Registration document.

2018

Rexel

a world of energy

Rexel, a French *société anonyme*
with a share capital of €1,519,944,495

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

Registration document 2018

In application of its General Regulations, specifically Article 212-23, the French Financial Markets Authority *(Autorité des marchés financiers)* registered the French version of this Registration document on April 3, 2019. The French version of this document shall not be used in support of any financial transaction unless supplemented by a *note d'opération* approved by the French Financial Markets Authority. The French version of this document was prepared by the issuer and is binding on its signatories. Registration, pursuant to Article L.621-8-1-I of the French Monetary and Financial Code, was made after the French Financial Markets Authority verified that the French version of this document was complete and comprehensible and that the information therein is consistent. It does not imply any authentication by the French Financial Markets Authority of the financial and accounting information presented.

This document is a free translation in English of the original document, which was prepared in French. In all matter of interpretation, views or opinions expressed in the original language of the document in French take precedent over the translation.

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 website 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 Combined Shareholders' Meeting convened for May 23, 2019 (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 and 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 guarantees 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 trends, objectives and prospects of development may be affected by the materialization of one or more risk factors as described in chapter 2 "Risk factors and internal control" 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 "Risk factors and internal control" of this Registration document.

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1. Overview of the Rexel Group

Summary

Message from

Patrick Berard

Chief Executive Officer of Rexel

"First step: we have done the job" could summarize Rexel's 2018 financial results.

With a new year of profitable growth, the Group has achieved its targets, demonstrating once again the strength of its economic model and the relevance of its strategic roadmap, which was launched in 2017. This strategic roadmap is part of a two-pronged approach, Perform and Transform, and Rexel made progress on both fronts over the course of the past year.

To begin with: perform. At €13.37 billion, our sales grew by 3.5% on a constant and same day basis. Our adjusted EBITA reached €608.3 million, up 6.1%, and enabled us to achieve an adjusted EBITA margin of 4.6% of sales, up 10bps. Our recurring net income, out of which dividends are paid, grew by 12.8% to reach €328.1 million. This solid performance enables us to propose to shareholders a dividend of €0.44 per share, 2 cents higher than last year, representing a payout ratio of 41% of the Group's recurring net income.

These figures are the result of two years of intense work and provide many reasons for satisfaction. To cite but four of them:

- First, we have returned to organic growth. We have posted nine consecutive quarters of sales growth and have generated close to €1 billion in additional sales over the past 30 months. In 2018, sales grew across all three of our geographic regions: Europe, North America, and Asia-Pacific. This reflects the successful implementation of our strategic initiative "More Customers & More SKUs", as well as significant customer service improvements, thanks in particular to increased digital investments. Our digital sales passed the milestone of €2 billion in 2018, representing 16% of Group sales.
- We also worked diligently to correct our structural weaknesses and optimized the operational model of certain key countries. In the United States, the regional approach that we initiated in 2018 is bearing fruit and enabling us to return to sales growth and profitability after several years of underperformance. In Germany, we refocused on the industrial sector while restructuring our branch network, and merged our commercial brands in the United Kingdom.
- At the same time, we rationalized our geographic footprint. After selling our operations in South East Asia and Latin America, the recent disposal of our non-industrial operations in China marