million, the "make-whole redemption premium" of €31.1 million related to the senior notes due 2020, net foreign exchange expense for €0.9 million, and other financial expenses and depreciation for €10.5 million.

3.3 Non-recurring income and expenses

Non-recurring income and expenses in an amount of €(4.1) million are attributable to operating non-recurring expenses (€(2.1) million in 2015).

3.4 Compensation of company officers

Board attendance fees paid to company officers during 2016 amount to €0.8 million (€0.9 million in 2015).

Compensation paid to company officers in 2016 amounts to €2.4 million (€2.4 million in 2015).

3.5 Income taxes

Under the group tax consolidation agreement, Rexel is liable for the payment of all tax due by the tax group. Each subsidiary recognizes its individual tax expense calculated based on its own taxable income. Any tax benefits arising from the tax group are recognized by Rexel as the head of the tax group. Rexel has recognized an income of €47.5 million for 2016 (€70.1 million in 2015). Tax losses carried forward of the tax consolidation group amount to €269.3 million as of December 31, 2016 (€337.6 million in 2015) and the related estimated future tax relief stands at €61.0 million.

4. Notes to the balance sheet

4.1 Changes in fixed assets

(in millions of euros)	COST OR VALUATION, JANUARY 1, 2016	INCREASE	DECREASE	COST OR VALUATION, DECEMBER 31, 2016
Intangible fixed assets	–	–	–	–
Tangible fixed assets	0.5	–	–	0.5
Long-term financial assets:				
• Investments in related companies	4,104.9	–	–	4,104.9
• Loans and other long-term financial assets	457.6	17.8	26.3	449.1
Sub-total	**4,562.5**	**17.8**	**26.3**	**4,554.0**
TOTAL	**4,563.0**	**17.8**	**26.3**	**4,554.5**

Long-term financial assets

Investments in related companies

These investments in related companies refer only to Rexel Développement.

Loans and other long-term financial assets

This item is composed by:

1. Own shares and cash equivalents held under Rexel's share liquidity agreement. In connection with its own-share buy-back program Rexel entered into a contract with BNP Paribas Securities on January 1, 2015 (after termination of the previous contract with Natixis) to promote the liquidity of Rexel shares for an initial amount of €12.8 million. As of December 31, 2016, Rexel held 405,000 shares with the objective of stock price stabilization, for a gross value of €6.3 million. The balance of this contract consists of €10.3 million of cash equivalents;
2. Loans granted by Rexel to some subsidiaries.

   As of December 31, 2015, the loans were the following:

   - Rexel Sverige AB SEK for 1,600 million,
   - Elektro Material AG CHF for 155 million,
   - Elektroskandia Norway Holding NOK for 528 million,
   - Rexel New Zealand NZD for 20 million,
   - Rexel Holdings Australia PTY AUD for 40 million,
   - Hagemeyer Finance BV Branch in Finland EUR for 30.9 million,

In the course of 2016:

- Rexel Sverige AB partially redeemed the loan due on June 30, 2020 for an amount of SEK 243.0 million (€26.3 million).
- In June 2016, Rexel granted to Francofa Eurodis a loan of €7.0 million, bearing interests at 4.28% and redeemable on June 15, 2022.
- In September 2016, Rexel granted to Rexel Arabia ES a loan of $10.0 million, bearing interests at 4.73% and redeemable on June 15, 2020.

As of December 31, 2016, the loans were the following:

	BALANCE AS OF DECEMBER 31,2016 *(in millions of currency)*	CURRENCY	BALANCE AS OF DECEMBER 31,2016 *(in millions of euros)*	INTEREST AND MARGIN	DUE DATE
Rexel Sverige AB	1,357.0	SEK	142.1	6.20	06/30/2020
Rexel New Zealand LTD	20.0	NZD	13.2	6.70	06/30/2020
Elektro Material AG	155.0	CHF	144.3	4.80	06/30/2020
Elektroskandia Norway	528.0	NOK	58.1	6.90	06/30/2020
Rexel Holdings Australia PTY	40.0	AUD	27.4	6.70	06/30/2020
Rexel Arabia ES	10.0	USD	9.5	4.73	06/15/2020
HGM Finance BV Finland	30.9	EUR	30.9	3.10	06/30/2020
Francofa Eurodis	7.0	EUR	7.0	4.28	06/15/2022
TOTAL			**432.50**		

4.2 Other information relating to assets

Currents assets

(in millions of euros)	TOTAL DECEMBER 31, 2016	DUE WITHIN ONE YEAR	DUE BETWEEN 1 AND 5 YEARS	DUE AFTER MORE THAN 5 YEARS
Trade accounts receivable	1.9	1.9	–	–
Currents accounts receivable	766.3	766.3	–	–
Other receivable	43.9	43.9	–	–
TOTAL	**812.1**	**812.1**	**–**	**–**

Short-term investments, cash and bank

This item is mainly composed by:

1. Own shares acquisition cost held to serve free shares plans. Rexel held 944,227 shares for an amount of €11.9 million as of December 31, 2016.
2. Other short-term investments: cash and bank for an amount of €0.3 million.

Deferred charges

Deferred charges include redemption premium of senior notes due 2020 and 2022. As of December 31, 2016, the net book value amounts to €0.03 million and €3.1 million respectively. These have been amortized in 2016 for €0.6 million.

Bonds issuance costs are amortized through the income statement, transaction costs related to senior notes due 2023 and issued in 2016 have been recognized in the income statement for €6.6 million.

4.3 Stockholders' equity

(in millions of euros)	JANUARY 1, 2016	RESERVES	APPROPRIATION OF THE 2015 NET INCOME	INCREASE IN SHARE CAPITAL	2016 NET INCOME	DECEMBER 31, 2016
Share capital	1,509.4	2.0	–	3.1	–	1,514.5
Share premiums	1,680.5	(1.0)	–	(118.3)	–	1,561.2
Legal reserve	56.5	–	–	–	–	56.5
Other reserves	37.3	(1.0)	–	–	–	36.3
Retained earnings	66.7	–	(77.5)	–	–	(10.8)
Net income for the year	(77.5)	–	77.5	–	260.7	260.7
TOTAL	**3,272.9**	**0**	**0**	**(115.2)**	**260.7**	**3,418.4**

Changes in equity during 2016:

1. On May 2, 2016, share capital was increased by €0.01 million by issuing 1,300 shares with a par value of €5 each in connection with the April 2013 free share plan. This share capital increase has been recorded by offsetting the other non-distributable reserves.
2. On May 3, 2016, share capital was increased by €1.7 million by issuing 338,891 shares with a par value of €5 each in connection with the May 2012 free share plan. This share capital increase has been recorded by offsetting the other non-distributable reserves.
3. On May 23, 2016, share capital was increased by €0.02 million by issuing 3,694 shares with a par value of €5 each in connection with the May 2014 free share plan. This share capital increase has been recorded by offsetting the other non-distributable reserves.
4. The Annual General Meeting held on May 25, 2016 approved a resolution appropriating the 2015 result as follows: €(77.5) million to the retained earnings and distribution of €120.3 million fully paid on July 5, 2016 by offsetting the share premium.
5. On June 23, 2016, the company's Management Board decided to allocate an amount of €9.1 million to the other non-distributable reserves by offsetting the share premium corresponding to 1,820,625 free shares granted at a par value of €5 each.

6. On July 5, 2016, due to the cash dividend distribution of €0.40 per share to the shareholders, the company's Management Board decided to adjust the 2013, 2014, 2015 and 2016 free share plans for an amount of 179,831 shares, and to allocate an amount of €0.9 million to the other non-distributable reserves by offsetting the share premium.
7. On July 27, 2016, share capital was increased by €0.3 million by issuing 53,464 shares with a par value of €5 each in connection with the July 2014 free share plan. This share capital increase has been recorded by offsetting the other non-distributable reserves.
8. On November 22, 2016, the company's Management Board recorded capital increase resulting from the employees offering for €2.7 million with an issuance of 530,854 shares with a par value of €5 each and the share premium of €3.2 million. The fees stemming from this capital increase are deducted from the share premium to the amount of €1.2 million.
9. On November 22, 2016, the company's Management Board decided to allocate an amount of €1.1 million to the other non-distributable reserves by offsetting the share premium corresponding to 223,971 free shares granted at a par value of €5 each regarding the capital increase resulting from the employees offering in 2016.
10. During the year 2016, 98,442 options were exercised by issuing 98,442 shares in connection with the 2005 and 2006 stock option plans resulting in a share capital increase of €0.5 million.
11. Amounts initially allocated to other non-distributable reserves and related to forfeited free shares during the year 2016 were retransferred to the share premium for an amount of €10.1 million.
12. The net profit for the year 2016 amounts to €260.7 million.

As of December 31, 2016, the company's share capital amounts to €1,514,490,115 represented by 302,898,023 shares each with a par value of €5.

4.4 Other information related to liabilities

(in millions of euros)	TOTAL DECEMBER 31, 2016	DUE WITHIN 1 YEAR	DUE BETWEEN 1 AND 5 YEARS	DUE AFTER MORE THAN 5 YEARS
Senior notes	1,465.5	2.5	313.0	1,150.0
Borrowings from financial institutions	131.8	131.8	–	–
Other financial debt	325.3	325.3	–	–
Trade accounts payable	2.1	2.1	–	–
Other operating liabilities	25.4	25.4	–	–
Unrealized exchange rate gains	–	–	–	–
TOTAL	**1,950.1**	**487.1**	**313.0**	**1,150.0**

Senior Notes

5.125% and 5.250% Senior Notes due 2020

Concurrently with the refinancing of the Senior Facility Agreement on March 15, 2013, Rexel issued €500 million and $500 million of senior unsecured notes with coupons of 5.125% and 5.250% respectively.

On March 26, 2013, Rexel issued an additional €150 million principal amount of these notes at a price of 101.00% of their nominal amount. The additional notes are fully fungible with the previously-issued notes and have identical terms and conditions.

The notes rank *pari passu* with Rexel's Senior Credit Facility and other senior unsecured notes.

Rexel will pay interest on the notes semi-annually in arrears on June 15 and December 15, with the first payment on December 15, 2013. The notes will mature on December 15, 2020 and are listed on the Luxembourg Stock Exchange.

On or after June 15, 2016, the notes are redeemable in whole or in part by paying the redemption price set forth below:

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT) $ NOTES
June 15, 2017	102.625%
June 15, 2018	101.313%
June 15, 2029 and after	100.000%

Early repayment of 5.125% Senior Notes due 2020

On June 16, 2016, Rexel redeemed €691.6 million senior notes due 2020, which includes a nominal amount of €650.0 million, a "make-whole" premium of €25.0 million, and accrued interest running from December 15, 2015 to June 15, 2016 for €16.6 million.

Partial early repayment of 5.25% Senior Notes due 2020

On November 02, 2016, Rexel redeemed €163.3 million senior notes due 2020, which includes a nominal amount of €154.2 million ($170 million), a "make-whole" premium of €6.0 million, and accrued interest running from June 15, 2016 to November 01, 2016 for €3.1 million.

3.25% Senior Notes due 2022

On May 27, 2015, Rexel issued €500 million senior notes. The notes rank *pari passu* with Rexel's Senior Credit Facility and other senior unsecured notes and bear interest annually at 3.25%. They are listed on the Luxembourg Stock Exchange.

Rexel will pay interest on the notes semi-annually in arrears on June 15 and December 15, with the first payment on December 15, 2015. The notes will mature on June 15, 2022.

The notes are redeemable in whole or in part at any time prior to June 15, 2018 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2018, the notes are redeemable in whole or in part by paying the redemption price set forth below:

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT)
June 15, 2018	101.625%
June 15, 2019	100.813%
June 15, 2020 and after	100.000%

3.50% Senior Notes due 2023

On May 18, 2016, Rexel issued €650 million senior notes. The notes rank *pari passu* with Rexel's Senior Credit Facility and other senior unsecured notes and bear interest annually at 3.50%. They are listed on the Luxembourg Stock Exchange.

Rexel will pay interest on the notes semi-annually in arrears on June 15 and December 15, with the first payment on December 15, 2016. The notes will mature on June 15, 2023.

The notes are redeemable in whole or in part at any time prior to June 15, 2019 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2019, the notes are redeemable in whole or in part by paying the redemption price set forth below:

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT)
June 15, 2019	101.750%
June 15, 2020	100.875%
June 15, 2021 and after	100.000%

Senior Credit Agreement

On March 15, 2013, Rexel refinanced its €1,100 million existing revolving Credit Facilities Agreement dated December 21, 2009 by entering into a new revolving Credit Facility Agreement (the "Senior Facility Agreement") with BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, French branch, Natixis and Société Générale Corporate and Investment Banking as Mandated Lead Arrangers and Bookrunners.

In September 2013, the maximum commitment under the 2013 Senior Facility Agreement was reduced by €45.0 million following the execution of a bilateral €45 million Term Loan Agreement maturing in March 2018.

On November 13, 2014, Rexel entered into an amendment of its Senior Facility Agreement September 2013 with BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Bank France, Natixis and Société Générale Corporate and Investment Banking as Mandated Lead Arrangers and Bookrunners reducing the maximum amount from €1,055 million to €982 million.

The Senior Facility Agreement provides a five-year multicurrency credit facility for an aggregate maximum amount of €982 million, which can also be drawn through swing line loans for an aggregate amount of €157.5 million. The original maturity of this credit facility (November 2019) may be extended two times by one year. On October 19, 2015, the maturity of this credit facility was extended to November 12, 2020 for €910 million. On October 28, 2016, the maturity of this credit facility was extended to November 12, 2021 for €910 million (€72 million due in November 13, 2019).

Interests and margin

Amounts drawn bear interest at a rate determined in reference to (i) the Euribor rate when funds are made available in Euro or the Libor rate when funds are made available in currencies other than euro, (ii) the applicable margin, (iii) certain *premia* for loans in currencies other than euro and (iv) mandatory costs (representing the costs to be borne by the lenders for the financing of the banking control system imposed by the banking regulatory authorities of their respective countries), if any.

Swingline drawings bear interest at a rate determined in reference to (i) the EONIA rate, (ii) the applicable margin and (iii) mandatory costs, if any.

The initial applicable margin is 1.25% *per annum* and varies in accordance with the leverage ratio (defined as the ratio of consolidated adjusted total debt to consolidated adjusted EBITDA, in each case as such terms are defined under the Senior Facility Agreement) calculated as of December 31 and June 30 of every year. The margin ranges from 0.85% to 2.5%.

In addition, the applicable margin shall be increased by a utilization fee that varies depending on the percentage of the total commitment drawn under the Senior Facility Agreement at any given time.

Rexel shall also pay a commitment fee in the base currency on that lender's available commitment the amount of which varies based on the leverage ratio.

Under the Senior Credit Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as at December 31 and June 30 of each year.

The Leverage Ratio corresponds to adjusted consolidated net debt relative to Adjusted EBITDA, as such terms are defined below:

- "Adjusted EBITDA" means, in relation to a measurement period, consolidated operating income without double counting before other income (or expenses) as defined in the relevant consolidated accounts of the Group:
  - Including the last 12 months of Adjusted EBITDA of any Subsidiary acquired in that measurement period *prorata* the participation of the Group;
  - Including proceeds related to commodity price derivatives entered into to hedge exposure to the price fluctuation of certain commodities which do not qualify for cash flow hedge accounting as per applicable IFRS;
  - After adding back EBITDA of assets held for sale and not taking into account EBITDA of assets sold during the measurement period;
  - After adding back net operational depreciation/ amortization;
  - Taking no account of any expense referable to equity settled share based compensation of employees or management, to the extent the balance of it is taken in account into financial indebtedness;
  - After adding back non-cash employee share, incentive or remuneration scheme costs entered into as part of equity-based remuneration of employees of the Group, as well as legal profit sharing, to the extent the balance of it is taken into account in financial indebtedness;
  - Excluding the non-recurring impact of the evolution of the copper prices as disclosed in the press release published in connection with the consolidated financial statements for such measurement period;
  - After adding back any other restructuring and/or acquisition costs relating to any permitted acquisition.

"Adjusted total net debt" means:

- Any indebtedness for or in respect of interest bearing debt (whether or not in cash or in kind, both current and non-current) but which shall:
  - Exclude any upfront, legal, advisory costs related to the implementation of such debt as well as the financial charges accounted for as a result of the repayment of any outstanding debt of the borrower;
  - Exclude intragroup loans between members of the Group;
  - Include any indebtedness for or in respect of any amount payable in respect of securities issued by any member of the Group which are not mandatorily redeemable in shares; and
  - Include any other amount raised under any other transaction accounted for as borrowing under the accounting standards;
- Any indebtedness for or in respect of accrued interest (including capitalized interest and any payment in kind) other than in respect of intragroup loans between members of the Group; less
- Cash and cash equivalents.

This ratio may exceed 3.50 on three accounting dates during the life of the Senior Facility Agreement, being specified that only two of such three accounting dates may be consecutive, and provided that (i) such ratio does not exceed 3.75 times on two accounting dates during the life of the Senior Facility Agreement and (ii) such ratio does not exceed 3.90 times on one accounting date during the life of the Senior Facility Agreement.

On June 27, 2014, Rexel entered into a bilateral USD40 million Term Loan Agreement maturing in June 2015. On June 26, 2015, this Agreement has been renewed for a period of two years.

As at December 31, 2016, no amount was drawn down under the Senior Facility Agreement or both bilateral Term Loan Agreements.

Commercial paper program

In September 2010, Rexel launched a €500 million commercial paper program with a fixed maturity ranging from one to three months depending on the notes issued, to diversify the investor base and minimize the cost of financing. As of December 31, 2016, under this program, €131.8 million were outstanding.

Other financial debts

Other financial debts relate mainly to the current account with the company Rexel Développement.

4.5 Financial instruments covering currency and interest rate risks

Financial instruments covering currency and interest rate risks

In the course of its business, Rexel SA is exposed to market risks relating to borrowing cost management. Rexel SA uses various financial instruments to optimize its financial expense including interest rate swaps to modify its debt structure and to cover the risk of interest rate increases in the currencies in which its debt is denominated. Derivative foreign currency instruments include forward currency purchases and sales, and have the sole objective of hedging transactions denominated in a foreign currency.

As of December 31, 2016, the outstanding hedge contracts were as follows:

Interest rate swaps

TYPE OF CONTRACT	MATURITY	NOTIONAL AMOUNTS (IN MILLIONS OF FOREIGN CURRENCY)	FAIR VALUE OF HEDGES (IN MILLIONS OF EUROS)
Interest rate swap paying LIBOR 3 months	2020	USD 300.0	0.7
Interest rate swap paying EURIBOR 3 months	2022	EUR 500.0	15.3

Forward contracts

TYPE OF CONTRACT	NOTIONAL AMOUNTS (IN MILLIONS OF FOREIGN CURRENCY)	NOTIONAL AMOUNTS (IN MILLIONS OF EUROS)	FAIR VALUE (IN MILLIONS OF EUROS)
Forward sales of Australian dollars for euros	39.4	26.6	(0.4)
Forward sales of Swiss francs for euros	152.9	141.7	(1.0)
Forward sales of Norwegian crowns for euros	518.1	54.6	(2.4)
Forward sales of New Zealand dollars for euros	19.6	12.4	(0.5)
Forward purchases of US dollars for euros	493.8	446.1	22.0

* Valorisation au cours à terme.

4.6 Amounts due to and from related companies

Related companies are direct and indirect Rexel subsidiaries. There are no significant transactions with these companies that are not concluded at normal market conditions. As of December 31, 2016, balances with related companies were as follows:

(in millions of euros)

ASSETS		LIABILITIES	
Investments in related companies	4,104.9	Other financial debt	325.3
Loans and other long-term financial assets	432.5	Trade accounts payable	0.1
Trade accounts receivable	1.9	Other liabilities	3.6
Other accounts receivable	788.4		
EXPENSES		**INCOME**	
Operating expenses	0.4	Operating income	1.5
Financial expenses	7.9	Financial income	334.8
Non-recurring expenses	0.0	Income tax	47.5

5. Additional information

5.1 Commitments

The Senior Credit Agreement 2013 amended on November 13, 2014 contains standard clauses for this type of agreement. These include clauses restricting the ability of Group companies which are parties to that agreement and certain subsidiaries from (i) granting security interests or warranties based on their assets; (ii) making loans to others; (iii) creating security interests; (iv) undertaking certain investments; (v) disposing of assets; or (vi) substantially changing the general nature of the Group's business.

The Senior Credit Agreement contains certain covenants for total or partial acceleration of maturity, particularly in the event of a change of control of Rexel, the sale of all or a part of Rexel's assets, payment default or in the event of accelerated maturity of other financial debt of certain Group entities (above established thresholds) or other events that are likely to have a significant negative effect on the obligations of payment of Rexel.

The notes rank *pari passu* with Rexel's new Senior Credit Facility. Neither notes nor Senior Credit Agreement are guaranteed by any Rexel's subsidiaries.

An Indenture contract was entered into on April 3, 2013 between Rexel and the Bank of NewYork Mellon in connection with the $500 million senior notes issuance.

An Indenture contract was entered into on May 27, 2015 between Rexel and the Bank of New York Mellon in connection with the €500 million senior notes issuance.

An Indenture contract was entered into on May 18, 2016 between Rexel and the Bank of New York Mellon in connection with the €650 million senior notes issuance.

These contracts provide for the terms under which BNP Paribas Trust Corporation UK Limited and the Bank of New York Mellon undertook to act in the capacity of Trustee in the scope of the issuance of such notes. These agreements were authorized by the Supervisory Board upon its meeting of February 11, 2013, and by the Board of Directors upon its meetings of April 29, 2015 and April 28, 2016.

5.2 Employees

The staff of the company is composed by three corporate officers as at December 31, 2016.

5.3 Information on stock options and free share plans

The general meeting held on October 28, 2005 approved the implementation of a stock option plan, by authorizing the Chairman to grant stock options to certain company officers and employees of Rexel Group companies in France or abroad, to a maximum of 2,882,000 "Cercle 2" options and 289,300 "Cercle 3" options. The terms of the options are governed by the provisions of articles L.225-177 and following of the French Commercial Code.

Plan N°1 – cercle 2:

Date of shareholders decision:	October 28, 2005		
Maximum number of options granted from the start:	2,882,000		
	1st attribution	**2nd attribution**	**3rd attribution**
Date of granting:	October 28, 2005	May 31, 2006	October 4, 2006
Number of options granted:	2,775,120	169,236	164,460
Number of beneficiaries from the start:	47	5	7
Type of plan:	Subscription	Subscription	Subscription
Exercise Price:	€5 / option	€6.5 / option	€9.5 / option
Unavailability Period:	From Oct. 28, 2005 to Oct. 28, 2009 included	From May 31, 2006 to May 31, 2010 included	From Oct. 04, 2006 to Oct. 4, 2010 included
Expiration date:	October 28, 2016	October 28, 2016	October 28, 2016
Follow up of the plan:			
Number of options to be exercised as of December 31, 2005:	2,711,000	–	–
Options cancelled or reallocated:	162,696	–	–
Number of options to be exercised as of December 31, 2006:	2,548,304	169,236	164,460
Number of beneficiaries as of December 31, 2006:	44	5	7
Number of options to be exercised as of December 31, 2007 (after dividing the nominal amount by 2 and multiplying the number of options by 2):	1,231,002	140,944	267,452
Number of options to be exercised as of December 31, 2009:	1,231,002	140,944	267,452
Options exercised in 2010:	1,198,182	140,944,	–
Number of options to be exercised as of December 31, 2010:	32,820	–	267,452
Options exercised in 2011:	–	–	267,452
Number of options to be exercised as of December 31, 2011:	32,820	–	–
Options exercised in 2012:	–	–	–
Number of options to be exercised as of December 31, 2012:	32,820	–	–
Options exercised in 2013:	–	–	–
Number of options to be exercised as of December 31, 2013:	32,820	–	–
Options exercised in 2014:	–	–	–
Number of options to be exercised as of December 31, 2014:	32,820	–	–
Options exercised in 2015:	–	–	–
Number of options to be exercised as of December 31, 2015:	32,820	–	–
Options exercised in 2016:	32,820	–	–
Number of options to be exercised as of December 31, 2016:	0	0	0

Plan N°2 - cercle 3:

Date of shareholders decision:	October 28, 2005	
Maximum number of options to be granted:	289,300	
	1st attribution	**2nd attribution**
Date of granting:	November 30, 2005	May 31, 2006
Number of options granted:	265,700	35,550
Number of beneficiaries from the start:	205	35
Type of plan:	Subscription	Subscription
Exercise Price:	€5 / option	€6.5 / option
Unavailability Period:	From Nov. 30, 2005 to Nov. 30, 2009 included	From May 31, 2006 to May 31, 2010 included
Expiration date of options:	November 30, 2016	November 30, 2016
Follow up of the plan:		
Number of options to be exercised as of December 31, 2005:	259,050	–
Options cancelled or reallocated:	17,111	–
Number of options to be exercised as of December 31, 2006:	241,939	34,550
Number of beneficiaries as at December 31, 2006:	197	34
Number of options cancelled as from January 1, 2007:	4,711	562
Number of options to be exercised as of December 31, 2007 (after dividing the nominal amount by 2 and multiplying the number of options by 2):	474,456	67,976
Number of options cancelled as from January 1, 2008:	1,500	2,000
Number of options to be exercised as of December 31, 2008:	472,956	65,976
Number of options exercised in 2009:	66,900	–
Number of options to be exercised as of December 31, 2009:	406,056	65,976
Number of options exercised in 2010:	119,866	30,100
Number of options to be exercised as of December 31, 2010:	286,190	35,876
Number of options exercised in 2011:	70,200	9,500
Number of options to be exercised as of December 31, 2011:	215,990	26,376
Number of options exercised in 2012:	50,836	15,100
Number of options to be exercised as of December 31, 2012:	165,154	11,276
Number of options exercised in 2013:	28,476	5,800
Number of options to be exercised as of December 31, 2013:	136,678	5,476
Number of options exercised in 2014:	15,500	1,500
Number of options to be exercised as of December 31, 2014:	121,178	3,976
Number of options exercised in 2015:	14,900	–
Number of options to be exercised as of December 31, 2015:	106,278	3,976
Number of options exercised in 2016:	65,000	622
Number of options cancelled in 2016:	41,278	3,354
Number of options to be exercised as of December 31, 2016:	0	0

On May 2, 2012, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,019,324 shares. According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (May 3, 2014), these being restricted for an additional two-year period (until May 3, 2016), the so-called "2+2 Plan", or four years after the granting date with no subsequent restrictions (May 3, 2016), the so-called "4+0 Plan".

The delivery of these shares is subject to service and performance conditions of the schemes as described below:

BENEFICIARIES	VESTING CONDITIONS	NUMBER OF SHARES DELIVERED ON DECEMBER 31, 2016
2+2 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ Variance of EBITA margin from 2011 to 2013 for 50% of shares, 2/ 2012 EBITA for 15% of shares, 3/ The average cash flow ratio of 2012 and 2013 for 25% of shares, 4/ 2012 cash level for 10% of shares.	–
4+0 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ Variance of EBITA margin from 2011 to 2013 for 50% of shares, 2/ 2012 EBITA for 15% of shares, 3/ The average cash flow ratio of 2012 and 2013 for 25% of shares, 4/ 2012 cash level for 10% of shares.	338,891
NUMBER OF SHARES ALIVED AS OF DECEMBER 31, 2016 AND NOT DELIVERED :		0

The share price used as the basis of social contribution of 14% amounts to €14.47.

On July 26, 2012, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 243,080 shares. According to local regulation, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (July 26, 2014), these being restricted for an additional two-year period (until July 26, 2016), the so-called "2+2 Plan", or four years after the granting date with no subsequent restrictions (July 26, 2016), the so-called "4+0 Plan". The delivery of these shares is subject to service and performance conditions of the schemes as described below:

BENEFICIARIES	VESTING CONDITIONS	NUMBER OF SHARES DELIVERED ON DECEMBER 31, 2016
2+2 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ Variance of EBITA margin from 2011 to 2013 for 50% of shares, 2/ 2012 EBITA for 15% of shares, 3/ The average cash flow ratio of 2012 and 2013 for 25% of shares, 4/ 2012 cash level for 10% of shares.	–
4+0 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ Variance of EBITA margin from 2011 to 2013 for 50% of shares, 2/ 2012 EBITA for 15% of shares, 3/ The average cash flow ratio of 2012 and 2013 for 25% of shares, 4/ 2012 cash level for 10% of shares.	53,464
NUMBER OF SHARES ALIVED AS OF DECEMBER 31, 2016 AND NOT DELIVERED :		0

The share price used as the basis of social contribution of 30% amounts to €11.85.

On April 30, 2013, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,574,729 shares. According to local regulation , these employees and executives will either be eligible to receive Rexel shares two years after the grant date (April 30, 2015), these being restricted for an additional two-year period (April 30, 2017), the so-called "2+2 Plan", or four years after the granting date with no subsequent restrictions (April 30, 2017), the so-called "4+0 Plan" or three years after the granting date (April 30, 2016) these being restricted for an additional two-year period (April 30, 2018), the so-called "3+2 Plan" or five years after the granting date with no subsequent restrictions (April 30, 2018), the so-called "5+0 Plan".

The delivery of these shares is subject to service and performance conditions of the schemes as described below:

BENEFICIARIES	VESTING CONDITIONS	MAXIMUM NUMBER OF SHARES ALIVED ON DECEMBER 31, 2016 AND NOT DELIVERED
2+2 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ Variance of EBITA margin from 2012 to 2014 for 15% of shares, 2/ 2013 EBITA for 45% of shares, 3/ The average cash flow ratio of 2013 and 2014 divided by EBITDA for 5% of shares, 4/ 2013 cash level for 15% of shares, 5/ Rexel's share performance/panel's shares performance for 20% of shares.	–
4+0 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ Variance of EBITA margin from 2012 to 2014 for 15% of shares, 2/ 2013 EBITA for 45% of shares, 3/ The average cash flow ratio of 2013 and 2014 divided by EBITDA for 5% of shares, 4/ 2013 cash level for 15% of shares, 5/ Rexel's share performance/panel's shares performance for 20% of shares.	276,373
3+2 Plan	Three-year service condition from the implementation	–
5+0 Plan	Three-year service condition from the implementation	326,904,
AS OF DECEMBER 31, 2016		603,277

The share price used as the basis of social contribution of 30% amounts to €13.70.

On July 25, 2013, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 78,410 shares. According to local regulation, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (July 25, 2015), these being restricted for an additional two-year period (until July 25, 2017), the so-called "2+2 Plan", or four years after the granting date with no subsequent restrictions (July 25, 2017), the so-called "4+0 Plan".

The delivery of these shares is subject to service and performance conditions of the schemes as described below:

BENEFICIARIES	VESTING CONDITIONS	MAXIMUM NUMBER OF SHARES ALIVED ON DECEMBER 31, 2016 AND NOT DELIVERED
2+2 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ Variance of EBITA margin from 2012 to 2014 for 15% of shares, 2/ 2013 EBITA for 45% of shares, 3/ The average cash flow ratio of 2013 and 2014 divided by EBITDA for 5% of shares, 4/ 2013 cash level for 15% of shares, 5/ Rexel's share performance/panel's shares performance for 20% of shares.	–
4+0 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ Variance of EBITA margin from 2012 to 2014 for 15% of shares, 2/ 2013 EBITA for 45% of shares, 3/ The average cash flow ratio of 2013 and 2014 divided by EBITDA for 5% of shares, 4/ 2013 cash level for 15% of shares, 5/ Rexel's share performance/panel's shares performance for 20% of shares.	5,845
AS OF DECEMBER 31, 2016		5,845

The share price used as the basis of social contribution of 30% amounts to €15.73.

On May 22, 2014, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 1,641,008 shares. According to local regulation, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (May 23, 2016), these being restricted for an additional two-year period (until May 23, 2018), the so-called "2+2 Plan", or four years after the granting date with no subsequent restrictions (May 23, 2018), the so-called "4+0 Plan", or three years after the granting date (May 23, 2017) these being restricted for an additional two-year period (May 23, 2019), the so-called "3+2 Plan".

The delivery of these shares is subject to service and performance conditions of the schemes as described below:

BENEFICIARIES	VESTING CONDITIONS	MAXIMUM NUMBER OF SHARES ALIVED ON DECEMBER 31, 2016 AND NOT DELIVERED
2+2 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ Variance of EBITA margin from 2013 to 2015 for 40% of shares, 2/ The average cash flow ratio of 2014 and 2015 divided by EBITDA for 30% of shares, 3/ Rexel's share performance/panel's shares performance for 30% of shares.	–
4+0 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ Variance of EBITA margin from 2013 to 2015 for 40% of shares, 2/ The average cash flow ratio of 2014 and 2015 divided by EBITDA for 30% of shares, 3/ Rexel's share performance/panel's shares performance for 30% of shares.	131,530
4+0 Plan	Three-year service condition from the implementation and performance conditions based on: 1/ Variance of EBITA margin from 2013 to 2015 for 40% of shares, 2/ The average cash flow ratio of 2014, 2015 and 2016 divided by EBITDA for 30% of shares, 3/ Rexel's share performance/panel's shares performance for 30% of shares.	332,791
3+2 Plan	Three-year service condition from the implementation and performance conditions based on: 1/ Variance of EBITA margin from 2013 to 2015 for 40% of shares, 2/ The average cash flow ratio of 2014, 2015 and 2016 divided by EBITDA for 30% of shares, 3/ Rexel's share performance/panel's shares performance for 30% of shares.	222,386
AS OF DECEMBER 31, 2016		686,707

The share price used as the basis of social contribution of 30% amounts to respectively €13.49, €12.14, €12.11 and €12.78.

On July 28, 2015, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 1,798,393 shares. According to local regulation, these employees and executives will either be eligible to receive Rexel shares three years after the grant date (July 28, 2018), these being restricted for an additional two-year period (until July 28, 2020), the so-called "3+2 Plan", or four years after the granting date with no subsequent restrictions (July 28, 2019), the so-called "4+0 Plan".

The delivery of these shares is subject to service and performance conditions of the schemes as described below:

BENEFICIARIES	VESTING CONDITIONS	MAXIMUM NUMBER OF SHARES ALIVED ON DECEMBER 31, 2016 AND NOT DELIVERED
4+0 Plan	Four-year service condition from the implementation and performance conditions based on: 1/ Variance of EBITA margin from 2014 to 2017 for 40% of shares, 2/ The average cash flow ratio of 2015, 2016 and 2017 divided by EBITDA for 30% of shares, 3/ Rexel's share performance/panel's shares performance for 30% of shares.	877,947
3+2 Plan	Three-year service condition from the implementation and performance conditions based on: 1/ Variance of EBITA margin from 2014 to 2017 for 40% of shares, 2/ The average cash flow ratio of 2015, 2016 and 2017 divided by EBITDA for 30% of shares, 3/ Rexel's share performance/panel's shares performance for 30% of shares.	563,924
AS OF DECEMBER 31, 2016		1,441,871

The share price used as the basis of social contribution of 30% amounts to respectively €10.17 and €10.71.

On June 23, 2016, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 1,882,462 shares. According to local regulation, these employees and executives will either be eligible to receive Rexel shares three years after the grant date (June 24, 2019), these being restricted for an additional two-year period (until June 24, 2021), the so-called "3+2 Plan", or four years after the granting date with no subsequent restrictions (June 24, 2020), the so-called "4+0 Plan".

The delivery of these shares is subject to service and performance conditions of the schemes as described below:

BENEFICIARIES	VESTING CONDITIONS	MAXIMUM NUMBER OF SHARES ALIVED ON DECEMBER 31, 2016 AND NOT DELIVERED
4+0 Plan	Four-year service condition from the implementation and performance conditions based on: 1/ Average EBITA margin growth 2015/2018 for 30% of shares, 2/ Average organic sales growth 2015/2018 for 30% of shares, 3/ 2016, 2017 and 2018 ratio of average free cash flow before interests and tax divided by EBITDA for 20% of shares, 4/ Rexel's share performance /panel's shares performance for 20% of shares.	1,044,167
3+2 Plan	Three-year service condition from the implementation and performance conditions based on: 1/ Average EBITA margin growth 2015/2018 for 30% of shares, 2/ Average organic sales growth 2015/2018 for 30% of shares, 3/ 2016, 2017 and 2018 ratio of average free cash flow before interests and tax divided by EBITDA for 20% of shares, 4/ Rexel's share performance /panel's shares performance for 20% of shares.	638,142
AS OF DECEMBER 31, 2016		1,682,309

The share price used as the basis of social contribution of 20% will correspond to the one at delivery date.

5.4 Tax litigations

Following a tax audit, Rexel received in December 2011 a proposed tax reassessment in which the French tax authorities allege that Rexel did not give evidence that the borrowings from Ray Finance LP (subsidiary of Ray Investment SARL) amounting to €952 million were real transactions; they also allege that Ray Finance LP enjoyed a privileged tax regime and deny by those means the deduction of €91 million interests expense related to years 2005 to 2007. Rexel disputes the whole argumentation. The tax risk related to this tax reassessment amounts to €32 million, would result in a potential reduction of the consolidated tax losses carried forward. The Administrative court decided in March 2016 that Rexel's position was correct. Tax authorities lodged an appeal against that judgment in July 2016. The provision was maintained.

5.5 Auditors' fees

The Auditors' fees amount to €1.3 million for 2016 compared with €1.4 million in 2015.

5.6 Other information

None.

5.7 Subsequent events

None.

5.3.2 Report of the Statutory Auditors on the company financial statements for the financial year ended December 31, 2016

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

KPMG Audit
Tour Eqho
2, avenue Gambetta
92400 Courbevoie

Statutory auditors' report on the financial statements

(Year ended December 31, 2016)

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying financial statements of Rexel SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

I – Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 as at December 31, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II – Justification of our assessments

In accordance with the requirements of article L.823-9 of the French commercial code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matter:

As disclosed in note 2.1 to the financial statements, value-in-use of long-term investments in affiliates is based on forecasted future cash flows less net debt of the aforementioned affiliates. Within the framework of the justification of our assessments, we reviewed the assumptions of budgeted cash flows, on which these assumptions were based, and their computation.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the board of directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

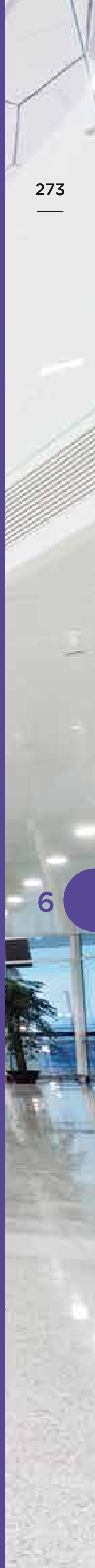
Concerning the information given in accordance with the requirements of article L.225-102-1 of the French commercial code *(Code de commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Courbevoie, March 30, 2017

The statutory auditors
French original signed by

PricewaterhouseCoopers Audit	KPMG Audit
Christian Perrier	Valérie Besson – Jean-Marc Discours



6 Additional Information on Rexel and its share capital

6.1 BY-LAWS *(STATUTS)*

The main provisions described below are drawn from the by-laws of Rexel as updated following the decisions of Rexel's Ordinary and Extraordinary Shareholders' Meeting of May 27, 2015.

6.1.1 Corporate purpose (article 3 of the by-laws)

Rexel's main purpose is to engage in the following business activities, directly or indirectly, in France and abroad:

- To acquire, hold, manage and, if applicable, sell or assign shares, any other tradable securities and any other equity interests in any French or foreign company or group, whether publicly traded or privately held;
- To provide services to such companies or groups by detaching personnel or otherwise, in particular to provide all advice and assistance in their respective organization, investments and financing, and to coordinate their policies in the areas of development, product range, procurement and distribution;
- To acquire, hold, manage and, if applicable, sell or assign any industrial or intellectual property rights and all processes directly or indirectly related to the aforesaid purposes, and to secure or grant licenses for such rights;
- and more generally, to carry out any transactions, in particular industrial, business, financial, stock market, civil, real property and other property transactions that are directly or indirectly related to the purposes of Rexel described above or to purposes that are similar or connected or likely to facilitate such purposes, in particular by way of lending or borrowing or granting guarantees and security interests covering its obligations or those of affiliated companies.

6.1.2 Management and administration bodies (articles 14 to 23 of the by-laws)

6.1.2.1 Board of Directors (articles 14 to 18 of the by-laws)

Membership (article 14 of the by-laws)

The Board of Directors is made up of a minimum of five members and a maximum of fifteen members, subject to the exceptions provided for by law in the event of a merger.

During the Company's lifetime, members of the Board of Directors are renewed or reappointed by the ordinary shareholders' meeting.

They are appointed for a maximum term of four years.

However, the first directors who were appointed by the shareholders' meeting of May 22, 2014 and who were members of Rexel's Supervisory Board on the date of the shareholders' meeting of May 22, 2014, were appointed for a term equal to the remainder of their term of office as member of Rexel's Supervisory Board.

The term of office of a director expires at the end of the ordinary shareholders' meeting convened to approve the financial statements for the previous financial year and held during the year in which the term of office of such director is due to expire.

The Board of Directors is renewed in quarters, rounded up to the nearest whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office is determined by unanimous decision of the members of the Board of Directors present or represented or, if unanimity cannot be reached, by random draw. The mandate of the persons so designated lapse on the date set by the unanimous decision of the Board of Directors or on the date set by the Chairman of the Board of Directors before the draw. The renewal of the members of the Board of Directors is then carried out in the order of the length of service.

Directors are always eligible for renewal.

They may be dismissed at any time by the ordinary shareholders' meeting.

No individual exceeding 70 years of age may be appointed as director where such appointment would raise the number of directors over 70 years of age to more than one-third.

Where, at the close of a financial year, the portion of share capital held – under article L.225-102 of the French Commercial Code – by the employees of Rexel and of its affiliated companies within the meaning of article L.225-180 of such Code, is above 3%, a director representing the employee shareholders is appointed by the shareholders' meeting in accordance with the terms and conditions of the laws and regulations in force and of the by-laws, to the extent the Board of Directors does not already include an employee shareholder and director, or elected employee director.

The candidates for appointment as employee shareholder director are appointed as follows:

a) Where the voting right attached to the shares held by the employees or by the mutual funds of which they are a member is exercised by the members of the Supervisory Board of such mutual funds, the candidates are appointed by such board from among its members; and

b) Where the voting right attached to the shares held by the employees (or by the mutual funds of which they are a member) is directly exercised by such employees, the candidates are appointed at the time of the consultation provided under article L.225-106 of the French Commercial Code, either by the employee shareholders in a special meeting called for this specific purpose, or pursuant to a written consultation. Only those candidacies presented by a group of shareholders representing at least 5% of the shares held by the employees who exercise their voting right in their personal capacity are admissible.

The directors may be individuals or legal entities. Any legal entities must, at the time of their appointment, appoint a Permanent Representative who is subject to the same conditions and obligations and who incurs the same liability as if he/she were a director in his/her own name, without prejudice to the joint and several liability of the legal entity he/she represents. This office of Permanent Representative is concurrent with the term of office of the legal entity that he/she represents. It must be renewed each time the term of office of the legal entity comes up for renewal.

Should the legal entity dismiss its representative, it must notify Rexel thereof without delay, by registered mail, and of the identity of its new Permanent Representative. The same shall also apply in the event of the death, resignation or disability of the Permanent Representative.

Should one or more seats on the Board of Directors become vacant between two shareholders' meetings, as a result of the death or resignation of members, the Board of Directors may co-opt one or more persons to serve as interim members.

Any cooption of directors by the Board of Directors is subject to ratification by the shareholders at the next ordinary shareholders' meeting.

The resolutions adopted and actions carried out by the coopted directors shall be valid notwithstanding the absence of ratification.

Should the number of directors fall to less than three, the Board of Directors shall immediately convene an ordinary shareholders' meeting to bring the number of directors up to the required minimum.

A director who is appointed to replace another Board member shall remain in office only for the remainder of his predecessor's term.

No person may be appointed as member of the Board of Directors unless he/she complies with the rules on combining offices, conflicts of interests and disqualification or prohibitions as provided by law.

The number of directors who are linked to Rexel by an employment agreement may not exceed one third of the directors in office.

Shares held by members of the Board of Directors (article 15 of the by-laws)

For their whole term of office, the members of the Board of Directors must hold at least one thousand (1,000) Rexel shares. If, at the date of his/her appointment, a member of the Board of Directors does not hold the required number of shares, or if, during the course of his/her term of office, he/she ceases to hold such number of shares, he/she shall be deemed to have resigned from his/her duties unless he/she takes the necessary steps within the time requirements of applicable law and regulations.

Chairman of the Board of Directors – Deputy Chairman of the Board of Directors – Officers of the Board of Directors (article 16 of the by-laws)

The Board of Directors elects from among its members who are individuals a Chairman and, as the case may be, a Deputy Chairman who shall serve in this capacity for the duration of their term of office as directors, unless the Board of Directors decides to appoint a new Chairman and, as the case may be, a new Deputy Chairman.

The Chairman of the Board of Directors may not be more than 65 years of age; his/her term of office automatically lapse on December 31 of the year of his/her 65th birthday. It is proposed to the Shareholders' Meeting of May 23, 2017 to increase the maximum age for exercising the duties of Chairman of the Board of Directors to 68 years old.

The Chairman of the Board of Directors represents the Board of Directors. The Chairman calls meetings of the Board of Directors and organizes and conducts the work of the Board of Directors and reports on such works to the shareholders' meeting. The Chairman sees to the proper operation of Rexel's bodies and, in particular, makes sure that the directors are able to discharge their duties.

Subject to complying with the provisions of the laws and regulations, the Chairman is always eligible for reappointment.

In the absence of the Chairman, the Deputy Chairman serves as Chairman and enjoys the same prerogatives as the Chairman.

The Deputy Chairman may also perform the functions of senior independent director. The senior independent director's functions are defined in the Rules of Procedure of the Board of Directors.

As an exception to the foregoing, the appointment of a Deputy Chairman is mandatory where the functions of Chairman of the Board of Directors and of Chief Executive Officer are exercised by the same person; in such case, the Deputy Chairman shall also perform the functions of senior independent director.

Subject to complying with the provisions of the laws and regulations, the Deputy Chairman is always eligible for reappointment.

The Board of Directors also appoints a secretary who is not required to be a member of the Board and who serves as an officer of the Board, alongside the Chairman and the Deputy Chairman. In secretary's absence, the Board of Directors appoints one of its members or a third party to discharge the secretary's duties.

The Board of Directors is chaired by the Chairman or, in the Chairman's absence, by the Deputy Chairman or, in the Deputy Chairman's absence, by a director chosen by the Board at the beginning of the meeting.

Deliberations of the Board of Directors (article 17 of the by-laws)

The Board of Directors meets whenever the best interests of Rexel so require, and at least once every quarter, at meetings convened by its Chairman or Deputy Chairman.

Unless otherwise agreed by all members of the Board of Directors, meeting notices must be given in writing, including by fax or e-mail, at least three (3) days before the date of the meeting, together with the agenda of the meeting and all documents that have been prepared for submission to the Board of Directors. However, when all Board members are present or represented at a meeting (including if they are participating or represented during a telephone or videoconference), the meeting may be held without prior notice and without observing such three (3) day notice period.

Meetings are held at the registered office or at any other place specified in the notice of meeting.

However, if the Board of Directors has not met in more than two months, a group of directors representing at least one third of the directors in office may request the Chairman to call a meeting of the Board of Directors on a given agenda. In all other cases, the agenda is determined by the Chairman and must be mentioned in the meeting notice.

The Board of Directors is duly convened only if a quorum consisting of at least half of its members is in attendance.

Decisions are approved by a majority of votes of the members present or represented; each director has one vote and may not represent more than one fellow director.

In accordance with the applicable regulations, the Board of Directors draws up the Rules of Procedure defining the methods of participating and voting at Board meetings held by videoconference or any other forms of telecommunication.

If allowed by the Rules of Procedure of the Board of Directors, directors members who participate in Board meetings by videoconference or any other forms of telecommunication shall be deemed be present for the purpose of calculating the quorum and majority, in accordance with the Rules of Procedure.

In the event of a tie, the Chairman of the meeting has a casting vote, if and only if the Board of Directors comprises an even number of directors in office and only at meetings chaired by the Chairman of the Board of Directors.

An attendance register is kept and signed by the directors who attend the Board meeting; such register must show the name of any directors who attended the meeting by videoconference or other forms of telecommunication.

The deliberations of the Board of Directors are recorded in minutes, which are drawn up in accordance with applicable law and signed by the Chairman of the meeting and at least one director or, if the Chairman is unavailable, by at least two directors.

Copies or excerpts of these minutes are certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officers, the director temporarily acting as Chairman or an authorized representative.

Powers of the Board of Directors (article 18 of the by-laws)

The Board of Directors defines Rexel's business orientations and sees to their implementation. Subject to the powers expressly assigned to the shareholders' meetings and within the scope of the corporate purpose, it handles matters relating to the proper operation of Rexel and settles Rexel's affairs through its deliberations.

In its relations with third parties, Rexel is bound even by the *ultra vires* acts of the Board of Directors, unless it is able to prove that the third party knew that the act was *ultra vires* or could not be unaware of it in the circumstances, provided always that the mere publication of the by-laws shall not suffice to establish such proof.

The Board of Directors conducts the controls and verifications it deems fit.

Each director receives all information required for the performance of his/her functions and may obtain copies of any and all documents it deems useful from the Chairman.

The Board of Directors grants the Chief Executive Officer the prior authorization to grant sureties, endorsements and other guarantees, to sell real property, to dispose of equity interests, in whole or in part, and to grant security interests.

The Rules of Procedure of the Board of Directors define the decisions requiring the prior authorization of the Board of Directors.

The Board of Directors may entrust one or more of its members or third parties who need not be shareholders with special mandates for one or more specific purposes.

The Board of Directors may, from among its members, appoint one or more special committees which operate under its responsibility, and determines their membership and responsibilities.

The rules of operation of such committees are determined by the Rules of Procedure of the Board of Directors and, as the case may be, detailed in the rules of procedure drawn up by each committee and approved by the Board of Directors.

Observers *(censeurs)* (article 21 of the by-laws)

The Board of Directors may appoint up to three observers *(censeurs)*. The observers are called to attend and participate in Board meetings in an advisory capacity. They may be members of the committees created by the Board of Directors.

They need not be chosen from along the shareholders and may receive compensation determined by the Board of Directors.

The observers are appointed for a maximum term of four years. The observers may always be renewed in office. The duties of the observers may be terminated at any time.

6.1.2.2 Executive Management (article 19 of the by-laws)

Rexel's executive management is performed, under his/her responsibility, by the Chairman of the Board of Directors, or by another private person, who need not be a director, appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The Board of Directors elects one of the aforementioned two forms of executive management by majority decision as described in article 17 §2 of the by-laws. The shareholders and third parties are informed of such election in accordance with the rules provided by law.

This form of executive management remains valid until another decision is made, in accordance with the same rules.

The change in Rexel's executive management method does not entail any changes to the by-laws.

Where the Company's executive management is performed by the Chairman, the provisions of the laws and regulations and of the by-laws in relation to the Chief Executive Officer apply to the Chairman, who then bears the title of Chairman and Chief Executive Officer.

Where the Board of Directors elects to dissociate the functions of Chairman of the Board of Directors from the Company's executive management, the Board appoints the Chief Executive Officer and determines the Chief Executive Officer's term of office and scope of powers, in accordance with the law and the by-laws. The Board of Directors' decisions limiting the Chief Executive Officer's powers are ineffective vis-a-vis third parties.

To perform his/her functions, the Chief Executive Officer must be less than 65 years of age. If the Chief Executive Officer reaches the age of 65 while in office, such functions automatically lapse and the Board of Directors appoints a new Chief Executive Officer. The Chief Executive Officer however remains in office until the date of the meeting of the Board of Directors held to appoint his/her successor. Subject to the aforementioned age limit, the Chief Executive Officer is always eligible for reappointment. It is proposed that the Shareholders' Meeting of May 23, 2017 increase the maximum age for exercising the duties of Chief Executive Officer to 68 years old.

The Chief Executive Officer may be dismissed at any time by the Board of Directors.

In the event of temporary unavailability of the Chief Executive Officer, the Board of Directors may appoint a director to perform the functions of Chief Executive Officer.

The Chief Executive Officer is vested with the broadest powers to act in the name of Rexel, in all circumstances. The Chief Executive Officer exercises such powers within the scope of the corporate purpose and subject to the powers which the law expressly assigns to the shareholders' meetings and the Board of Directors. He/she represents the Company in its relationships with third parties.

The Chief Executive Officer may request the Chairman to call a meeting of the Board of Directors on a given agenda.

If the Chief Executive Officer is not also a director, he/she may attend Board meetings in an advisory capacity.

On a proposal from the Chief Executive Officer, the Board of Directors may appoint up to a maximum of five private persons to assist the Chief Executive Officer and bearing the title of Deputy Chief Executive Officer; the Board of Directors determines the scope and term of their powers, it being understood that, vis-a-vis third parties, the Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

The Deputy Chief Executive Officer(s) may be dismissed at any time by the Board of Directors, on a proposal from the Chief Executive Officer.

In the event of unavailability or termination of the functions of the Chief Executive Officer, unless the Board of Directors decides otherwise, the Deputy Chief Executive Officer(s) retain their functions and powers until a new Chief Executive Officer is appointed.

The Chief Executive Officer and, as the case may be, the Deputy Chief Executive Officer(s), may be authorized to grant substitutions of powers, subject to the limitations provided by the laws and regulations in force.

6.1.2.3 Compensation of the directors, Chairman, Chief Executive Officer, Deputy Chief Executive Officer and officers of the Board of Directors (article 20 of the by-laws)

The ordinary shareholders' meeting may allocate a fixed annual amount, in lieu of attendance fees, to the directors as compensation for their activities; such amount is included in the operating expenses of Rexel and remains in effect until the shareholders' meeting decides otherwise.

The Board of Directors allocates this compensation among the directors as it deems fit.

The compensation of the Chairman of the Board of Directors, of the Chief Executive Officer and of the Deputy Chief Executive Officers is determined by the Board of Directors. Such compensation may be fixed or proportional, or both fixed and proportional.

The Board of Directors may allot exceptional compensation for special missions or duties assigned to Board members; any such compensation is recorded as operating expenses and is subject to approval by the ordinary shareholders' meeting in accordance with the procedure set forth in articles L.225-38 to L.225-42 of the French Commercial Code.

The Board of Directors may authorize the reimbursement of travel and other expenses incurred by its members in the best interest of Rexel.

No compensation other than that provided herein, whether permanent or temporary, may be allocated to the members of the Board of Directors, unless they are linked to Rexel by an employment agreement under the conditions authorized by law.

6.1.2.4 Agreements entered into by Rexel with its shareholders or managers (article 22 of the by-laws)

Any agreement entered into between Rexel and its shareholders or any one of them, or between Rexel and its managers or any one of them, in each case whether directly or through an intermediary, is subject to the applicable procedure as defined by law.

The foregoing provisions do not apply to agreements relating to ordinary transactions entered into on arms' length terms. However, each interested party is required to notify such agreements to the Chairman of the Board of Directors, who then forwards the list and purpose of such agreements to the members of the Board of Directors and to the Statutory Auditors, on or before the date of the meeting of the Board called to approve the financial statements for the previous financial year.

6.1.2.5 Liability (article 23 of the by-laws)

The directors and the Chief Executive Officer are individually or, as the case may be, jointly and severally liable towards Rexel and third parties for any breach of the provisions of the laws and regulations applying to *sociétés anonymes* or of the provisions of the by-laws, and for their personal negligence in the performance of their duties, in accordance with the provisions of the law.

6.1.3 Rights and obligations attached to the shares (articles 8, 9, 11, 12 and 13 of the by-laws)

Payment of shares (article 8 of the by-laws)

Shares subscribed for in cash are issued and paid-up under the terms and conditions provided for by law.

Form of the shares (article 9 of the by-laws)

The Rexel shares may be in registered or bearer form, at the shareholder's discretion, notwithstanding certain legal or regulatory provisions that may in certain cases require that the shares be in registered form.

The Rexel shares are registered on a securities account under the terms and conditions provided for by law.

Sale and transfer of shares (article 11 of the by-laws)

The shares are freely tradable, notwithstanding any legal or regulatory provisions to the contrary. They are transferred between accounts under the terms and conditions provided for by law.

Rights and obligations attached to the shares (article 12 of the by-laws)

Each share grants rights to a share of ownership in the corporate assets and in the distribution of profits, which is proportional to the percentage of the share capital that it represents.

Each share also gives its holder the right to vote and to be represented at shareholders' meetings under the terms and conditions provided for by law and by the by-laws.

Shareholders are responsible for the company's liabilities only up to the amount of their contributions.

The rights and obligations attached to the shares remain attached thereto irrespective of the transferee.

Owners of shares are automatically bound by the by-laws and by any decisions of the shareholders' meetings.

Whenever more than one share is required to exercise a particular right, in the event of a share exchange, consolidation or allotment, or as a result of an increase or reduction in share capital, or in the event of a merger or other transaction involving the share capital, shareholders who own only one share or who do not own the minimum number of shares required may at their own initiative consolidate their shares for the purpose of exercising said right, or buy or sell the requisite number of shares.

Indivisibility of the shares – Legal ownership *(nue-propriété)* – Beneficial ownership *(usufruit)* (article 13 of the by-laws)

The shares are indivisible with regard to Rexel.

The co-owners of split shares must be represented vis-à-vis Rexel by only one of the co-owners or by a single representative. If no agreement can be reached concerning the appointment of a representative, such representative shall be appointed by order of the President of the commercial court acting at the request of the first owner to take the initiative to refer the matter to such court.

Voting rights attached to shares belong to the beneficial owner *(usufrutier)* at ordinary meetings and to the legal owner *(nu-propriétaire)* at extraordinary meetings.

6.1.4 Changes to Shareholders' rights

Insofar as the by-laws contain no specific provisions covering changes to shareholders' rights attached to shares, such changes are subject to the provisions of the law.

6.1.5 Shareholders' meetings (articles 25 to 33 of the by-laws)

6.1.5.1 Shareholders' meetings (article 25 of the by-laws)

Shareholders' decisions are made at shareholders' meetings, which are either ordinary, extraordinary or special meetings depending on the type of decision on which the shareholders are requested to vote.

Any duly convened shareholders' meeting represents all the shareholders.

Decisions made in shareholders' meetings are binding upon all shareholders, including those who are absent, incapacitated or dissenting.

6.1.5.2 Notices of meetings (article 26 of the by-laws)

Shareholders' meetings are called by the Board of Directors or by any person authorized by the law for such purpose, within the time periods and in accordance with the conditions set forth by law.

Shareholders' meetings are held at the company's registered office or at any other location indicated in the meeting notice.

6.1.5.3 Agenda (article 27 of the by-laws)

The agenda of shareholders' meetings is set by the party that convened the meeting.

Shareholders, at a shareholders' meeting, may not deliberate on a matter that is not referred to in the agenda, which cannot be amended upon serving a second notice. They may, however, under any circumstances, dismiss one or more Board of Directors and appoint their replacements.

6.1.5.4 Access to shareholders' meetings (article 28 of the by-laws)

The right to participate in shareholders' meetings is subject to the registration or recording of the shares within the conditions and deadlines set out by the regulations in force.

A shareholder may be represented by another shareholder, by his or her spouse or by his or her civil solidarity pact (PACS) partner.

Furthermore, a shareholder may be represented by any other legal entity of individual of his / her choice:

(i) Where the Rexel shares are admitted to trading on a regulated market;

(ii) Where the Rexel shares are admitted to trading on a multilateral trading facility that complies with the legal and regulatory provisions aiming at protecting investors against insider trading, price manipulation and the dissemination of false information in accordance with the conditions laid down in the General Regulation of the *Autorité des marchés financiers*, appearing on a list drawn up by the AMF in accordance with the terms of its General Regulation.

The proxy form, as well as the withdrawal of the proxy form, if applicable, must be in writing and notified to the Company, in accordance with the provisions laid down by law.

Any shareholder may vote by mail, by sending a ballot to Rexel under the conditions provided for by law.

This form may be on the same document as the proxy form; in this case, the single document must contain the statements and information provided for by the regulations. In order for mail ballots to be counted, Rexel must receive the ballots three (3) days before the date of the meeting. The electronic signature may take the form of a procedure compliant with the first sentence of the second subparagraph of article 1316-4 of the French Civil Code.

If the Board of Directors so decides when it convenes the meeting, shareholders may also participate and vote in the meeting by electronic or another form of telecommunication that enables them to be identified under the conditions provided for by law.

Shareholders who participate in a meeting by videoconference or other forms of telecommunication that enable them to be identified under the conditions provided for by law are deemed to be present for purposes of calculating the quorum and majority.

6.1.5.5 Attendance sheet – Officers of the meeting – Minutes of meetings (article 29 of the by-laws)

An attendance sheet containing the information required by law is kept for each meeting.

This attendance sheet, which is duly initialed by shareholders present and by any proxies, and to which any proxy forms and postal ballots are attached, is certified as true and accurate by the officers of the meeting.

Shareholders' meetings are chaired by the Chairman of the Board of Directors or, in his/her absence, by the Deputy Chairman of the Board of Directors, or by a director specially authorized for this purpose.

If the shareholders' meeting is convened by the Statutory Auditor or Auditors, by a representative of the court or by the receivers, the meeting is chaired by one of them.

In any event, in the absence of the person who is authorized or appointed to chair the meeting, the shareholders shall elect a chairman of the meeting.

Ballots are counted by the two shareholders in attendance who hold the largest number of shares, either personally or by proxy, and who agree to perform this task (they shall be known as officers of the meeting).

The officers of the meeting appoint a secretary who is not required to be a shareholder.

The duties of the officers of the meeting are to verify, certify and sign the attendance sheet; to ascertain that the deliberations are duly carried out; to settle any incidents arising at the meeting; to count the votes cast and to ascertain that they are valid; and to draw up the minutes of the meeting and to sign them.

Minutes of the meetings are drawn up and copies or excerpts thereof are delivered and certified in accordance with the law.

6.1.5.6 Quorum – Voting – Number of votes (article 30 of the by-laws)

The quorum for ordinary and extraordinary shareholders' meetings is calculated on the basis of the total number of shares comprising the share capital, less any shares disqualified from voting pursuant to the provisions of the law.

In the case of votes submitted by mail, only those ballots received by Rexel prior to the meeting within the time period and under the conditions set forth by law will count towards the quorum.

At ordinary and extraordinary shareholders' meetings, each shareholder shall have as many votes as shares he owns or represents, in his own name or by proxy, with no limitations of any kind. Pursuant to the option provided for in article L.225-123 of the French Commercial Code, shares fully paid up that have been held in a registered form for 2 years at the name of the same shareholder do not benefit from double voting rights.

Voting takes place and the votes are cast, as decided by the officers of the meeting, by a show of hands, by electronic means or by any form of telecommunication that enables the shareholders to be identified in accordance with the applicable regulations.

6.1.5.7 Ordinary shareholders' meetings (article 31 of the by-laws)

Ordinary shareholder's meetings are held to make all decisions that do not amend the by-laws.

Ordinary shareholders' meetings are held at least once each year, within the times specified by the applicable laws and regulations, to resolve on the financial statements and, if applicable, on the consolidated financial statements for the past financial year.

While voting in accordance with the quorum and majority requirements applicable to ordinary meetings, the ordinary shareholders' meeting exercises the powers assigned thereto by law.

6.1.5.8 Extraordinary shareholders' meetings (article 32 of the by-laws)

Only the extraordinary shareholders' meeting is authorized to amend any provision of the by-laws. However, it may not increase the obligations of shareholders, subject to transactions resulting from an exchange or consolidation of shares duly approved and carried out.

While voting in accordance with the applicable quorum and majority requirements, the extraordinary shareholders' meeting exercises the powers assigned thereto by law.

6.1.5.9 Shareholders' right to information (article 33 of the by-laws)

The shareholders have a right to receive the documents they need to take an informed decision on the management and operation of Rexel and to vote accordingly.

The type of such documents and the conditions under which they are sent or made available to shareholders are determined by law.

6.1.6 Provisions likely to have an impact on the control of Rexel

To Rexel's knowledge, there exists no provision in the by-laws that would result in delaying, deferring or preventing a change of control of Rexel.

As indicated in paragraph 6.2.5 "Agreements potentially leading to a change of control" of this Registration document, to the best knowledge of Rexel, there are no agreements entered into among shareholders. Furthermore, provisions of the senior credit agreement and of the bonds likely to have an impact in case of change of control of Rexel are described in note 22.1 of the Notes to the consolidated financial statements of the Company for the financial year ended December 31, 2015, set out in paragraph 5.2.1 "Consolidated Financial Statements" of this Registration document.

6.1.7 Ownership threshold disclosures and identification of shareholders (articles 10 and 11 of the by-laws)

6.1.7.1 Ownership threshold disclosures (article 11-2 of the by-laws)

In addition to the legal obligation to notify Rexel whenever the ownership thresholds provided by law are crossed, any individual or legal entity, acting alone or in concert, coming into possession, directly or indirectly within the meaning of the law (and in particular, of article L.233-9 of the French Commercial Code), of a number of shares representing 2.5% of the share capital or voting rights, is required to disclose to Rexel the total number of shares and voting rights it owns by sending a notice by registered mail with acknowledgement of receipt to the registered office or, for shareholders who are not French residents, by any equivalent means, within 5 trading days from the date it has crossed one of these thresholds, stating the total number of securities held giving future access to the share capital and the number of voting rights attached thereto. This declaration of crossing of threshold shall also state whether the shares or voting rights attached thereto are held on behalf of or in concert with other individual or legal entities and shall also indicate the date on which the threshold was crossed. Such disclosure must be made for any additional multiple of 2.5% of the share capital or voting rights without any limitation, including when it exceeds 5%.

Failure to duly make such disclosure under the conditions specified above shall result in the disqualification for voting purposes of the shares that should have been disclosed under the conditions provided for by law, if so requested by one or more shareholders separately or together owning at least 2.5% of the share capital or voting rights and duly recorded in the minutes of the shareholders' meeting.

Any shareholder whose ownership interest and/or voting rights in Rexel falls below one of the aforesaid thresholds, for any reason whatsoever, is also required to disclose this fact to Rexel, under the same conditions and within the same periods of time specified above.

In calculating the aforesaid thresholds, the denominator must take into account the total number of shares making up the share capital and to which voting rights are attached, including shares that are disqualified for voting purposes, as published by Rexel as required by law (Rexel must publish the total number of shares with voting rights and the number of such shares that have been disqualified for voting purposes).

6.1.7.2 Identification of shareholders (article 10 of the by-laws)

Rexel stays informed about the composition of its shareholding base in accordance with applicable laws.

In this respect, Rexel may avail itself of all legal provisions, for identification of the holders of securities conferring immediate or future voting rights at Rexel's shareholders' meetings.

Rexel may, at any time, in accordance with the applicable laws and regulations, request that the central custodian in charge of the administration of its share issue account, in exchange for consideration paid by Rexel, identify the owners of securities giving immediate or future voting rights at shareholders' meetings, as well as the number of securities held by each such owner and any restrictions that may apply to such securities.

After following the procedure described in the previous paragraph and in the light of the list transmitted by the central custodian, Rexel may also request, either through such custodian or directly from the persons registered on this list and whom Rexel believes may be registered on behalf of third parties, information regarding the owners of the securities as provided in the preceding paragraph.

If the shares are in registered form, the intermediary registered as provided by law is required to disclose the identity of the owners of such shares and the number of shares held by each owner at the request of Rexel or its authorized representative, in accordance with the applicable laws and regulations, and such request may be presented at any time.

As long as Rexel believes that certain holders of shares whose identity has been disclosed hold such shares as nominees for third parties, it has the right to ask the nominees to reveal the identity of the owners of such shares.

Upon completion of the identification procedures, and without prejudice to the disclosure of material holdings as required by law, Rexel may ask any legal entity that owns its shares and holds interests exceeding one-fortieth of the share capital or voting rights to disclose the identity of any persons that directly or indirectly control more than one third of the share capital or voting rights of such legal entity.

Failure by the holders of shares or by the intermediaries to fulfil their obligation to disclose the aforesaid information may, as provided for by law, lead to suspension or even disqualification from voting and dividend rights attached to the shares.

6.1.8 Special provisions governing changes to share capital (article 7 of the by-laws)

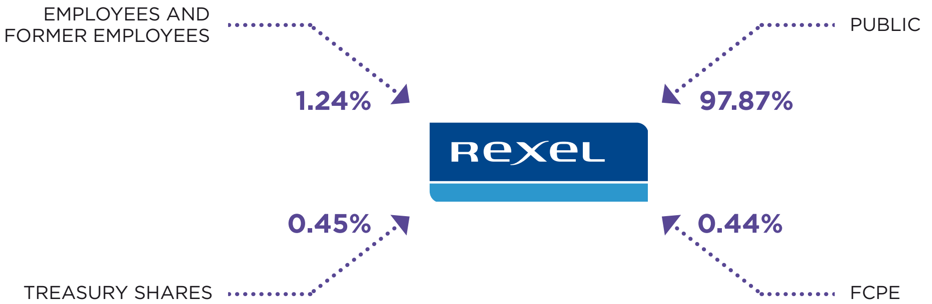
Rexel's share capital may be increased or reduced in all ways and by all manners authorized by law.

The extraordinary shareholders' meeting may also decide to divide the shares or to group them together.

6.2 SHAREHOLDERS

6.2.1 Principal shareholders

The chart below shows the simplified shareholding structure of Rexel as of December 31, 2016:



6.2.2 Share capital and voting rights

6.2.2.1 Breakdown of shares and voting rights by shareholder

The table below shows the breakdown of the shareholding and of the voting rights of Rexel as of December 31, 2016, 2015 and 2014:

	AT DECEMBER 31,											
	2016				2015				2014			
SHAREHOLDERS	NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	THEORETICAL % OF VOTING RIGHTS(1)	% OF EXERCISABLE VOTING RIGHTS(2)	NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	THEORETICAL % OF VOTING RIGHTS(1)	% OF EXERCISABLE VOTING RIGHTS(2)	NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	THEORETICAL % OF VOTING RIGHTS(1)	% OF EXERCISABLE VOTING RIGHTS(2)
Ray Investment	-	-	-	-	-	-	-	-	46,856,915	46,856,915	16.54%	16.54%
Employees and former employees	3,767,218	3,767,218	1.24%	1.24%	3,920,706	3,920,706	1.30%	1.31%	3,040,608	3,040,608	1.04%	1.05%
FCPE Rexel	1,326,887	1,326,887	0.44%	0.44%	947,000	947,000	0.31%	0.31%	978,210	978,210	0.33%	0.34%
Public	296,454,691	296,454,691	97.87%	98.31%	295,400,936	295,400,936	97.86%	98.37%	286,248,997	286,248,997	98.03%	98.61%
Treasury shares	1,349,227	1,349,227	0.45%	0%	1,602,736	1,602,736	0.53%	0%	1,737,761	1,737,761	0.60%	0%
TOTAL	**302,898,023**	**302,898,023**	**100%**	**100%**	**301,871,378**	**301,871,378**	**100%**	**100%**	**292,005,576**	**292,005,576**	**100%**	**100%**

(1) Percentages of voting rights calculated based on all of the shares entitling to voting rights, including shares disqualified for voting purposes.
(2) Percentages calculated by excluding treasury shares held by the Company that are disqualified for voting purposes.

Also, Rexel has received the shareholding threshold disclosures set forth in paragraph 6.2.2.2 "Shareholding threshold disclosures" of this Registration document.

6.2.2.2 Shareholding threshold disclosures

During the financial year ended December 31, 2016 and as of the date of this Registration document, Rexel received the following thresholds crossing disclosures:

COMPANY	DATE OF THE DECLARATION	LEGAL AND BY-LAW THRESHOLDS	TYPE OF CROSSING	% OF CAPITAL AND VOTING RIGHTS AFTER CROSSING	NUMBER OF SHARES HELD AFTER CROSSING
Amundi	January 15, 2016	2.5%	Down	2.0%	6,060,461
Parvus Asset Management Europe Ltd	January 15, 2016	6%	Up	6.06%	18,305,185
Cevian Capital Partners Ltd	January 18, 2016	2.5%	Up	2.71%	8,168,750
BlackRock, Inc.	January 22, 2016	5%	Up	5.20%	15,707,690
BlackRock, Inc.	January 25, 2016	5%	Down	4.84%	14,600,215
BlackRock, Inc.	January 26, 2016	5%	Up	5.21%	15,729,746
BlackRock, Inc.	January 27, 2016	5%	Down	4.78%	14,429,302
BlackRock, Inc.	February 8, 2016	5%	Up	5.02%	15,164,939
BlackRock, Inc.	February 10, 2016	5%	Down	4.78%	14,428,011
First Eagle Investment Management LLC	February 11, 2016	7.5%	Up	7.63%	23,023,337
T. Rowe Price	February 11, 2016	2%	Up	2.0%	6,039,395
BlackRock, Inc.	February 12, 2016	5%	Up	5.01%	15,121,519
BlackRock, Inc.	February 16, 2016	5%	Down	4.64%	14,008,164
BlackRock, Inc.	February 17, 2016	5%	Up	5.34%	16,120,413
Parvus Asset Management Europe Ltd	February 17, 2016	7.5%	Up	8.3%	25,077,085
BlackRock, Inc.	February 18, 2016	5%	Down	4.77%	14,388,832
Cevian Capital Partners Ltd	February 18, 2016	5%	Up	5.44%	16,434,250
Parvus Asset Management Europe Ltd	February 26, 2016	7.5%	Up	8.93%	26,949,414
Morgan Stanley Plc	March 1, 2016	5%	Down	0.11%	330,145
Cevian Capital Partners Ltd	March 9, 2016	7.5%	Up	7.58%	22,896,580
Wellington Management Group	April 15, 2016	1%	Down	0.98%	2,954,895
T. Rowe Price	May 13, 2016	2%	Down	1.91%	5,790,672
Dimensional Fund Advisors LP	June 23, 2016	2.5%	Up	2.503%	7,565,932
Cevian Capital Partners Ltd	June 24, 2016	10%	Up	10.47%	31,639,994
Cevian Capital Partners Ltd	July 1, 2016	12.5%	Up	12.58%	38,007,054
Wellington Management Group	September 27, 2016	1%	Up	1.00%	3,030,090
Amundi	October 13, 2016	2.5%	Up	2.51%	7,610,347
Amundi	October 19, 2016	2.5%	Down	1.95%	5,904,024
Amundi	October 20, 2016	2.5%	Up	2.51%	7,605,347
Amundi	November 7, 2016	2.5%	Down	2.49%	7,537,822
Parvus Asset Management Europe Ltd	December 13, 2016	7.5%	Down	7.41%	22,354,395
Amundi	December 13, 2016	2.5%	Up	2.51%	7,626,754
Amundi	December 19, 2016	2.5%	Down	2.48%	7,538,954
Amundi	December 30, 2016	2.5%	Up	2.50%	7,575,230
Amundi	February 2, 2017	2.5%	Down	2.47%	7,502,641
Parvus Asset Management Europe Ltd	February 3, 2017	5%	Down	4.97%	15,043,374
Amundi	March 9, 2017	2.5%	Up	2.52%	7,649,610

To Rexel's knowledge and based on the declarations of crossing of thresholds that it has received, no shareholder other than those referred to above holds, as of December 31, 2016, more than 5% of the share capital and/or voting rights of Rexel.

6.2.2.3 Interests held by managers in the share capital of Rexel

Rexel interests held by the members of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer

As of December 31, 2016, the members of Rexel's Board of Directors and corporate officers held the following ownership interests in Rexel's share capital:

	NUMBER OF SHARES	% OF THE SHARE CAPITAL AND VOTING RIGHTS
MEMBERS OF THE BOARD OF DIRECTORS		
Thomas Farrell	8,437	Not significant
Fritz Fröhlich	5,300	Not significant
François Henrot	7,133	Not significant
Ian Meakins	115,250	0.03%
Elen Phillips	1,000	Not significant
Maria Richter	4,500	Not significant
Pier-Luigi Sigismondi	1,000	Not significant
Hendrika Verhagen	1,000	Not significant
CHIEF EXECUTIVE OFFICER		
Patrick Berard	356,621	0.12%
DEPUTY CHIEF EXECUTIVE OFFICER		
Catherine Guillouard	21,284	Not significant

Transactions on Rexel securities carried out by the members of the Board of Directors, the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officer

During the financial year ended December 31, 2016, the following transactions disclosures were made:

	DATE OF THE TRANSACTION	NATURE OF THE TRANSACTION	NUMBER OF SHARES	PRICE BY SHARE	TOTAL AMOUNT
MEMBERS OF THE BOARD OF DIRECTORS					
Thomas Farrell	12/02/2016	Purchase	586	€8.4427	€4,947.4222
	27/06/2016	Purchase	6,000	$12.9449	$77,669.4
Fritz Fröhlich	27/06/2016	Purchase	4,300	€11.5982	€49,872.17
Elen Phillips	03/05/2016	Purchase	1,000	€13.04	€13,040.01
Maria Richter	27/06/2016	Purchase	2,000	€10.12	€20,240
	28/06/2016(*)	Purchase	3,000	€10.3876	€31,163.064
	22/12/2016(*)	Sale	4,750	€15.7986	€75,043.4592
Marianne Culver	28/06/2016	Purchase	3,000	£8.6393	£25,917.9

(*) Transaction conducted by a person linked to Maria Richter.

6.2.2.4 Employees shareholding

Employee shareholding plan implemented in 2012

In accordance with the thirty-third resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 16, 2012, and with the authorization of the Supervisory Board, the Management Board, at its meetings of May 16, 2012 and September 3, 2012, decided to implement a share capital increase reserved for members of the PEG or of the PEGI.

The total number of shares created pursuant to the decisions of the Management Board of May 16, 2012 and September 3, 2012, amounted to 337,465 shares. This share capital increase was carried out and acknowledged by the Management Board on November 23, 2012.

In accordance with the thirty-first resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 16, 2012, the Management Board, further to the authorization of the Supervisory Board of May 16, 2012, adopted the free share allocation plan on the same date and, on November 23, 2012, determined the list of beneficiaries of this free share allocation plan, for a total number of 145,634 shares. These free shares are subject to a condition of presence on June 30, 2017, subject to certain exceptions set forth in the aforementioned plan.

Lastly in accordance with the thirty-fourth resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 16, 2012, the Management Board, at its meetings of May 16, 2012 and September 3, 2012, decided to implement a share capital increase for the benefit of Capital IRG Trusteed Limited as part of the Share Incentive Plan ("SIP") in the United Kingdom. The total number of shares created pursuant to the decisions of the Management Board of May 16, 2012 and September 3, 2012, stood at 45,953 shares. This share capital increase was carried out and acknowledged by the Management Board on March 14, 2013.

Employee shareholding plan implemented in 2013

In accordance with the sixteenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 22, 2013, and with the authorization of the Supervisory Board, the Management Board, at its meetings of May 22, 2013 and September 3, 2013, decided to implement a share capital increase reserved for members of the PEG or of the PEGI.

The total number of shares created pursuant to the decisions of the Management Board of May 22, 2013 and September 3, 2013, amounted to 256,751 shares. Two share capital increases were carried out. The first share capital increase was acknowledged by the Management Board on November 26, 2013 in respect of all subscriptions except those of employees in China: 237,210 shares were created. The second share capital increase was acknowledged by the Management Board on December 27, 2013 in respect of subscriptions of employees in China after having received the necessary authorizations from the Chinese authorities: 19,541 shares were created.

In accordance with the fifteenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 22, 2013, the Management Board, further to the authorization of the Supervisory Board of May 22, 2013, adopted the free share allocation plan on the same date and, on November 26, 2013 and December 27, 2013, determined the list of beneficiaries of this free share allocation plan, for a total number of 104,669 shares. These free shares are subject to a condition of presence on June 30, 2018, subject to certain exceptions set forth in the aforementioned plan.

Employee shareholding plan implemented in 2016

In accordance with the twenty-fourth resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 27, 2015, the Board of Directors decided, upon its meeting of May 25, 2016, to carry out the share capital increase reserved to members of the PEG or of the PEGI.

The total number of shares created as a result of the decisions of the Board of Directors of May 25, 2016, amounted to 530,854 shares. This share capital increase was carried out and acknowledged by the Board of directors of November 22, 2016.

In accordance with the nineteenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 25, 2016, the Board of Directors on November 22, 2016 also adopted the free share allocation plan and determined on the same date the list of beneficiaries of this allocation of free shares, for a total number of 223,971 shares. These free shares are subject to a condition of presence at June 30, 2021 subject to certain exceptions set forth in the aforementioned plan.

As a reminder, the Shareholders' Meeting decided that the number of shares that may be granted free of charge pursuant to the nineteenth resolution could not exceed 0.3% of the share capital of the Company considered as at the date of the decision by the Board of Directors.

Number of shares held in connection with employee shareholding plans

As of December 31, 2016, the number of shares held by employees in the context of the employee shareholding plans, directly or through employee investment funds (FCPE), as part of the employee shareholding plan, was 1,803,642 shares, *i.e.*, 0.59% of the share capital and voting rights of Rexel.

6.2.2.5 Subscription or purchase options for Rexel shares

This paragraph presents information on the share subscription or purchase options plans issued by Rexel.

In accordance with the authorizations granted by the Extraordinary Shareholders' Meetings of October 28, 2005, May 31, 2006 and October 4, 2006, the Chairman of Rexel, pursuant to decisions dated as of October 28, 2005, November 30, 2005, May 31, 2006 and October 4, 2006, adopted the terms and conditions of two Rexel share subscription options plans for certain employees or corporate officers of the Rexel Group's French or foreign companies, and to proceed with the following allotments of subscription options:

PLAN	PLAN N°1			PLAN N°2	
Shareholders' meeting	October 28, 2005	May 31, 2006	October 4, 2006	October 28, 2005	May 31, 2006
Grant date	October 28, 2005	May 31, 2006	October 4, 2006	November 30, 2005	May 31, 2006
Numbers of subscription option granted	2,711,000	169,236	164,460	259,050	34,550
Total number of exercisable options(1)	1,231,002	140,944	267,452	472,956	65,976
Total number of subscriable shares(1)	1,231,002	140,944	267,452	472,956	65,976
Total number of subscriable shares(1) by:					
• Corporate officers	–	–	–	–	–
• Ten first employees	860,750	169,236	164,460	35,500	17,600
Start date to exercise the options	October 29, 2009	June 1, 2010	October 5, 2010	December 1, 2009	June 1, 2010
Expiration date of the options	October 28, 2016	October 28, 2016	October 28, 2016	November 30, 2016	November 30, 2016
Option exercise price(1)	€5	€6.5	€9.5	€5	€6.5
Number of remaining options at December 31, 2015	32,820	–	–	106,278	3,976
Number of adjusted options(2)	–	–	–	–	4,118
Number of shares subscribed during the year ended December 31, 2016	32,820	–	–	65,000	622
Aggregate number of cancelled or voided options during the year ended December 31, 2016	0	–	–	41,278	3,496
Remaining options at December 31, 2016	0	–	–	0	0

(1) After the division of the par value of the Rexel share that occurred in 2007.
(2) As share subscription options with an exercice price higher than the nominal value, the number of existing options on July 1, 2016 has been adjusted by decision of the Chief Executive Officer dated July 5, 2016 (upon delegation of power granted by the Board of Directors on June 23, 2016). This decision is to protect the rights of beneficiaries and is due to the payment of an amount of €0.40 per share to the shareholders integrally deducted from the "Issue premium" account.

Unexercised options to subscribe for shares at the expiration date have been cancelled.

During the financial year ended December 31, 2016, no option to subscribe for or to purchase shares was granted to Rexel's corporate officers or any other employee and no share subscription or purchase option has been exercised by the corporate officers of Rexel.

During the financial year ended December 31, 2016, the ten largest exercises carried out by employees, who were employed by Rexel Group at the time of the exercise, in respect of all plans, were as follows:

BENEFICIARIES	NUMBER OF OPTIONS EXERCISED	NUMBER OF SHARES SUBSCRIBED	EXERCISE PRICE
Employee#1	4,000	4,000	€5
Employee#2	3,000	3,000	€5
Employee#3	3,000	3,000	€5
Employee#4	2,000	2,000	€5
Employee#5	2,000	2,000	€5
Employee#6	1,500	1,500	€5
Employee#7	1,500	1,500	€5
Employee#8	1,500	1,500	€5
Employee#9	1,500	1,500	€5
Employee#10	1,500	1,500	€5

6.2.2.6 Allotment of free shares

Free shares granted in the financial year ended December 31, 2012

Free share plans created on May 2, 2012

Pursuant to the authorizations granted by Rexel's Ordinary and Extraordinary Shareholders' Meeting held on May 19, 2011 and by the Supervisory Board on May 2, 2012, the Management Board, at its meeting of May 2, 2012, decided to grant 2,019,324 free Rexel shares under two plans.

On May 2, 2012, further to the authorization granted to the Management Board to carry out the allotment of free shares, the Supervisory Board decided that the members of the Management Board who are beneficiaries of an allotment of free shares shall retain 20% of the vested shares in registered form until the end of their term of office.

Free share plans created on July 26, 2012

Pursuant to the authorizations granted by Rexel's Ordinary and Extraordinary Shareholders' Meeting held on May 16, 2012 and by the Supervisory Board on July 26, 2012, the Management Board, at its meeting of July 26, 2012, decided to grant 243,080 free Rexel shares under two plans.

The table below summarizes the free shares allotments carried out during the financial year ended December 31, 2012:

PLAN	REXEL 2+2	REXEL 4+0	REXEL 2+2	REXEL 4+0
Shareholders' Meeting	May 19, 2011		May 16, 2012	
Management Board	May 2, 2012		July 26, 2012	
Number of beneficiaries	158	348	4	39
Initial number of free shares allocated	737,024	1,282,300	59,243	183,837
Corporate officers				
• Rudy Provoost[(1)]	90,816	–	–	–
Ten first employees[(2)]	400,103			
Date of final vesting	May 2, 2014	May 2, 2016	July 26, 2014	July 26, 2016
Date of transferability of shares	May 3, 2016	May 3, 2016	July 27, 2016	July 27, 2016
Number of valid shares at December 31, 2015	–	339,811	–	51,698
Number of adjusted shares[(3)]	–	–	–	53,464
Number of canceled or expired shares[(4)]:	–	920	–	–
• Number of vested shares at December 31, 2016	–	338,891	–	53,464
Number of valid shares at December 31, 2016	–	0	–	0

(1) Termination of function on June, 30 2016.
(2) Considering the number of shares allotted to the employees, the top ten allotments were included.
(3) The number of performance shares still under vesting on July 1, 2016 has been adjusted by decision of the Chief Executive Officer dated July 5, 2016 (upon delegation of power granted by the Board of Directors on June 23, 2016). This decision is to protect the rights of beneficiaries and is due to the payment of an amount of €0.40 per share to the shareholders integrally deducted from the "Issue premium" account.
(4) Presence condition not satisfied or performance condition not achieved.

All free shares allocated have been delivered. No free share allocated remains under vesting.

The valuation of the shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the vesting period (see note 19.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2016).

The shares, under the Rexel 4+0 plan, that vested during the financial year ended December 31, 2016, were subject to the following performance conditions:

- the vesting of 50% of the shares depended on the 2011/2013 adjusted EBITA margin variation;
- the vesting of 15% of the shares depended on the 2012 adjusted EBITA level;
- the vesting of 25% of the shares depended on the average between the 2012 and 2013 ratio of free cash flow before interest and taxes to EBITDA;
- the vesting of 10% of the shares depended on 2012 amount of free cash flow before interest and taxes.

The vesting level, linked to the performance conditions, reached 43.3% (with a possible maximum at 150%) of the allocated shares.

During the financial year ended on December 31, 2016, no share was vested by the corporate officers.

Free shares granted in the financial year ended December 31, 2013

Free share plans created on April 30, 2013

Pursuant to the authorizations granted by Rexel's Ordinary and Extraordinary Shareholders' Meeting held on May 16, 2012 and by the Supervisory Board on April 30, 2013, the Management Board, at its meeting of April 30, 2013, decided to grant 2,574,729 free Rexel shares under four plans.

On April 30, 2013, further to the authorization granted to the Management Board to carry out the allotment of free shares, the Supervisory Board decided that the members of the Management Board who are beneficiaries of an allotment of free shares shall retain 20% of the vested shares in registered form until the end of their term of office.

Free share plans created on July 25, 2013

Pursuant to the authorizations granted by Rexel's Ordinary and Extraordinary Shareholders' Meeting held on May 22, 2013 and by the Supervisory Board on July 25, 2013, the Management Board, at its meeting of July 25, 2013, decided to grant 78,410 free Rexel shares under two plans.

The table below summarizes the free shares allotments carried out during the financial year ended December 31, 2013:

PLAN	KEY MANAGERS 2+2	KEY MANAGERS 4+0	OPERATING MANAGERS 3+2	OPERATING MANAGERS 5+0	KEY MANAGERS 2+2	KEY MANAGERS 4+0
Shareholders' Meeting	May 16, 2012				May 22, 2013	
Management Board	April 30, 2013				July 25, 2013	
Number of beneficiaries	163	324	91	377	9	6
Initial number of free shares allocated	793,310	1,259,819	99,100	422,500	50,694	27,716
Corporate officers						
• Rudy Provoost(1)	96,682	–	–	–	–	–
• Catherine Guillouard	42,980	–	–	–	–	–
Ten first employees(2)	229,544	307,300	13,000	16,000	50,694(3)	27,716(4)
Date of final vesting	April 30, 2015	April 30, 2017	April 30, 2016	April 30, 2018	July 25, 2015	July 25, 2017
Date of transferability of shares	May 2, 2017	May 2, 2017	May 2, 2018	May 2, 2018	July 26, 2017	July 26, 2017
Number of valid shares at December 31, 2015	–	267,163	81,000	326,900	–	5,651
Number of adjusted shares(5)	–	276,373	–	338,074	–	5,845
Number of canceled or expired shares(6):	–	–	3,100	11,170	–	–
• Number of vested shares at December 31, 2016	–	–	77,900	–	–	–
Number of valid shares at December 31, 2016	–	276,373	–	326,904	–	5,845

(1) Termination of function on June, 30 2016.
(2) Considering the number of shares allotted to the employees, the top ten allotments were included.
(3) Concerns 9 beneficiaries only.
(4) Concerns 6 beneficiaries only.
(5) The number of performance shares still under vesting on July 1, 2016 has been adjusted by decision of the Chief Executive Officer dated July 5, 2016 (upon delegation of power granted by the Board of Directors on June 23, 2016). This decision is to protect the rights of beneficiaries and is due to the payment of an amount of €0.40 per share to the shareholders integrally deducted from the "Issue premium" account.
(6) Presence condition not satisfied or performance condition not achieved.

Free shares allocated and not yet delivered at December 31, 2016, may result in the creation of 609,112 new shares and a dilution of 0.20%.

The valuation of the shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the vesting period (see note 19.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2016).

The shares, under the Operating Managers 3+2 plan granted on April 30, 2013, that vested during the financial year ended December 31, 2016 were not subject to performance conditions.

During the financial year ended on December 31, 2016, no share was vested by the corporate officers.

As a reminder, the shares under Key Managers Rexel 2+2 plan of April 30, 2013 and July 25, 2013, that vested during the financial year ended December 31, 2015 were subject to the following performance conditions:

PERFORMANCE OF THE KEY MANAGERS PERFORMANCE SHARES PLANS GRANTED IN 2013	WEIGHT	OBJECTIVE	TRIGGER	TARGET	MAXIMUM	% ACHIEVEMENT (NOT WEIGHTED)	% PERFORMANCE SHARES ACQUIRED (WEIGHTED)
2012-2014 EBITA margin variation	15%	5.7% to 6.1%	25% of shares vest if the performance reaches at least the target minus 20bps	100% of shares vest if the target is reached	150% of shares vest if the performance reaches at least the target plus 20bps	0.0%	0.0%
2013 EBITA	45%	804.9	25% of shares vest if the performance reaches at least 85% of the target	100% of shares vest if the target is reached	150% of shares vest if the performance reaches at least 120% of the target	90.4%	19.9%
2013-2014 Average ratio of free cash flow before interest and taxes to EBITDA	5%	77.6%	50% of shares vest if the performance reaches at least 90% of the target	100% of shares vest if the target is reached	150% of shares vest if the performance reaches at least 150% of the target	99.8%	5.0%
2013 Free cash flow before interest and taxes	15%	658.4	50% of shares vest if the performance reaches at least 90% of the target	100% of shares vest if the target is reached	150% of shares vest if the performance reaches at least 150% of the target	93.8%	10.3%
TSR (Companies of Stoxx Europe TMI "Electronic & Electrical Equipment", and Wolseley; Farnell; Grainger; Anixter; Electrocomponents and Wesco International)	20%	80th percentile	30% of shares vest if the Rexel's TSR performance reaches at least the 40th percentile of the panel	100% of shares vest if the Rexel's TSR performance reaches at least the 80th percentile of the panel	Maximum level of vesting is 100%	27th percentile	0.0%
							35.2%

Free shares granted in the financial year ended December 31, 2014

Free share plan created on May 22, 2014

Pursuant to the authorization granted by Rexel's Shareholders' Meeting of May 22, 2013, the Management Board was authorized to proceed with the allotment of free shares and on May 22, 2014, after having approved the conversion of Rexel from a *société anonyme* with a Supervisory Board and a Management Board into a *société anonyme* with a Board of Directors, the Shareholders' Meeting reiterated such authorization in favor of the Board of Directors. The Board of Directors of May 22, 2014, decided to grant 1,641,008 free Rexel shares under four plans.

On May 22, 2014, in the context of the authorization granted to the Board of Directors it was decided that the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer who are beneficiaries of an allotment of free shares shall retain 20% of the vested shares in registered form until the end of their term of office.

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The table below summarizes the free shares allotments carried out during the financial year ended December 31, 2014:

PLAN	TRANSITION 2+2	TRANSITION 4+0	KEY MANAGERS 3+2	KEY MANAGERS 4+0
Shareholders' Meeting	May 22, 2013			
Board of Directors	May 22, 2014			
Number of beneficiaries	168	368	168	368
Initial number of free shares allocated	348,980	471,524	348,980	471,524
Corporate officers				
• Rudy Provoost(1)	60,000	–	60,000(2)	–
• Catherine Guillouard	29,100	–	29,100(3)	–
Ten first employees(4)	285,376			
Date of final vesting	May 22, 2016	May 22, 2018	May 22, 2017	May 22, 2018
Date of transferability of shares	May 23, 2018	May 23, 2018	May 23, 2019	May 23, 2018
Number of valid shares at December 31, 2015	326,696	363,520	326,696	363,520
Number of adjusted shares(5)	–	375,953	337,807	375,953
Number of canceled or expired shares(6):	211,093	244,423	115,421	43,162
• Number of vested shares at December 31, 2016	115,603	–	–	–
Number of valid shares at December 31, 2016	–	131,530	222,386	332,791

(1) Termination of function on June, 30 2016.
(2) These unvested shares have been cancelled following the departure of the Chief Executive Officer on June 30, 2016.
(3) Adjusted amount (see note 5 below): 30,085.
(4) Considering the number of shares allotted to the employees, the top ten allotments were included.
(5) The number of performance shares still under vesting on July 1, 2016 has been adjusted by decision of the Chief Executive Officer dated July 5, 2016 (upon delegation of power granted by the Board of Directors on June 23, 2016). This decision is to protect the rights of beneficiaries and is due to the payment of an amount of €0.40 per share to the shareholders integrally deducted from the "Issue premium" account.
(6) Presence condition not satisfied or performance condition not achieved.

Free shares allocated and not yet delivered at December 31, 2016, may result in the creation of 686,707 new shares and a dilution of 0.23%.

The valuation of the shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the vesting period (see note 19.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2016).

The shares, under the Transition 2+2 plan, that vested during the financial year ended December 31, 2016, were subject to the following performance conditions:

PERFORMANCE OF THE TRANSITION PERFORMANCE SHARES PLANS GRANTED IN 2014	WEIGHT	OBJECTIVE	TRIGGER	TARGET	MAXIMUM	% ACHIEVEMENT (NOT WEIGHTED)	% PERFORMANCE SHARES ACQUIRED (WEIGHTED)
2013-2015 average of adjusted EBITA margin variation	40%	5.4% to 5.3%	25% of shares vest if the performance reaches at least the target minus 10bps	100% of shares vest if the target is reached	150% of shares vest if the performance reaches at least the target plus 30bps	0.0%	0.0%
2014-2015 Average ratio of free cash flow before interests and taxes to EBITDA	30%	75.2%	50% of shares vest if the performance reaches at least 90% of the target	100% of shares vest if the target is reached	150% of shares vest if the performance reaches at least 120% of the target	120%	36%
TSR (Companies of Stoxx Europe TMI "Electronic & Electrical Equipment", and Wolseley; Farnell; Grainger; Anixter; Electrocomponents and Wesco International)	30%	70th percentile	25% of shares vest if the Rexel's TSR performance reaches at least the 40th percentile of the panel	100% of shares vest if the Rexel's TSR performance reaches at least the 70th percentile of the panel	Maximum level of vesting is 150% if the Rexel's TSR performance reaches at least the 90th percentile of the panel	0.0%	0.0%
							36%

In the financial year ended December 31, 2016, the following shares finally vested in favor of the corporate officers of the Rexel Group under the Transition 2+2 plan:

BENEFICIARIES	NUMBER OF VESTED SHARES
Rudy Provoost	21,600(1)
Catherine Guillouard	10,476(1)

(1) Shares vested before the end of their term of office.

For information, performance for the plans Key Managers 3+2 and 4+0 of May 22, 2014 will be evaluated during the financial year ending December 31, 2017 (after the publication of this Registration document) given the measurement period of the TSR.

Free shares granted in the financial year ended December 31, 2015

Free share plans created on July 28, 2015

Pursuant to the authorization granted by Rexel's Extraordinary Shareholders' Meeting held on July 27, 2015, the Board of Directors at its meeting of July 28, 2015, decided to grant 1,798,393 Rexel free shares under two plans.

On July 28, 2015, in the context of the authorization granted to the Board of Directors to carry out the allocation of free shares, the Board of Directors decided that the Chief Executive Officer and the Deputy Chief Executive Officer, who are beneficiaries of an allotment of free shares, shall retain 20% of the vested shares in the registered form until the end of their term of office.

The table below summarizes the free shares allotments carried out during the financial year ended December 31, 2015:

PLAN	KEY MANAGERS 3+2	KEY MANAGERS 4+0
Shareholders' Meeting	July 27, 2015	
Board of Directors	July 28, 2015	
Number of beneficiaries	172	419
Initial number of free shares allocated	795,775	1,002,618
Corporate officers		
• Rudy Provoost(1)	120,000(2)	–
• Catherine Guillouard	58,200(3)	–
Ten first employees(4)	305,125	
Date of final vesting	July 28, 2018	July 28, 2019
Date of transferability of shares	July 29, 2020	July 29, 2019
Number of valid shares at December 31, 2015	789,450	968,343
Number of adjusted shares(5)	816,210	1,001,256
Number of canceled or expired shares(6):	252,286	123,309
• Number of vested shares at December 31, 2016	–	–
Number of valid shares at December 31, 2016	563,924	877,947

(1) Termination of function on June, 30 2016.
(2) These unvested shares have been cancelled following the departure of the Chief Executive Officer on June 30, 2016.
(3) These shares still under vesting at the time of the departure of Catherine Guillouard have been cancelled.
(4) Considering the number of shares allotted to the employees, the top ten allotments were included.
(5) The number of performance shares still under vesting on July 1, 2016 has been adjusted by decision of the Chief Executive Officer dated July 5, 2016 (upon delegation of power granted by the Board of Directors on June 23, 2016). This decision is to protect the rights of beneficiaries and is due to the payment of an amount of €0.40 per share to the shareholders integrally deducted from the "Issue premium" account.
(6) Presence condition not satisfied or performance condition not achieved.

Free shares allocated and not yet delivered at December 31, 2016 may result in the creation of 1,441,871 new shares and a dilution of 0.48%.

The valuation of the shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the vesting period (see note 19.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2016).

During the financial year ended on December 31, 2016, no share was vested by the corporate officers.

Free shares granted in the financial year ended December 31, 2016

Free share plans created on June 23, 2016

The Extraordinary Shareholders' Meeting of May 25, 2016, authorized the Board of Directors to carry out the free share allocation. The Board of Directors, at its meeting of June 23, 2016, decided to allocate 1,820,625 Rexel free shares under 2 plans.

On June 23, 2016, in the context of the authorization granted to the Board of Directors to carry out the allocation of free shares, the Board of Directors decided that the Chief Executive Officer and the Deputy Chief Executive Officer, who are beneficiaries of an allotment of free shares, shall retain 20% of the vested shares in the registered form until the end of their term of office.

The table below summarizes the free shares allotments carried out during the financial year ended December 31, 2016:

PLAN	REXEL 2016 3+2	REXEL 2016 4+0
Shareholders' Meeting	May 25, 2016	
Board of Directors	June 23, 2016	
Number of beneficiaries	222	524
Initial number of free shares allocated	741,500	1,079,125
Corporate officers		
• Patrick Berard	85,000(1)	–
• Catherine Guillouard	58,200(2)	–
Ten first employees(3)	258,900	
Date of final vesting	June 23, 2019	June 23, 2020
Date of transferability of shares	June 24, 2021	June 24, 2020
Number of adjusted shares(4)	766,642	1,115,820
Number of canceled or expired shares(5):	128,500	71,653
• Number of vested shares at December 31, 2016	–	–
Number of valid shares at December 31, 2016	638,142	1,044,167

(1) Adjusted amount (see note 4 below) 87,876.
(2) These shares still under vesting at the time of the departure of Catherine Guillouard have been cancelled.
(3) Given the number of shares allocated to employees, the ten first allocations have been indicated.
(4) The number of performance shares still under vesting on July 1, 2016 has been adjusted by decision of the Chief Executive Officer dated July 5, 2016 (upon delegation of power granted by the Board of Directors on June 23, 2016). This decision is to protect the rights of beneficiaries and is due to the payment of an amount of €0.40 per share to the shareholders integrally deducted from the "Issue premium" account.
(5) Condition of presence not met or condition of performance not achieved.

The Board of Directors has allocated the following shares to the corporate officers and ten top employees of Rexel during the financial year ended December 31, 2016:

BENEFICIARIES	PLAN NAME	NUMBER OF SHARES(1)	VALUE OF ALLOCATED SHARES(2)	VESTING DATE	TRANSFERABILITY DATE	CONDITIONS(3)
CORPORATE OFFICERS						
Patrick Berard	Rexel 2016 3+2	85,000	927,350	June 23, 2019	June 24, 2021	(3)
Catherine Guillouard	Rexel 2016 3+2	58,200	634,962	June 23, 2019	June 24, 2021	(3)
TEN TOP EMPLOYEES						
Employee #1	Rexel 2016 4+0	45,000	472,500	June 23, 2020	June 24, 2020	(3)
Employee #2	Rexel 2016 3+2	42,700	465,857	June 23, 2019	June 24, 2021	(3)
Employee #3	Rexel 2016 3+2	38,375	418,671	June 23, 2019	June 24, 2021	(3)
Employee #4	Rexel 2016 3+2	30,700	334,937	June 23, 2019	June 24, 2021	(3)
Employee #5	Rexel 2016 3+2	19,500	212,745	June 23, 2019	June 24, 2021	(3)
Employee #6	Rexel 2016 3+2	18,000	196,380	June 23, 2019	June 24, 2021	(3)
Employee #7	Rexel 2016 4+0	17,000	178,500	June 23, 2020	June 24, 2020	(3)
Employee #8	Rexel 2016 4+0	16,125	169,313	June 23, 2020	June 24, 2020	(3)
Employee #9	Rexel 2016 4+0	15,750	165,375	June 23, 2020	June 24, 2020	(3)
Employee #10	Rexel 2016 4+0	15,750	165,375	June 23, 2020	June 24, 2020	(3)

(1) The number of shares indicated is the number allocated at the grant date, before adjustment decided by the Board of Directors on June 23, 2016.
(2) The value of the allocated shares is based on the fair values €10.91 and €10.50 respectively for the 3+2 and 4+0 plans.
(3) Please see table summarizing the performance criteria set for the 2016 plans.

Free shares allocated and not yet delivered at December 31, 2016, may result in the creation of 1,682,309 new shares and a dilution of 0.56%.

The valuation of the shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the vesting period (see note 19.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2016).

The table below summarizes the performance criteria adopted and the method used in order to determine their impact on the future vesting of the performance shares of these plans:

	WEIGHT	TRIGGER	TARGET	MAXIMUM	COMMENTS
Average growth of EBITA in value over 3 years(1) (Medium-Term Plan)	30%	50% of shares vest if the average performance reaches 75% of target	100% of shares vest if the target is reached	150% of shares vest if the average performance reaches or exceeds 125% of target	Calculation on a linear basis between the points
Average organic sales growth over 3 years(1) (Medium-Term Plan)	30%	50% of shares vest if the average performance reaches 75% of target	100% of shares vest if the target is reached	150% of shares vest if the average performance reaches or exceeds 125% of target	Calculation on a linear basis between the points
Three-year(2) average of ratio of free cash flow before interest and taxes to EBITDA (Medium-Term Plan)	20%	50% of shares vest if the average performance reaches 90% of target	100% of shares vest if the target is reached	150% of shares vest if the average performance reaches or exceeds 120% of target	Calculation on a linear basis between the points
TSR (Companies of Stoxx Europe TMI “Electronic & Electrical Equipment”, ainsi que les sociétés Wolseley ; Farnell ; Grainger ; Anixter ; Electrocomponents and Wesco International) over 3 years(3)	20%	50% of shares vest if the Rexel’s TSR performance reaches the median of the panel	100% of shares vest if the Rexel’s TSR performance reaches the 70th percentile of the panel	150% of shares vest if the Rexel’s TSR performance reaches at least the 90th percentile of the panel	Calculation on a linear basis between the points
	100%	The performance level of each criterion is combined with the weight of each criterion in order to obtain a weighted global level of performance. In any case, said global level is limited to 100% of the initial grant			

(1) Average variation over the period 2015-2018, for the 2016 plan.
(2) Average over 2016, 2017 and 2018, for the 2016 plan.
(3) 2016-2019, for the 2016 plan.

During the financial year ended on December 31, 2016, no share was vested by the corporate officers.

6.2.2.7 Aggregate dilution

The number of shares freely allocated by Rexel which have not yet been delivered may result in the creation of 4,420,009 new shares, representing 1.46% of the share capital and voting rights of Rexel at December 31, 2016.

6.2.3 Shareholders’ voting rights

Each share of Rexel entitles the holder to one vote. Consequently, as of the date of this Registration document, the Rexel’s shareholders hold the same number of voting rights as the number of shares they own. Pursuant to the option provided for in article L.225-123 of the French Commercial Code, shares fully paid up that have been held in a registered form for 2 years at the name of the same shareholder do not benefit from double voting rights.

6.2.4 Control structure

The creation of Committees of the Board of Directors, the appointment of independent members at the Board of Directors and at the Committees of the Board of Directors, the performance of reviews of the operation and work of the Board of Directors and of its Committees, in accordance with the rules described in Chapter 3 "Corporate Governance" of this Registration document, enable Rexel, *inter alia*, to avoid being controlled in an "abusive manner" within the meaning of European Council Regulation N°809/2004 dated April 29, 2004.

6.2.5 Agreements potentially leading to a change of control

Rexel is not aware of any other agreements between its shareholders.

6.2.6 Dividend policy

The Board of Directors may propose a dividend distribution to the Shareholders' Meeting. Dividends that have not been claimed within five years after they have been declared are transferred to the French State.

Rexel's medium-term objective is to generate a solid available cash flow before interest and taxes, thanks to a low capital intensity and a tight management of the working capital requirement, allowing for, inter alia, the funding of an attractive dividend representing at least 40% of the recurring net result.

In respect of the financial year ended on December 31, 2016, the Board of Directors will submit a proposal to the Shareholders' Meeting to be held on May 23, 2017 to distribute a dividend of 0.40 euro per share, paid out in cash, in order to enable the Company to comply with its commitments as regards the distribution of dividends to the shareholders.

Rexel has distributed the following amounts in respect of the last three financial years:

YEAR	TOTAL AMOUNTS DISTRIBUTED	AMOUNT DISTRIBUTED PER SHARE
2014	€217,700,861.25	€0.75
2015	€120,107,456.80	€0.40
2016	€120,619,518.40(*)	€0.40(*)

(*) Amount subject to the approval of the shareholders upon the Shareholders' Meeting.

6.3 SHARE CAPITAL

6.3.1 Subscribed share capital and authorized but unissued share capital

As at December 31, 2016, Rexel's share capital amounted to €1,514,490,115 divided into 302,898,023 shares with a par value of €5 per share, all of the same class, and all of them fully paid-up and subscribed, as a college by decision of the Board of Directors dated February 10, 2017 compared to the share capital of €1,509,356,890 divided into 301,871,378 shares of €5 nominal value each as at December 31, 2015.

The Ordinary and Extraordinary Shareholders' Meetings held on May 27, 2015, July 27, 2015, and May 25, 2016 granted various authorizations to the Board of Directors, which used such powers and authorizations as described below. In addition, at its meeting held on February 10, 2017, the Board of Directors decided to submit to the approval of the Shareholders' Meeting of May 23, 2017 the following projects of delegations and authorizations.

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2017		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT / PUBLIC OFFER
AUTHORIZATIONS SUBMITTED FOR RENEWAL TO THE SHAREHOLDERS' MEETING OF MAY 23, 2017							
SHARE CAPITAL INCREASE							
Issuance with upholding of preferential subscription rights	May 27, 2015 (resolution 18)	26 months (July 26, 2017)	Equity securities: €720,000,000 (*i.e.*, 144,000,000 shares) Joint maximum amount of resolutions number 18 and 25 Debt securities: €1,000,000,000 Joint maximum amount of resolutions number 18 and 25	Issuance of 530,854 new shares on November 22, 2016, *i.e.*, a share capital increase of €2,654,270 and issuance of 39,114 new shares on March 13, 2017, *i.e.* a share capital increase of €195,570. These two issuances have been realised under an employee shareholding plan.	22	26 months	Equity securities: €720,000,000 (*i.e.*, 144 million shares) Joint maximum amount of resolutions 22 to 29 Debt securities: €1,000,000,000 Joint maximum amount of resolutions 22 to 29 This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, without prior authorization of the Shareholders' Meeting
Issuance by way of public offering with cancellation of the preferential subscription right	May 27, 2015 (resolution 19)	26 months (July 26, 2017)	Equity securities: €140,000,000 28,000,000 shares Joint maximum amount of resolutions number 19, 20 and 23 This maximum amount to be deducted from the maximum provided for by resolution number 18 Debt securities: €1,000,000,000 This maximum amount to be deducted from the maximum provided for by resolution number 18	N/A	23	26 months	Equity securities: €140,000,000 (*i.e.*, 28 million shares) Joint maximum amount of resolutions 23, 24 and 27 This maximum amount to be deducted from the maximum provided for by resolution number 22 Debt securities: €1,000,000,000 This maximum amount to be deducted from the maximum provided for by resolution number 22 This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, without prior authorization of the Shareholders' Meeting

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2017		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT / PUBLIC OFFER
Issuance by way of offering referred to in section II of Article L.411-2 of the French Monetary and Financial Code, with cancellation of the preferential subscription right	May 27, 2015 (resolution 20)	26 months (July 26, 2017)	Equity securities: €140,000,000 (*i.e.*, 28,000,000 shares This maximum amount to be deducted from the maximum amounts provided for by resolution number 18 and 19 Debt securities: €1,000,000,000 This maximum amount to be deducted from the maximum provided for by resolution number 18	N/A	24	26 months	Equity securities: €140,000,000 (*i.e.*, 28 million shares) This maximum amount to be deducted from the maximum amount provided for by resolution number 22 and 23 Debt securities: €1,000,000,000 This maximum amount to be deducted from the maximum provided for by resolution number 22 This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, without prior authorization of the Shareholders' Meeting
Authorization to increase the amount of the initial issuance, in the event of a share issue for which shareholders' preferential subscription rights are maintained or cancelled	May 27, 2015 (resolution 21)	26 months (July 26, 2017)	15% of initial issuance(1) This maximum amount to be deducted from the maximum applicable to the initial issuance and from the maximum provided in resolution 18	N/A	25	26 months	15% of initial issuance(1) This maximum amount to be deducted from the maximum applicable to the initial issuance and from the maximum amount provided in resolution 22 This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, without prior authorization of the Shareholders' Meeting
Determination of price of issuances carried out by way of public offering referred to in section II of Article L.411-2 of the French Monetary and Financial Code, with cancellation of the preferential subscription right, up to a maximum of 10% of the share capital per year	May 27, 2015 (resolution 22)	26 months (July 26, 2017)	10% of share capital at the date of the decision of the Board of Directors determining the issue price per year This maximum amount to be deducted from the maximum that applies to the initial issuance, as well as from the maximum amount provided for by resolution number 18	N/A	26	26 months	10% of share capital at the date of the decision of the Board of Directors determining the issue price per year This maximum amount to be deducted from the maximum amount that applies to the initial issuance, as well as from the maximum amount provided for by resolution 22 This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, without prior authorization of the Shareholders' Meeting

(1) Applicable regulation.

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2017		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT / PUBLIC OFFER
Issuance of up to 10% of the share capital in consideration for contributions in kind	May 27, 2015 (resolution 23)	26 months (July 26, 2017)	10% of the share capital as at the date of the decision of the Board of Directors This maximum amount to be deducted from the maximum amounts provided for by resolution number 18 and 19	N/A	27	26 months	10% of the share capital as at the date of the decision of the Board of Directors This maximum amount to be deducted from the maximum amount provided for by resolution number 22 and 23 This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, without prior authorization of the Shareholders' Meeting
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	May 27, 2015 (resolution 27)	26 months (July 26, 2017)	€200,000,000 (*i.e.*, 40,000,000 shares) This maximum amount not to deducted from any maximum	N/A	30	26 months	€200,000,000 (*i.e.*, 40 million shares) This maximum amount not to deducted from any maximum
EMPLOYEE SHAREHOLDING, ALLOCATION OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS, FREE SHARE ALLOCATIONS							
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	May 27, 2015 (resolution 24)	26 months (July 26, 2017)	2% of the share capital as at the date of the decision of the Board of Directors This maximum amount to be deducted from the maximum amount provided for by resolution number 18 Joint maximum amount of resolutions number 24 and 25	Issuance of 530,854 new shares on November 22, 2016, *i.e.*, a share capital increase of €2,654,270	28	26 months	2% of the share capital as at the date of the decision of the Board of Directors This maximum amount to be deducted from the maximum amount provided for by resolution 22 Joint maximum amount of 2% for resolutions 28 and 29
Issuance with cancellation of the preferential subscription right reserved for certain categories of beneficiaries in order to allow employee shareholding transactions	May 25, 2016 (resolution 20)	July 27, 2017	1% of the share capital as at the date of the decision of the Board of Directors This maximum amount to be deducted from the 2% maximum provided for by resolution number 24 and from the maximum amount provided by resolution number 18 of the Shareholders' Meeting of May 27, 2015	Issuance of 39,114 new shares on March 13, 2017, *i.e.* a share capital increase of €195,570	29	18 months	1 % of the share capital as at the date of the decision of the Board of Directors This maximum amount to be deducted from the maximum amount provided for by resolution 22 Joint maximum amount of 2% for resolutions 28 and 29
DECREASE IN THE SHARE CAPITAL BY CANCELLING SHARES							
Decrease in the share capital by cancelling shares	May 25, 2016 (resolution 17)	18 months (November 24, 2017)	10% of the share capital on the date of cancellation by 24-month period	N/A	21	18 months	10% of the share capital on the date of cancellation by 24-month period

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2017		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT / PUBLIC OFFER
REPURCHASE BY REXEL OF ITS OWN SHARES							
Share repurchase	May 25, 2016 (resolution 16)	18 months (November 24, 2017)	10% of share capital as at the completion date Maximum total amount €250,000,000 Maximum repurchase price €30	Utilization under the Exane BNP Paribas liquidity contract for market-making purposes: purchase of 8,547,059 shares at an average price of €12.3039 and sale of 8,612,059 shares at an average price of €12.3275	20	18 months	10% of share capital as at the completion date Maximum total amount €250,000,000 Maximum repurchase price €30 This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, without prior authorization of the Shareholders' Meeting
AUTHORIZATIONS NOT SUBMITTED FOR RENEWAL TO THE SHAREHOLDERS MEETING OF MAY 23, 2017							
Performance share allotments	May 25, 2016 (resolution 18)	26 months (July 24, 2018)	1.4% of the share capital as at the date of the decision of the Board of Directors	Allocation on June 23, 2016 of 1,800,625 shares, *i.e.*, €9,103,125	N/A	N/A	N/A
Allotment of performance shares to the members of the personnel and to the corporate officers members of a shareholding plan	May 25, 2016 (resolution 19)	26 months (July 24, 2018)	0.3% of the share capital as at the date of the decision of the Board of Directors	Allocation on November 22, 2016 of 223,971 shares, *i.e.*, €1,119,855	N/A	N/A	N/A

6.3.2 Securities not representative of share capital

As of the date of this Registration document, Rexel has not issued any securities not representing share capital.

6.3.3 Treasury shares and purchase by Rexel of its own shares

Information on the share repurchase plan approved by the Shareholders' Meeting of May 25, 2016

Characteristics of the share repurchase plan

The Ordinary and Extraordinary Shareholders' Meeting of May 25, 2016, authorized the Board of Directors, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code and in accordance with articles 241-1 to 241-6 of the French financial markets authority (AMF) general rules, and Regulation n°2273/2003, dated December 22, 2003, of the European Commission, to purchase or have purchased a maximum number of shares of Rexel representing up to 10% of Rexel's share capital.

The characteristics of this repurchase plan are as follows:

RELEVANT SECURITIES	SHARES
Maximum percentage of share capital that may be repurchased	10% (being specified that the number of shares acquired by Rexel with a view to being retained and subsequently delivered as payment or exchange consideration in connection with a merger, demerger or contribution may not exceed 5% of Rexel's share capital)
Maximum number of securities that may be purchased	A number of shares representing up to 10% of the share capital at the date of the purchase
Aggregate maximum amount of the plan	€250 million
Maximum price per share	€30
Duration of the plan	18 months, *i.e.* until November 24, 2017

The objectives of the plan, in order of highest to lowest priority, are the following:

- Ensuring liquidity and activity in the market for the shares of the Company through an investment services provider, acting independently under a liquidity agreement and in compliance with an AMF-accredited market ethics charter;
- Satisfying the obligations arising out of allocations of stock options, allocations of free shares or any other granting, allocation or sale of shares to the employees or the corporate officers of the Company or of an associated enterprise and carrying out any hedging operation relating to such transactions, in accordance with the conditions set forth by the market authorities and at such times that the Board of Directors or any person acting upon the authority of the Board of Directors implements such actions;
- Ensuring the coverage of the undertakings of the Company under rights with a settlement in cash and relating to the positive evolution of the trading price of the share of the Company granted to the employees or the corporate officers of the Company or of an associated enterprise;
- Retaining shares and delivering shares in the future to an exchange or as a consideration in the context of external growth transactions, in accordance with acknowledged market practices and applicable regulations;
- Granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to shares of the Company;
- Canceling all or part of the shares so repurchased, in accordance with applicable laws and subject to an authorization being granted by the extraordinary shareholders' meeting; and
- Any other action that is or will become permitted by French law or the AMF or any purpose that may comply with the regulations in force.

The acquisition, sale or transfer of the shares may be carried out by any means, on the market or over the counter, including through transactions involving blocks of securities or takeover bids, option mechanisms, derivatives, purchase of options or of securities in conformity with the applicable regulatory conditions.

In the event of a public tender offer on Rexel shares paid for in full in cash, Rexel may not pursue the implementation of its share repurchase plan.

Overview of the share repurchase plan

As of December 31, 2016, Rexel held 1,349,227 shares among which 405,000 under the liquidity agreement entered into with Exane BNP Paribas and 944,227 shares previously acquired and held for the attribution to employees.

Under the liquidity agreement entered into with Exane BNP Paribas, during the financial year ended December 31, 2016 Rexel purchased 8,547,059 shares (representing 2.82% of Rexel's share capital) at an average price of €12.3039 and for a total cost of €105,161,902.60. These shares were acquired for market-making purposes under a liquidity contract concluded with Exane BNP Paribas. Furthermore, under the liquidity agreement, Rexel has sold 8,612,059 shares at an average price of €12.3275.

Transactions carried out by Rexel on its own shares for the year ended December 31, 2016, mainly consisted of:

Number of shares cancelled during the last 24 months	0
Number of shares held by Rexel as treasury shares as of December 31, 2015	1,602,736
• Share purchases	8,547,059
• Share disposals	8,612,059
• Share transfers	188,509
• Shares cancelled	0
• Number of treasury shares held at December 31, 2016	1,349,227
Percentage of capital directly or indirectly held by Rexel as of December 31, 2016	0.45%
Book value of the treasury shares	€18,263,279.18
Market value of the treasury shares as of December 31, 2016	€21,095,164.15
Details of transactions carried out by Rexel in 2016, by objective:	
• Liquidity agreement entered into with Exane	
Share purchases by Exane	8,547,059
Share disposals by Exane	8,612,059
Number of treasury shares held at December 31, 2016	405,000
• Cancellation of shares	
Number of cancelled shares	0
Number of treasury shares held at December 31, 2016	N/A
• Allocation to employees	
Share purchases	0
Share transfers	188,509
Number of treasury shares held at December 31, 2016	944,227

Rexel did not hold open buy or sell positions on derivative instruments as of December 31, 2016.

The costs incurred by Rexel within the context of the implementation of the share repurchase plan amount to €54,108 for the financial year ended on December 31, 2016.

Description of the share repurchase plan submitted to the approval of the shareholders' meeting

Information on the share repurchase plan submitted to the approval of the shareholders' meeting

At its meeting of February 10, 2017, the Board of Directors decided to submit a resolution to the Shareholders' Meeting of May 23, 2017 authorizing it, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code, of articles 241-1 to 241-7 of the General Regulation of the *Autorité des marchés financiers* and of Regulation n°2273/2003 of the European Commission of December 22, 2003, to purchase or cause to be purchased a maximum number of Rexel shares, representing up to 10% of Rexel's share capital.

Date of the Shareholders' Meeting

The new share repurchase plan will be submitted to the approval of the Shareholders' Meeting of May 23, 2017.

Objectives of the share repurchase plan for 2017

The objectives of the plan, in order of highest to lowest priority, would be the following:

- Ensuring liquidity and activity in the market for the shares through an investment services provider, acting independently under a liquidity agreement and in compliance with the market ethics charter recognized by the AMF;
- Satisfying the obligations arising out of allocations of stock options, allocations of free shares or any other granting, allocation or sale of shares to the employees or the corporate officers of the Company or of an associated enterprise and establishing hedging operations relating to such transactions, in accordance with the conditions set forth by the market authorities and at such times that the Board of Directors or person acting upon the authority of the Board of Directors implements such actions;
- Ensuring the coverage of the undertakings of the Company under rights with a settlement in cash and relating to the positive evolution of the trading price of the share of the Company granted to the employees or the corporate officers of the Company or of an associated enterprise;
- Retaining shares and delivering shares further to an exchange or as a consideration in the context of external growth transactions and within the limit of 5% of the share capital of Rexel;
- Granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to Rexel shares;
- Cancelling all or part of the shares so repurchased; and
- Any other action that is or will become permitted or accepted by French law or the AMF or any purpose that may comply with the regulations in force.

Maximum portion, number and characteristics of shares that may be acquired in connection with the 2017 repurchase plan

The maximum portion of share capital that may be authorized to be repurchased would amount to 10% of the total number of shares making up the share capital, at any time whatsoever, with this percentage applying to an adjusted share capital based on the transactions that affect it further to the shareholders meeting. The number of shares purchased by the Company in view of holding them for subsequent payment or exchange in a merger, spin-off or contribution may not exceed 5% of Rexel's share capital at such date.

For information purposes, based on the existing share capital as at December 31, 2016 and having deducted the 1,349,227 shares held at this date, the maximum number of shares that may be purchased amounts to 28,931,331.

The shares that Rexel considers purchasing are ordinary shares.

Maximum purchase price

The maximum purchase price per share would be set at €30, it being specified that in the event of a share capital transaction, including by way of a capitalization of reserves and free share allocation, share split or reverse share split, such price would be adjusted accordingly in order to take into account the impact of such transactions on the share price.

The maximum amount of funds intended to finance the 2017 share repurchase plan would amount to €250 million.

Terms of purchase and sale

The acquisition, sale or transfer of shares could be effected or paid for by all means, on the market or over the counter, including by means of block trade transactions or public offers, optional mechanisms, derivative instruments, purchases of options or securities, in compliance with applicable regulations.

In the event of a public offer for Rexel's securities fully paid for in cash, Rexel would not be able to pursue the implementation of its share repurchase plan.

Duration of the share repurchase plan

The share repurchase plan would have a duration of 18 months as from the Shareholders' Meeting, *i.e.* until November 22, 2018.

Breakdown by objectives of the shares held by Rexel

As at December 31, 2016:

- 944,227 shares were allocated to the implementation of all share subscription option plans and free share allocation plans of Rexel; and
- 405,000 were allocated to the purchase, sale, conversion, transfer, loan, or availability of the shares in connection with a liquidity agreements in compliance with the AMAFI Code of Ethics and entered into with Exane BNP Paribas on January 2, 2015, in compliance with market practice accepted by the French financial markets authority (*Autorité des marchés financiers*) or to carry out counter-trend market transactions.

6.3.4 Other securities giving access to the share capital

6.3.4.1 Subscription or purchase options for Rexel shares

Rexel has issued options to subscribe for shares under the terms and conditions described in paragraph 6.2.2.5 "Subscription or purchase options for Rexel shares" of this Registration document.

6.3.4.2 Allocation of free shares

Rexel has granted free shares to certain employees and officers of the Rexel Group in accordance with the terms set forth in paragraph 6.2.2.6 "Allotment of free shares" of this Registration document.

6.3.5 Terms governing any right of acquisition and/or any obligation attached to the capital subscribed but not paid-up

Not applicable.

6.3.6 Share capital of the Rexel Group companies subject to an option or in respect of which an agreement has been made that provides for placing such share capital subject to an option

Not applicable.

6.3.7 Changes in share capital

The table below shows changes in the share capital of Rexel over the last three years, as of the date of the present Registration document.

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED/ CANCELLED	NOMINAL AMOUNT OF CAPITAL INCREASE/ REDUCTION (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES	NOMINAL VALUE PER SHARE (€)
February 6, 2014	Share capital increase further to the exercise of share subscription options	24,076	120,380	900	1,416,686,070	283,337,214	5
March 13, 2014	Share capital increase further to the vesting of free shares	86	430	N/A	1,416,686,500	283,337,300	5
March 13, 2014	Share capital increase reserved for employees	35,151	175,755	474,362.75	1,416,862,255	283,372,451	5
May 5, 2014	Share capital increase further to the vesting of free shares	11,879	59,395	N/A	1,416,921,650	283,384,330	5
May 12, 2014	Share capital increase further to the vesting of free shares	834,862	4,174,310	N/A	1,421,095,960	284,219,192	5
July 2, 2014	Share capital increase further to the scrip dividend distribution voted by Rexel's shareholders' meeting of May 22, 2014	9,269,384	46,346,920	99,923,959.52	1,467,442,880	293,488,576	5

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED/ CANCELLED	NOMINAL AMOUNT OF CAPITAL INCREASE/ REDUCTION (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES	NOMINAL VALUE PER SHARE (€)
July 29, 2014	Share capital increase further to the exercise of share subscription options	6,100	30,500	2,250	1,467,473,380	293,494,676	5
October 28, 2014	Share capital reduction further to the cancellation of shares	1,500,000	7,500,000	14,075,710.03	1,459,973,380	291,994,676	5
February 11, 2015	Share capital increase further to the exercise of share subscription options	10,900	54,500,	N/A	1,460,027,880	292,005,576	5
May 4, 2015	Share capital increase further to the vesting of free shares	5,289	26,445	N/A	1,460,054,325	292,010,865,	5
May 13, 2015	Share capital increase further to the vesting of free shares	761,061	3,805,305	N/A	1,463,859,630	292,771,926	5
July 1, 2015	Share capital increase further to the scrip dividend distribution voted by Rexel's shareholders' meeting of May 27, 2015	8,955,801	44,779,005	82,482,927.21	1,508,638,635	301,727,727	5
July 1, 2015	Share capital increase further to the vesting of free shares	109,181	545,905	N/A	1,509,184,540	301,836,908	5
July 27, 2015	Share capital increase further to the vesting of free shares	5,835	29,175	N/A	1,509,213,715	301,842,743	5
July 28, 2015	Share capital increase further to the exercise of share subscription options	7,500	37,500	N/A	1,509,251,215	301,850,243	5
October 12, 2015	Share capital increase further to the vesting of free shares	13,735	68,675	N/A	1,509,319,890,	301,863,978	5
February 10, 2016	Share capital increase further to the exercise of share subscription options	7,400	37,000	N/A	1,509,356,890	301,871,378	5
May 2, 2016	Share capital increase further to the final acquisition of free shares	1,300	6,500	N/A	1,509,363,390	301,872,678	5

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED/ CANCELLED	NOMINAL AMOUNT OF CAPITAL INCREASE/ REDUCTION (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES	NOMINAL VALUE PER SHARE (€)
May 3, 2016	Share capital increase further to the final acquisition of free shares	338,891	1,694,455	N/A	1,511,057,845	302,211,569	5
May 23, 2016	Share capital increase further to the final acquisition of free shares	3,694	18,470	N/A	1,511,076,315	302,215,263	5
July 27, 2016	Share capital increase further to the exercise of share subscription options	6,000	30,000	N/A	1,511,106,315	302,221,263	5
July 27, 2016	Share capital increase further to the final acquisition of free shares	53,464	267,320	N/A	1,511,373,635	302,274,727	5
November 22, 2016	Share capital increase reserved for employees	530,854	2,654,270	3,248,342.90	1,514,027,905	302,805,581	5
February 10, 2017	Share capital increase further to the exercise of share subscription options	92,442	462,210	796.16	1,514,490,115	302,898,023	5
February 10, 2017	Share capital increase further to the final acquisition of free shares	73	365	N/A	1,514,490,480	302,898,096	5
March 13, 2017	Share capital increase reserved for employees	39,114	195,570	328,753.17	1,514,686,050	302,937,210	5

6.3.8 Pledges, guarantees and security interests

As of the date of this Registration document and to Rexel's knowledge, no Rexel shares have been pledged or are subject to a guarantee or security interest.

6.4 OTHER ELEMENTS THAT MAY HAVE AN IMPACT IN CASE OF TENDER OFFER

6.4.1 Control mechanisms in relation to employee shareholding

In the scope of the share capital increase reserved for employees, the employees' investments are carried out in certain jurisdiction through mutual funds *(fonds commun de placement)*. The "Rexel Actionnariat Classique France" and the "Rexel Actionnariat Classique International" funds have been created in this context.

Each of these funds has a Supervisory Board, the main powers of which are as follows:

- It reviews the management report and financial statements of the fund, the financial, administrative and accounting management and adopts its annual report;
- It exercises the voting rights attached to the shares issued by Rexel and decides on the contribution of shares, and, in this respect, appoints one or several representatives of the fund at the Rexel shareholders' meetings;
- It may submit resolutions at Rexel shareholders' meetings;
- It grants its prior agreement to certain amendments to the rules of the fund: change of management company, dissolution, merger/demerger, change in the orientations of management and classification; and
- It may take legal action to defend or enforce the rights or interests of its shareholders.

The Supervisory Board of the fund is independent of the Board of Directors of Rexel and its decisions are taken independently.

Decisions of the Supervisory Board of the fund are approved by a majority of votes of the members present or represented. In the event of a tie, the Chairman of the meeting has a casting vote.

The means available for the Supervisory Board to support its decisions and carry out its duties are as follows: organization of telephone conferences, if applicable, beyond the formal scope of the meetings, various information provided by Rexel, in order to assess the economic and financial position of the Rexel Group and its outlook; information provided by the management company.

6.4.2 Agreements entered into by Rexel to be amended or terminated in case of change of control

The agreements entered into by Rexel or which may need to be amended or terminated in case of change of control are, in particular, the following:

- The Senior Credit Agreement (see note 23.1.1 of the Notes to the consolidated financial statements of the Company for the financial year ended December 31, 2016, set out in paragraph 5.2.1"Consolidated Financial Statements" of this Registration document);
- The 2013, 2015 and 2016 Senior Bonds (see note 23.1.2 of the Notes to the consolidated financial statements of the Company for the financial year ended December 31, 2016, set out in paragraph 5.2.1"Consolidated Financial Statements" of this Registration document);
- The €45 million bilateral facility agreement entered into with Bayerische Landes Bank on September 2, 2013 (see note 23.1.1 of the Notes to the consolidated financial statements of the Company for the financial year ended December 31, 2016, set out paragraph 5.2.1"Consolidated Financial Statements" of this Registration document); and
- The US $ 40 million bilateral facility agreement entered into with Wells Fargo Bank International on June 27, 2014 and modified on June 26, 2015, (see note 23.1.1 of the consolidated financial statements of the Company for the financial year ended December 31, 2016, set out paragraph 5.2.1 "Consolidated Financial Statements" of this Registration document).

6.5 DOCUMENTS AVAILABLE TO THE PUBLIC

All of the legal and financial documents in relation to Rexel and that must be made available to the shareholders and to the public in accordance with the applicable regulations may be consulted at the registered office of Rexel or on Rexel's website (www.rexel.com).

7 Ordinary and Extraordinary Shareholders' Meeting of May 23, 2017

7.1 REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 23, 2017

To the Shareholders,

The ordinary and extraordinary meeting of the shareholders of Rexel, a French *société anonyme*, having its registered office at 13, boulevard du Fort de Vaux 75017 Paris ("**Rexel**" or the "**Company**") has been convened by the Board of Directors on May 23, 2017, at 10 a.m. at Salons Eurosites George V, 28 Avenue George V, 75008 Paris, in order to resolve upon the draft resolutions presented hereinafter (the "**Shareholders' Meeting**").

In this report, we present you with the motives behind each of the resolutions being put to the vote at the Shareholders' Meeting.

1. Course of business

For the financial year ended December 31, 2016:

- The Group's performance is in line with the guidance:
  - The Group achieved sales of €13.2 billion, down 1.9% on a constant and same-day basis, including negative effects from copper (-0.9%) and Oil & Gas (-0.9%);
  - The Group achieved an adjusted EBITA margin of 4.2% (down 27 bps year-on-year); and
  - The Group achieved a solid free cash-flow at 69% of EBITDA before interest and tax and 42% of EBITDA after interest and tax;
- The Group organic sales stabilized for the 4th quarter, with an improvement in all geographies of the Group :
  - The Group experienced a growth of 1.7% in Europe, mainly driven by France;
  - The Group experienced a sequential improvement in North America (-2.0% in 4th quarter after -6.0% in 3rd quarter), driven by the USA, and Asia-Pacific (-1.9% in 4th quarter after -5.6% in 3rd quarter), mainly driven by China.
- The net income from continuing operations of the Group has strongly increased by 58%.

The Group proposes to distribute an amount of €0.40 per share, in cash.

The course of business and the financial condition of the Company during the financial year ended December 31, 2016, are detailed in the Registration document of the Company.

2. Resolutions to be submitted to the Ordinary Shareholders' Meeting

2.1 Approval of the annual and consolidated financial statements (first and second resolutions)

The first and second resolutions submit to the shareholders' approval the annual and consolidated financial statements of the Company for the financial year ended December 31, 2016, as drawn up by the Board of Directors.

The annual financial statements show a profit of €260,711,376.33.

The consolidated financial statements show a profit of €134.3 million.

In accordance with the provisions of Article 223 quater of the French General Tax Code, the first resolution also submits to the shareholders' approval the amount of costs and expenses referred to in Article 39-4 of the French General Tax Code, which are not deductible from the results. For the financial year ended December 31, 2016, these costs and expenses amounted to €15,659. These costs and expenses represent an amount of income tax of €5,391 (at a corporation tax rate of 34.43%). These costs and expenses correspond to the share of a depreciation surplus (portion of non-deductible rents of hired vehicles).

We suggest that you approve these resolutions.

2.2 Allocation of income (third resolution)

Subject to the annual and consolidated financial statements as presented by the Board of Directors being approved by the shareholders, the third resolution submits to the approval of the shareholders the following allocation of profits for the financial year ended December 31, 2016:

Origin of the amounts to be allocated:

• Profits from the 2016 financial year	€260,711,376.33
• Previous carry forward at December 31, 2016	€(10,813,888.01)
Total	**€249,897,488.32**

Allocation of profits:

• 5% to the statutory reserve	€12,494,874.42
• dividend	€120,619,518.40
by deduction from the following items:	
– Profits from the 2016 financial year	€120,619,518.40
• balance, to the carry forward account	€116,783,095.50
Total	**€249,897,488.32**

The "carry forward" account would therefore amount to €116,783,095.50.

The shares held by the Company, at the date of payment of the dividend, will not give right to this distribution and the amount corresponding to such shares held by the Company would remain allocated to the "Carry forward" account.

It is suggested to pay in respect of each of the shares making up the share capital and conferring rights to dividends, a dividend of €0.40.

Dividend detachment from the share on the Euronext Paris regulated market would take place on July 5, 2017. The dividend payment would take place on July 7, 2017.

In case of transfer of shares occurring between the date of the Shareholders' Meeting and the date of payment, the rights to dividend will be acquired by the shareholder owning the rights on the day prior to the date of detachment of the dividend.

This is in line with Rexel's policy consisting in distributing at least 40% of its net recurring profit, reflecting the trust of the Rexel Group in its structural capacity to generate substantial cash flow throughout the whole cycle.

During the last three financial years, the Company has distributed the following amounts to the shareholders:

	2015	2014	2013
Distribution per shares	€0.40	€0.75(1)	€0.75(1)
Number of shares eligible	300,767,957	291,279,888	282,485,976
Total distribution	€120,307,183	€218,459,916(1)	€211,864,482(1)

(1) Amount(s) eligible for the 40% tax rebate that individuals residing in France for tax purposes benefit from, in accordance with Article 158-3-2°of the French General Tax Code.

We suggest that you approve this resolution.

2.3 Related-party agreements (fourth to sixth resolutions)

The fourth to sixth resolutions concern the shareholders' approval of related-party agreements as defined in Articles L.225-38 *et seq.* of the French Commercial Code, meaning the related-party agreements that were authorized by the Board of directors prior to their entry into in the course of the financial year ended December 31, 2016.

In accordance with the provisions of Article L.225-40 of the French Commercial Code, these agreements were the subject of a report by the Statutory Auditors of the Company and must be submitted for approval at the Ordinary Shareholders' Meeting of the Company.

The Board of Directors authorized three new related party agreements in 2016.

2.3.1 Approval of medium-term saving schemes to the benefit of Catherine Guillouard (fourth resolution)

The fourth resolution invites firstly the shareholders to acknowledge the agreements entered into in previous financial years and the performance of which continued during the financial year ended December 31, 2016 of the agreements. These agreements are described in the paragraph 3.3.1 "Main related party transaction" of this Registration document of the Company for the financial year ended December 31, 2016 and in the special report of the auditors.

New related-party agreement

As approved by the General Meeting of May 25, 2016, the Board of Directors of February 10, 2016, decided to terminate the additional defined-benefit pension plan (within the meaning of article L.137-11 of the French Social Security Code), that included, in particular, Deputy Chief Executive Officer Catherine Guillouard, and which would continue to benefit only to a small number of persons approaching the age of retirement.

The Board of Directors considered in particular, that this scheme was no longer adapted to the new profiles of the Group's top managers and that the constant changes in the relating legislation made the system unstable with increasing costs for the Company.

The estimated impact of the partial closure of the additional defined-benefit retirement plan (within the meaning of article L.137-11 of the French Social Security Code) represents a reversal from provisions of €1,769,356 in the 2016 consolidated financial statements.

In order to replace this additional defined-benefit retirement plan, the Board of Directors of April 28, 2016 and November 22, 2016 authorized the setting up of a new medium-term collective savings scheme, under the form of an agreement entered into with AXA France Vie. The main characteristics of this scheme are as follows:

This is a collective defined-contribution scheme fed by Rexel, which includes:

- A yearly component: a contribution based on the fixed and variable compensation received the relevant year(1), thus taking into account the annual performance achieved:
  - 20% on the portion of compensation ranging from 4 to 20 PASS(2);
  - 10% on the portion of compensation ranging from 20 to 40 PASS(2).

  This contribution was initially calculated based on the compensation received in 2016 by Catherine Guillouard, Deputy Chief Executive Officer.
- An exceptional contribution will be made in order to take into account the restructuring of the components of the compensation of the Group's top managers concerned. In such respect, Deputy Chief Executive Officer Catherine Guillouard can benefit from a specific contribution of €81,765 per year during 3 years, as from 2016, subject to service conditions at December 31 each year. This specific contribution was calculated in accordance with the same rules as those described for the annual component of the scheme, based on the compensation received by the Deputy Chief Executive Officer since the beginning of her term of office.

All contributions are liable to social security contributions and personal income tax. These contributions are transferred partly by Rexel (50%) to a medium-term investment vehicle (such as a life insurance scheme repurchasable at any time), with a lock-up undertaking from the corporate officers of at least 8 years, partly (50%) in cash in order to allow the Beneficiaries to pay for the tax and Social Security due on all of the contributions.

For the financial year ended December 31, 2016, this agreement had the following impact :

- The amount of Catherine Guillouard's annual component has been determined at €106,378 for the financial year 2016 on the basis of the paid compensation. This amount has been half paid (€53,189) through an investment support such as life insurance (with AXA France Vie) and half paid (€53,189) in cash in order to discharge income and social taxes on the totality of the annual component; and
- Regarding the exceptional component, the amount of €81,765 has been paid to Catherine Guillouard for 2016, the effective attendance condition has been satisfied on December 31, 2016. This amount has been half paid (€40,882) through an investment support such as life insurance (with AXA France Vie) and half paid (€40,882) in cash in order to discharge income and social taxes on the totality of the exceptional component.

The Board of Directors, upon its meeting of February 20, 2017, decided to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer, effective February 20, 2017.

The annual and exceptionnal components already paid for 2016 remain to Catherine Guillouard. Catherine Guillouard will benefit from the annual component *prorata* to the period during which she has been Deputy Chief Executive Director (from January 1, 2017 to February 20, 2017) estimated to be around €30,000. She will not benefit from the exceptionnal component for 2017 and 2018.

We suggest that you approve the new collective savings scheme and approve this resolution.

2.3.2 Approval of the additional defined-benefit pension plan granted to the benefit of Patrick Berard in his capacity as Chief Executive Officer (fifth resolution) – New related party agreement

Pursuant to Article L.225-42-1 of the French Commercial Code, the Board of Directors must approve the defined-benefit pension plan corresponding to the characteristics of the schemes referred to in Article L.137-11 of the French Social Security Code.

As indicated above, the Board of Directors of February 10, 2016 decided to terminate the additional defined-benefit pension plan (within the meaning of article L.137-11 of the French Social Security Code), that included in particular Deputy Chief Executive Officer Catherine Guillouard and from which only a small number of non-corporate officers, approaching the age of retirement, would continue to benefit.

Upon this decision, Patrick Berard, who was also an employee of the Rexel Group, was part of the persons who continued to benefit from the defined-benefit additional pension plan.

The Board of Directors of June 23, 2016, decided to entrust Patrick Berard with the duties of Chief Executive Officer as of July 1, 2016. In consideration of the seniority and of the career of Patrick Berard, the Board of Directors of July 1, 2016, decided to maintain the benefit of the defined-benefit additional retirement scheme for Patrick Berard during the period of exercise of his corporate office.

Nevertheless, pursuant to Article L.225-42-1 of the French Commercial Code, the contingent rights that may be acquired by Patrick Berard in respect of his duties as Chief Executive Officer in connection with this scheme would only be granted subject to the achievement of the annual performance conditions described below.

Therefore, it is only in case of achievement of the annual performance conditions that:

- The time of exercise in the capacity of Chief Executive Officer by Patrick Berard will be taken into consideration for the calculation of his seniority and that; and

(1) The variable portion taken into consideration will be limited in any case to 80% of the fixed annual reference compensation.
(2) Annual Social Security limit *(Plafond Annuel de la Sécurité Sociale)*.

- The compensation received in respect of the duties of Chief Executive Officer may be taken into consideration for the assessment of the average of the three years of highest compensation.

The performance criteria determined by the Board of Directors have been aligned with those of the annual variable portion of the Chief Executive Officer (financial portion and individual portion). The performance criteria shall be considered as satisfied if the payment level of the annual variable portion reaches at least 60% of the target variable portion[1].

2016 CRITERIA	WEIGHT	2016 OBJECTIVE	MINIMUM	TARGET	MAXIMUM	PERCENTAGE OF ACHIEVEMENT (BEFORE WEIGHTING)	RESULT AFTER WEIGHTING IN % OF THE 2016 TARGET FINANCIAL PORTION
Adjusted EBITA in volume	45%	603.6	50% payout if result reaches 85% of target	100% payout if result reaches 100% of target	150% payout if result reaches 115% of target	74.9%	33.7%
ATWC	35%	14.026%	25% payout if result reaches 95% of target	100% payout if result reaches 100% of target	150% payout if result reaches 105% of target	102.3%	35.8%
Sales growth in volume	20%	0.018%	50% payout if result reaches 90% of target	100% payout if result reaches 100% of target	150% payout if result reaches 150% of target	0.0%	0.0%
	100%		Calculation on a linear basis between the points				**69.5%**

The Board of Directors of February 10, 2017 acknowledged the achievement of the performance criteria for the 2016 financial year (the payment level of the variable portion for 2016 over the exercise period of the corporate office having reached 77.1%). This level of payment derives from a financial performance of 69.5%, representing 75% of the variable portion and an individual performance of 100%, representing 25% of the variable portion. The activity period and the compensation received in respect of the duties of corporate officer over the considered period shall be taken into consideration for the calculation of the contingent rights.

Other main characteristics of this scheme

This additional pension scheme is made up of a first regime (frozen in 2009) and of the second regime with the following characteristics:

The additional pension under this plan is equal to the product of the reference compensation, the years of seniority and an annual acquisition factor: 1% per year of service for the tranche between 4 and 20 PASS; 0.5% per year of service for the tranche between 20 and 40 PASS.

The reference compensation used to calculate the additional pension is equal to the average of the three highest calendar years of gross compensation received for the period in which the potential beneficiary can justify seniority and eligibility.

This compensation includes:

- Salary and/or compensation as a corporate officer; and
- Exclusively contractual annual bonuses classified as "annual variable compensation" not including any special bonuses, hardship allowances or other similar bonuses. These annual bonuses are taken into account for an amount of up to 80% of the fixed base salary.

The reference compensation does not include special bonuses in respect of amount or nature, particularly payments made upon retirement and/or redundancy and/or entered into amicably, judicially, through arbitration or by settlement. It also does not include benefits in kind.

The reference compensation is globally capped at 40 times the annual French Social Security ceiling.

The amount of the benefit is subject to a number of limits:

- The amount of the additional pension under the new rules is limited to 20% of the reference compensation;
- The amount of all the additional pension plans of Rexel (defined benefits or defined contributions) may not exceed 25% of the reference compensation; and
- The aggregate amount of mandatory pension plans and all additional pension plans in force within Rexel may not exceed 50% of the reference compensation.

Based on the information available at December 31, 2016, the gross annual pension under this additional retirement plan of Chief Executive Officer Patrick Berard was valued at €130,720.

This commitment has not been activated for the financial year ended December 31, 2016.

(1) These conditions shall apply solely to the additional conditional rights that Patrick Berard may acquire in respect of the exercise of his corporate office.

This defined-benefit additional retirement plan is compliant with all of the guidelines of the AFEP-MEDEF Corporate Governance Code.

The additional pension plan is further described in paragraph 3.2.3 of the Registration document of the Company for the financial year ended December 31, 2016.

We therefore invite you to approve this resolution.

2.3.3 Approval of the commitments made to the benefit of the Deputy Chief Executive Officer in case of termination or change of duties (sixth resolution) – New related party agreement

Pursuant to Article L.225-42-1 of the French Commercial Code, the Board of Directors, upon recommendation of the Nomination and Compensation Committee, must determine the performance criteria associated with the deferred compensation of the Deputy Chief Executive Officer. This deferred compensation and the related criteria must then be approved by the Shareholders' Meeting of the Company.

The employment contract of Catherine Guillouard provides for, under certain conditions, a severance indemnity undertaking in case of departure, subject to certain performance criteria. Considering the renewal of her duties as Deputy Chief Executive Officer of Rexel as from July 1, 2016 by the Board of Directors of June 23, 2016, the sixth resolution submits to the approval of the Shareholders' Meeting the undertakings granted to the benefit of Catherine Guillouard.

These undertakings restate the terms of previous undertakings, as amended in 2015 and 2016 by the Board of Directors and as approved by the shareholders' meeting of Rexel on May 25, 2016.

Severance indemnity of Catherine Guillouard

Catherine Guillouard's employment contract with Rexel Développement has been suspended since April 30, 2013.

Taking into account the end of her corporate duties within Rexel, Catherine Guillouard's employment contract with Rexel Développement has been reinstated with a compensation package equivalent to that from which she benefited as corporate officer.

The employment contract of Catherine Guillouard provides, in the event of termination of the employment contract at the initiative of the employer, notified within twelve months following the end of her duties as corporate officer, the conditions referred to as forced departure, and linked to a change of control or strategy, independent of the grounds of the termination of the contract, except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave(1), that Catherine Guillouard would benefit from a gross contractual severance indemnity equal to 24 months of the monthly reference compensation.

The monthly reference compensation is defined as the gross annual fixed compensation applicable during the full month prior to the month of the effective redundancy date, plus the amount of the gross variable compensation received in respect of the last financial year, excluding any other additional or exceptional compensation items, divided by 12.

The monthly reference compensation includes any potential compensation (fixed and variable, on a *prorata* basis) received as a corporate officer during this last month in respect of the fixed compensation or for the last financial year in respect of the variable compensation (excluding any additional or exceptional compensation item).(2)

Catherine Guillouard's employment contract also provides, in the event of the termination of the employment contract at the initiative of the employer, notified more than twelve months following the end of her duties as corporate officer, and subject to the actual exercise of a salaried position during this period, that the performance criteria mentioned below and the above-mentioned terms of termination of the corporate office shall not apply.

In addition, regardless of the cause of departure from Rexel, a non-compete clause is set forth in Catherine Guillouard's employment contract. This non-compete undertaking is limited to a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-compete indemnity is equal to one twelfth of the gross fixed annual compensation. The company may waive this non-compete clause(3).

The gross contractual severance indemnity includes the statutory severance indemnity *(indemnité légale de licenciement)* or severance indemnity pursuant to the applicable collective bargaining agreement *(indemnité conventionnelle de licenciement)* as well as the non-compete indemnity, if any (these indemnities not being subject to the conditions of termination of the corporate office referred to above, or to the performance criteria referred to below).

(1) The position adopted by the Board of Directors is more restrictive than the guidelines of the AFEP-MEDEF Code that provides for the payment of indemnities in case of forced severance "independent of the form of such severance".
(2) Consequently, the severance indemnity shall not exceed 24 months of the last fixed and variable compensation paid.
(3) The Board of Directors, having the option to assess the interest for Rexel to activate the non-compete clause or to waive its right in such respect depending on the effective risk of competition upon the departure of the executive (in particular in the situation where the executive would continue to carry out mission or functions for competitors, even after a retirement leave or a compulsory retirement leave), believes that the activation of such clause should not be ruled out as a principle, in the event of a voluntary retirement leave by the executive (in particular, taking into account the various legislations applicable in respect of retirement rights for international executives).

Performance criteria applicable to severance indemnities

Pursuant to the provisions of Article L.225-42-1 of the French Commercial Code, the contractual severance indemnities of Catherine Guillouard (subject to the approval at the shareholders' meeting), other than the statutory severance indemnity or the severance indemnity pursuant to the applicable collective bargaining agreement or non-compete indemnity, are subject to performance criteria.

These performance criteria are the followings:

- The payment of 60% of the indemnity would be dependent on the level of EBITA of the Rexel Group. This payment would be 100% if the level of EBITA, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions or employment contract (the reference period) reached on average a minimum of 60% of the amount budgeted for such two periods; and
- The payment of 40% of the indemnity would be dependent on the level of ATWC (average trade working capital requirement) of the Rexel Group. This payment would be 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate office or employment contract (the reference period) reached on average a maximum of 125% of the performance budgeted for such two financial years.

The payment of these indemnities requires a prior decision of the Board of Directors acknowledging the satisfaction of these conditions.

These commitments are in line with the recommendations of the Code of corporate governance for listed companies drawn up by the AFEP and the MEDEF.

Accordingly, we submit for your approval the commitments made by the Board of Directors to the benefit of Catherine Guillouard as well as the performance criteria related thereto, as described above.

We suggest that you approve this resolution.

Termination of the duties of Catherine Guillouard, Deputy Chief Executive Officer

The Board of Directors of Rexel, upon its meeting of February 20, 2017, decided to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer, effective February 20, 2017. This decision follows a difference of opinions in respect of the implementation of the new strategic orientations of Rexel presented at the Capital Markets Day of February 13, 2017.

Thus, the Board of Directors has set the severance indemnity due to Catherine Guillouard to a gross amount of €1,627,076 (*i.e.* 24 months of her monthly reference compensation), determined as described above:

CALCULATION OF THE REFERENCE COMPENSATION FOR THE PURPOSES OF THE SEVERANCE INDEMNITY (EUROS)

Annual fixed portion	500,00
Variable portion paid in respect of the last financial year (2016)	313,538
Annual total	**813,538**
Monthly reference compensation (/12)	67,795
24 months of monthly reference compensation	**1,627,076**[1]

(1) In the accounts of Rexel SA and Rexel Développement.

2.4 Approval of the compensation policy (seventh to ninth resolutions)

The compensation policy is detailed in the specific report of the Board of Directors (see paragraph 7.2 "Report of the Board of Directors on the compensation policy" of this Registration document) prepared in accordance with article L.225-37-2 of the French Commercial Code.

2.5 Notice in connection with the compensation items due or allocated in respect of the 2016 financial year to the executive corporate officers (tenth to fourteenth resolutions)

In accordance with paragraph 26.1 of the AFEP-MEDEF Corporate Governance Code, as revised in November 2016, to which the Company refers in application of Article L.225-37 of the French Commercial Code, the tenth to fourteenth resolutions submit to the Shareholders' opinion the items of compensation due or granted for the financial year 2016 to Chairman and Chief Executive Officer Rudy Provoost until June 30,2016, to Patrick Berard, Chief Executive Officer as of July 1, 2016, to Catherine Guillouard, Deputy Chief Executive Officer, to François Henrot, Chairman of the Board of Directors from July 1, 2016, to September 30, 2016, and to Ian Meakins, Chairman of the Board of Directors since October 1, 2016.

The relevant items of compensation relate to: (i) the fixed portion, (ii) the annual variable portion and, as the case may be, the multi-annual variable portion with the objectives contributing to the setting of this variable portion, (iii) exceptional compensation, (iv) share options, performance-based shares and any other long-term item of compensation, (v) indemnities related to the appointment or to the termination of office, (vi) the additional pension plan and (vii) the benefits in kind.

The above-mentioned elements of compensation are set out in paragraph 3.2 "Compensation of corporate officers" of this Registration document for the financial year ended December 31, 2016 are set forth below.

Rudy Provoost, Chairman and Chief Executive Officer until June 30, 2016

Rudy Provoost (Chief Executive Officer and Chairman of the Board of Directors)

COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE[1]	PRESENTATION
Fixed annual compensation	€437,750	The gross fixed annual compensation in respect of the financial year ended on December 31, 2016, determined by the Board of Directors of February 2016, amounted to €875,500 (unchanged since 2014). The gross fixed compensation on a *prorata temporis* basis in respect of the consolidated period from January 1 to June 30, 2016 stood at €437,750. See paragraph 3.2.2.2 of the Registration document for 2016.
Variable annual compensation	€346,216	The gross variable annual compensation in respect of the financial year ended December 31, 2016 determined by the Board of Directors of July 28, 2016 is €346,216 for the period from January 1, 2016 to June 30, 2016. The variable compensation was based for 75% on financial criteria (adjusted EBITA in volume, ATWC and sales growth in volume) and for 25% on individual criteria. In percentage, financial performance stood at 82.5% (based on the financial statements as at June 30, 2016) and individual performance stood at 40%. This amount thus corresponds to 71.9% of the target variable compensation (the target variable compensation was determined at 110% of the fixed annual compensation if 100% of the financial and individual targets were achieved), *i.e.*, 79.1% of the fixed compensation for the relevant period. For details on the calculation of the variable compensation for 2016, please see paragraph 3.2.2.2 of the Registration document for 2016.
Deferred variable compensation	Not applicable	Rudy Provoost does not benefit from any deferred variable compensation.
Multi-annual variable compensation	Not applicable	Rudy Provoost does not benefit from any multi-annual variable compensation.
Exceptional compensation	Not applicable	Rudy Provoost does not benefit from any exceptional compensation.
Other compensation item	€30,000	Rudy Provoost benefits from a housing allowance, an annual gross amount of €60,000. (No change compared to the financial year ended December 31, 2015). The amount paid on a *prorata temporis* basis is €30,000
Subscription or purchase options	Not applicable	No subscription or purchase options have been allocated to Rudy Provoost during the financial year ended on December 31, 2016.
Performance share allotments	No allocation	Rudy Provoost has not benefited from the allocation of performance shares in 2016. Furthermore, due to his departure from the Group as at June 30, 2016, Rudy Provoost has lost his rights in respect of the performance shares allocated but not yet vested, in consideration of the attendance criteria required and not fulfilled as at the date of final vesting of the shares, *i.e.*: • 60,000 shares allocated under the Key Managers 3+2 plan on May 22, 2014; and • 120,000 shares allocated under the 3+2 plan on July 28, 2015.
Other long term compensation items	Not applicable	Rudy Provoost does not benefit from any other long term compensation items.
Attendance fees	Not applicable	No attendance fees have been paid in respect of the financial year ended December 31, 2016. The attendance fees paid, in 2016, in respect of the financial year ended December 31, 2015, amounted to €90,000.The Board of Directors of February 10, 2016 decided to suppress the attendance fees at the benefit of the Chairman and Chief Executive Officer as of 2016. See paragraph 3.2.2.2 of the Registration document for 2016.

Rudy Provoost (Chief Executive Officer and Chairman of the Board of Directors)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE[1]	PRESENTATION
Valuation of benefits in kind	€14,439	Rudy Provoost received benefits in kind comprising a company car amounting to €4,589, and €9,850 for executive director's unemployment coverage GSC on a *prorata* basis. For the financial year ended on December 31, 2015, such benefits in kind amounted to €25,773. See paragraph 3.2.2.2 of the Registration document for 2016.
Severance indemnities	€2,448,248	The Board of Directors, in its meeting of June 23, 2016, decided to terminate the duties of Rudy Provoost. Therefore, the Board of Directors, having acknowledged that the payment and performance conditions were met, decided to pay a gross severance indemnity in an amount equal to 24 months of reference monthly compensation. In accordance with the decision made by the Board of Directors of February 10, 2016, reference monthly compensation is now defined as the last gross fixed annual compensation increased by the gross amount of the last annual variable bonus received, except for any exceptional bonuses, divided by 12 (the severance indemnity shall not exceed 24 months of the last fixed and variable compensation paid) in accordance with the AFEP-MEDEF Code. As this is a related party agreement, this severance indemnity was approved by the General Shareholders' Meeting of May 25, 2016 (resolution No. 5). Therefore, the gross severance indemnity payable to Rudy Provoost amounts to €2,448,248. See paragraph 3.2.2.2 of the Registration document for 2016.
Non-compete indemnity	Included in severance indemnity	Regardless of the cause of Rudy Provoost's departure from Rexel, a non-compete clause is provided. The Board of Directors may waive the implementation of such a non-compete clause. This non-compete undertaking is limited to a period of 12 months as from the date of effective termination of his corporate office. In consideration for such non-compete undertaking, the monthly non-compete indemnity is equal to one twelfth of the gross fixed annual compensation. It is not subject to performance conditions. The gross severance indemnity includes, as the case may be, the non-compete indemnity. This non-compete indemnity was authorized by a decision of the Board of Directors of February 11, 2015 and of February 10, 2016. As this is a related party agreement, this non-compete indemnity was approved by the General Shareholders' Meeting of May 25, 2016 (resolution No. 5). The Board of Directors decided not to waive this non-compete obligation for Rudy Provoost. The non-compete indemnity is included in the severance indemnity determined by the Board of Directors, of a total amount of €2,448,248. See paragraph 3.2.2.2 of the Registration document for 2016.
Supplemental retirement plan	Not applicable	In accordance with the request of Rudy Provoost, the Supervisory Board of March 6, 2013[2] decided to withdraw the advantage resulting from the benefit of the defined-benefits retirement plan.

(1) Period from January 1, 2016 to June 30, 2016.
(2) Rexel was a *société anonyme* with a Supervisory Board and a management Board.

Patrick Berard, Chief Executive Officer as of July 1, 2016

Patrick Berard (Chief Executive Officer)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Fixed annual compensation	€325,000	The gross fixed annual compensation in respect of the financial year ended on December 31, 2016, determined by the Board of Directors of June 23, 2016, upon recommendation of the Nomination and Compensation Committee is €650,000. The fixed gross compensation of Patrick Berard for the relevant period, from July 1 to December 31, 2016, was set at €325,000. This compensation was defined by the Board of Directors on June 23, 2016, based on the career, industry experience and responsibilities of Patrick Berard in this new governance structure, as well as in consideration of the various items of his compensation. This compensation is determined for the term of the corporate office. See paragraph 3.2.2.2 of the Registration document for 2016.
Variable annual compensation	€300,788	The gross variable annual compensation in respect of the financial year ended December 31, 2016, determined by the Board of Directors of February 10, 2017, for the period from July 1 to December 31, 2016, is €300,788. The variable compensation was based for 75% on financial criteria (adjusted EBITA in volume, ATWC and sales growth in volume) and for 25% on individual criteria. Financial performance stood at 69.5% and individual performance stood at 100%. This amount thus corresponds to 77.1% of the target variable compensation (the target variable compensation was determined at 120% of the pro rata fixed annual compensation if 100% of the financial and individual targets were achieved) *i.e.*, 92.5% of the fixed compensation for the relevant period. For details on the calculation of the variable compensation for 2016, please see paragraph 3.2.2.2 of the Registration document for 2016.
Variable deferred compensation	Not applicable	Patrick Berard does not benefit from any variable deferred compensation.
Variable multi-annual compensation	Not applicable	Patrick Berard does not benefit from any multi-annual variable compensation.
Exceptional compensation	Not applicable	Patrick Berard does not benefit from any exceptional compensation.
Other compensation item	Not applicable	Patrick Berard does not benefit from any other compensation item.
Subscription or purchase options	Not applicable	No subscription or purchase options have been allocated to Patrick Berard during the financial year ended on December 31, 2016.
Performance share allotments	€927,350	In accordance with the authorizations granted by Rexel's Shareholders' of May 25, 2016, (resolution No.18), the Board of Directors, at its meeting of June 23, 2016, decided to allot Rexel performance shares. Accordingly, 85,000 shares were allotted to Patrick Berard. This number of shares is the maximum number of shares that may be vested and corresponds to a maximum vesting percentage of 100%. Such shares represented 0.03% of the share capital and voting rights of Rexel as at December 31, 2016. The final vesting of the shares allotted to Patrick Berard is entirely subject to performance conditions over 3 years, as described in paragraph 3.2.2.2 and paragraph 6.2.2.6 of this Registration document. In accordance with the two limitations set up by the Board of Directors: the annual value of the performance shares allotted to the Chief Executive Officer has not exceeded 100% of his 2016 fixed and variable target compensation, and the number of shares allotted in 2016 to the Chief Executive Officer and Deputy Chief Executive Officer has not exceeded 10% of the overall envelope of performance shares allotted to all the beneficiaries.

Patrick Berard (Chief Executive Officer)

COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Other long-term compensation item	Not applicable	Patrick Berard does not benefit from any other long-term compensation item.
Attendance fees	Not applicable	Patrick Berard does not benefit from any attendance fees.
Valuation of benefits in kind	€3,181	Patrick Berard receives benefits in kind, consisting of a company car *inter alia*, in the amount of €3,181 (on a *prorata* basis over the relevant period) See paragraph 3.2.2.2 of the Registration document for 2016.
Severance indemnities	Not applicable	The Board of Directors decided not to grant to Patrick Berard any severance indemnity in respect of the termination of his duties as Chief Executive Officer of the Company. See paragraph 3.2.2.2 of the Registration document for 2016.
Non-compete indemnity	Not applicable	The Board of Directors decided not to grant to Patrick Berard any non-compete indemnity in respect of the termination of his duties as Chief Executive Officer of the Company. See paragraph 3.2.2.2 of the Registration document for 2016.
Additional retirement scheme	No payment	Patrick Berard benefited, in his capacity as employee, from a defined-benefit additional retirement scheme. In consideration of the seniority and of the career of Patrick Berard at the date of his nomination as Chief Executive Officer, the Board of Directors of July 1, 2016, decided to maintain the benefit of this scheme of defined-benefit additional retirement plan for Patrick Berard during the period of exercise of his corporate office. Nevertheless, pursuant to article L. 225-42-1 of the French Commercial Code, the contingent rights that may be acquired by Patrick Berard in respect of his duties as Chief Executive Officer in connection with this scheme will only be granted subject to the achievement of the following annual performance conditions, in line with the performance criteria set for the variable compensation of Patrick Berard. The Board of Directors of February 10, 2017 acknowledged the achievement of the performance criteria for the 2016 financial year (the payment level of the variable portion for 2016 over the exercise period of the corporate office having reached 77.1%). The activity period and the compensation received in respect of the duties of corporate officer over the considered period shall be taken into consideration for the calculation of the contingent rights. This defined-benefit additional retirement plan is compliant with all of the guidelines of the AFEP-MEDEF corporate governance code. Since this scheme corresponds to the characteristics of the schemes referred to in article L.137-11 of the French Social Security Code, it is subject to the related-party agreements procedure and is submitted to the approval of the shareholders meeting of May 23, 2017 (resolution No. 5). See paragraph 3.2.3 of the Registration document for 2016.

Catherine Guillouard, Deputy Chief Executive Officer

As a reminder, the Board of Directors of Rexel, upon its meeting of February 20, 2017, decided to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer, effective February 20, 2017.

Catherine Guillouard (Deputy Chief Executive Officer)

COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Fixed annual compensation	€500,000	The gross fixed annual compensation in respect of the financial year ended on December 31, 2016 determined by the Board of Directors of February 10, 2016, upon recommendation of the Nomination and Compensation Committee is €500,000. This fixed annual compensation has been reviewed by the Board of Directors in accordance with the compensation policy applicable to top managers of the Group in order to allow, through this continuous adjustment, the alignment of the fixed annual compensation with the median of the reference market taking into account individual performance, and to strengthen the variable part fully submitted to performance conditions in a more dynamic way (based on benchmarks provided by an independent consulting firm on a panel of French and European companies of similar industries and size and comparable in terms of sales, number of employees and market capitalization). This alignment takes also into account the responsibilities carried out, the experience and the performance achieved. Upon the renewal of the corporate office of the Deputy Chief Executive Officer as from July 1, 2016, the Board determined this compensation of €500,000 for the whole of this new term of office. The gross fixed annual compensation in respect of the financial year ended December 31, 2015 stood at €475,000. See paragraph 3.2.2.2 of the Registration document for 2016.
Variable annual compensation	€313,538	The gross variable annual compensation in respect of the financial year ended on December 31, 2016 determined by the Board of Directors of February 10, 2017, upon recommendation of the Nomination and Compensation Committee is €313,538. The variable compensation was based for 65% on financial criteria (adjusted EBITA in volume, ATWC and sales growth in volume) and for 35% on individual criteria. Financial performance stood at 69.5% and individual performance stood at 70%. This amount thus corresponds to 69.7% of the target variable portion (the target variable portion was determined at 90% of the fixed annual compensation if 100% of the financial and individual targets were achieved) *i.e.*, 62.7% of the annual fixed compensation. The target variable portion was amended in 2016 in order to consider the compensation policy then in force and in particular to increase the portion of compensation fully subject to conditions of performance. For details on the calculation of the variable compensation for 2015, please see paragraph 3.2.2.2 of the Registration document for 2016.
Deferred variable compensation	Not applicable	Catherine Guillouard does not benefit from any deferred variable compensation.
Multi-annual variable compensation	Not applicable	Catherine Guillouard does not benefit from any multi-annual variable compensation.
Exceptional compensation	Not applicable	Catherine Guillouard does not benefit from any exceptional compensation.

Catherine Guillouard (Deputy Chief Executive Officer)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Subscription or purchase options	Not applicable	No subscription or purchase options have been allocated to Catherine Guillouard during the financial year ended on December 31, 2016.
Performance share allotments	€634,962	In accordance with the authorizations granted by Rexel's Shareholders' of May 25, 2016 (resolution No. 18), the Board of Directors, at its meeting of June 23, 2016, decided to allot Rexel performance shares. Accordingly, 58,200 performance shares were allotted to Catherine Guillouard. This number of shares is the maximum number of shares that may be vested and corresponds to a maximum vesting percentage of 100%. Such shares represented 0.02% of the share capital and voting rights of Rexel as at December 31, 2016. The final vesting of the shares allotted to Catherine Guillouard is entirely subject to performance and attendance conditions as described in paragraph 3.2.2.2 and paragraph 6.2.2.6 of this Registration document. In accordance with the two limits put by the Board of Directors: the annual value of the performance shares allotted to the Deputy Chief Executive Officer has not exceeded 100% of her 2016 fixed and variable target compensation, and the number of shares allotted to the Chief Executive Officer and Deputy Chief Executive Officer has not exceeded 10% of the overall envelope of performance shares allotted to all the beneficiaries.
Other long term compensation items	Not applicable	Catherine Guillouard does not benefit from any other long term compensation items.
Attendance fees	Not applicable	Catherine Guillouard does not benefit from any attendance fees.
Valuation of benefits in kind	€24,016	Catherine Guillouard receives benefits in kind, comprising a company car amounting to €6,479 and €17,537 for executive director's unemployment coverage GSC. For the financial year ended on December 31, 2015, such benefits amounted to €13,866. See paragraph 3.2.2.2 of the Registration document for 2016.

Catherine Guillouard (Deputy Chief Executive Officer)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Severance indemnities	No payment	Catherine Guillouard's employment contract with Rexel Développement had been suspended since April 30, 2013. It was provided that, in the event of termination of her corporate office within Rexel, Catherine Guillouard's employment contract with Rexel Développement would be reinstated with a compensation package equivalent to that from which she benefited as corporate officer. The employment contract of Catherine Guillouard provided, in the event of termination of the employment agreement at the initiative of the employer, within conditions referred to as forced departure and linked to a change in control or strategy, independent of the grounds of the termination of contract, except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave[1], that Catherine Guillouard will benefit from a gross contractual severance indemnity equal to 24 months of the monthly reference compensation . The monthly reference compensation was defined as the gross annual fixed compensation applicable during the full month prior to the month of the effective redundancy date, plus the amount of the gross variable compensation received in respect of the last financial year, excluding any other additional or exceptional compensation items, divided by 12. The severance indemnity could not exceed 24 months of the last fixed and variable compensation paid. The gross contractual severance indemnity was deemed to include the statutory severance indemnity *(indemnité légale de licenciement)* or severance indemnity pursuant to the applicable collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the non-compete indemnity. This contractual severance indemnity (excluding the statutory severance indemnity or the severance indemnity pursuant to the applicable collective bargaining agreement and the non-compete indemnity, if any) was subject to performance conditions assessed over 2 years, described in section 3.2.2.2 of the Registration document for 2016. The payment of these indemnities required a prior decision of the Board of Directors acknowledging the satisfaction of these conditions. This severance indemnity was authorized by a decision of the Board of Directors of February 11, 2015, and a decision of February 10, 2016. These decisions were approved by the Shareholders' Meeting of May 25, 2016 (resolution No. 6). This severance indemnity was again approved by the Board of Directors of June 23, 2016. As this is a related party agreement, this decision is submitted to the approval of the Shareholders' Meeting of May 23, 2017 (resolution No. 6). See paragraph 3.2.2.2 of the Registration document for 2016.
Non-compete indemnity	No payment	Regardless of the cause of Catherine Guillouard's departure from Rexel, a non-compete clause was stipulated in her employment contract. This non-compete undertaking was limited to a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-compete indemnity was equal to one twelfth of her gross fixed annual compensation. The Company could waive this non-compete clause[1]. The contractual severance indemnity included the non-compete indemnity, if any. This non-compete indemnity was authorized by a decision of the Board of Directors of February 11, 2015 and by a decision of the Board of Directors of February 10, 2016, approved by the Shareholders' Meeting of May 25, 2016 (resolution No. 6). This non compete indemnity was again authorized by the Board of Directors of June 23, 2016. As this is a related party agreement, this decision is submitted to the approval of the Shareholders' Meeting of May 23, 2017 (resolution No. 6). See paragraph 3.2.2.2 of the Registration document for 2016.

Catherine Guillouard (Deputy Chief Executive Officer)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Additional retirement scheme	No payment	Catherine Guillouard benefited from the additional defined-benefit retirement plan in force within Rexel Développement and Rexel since July 1, 2009, as amended successively. The Board of Directors of February 10, 2016, upon proposal of the Nomination and Compensation Committee, decided to put an end, as from 2016, to the additional defined-benefit retirement scheme(2), that included in particular Deputy Chief Executive Officer Catherine Guillouard as beneficiary. The Board of Directors considered, in particular, that this regime was no longer adapted to the profiles of the top managers of the Group (more international profiles, joining the Group in the middle of their career…). Furthermore, the legislation relating to these schemes has continually changed in recent years, making the system unstable and increasing the costs for companies. See paragraph 3.2.3 of the Registration document for 2016.
Medium-term collective savings scheme	€188,143	A medium-term collective saving scheme was set up by the Boards of Directors on April 28, 2016 and November 22, 2016, upon recommendation of the Nomination and Compensation Committee, and is better adapted and competitive given the international profiles of the Group's top managers. This is a collective defined-contribution scheme to be fed by Rexel, including: • An annual component: a contribution based on the fixed and variable compensation received the relevant year(3), thus taking into account the annual performance achieved: – 20% on the portion of compensation ranging from 4 to 20 PASS(4); – 10% on the portion of compensation ranging from 20 to 40 PASS(4). This contribution was initially calculated based on the compensation received in 2016. • An exceptional contribution will be made in order to take into account the restructuring of the components of the compensation of the Group's top managers concerned. In such respect, Deputy Chief Executive Officer Catherine Guillouard would be able to benefit from an exceptional contribution of €81,765 per year during 3 years as from 2016, subject to attendance at December 31 of each year. This exceptional contribution was calculated in accordance with the same rules as those described for the annual component of the scheme, based on the compensation received by the Deputy Chief Executive Officer since the beginning of her term of office. All contributions are liable to social security contributions and personal income tax. These contributions are paid by Rexel to a medium-term investment vehicle (such as a life insurance repurchasable at any time), with a lock-up undertaking from the corporate officers of at least 8 years. Part of the contribution is paid directly in cash to the beneficiaries in order to allow them to pay for the tax and Social Security charges associated with this scheme. The contribution paid by Rexel to the benefit of Catherine Guillouard in respect of the 2016 year amounts to €106,378. Since the attendance criterion was met at December 31, 2016, the exceptional component of €81,765 was also paid for 2016. The total of the contribution therefore amounts to €188,143, that have been paid in part on the investment scheme (50%), and partly in cash (50%). As this is a related party agreement, this decision is submitted to Shareholders Meeting of May 23, 2017 (resolution No. 4).

(1) The Board of Directors, having the option to assess the interest for the company to activate the non-compete clause or to waive its right in such respect depending on the effective risk of competition upon the departure of the executive (in particular in the situation where the executive would continue to carry out mission or functions for competitors, even after a retirement leave or a compulsory retirement leave), believes that the activation of such clause should not be ruled out as a principle, in the event of a voluntary retirement leave by the executive (in particular, taking into account the various legislations applicable in respect of retirement rights for international executives).

(2) Except for some beneficiaries, non corporate officers at the time, about to retire.

(3) The variable portion taken into consideration will be limited in any case to 80% of the fixed annual reference compensation.

(4) Annual Social Security limit *(Plafond Annuel de Sécurité Sociale)*.

François Henrot, Chairman of the Board of Directors from July 1, 2016, to September 30, 2016

François Henrot (Chairman of the Board of Directors from July 1 to September 30, 2016)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Fixed annual compensation	€125,000	The gross fixed compensation in respect of the period between July 1, 2016 and September 30, 2016 upon recommendation of the Nomination and Compensation Committee, determined by the Board of Directors of June 23, 2016, is €125,000 (on a *prorata temporis* basis of the annual compensation determined for the Chairman of the Board of Directors). See paragraph 3.2.2.2 of the Registration document for 2016.
Variable annual compensation	Not applicable	François Henrot does not benefit from any variable annual compensation.
Variable deferred compensation	Not applicable	François Henrot does not benefit from any variable deferred compensation.
Variable multi-annual compensation	Not applicable	François Henrot does not benefit from any multi-annual variable compensation.
Exceptional compensation	Not applicable	François Henrot does not benefit from any exceptional compensation.
Other compensation item	Not applicable	François Henrot does not benefit from any other compensation item.
Subscription or purchase options	Not applicable	François Henrot does not benefit from any share subscription or purchase options.
Performance share allotments	Not applicable	François Henrot does not benefit from any performance share allotments.
Other long-term compensation item	Not applicable	François Henrot does not benefit from any other long-term compensation item.
Attendance fees	Not applicable	François Henrot does not benefit from any attendance fees.
Valuation of benefits in kind	Not applicable	François Henrot does not benefit from any benefit in kind.
Severance indemnities	Not applicable	François Henrot does not benefit from any severance indemnity.
Non-compete indemnity	Not applicable	François Henrot does not benefit from any non-compete indemnity.
Additional retirement scheme	Not applicable	François Henrot does not benefit from any additional retirement scheme.

Ian Meakins, Chairman of the Board of Directors since October 1, 2016

Ian Meakins (Non-executive Chairman of the Board of Directors as of October 1, 2016)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Fixed annual compensation	€125,000	The annual gross fixed compensation of Ian Meakins had been set at €500,000, *i.e.*, fixed compensation of €125,000 on a pro rata temporis basis for the period from October 1, 2016 to December 31, 2016. This compensation was determined by the Board of Directors on July 1, 2016 in consideration of the French and European market practice, of the strong expertise of Ian Meakins in relation to professional distribution in particular, of its recognized management capacities and of its international vision. This compensation is determined for the term of the corporate office. See paragraph 3.2.2.2 of the Registration document for 2016.

Ian Meakins (Non-executive Chairman of the Board of Directors as of October 1, 2016)

COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Variable annual compensation	Not applicable	Ian Meakins does not benefit from any variable annual compensation.
Variable deferred compensation	Not applicable	Ian Meakins does not benefit from any variable deferred compensation.
Variable multi-annual compensation	Not applicable	Ian Meakins does not benefit from any variable multi-annual compensation.
Exceptional compensation	Not applicable	Ian Meakins does not benefit from any exceptional compensation.
Other compensation item	Not applicable	Ian Meakins does not benefit from any other compensation item.
Subscription or purchase options	Not applicable	Ian Meakins does not benefit from any share subscription or purchase options.
Performance share allotments	Not applicable	Ian Meakins does not benefit from any performance share allotments.
Other long-term compensation item	Not applicable	Ian Meakins does not benefit from any other long-term compensation item.
Attendance fees	Not applicable	Ian Meakins does not benefit from any attendance fees.
Valuation of benefits in kind	Not applicable	Ian Meakins does not benefit from any benefit in kind.
Severance indemnities	Not applicable	Ian Meakins does not benefit from any severance indemnity.
Non-compete indemnity	Not applicable	Ian Meakins does not benefit from any non compete indemnity.
Additional retirement scheme	Not applicable	Ian Meakins does not benefit from any additional retirement scheme.

We suggest that you approve the compensation items due or at allocated in respect of the 2016 financial year to Rudy Provoost, Chairman and Chief Executive Officer until June 30, 2016, Patrick Berard, Chief Executive Officer as of July 1, 2016, Catherine Guillouard, Deputy Chief Executive Officer, to François Henrot, Chairman and Chief Executive Officer from July 1, 2016 to September 30, 2016 and to Ian Meakins, Chairman and Chief Executive Officer since October 1, 2016.

2.6 Ratification, renewal and appointment of the directors (fifteenth to nineteenth resolutions)

2.6.1 Ratification of the co-option and renewal of the terms of offices of Ian Meakins (fifteenth and sixteenth resolutions)

The fifteenth resolution submits to the approval of the shareholders the ratification of the co-option of Ian Meakins as director of the Company in replacement of Rudy Provoost.

The co-option of Ian Meakins was decided in the context of the decisions taken by the Board of Directors upon its meeting of June 23, 2016, concerning the new governance structure and the dissociation of the duties of Chairman and of Chief Executive Officer. On July 1, 2016, the Board of Directors thus decided to co-opt Ian Meakins as independent director in place of Rudy Provoost. Ian Meakins therefore joined the Board of Directors on July 1, 2016 and became non-executive Chairman of the Board of Directors as of October 1, 2016.

The co-option of Ian Meakins, if it is approved by the Shareholders' Meeting, can only be decided for the remainder of the term of his predecessor, *i.e.*, until the Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2017, to be held in 2018.

In accordance with Article 14.2 of the by-laws of Rexel and the unanimous decision of the members of the Board of Directors of February 10, 2017, the terms of office of Ian Meakins as director will expire after the Shareholders' Meeting.

This early termination aims at allowing the Board of Directors to be renewed in quarters each year and, thus, the terms of office of the members of the Board of Directors to be fully renewed every four years.

Therefore, the sixteenth resolution submits to the approval of the shareholders the renewal of the terms of office of Ian Meakins as director.

This renewal would be made for a term of four years, *i.e.*, until the Shareholders' Meeting which will be called to approve the financial statements of the financial year ending December 31, 2020, to be held in 2021.

The details of the duties of Ian Meakins are as follows:

IAN MEAKINS

(60 years old)

PROFESSIONAL ADDRESS

13, Boulevard du Fort de Vaux – 75017 Paris

NUMBER OF REXEL SHARES HELD:

115,250

EXPERIENCE AND EXPERTISE

Director, Chairman of the Board of Directors, Member of the Nomination and Compensation Committee

Ian Meakins was co-opted as director by the Board of Directors on July 1, 2016, in replacement of Rudy Provoost. He was also appointed Chairman of the Board of Directors on July 1, 2016, effective October 1, 2016. The co-option of Ian Meakins as well as the renewal of his term of office will be submitted to the approval of the Shareholders Meeting of May 23, 2017.

Ian Meakins is a British citizen.

Ian Meakins was chief executive officer for Wolseley from July 2009 to August 2016. He retired from Wolseley PLC in August 2016. He was previously chief executive officer for Travelex, an international company dealing with currency exchange and payments. Before that he was chief executive officer for Alliance UniChem plc until its merger with Boots in July 2006. Between 2000 and 2004, he was President, European Major Markets and Global Supply for Diageo plc, a company for which he has held various international management positions for more than 12 years. He was a non-executive director and senior director of Centrica plc. Ian Meakins is a graduate of Cambridge University.

TERM OF OFFICE

First appointment:

July 1, 2016 (as member of the Board of Directors)

Current term of office:

From July 1, 2016, until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2017

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France
- Director and Chairman of the Board of Directors of Rexel
- Member of the Nomination and Compensation Committee

Abroad
–

Over the last five financial years:

In France
- Member of Rexel's Strategic Investment Committee

Abroad
–

Titles and duties outside the Rexel Group:

Current:

In France
–

Abroad
- Non-executive Chairman of Van Dyke Enterprises (The Netherlands – unlisted company)

Over the last five financial years:

In France
–

Abroad
- Chief Executive Officer of Wolseley plc (United Kingdom – listed company)
- Chairman of Wolseley plc Executive Committee (United Kingdom – listed company)
- Non- Executive Director and Senior Independent Director of Centrica plc (United Kingdom – listed company)
- Member of the compensation committee, nomination committee and audit committee of Centrica plc (United Kingdom – listed company)

We suggest that you approve these resolutions.

2.6.2 Renewal of the term of office of Francois Henrot as director (seventeenth resolution)

The duties of director of François Henrot will come to an end at the closing of the Shareholders' Meeting.

Therefore, the seventeenth resolution submits to the approval of the shareholders the renewal of the terms of office of François Henrot as director.

This renewal would be made for a term of four years, *i.e.*, until the Shareholders' Meeting which will be called to approve the financial statements of the financial year ending December 31, 2020, to be held in 2021.

The details of the duties of François Henrot are as follows:

FRANÇOIS HENROT

(67 years old)

PROFESSIONAL ADDRESS

23 bis avenue de Messine – 75008 Paris

NUMBER OF REXEL SHARES HELD:

7,133

EXPERIENCE AND EXPERTISE

Senior Independent Director, Deputy Chairman of the Board of Directors, Chairman of the Nomination and Compensation Committee, Member of the Audit and Risk Committee

François Henrot has served on the Board of Directors of Rexel as Senior Independent Director referent and Deputy Chairman of the Board since May 22, 2014. He served as interim Chairman of the Board of Directors between July 1, 2016, and October 1, 2016. He was previously a member of the Supervisory Board of Rexel further to his co-option by the Supervisory Board on October 30, 2013, to replace Manfred Kindle. The ratification of François Henrot's co-option as member of the Supervisory Board was approved by the Shareholders' Meeting of May 22, 2014. The renewal of his term of office will be submitted to the approval of the Shareholders' Meeting of May 23, 2017.

François Henrot is a French citizen.

François Henrot has been Managing Partner of Rothschild & Cie since 1998 and he serves as Chairman of the investment bank of the Rothschild Group. He started his career in 1974 at the French Council of State. In 1979, he became Director of France's Telecommunications Department. In 1985, he joined the Compagnie Bancaire where he became COO and Chairman of the Management Board. He was a Management Board Member at Compagnie Financière de Paribas from 1995 to 1998 before joining Rothschild. François Henrot is a Board member of Paris-Orléans SA (the holding company of the Rothschild Group), Yam Invest NV and Cobepa, which he presides. François Henrot is a graduate of the École Nationale d'Administration (ENA) and of the University of Stanford.

TERM OF OFFICE

First appointment:

October 30, 2013 (as member of the Supervisory Board) May 22, 2014 (as member of the Board of Directors)

Current term of office:

From May 22, 2014 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2016

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France

- Senior Independent Director of Rexel
- Deputy Chairman of the Board of Directors
- Chairman of Rexel's Nomination and Compensation Committee
- Member of the Audit and Risk Committee

Abroad

–

Over the last five financial years:

In France

- Member of Rexel's Strategic Investment Committee
- Chairman of the Board of Directors of Rexel from July 1, 2016 to September 30, 2016
- Member of Rexel's Supervisory Board
- Chairman of Rexel's Nomination Committee
- Member of Rexel's Compensation Committee
- Member of Rexel's Strategic Committee

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

- Chairman of the investment bank of the Rothschild Group (France – unlisted company)
- Managing partner of Rothschild & Cie (France – unlisted company)
- Member of the Supervisory board of Paris Orléans SA (holding of the Rothschild Group) (France – listed company)

Abroad

- Member of the Supervisory Board of Yam Invest NV (The Netherlands – unlisted company)
- Chairman of the Board of Directors of Cobepa (Belgium – unlisted company)

Over the last five financial years:

In France

- Managing partner of Rothschild & Cie Banque (France – unlisted company)
- Member of the Board of Directors of 3 Suisses (France – unlisted company)
- Member of the Supervisory Board of Vallourec (France – listed company)
- Observer (censeur) of the Supervisory Board of Vallourec (listed company)

Abroad

–

We suggest that you approve this resolution.

2.6.3 Ratification of the co-option of Agnès Touraine (eighteenth resolution)

The eighteenth resolution submits to the approval of the shareholders the ratification of the co-option of Agnès Touraine as director of the Company in replacement of Marianne Culver.

On February 10, 2017, the Board of Directors decided to co-opt Agnès Touraine as director in place of Marianne Culver.

The co-option of Agnès Touraine, if it is approved by the Shareholders' Meeting, can only be decided for the remainder of the term of his predecessor, *i.e.*, until the Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2019, to be held in 2020.

The details of the duties of Agnès Touraine are as follows:

AGNÈS TOURAINE

(62 years old)

PROFESSIONAL ADDRESS

11 bis, rue Portalis,
75008 Paris – France

NUMBER OF REXEL SHARES HELD:

512

EXPERIENCE AND EXPERTISE

Director, Member of the Nomination and Compensation Committee

Agnès Touraine was co-opted as Director by the Board of Directors on February 10, 2017 to replace Marianne Culver. Agnès Touraine's co-option as Director will be submitted to shareholders' approval during the Shareholders' Meeting of May 23, 2017.

Agnès Touraine is a French citizen.

Agnès Touraine is President of the French Institute of Administrators (IFA).

She is also the founding CEO of Act III Consultants, a management consulting firm dedicated to digital transformation. She previously was Chairwoman and CEO of Vivendi Universal Publishing after 10 years with the Lagardère group and 4 years with McKinsey. She holds a degree in Law, graduated from the Paris Institut d'Etudes Politiques and has an MBA from Columbia University Business School, New York.

She currently sits on the Board of Proximus and the Supervisory Board of Tarkett. She previously was non executive director of Cable&Wireless (UK), Neopost and Darty PLC. She is also a board member of several non profit organizations such as IDATE and the French American Foundation.

TERM OF OFFICE

First appointment:

February 10, 2017

Current term of office:

From February 10, 2017, until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2019

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France
- Director of Rexel
- Member of the Nomination and Compensation Committee

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France
- President of the French Institute of Administrators (IFA) (France – association, non-listed)
- Member of the Supervisory board of Tarkett (France – listed company)
- Member of the Supervisory Board of 21Partners (France – association, non-listed)
- Member of the Supervisory Board of the French American Foundation (France – association, non-listed)

Abroad
- Member of the Board of Directors of Proximus (Belgium – listed company)

Over the last five financial years:

In France
- Member of the Board of Directors of Neopost (France – listed company)
- Member of the Board of Directors of Darty Plc. (France – listed company)

Abroad
- Member of the Board of Directors of Cable&Wireless Plc. (United-Kingdom – listed company)

We suggest that you approve this resolution.

2.6.4 Appointment of Patrick Berard as Director (nineteenth resolution)

The nineteenth resolution submits to the approval of the shareholders the appointment as director of the Company of Patrick Berard.

The nomination of Patrick Berard follows his appointment as Chief Executive Officer and aims at allowing him to further participate in the decision-making process, in particular with respect to strategy, without affecting the dissociation between the functions of Chairman of the Board of Directors and of Chief Executive Officer.

This nomination would be made for a term of four years, *i.e.*, until the Shareholders' Meeting which will be called to approve the financial statements of the financial year ending December 31, 2020, to be held in 2021.

Patrick Berard would therefore become the ninth member of the Board of Directors of the Company.

The details of the duties of Patrick Berard are as follows:

PATRICK BERARD

(63 years old)

PROFESSIONAL ADDRESS

13, Boulevard du Fort de Vaux – 75017 Paris – France

NUMBER OF REXEL SHARES HELD:

356,621

EXPERIENCE AND EXPERTISE

Chief Executive Officer

Patrick Berard has been serving as Chief Executive Officer of the Group since July 1, 2016.

In 2003, he joined Rexel as Chief Executive Officer of Rexel France. In 2007, he also became Manager of the southern Europe area (France, Italy, Spain, Portugal), then, in 2013, of Belgium and Luxembourg, prior to being appointed Chief Executive Officer Europe in 2015.

His career started in 1978 with the Pulp and Paper Research Institute of Canada.

From 1980 to 1987, Patrick Berard was a consultant with McKinsey, then Manager of Planning and Strategy of the Industry and Engineering Division of Thomson. From 1988 to 1999, he occupied various duties with Polychrome, including those of Chief Executive Officer Europe and Vice President of the Group, prior to becoming a member of the executive committee of Kodak Polychrome Graphics. He served as Operations Manager of Antalis (Groupe Arjo Wiggins) from 1999 to 2002, prior to being appointed in 2002 as Chairman and Chief Executive Officer of Pinault Bois & Matériaux, a company of the Kering group (formerly PPR Group).

Patrick Berard was born in 1953. He holds a PhD in Economics of the University of Grenoble.

TERM OF OFFICE

First appointment:

July 1, 2016 (as Chief Executive Officer)

Current title:

From July 1, 2016 until June 30, 2018

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS

Titles and duties within the Rexel Group:

Current:

In France
- Chief Executive Officer of Rexel
- Director of Rexel France (France – unlisted company)

Abroad
- Director of Rexel Sverige AB (Sweden – unlisted company)
- Director of Moel AB (Sweden – unlisted company)
- Director of Rexel North America (Canada – unlisted company)
- Director and President of Rexel Holdings USA Corp. (United States – unlisted company)
- Director and President of Rexel Italia S.p.A (Italy – unlisted company)

Over the last five financial years:

In France
- President of Rexel France (France – unlisted company)
- President of Dismo France (France – unlisted company)
- President of Sofinther (France – unlisted company)

Abroad
- Director of Rexel Belgium SA (Belgium – unlisted company)
- Director of Rexel Luxembourg SA (Luxembourg – unlisted company)
- Director of Elektroskansdia Norge Holdings AS (Norway – unlisted company)
- Director of Elektroskansdia Norway Holdings AS (Norway – unlisted company)
- Director of Rexel Finland Oy (Finland – unlisted company)
- Director of Rexel UK limited (United Kingdom – unlisted company)
- Director of Rexel Holding Benelux BV (the Netherlands – unlisted company)
- Director of ABM Rexel (Spain – unlisted company)

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

We suggest that you approve this resolution.

2.7 Authorization to carry out transactions on the Company's shares (twentieth resolution)

The Ordinary and Extraordinary Shareholders' Meeting of May 25, 2016, authorized the Board of Directors to carry out transactions on the Company's shares for a period of 18 months as of the date of said meeting.

This authorization was implemented by the Board of Directors in the conditions described in the Registration document for the year ended December 31, 2016. Under this authorization, 8,547,059 shares were purchased during the financial year 2016 at an average price of €12.3039 and for a global amount of €105,161,902.60 representing 2.82% of the share capital of the Company.

This authorization expires in 2017.

Accordingly, the twentieth resolution proposes to the Shareholders' Meeting to authorize the Board of Directors to repurchase shares of the Company within the limits set by the shareholders of the Company and in accordance with the legal and regulatory provisions.

Particularly, the authorization may be implemented with a view to (i) ensuring liquidity in the market, (ii) setting up any share purchase option plan, any allotment of free shares, and any granting, allotment or transfer of shares to the benefit of the Rexel Group employees and carrying out any hedging operation relating to such transactions, (iii) ensuring the coverage of the undertakings under rights with a settlement in cash and relating to the positive evolution of the trading price of the share of Rexel granted to the employees and the corporate officers of Rexel or of an associated enterprise, (iv) delivering shares in the context of external growth transactions, (v) delivering shares in connection with the exercise of rights attached to securities and (vi) cancelling all or part of the shares so repurchased.

The authorization that would be, as the case may be, granted to the Board of Directors provides for limitations regarding the maximum repurchase price (€30), the maximum amount for the implementation of the repurchase program (€250 million) and the amount of securities which may be repurchased (10% of the share capital of the Company on the date of the repurchases) or delivered in the context of external growth transactions (5% of the share capital of the Company). In addition, the Company may at no time own a quantity of shares representing more than 10% of its share capital.

The Board of Directors will not be able, except with the prior approval of the Shareholders' Meeting, to pursue the implementation of its share repurchase program as from the filing by a third party of a public offer on the Company's securities and until the end of the offer period.

This authorization would be granted for a term of 18 months and would supersede the prior authorization granted to the Board of Directors in respect of the unused portion thereof.

We suggest that you approve this resolution.

3. Resolutions to be submitted to the Extraordinary Shareholders' Meeting

3.1 Authorization to be granted to the Board of Directors to carry out a share capital decrease by canceling shares (twenty-first resolution)

We suggest that you authorize the Board of Directors to reduce the share capital by cancellation of all or part of the Company's shares acquired pursuant to any share repurchase plans authorized by the Shareholders' Meeting of the Company providing for this objective.

The share capital decreases that the Board of Directors may carry out under this authorization would be limited to 10% of the Company's share capital as of the date of the cancellation per a period of 24 months.

This authorization would be granted for a term of 18 months.

We suggest that you approve this resolution.

3.2 Financial authorizations (twenty-second to thirtieth resolutions)

The Shareholders' Meeting regularly grants to the Board of Directors the authority or the powers necessary to proceed with the issuance of ordinary shares and/or securities, with upholding or cancellation of shareholders' preferential subscription right, in order to meet the financing needs of the Rexel Group.

As such, the Extraordinary Shareholders' Meetings of May 27, 2015, July 27, 2015 and May 25, 2016, granted the Board of Directors with the delegations of authority and authorizations as described in the table provided at Schedule 1 to this report, it being specified that said table specifies the cases and conditions in which certain of these delegations and authorizations have been used.

These delegations of authority and authorizations were granted for terms that will expire during the 2017 fiscal year. Therefore, the Company may not have the necessary delegations of authority or authorizations in the event that the Company decides to carry out one or several issuances of ordinary shares and/or securities.

Consequently, it is suggested that the shareholders of the Company grant to the Board of Directors new delegations of authority and authorizations in order to confer to the Company the flexibility needed to carry out issuances of ordinary shares and/or securities depending on the market and development of the Rexel Group, and to put together, as the case may be, promptly the financial means necessary for the implementation of the development strategy of the Rexel Group, as described in the Registration document for the financial year ended December 31, 2016.

In the event of an issuance of ordinary shares and/or securities, the Company intends to give priority to transactions upholding the shareholders' preferential subscription right. Nevertheless, particular circumstances may justify the cancellation of the preferential subscription right of shareholders, in accordance with their interests. Accordingly, the Company may seize the opportunities offered by the financial markets, especially considering the markets' current situation. The Company may also involve employees of the Rexel Group in its development, notably by way of a share capital increase reserved to said employees or the allotment of free shares. The Company may also carry out the issuance of securities underlying the securities issued by the Company or the Rexel Group's subsidiaries. The cancellation of the preferential subscription right would also allow the realization of public exchange or acquisitions offers paid entirely in securities. Finally, the issuance of securities may remunerate contributions in kind of financial securities that would not be traded on a regulated market or its equivalent.

These delegations and authorizations could not be used during the period of a public offer on the securities of the Company initiated by a third-party, except with the prior authorization of the Shareholders' Meeting. This restriction would not apply to the issuances reserved to employees, the allotment of free shares or the issuances resulting from the capitalization of premiums, reserves, profits or other items that may be capitalized.

The maximum amount of all the share capital increases (excluding share capital increases by means of capitalization of reserves or premium and allotment of free shares) would be of €720 million, *i.e.*, 144 million shares, representing approximately 47% of the share capital and voting rights of the Company.

In addition, the maximum amount of all the share capital increases with cancellation of the shareholders' preferential subscription right (excluding share capital increases reserved to the employees and allotment of free shares) would be of €140 million, *i.e.*, 28 million shares, representing approximately 9% of the share capital and voting rights of the Company.

Thus, the draft resolutions being put to the vote of the shareholders are relative to:

3.2.1 Issuance of securities with upholding of the preferential subscription rights of shareholders (twenty-second resolution)

The twenty-second resolution aims at granting to the Board of Directors a delegation of authority to increase the share capital, with upholding of the shareholders' preferential subscription right.

The issuances would be reserved for shareholders of the Company who would be granted a preferential subscription right tradable on the market. These transactions would therefore have a limited dilutive impact for existing shareholders, who may decide to participate in the transaction or to sell their rights on the market.

The transactions would concern the issuance of ordinary shares, of securities that are equity securities giving access, immediately or in the future, to other equity securities or giving right, immediately or in the future, to the allotment of debt securities, and/or of securities giving access, immediately or in the future, to equity securities to be issued. The securities issued may be equity securities or debt securities. The access to the share capital of the company would be materialized, in particular, by the conversion or exchange of a security or the presentation of a warrant. These issuances may, in particular, be used in view of financing external growth transactions.

Share capital increases carried out pursuant to this delegation of authority may not exceed a maximum nominal amount of €720 million (*i.e.*, 144 million shares of a nominal value of €5). The maximum nominal amount of the share capital increases that may be carried out pursuant to this authorization, as well as to the authorizations referred to in the twenty-third through twenty-ninth resolutions, may not exceed a total amount of €720 million.

Issuances of debt securities would be limited to a maximum nominal amount of €1 billion. The maximum nominal amount of the debt securities that may be issued out pursuant to this authorization, as well as to the authorizations referred to in the twenty-third through twenty-ninth resolutions, may not exceed a total amount of €1 billion.

The subscription price of the shares and/or securities that may be issued pursuant to this delegation would be determined by the Board of Directors, in accordance with applicable legal and regulatory provisions.

This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, except with the prior authorization of the shareholders' meeting.

This delegation of authority would be granted for a term of twenty-six months and would cancel, as of the date of the Shareholders' Meeting, the delegation granted by the shareholder meeting of May 27, 2015, in its eighteenth resolution.

We suggest that you approve this resolution.

3.2.2 Issuance of securities by way of public offering with cancellation of the preferential subscription right of shareholders (twenty-third resolution)

The twenty-third resolution aims at granting to the Board of Directors a delegation of authority to increase the share capital, with upholding of the shareholders' preferential subscription right, by way of public offering.

The issuances would be opened to the public and would have a dilutive impact for existing shareholders who would be considered as all the other investors. The Board of Directors may nevertheless grant a (non-tradeable) priority to the existing shareholders.

This delegation of authority may also be used as compensation for the contribution of securities carried out in connection with a public exchange offer in respect of the shares of the Company or of another company admitted to trading on a regulated market. In this context, the Board of Directors would determine, in particular, the exchange ratio and, if required, the amount of the cash bonus to be paid.

The transactions would concern the issuance of ordinary shares, of securities that are equity securities giving access, immediately or in the future, to other equity securities or giving right, immediately or in the future, to the allotment of debt securities, and/or of securities giving access, immediately or in the future, to equity securities to be issued. The securities issued may be equity securities or debt securities. The access to the share capital of the company would be materialized, in particular, by the conversion or exchange of a security or the presentation of a warrant.

Share capital increases carried out pursuant to this delegation of authority may not exceed a maximum nominal amount of €140 million (*i.e.*, 28 million shares of a nominal value of €5). In addition, the maximum amount of all the share capital increases authorized with cancellation of the shareholders' preferential subscription right (excluding share capital increases reserved to the employees) could not exceed €140 million.

Issuances of debt securities would be limited to a maximum nominal amount of €1 billion.

These limits would be deducted, respectively, from the limits determined in the twenty-second resolution, referred to in the paragraph above.

The issue price of the new shares issued pursuant to this delegation of authority shall be at least equal to the minimum provided for by the regulatory provisions in force as at the date of issuance (at the date of this meeting, the average weighted share price of the company's shares over the last three trading days on the Euronext Paris regulated market prior to the date of determination of such price, reduced, as the case may be, by a maximum discount of 5%).

Furthermore, the issue price of the securities conferring access to the share capital of the Company shall be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issue of such securities, to the issue price determined in the paragraph above.

This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, except with the prior authorization of the Shareholders' Meeting.

This delegation of authority would be granted for a term of twenty-six months and would cancel, as of the date of the Shareholders' Meeting, the delegation granted by the shareholder meeting of May 27, 2015 in its nineteenth resolution.

We suggest that you approve this resolution.

3.2.3 Issuance of securities by way of private placement with cancellation of the preferential subscription right of shareholders (twenty-fourth resolution)

The twenty-fourth resolution aims at granting to the Board of Directors, in the context of a specific vote of the shareholders in accordance with the recommendations of the French financial markets authority, it delegation of authority in view of increasing the share capital with cancellation of the preferential subscription right of the shareholders, by way of offering referred to in Article L.411-2 II of the French Monetary and Financial Code.

The transactions would thus be carried out by way of private placement, in accordance with the provisions of Article L.411-2 II of the French Monetary and Financial Code, with persons providing investment portfolio management services on behalf of third parties, qualified investors or a restricted circle of investors, subject to the last two categories acting on their own behalf. These transactions would have a dilutive impact for existing shareholders, who may not be in a position to participate in the issuance.

The transactions would concern the issuance of ordinary shares, of securities that are equity securities giving access, to other equity securities or giving right to the allotment of debt securities, and/or of securities giving access, immediately or in the future, to equity securities to be issued. The securities issued may be equity securities or debt securities. The access to the share capital of the company would be materialized, in particular, by the conversion or exchange of a security or the presentation of a warrant.

Share capital increases carried out pursuant to this delegation of authority may not exceed a maximum nominal amount of €140 million (*i.e.*, 28 million shares of a nominal value of €5). This ceiling would be deducted, from the ceilings determined in the twenty-second and twenty-third resolutions referred to above.

Issuances of debt securities would be limited to a maximum nominal amount of €1 billion. This ceiling would be deducted, from the ceiling determined in the twenty-second resolution referred to above.

Furthermore, issuances of equity securities and debt securities carried out by way of private placement could not exceed the limits determined by applicable regulations as at the date of the issuance. As an indication, as at the date of this report, the issuance of equity securities carried out through an offering referred to in Article L.411-2 II of the French Monetary and Financial Code is limited to 20% of the share capital of the company per year.

The issue price of the new shares issued pursuant to this delegation of authority shall be at least equal to the minimum provided for by the regulatory provisions in force as at the date of issuance (at the date of this meeting, the average weighted share price of the company's shares over the last three trading days on the Euronext Paris regulated market prior to the date of determination of such price, reduced, as the case may be, by a maximum discount of 5%).

Furthermore, the issue price of the securities conferring access to the share capital of the Company shall be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issue of such securities, to the issue price determined in the paragraph above.

This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, except with the prior authorization of the Shareholders' Meeting.

This delegation of authority would be granted for a term of twenty-six months and would cancel, as of the date of the shareholders' meeting, the delegation granted by the shareholder meeting of May 27, 2015, in its twentieth resolution.

We suggest that you approve this resolution.

3.2.4 Increase in the amount of the initial issuances (twenty-fifth resolution)

The twenty-fifth resolution aims at granting to the Board of Directors a delegation of authority to increase the amount of the initial issuances decided pursuant to the twenty-second, twenty-third and/or twenty-fourth resolutions described above, carried out with upholding or cancellation of the preferential subscription right of the shareholders, at the same price as that is determined for the initial issuance, within the time frames and limits provided for by applicable regulations as at the date of issuance (at the date hereof, within thirty days of the closing of the subscription and within the limit of 15% of the initial issuance) in particular in view of granting an over-allotment option in accordance with market practice.

This resolution would thus allow reopening a share capital increase at the same price as the initially planned transaction in case of over-allotment (clause known as "greenshoe").

The transactions carried out in connection with this delegation of authority would be deducted from the limit applicable to the initial issuance and from the limit determined in the twenty-second resolution.

This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, except with the prior authorization of the Shareholders' Meeting.

This delegation of authority would be granted for a term of twenty-six months and would cancel, as of the date of the Shareholders' Meeting, the delegation granted by the shareholder meeting of May 27, 2015 in its twenty-first resolution.

We suggest that you approve this resolution.

3.2.5 Determination of price of issuances with cancellation of preferential subscription right of shareholders (twenty-sixth resolution)

The twenty-sixth resolution aims at granting to the Board of Directors an authorization to derogate from the conditions of price setting up provided by the twenty-third and twenty-fourth resolutions relating to issuances carried out by way of public offering or of offering referred to in Article L.411-2 II of the French Monetary and Financial Code, with cancellation of the preferential subscription right of the shareholders.

Thus, the issue price for shares will be at least equal to the weighted average price of the Company's shares on the Euronext Paris regulated market on the trading day preceding the date of issuance, less, as the case may be, a discount of up to 5%.For securities conferring access to the share capital of the Company, the issue price shall be determined so that the amount received immediately by the Company increased by, as the case may be, any amount which may be received subsequently by the Company, for each Company share issued as a result of the issuance of such securities, is at least equal to the amount referred to above.

The Board of Directors may use this authority within the limit of 10% of the share capital per year.

The ceiling applying to this authorization would be deducted from the ceiling that applies to the initial issuance and from the ceiling provided for by the twenty-second resolution.

This authorization could not be used during the period of a public offer on the securities of the Company initiated by a third party, except with the prior authorization of the shareholders' meeting.

This delegation of authority would be granted for a term of 26 months and would cancel, as of the date of the shareholders' meeting, the delegation granted by the shareholder meeting of May 27, 2015 in its twenty-second resolution.

We suggest that you approve this resolution.

3.2.6 Issuance of shares in compensation of contributions in kind with cancellation of the preferential subscription right (twenty-seventh resolution)

The twenty-seventh resolution aims at granting to the Board of Directors a delegation of powers to increase the share capital by issuance of ordinary shares and/or securities conferring access, immediately or in the future, to the share capital of the Company, in consideration for contributions in kind granted to the Company and constituting equity securities or securities conferring access to the share capital.

The issuances carried out in connection with this delegation of authority may not exceed 10% of the share capital assessed as at the date of the decision of the Board of Directors. The ceiling applying to this authorization would be deducted from the ceiling determined in the twenty-second resolution as well as the ceiling determined in the twenty-third resolution.

The Board of Directors would have the necessary authority to decide on the report of the valuing auditor(s) in connection with the value of the contributions and specific benefits.

This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, except with the prior authorization of the shareholders' meeting.

This delegation of authority would be granted for a term of 26 and would cancel, as of the date of the Shareholders' Meeting, the delegation granted by the shareholder meeting of May 27, 2015 in its twenty-third resolution.

We suggest that you approve this resolution.

3.2.7 Share capital increases reserved for employees with cancellation of the preferential subscription right (twenty-eighth resolution)

The twenty-eighth resolution aims at granting an authorization to the Board of Directors to carry out issuances of securities with cancellation of the preferential subscription right, reserved for employees of the Rexel Group who are members of a company or group savings scheme, set up jointly by the Company and the French or foreign companies that are linked to the Company within the conditions of Article L.225-180 of the French Commercial Code and of Article L.3344-1 of the French Labor Code.

The issuances would comprise the issuance of ordinary shares or of securities that are equity securities giving access, immediately or in the future, to other equity securities or giving right, immediately or in the future, to the allotment of debt securities, and/or of securities giving access, immediately or in the future, to equity securities to be issued.

This authorization would be limited to 2% of the share capital of the Company. The amount of issuances carried out pursuant to the twenty-eighth and twenty-ninth resolutions may not exceed a ceiling of 2% of the share capital of the Company. This ceiling would be deducted from the ceiling determined in the twenty-second resolution.

The subscription price(s) would be determined by the Board of Directors pursuant to Articles L.3332-19 *et seq.* of the French Labor Code. Therefore, as the securities are already listed on a regulated market, the subscription price may not exceed the average of Company's share prices during the twenty trading days preceding the date of the decision setting the opening date of the subscription period. Furthermore, the subscription price may not amount to less than 20% below this average.

Furthermore, pursuant to the provisions of Article L.3332-21 of the French Labor Code, the Board of Directors may decide on the allocation of shares to be issued or existing, or of other securities conferring access to the share capital of the Company, issued or to be issued, in respect of (i) the contribution *(abondement)* that may be paid pursuant to the regulations of the employee savings plan of the Company or of the Group and/or (ii) if applicable, the discount.

This authorization would be granted for a term of 26 months and would cancel, as of the date of the Shareholders' Meeting, for an amount equal, as the case may be, to the unused portion, of the delegation granted by the shareholder meeting of May 27, 2015 in its twenty-fourth resolution.

We suggest that you approve this resolution.

3.2.8 Issuance of securities with cancellation of the preferential subscription right reserved for certain categories of beneficiaries in order to allow employee shareholding transactions (twenty-ninth resolution)

The twenty-ninth resolution aims at granting an authorization to the Board of Directors to increase the share capital of the Company by the issuance of securities with cancellation of the preferential subscription right, reserved for certain categories of beneficiaries listed in the resolution (employees of non-French companies of the Rexel Group and intermediaries acting on their behalf) in order to allow such employees to benefit from employee shareholding or savings formulae equivalent in terms of economic advantage to those from which other Rexel employees would benefit under the twenty-eighth resolution and would benefit, as the case maybe, from a more favorable tax and legal regime than under the twenty-eighth resolution.

The issuances would comprise the issuance of ordinary shares, or of securities that are equity securities giving access, to other equity securities or giving right, to the allotment of debt securities, and/or of securities giving access, immediately or in the future, to equity securities to be issued.

This authorization would be limited to 1% of the share capital of the Company. The amount of issuances carried out pursuant to the twenty-eighth and twenty-ninth resolutions may not exceed a ceiling of 2% of the share capital of the Company. This ceiling would be deducted from the ceiling determined in the twenty-second resolution.

The subscription price(s) of the new shares shall be determined pursuant to the same conditions as set forth in Article L.3332-19 of the French Labor Code. The discount shall be set at a maximum of 20% of the average of Company's share prices during the twenty trading days preceding the date of the decision setting the opening date of the subscription period. The Board of Directors may reduce or eliminate the discount so granted as it deems appropriate in order to take into account, in particular, the local regulations applicable in the relevant countries.

The subscription price may also, in accordance with the local regulations applicable to the Share Incentive Plan that may be proposed under UK legislation, be equal to the lower share price between (i) the share price on the regulated market of Euronext Paris at the opening of the reference period of this plan, such period not to exceed 12 months, and (ii) the share price recorded following the close of such period within a given timeframe determined in accordance with said regulations. This price shall be set without a discount in relation to the share price retained.

This delegation would be granted for a term of 18 months and would cancel, as of the date of the Shareholders' Meeting, for an amount equal, as the case may be, to the unused portion, of the delegation granted by the shareholder meeting of May 25, 2016 in its twentieth resolution.

We suggest that you approve this resolution.

3.2.9 Incorporation of premiums, reserves, profits or other items (thirtieth resolution)

The thirtieth resolution aims at granting to the Board of Directors a delegation of authority to decide to increase the share capital by incorporation of premiums, reserves, profits or other items that may be capitalized.

Share capital increases carried out pursuant to this delegation of authority may not exceed a maximum nominal amount of €200 million (*i.e.*, 40 million shares of a nominal value of €5).

The Board of Directors would have full powers to determine the amount and nature of the amounts to be incorporated into the share capital, determine the number of new shares to be issued and/or the amount by which the nominal amount of the existing shares making up the share capital will be increased.

This delegation of authority would be granted for a term of 26 months and would cancel, as of the date of the Shareholders' Meeting, for an amount equal, as the case may be, to the unused portion, of the delegation granted by the shareholder meeting of May 27, 2015 in its twenty-seventh resolution.

We suggest that you approve this resolution.

3.3 Amendment of Article 19.2 of the by-laws of the Company in connection with the age limitation to exercise the duties of Chief Executive Officer (thirty-first resolution)

In accordance with Article L.225-54 of the French Commercial Code, Article 19 of the by-laws of the Company provide for an age limitation for the exercise of the duties of Chief Executive Officer. This age limitation is set at 65 years old.

Patrick Berard, Chief Executive Officer of the Company since July 1, 2016, will be 64 years old at the date of the next Shareholders' Meeting. Consequently, and in order to allow Patrick Berard to continue to exercise the duties of Chief Executive Officer, the thirty-first resolution submits to the approval of the shareholders an amendment of the age limitation laid down by the by-laws of the company to exercise duties of Chief Executive Officer, by increasing up to 68 years old. This proposal aims at allowing Rexel to continue to benefit from the expertise of Patrick Berard in his capacity as Chief Executive Officer.

The third paragraph of Article 19.2 of the Company's by-laws would therefore be replaced by the following text:

"For the exercise of his duties, the Chief Executive Officer must be age of less than 68 years old. If he reaches this age limitation during his term of office, such duties shall cease ipso jure and the Board of Directors shall proceed with the nomination of a new Chief Executive Officer. However, his duties as Chief Executive Officer shall continue until the date of the meeting of the Board of Directors that is to appoint his successor. Subject to the age limitation indicated above, the Chief Executive Officer may always be reappointed."

The remainder of the Article would remain unchanged.

We suggest that you approve this resolution.

3.4 Amendment of Article 16.2 of the by-laws of the Company in connection with the age limitation to exercise the duties of Chairman of the Board of Directors (thirty-second resolution)

Article 16.2 of the by-laws of the Company provide for an age limitation to exercise the duties of Chairman of the Board of Directors. This age limitation is set at 65 years old.

The increase to 68 years old of this age limitation is submitted to the approval of the shareholders in order to align the age limitation of the Chairman of the Board of Directors with that of the Chief Executive Officer.

Consequently, the thirty-second resolution submits to the approval of the shareholders an amendment of the age limitation to exercise the duties of Chairman of the Board of Directors, increasing it to 68 years old.

The first paragraph of Article 16.2 of the Company's by-laws would therefore be replaced by the following text:

"The Chairman of the Board of Directors may not exceed the age of 68; his duties shall cease ipso jure as at December 31 of the year his 68th birthday."

The remainder of the Article would remain unchanged.

We suggest that you approve this resolution.

3.5 Insertion of a paragraph 7 in Article 14 of the by-laws of the Company in connection with the appointment of directors representing the employees (thirty-third resolution)

Law 2013-504 of June 13, 2013, complemented by the law 2015-994 of August 17, 2015, known as the Rebsamen law, has made compulsory the participation of employee representatives with voting rights to the meetings of the Board of Directors of French *sociétés anonymes* subject to certain criteria satisfied by Rexel.

Therefore, the thirty-third resolution submits to the approval of the shareholders the insertion of a paragraph 7 into Article 14 of the by-laws of the Company in order to allow the appointment of directors representing the employees within the Board of Directors of the Company pursuant to Article L.225-27-1 of the French Commercial Code as amended by the Rebsamen law.

Thus, when the number of directors is below or equal to twelve, the Board of Directors shall include a director representing the employees and when the number of directors is above twelve, the Board of Directors shall include two directors representing the employees.

The new paragraph thus added would have the following wording:

"*7.1 In accordance with Article L.225-27-1 of the French Commercial Code, the Board of Directors includes one or two directors representing the employees of the Group, to be appointed as follows.*

When the number of directors, calculated in accordance with the law, is below or equal to twelve, the Board of Directors shall include a director representing the employees appointed by the trade union having obtained the largest number of votes in the first round of the elections in the Company, its direct and indirect subsidiaries, whose head office is situated in France, referred to in Articles L.2122-1 and L.2121-4 of the French Labor Code.

When the number of directors exceeds twelve, and subject to this criterion still being satisfied upon the date of his/her appointment, the second director representing the employees shall be appointed by the European Works Council. This appointment shall take place within a term of six months as from the crossing of the threshold of twelve directors.

In case of vacancy, for any reason whatsoever, of the office of a director representing the employees, the vacant office shall be filled in accordance with the provisions of Article L.225-34 of the French Commercial Code.

7.2. The term of office of the employee directors shall be of four years.

The functions of the director designated in accordance with article L.225-27-1 of the French Commercial Code end on completion of the annual general meeting of shareholders having ruled on the financial statements for the past financial year and held in the year during which the term expires.

Nevertheless, their term of office shall cease ipso jure when these employee representatives no longer meet the eligibility criteria provided for in Article L.225-28 of the French Commercial Code, or in case of termination of their employment agreement in accordance with Article L.225-32 of such code.

The decrease to twelve or less than twelve of the number of directors appointed by the general Shareholders' Meeting does not affect the term of office of all of the employee representatives within the Board of Directors, which shall expire upon the end of its normal term.

7.3. The provisions of Article 15 of these by-laws do not apply to directors representing the employees which are not compelled to hold a minimum number of shares of the Company.

7.4. In the event that the obligation of appointment of one or several directors representing the employees pursuant to Article L.225-27-1 of the French Commercial Code becomes void, the office of the Director(s) representing the employees within the Board of Directors shall expire upon its normal end.»

The remainder of the Article would remain unchanged.

We suggest that you approve this resolution.

3.6 Powers for legal formalities (thirty-fourth resolution)

The thirty-fourth resolution concerns the powers to be granted in order to carry out formalities subsequent to the Shareholders' Meeting, particularly publication and filing formalities.

We suggest that you approve this resolution.

Schedule 1

Delegations and authorizations

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2017		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT / PUBLIC OFFER
AUTHORIZATIONS SUBMITTED FOR RENEWAL TO THE SHAREHOLDERS' MEETING OF MAY 23, 2017							
SHARE CAPITAL INCREASE							
Issuance with upholding of preferential subscription rights	May 27, 2015 (resolution 18)	26 months (July 26, 2017)	Equity securities: €720,000,000 (*i.e.*, 144,000,000 shares) Joint maximum amount of resolutions number 18 and 25 Debt securities: €1,000,000,000 Joint maximum amount of resolutions number 18 and 25	Issuance of 530,854 new shares on November 22, 2016, *i.e.*, a share capital increase of €2,654,270 and issuance of 39,114 new shares on March 13, 2017, *i.e.* a share capital increase of €195,570. These two issuances have been realised under an employee shareholding plan.	22	26 months	Equity securities: €720,000,000 (*i.e.*, 144 million shares) Joint maximum amount of resolutions 22 to 29 Debt securities: €1,000,000,000 Joint maximum amount of resolutions 22 to 29 This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, without prior authorization of the Shareholders' Meeting
Issuance by way of public offering with cancellation of the preferential subscription right	May 27, 2015 (resolution 19)	26 months (July 26, 2017)	Equity securities: €140,000,000 28,000,000 shares Joint maximum amount of resolutions number 19, 20 and 23 This maximum amount to be deducted from the maximum provided for by resolution number 18 Debt securities: €1,000,000,000 This maximum amount to be deducted from the maximum provided for by resolution number 18	N/A	23	26 months	Equity securities: €140,000,000 (*i.e.*, 28 million shares) Joint maximum amount of resolutions 23, 24 and 27 This maximum amount to be deducted from the maximum provided for by resolution number 22 Debt securities: €1,000,000,000 This maximum amount to be deducted from the maximum provided for by resolution number 22 This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, without prior authorization of the Shareholders' Meeting

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2017		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT / PUBLIC OFFER
Issuance by way of offering referred to in section II of Article L.411-2 of the French Monetary and Financial Code, with cancellation of the preferential subscription right	May 27, 2015 (resolution 20)	26 months (July 26, 2017)	Equity securities: €140,000,000 (*i.e.*, 28,000,000 shares This maximum amount to be deducted from the maximum amounts provided for by resolution number 18 and 19 Debt securities: €1,000,000,000 This maximum amount to be deducted from the maximum provided for by resolution number 18	N/A	24	26 months	Equity securities: €140,000,000 (*i.e.*, 28 million shares) This maximum amount to be deducted from the maximum amount provided for by resolution number 22 and 23 Debt securities: €1,000,000,000 This maximum amount to be deducted from the maximum provided for by resolution number 22 This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, without prior authorization of the Shareholders' Meeting
Authorization to increase the amount of the initial issuance, in the event of a share issue for which shareholders' preferential subscription rights are maintained or cancelled	May 27, 2015 (resolution 21)	26 months (July 26, 2017)	15% of initial issuance(1) This maximum amount to be deducted from the maximum applicable to the initial issuance and from the maximum provided in resolution 18	N/A	25	26 months	15% of initial issuance(1) This maximum amount to be deducted from the maximum applicable to the initial issuance and from the maximum amount provided in resolution 22 This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, without prior authorization of the Shareholders' Meeting
Determination of price of issuances carried out by way of public offering referred to in section II of Article L.411-2 of the French Monetary and Financial Code, with cancellation of the preferential subscription right, up to a maximum of 10% of the share capital per year	May 27, 2015 (resolution 22)	26 months (July 26, 2017)	10% of share capital at the date of the decision of the Board of Directors determining the issue price per year This maximum amount to be deducted from the maximum that applies to the initial issuance, as well as from the maximum amount provided for by resolution number 18	N/A	26	26 months	10% of share capital at the date of the decision of the Board of Directors determining the issue price per year This maximum amount to be deducted from the maximum amount that applies to the initial issuance, as well as from the maximum amount provided for by resolution 22 This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, without prior authorization of the Shareholders' Meeting

(1) Applicable regulation.

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2017		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT / PUBLIC OFFER
Issuance of up to 10% of the share capital in consideration for contributions in kind	May 27, 2015 (resolution 23)	26 months (July 26, 2017)	10% of the share capital as at the date of the decision of the Board of Directors This maximum amount to be deducted from the maximum amounts provided for by resolution number 18 and 19	N/A	27	26 months	10% of the share capital as at the date of the decision of the Board of Directors This maximum amount to be deducted from the maximum amount provided for by resolution number 22 and 23 This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, without prior authorization of the Shareholders' Meeting
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	May 27, 2015 (resolution 27)	26 months (July 26, 2017)	€200,000,000 (*i.e.*, 40,000,000 shares) This maximum amount not to deducted from any maximum	N/A	30	26 months	€200,000,000 (*i.e.*, 40 million shares) This maximum amount not to deducted from any maximum
EMPLOYEE SHAREHOLDING, ALLOCATION OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS, FREE SHARE ALLOCATIONS							
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	May 27, 2015 (resolution 24)	26 months (July 27, 2017)	2% of the share capital as at the date of the decision of the Board of Directors This maximum amount to be deducted from the maximum amount provided for by resolution number 18 Joint maximum amount of resolutions number 24 and 25	Issuance of 530,854 new shares on November 22, 2016, *i.e.*, a share capital increase of €2,654,270	28	26 months	2% of the share capital as at the date of the decision of the Board of Directors This maximum amount to be deducted from the maximum amount provided for by resolution 22 Joint maximum amount of 2% for resolutions 28 and 29
Issuance with cancellation of the preferential subscription right reserved for certain categories of beneficiaries in order to allow employee shareholding transactions	May 25, 2016 (resolution 20)	July 27, 2017	1% of the share capital as at the date of the decision of the Board of Directors This maximum amount to be deducted from the 2% maximum provided for by resolution number 24 and from the maximum amount provided by resolution number 18 of the Shareholders' Meeting of May 27, 2015	Issuance of 39,114 new shares on March 13, 2017, *i.e.* a share capital increase of €195,570	29	18 months	1 % of the share capital as at the date of the decision of the Board of Directors This maximum amount to be deducted from the maximum amount provided for by resolution 22 Joint maximum amount of 2% for resolutions 28 and 29

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2017		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT / PUBLIC OFFER
DECREASE IN THE SHARE CAPITAL BY CANCELLING SHARES							
Decrease in the share capital by cancelling shares	May 25, 2016 (resolution 17)	18 months (November 24, 2017)	10% of the share capital on the date of cancellation by 24-month period	N/A	21	18 months	10% of the share capital on the date of cancellation by 24-month period
REPURCHASE BY REXEL OF ITS OWN SHARES							
Share repurchase	May 25, 2016 (resolution 16)	18 months (November 24, 2017)	10% of share capital as at the completion date Maximum total amount €250,000,000 Maximum repurchase price €30	Utilization under the Exane BNP Paribas liquidity contract for market-making purposes: purchase of 8,547,059 shares at an average price of €12.3039 and sale of 8,612,059 shares at an average price of €12.3275	20	18 months	10% of share capital as at the completion date Maximum total amount €250,000,000 Maximum repurchase price €30 This delegation could not be used during the period of a public offer on the securities of the Company initiated by a third party, without prior authorization of the Shareholders' Meeting
AUTHORIZATIONS NOT SUBMITTED FOR RENEWAL TO THE SHAREHOLDERS MEETING OF MAY 23, 2017							
Performance share allotments	May 25, 2016 (resolution 18)	26 months (July 24, 2018)	1.4% of the share capital as at the date of the decision of the Board of Directors	Allocation on June 23, 2016 of 1,800,625 shares, *i.e.*, €9,103,125	N/A	N/A	N/A
Allotment of performance shares to the members of the personnel and to the corporate officers members of a shareholding plan	May 25, 2016 (resolution 19)	26 months (July 24, 2018)	0.3% of the share capital as at the date of the decision of the Board of Directors	Allocation on November 22, 2016 of 223,971 shares, *i.e.*, €1,119,855	N/A	N/A	N/A

7.2 REPORT OF THE BOARD OF DIRECTORS ON THE COMPENSATION POLICY

Report of the Board of Directors on the Corporate Officers' Compensations to the Ordinary and Extraordinary Shareholders' General Meeting of May 23, 2017

Dear shareholders,

The ordinary and extraordinary meeting of the shareholders of Rexel, a French *société anonyme*, having its registered office at 13, boulevard du Fort de Vaux 75017 Paris ("**Rexel**" or the "**Company**") has been convened by the Board of Directors on May 23, 2017, at 10 a.m. at Salons Eurosites George V, 28 Avenue George V, 75008 Paris (the "**Shareholders' Meeting**").

We present to you in this report, pursuant to Article L.225-37-2 of the French Commercial Code and in accordance with the recommendations of paragraph 26 of the AFEP-MEDEF Code of corporate governance of November 2016, to which the Company refers in application of Article L.225-37 of the French Commercial Code the principles and criterion applicable to the determination, breakdown and allocation of the fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the corporate officers *(dirigeants mandataires sociaux)* for the financial year 2017.

1. Principles and criteria of the compensation policy attributable to the corporate officers

The main principles and criteria of the compensation policy are set by the Board of Directors upon the recommendation of the Nomination and Compensation Committee. In accordance with the governance structure in place, the corporate officers are:

- The Chairman of the Board (non-executive corporate officer);
- The Chief Executive Officer (executive corporate officer).

The Board of Directors decided to terminate the duties of the Deputy Chief Executive Officer, as of February 20, 2017. The appointment of a new Deputy Chief Executive Officer is not planned. Nevertheless, since the Deputy Chief Executive Officer(1) carried out her duties until February 20, 2017, the compensation policy in respect of this position is included in the explanations below.

The compensation policy defined by the Board of Directors for the non-executive corporate officers (the Chairman of the Board of Directors) is designed to attract and retain an officer in charge of developing a working relationship with the members of the Board of Directors and to increase the strategic scenario by bringing the support of the shareholders to the company and *vice versa*.

(1) Executive corporate officer.

The compensation policy defined by the Board of Directors for the executive corporate officers (the Chief Executive Officer and the Deputy Chief Executive Officer) is designed to attract, retain and incentivize performing executives who will develop the performance and competitiveness of the group over the medium and the long-term, in accordance with the defined strategy, by aligning their interest with the corporate interest of the group and the one of its shareholders. The compensation is determined by taking into account market practices, the performances of the executives and the other stakeholders of the Company. This policy is aligned with the policy applicable to the other group's executives.

In order to ensure the effective implementation of these objectives, the Board of Directors determines with comprehensiveness and in a balanced approach the different components on the corporate officers' compensation. The studies realized annually by an independent consulting firm (Willis Towers Watson firm), based on a benchmark including a panel of French and European companies of similar industries and size in terms of sales, number of employees and market capitalization, allow the Board of Directors to assess the competitiveness of the corporate officers' compensation.

Principles and criteria applicable to the determination, breakdown and allocation of the different components of the compensation currently in place by type of functions:

Fixed compensation

The corporate officers' compensation policy as defined by the Board of Directors includes the allotment of an annual fixed compensation to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer.

The compensation policy defined by the Board of Directors provides that the Chairman of the Board of Directors, a non-executive corporate officer, only receives an annual fixed compensation excluding any other component of compensation.

The amount of this fixed compensation is determined in accordance with specific criteria for each person (experience, seniority, responsibilities) and criteria based on the sector's business activity and the general economic environment.

The Board of Directors aims at positioning the fixed annual compensation of the corporate officers at the median of the reference market and to propose a more dynamic short-term and long-term target variable compensation, both of which are integrally subject to demanding performance conditions.

The Board of Directors of February 10, 2016, decided to modify its review policy regarding corporate officers' compensation. The annual fixed and variable target compensation of the corporate officers is now set at the beginning of each term for the entire term of office (previously, this annual fixed compensation was reviewed on a regular basis in accordance with the compensation policy that applies to all top managers of the Company, in order to allow, through this continuous adjustment, the alignment of the fixed annual compensation with the median of the reference market).

Variable compensation

The Chief Executive Officer and the Deputy Chief Executive Officer, executive corporate officers, also receive an annual variable compensation. This annual variable compensation is set to correlate the compensation of the Chief Executive Officer and of the Deputy Chief Executive Officer with the results of the Rexel Group's business. The variable compensation is calculated on the basis of the achievement, or not, of criteria related to the Rexel Group's and of individual criteria.

The criteria linked to the Rexel Group are financial ones, determined in respect and on the basis of Rexel's results, and of the indicators usually used for the analysis of its financial condition. Individual criteria are individual and measurable criteria calculated according to the duties carried out within the Rexel Group and to the duties entrusted to that person.

The criteria and their expected level of achievement are clearly defined on an annual basis by the Board of Directors. The financial criteria are disclosed at the start of the financial year. The expected level of achievement and the performance reached are disclosed *ex-post*. In respect of individual criteria, their achievement rate is detailed for each of the officers. These criteria are described in a way to preserve the Rexel Group's interests in a highly competitive environment.

In accordance with the provisions of article L.225-100 of the French Commercial Code from the law No. 2016-1691 of December 9, 2016, the payment of the variable portion in respect of the past financial year can only be made subject to the approval of the compensation items of the relevant person by a shareholders' meeting.

The compensation policy does not include any multi-annual variable compensation.

Attendance fees

Corporate Officers were entitled to receive attendance fees in respect of their mandates exercised within the Rexel Group.

The Board of Directors' of February 10, 2016, decided to suppress the grant of intra-group attendance fees from 2016.

In the situation where an executive officer were to become Director of the Company, no attendance fees shall be granted.

Benefits in kind

The Chief Executive Officer and the Deputy Chief Executive Officer are also awarded benefits in kind in respect of their duties carried out within the group (such as collective social protection coverage, health check-up, tax and retirement advisors fees, company car, executive director's unemployment coverage GSC).

Long-term compensation: Free allocation of shares and allocation of subscription or purchase options

The Board of Directors may freely grant shares, subscription or purchase options to the Chief Executive Officer and the Deputy Chief Executive Officer in order to associate and involve them in Rexel Group's growth and its financial results.

The Chief Executive Officer and the Deputy Chief Executive Officer are currently eligible for the annual performance shares plan. This historic mechanism is used to incentivize and retains employees and managers of the Group.

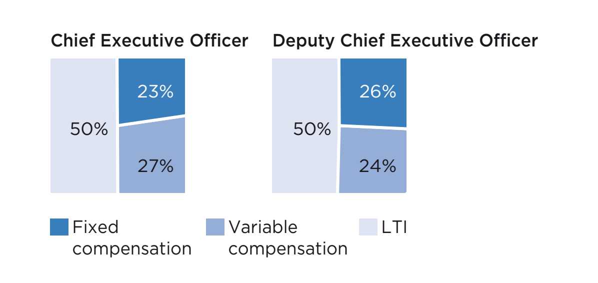
These shares are currently fully subject to performance conditions assessed over a minimum period of 3 years, and cumulatively, to an attendance condition (on a period lasting 3 or 4 years depending of the countries).

The Chief Executive Officer and the Deputy Chief Executive Officer have a retention obligation of at least 20% of the shares vested under these mechanisms until the term of their office.

Furthermore, a limit was introduced in 2015 aiming at guaranteeing a balanced allocation of the various items of the corporate officers' compensation. Thus, the annual value of the performance shares allocated in respect of a given financial year to the Chief Executive Officer and the Deputy Chief Executive Officer cannot exceed 100% of their respective annual fixed and variable target compensation for the relevant financial year.

An additional limit also provides that the number of shares allocated to the Chief Executive Officer and to the Deputy Chief Executive Officer cannot exceed 10% of the aggregate amount of performance shares allocated to all of the beneficiaries (the global allocation is capped to 1.4% of the share capital over a 26 months period).

Illustration: Breakdown of the weight of the different components which are fixed, variable annual compensation and performance shares for the Chief Executive Officer and the Deputy Chief Executive Officer (on the theoretical base of the fixed, variable targeted compensation and to the maximum value of the performance shares)



LTI: Long Term Incentive.

Medium term collective savings scheme

The Board of Directors wished to put in place, as of 2016, a scheme allowing executives to progressively build-up medium-term savings. This scheme provides for the payment of an annual contribution at the benefit of the executive, in proportion with the compensation effectively received and capped. This defined contribution is liable to social security contributions and personal income tax and the remaining part is paid on a medium-term investment vehicle (such as life insurance). The Board of Directors has considered that this type of scheme is more appropriate and attractive for current executives than other schemes such as supplementary pension schemes. The Deputy Chief Executive Officer is eligible to this scheme, as well as the Group's senior executives having a certain level of responsibility.

The Board of Directors had decided to put an end to the supplementary defined-benefit retirement scheme (as defined under the article 137-11 of the French Social Security Code) that benefited to some executives, due to the evolution of the legislation related to these schemes which have made the system unstable and costly for the company. Only few executives have been retained in these schemes taking into account their career and their seniority (one of them became the Chief Executive Officer).

Severance indemnities

The executive corporate officers' compensation policy as defined by the Board of Directors includes under certain conditions the payment of severance indemnities.

These severance indemnities are subject to the two following cumulative conditions: (i) in the event of a forced departure and (ii) in the event of a change of control or of strategy.

The payment of these indemnities is subject to performance conditions assessed over 2 years.

The severance indemnities are capped to not exceed the 24 months of the monthly reference compensation of the executive concerned (last fixed and variable paid compensation, divided by 12).

The severance payment is not deemed in the event of a dismissal, termination of duty in the event of gross negligence *(faute grave)* or willful misconduct *(faute lourde)*, or retirement leave.(1)

A non-compete clause may be included (period limited to 12 months). The Board of Directors reserves the possibility to waive the implementation of such clause following the corporate officers departure.(2)

The gross severance indemnity is capped to the 24 months of the monthly reference compensation including if any the indemnity compensating the non-compete clause.

The Board of Directors may decide that an executive shall not be eligible to these indemnities in respect of its corporate mandate due to its particular situation (profile, career…).

In respect of long-term compensation (such as the allocation of free performance shares), in relation to the required attendance criteria, the rules of the plans provide for the loss of allocated and unvested shares in case of departure from the Group of the senior executives (excluding any retirement leave or death or disability).

Other: Exceptional compensations and recruitment compensations

The Board of Directors considers that, in the interest of the group and its stakeholders, the possibility to pay exceptional compensations to executive corporate officers under specific circumstances shall not be excluded by principle. The payment of such compensations shall be motivated and the reasons leading to the implementation shall be explained.

Similarly, if the Board of Directors intends to promote the development of internal talents in successions plans, it also considers that the payment of a recruitment compensation for an executive corporate officer shall be possible if the interest of the group is at stake to attract a new talented executive. This compensation would be related to the financial loss suffered by the executive due to the change of position.

In any case, these compensations shall comply with the AFEP-MEDEF Code of corporate governance and respect the measure principles and the right balance between the different interests at stake.

(1) The position adopted by the Board of Directors is more restrictive than the guidelines of the AFEP-MEDEF Code that provides for the payment of indemnities in case of forced departure "independent of the form of such departure".

(2) The Board of Directors, having the option to assess the interest for the Group to activate the non-compete clause or to waive its right in such respect depending on the effective risk of competition upon the departure of the executive (in particular in the situation where the executive would continue to carry out missions or functions for competitors, even after a retirement leave), believes that the activation of such clause should not be ruled out as a principle (in particular, taking into account the various legislations applicable in respect of retirement rights for international executives).

In accordance with the provisions of article L.225-100 of the French Commercial Code from the law No. 2016-1691 of December 9, 2016, the payment of exceptional compensation items can only be made subject to the approval of the compensation items of the relevant executive by a shareholders' meeting.

2. Application of the compensation policy to the corporate officers for 2017

The Board of Directors of Rexel, upon its meeting of February 20, 2017, decided to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer, effective February 20, 2017. This decision follows a divergence of views in respect of the implementation of the new strategic directions of Rexel presented at the Capital Markets Day of February 13, 2017.

The compensation of Catherine Guillouard in respect of her corporate office from January 1, 2017 to February 20, 2017 is described hereafter.

Fixed annual compensation

In €	CHAIRMAN OF THE BOARD OF DIRECTORS IAN MEAKINS	CHIEF EXECUTIVE OFFICER PATRICK BERARD	DEPUTY CHIEF EXECUTIVE OFFICER CATHERINE GUILLOUARD
Fixed compensation	500,000	650,000	500,000

Following the decision of the Board of Directors on February 20, 2017, to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer, the fixed compensation to be paid in respect of the corporate office, calculated on a pro rata basis for the period between January 1, 2017 and February 20, 2017 amounts to €70,833;

Variable annual compensation

The variable target compensation for 2017 is based on the fixed annual compensation.

In €	CHIEF EXECUTIVE OFFICER PATRICK BERARD	DEPUTY CHIEF EXECUTIVE OFFICER CATHERINE GUILLOUARD
Fixed compensation	650,000	500,000
Annual variable compensation target in % of the fixed compensation	120%	90%
Annual variable compensation target in amount	780,000	450,000

The variable compensation for 2017 is based for 75% on financial objectives and 25% on individual objectives for the Chief Executive Officer and for 65% on financial objectives and 35% on individual objectives for the Deputy Chief Executive Officer.

The financial objectives can reach a maximum result of 150%, if the financial results exceed 100% of the financial targeted objectives. The individual part of the variable compensation is capped at 100% of its realisation. Thus, the maximum variable compensation represents 165% of the fixed compensation for the Chief Executive Officer and 119% of the fixed compensation for the Deputy Chief Executive Officer.

Chief Executive Officer

2017 FIXED COMPENSATION IN €	2017 TARGET VARIABLE PART IN PERCENTAGE OF FIXED COMPENSATION	2017 TARGET VARIABLE PORTION IN €	FINANCIAL PORTION OF THE TARGET VARIABLE PORTION	INDIVIDUEL PORTION OF THE TARGET VARIABLE PORTION	MAXIMUM FINANCIAL PORTION	MAXIMUM INDIVIDUAL PORTION	MAXIMUM 2017 TARGET VARIABLE PORTION IN% OF TARGET AND IN €	MAXIMUM 2017 TARGET VARIABLE PORTION IN% OF FIXED COMPENSATION AND IN €
			75%	25%	(75% x 150%) = 112.5%	(25% x 100%) = 25%	137.5%	165%
650,000	120%	780,000	585,000	195,000	877,500	195,000	1,072,500	1,072,500

Deputy Chief Executive Officer

2017 FIXED COMPENSATION (*PRORATA TEMPORIS* FROM JANUARY 1 TO FEBRUARY 20, 2017).	2017 TARGET VARIABLE PORTION IN PERCENTAGE OF FIXED COMPENSATION (*PRORATA TEMPORIS*)	2017 TARGET VARIABLE PORTION IN € (*PRORATA TEMPORIS*)	FINANCIAL PART OF THE TARGET VARIABLE PORTION	INDIVIDUAL PART OF THE TARGET VARIABLE PORTION	MAXIMUM ACHIEVEMENT OF THE FINANCIAL PORTION	MAXIMUM ACHIEVEMENT OF THE INDIVIDUAL PORTION	MAXIMUM 2017 TARGET VARIABLE PORTION IN % OF TARGET AND IN € (*PRORATA TEMPORIS*)	MAXIMUM 2017 TARGET VARIABLE PORTION IN % OF FIXED COMPENSATION AND IN € (*PRORATA TEMPORIS*)
			65%	35%	(65% x 150%) = 97.5%	(35% x 100%) = 35%	132.5%	119%
70,833	90%	63,750	41,437	22,312	62,156	22,312	84,468	84,468

The financial objectives that the Chief Executive Officer and the Deputy Chief Executive Officer have in common are:

- The sales growth in volume (33%),
- The adjusted EBITA in volume (33%), and
- The ATWC (33%).

	WEIGHT	TRIGGER	TARGET	MAXIMUM
Sales growth in volume	33%	1st € paid out if result reaches at least last year Sales	125% payout if result reaches 100% of target	150% payout if result reaches 120% of target
Adjusted EBITA in volume	33%	50% payout if result reaches at least last year Adjusted EBITA	110% payout if result reaches 100% of target	Payout capped at 150%
ATWC	33%	25% payout if result reaches 95% of target	100% payout if result reaches 100% of target	150% payout if result reaches 105% of target
	100%	Linear calculation between the points		

The targets to reach are those set in the 2017 budget.[(1)]

Following the decision of the Board of Directors on February 20, 2017, to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer, the annual variable portion payable to Catherine Guillouard will be determined by the Board of Directors based on the financial statements as at June 30, 2017.[(2)]

Long-term compensation

The Chief Executive Officer shall be entitled to benefit from a shares performance allocation subject to the conditions described below. The value of these shares shall not exceed 100% of his fixed and variable target compensation[(3)].

In €	ANNUAL FIXED COMPENSATION	ANNUAL VARIABLE COMPENSATION TARGET	TOTAL TARGET	MAXIMUM VALUE OF THE 2017 LTI AT THE GRANT IN PERCENTAGE OF THE TARGET COMPENSATION	MAXIMUM VALUE OF THE 2017 LTI AT THE GRANT IN AMOUNT
Chief Executive Officer	650,000	780,000	1,430,000	100%	1,430,000

Performance conditions are as follow:

	WEIGHT	TRIGGER	TARGET	MAXIMUM	COMMENTS
Average over 3 years[(a)] of EBITA growth (Mid-term plan)	30%	Acquisition equal to 50% if the average reaches 75% of target	100% of shares vest if the target is reached	Allocation equal to 150% if the average reaches or exceeds 125% of target	Calculation on a linear basis between the points
3-year average[(a)] of organic sales growth (Mid-term plan)	30%	Acquisition equal to 50% if the average reaches 75% of target	100% of shares vest if the target is reached	Acquisition equal to 150% if the average reaches or exceeds 125% of target	Calculation on a linear basis between the points
3-year[(b)] average of the free cash flow before interest and tax/EBITDA ratio (Mid-term plan)	20%	50% of shares vest if the average performance reaches 90%	100% of shares vest if the target is reached	150% of shares vest if the average performance reaches at least 120% of target	Calculation on a linear basis between the points
TSR ranking of Rexel compared to a panel of companies (enterprises of the Stoxx Europe TMI "Electronic & Electrical Equipment", as well as Wolseley; Farnell; Grainger; Anixter; Electrocomponents and Wesco International) over a period of 3 years[(c)]	20 %	50% of shares vest if the Rexel's TSR performance reaches the median of the panel	100% of shares vest if the Rexel's TSR performance reaches the 70th percentile	150% of shares vest if the Rexel's TSR performance reaches at least	Calculation on a linear basis between the points
	100%	The performance level of each criterion is combined with the weight of each criterion in order to obtain a weighted global level of performance. In any case, said global level is limited to 100% of the initial allotment			

(a) Average variation over the period 2016-2019, for the 2017 plan.
(b) Average 2017, 2018 and 2019, for the 2017 plan.
(c) 2017-2020, for the 2017 plan.

(1) In accordance with the provisions of law No. 2016-1691 of December 9, 2016, the payment of the variable portion in respect of the past financial year can only be made subject to the approval of the compensation items of the relevant person by a shareholders' meeting.
(2) In accordance with the provisions of law No. 2016-1691 of December 9, 2016, the payment of the 2017 variable portion will be subject to the approval of the 2018 shareholders' meeting.
(3) The Deputy Chief Executive Officer will not be eligible.

Following the decision of the Board of Directors on February 20, 2017, to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer, it has been decided to apply the attendance criteria required as at the date of final vesting of the performance shares. Thus, the shares that will not have been finally vested as at the departure of Catherine Guillouard from the Group, shall be canceled.

Supplementary defined-benefit pension plan, within the meaning of L.137-11 of the French Social Security Code

Chief Executive Officer

The Chief Executive Officer benefits from a supplementary defined-benefit pension scheme, within the meaning of L.137-11 of the French Social Security code, made up of two successive regimes:

- a first regime set up unilaterally, effective from May 31, 2005 and amended for the last time with effect from September 1, 2016 (regime 1). This regime was frozen as at June 30, 2009;
- a second regime set up unilaterally on March 30, 2009, with effect from July 1, 2009 and amended for the last time with effect from September 1, 2016 (regime 2).

The contingent rights that the Chief Executive Officer may acquire in respect of his activity as corporate officer, in connection with this scheme (consideration of the compensation for Regimes 1 and 2), shall only be granted if performance criteria are met (see paragraph 3.2.3 "Pension, retirement or other benefits" of the 2016 Registration document.

Characteristics of the Regimes:

	REGIME 1	REGIME 2
Effective date	• May 31, 2005 • Rights frozen as from June 30, 2009	• July 1, 2009
Reference compensation	• Average of the three best calendar years of gross compensation • Gross compensation includes fixed compensation, exclusively contractual annual bonuses and benefits in kind (excluding exceptional bonuses, hardship allowances and equivalent items)	• Average of the three best calendar years of gross compensation • Gross compensation includes fixed compensation and exclusively contractual annual bonuses limited to 80% of the fixed portion (excluding exceptional bonuses, hardship allowances and equivalent items) • Global limit equal to 40 PASS
Seniority	• Minimum seniority of 4 years	• Entry into the Rexel group prior to January 1, 2010 (compliance with the minimum the seniority criteria of 2 years provided by the AFEP/MEDEF Code)
Rights acquisition formula	• 2.5% per year of service • For Patrick Berard, potential accrued rights frozen amount to 10.0%	• 1.00% per year of service for the tranche between 4 and 20 PASS • 0.50% per year of service for the tranche between 20 and 40 PASS
Applicable limits	• Retirement pension under this plan and other additional retirement schemes of Rexel limited to 12.5% of the reference compensation • For Patrick Berard, potential accrued rights are below limit	• Retirement pension limited to 20% of the reference compensation under Regime 2 • Retirement pension under this plan and other supplemental pension schemes of Rexel (including Regime 1) limited to 25% of the reference compensation under Regime 2 • Retirement pension under this plan and all other Rexel additional pension schemes (including Regime 1) and compulsory regimes, limited to 50% of the reference compensation
Reversion pension	• 60% of the additional pension calculated on the basis of seniority and reference compensation as at the date of the death.	• 50% of the additional pension calculated on the basis of seniority and reference compensation as at the date of the death.
Conditions of entry into the regime	Entry into the regime is subject to the following cumulative conditions	
	• Having the status of employee and/or corporate officer; • and having a status and activity compliant with the definition of article L.3111-2 of the French labor code and a certain level of responsibility.	• Having the status of employee and/or corporate officers; • having joined the Rexel group prior to January 1, 2010; • and having the status and activity compliant with the definition of article L.3111-2 of the French labor code and a certain level of responsibility.

	REGIME 1	REGIME 2
Joint criteria for enjoying the benefits – general rule	The benefits are subject to the following cumulative conditions: • participating to the old-age insurance of the French Social Security regime; • being part of Rexel Développement (or Rexel for Regime 2) as at the date of their retirement or forced retirement; • putting an end to their professional career within Rexel Développement (or Rexel for Regime 2), in accordance with the condition set forth in article L.137-11 of the French Social Security code ; and • having settled their retirement pension of the French Social Security base regime.	
Joint criteria for enjoying the benefits – specific situations	Ability to maintain the regime in the following cases: • Dismissal after the age of 55 (except for willful misconduct) provided that the beneficiary does not exercise afterwards any other professional activity; • Disability classified as the 2nd or 3rd class under the French Social Security regime; • early departure in connection with an early retirement company regime; • Death before departure from the company (upholding of the related rights such as reversion pension). The effective benefits can be enjoyed as from the effective liquidation of the old-age pension of the base Social Security regime.	

Medium-term collective savings scheme

This scheme is applicable to the Deputy Chief Executive Officer.

The medium-term collective savings scheme includes:

- A yearly component: a contribution based on the fixed and variable compensation received the relevant year(1), thus taking into account the annual performance achieved:
  - 20% on the portion of compensation ranging from 4 to 20 PASS(2);
  - 10% on the portion of compensation ranging from 20 to 40 PASS (2).

  This contribution was initially calculated based on the compensation received in 2016.

  This scheme represents a maximum contribution of approximately 15% of the Deputy Chief Executive Officer fixed and target variable annual compensation (capped at 80% of the fixed compensation, for the calculation of the contribution).
- An exceptional contribution will be made in order to take into account the restructuring of the components of the compensation of the Group's top managers concerned. In such respect, Deputy Chief Executive Officer Catherine Guillouard was able to benefit from a specific contribution of €81,765 per year during 3 years, as from 2016, subject to effective attendance at December 31, each year. This specific contribution was calculated in accordance with the same rules as those described for the annual component of the scheme, based on the compensation received by the Deputy Chief Executive Officer since the beginning of her term of office.

All contributions will be liable to social security contributions and personal income tax.

A part of the contribution (50%) is paid by Rexel on a medium-term investment vehicule (such as life insurance re-purchasable at any time), with a lock-up undertaking from the corporate officers of at least 8 years.

A part of the contribution (50%) is paid directly in cash to the beneficiaries in order to allow them to pay for the tax and Social Security charges associated with this scheme.

Catherine Guillouard will be eligible to the annual component in respect of the compensation received as corporate officer from January 1, 2017 to February 20, 2017.

She will not be eligible to the exceptional component for 2017 and 2018, the attendance condition not being satisfied.

Severance Indemnities

Chief Executive Officer

The Chief Executive Officer is not eligible for a severance indemnity in connection with its corporate mandate.

No severance indemnity has been granted to Patrick Berard by the Board of Directors of June 23, 2016, any severance indemnity resulting from the termination of his duties as Chief Executive Officer of the Company, nor any noncompetition compensation indemnity in connection with the termination of such duties, taking into account his career and profile.

The employment agreement of Patrick Berard, suspended during the exercise of his duties as Chief Executive Officer of the Company, provides under certain conditions the payment of such indemnities, within the limits of a global amount of 18 months of monthly reference compensation (*i.e.*, the last annual fixed compensation increased by the average amount of the last 2 bonuses received, divided by 12). The suspended employment agreement also provides for

(1) The variable portion taken into consideration will be limited in any case to 80% of the fixed annual reference compensation.
(2) Annual Social Security limit *(Plafond Annuel de la Sécurité Sociale).*

possible non-compete indemnity under certain conditions, the indemnification of which would range within the total limit of 18 months of monthly reference compensation as described above. It is specified by the Board of Directors that in case of reactivation of the employment agreement of Patrick Berard, these potential severance indemnities would be calculated without taking into account the exercise period of the corporate office (without considering his seniority or fixed or variable compensation received as a corporate officer).

Deputy Chief Executive Officer

The Deputy Chief Executive Officer benefited of a severance indemnity subject to the following conditions:

Catherine Guillouard's employment contract with Rexel Développement had been suspended since April 30, 2013 and provided that in the event of termination of her corporate office, her employment contract with Rexel Développement would be reinstated with a compensation package equivalent to that from which she benefited as corporate officer.

The employment contract of Catherine Guillouard, amended on February 24, 2016 provided, in the event of termination of the employment contract at the initiative of the employer, notified within twelve months following the end of her duties as corporate officer, the conditions referred to as forced departure, and linked to a change in control or strategy, independent of the grounds of the termination of contract, except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave, that Catherine Guillouard would benefit from a gross contractual severance indemnity equal to 24 months of the monthly reference compensation.

The monthly reference compensation was defined as the gross annual fixed compensation applicable during the full month prior to the month of the effective redundancy date, plus the amount of the gross variable compensation received in respect of the last financial year, excluding any other additional or exceptional compensation items, divided by 12. The monthly reference compensation included any potential compensation (fixed and variable, on a *prorata* basis) received as a corporate officer during this last month in respect of the fixed compensation or for the last financial year in respect of the variable compensation (excluding any additional or exceptional compensation item)[1].

Catherine Guillouard's employment contract amended on February 24, 2016 provided, in the event of the termination of the employment contract at the initiative of the employer, notified more than 12 months after the end of her duties as corporate officer, and subject to the actual exercise of a salaried position during this period, that the conditions of termination of the corporate office referred to above or to the performance conditions mentioned below would not be applicable.

In addition, regardless of the cause of departure from Rexel, a non-compete clause was stipulated in Catherine Guillouard's employment contract amended on February 24, 2016. This non-compete undertaking was limited to a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-compete indemnity was equal to one twelfth of the gross fixed annual compensation. The company may waive this non-compete clause.[2]

The contractual severance indemnity was deemed to include the statutory severance indemnity *(indemnité légale de licenciement)* or severance indemnity pursuant to the applicable collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the non-complete indemnity (with the above indemnities not being subject to the conditions of termination of the corporate office referred to above, or to the performance conditions referred to below).

Performance criteria applicable to severance indemnities

Pursuant to the provisions of Article L.225-42-1 of the French Commercial Code, the contractual severance indemnities of Catherine Guillouard, other than the statutory severance indemnity or the severance indemnity pursuant to the applicable collective bargaining agreement or non-compete indemnity, are subject to performance criteria.

- The payment of 60% of the indemnity would be dependent on the level of EBITA of the Rexel Group. This payment would be 100% if the level of EBITA, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions or employment contract (the reference period) reached on average a minimum of 60% of the amount budgeted for such two financial years; and
- The payment of 40% of the indemnity would be dependent on the level of ATWC (average trade working capital requirement) of the Rexel Group. This payment would be 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate office or employment contract (the

(1) Consequently, the severance indemnity shall not exceed 24 months of the last fixed and variable compensation paid.
(2) The Board of Directors, having the option to assess the interest for the Group to activate the non-compete clause or to waive its right in such respect depending on the effective risk of competition upon the departure of the executive officer (in particular in the situation where the executive would continue to carry out mission or functions for competitors, even after a retirement leave or a compulsory retirement leave), believes that the activation of such clause should not be ruled out as a principle, in the event of a voluntary retirement leave by the executive (in particular, taking into account the various legislations applicable in respect of retirement rights for international executives officers).

reference period) reached on average a maximum of 125% of the performance budgeted for such two financial years.

The Board of Directors of February 10, 2016, upon recommendation of the Nomination and Compensation Committee, decided to suppress the option to review these performance conditions within the reference financial years, in case of deterioration of the economic or financial condition of Rexel or of the market.

The payment of these indemnities requires a prior decision of the Board of Directors acknowledging the achievement of these conditions.

Termination of the duties of Catherine Guillouard, Deputy Chief Executive Officer

Following the decision of the Board of Directors on February 20, 2017, to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer, the Board of Directors:

- Acknowledged that the conditions related to the payment of the severance indemnity of Catherine Guillouard, as determined by the Board of Directors on February 11, 2015, of February 10, 2016 and of June 23, 2016[1] had been met (case of forced departure related to a change of control or strategy);
- Acknowledged the achievement of the performance criteria associated with such severance indemnity (as determined by the Board of Directors on May 22, 2014 and approved by the shareholders' meeting of May 27, 2015 as amended by the Board of Directors on February 10, 2016 and approved by the shareholders' meeting of May 25, 2016[2]);
- decided the payment of a gross severance indemnity equal to 24 months of the monthly reference compensation. As decided by the Board of Directors of February 10, 2016 and approved by the shareholders' meeting of May 25, 2016, the monthly reference compensation corresponds to the last fixed gross annual compensation plus the gross amount of the last variable compensation paid, excluding any additional or exceptional compensation, with this sum being divided by 12.

The Board of Directors also decided to implement the non-compete clause. This non-compete undertaking is limited to a period of 12 months. As consideration, the monthly non-compete payment is equal to one twelfth of the gross fixed annual compensation.

Thus, the severance indemnity due to Catherine Guillouard, equal to 24 months of her monthly reference compensation, amounts to a gross amount of €1,627,076[3] linked to the termination of the employment contract of Catherine Guillouard (including the statutory severance indemnity and the severance indemnity pursuant to the applicable collective bargaining agreement and the non-compete indemnity).

CALCULATION OF THE REFERENCE COMPENSATION FOR THE PURPOSES OF THE SEVERANCE INDEMNITY

Annual fixed portion	500,000
Variable portion paid in respect of the last financial year (2016)	313,538
Annual total	**813,538**
Monthly reference compensation (/12)	67,795
24 months of monthly reference compensation	**1,627,076[4]**

Exceptional compensation

No exceptional compensation has been planned for the financial year 2017 for the Chief Executive Officer and the Deputy Chief Executive Officer.

Therefore, we invite you to approve the policy compensation regarding the Chief Executive Officer, the Deputy Chief Executive Officer and the Chairman of the Board as presented in this report.

(1) Renewal by the Board of Directors of the corporate office of Catherine Guillouard for 2 years, under the compensation terms effective at such date.
(2) On May 22, 2014, the Board of Directors determined the following performance conditions:
- The payment of 60 % of the indemnity depended on the level of EBITA of the Rexel Group. This payment was to be 100% if the level of EBITA, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate duties or employment contract (the reference periods) reached on average a minimum of 60% of the amount budgeted for such two financial years; and
- The payment of 40% of the indemnity depended on the level of ATWC of the Rexel Group. This payment was equal to 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate office or employment contract (the reference period) reached on average a maximum of 125% of the performance budgeted for such two financial years.

The Board of Directors of February 10, 2016, upon recommendation of the Nomination and Compensation Committee, decided to suppress the option to review these performance conditions within the reference financial years.
(3) This calculation takes into account the last variable portion paid (2016 variable portion paid in 2017), as detailed below, and the last annual fixed compensation of €500,000, unamended for 2017.
(4) In the accounts of Rexel SA and Rexel Développement.

Schedule 1 – Compensations summary

PURPOSE AND LINK TO THE STRATEGY	APPLICATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE METRICS
FIXED COMPENSATION : COMPETITIVENESS			
To provide core reward for the role, recognizing responsibility for setting and delivering the strategy. **To attract and retain the best talent.**	Determine accordingly to incumbent's expertise and management capacities. Review at the renewal of each duty depending to complexity increase. No expected increase during the duty. Level is checked through peer's comparison to ensure relevance and acceptance.	Non applicable.	None.
VARIABLE COMPENSATION : SHORT TERM PERFORMANCE (GROUP AND INDIVIDUAL)			
To reward the achievement of annual objectives as an application of company's strategy. **To encourage performance-oriented and sustainable behaviours.**	Review at the renewal of each duty depending to complexity increase. No expected increase during the duty. Determine target and maximum levels appropriately to Rexel's business features and consistently with other individual criteria. Levels are checked through peer's comparison to ensure relevance and acceptance. Performance criteria in line with Rexel Strategy plan: • Sales to foster Group's long-term growth and drive the value creation, • EBITA to enhance operational excellence and support a profitable growth, • ATWC to pursue a financial discipline and allow future investments. These financial criteria are supplemented by individual objectives to incentivize key priorities for the year.	In order to offer motivating leverage for over performance. The following maximum have been retained: • Financial criteria: 150% of target, • Individual criteria: 100% of target. As a result, maximum variable are: • For CEO: 165% of Fixed Compensation, • For Deputy CEO: 119% of Fixed Compensation.	The performance objectives' breakdown is: (CEO / DEPUTY CEO) **Financial**: 75% / 65% **Individual**: 25% / 35% Financial objectives comprise three criteria, weighting each for one-third: • Sales growth (33%), • Adjusted EBITA (33%), • Average Trade Working Capital (33%). Individual objectives : • To be defined by the Board.

PURPOSE AND LINK TO THE STRATEGY	APPLICATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE METRICS
LONG TERM INCENTIVE: LONG TERM PERFORMANCE (GROUP)			
To mobilize top management and key people on company's strategic objectives. **To align the interests of management and shareholders.** **To attract and retain over a long-term horizon, rewarding accordingly to results.**	Grant performance shares in order to align shareholders and management interests in a robust way and offer potential reasonable gains. Grant yearly to offer a continued long-term performance incentive and maintain retention effect overtime. Five years term for Executive Corporate officer in France (3- year vesting period + 2-year holding period) to set a long enough horizon for performance assessment and alignment of interest. Performance is measured over 3-year period and include: • Economic objectives: EBITA growth, organic sales growth and ratio FCF before interest and taxes / EBITDA, aligned with Rexel strategy plan, • Stock performance and dividend policy to propose a fair return to investors. **Shareholding guidelines** Executives Corporate officers must hold at least 20% of the vested shares until the end of their term of office to extend timely the shared interest with shareholders.	Maximum volume of performance shares vested cannot exceed 100% of the initial grant. Besides, the following ceiling have been set: • Number of shares allotted to CEO and Deputy CEO cannot exceed 10% of the overall envelope allotted to all beneficiaries, • Annual value of the performance shares allotted to CEO and Deputy CEO cannot exceed 100% of the sum of their respective fixed and annual variable target compensation.	Objectives comprise four criteria: • 3-year average EBITA growth in value (30%), • 3-year average organic sales growth (30%), • 3-year average ratio of Free Cash Flow before interest and taxes to EBITDA (20%), • TSR compared to a peer group over three years composed of companies of Stoxx Europe TMI "Electronic & Electrical Equipment", and Wolseley; Farnell; Grainger; Anixter; Electrocomponents and Wesco International (20%).

PURPOSE AND LINK TO THE STRATEGY	APPLICATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE METRICS
SEVERANCE PAY			
Severance indemnities **To facilitate the exit of a manager in specific circumstances by proposing a fair and appropriate indemnity, upon performance conditions achieved.**	Indemnify only in case of forced departure linked to a change in control or strategy. Not applicable in the event of : • Resignation, • Termination for gross negligence *(faute grave)* or Wilful misconduct *(faute lourde)*, • Voluntary or compulsory retirement leave. The Board can decide to be more restrictive, taking the decision of not allowing a severance component for an executive, due to specific circumstances (as profile/career). Note: CEO is not eligible to this severance package in respect of his corporate office	Maximum severance indemnity cannot exceed 24 months of the reference compensation (sum of last fixed and variable compensation paid), including the statutory indemnity attached to the collective bargaining agreement if applicable Shared ceiling of 24 months of the reference compensation for severance and non-compete indemnities.	Applicable performance conditions on a 2-year basis: • 60% on the level of EBITA of Rexel Group, • 40% on the level of ATWC of Rexel Group.
Non-compete indemnity **To protect the interest of the company towards its competitive market.**	Indemnity upon identification of the degree of risk. The Board can waive the non-compete clause on departure of the executive.	Non-compete clause duration limited to 12 months with in return a compensation equals to 1/12 of the annual gross fixed compensation. Shared ceiling of 24 months of the reference compensation for severance and non-compete indemnities if applicable.	None.
OTHER DIRECT COMPENSATION			
Recruitment Compensation **To facilitate the attraction of talents, paying the appropriate compensation within Rexel compensation policy.**	Propose additional compensation for managers recruited outside from Rexel.	This compensation should be reasonable and in line with the guidelines of the AFEP-MEDEF Code.	
Exceptional / Discretionary Compensation **To compensate in exceptional circumstances.**	Propose appropriate compensation in exceptional circumstances in the interest of Rexel.	This compensation should be reasonable and in line with the guidelines of the AFEP-MEDEF Code.	

PURPOSE AND LINK TO THE STRATEGY	APPLICATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE METRICS
PENSION AND OTHER BENEFITS			
New Mid-Term Collective Savings Scheme **To allow for the constitution of a mid-term savings for executives. No long term commitment from the company**	Propose a saving scheme appropriated to nomad/ international executive population. Note: CEO is not eligible to this new collective saving scheme. Eligible to other benefit scheme based to his career(to be described separately).	Annual contribution equals to: • 20% of the portion of compensation paid ranging from 4 to 20 PASS (1 PASS = 39K€ in 2017), • Plus, 10 % of the portion of compensation paid ranging from 20 to 40 PASS. The variable compensation taken into account is limited to 80% of the fixed annual reference compensation.	Contribution based on fixed and actual variable compensation.
Company Car **To apply the policy applicable to company's executives**	Corporate officers are eligible to the general company car policy.	Value of the policy applicable to executives of the company	None.
Medical / Death and disability insurance **To protect Executive Officers, applying the same coverage as the other employees**	Corporate officers are eligible to the coverage offered to other employees.	Contribution into a collective insurance contract (same rules for all employees).	None.
Unemployment Coverage GSC **To protect Executive Officers against unemployment**	Subscribe an unemployment coverage for Executive Directors. Note : The CEO is not eligible to this coverage.	Applicable contributions based on GSC grid.	None.

7.3 TEXT OF THE DRAFT RESOLUTIONS

Text of the draft resolutions submitted to the Ordinary and Extraordinary Shareholders' Meeting of May 23, 2017

I. Resolutions submitted to the Ordinary Shareholders' Meeting

First resolution

(Approval of the annual financial statements for the financial year ended December 31, 2016)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the reports of the Board of Directors and of the Statutory Auditors on the annual financial statements for the financial year ended December 31, 2016,

Approved the annual financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2016, as presented to it, as well as the transactions reflected in such financial statements and summarized in these reports.

The financial statements show a profit of €260,711,376.33.

In accordance with the provisions of Article 223 quater of the French General Tax Code, the Shareholders' Meeting approved the global amount of the costs and expenses referred to under Article 39-4 of the French General Tax Code which stood at €15,659 for the closed financial year, corresponding to an assumed corporation tax amounting to €5,391.

Second resolution

(Approval of the consolidated financial statements for the financial year ended December 31, 2016)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the reports of the Board of Directors and of the Statutory Auditors on the consolidated financial statements for the financial year ended December 31, 2016,

Approved the consolidated financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2016, as presented to it, as well as the transactions reflected in such financial statements and summarized in these reports.

The financial statements show a profit of €134.3 million.

Third resolution

(Allocation of the profits for the financial year ended December 31, 2016 and payment of the dividend

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors,

Decided to allocate the profits for the year ended December 31, 2016, which amounted to €260,711,376.33 as follows:

Origin of the amounts to be allocated:

• Profits from the 2016 financial year	€260,711,376.33
• Previous carry forward at December 31, 2016	€(10,813,888.01)
Total	**€249,897,488.32**

Allocation of profits:

• 5% to the statutory reserve	€12,494,874.42
• dividend	€120,619,518.40
by deduction from the following items:	
– Profits from the 2016 financial year	€120,619,518.40
• balance, to the carry forward account	€116,783,095.50
Total	**€249,897,488.32**

The Shareholders' Meeting decided to set the dividend in respect of the financial year ended December 31, 2016 at €0.40 per share giving right to such dividend, and attached to each of the shares conferring rights thereto.

The dividend shall be detached from the share on July 5, 2017, and paid on July 7, 2017.

The aggregate amount of the dividend of €120,619,518.40 was determined on the basis of the number of shares making up the share capital of 302,898,023 as at December 31, 2016 and of the number of shares held by the Company of 1,349,227 shares at the same date.

The aggregate amount of the dividend, and thus the balance of the carry forward account will be adjusted in order to take into account the number of shares held by the Company at the date of payment of the dividend that do not entitle to dividend, and of the new shares, if any, conferring rights to the dividend issued in the event of final vesting of free shares allocated. Prior to the payment of the dividend, the Board of Directors or, upon delegation, the Chief Executive Officer, shall acknowledge the number of shares held by the Company as well as the number of additional shares that will have been issued as a result of the final vesting of shares allocated free of charge; the necessary amounts for the payment of the dividend attached to the shares issued during this period shall be deducted from the carry forward account.

The dividend is eligible for the 40% tax rebate that individuals residing in France for tax purposes benefit from, in accordance with Article 158-3-2° of the French General Tax Code.

During the last three financial years, the Company has distributed the following amounts to the shareholders:

	2015	2014	2013
Distribution per shares	€0.40	€0.75(1)	€0.75(1)
Number of shares eligible	300,767,957	291,279,888	282,485,976
Total distribution	€120,307,183	€218,459,916(1)	€211,864,482(1)

(1) Amount(s) eligible for the 40% tax rebate that individuals residing in France for tax purposes benefit from, in accordance with Article 158-3-2°of the French General Tax Code.

Fourth resolution

(Authorization of agreements referred to in Articles L.225-38 et seq. *of the French Commercial Code*

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the Statutory Auditors' special report on related-party transactions governed by Articles L.225-38 *et seq.* of the French Commercial Code;

Acknowledged the information relating to the agreements entered into and the undertakings made during previous financial years the performance of which continued during the last financial year and that are mentioned in the special report of the Statutory Auditors' on related-party transactions governed by Articles L.225-38 *et seq.* of the French Commercial Code; and

Approved the following agreement entered into during the financial year ended December 31, 2016, after having been authorized by the Board of Directors of the Company:

- A medium-term collective savings scheme benefiting to the corporate officers and senior executives of the Rexel Group and that is the purpose of an agreement entered into with AXA France Vie. This agreement was authorized by the Board of Directors at its meetings of April 28, 2016 and November 22, 2016.

Fifth resolution

(Authorization of the defined-benefit pension liabilities granted to the benefit of Patrick Berard and referred to in Article L.225-42-1 of the French Commercial Code)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the Statutory Auditors' special report,

Approved the defined-benefit pension liabilities granted by the Board of Directors on July 1, 2016, to the benefit of Patrick Berard in his capacity as Chief Executive Officer and acknowledged and approved, in accordance with the provisions of Article L.225-42-1 of the French Commercial Code, the agreement relative to Patrick Berard set forth in the report.

Sixth resolution

(Authorization of the undertakings made to the benefit of Catherine Guillouard in case of termination, or change in, her duties referred to in Article L.225-42-1 of the French Commercial Code)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the Statutory Auditors' special report,

Approved the commitments made by the Board of Directors on June 23, 2016, to the benefit of Catherine Guillouard in her capacity as Deputy Chief Executive Officer, due or likely to become due from the termination of or a change in her duties or subsequent to such termination or change, and acknowledged and approved, in accordance with the provisions of Article L.225-42-1 of the French Commercial Code, the agreement relative to Catherine Guillouard set forth in the report.

Seventh resolution

(Approval of the principles and determination criterion, breakdown and allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Chief Executive Officer)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors provided for by article L.225-37-2 of the French Commercial Code,

Approved the principles and determination criterion, breakdown and allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Chief Executive Officer by virtue of its mandate as presented in such report.

Eighth resolution

(Approval of the principles and determination criterion, breakdown and allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Deputy Chief Executive Officer)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors provided for by article L.225-37-2 of the French Commercial Code,

Approved the principles and determination criterion, breakdown and allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Deputy Chief Executive Officer by virtue of its mandate as presented in such report.

Ninth resolution

(Approval of the principles and determination criterion, breakdown and allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Chairman of the Board of Directors)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors provided for by article L.225-37-2 of the French Commercial Code,

Approved the principles and determination criterion, breakdown and allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Chairman of the Board of Directors by virtue of its mandate as presented in such report.

Tenth resolution

(Opinion on the items of compensation due or granted in respect of the 2016 financial year to Rudy Provoost, Chairman and Chief Executive Officer until June 30, 2016)

The Shareholders' Meeting, consulted in accordance with the recommendations of paragraph 26.1 of the AFEP-MEDEF Code of corporate governance of November 2016, to which the Company refers in application of Article L.225-37 of the French Commercial Code, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the Registration document of the Company for the financial year ended December 31, 2016,

Gave a favorable opinion on the items of compensation due or granted in respect of the financial year ended December 31, 2016 to Rudy Provoost, Chairman and Chief Executive Officer until June 30, 2016, as described in the Registration document of the Company for the financial year ended December 31, 2016, Section 3.2.4 "Consultation on the corporate officers' individual

Eleventh resolution

(Opinion on the compensation items due or allocated in respect of the 2016 financial year to Patrick Berard, Chief Executive Officer as of July 1, 2016)

The Shareholders' Meeting, consulted in accordance with the recommendations of paragraph 26.1 of the AFEP-MEDEF Code of corporate governance of November 2016, to which the Company refers in application of Article L.225-37 of the French Commercial Code, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the Registration document of the Company for the financial year ended December 31, 2016,

Gave a favorable opinion on the items of compensation due or granted in respect of the financial year ended December 31, 2016 to Patrick Berard, Chief Executive Officer as of July 1, 2016, as described in the Registration document of the Company for the financial year ended December 31, 2016, Section 3.2.4 "Consultation on the corporate officers' individual compensation".

Twelfth resolution

(Opinion on the elements of compensation due or granted for the financial year 2016 to Catherine Guillouard, Deputy Chief Executive Officer)

The Shareholders' Meeting, consulted in accordance with the recommendations of paragraph 26.1 of the AFEP-MEDEF Code of corporate governance of November 2016, to which the Company refers in application of Article L.225-37 of the French Commercial Code, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the Registration document of the Company for the financial year ended December 31, 2016,

Give a favorable opinion on the elements of compensation due or granted in respect of the financial year ended December 31, 2016 to Catherine Guillouard, Deputy Chief Executive Officer, as described in the Registration document of the Company for the financial year ended December 31, 2016, Section 3.2.4 "Consultation on the corporate officers' individual compensation".

Thirteenth resolution

(Opinion on the compensation items due or allocated in respect of the 2016 financial year to François Henrot, Chairman of the Board of Directors from July 1, 2016, to September 30, 2016)

The Shareholders' Meeting, consulted in accordance with the recommendations of paragraph 26.1 of the AFEP-MEDEF Code of corporate governance of November 2016, to which the Company refers in application of Article L.225-37 of the French Commercial Code, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the Registration document of the Company for the financial year ended December 31, 2016,

Gave a favorable opinion on the items of compensation due or granted in respect of the financial year ended December 31, 2016 to François Henrot, Chairman of the Board of Directors from July 1, 2016 to September 30, 2016, as described in the Registration document of the Company for the financial year ended December 31, 2016, Section 3.2.4 "Consultation on the corporate officers' individual compensation".

Fourteenth resolution

(Opinion on the compensation items due or allocated in respect of the 2016 financial year to Ian Meakins, Chairman of the Board of Directors since October 1, 2016)

The Shareholders' Meeting, consulted in accordance with the recommendations of paragraph 26.1 of the AFEP-MEDEF Code of corporate governance of November 2016, to which the Company refers in application of Article L.225-37 of the French Commercial Code, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the Registration document of the Company for the financial year ended December 31, 2016, Gave a favorable opinion on the items of compensation due or granted in respect of the financial year ended December 31, 2016 to Ian Meakins, Chairman of the Board of Directors since October 1 2016, as described in the Registration document of the Company for the financial year ended December 31, 2016, Section 3.2.4 "Consultation on the corporate officers' individual compensation".

Fifteenth resolution

(Approval of the co-option of Ian Meakins as director)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors,

Resolved, in accordance with Article L.225-24 of the French Commercial Code, to ratify the co-option of Ian Meakins to the position of director, replacing Rudy Provoost, for the remainder of the term of office of his predecessor, *i.e.*, until the Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2017, to be held in 2018. This co-option was decided by the Board of Directors on July 1, 2016.

Sixteenth resolution

(Renewal of the term of office of Ian Meakins as director)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors,

In accordance with Article L.225-18 of the French Commercial Code:

1. Acknowledged the expiry of the term of office of Ian Meakins as director, effective as of the end of this Shareholders' Meeting in accordance with the provisions of Article 14.2 of the by-laws of the Company;
2. Decided to renew the term of office as director of Ian Meakins for a term of four years which is to expire upon the end of the Shareholders' Meeting which will be convened to resolve on the financial statements for the financial year ending December 31, 2020, to be held in 2021.

Ian Meakins has indicated that he was prepared to serve for another term of office and that he was not legally prohibited from doing so in any manner whatsoever.

Seventeenth resolution

(Renewal of the term of office of François Henrot as director)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors,

In accordance with Article L.225-18 of the French Commercial Code:

1. Acknowledged that the duties of director of François Henrot will come to an end at the closing of this Shareholders' Meeting.
2. Decided to renew the term of office as director of François Henrot for a term of four years which is to expire upon the end of the Shareholders' Meeting which will be convened to resolve on the financial statements for the financial year ending December 31, 2020, to be held in 2021.

François Henrot has indicated that he was prepared to serve for another term of office and that he was not legally prohibited from doing so in any manner whatsoever.

Eighteenth resolution

(Approval of the co-option of Agnès Touraine as director)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors,

Resolved, in accordance with Article L.225-24 of the French Commercial Code, to ratify the co-option of Agnès Touraine to the position of director, replacing Marianne Culver, for the remainder of the term of office of his predecessor, *i.e.*, until the Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2019, to be held in 2020. This co-option was decided by the Board of Directors on February 10, 2017.

Nineteenth resolution

(Appointment of Patrick Berard as director)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors,

Decided to appoint Patrick Berard as director of the Company or a term of four years which is to expire upon the end of the Shareholders' Meeting which will be convened to resolve on the financial statements for the financial year ending December 31,2020, to be held in 2021.

Patrick Berard has indicated that he accepts this office and that he was not legally prohibited from doing so in any manner whatsoever.

Twentieth resolution

(Authorization to be granted to the Board of Directors to carry out transactions on the Company's shares)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings, Having reviewed the report of the Board of Directors,

Decided to authorize the Board of Directors, with the option to delegate such authorization, in accordance with the provisions of Article L.225-209 of the French Commercial Code, of Articles 241-1 to 241-7 of the General Regulations of the French financial markets authority (the "AMF") and of the European regulation relating to market abuse, to purchase or cause to be purchased shares of the Company, in order of highest to lowest priority, with a view to:

- Ensuring liquidity and activity in the market for the shares of the Company through an investment services provider, acting independently under a liquidity agreement in accordance with a market ethics charter acknowledged by the AMF;
- Satisfying the obligations arising out of allocations of stock options, allotments of free shares or any other granting, allotment or sale of shares to the employees or the corporate officers of the Company or of an associated enterprise and carrying out any hedging operation relating to such transactions, in accordance with the conditions set forth by the market authorities and at such times that the Board of Directors or any person acting upon the authority of the Board of Directors implements such actions;
- Ensuring the coverage of the undertakings of the Company under rights with a settlement in cash and relating to the positive evolution of the trading price of the share of the Company granted to the employees or the corporate officers of the Company or of an associated enterprise;
- Retaining shares and delivering shares further to an exchange or as a consideration in the context of external growth transactions, in accordance with applicable regulations;
- Granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to shares of the Company;
- Canceling all or part of the shares so repurchased, in accordance with applicable laws and subject to an authorization being granted by the Extraordinary Shareholders' Meeting; and
- Implementing any other action that is or will become permitted by French law or the AMF or any purpose that may comply with the regulations in force.

The acquisition, sale or transfer of the shares may be carried out by any means, on the market or over the counter, including through transactions involving blocks of securities or takeover bids, option mechanisms, derivatives, purchase of options or of securities in conformity with the applicable regulatory conditions. The portion of the plan carried out through transactions involving blocks of shares may reach the total amount of the share repurchase plan.

This authorization shall be implemented pursuant to the following conditions:

- The maximum number of shares that the Company may purchase under this resolution shall not exceed 10% of the shares making up the share capital as at the date of completion of the repurchase of the shares of the Company;
- The number of shares acquired by the Company in view of holding them for subsequent payment or exchange in a merger, spin-off or contribution may not exceed 5% of the Company's share capital;
- The total maximum amount allocated to the repurchase of the shares of the Company may not exceed €250 million;
- The maximum purchase price per share of the Company has been set at €30, it being specified that in the event of transactions on the share capital, in particular by way of incorporation of reserves and allocation of free shares, division or grouping of shares, this maximum purchase price shall be adjusted accordingly by using a multiplying factor equal to the ratio between the number of shares making up the share capital prior to the relevant transaction, and the number of shares further to such transaction; and
- The shares held by the Company may not represent, at any time, more than 10% of its share capital.

The shares repurchased and retained by the Company will be deprived of voting rights and will not give right to the payment of dividends.

The Board of Directors will not be able, except with the prior approval of the Shareholders' Meeting, to pursue the implementation of its share repurchase program as from the filing by a third party of a public offer on the Company's securities and until the end of the offer period.

Full powers were granted to the Board of Directors, with the option to delegate such powers to any person so authorized in accordance with the legislative and regulatory provisions, to achieve this share repurchase program of the Company's shares, and in particular to give any stock exchange orders, enter into any agreement for the keeping of the purchase and sale registers, make any disclosures to the AMF and any other authorities, prepare any documents, in particular information documentation, allocate and, as the case may be, reallocate, subject to the conditions provided by the law, the shares acquired for the various purposes envisaged, carry out any formalities and, more generally, do as necessary.

This authorization is granted for a term of 18 months as from the date of this Shareholders' Meeting.

This authorization shall cancel, to the extent of the unused portion, any prior authorization with the same purpose, and supersede the authorization granted by the 16th resolution of the Ordinary Shareholders' Meeting of the Company of May 25, 2016.

The Board of Directors will, every year, inform the Shareholders' Meeting of the operations carried out pursuant to this resolution, in compliance with Article L.225-211 of the French Commercial Code.

II. Resolutions to be submitted to the Extraordinary Shareholders' Meeting

Twenty-first resolution

(Authorization to be granted to the Board of Directors to carry out a share capital decrease by cancellation of shares)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the Statutory Auditors' special report,

Authorized the Board of Directors to reduce the share capital, in one or several occurrences, in the proportions and at the times that it shall deem appropriate, by cancellation of all or part of the Company's shares acquired pursuant to any share repurchase programs authorized by the Shareholders' Meeting, within the limits of 10% of the share capital of the Company as at the date of the cancellation per period of 24 months, in accordance with the provisions of Articles L.225-209 *et seq.* of the French Commercial Code.

This authorization is granted for a term of 18 months as from the date of this Shareholders' Meeting.

Full powers were granted to the Board of Directors, with the power to delegate such powers, in order to:

- Reduce the share capital by cancellation of the shares;
- Determine the final amount of the share capital decrease;
- Determine the terms and conditions thereof and acknowledge its completion;
- Deduct the difference between the book value of the cancelled shares and their nominal amount from any available reserve and premium accounts;
- And, in general, do as necessary for the proper performance of this authorization, amend the by-laws accordingly and carry out any required formalities.

This authorization shall cancel and supersede any prior authorization with the same purpose, in particular the authorization granted by the 17th resolution of the Extraordinary Shareholders' Meeting of the Company of May 25, 2016.

Twenty-second resolution

(Delegation of authority to be granted to the Board of Directors to decide upon the issuance of ordinary shares or securities that are equity securities giving access to other equity securities or giving right to the allocation of debt securities, or of securities giving access to equity securities to be issued, with upholding of the shareholders' preferential subscription right)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the statutory auditor's special report, having acknowledged that the share capital has been fully paid-up, and deciding in accordance with the provisions of Article L.225-129 *et seq.* of the French Commercial Code, in particular Articles L.225-129-2, L.225-132, L.225-133 and L.225-134, and the provisions of Article L.228-91 *et seq.* thereof:

1. Delegated to the Board of Directors, with the option to subdelegate to any authorized person in accordance with the legal and regulatory provisions, it's authority to decide on the issuance, in one or several occurrences, within the proportions and at the times that it may deem fit, both in France and abroad, in euros, foreign currency or units determined by reference to several currencies, (i) of ordinary shares or (ii) securities that are equity securities conferring access, immediately or in the future, to other equity securities of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, or of securities conferring, immediately or in the future, a right to the allocation of debt securities, or (iii) equity securities conferring access, immediately or in the future, to equity securities to be issued of the company or of the company of which the Company holds, directly or indirectly, more than 50% of the share capital, the subscription of which may be carried out in cash, or by offsetting due and payable receivables, or partly in cash and partly by capitalization of reserves, profits or issuance premiums;
2. Decided that this delegation of authority expressly excludes any issue of preferred shares and of securities conferring access by any means, immediately or in the future, to preferred shares;
3. Decided that the maximum nominal amount of the share capital increases to be carried out, immediately or in the future, pursuant to this delegation shall be €720 million, it being specified that:
   - The maximum nominal amount of the share capital increases that may be carried out pursuant to this delegation, as well as to the twenty-third through twenty-ninth resolutions submitted to this Shareholders' Meeting, may not exceed such amount of €720 million;
   - This global cap may be complemented, as the case may be, by the additional nominal amount of the ordinary shares to be issued in order to maintain

the rights of the holders of securities or other rights conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment.

4. Decided that the global nominal amount of debt securities that may be issued pursuant to this delegation may not exceed €1 billion or the equivalent value in euros as at the date of issue, it being specified that:

   - The maximum nominal amount of the debt securities that may be issued pursuant to this resolution, as well as to the twenty-third through twenty-ninth resolutions submitted to this Shareholders' Meeting, may not exceed such amount of €1 billion;

   - This ceiling does not apply to debt securities the issue of which may be decided or authorized by the Board of Directors pursuant to Article L.228-40 of the French Commercial Code, nor to the debt securities referred to in Articles L.228-92, last paragraph, L.228-93, last paragraph and L.228-94, last paragraph of the French Commercial Code;

   - This ceiling shall be added, if applicable to any redemption premium in excess of the par value;

5. Decided that, in accordance with the legal provisions and in the conditions set by the Board of Directors, the shareholders shall have, in proportion to their number of shares, a preferential subscription right as of right in respect of the ordinary shares and securities that are equity securities conferring access to other equity securities of the Company or conferring rights to the allocation of debt securities as well as to securities granting access to equity securities to be issued pursuant to this delegation of authority. The Board of Directors may establish a preferential subscription right for excess securities to the benefit of the shareholders, which shall be exercised in proportion to their subscription rights and, in any case, to the extent of their applications.

   If subscriptions as of right and, where applicable, for excess securities, do not result in the full subscription of an issuance of shares or securities that are equity securities conferring access to other equity securities of the Company or conferring rights to the allocation of debt securities as well as to securities granting access to equity securities to be issued of the Company, decided pursuant to this delegation of authority, the Board of Directors may use, in the sequence that it deems appropriate, one or several of the options provided by Article L.225-134 of the French Commercial Code, *i.e.*,:

   - Limit, where appropriate, the issue to the amount subscribed, subject to the issue reaching at least three-fourths of the issue initially decided;

   - Freely allot all or part of the unsubscribed securities among any persons at its discretion; or

   - Offer to the public all or part of the unsubscribed shares.

6. Acknowledged that this delegation of authority automatically implies waiver by the shareholders, to the benefit of the holders of securities conferring access to the share capital of the Company, of their preferential subscription right in respect of the equity securities to which such securities may entitle to;

7. Decided that the issues of share subscription warrants *(bons de souscription d'actions)* of the Company may be carried out either by subscription in cash under the terms set forth above, or by allocation free of charge to the owners of the existing shares.

   In case of allocation free of charge of individual subscription warrants (bons autonomes de souscription), the Board of Directors will have the option to decide that the fractional allocation rights are not tradable, and that the relevant securities will be sold.

8. Decided that the Board of Directors shall have full powers, with the option to delegate such powers to any duly empowered person in accordance with the legal and regulatory provisions, to perform this delegation of authority, inter alia for the purposes of:

   - Deciding on the issuance of the shares, determining the form and characteristics of any issuance, in particular the amount, the dates, the issue price, the terms of subscription, their dividend entitlement date (with a retroactive dividend entitlement date, where applicable), the terms under which the securities issued pursuant to this delegation of authority will confer access to equity securities of the Company;

   - Determining the nature, number and characteristics, of the securities to be issued (including, where applicable, rights to conversion, exchange, redemption, including through the delivery of assets of the Company attached to the shares or securities conferring access to the share capital to be issued) and, if the securities to be issued consist in or are associated with debt securities, their term, fixed or perpetual, their subordination or absence thereof (and, where applicable, their ranking), their remuneration and determining, where applicable, the compulsory or optional events of suspension or non-payment of interest, the ability to reduce or increase the nominal amount of the securities and other terms of issuance (including the fact of granting guarantees or security thereon) and of redemption (including redemption by delivery of assets of the Company); amending, during the lifetime of the relevant securities, the characteristics referred to above in compliance with the applicable formalities;

- determining the terms under which the Company will have the option, where applicable, to purchase or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the purpose of canceling such securities or not, taking into account the applicable legal provisions;
- providing the option to suspend, potentially, the exercise of the rights attached to such securities in accordance with the legal and regulatory provisions;
- determining and carrying out any adjustments intended to take into account the impact of transactions on the capital of the Company, and determining any of the terms allowing to ensure, where applicable, the upholding of the rights of the holders of securities or other rights conferring access to the share capital;
- at its sole option, charging the expenses of the share capital increase against the amount of the relevant premiums and deducting from such amount the necessary amounts for the legal reserve; and
- taking all appropriate actions and entering into any agreements in view of the performance of this delegation of powers, in particular in view of the proper performance of the contemplated issuances, acknowledging their completion and amend the by-laws accordingly, and carrying out any appropriate formalities and declarations for the issuance, listing and financial servicing of the securities issued pursuant to this delegation of powers and for the exercise of the rights attached thereto, and applying for any necessary authorizations for the completion and proper performance of these issuances.

9. Decided that the Board of Directors will not be able, except with the prior approval of the Shareholders' Meeting, to use this delegation of authority as from the filing by a third party of a public offer on the Company's securities and until the end of the offer period.
10. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' Meeting;
11. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Twenty-third resolution

(Delegation of authority to be granted to the Board of Directors to decide upon the issuance by way of public offering of ordinary shares or securities that are equity securities giving access to other equity securities or giving right to the allocation of debt securities, or of securities giving access to equity securities to be issued, with cancellation of the shareholders' preferential subscription right)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the statutory auditor's special report, having acknowledged that the share capital has been fully paid-up, and deciding in accordance with the provisions of Article L.225-129 *et seq.* of the French Commercial Code, in particular Articles L.225-129-2, L.225-135, L.225-136 and 225-148, and the provisions of Article L.228-91 *et seq.* thereof:

1. Delegated to the Board of Directors, with the option to subdelegate to any authorized person in accordance with the legal and regulatory provisions, it's authority to decide on the issuance by way of public offering as defined in Articles L.411-1 *et seq.* of the French Monetary and Financial Code, in one or several occurrences, within the proportions and at the times that it may team fits, both in France and abroad, in euros, foreign currency or units determined by reference to several currencies, (i) of ordinary shares or (ii) securities that are equity securities conferring access, immediately or in the future, to other equity securities of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, or of securities conferring, immediately or in the future, a right to the allocation of debt securities, or (iii) equity securities conferring access, immediately or in the future, to equity securities to be issued of the company or of the company of which the Company holds, directly or indirectly, at least 50% of the share capital, the subscription of which may be carried out in cash, or by offsetting due and payable receivables,
2. Decided that this delegation of authority expressly excludes any issue of preferred shares and of securities conferring access by any means, immediately or in the future, to preferred shares;
3. Decided that the maximum nominal amount of the share capital increases to be carried out, immediately or in the future, pursuant to this delegation shall be €140 million, it being specified that:
   - The maximum total nominal amount of the share capital increases that may be carried out pursuant to this delegation of authority shall be deducted from the total nominal limit of €720 million determined by the twenty-second resolution above;
   - The nominal amount of the share capital increases that may be carried out pursuant to this delegation as well as pursuant to the twenty-fourth and twenty-seventh resolutions may not exceed this limit of €140 million;

- This global cap may be complemented, as the case may be, by the additional nominal amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities or other rights conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment.

4. Decided that the global nominal amount of debt securities that may be issued pursuant to this delegation may not exceed €1 billion or the equivalent value in euros as at the date of issue, it being specified that:
   - This limit shall be added, if applicable, to any redemption premium in excess of the par value;
   - This limit does not apply to debt securities the issue of which may be decided or authorized by the Board of Directors pursuant to Article L.228-40 of the French Commercial Code, nor to the debt securities referred to in Articles L.228-92, last paragraph, L.228-93, last paragraph and L.228-94, last paragraph of the French Commercial Code; and
   - This amount shall be deducted from the total limit of €1 billion for the issue of debt securities determined by the twenty-second resolution above;
5. Decided that the preferential subscription right of the shareholders in respect of the securities which may be issued pursuant to this resolution be cancelled, nevertheless the Board of Directors shall be left with the option to establish, to the benefit of the shareholders, a right of priority as of right and/or for excess shares which does not entitle to the creation of tradable rights, pursuant to the provisions of Article L.225-135 of the French Commercial Code;
6. Acknowledged that this delegation of powers implies a waiver by the shareholders of their preferential right to subscribe for the equity securities of the Company to which the securities that may be issued pursuant to this delegation give right;
7. Decided that, without prejudice to the terms of the twenty-sixth resolution below:
   - The issue price of the new shares issued will be determined in accordance with the law on the date of issue (at the date of this meeting, the average weighted share price of the company's shares over the last three trading days on the regulated market of Euronext Paris prior to the date of determination of such price, reduced, as the case may be, by the maximum discount of 5%;
   - The issue price of the securities conferring access to the share capital of the Company shall be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issue of such securities, to the issue price determined in the paragraph above;
8. Decided that, if subscriptions of shareholders and of the public do not result in the full subscription of an issuance of shares or securities conferring access to the share capital as defined above, the Board of Directors may use, in the sequence that it deems appropriate, one or more of the following options:
   - Limit, where appropriate, the issue to the amount subscribed, subject to the issue reaching at least three-fourths of the issue initially decided;
   - Freely allot all or part of the unsubscribed securities among any persons at its discretion; or
   - Offer to the public all or part of the unsubscribed securities;
9. Decided that the Board of Directors may make use of this delegation in order as compensation for securities contributed in a public exchange offering initiated by the Company on its own securities are on the securities of another company, within the limits and under the terms provided by Article L.225-148 of the French Commercial Code;
10. Decided that the Board of Directors will have full powers, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to perform this delegation of authority, *inter alia* for the purposes of:
    - Deciding on the issuance of the shares, determining the form and characteristics of any issuance, in particular the amount, the dates, the issue price, the terms of subscription, their dividend entitlement date (with a retroactive dividend entitlement date, where applicable), the terms under which the securities issued pursuant to this delegation of authority will confer access to equity securities of the Company;
    - Determining the nature, number and characteristics, of the securities to be issued (including, where applicable, rights to conversion, exchange, redemption, including through the delivery of assets of the Company attached to the shares or securities conferring access to the share capital to be issued) and, if the securities to be issued consist in or are associated with debt securities, their term, fixed or perpetual, their subordination or absence thereof (and, where applicable, their ranking), their remuneration and determining, where applicable, the compulsory or optional events of suspension or non-payment of interest, the ability to reduce or increase the nominal amount of the securities and other terms of issuance (including the fact of granting guarantees or security

thereon) and of redemption (including redemption by delivery of assets of the Company); amending, during the lifetime of the relevant securities, the characteristics referred to above in compliance with the applicable formalities;

- Determining the terms under which the Company will have the option, where applicable, to purchase or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the purpose of canceling such securities or not, taking into account the applicable legal provisions;
- Providing the option to suspend, potentially, the exercise of the rights attached to such securities in accordance with the legal and regulatory provisions;
- Determining and carrying out any adjustments intended to take into account the impact of transactions on the capital of the Company, and determining any of the terms allowing to ensure, where applicable, the upholding of the rights of the holders of securities conferring access to the share capital;
- In case of issuance of securities in view of compensating for securities contributed in connection with a public exchange offering, determining the exchange ratio as well as the amount, if any, of the cash adjustment to be paid without applying the terms of determination of the price of paragraph 7 of this resolution, acknowledging the number of securities contributed in the exchange and determining the terms of the issuance;
- At its sole option, charging the expenses of the share capital increase against the amount of the relevant premiums and deducting from such amount the necessary amounts for the legal reserve; and
- Taking all appropriate actions and entering into any agreements in view of the performance of this delegation of powers, in particular in view of the proper performance of the contemplated issuances, acknowledging their completion and amend the by-laws accordingly, and carrying out any appropriate formalities and declarations for the issuance, listing and financial servicing of the securities issued pursuant to this delegation of powers and for the exercise of the rights attached thereto, and applying for any necessary authorizations for the completion and proper performance of these issuances.

11. Decided that the Board of Directors will not be able, except with the prior approval of the Shareholders' Meeting, to use this delegation of authority as from the filing by a third party of a public offer on the Company's securities and until the end of the offer period.
12. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' Meeting;
13. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Twenty-fourth resolution

(Delegation of authority to be granted to the Board of Directors to decide upon the issuance by way of public offering referred to in Article L.411-2 II of the French Monetary and Financial Code, of ordinary shares or securities that are equity securities giving access to other equity securities or giving right to the allocation of debt securities, or of securities giving access to equity securities to be issued, with cancellation of the shareholders' preferential subscription right)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the statutory auditor's special report, having acknowledged that the share capital has been fully paid-up, and deciding in accordance with the provisions of Article L.225-129 *et seq.* of the French Commercial Code, in particular Articles L.225-129-2, L.225-135, and L.225-136, and the provisions of Article L.228-91 *et seq.* thereof:

1. Delegated to the Board of Directors, with the option to subdelegate to any authorized person in accordance with the legal and regulatory provisions, its authority to decide on the issuance, by way of public offering as defined in Articles L.411-2 II of the French Monetary and Financial Code (*i.e.*, an offering intended exclusively (i) to persons providing investment portfolio management services on account of third parties or (ii) to qualified investors or to a restricted circle of investors, subject to such investors acting on their own behalf), in one or several occurrences, within the proportions and at the times that it may deem fit, both in France and abroad, in euros, foreign currency or units determined by reference to several currencies, (i) of ordinary shares or (ii) securities that are equity securities conferring access, immediately or in the future, to other equity securities of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, or of securities conferring, immediately or in the future, a right to the allocation of debt securities, or (iii) equity securities conferring access, immediately or in the future, to equity securities to be issued of the Company or of a company of which the Company holds, directly or indirectly, more than 50% of the share capital, the subscription of which may

be carried out in cash, in particular by offsetting due and payable receivables,

2. Decided that this delegation of authority expressly excludes any issue of preferred shares and of securities conferring access by any means, immediately or in the future, to preferred shares;
3. Decided that the maximum nominal amount of the share capital increases to be carried out, immediately or in the future, pursuant to this delegation shall be €140 million it being specified that:
   - Issuances of equity securities carried out under this delegation by an offer as defined in Article L.411-2 II of the French Monetary and Financial code may not exceed the limits set forth by applicable regulations as of the date of the issue (for information, at the date of this Shareholders' Meeting, the issuance of equity securities carried out by way of an offering referred to in Article L. 411-2 of the French Monetary and Financial Code is limited to 20% of the share capital of the Company per year, with this capital being assessed at the date of the decision of the Board of Directors using this delegation);
   - The maximum total nominal amount of the share capital increases that may be carried out pursuant to this delegation of authority shall be deducted from the total nominal limit of €140 million determined by the twenty-third resolution above and from the total nominal amount of €720 million determined in the twenty-second resolution above;
   - This cap may be complemented, as the case may be, by the additional nominal amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;
4. Decided that the global nominal amount of debt securities that may be issued pursuant to this delegation may not exceed €1 billion or the equivalent value in euros at the date of issue, it being specified that:
   - This limit shall be added, if applicable, to any redemption premium in excess of the par value;
   - This limit does not apply to debt securities the issue of which may be decided or authorized by the Board of Directors pursuant to Article L.228-40 of the French Commercial Code, nor to the debt securities referred to in Articles L.228-92, last paragraph, L.228-93, last paragraph and L.228-94, last paragraph of the French Commercial Code; and
   - This amount shall be deducted from the total limit of €1 billion for the issue of debt securities determined by the twenty-second resolution above;
5. Decided to cancel the shareholders' preferential subscription right to the securities that may be issued in application of this delegation;
6. Acknowledged that this delegation of powers implies a waiver by the shareholders of their preferential right to subscribe for the equity securities of the Company to which the securities that may be issued pursuant to this delegation give right;
7. Decided that, without prejudice to the terms of the twenty-sixth resolution below:
   - The issue price of the new shares issued will be determined in accordance with the law on the date of issue (at the date of this meeting, the average weighted share price of the company's shares over the last three trading days on the regulated market of Euronext Paris prior to the date of determination of such price, reduced, as the case may be, by a maximum discount of 5%);
   - The issue price of the securities conferring access to the share capital of the Company shall be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issue of such securities, to the issue price determined in the paragraph above;
8. Decided that the Board of Directors will have full powers, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to perform this delegation of authority, inter alia for the purposes of:
   - Deciding on the issuance of the shares, determining the form and characteristics of any issuance, in particular the amount, the dates, the issue price, the terms of subscription, their dividend entitlement date (with a retroactive dividend entitlement date, where applicable), the terms under which the securities issued pursuant to this delegation of authority will confer access to equity securities of the Company;
   - Determining the nature, number and characteristics, of the securities to be issued (including, where applicable, rights to conversion, exchange, redemption, including through the delivery of assets of the Company attached to the shares or securities conferring access to the share capital to be issued) and, if the securities to be issued consist in or are associated with debt securities, their term, fixed or perpetual, their subordination or absence thereof (and, where applicable, their ranking), their remuneration and determining, where applicable, the compulsory or optional events of suspension or non-payment of interest, the ability to reduce or increase the nominal amount of the securities and other terms of issuance

(including the fact of granting guarantees or security thereon) and of redemption (including redemption by delivery of assets of the Company); amending, during the lifetime of the relevant securities, the characteristics referred to above in compliance with the applicable formalities;

- Determining the terms under which the Company will have the option, where applicable, to purchase or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the purpose of canceling such securities or not, taking into account the applicable legal provisions;
- Providing the option to suspend, potentially, the exercise of the rights attached to such securities in accordance with the legal and regulatory provisions;
- Determining and carrying out any adjustments intended to take into account the impact of transactions on the capital of the Company, and determining any of the terms allowing to ensure, where applicable, the upholding of the rights of the holders of securities conferring access to the share capital;
- At its sole option, charging the expenses of the share capital increase against the amount of the relevant premiums and deducting from such amount the necessary amounts for the legal reserve; and
- Taking all appropriate actions and entering into any agreements in view of the performance of this delegation of powers, in particular in view of the proper performance of the contemplated issuances, acknowledging their completion and amend the by-laws accordingly, and carrying out any appropriate formalities and declarations for the issuance, listing and financial servicing of the securities issued pursuant to this delegation of powers and for the exercise of the rights attached thereto, and applying for any necessary authorizations for the completion and proper performance of these issuances.

9. Decided that the Board of Directors will not be able, except with the prior approval of the Shareholders' Meeting, to use this delegation of authority as from the filing by a third party of a public offer on the Company's securities and until the end of the offer period.
10. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' Meeting;
11. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Twenty-fifth resolution

(Delegation of authority to be granted to the Board of Directors in view of increasing the amount of the issuances carried out with upholding or cancellation of the preferential subscription right of the shareholders, pursuant to the twenty-second, twenty-third and twenty-fourth resolutions)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditor, deciding in accordance with the provisions of Articles L.225-135-1 of the French Commercial Code,

1. Delegated to the Board of Directors its authority, with the option to delegate such powers to any duly empowered person in accordance with the legal and regulatory provisions, to decide to increase the number of shares, equity securities or other securities to be issued in the context of any issuance undertaken pursuant to the twenty-second, twenty-third and twenty-fourth resolutions above, at the same price as that applied to the initial issuance, within a time period and subject to the limitations set forth by the applicable regulations at the date of the issuance (at the date of this Shareholders' Meeting, for a period of 30 days as from the closing of the subscription period and within a limit of 15% of the initial issuance);
2. Decided that the nominal amount of the issuance decided upon pursuant to this delegation shall be deducted from the initial issuance limit and the overall limit of €720 million set by the twenty-second resolution of this Shareholders' Meeting;
3. Decided that the Board of Directors will not be able, except with the prior approval of the Shareholders' Meeting, to use this delegation of authority as from the filing by a third party of a public offer on the Company's securities and until the end of the offer period.
4. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' Meeting;
5. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Twenty-sixth resolution

(Delegation of authority to be granted to the Board of Directors to determine the price of the issuance by way of public offering or offering referred to in Article L.411-2 II of the French Monetary and Financial Code, of ordinary shares or securities that are equity

securities giving access to other equity securities or giving right to the allocation of debt securities, or of securities giving access to equity securities to be issued, with cancellation of the shareholders' preferential subscription right, within the limit of 10% of the share capital per year)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditor, deciding in accordance with the provisions of Articles L.225-136 of the French Commercial Code:

1. Authorized the Board of Directors, with the option to subdelegate such authorization to any person in accordance with the legal and regulatory provisions, in respect of the issuances (i) of ordinary shares or (ii) securities that are equity securities giving access, immediately or in the future, to other equity securities or giving right, immediately or in the future, to the allocation of debt securities or (iii) securities conferring access, immediately or in the future, to equity securities to be issued by the Company, carried out pursuant to the twenty-third and twenty-fourth resolutions of this Shareholders' Meeting to decide to derogate to the terms of determination of the price provided by such twenty-third and twenty-fourth resolutions, in accordance with the provisions of Article L.225-136 1° second paragraph, and to determine such price in accordance with the following terms:
   - The issue price for the shares will be at least equal to the weighted average price of the Company's shares on the Euronext Paris regulated market on the trading day preceding the date of issuance, less, as the case may be, a discount of up to 5%;
   - For securities conferring access to the share capital of the Company, the issue price shall be determined so that the amount received immediately by the Company increased by, as the case may be, any amount which may be received subsequently by the Company, for each Company share issued as a result of the issuance of such securities, be at least equal to the amount referred to above;
2. Decided that the maximum nominal amount of any share capital increase resulting from the implementation of this authorization may not exceed 10% of the share capital per year (such share capital to be assessed on the day of the decision by the Board of Directors determining the price for the issuance) it being specified that this limit shall be deducted from the overall limit set by the twenty-third or the twenty-fourth resolution, as the case may be, and from the nominal total limit of €720 million provided for in the twenty-second resolution of this Shareholders' Meeting;
3. Decided that the Board of Directors shall have full powers, with the option to delegate such powers to any duly empowered person in accordance with legal and regulatory provisions, to implement this resolution, in particular in view of entering into any agreements for such purpose, in particular in view of the proper performance of any issuance, acknowledge the completion thereof and amend the by-laws accordingly, and carry out any formalities and registrations and requesting any authorizations that may be necessary for the completion and proper performance of any issuance;
4. Decided that the Board of Directors will not be able, except with the prior approval of the Shareholders' Meeting, to use this delegation of authority as from the filing by a third party of a public offer on the Company's securities and until the end of the offer period;
5. Decided that this authorization be granted for a term of 26 months as from the date of this Shareholders' Meeting;
6. Decided that this authorization shall supersede any prior authorization with the same purpose, up to the amount of the unused portion of this authorization.

Twenty-seventh resolution

(Delegation of powers to be granted to the Board of Directors to decide to issue ordinary shares or securities conferring access to the share capital of the Company within the limit of 10% of the share capital with cancellation of the preferential subscription right of the shareholders, in consideration for contributions in kind granted to the Company)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and of the Statutory Auditors' special report, in resolving accordance with the provisions of Articles L.225-129 *et seq.* and L.225-147 paragraph 6 of the French Commercial Code:

1. Delegated its authority to the Board of Directors, when the provisions of Article L.225-148 of the French Commercial Code are not applicable, with the option to subdelegate such powers to any duly empowered person in accordance with the legal and regulatory provisions, to decide, based on the report of the valuing auditor(s) (commissaire(s) aux apports) referred to in §2 of Article L.225-147 of the French Commercial Code, upon the issuance of ordinary shares or securities conferring access, immediately or in the future, to equity securities of the Company as a consideration for the contributions in kind granted to the Company and consisting of shares or securities conferring access to the share capital;

2. Decided that the limit of the global nominal amount of the share capital increase(s) that may be carried out, immediately or in the future, pursuant to this delegation may not exceed 10% of the share capital of the Company appraised at the date of the decision of the Board of Directors, it being specified that:
   - This limit shall be deducted from the total nominal limit of €140 million determined by the twenty-third resolution and from the total nominal amount of €720 million determined in the twenty-second resolution of this Shareholders' Meeting;
   - This limit does not take into account the nominal amount of the additional ordinary shares to be issued in order to maintain the rights of the holders of securities or other rights giving access to the share capital of the Company, in accordance with the applicable legal and regulatory provisions and with any applicable contractual provisions providing for other cases of adjustment;
3. Decided to cancel, as needed, the preferential subscription right of the shareholders to these ordinary shares or securities to the benefit of the holders of shares or securities that are the purpose of the contribution in kind, and acknowledged that this delegation of powers implies a waiver by the shareholders of their preferential subscription right for the ordinary shares of the Company to which the securities that may be issued pursuant to this delegation may give right;
4. Decided that the Board of Directors shall have full powers, with the option to delegate such powers to any duly empowered person in accordance with the legal and regulatory provisions, to perform this delegation of authority, *inter alia* for the purposes of:
   - Approving the report of the valuing auditor(s) (commissaire(s) aux apports) referred to in §2 of Article L.225-147 of the French Commercial Code, the valuation of the contributions and, where applicable, the granting of specific benefits and their values;
   - Determining the number of shares to be issued in consideration of the contributions as well as the dividend entitlement date of the shares to be issued;
   - Deducting, if applicable and if it deems appropriate, from the relevant premiums, the fees and expenses resulting from the issues and charge against such amounts the amounts necessary to increase the legal reserve to one tenth of the new share capital,
   - Acknowledging the final completion of the share capital increases carried out pursuant to this delegation of powers, amend the by-laws accordingly, carry out any formalities and declarations and apply for any necessary authorizations for the completion of such contributions;
5. Decided that the Board of Directors will not be able, except with the prior approval of the Shareholders' Meeting, to use this delegation of authority as from the filing by a third party of a public offer on the Company's securities and until the end of the offer period;
6. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' Meeting;
7. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Twenty-eighth resolution

(Authorization to be granted to the Board of Directors to increase the share capital by issuance of ordinary shares or securities that are equity securities giving access to other equity securities of the Company or giving right to the allocation of debt securities, or of securities giving access to equity securities to be issued, with cancellation of the shareholders' preferential subscription right, to the benefit of members of a savings plan)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the statutory auditor's special report and deciding in accordance with, on the one hand, the provisions of Articles L.225-129-2, L.225-129-6 and L.225-138-1 of the French Commercial Code and, on the other hand, the provisions of Articles L.3332-1 *et seq.* of the French Labor Code:

1. Authorized the Board of Directors, with the option to subdelegate such authorization to any duly authorized person in accordance with the legal and regulatory provisions, to decide to increase the share capital, in one or several occurrences, upon its sole decisions, at the time and in accordance with the terms that it shall determine by the issuance (i) of ordinary shares or (ii) of securities that are equity securities giving access, immediately or in the future, to other equity securities or giving right, immediately or in the future, to the allocation of debt securities or (iii) of securities conferring access to equity securities to be issued by the Company, reserved for members of one or several company savings plan(s) (plan d'épargne d'entreprise) or group savings plan(s) established jointly by the Company and the French or foreign companies that are linked to the Company within the meaning of Article L.225-180 of the French Commercial Code and of Article L.3344-1 of the French Labor Code;
2. Decided to cancel the shareholders' preferential subscription rights in respect of new shares to be issued

pursuant to this authorization for the benefit of the beneficiaries referred to in the first paragraph above;

3. Acknowledged that this delegation of powers implies a waiver by the shareholders of their preferential right to subscribe for the equity securities of the Company to which the securities that may be issued pursuant to this delegation give right;

4. Decided that the issue price(s) of the new shares or of the securities conferring access to the share capital shall be determined in accordance with the provisions of Articles L.3332-19 *et seq.* of the French Labor Code and that the maximum discount shall amount to 20% of the average of the first trading prices during the 20 trading days preceding the date of the Board of Directors' decision determining the opening date of the subscription period. Nevertheless, the Shareholders' Meeting expressly authorized the Board of Directors to reduce or eliminate the discount, in order to take into account, in particular, the regulations applicable in the countries where the offer will be implemented;

5. Decided that the maximum nominal amount of the share capital increase(s) which may be carried out pursuant to this authorization may not exceed 2% of the share capital of the Company appraised as at the date of the decision of use of this authorization by the Board of Directors, it being specified that:
   - The nominal maximum amount of the share capital increase(s) that may be carried out pursuant to this resolution, as well as to the twenty-ninth resolution, may not exceed a limit of 2% of the share capital of the Company;
   - The maximum nominal amount of any share capital increase(s) that may be carried out pursuant to this authorization shall be deducted from the overall limit of €720 million set by the twenty-second resolution of this Shareholders' Meeting or by any resolution of the same nature that may substitute for it; and
   - These amounts do not include the nominal amount of the additional ordinary shares to be issued in order to maintain the rights of the holders of securities or other rights giving access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;

6. Decided, pursuant to the provisions of Article L.3332-21 of the French Labor Code, that the Board of Directors may decide on the allocation to the beneficiaries referred to in the first paragraph above, free of charge, of shares to be issued or existing, or of other securities conferring access to the share capital of the Company, issued or to be issued, in respect of (i) the contribution (abondement) that may be paid pursuant to the regulations of the employee savings plan of the Company or of the Group and/or (ii) if applicable, the discount;

7. Decided that, should the beneficiaries referred to in the first paragraph above not subscribe the share capital increase in full within the allocated time period, such share capital increase would only be completed for the amount of subscribed shares; unsubscribed shares may be offered again to such beneficiaries in the context of a subsequent share capital increase;

8. Granted full powers to the Board of Directors, with the option to delegate or subdelegate such powers, in accordance with the legal and regulatory provisions, to implement this authorization, and in particular, for the purposes of:
   - Determining the eligibility criteria for companies whose employees may benefit from the issuances carried out pursuant to this authorization, establishing the list of such companies;
   - Determining the terms and conditions of the transactions, the characteristics of the shares, and if applicable, of the other securities, determine the subscription price calculated in accordance with the method defined in this resolution, determine the dates of opening and of closing of the subscription and the dividend entitlement dates and determine the dates and terms and conditions of payment of the subscribed shares;
   - Taking any necessary action for the admission to trading of the issued shares in any place where it shall deem appropriate;
   - Deducting from the "issuance premiums" account the amount of the expenses relating to these share capital increases and charging, if it deems fit, on this account the necessary amounts to increase the legal reserve to one tenth of the new share capital after each issuance, amending the by-laws accordingly and, in general, carrying out directly or indirectly, any transactions and formalities related to the share capital increases carried out pursuant to this authorization;

9. Decided that the authorization granted to the Board of Directors pursuant to this resolution shall be effective for a term of 26 months as from the date of this Shareholders' Meeting;

10. Decided that this authorization shall make void any prior authorization with the same purpose, up to the unused portion of this authorization.

Twenty-ninth resolution

(Delegation of authority to the Board of Directors to decide upon the issuance of ordinary shares or securities that are equity securities giving access to

other equity securities or giving right to the allocation of debt securities, or of securities giving access to equity securities to be issued, with cancellation of the shareholders' preferential subscription right for the benefit of certain categories of beneficiaries in order to allow the implementation of employee shareholding transactions)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, deciding in accordance with the provisions of Articles L.225-129-2 *et seq.* and L.225-138 of the French Commercial Code:

1. Delegated to the Board of Directors, with the option to subdelegate such powers to any duly empowered person in accordance with the legislative and regulatory provisions, the authority necessary to increase, on one or more occasions, at such time or times and in the amounts that it shall decide, the share capital through the issue of (i) ordinary shares or (ii) securities that are equity securities giving access, immediately or in the future, to other equity securities of the Company or giving right, immediately or in the future, to the allocation of debt securities, or (iii) securities giving access, immediately or in the future, to equity securities to be issued of the Company, such an issue being reserved for persons meeting the criteria in the categories defined in paragraph 3. below;

2. Decided that the maximum nominal amount of the share capital increase(s) that may be carried out pursuant to this delegation shall not exceed 1% of the share capital of the Company considered as at the date of the decision of use of this authorization by the Board of Directors, it being specified that:

   - The maximum nominal amount of the issuance(s) carried out pursuant to this delegation, as well as to the twenty-eighth resolution of this Shareholders' Meeting may not exceed a limit of 2% of the share capital of the Company;

   - The maximum nominal amount of any share capital increase(s) that may be carried out pursuant to this authorization shall be deducted from the overall limit of €720 million set by the twenty-second resolution of this Shareholders' Meeting; and

   - These amounts do not include the nominal amount of the additional ordinary shares to be issued in order to maintain the rights of the holders of securities or other rights giving access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;

3. Decided to eliminate shareholders' preferential subscription rights to securities which may be issued pursuant to this delegation, and to reserve the right to subscribe to beneficiaries satisfying the following criteria:

   a) Employees and corporate officers of foreign companies which are related to the Company within the meaning of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labor Code; and/or

   b) Employee shareholding UCITS or other entities, with or without an independent legal existence, which are invested in securities of the Company, and whose unitholders or shareholders are comprised of the individuals described in (a) above; and/or

   c) Any banking institution or subsidiary of such an institution involved upon the Company's request for the purposes of implementing a shareholding or savings plan for the benefit of the persons mentioned in (a) of this paragraph, insofar as recourse to the subscription of the person authorized in accordance with this resolution would allow the employees or corporate officers mentioned above to benefit from employee shareholding or savings formulae equivalent in terms of economic advantage to those from which the other Rexel Group employees would benefit in comparable situations; and/or

   d) One or several financial institutions mandated in connection with the Share Incentive Plan (SIP) established for the benefit of employee and corporate officers of companies of the Rexel Group which are related to the Company within the meaning of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labor Code whose registered offices are located in the United Kingdom;

4. Acknowledged that this delegation of powers implies a waiver by the shareholders of their preferential right to subscribe for the equity securities of the Company to which the securities that may be issued pursuant to this delegation give right;

5. Decided that the issue price of the new shares shall be determined in the following manner:

   a) In case of issuance referred to in paragraphs 3 (a) to (c) above, the subscription price(s) of the new shares shall be determined pursuant to the same conditions as set forth in Article L.3332-19 of the French Labor Code. The discount shall be set at a maximum of 20% of the average of Company's share prices during the twenty trading days preceding the date of the decision setting the opening date of the subscription period. The Shareholders' Meeting expressly authorized the Board of Directors to

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reduce or eliminate the discount, in order to take into account, in particular, the regulation applicable in the countries where the offer will be implemented;

b) In case of issuance referred in paragraph 3(d) above, in accordance with the local regulations applicable to the SIP, the subscription price may be equal to the lower share price between (i) the share price on the regulated market of Euronext in Paris at the opening of the reference period of this plan, such period shall not exceed 12 months, and (ii) the share price recorded following the close of such period within a given timeframe determined in accordance with said regulations. This price shall be set without a discount in relation to the retained share price;

6. Decided that the Board of Directors shall have full powers, with the option to delegate or subdelegate such powers, in accordance with the legislative and regulatory provisions, under the limits and conditions set forth above, particularly in order to:

   - Determine the list of beneficiary(ies), from among the categories above, in favor of whom the preferential subscription rights have been eliminated as well as the number of shares to be subscribed by each of them;
   - Set the amounts of the issuances that will be carried out pursuant to this delegation of authority and to fix the issue price, the dates, the time limits, methods and terms and conditions of subscription, payment, delivery, entitlement to dividends, the rules in reducing the subscriptions in the event of an over-subscription as well as any other terms and conditions of the issuances, within the legislative and regulatory limits in force;
   - To acknowledge the share capital increase up to the amount of the shares subscribed (after any potential reduction in the event of an over-subscription);
   - As applicable, charge the expenses related to the share capital increase to the premiums from this increase, and deduct from that amount the amounts necessary to bring the legal reserve to one-tenth of the new share capital after the share capital increase;

7. Decided that the authorization granted to the Board of Directors pursuant to this resolution shall be valid for a period of 18 months as from the date of this Shareholders' Meeting.

8. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Thirtieth resolution

(Delegation of authority to be granted to the Board of Directors to decide to increase the share capital by incorporation of premiums, reserves, profits or other items that may be capitalized)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and of the Statutory Auditors' special report, in accordance with the provisions of Articles L.225-129 *et seq.* and L.225-130 of the French Commercial Code:

1. Delegated to the Board of Directors, with the option to subdelegate such powers to any duly empowered person to the full extent permitted by the legal and regulatory provisions, the authority to decide one or several increases to the share capital, in proportion to and at such times as it deems appropriate by successive or simultaneous capitalization of reserves, profits, share premiums, contribution or merger premiums, or any other amounts that may be capitalized in accordance with the law and the by-laws of the Company, in the form of an allocation of free shares and/or an increase in the nominal value of existing shares.

2. Decided that the nominal amount of the share capital increase that may be carried out pursuant to this delegation may not exceed €200 million, it being specified that:

   - This limit may be complemented, as the case may be, by the additional amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities or other rights conferring access to equity securities of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment,
   - The nominal amount of the share capital increases which may be carried out pursuant to this resolution will not be deducted from the global limit determined by the twenty-second resolution of this Shareholders' Meeting;

3. Decided that in the event of a share capital increase in the form of an allocation of free shares and in accordance with the provisions of Article L.225-130 of the French Commercial Code, the Board of Directors may decide that the allocation rights on fractional shares will not be tradable and that the corresponding shares will be sold, with the proceeds of the sale being allocated to the holders of such rights in accordance with the applicable legal and regulatory requirements;

4. Granted full powers to the Board of Directors, with the option to subdelegate such powers to any duly empowered person in accordance with the legal and regulatory provisions, to implement this delegation of authority, *inter alia* for the purposes of:

   - Determining the amount and nature of the amounts to be capitalized;

- Determining the number of new shares to be issued and/or the nominal amount by which the existing shares shall be increased, the date, including a retroactive date, as of which the new shares shall entitle to dividend rights or the effective date of the increase in the nominal value of the shares;
- Acknowledging the completion of each share capital increase and in general, taking any action and carrying out any required formalities for the proper performance of each share capital increase and amending the by-laws accordingly;

5. Decided that this delegation of authority be granted for a period of 26 months, as from the date of this Shareholders' Meeting;
6. Decided that this delegation shall supersede any prior authorization with the same purpose, up to the unused portion of this delegation.

Thirty-first resolution

(Amendment of Article 19.2 of the by-laws of the Company in connection with the age limitation to exercise the duties of Chief Executive Officer)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors,

- Decided to set the age limitation for exercising the duties of Chief Executive Officer to 68 years old;
- Decided to amend the by-laws of the Company accordingly and to replace paragraph 3 of Article 19.2 of the Company's by-laws by the following text:

  "For the exercise of his duties, the Chief Executive Officer must be less than 68 years old. If he reaches this age limitation during his term of office, such duties shall cease ipso jure and the Board of Directors shall proceed with the nomination of a new Chief Executive Officer. However, his duties as Chief Executive Officer shall continue until the date of the meeting of the Board of Directors that is to appoint his successor. Subject to the age limitation indicated above, the Chief Executive Officer may always be reappointed."

The remainder of the Article remains unchanged.

Thirty-second resolution

(Amendment of Article 16.2 of the by-laws of the Company in connection with the age limitation to exercise the duties of Chairman of the Board of Directors)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors,

- Decided to set the age limitation for exercising the duties of Chairman of the Board of Directors to 68 years old;
- Decided to amend the by-laws of the Company accordingly and to replace paragraph 1 of Article 16.2 of the Company's by-laws by the following text:

  "The Chairman of the Board of Directors may not exceed the age of 68; his duties shall cease ipso jure at December 31 of the year his 68th birthday."

The remainder of the Article remains unchanged.

Thirty-third resolution

(Amendment of article 14 of the by-laws of the Company to insert a paragraph 7 relating to the appointment of directors representing the employees)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors, and in accordance with article L.225-27-1 of the French Commercial code, decided to add a new paragraph 7 to Article 14 of the by-laws of the Company, in order to appoint directors representing the employees in the Board of directors of the Company:

"7.1 In accordance with Article L.225-27-1 of the French Commercial Code, the Board of Directors includes one or two directors representing the employees of the group, to be appointed as follows.

When the number of directors, calculated in accordance with the law, is below or equal to twelve, the Board of Directors shall include a director representing the employees appointed by the trade union having obtained the largest number of votes in the first round of the elections in the Company, its direct and indirect subsidiaries, whose head office is situated in France, referred to in Articles L. 2122-1 and L. 2121-4 of the French Labor Code.

When the number of directors exceeds twelve, and subject to this criterion still being satisfied upon the date of his/her appointment, the second director representing the employees shall be appointed by the European Works Council. This appointment shall take place within a term of six months as from the crossing of the threshold of twelve directors.

In case of vacancy, for any reason whatsoever, of the office of a director representing the employees, the vacant office shall be filled in accordance with the provisions of Article L.225-34 of the French Commercial Code.

7.2. The term of office of the employee directors shall be of four years.

The functions of the director designated in accordance with article L.225-27-1 of the French Commercial code end on completion of the annual general meeting of shareholders having ruled on the financial statements for the past financial year and held in the year during which the term expires.

Nevertheless, their term of office shall cease ipso jure when these employee representatives no longer meet the eligibility criteria provided for in Article L.225-28 of the French Commercial Code, or in case of termination of their employment agreement in accordance with Article L.225-32 of such code.

The decrease to twelve or less than twelve of the number of directors appointed by the general Shareholders' Meeting does not affect the term of office of all of the employee representatives within the Board of Directors, which shall expire upon the end of its normal term.

7.3. The provisions of Article 15 of these by-laws do not apply to directors representing the employees which are not compelled to hold a minimum number of shares of the Company.

7.4. In the event that the obligation of appointment of one or several directors representing the employees pursuant to Article L.225-27-1 of the French Commercial Code becomes void, the office of the Director(s) representing the employees within the Board of Directors shall expire upon its normal end. »

The remainder of the Article remains unchanged.

Thirty-fourth resolution

(Powers to carry out legal formalities)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings, granted full powers to the bearers of an original, of copies or extracts of these minutes for the purposes of carrying out all publication, filing or other formalities that may be necessary.

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8 Person responsible for the Registration document and Statutory Auditors

8.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

8.1.1 Person responsible for the Registration document

Patrick Berard, Chief Executive Officer of Rexel.

8.1.2 Responsibility statement

I hereby certify, having taken all reasonable steps to confirm it, that the information contained in this Registration document reflects, to my knowledge, the reality and that no omissions have been made that are likely to have a bearing thereon.

I certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards, and give a true view of the assets, financial condition and results of operations of the company and of all of the companies included in the scope of consolidation and the management report contained in this Registration document according to the correlation tables presented in section 9.3, provides an accurate description of the business trends, results of operations and financial condition of the company and all of the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties that are faced by the latter.

I have obtained from the statutory auditors a completion letter in which they indicate that they have verified the information concerning the financial condition and financial statements presented in this document and read the entire document.

Patrick Berard
Chief Executive Officer of Rexel
Paris, March 30, 2017

8.1.3 Person responsible for financial communication

Marc Maillet
Vice President, Investors Relations

Address: 13, boulevard du Fort de Vaux, 75017 Paris
Telephone: +33 (0)1 42 85 85 00
Fax: +33 (0)1 42 85 92 05

8.1.4 Indicative financial information timetable

Financial information reported to the public by Rexel are available on the Rexel website (www.rexel.com).

8.2 STATUTORY AUDITORS

8.2.1 Acting Statutory Auditors

- KPMG SA
  Represented by Valérie Besson et Jean-Marc Discours
  Tour Eqho
  2 avenue Gambetta
  92066 Paris-La Défense Cedex

KPMG SA was appointed acting statutory auditor by the Shareholders' Meeting of Rexel of May 25, 2016 for a term of six financial years, in replacement of Ernst & Young. Its duties are therefore to expire at the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2021.

KPMG SA is a member of the regional body of statutory auditors in Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles").*

- PricewaterhouseCoopers Audit
  Represented by Christian Perrier
  63, rue de Villiers
  92208 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit was appointed acting statutory auditor at the Shareholders' Meeting of Rexel held on May 16, 2012, for a term of six financial years, in replacement of KPMG Audit. Its appointment shall therefore expire at the end of the shareholders' meeting convened to resolve on the financial statements for the year ending December 31, 2017.

PricewaterhouseCoopers Audit is a member of the regional body of statutory auditors in Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles").*

8.2.2 Deputy Statutory Auditors

- Salustro Reydel
  Représenté par Jean-Claude Reydel
  Tour Eqho
  2 avenue Gambetta
  92066 Paris-La Défense Cedex

Salustro Reydel was appointed deputy statutory auditor by the Shareholders' Meeting of Rexel of May 25, 2016, for a term of six financial years, in replacement of Auditex. Its duties are therefore to expire at the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2021.

Salustro Reydel is a member of the regional body of statutory auditors in Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles").*

- Anik Chaumartin
  63, rue de Villiers
  92208 Neuilly-sur-Seine Cedex

Anik Chaumartin was appointed deputy statutory auditor at the Shareholders' Meeting of Rexel held on May 16, 2012, for a term of six financial years. Her appointment shall therefore expire at the end of the shareholders' meeting convened to vote upon the financial statements for the year ending on December 31, 2017.

Anik Chaumartin is a member of the regional body of statutory auditors in Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles").*

9 Correlation Tables

9.1 CORRELATION TABLE WITH REGULATION (EC) 809/2004

The following correlation table allows to identify, in this Registration document, the information required by Annex I of the Regulation (EC) 809/2004 of the European Commission dated April 29, 2004.

REGULATION (EC) 809/2004 OF THE EUROPEAN COMMISSION DATED APRIL 29, 2004 – ANNEX I		REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
1.	PERSONS RESPONSIBLE	8.1	374
1.1.	Persons responsible for the information contained in the registration document	8.1.1	374
1.2.	Declaration of persons responsible for the information contained in the registration document	8.1.2	374
2.	STATUTORY AUDITORS	8.2	375
2.1.	Name and address of the issuer's Statutory auditors	8.2.1, 8.2.2	375
2.2.	Statutory auditors having resigned, dismissed or not reappointed during the relevant period	8.2.1, 8.2.2	375
3.	SELECTED FINANCIAL DATA	1.1	14 to 15
3.1.	Selected historical financial information	1.1	14 to 15
3.2.	Selected financial information for interim periods	Not applicable	
4.	RISK FACTORS	2	34 to 51
5.	INFORMATION ABOUT THE ISSUER	1.2, 1.3, 1.7	16, 17, 31
5.1.	History and development of the company	1.2	16
5.1.1	Corporate name and trade name	1.2.1	16
5.1.2	Place and name of incorporation	1.2.2	16
5.1.3	Date of incorporation and term	1.2.3	16
5.1.4	Registered office, legal form, jurisdiction, country of origin, address and phone number of registered office	1.2.4	16
5.1.5	Material events in business development	1.2.5	16
5.2.	Investments	1.7	31
5.2.1	Completed investments	1.3, 1.7.1	17, 31
5.2.2	Ongoing investments	1.3, 1.7.2	17, 31
5.2.3	Future investments	1.3, 1.7.3	17, 31
6.	BUSINESS OVERVIEW	1.4	17 to 26
6.1.	Principal activities	1.4.2, 1.4.3, 1.4.4	20 to 26
6.1.1	Nature of the issuer's operations and its principal activities	1.4.2, 1.4.3, 1.4.4	20 to 26
6.1.2	New products and/or services	1.4.2, 1.4.3, 1.4.4	20 to 26
6.2.	Principal Markets	1.4.1	18 to 20
6.3.	Exceptional factors having influenced the information given pursuant to items 6.1. and 6.2.	1.4, 5	17 to 26, 169 to 271
6.4.	Information regarding the extent to which the issuer is dependent, on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes.	1.4.4	25
6.5.	Basis for any statements made by the issuer regarding its competitive position	General comments	4
7.	ORGANIZATIONAL STRUCTURE	1.5	27 to 30
7.1.	Description of the group and the issuer's position within the group	1.5.1	27
7.2.	List of the issuer's significant subsidiaries	1.5.2	28 to 30

REGULATION (EC) 809/2004 OF THE EUROPEAN COMMISSION DATED APRIL 29, 2004 – ANNEX I		REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
8.	PROPERTY, PLANTS AND EQUIPMENT	1.6, 4.3, 4.4	30, 151 to 166
8.1.	Existing or planned material tangible fixed assets	1.6	30
8.2.	Environmental issues that may affect the issuer's utilization of the tangible fixed assets	4.3, 4.4	151 to 166
9.	OPERATING AND FINANCIAL REVIEW	5	168 to 271
9.1.	Issuer's financial condition, changes in financial condition and results of operations for each year and interim period, for which historical financial information is required	5.1.1	172 to 181
9.2.	Operating results	5.1.1	172 to 181
9.2.1	Important factors materially impacting the operating income	5.1.1	172 to 181
9.2.2	Material changes in sales	5.1.1	172 to 181
9.2.3	Government, economic, budget, currency or political strategy or factor	5.1.1	172 to 181
10.	CAPITAL RESOURCES	5.1.2	182 to 185
10.1.	Information concerning the issuer's capital resources	5.1.2	182 to 185
10.2.	Sources and amounts of and narrative description of the issuer's cash flows	5.1.2	182 to 185
10.3.	Information on the borrowing requirements and funding structure of the issuer	5.1.2	182 to 185
10.4.	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	5.1.2	182 to 185
10.5.	Information regarding the anticipated sources of funds needed to fulfil commitments referred to in items 5.2.3. and 8.1	1.3, 1.7, 5.1.1, 5.2.1	17, 31, 172 to 181, 188 to 246
11.	RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES	1.4.4	25
12.	TREND INFORMATION	1.4, 5.1	17 to 26, 172 to 186
12.1.	Most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document	1.4, 5.1	17 to 26, 172 to 186
12.2.	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.	5.1.3	185 to 186
13.	PROFIT FORECASTS OR ESTIMATES	Not applicable	
13.1.	Statement setting out the principal assumptions upon which the issuer has based its forecast or estimate	Not applicable	
13.2.	Report prepared by independent accountants or auditors	Not applicable	
13.3.	Profit forecast or estimate prepared on a basis comparable with the historical financial information	Not applicable	
13.4.	Statement setting out whether or not that forecast is still correct as of the time of the registration document, and an explanation of why such forecast is no longer valid if that is the case	Not applicable	
14.	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT	3.1	54 to 83
14.1.	Information in relation to members of the administrative, management, and supervisory bodies	3.1.1 to 3.1.5	54 to 83
14.2.	Administrative, management, and supervisory bodies and senior management conflicts of interests	3.1.6, 3.3	83, 123 to 132

REGULATION (EC) 809/2004 OF THE EUROPEAN COMMISSION DATED APRIL 29, 2004 - ANNEX I		REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
15.	REMUNERATION AND BENEFITS	3.2	84 to 122
15.1.	Amount of remuneration paid and benefits in kind granted by the issuer and its subsidiaries	3.2.1 to 3.2.4	84 to 122
15.2.	Total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefit	3.2.3, 3.2.4	106 to 122
16.	BOARD PRACTICES	3.1	54 to 83
16.1.	Date of expiration of the current term of office and period during which the person has served in that office	3.1.1, 3.1.2, 3.1.3	55 to 82
16.2.	Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate negative statement	3.1.7	83
16.3.	Information about the issuer's audit committee and remuneration committee	3.1.2	76 to 80
16.4.	Statement as to whether or not the issuer complies with its country's of incorporation corporate governance regime	3.1	54 to 83
17.	EMPLOYEES	4.1, 4.4	139 to 141, 165 to 166
17.1.	Number of employees at the end of the period or average for each financial year for the period covered by the historical financial information and breakdown of persons employed by main category of activity and geographic location	4.1, 4.4	139 to 141, 165 to 166
17.2.	Shareholdings and stock-options	6.2.2.4 to 6.2.2.7	284 to 294
17.3.	Arrangement for involving the employees in the capital of the issuer	4.2.5.3, 6.2.2.4	149, 284 to 285
18.	PRINCIPAL SHAREHOLDERS	6.2	282 to 295
18.1.	Name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest or, if there are no such persons, appropriate negative statement	6.2.1, 6.2.2	282 to 294
18.2.	Different voting rights, or appropriate negative statement	6.2.3	294
18.3.	Direct or indirect ownership or control of the issuer	6.2.4	295
18.4.	Arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	6.2.5	295
19.	RELATED PARTY TRANSACTIONS	3.3	123 to 132
20.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	5.2, 5.3	187 to 271
20.1.	Historical financial information	5.2, 5.3	187 to 271
20.2.	*Pro forma financial information*	Not applicable	
20.3.	Financial statements	5.2.1, 5.3.1	188 to 246, 250 to 270
20.4.	Auditing of historical annual financial information	5.2.2, 5.3.2	247 to 248, 270 to 271
20.4.1	Statement that the historical financial information has been audited	5.2.2, 5.3.2	247 to 248, 270 to 271
20.4.2	Other information which has been audited by the auditors	4.4	165 to 166
20.4.3	Information not coming from audited financial information	Not applicable	
20.5.	Date of latest financial information	5.2, 5.3	187 to 271
20.6.	Interim and other financial information	Not applicable	

REGULATION (EC) 809/2004 OF THE EUROPEAN COMMISSION DATED APRIL 29, 2004 – ANNEX I		REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
20.6.1	Quarterly or half-year financial information	Not applicable	
20.6.2	Interim financial information for the first half of the new financial year	Not applicable	
20.7.	Dividend policy	6.2.6	295
20.7.1	Amount of dividend per share	6.2.6	295
20.8.	Legal proceedings and arbitration	2.1.2.1, 5.2.1 (note 29)	40, 188 to 246
20.9.	Significant changes in the issuer's financial or trading position	5.1.4	186
21.	ADDITIONAL INFORMATION	6	274 to 305
21.1.	Share capital	6.3	295 to 304
21.1.1	Amount of subscribed share capital	6.3.1	295
21.1.2	Shares not representative of share capital	6.3.2	299
21.1.3	Shares held by or on behalf of the issuer itself or by subsidiaries of the issuer	6.3.3	299 to 302
21.1.4	Convertible securities, exchangeable securities or securities with warrants	6.3.4	302
21.1.5	Right of acquisition and/or any obligation attached to the capital subscribed	6.3.5	302
21.1.6	Capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option	6.3.6	302
21.1.7	Share capital history	6.3.7	302
21.2.	Memorandum of association and by-laws	6.1	274 to 281
21.2.1	Corporate purpose	6.1.1	274
21.2.2	Members of the administrative, management and supervisory bodies	6.1.2	274 to 278
21.2.3	Rights, preferences and restrictions attaching to each class of the existing shares	6.1.3	278
21.2.4	Changes to shareholders' rights	6.1.4	279
21.2.5	Shareholders' meetings	6.1.5	279 to 280
21.2.6	Provisions of the issuer's articles of association, statutes, charter or by-laws that would have an effect of delaying, deferring or preventing a change in control of the issuer	6.1.6	280
21.2.7	Provisions of the articles of association, statutes, charter or by-law provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed	6.1.7	280 to 281
21.2.8	Conditions imposed by the memorandum and articles of association statutes, charter or by-laws governing changes in the capital	6.1.8	281
22.	MATERIAL AGREEMENTS	5.2.1 (note 23)	188 to 246
23.	INFORMATION FROM THIRD PARTIES, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST	Not applicable	
23.1.	Statement or report attributed to a person acting as expert	Not applicable	
23.2.	Third-party information	Not applicable	
24.	DOCUMENTS AVAILABLE TO THE PUBLIC	6.5	305
25.	INFORMATION ON EQUITY INTERESTS	1.3, 1.5	17, 27 to 30

9.2 CORRELATION TABLE WITH THE ANNUAL FINANCIAL REPORT

The following correlation table allows to identify, in this Registration document, the information that are comprised in the annual financial report to be published pursuant to the articles L.451-1-2 of the French monandary and financial code and 222-3 of the General rules of the French *Autorité des marchés financiers*.

ANNUAL FINANCIAL REPORT		REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
1.	Annual financial statements	5.3.1	250 to 270
2.	Consolidated financial statements	5.2.1	188 to 246
3.	Management report (see paragraph 9.3)	1 to 7	6 to 371
3.1.	Information referred to in articles L.225-100 and L.225-100-2 of the French Commercial Code		
	Analysis of the evolution of the business	1.4, 5.1.1, 5.1.2, 5.1.3, 5.1.4	17 to 26, 172 to 186
	Analysis of the results	5.1.1	172 to 181
	Analysis of the financial situation	5.1.1	172 to 181
	Main risks and uncertainties	2.1	36 to 45
	Table regarding current delegations and authorizations	6.3.1	295 to 299
3.2.	Information referred to in article L.225-100-3 of the French Commercial Code		
	Elements that may have an impact in case of tender offer	3, 6.1 to 6.4	52 to 134, 274 to 305
3.3.	Information referred to in article L.225-211 §2 of the French Commercial Code		
	Share repurchase plan	6.3.3	299 to 302
4.	Declaration of persons responsible for the information contained in the registration document	8.1	374
5.	Report of the Statutory auditors on the annual financial statements	5.3.2	270 to 271
6.	Report of the Statutory auditors on the consolidated financial statements	5.2.2	247 to 248
7.	Report of the Chairman of the Board of Directors on the functioning of the Board of Directors and on internal control	3	52 to 134
8.	Report of the Statutory auditors on the report of the Chairman of the Board of Directors	3.6	134

9.3 CORRELATION TABLE WITH MANAGEMENT REPORT

The following correlation table allows to identify, in this Registration document, the information that is comprised in the management report.

MANAGEMENT REPORT		REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
1.	Activity and financial position	1.2, 1.3, 1.4, 5.1.1, 5.1.2	16 to 29, 172 to 185
2.	Recent events, trends and prospects	5.1.1, 5.12, 5.1.3, 5.1.4, 5.2.1 (note 5.7), 5.3.1 (note 30)	172 to 188, 188 to 246, 250 to 270
3.	Research and development	1.4.4	25
4.	Description of main risks and uncertainties	2.1	34 to 45
5.	Use of financial instruments	2, 5.2.1 (notes 3.8, 9, 12, 16, 24, 25), 5.3.1 (note 2.6, 4)	34 to 51, 188 to 246, 250 to 270
6.	Corporate and social responsibility (see paragraph 9.4)	4	136 to 168
7.	Subsidiaries and holdings	1.5, 5.2.1, 5.3.1	27 to 30, 188 to 246, 250 to 270
8.	Corporate officers (list of corporate offices and functions, compensation, securities transactions)	3, 6.2.2.3	52 to 136, 284
9.	Share capital, shareholding structure and employee shareholding	6.2, 6.3	282 to 304
10.	Dividend distributions over the past three financial years	6.2.6	295
11.	Purchases and sales of own shares	6.3.3	299 to 302
12.	Items likely to have an impact in the event of a public offer	3, 6.1 to 6.4	52 to 136, 274 to 305
13.	Other information (payment periods, etc.)	5.2.1 (note 24), 5.3.1 (note 4)	188 to 246, 250 to 270
	ANNEXES		
14.	Summary table of current delegations	6.3.1	295 to 299
15.	Table of the company's results for the past five financial years	5.3.1	250 to 270
16.	Report of the Chairman of the Board of Directors	3	52 to 136

9.4 CORRELATION TABLE WITH THE INFORMATION ON CORPORATE AND ENVIRONMENTAL RESPONSIBILITY

The following correlation table allows to identify, in this Registration document, the information on corporate and environmental responsibility.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY		REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
1.	Social information	4.2	142 to 151
	a) Employment		
	Total headcount and breakdown of employees	4.2.1	142 to 143
	Hires and dismissals	4.2.2	143 to 144
	Compensation and changes	4.2.3.1	144 to 145
	b) Work organisation		
	Organisation of working hours	4.2.3.2	145
	Absenteeism	4.2.5.2	149
	c) Social relationships		
	Organisation of the social dialogue	4.2.5.3	149
	Overview of collective agreements	4.2.5.3	149
	d) Health and safety		
	Health and safety at work	4.2.3.3	145 to 147
	Overview of agreements signed	4.2.5.3	149
	Accidents at work and occupational diseases	4.2.3.3	145 to 147
	e) Training		
	Policies applied	4.2.3.3, 4.2.4	145 to 148
	Total number of training hours	4.2.3.3, 4.2.4	145 to 148
	f) Equal treatment		
	Measures taken in favor of gender equality	4.2.3.4	147
	Measures taken in favor of the employment and insertion of disabled persons	4.2.3.4	147
	Anti-discrimination policy	4.2.3.4	147
	g) Promotion of and compliance with the provisions of the core conventions of the International Labour Organization		
	Respect of the freedom of association and right to collective bargaining	4.2.5.3	149
	Elimination of discrimination in respect of employment and occupation	4.2.3.4	147
	Elimination of forced or compulsory labor	4.2.6	149 to 150
	Effective abolition of child labor	4.2.6	149 to 150
2.	Environmental information	4.3	151 to 164
	a) General environmental policy		
	Organisation of the company	4.3.1	151 to 154
	Employee training and information actions	4.3.1	151 to 154
	Means devoted to the prevention of environmental risks and pollution	4.3.2.4	155
	Amount of provisions and guarantees for environmental risks	4.3.2.6	155

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY		REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
	b) Pollution and waste management		
	Emission prevention, reduction and remediation measures	4.3.3.5, 4.3.4	160, 161
	Waste prevention, recycling and disposal measures	4.3.3.4	159 to 160
	Means of addressing noise pollution and other pollution generated by a given activity	4.3.3.5	160
	c) Circular economy		
	(i) Prevention and waste management		
	Prevention, recycling, reuse, other forms of recovery and disposal of waste	4.3.3.4	159 to 160
	Actions against food waste	4.3.3.4	159 to 160
	(ii) Sustainable use of ressources	4.3.3.5	160
	Water consumption and procurement	4.3.3.2	158
	Consumption of raw materials and measures taken to improve their efficient use	4.3.3.3	158 to 160
	Energy consumption and measures taken to improve energy efficiency and the use of renewable energies	4.3.3.1, 4.3.4	155 to 158, 161
	Land use	4.3.3.5	160
	d) Climate change		
	Material GHG emissions categories emitted in the course of company's activity, including through the use of goods and services produced	4.3.3.6	160 to 161
	Adaptation to the consequences of climate change	4.3.2.5	155
	e) Protection of biodiversity		
	Measures taken to preserve or develop biodiversity	4.3.3.5	160
3.	Information on corporate commitments in favor of sustainable development	4.1	139 to 141
	a) Territorial, economic and social impact of the company's business		
	In relation to employment and regional development	4.1.1, 4.1.2	139 to 140
	On neighboring or local populations	4.1.1, 4.1.2	139 to 140
	b) Relationships with the persons or organizations having an interest in the company's business, particularly associations promoting integration, education institutions, associations for the defence of the environment, consumer associations and neighboring populations		
	Organization of the dialogue with these persons or organizations	4.1.1, 4.1.2	139 to 140
	Partnership or philanthropic actions	4.1.1, 4.1.2, 4.1.3	139 to 142
	c) Sub-contracting and suppliers		
	Means of addressing social and environmental challenges in the purchasing policy	4.1.1, 4.1.2	139 to 140
	Importance of sub-contracting and consideration given to the social and environmental responsibility of suppliers and sub-contractors	4.1.1, 4.1.2	139 to 140
	d) Fair practices		
	Anti-bribery actions	4.2.6	149 to 150
	Measures taken in favor of consumer health and safety	2.1.2.3, 4, 4.2.6	41, 136 to 168, 149 to 150
	e) Other actions in favor of human rights	4.2.6	149 to 150

9.5 CORRELATION TABLE WITH ALL TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

United Nations Global Compact

PRINCIPLES OF THE GLOBAL COMPACT	OUR COMMITMENTS	OUR INITIATIVES AND INDICATORS	PAGES
Support and respect protection of internationally proclaimed human rights Refuse to be accomplice of human rights abuses	Ethics guide	4	136 to 168
	Clauses covering the corporate and environmental responsibility of suppliers included in agreements	4.2.6	149 to 150
	Corporate social responsibility policies	4.2.3.4	147
	Charter of social commitment	4.1.1	139 to 140
	Rexel Foundation for energy efficiency	4.1.3	141
Uphold freedom of association and collective bargaining Elimination of all forms of forced and compulsory labour Effective abolition of child labour Elimination of discrimination in respect of employment and occupation	Ethics guide	4	136 to 168
	Clauses covering the corporate and environmental responsibility of suppliers included in agreements	4.2.6, 4.2.3.4	149 to 150, 147
	Corporate social responsibility policies	4.1.1	139 to 140
Support a precautionary approach to environmental challenges Undertake initiatives to promote greater environmental responsibility	Ethics guide	4	136 to 168
	Clauses covering the corporate and environmental responsibility of suppliers included in agreements	4.2.3.4, 4.2.6	147, 149 to 150
	Charter for environment	4.1.1	139 to 140
	Environmental policies	4.3.1.2	152 to 153
Encourage the development and diffusion of environmentally friendly technologies	Charter for environment	4.2.4	147 to 148
	Rexel 2020's roadmap	4.3.1.2	152 to 153
	Charter of social commitment	4.1.1, 4.3.1.3	139 to 140, 153 to 154
	Rexel Foundation for a better energy future	4.1.3	141
Work against all forms of corruption, including extortion and bribery	Ethics guide	4.3	151 to 165
	Anti-money laundering and anti-corruption policies	4.2.6, 4.2.3.4	149 to 150, 147

9.6 CORRELATION TABLE WITH THE PILLARS OF REXEL SUSTAINABLE DEVELOPMENT STRATEGY

PILLARS	COMMITMENTS	PARAGRAPH(S)	PAGE(S)
Developing energy management solutions for our clients and society	Providing energy efficiency and energy management products, services and solutions	4.3.4	161
	Providing renewable energy products, services and solutions	4.3.4	161
	Raising demand and awareness on energy management	4.1.1	139 to 140
	Improving access to energy efficiency for all	4.1.3	141
Fostering sustainability in our value chain	Ensuring sustainable supplier relationships	4, 4.1.1, 4.1.2	136 to 168, 139 to 140
	Developing circular economy in our value chain	4.3.3.4	159 to 160
	Driving health and safety in our value chain	4.1.1, 4.2.3.3, 4.3.2.1	139 to 140, 145 to 147, 154
	Ensuring high quality and sustainable relationships with our customers	4, 4.1.1, 4.1.2	136 to 168, 139 to 140
Improving the social and environmental performance of our operations	Promoting Rexel employees' welfare	4.1.1, 4.2.5.1	139 to 140, 148 to 149
	Reducing Rexel's carbon footprint	4.3.3.6	160 to 161
	Reducing Rexel's resources consumption	4.3.1.1, 4.3.3	151 to 152, 155 to 161
	Behaving ethically and complying with legal obligations	4.2.6, 4.3.2.1	149 to 150, 154

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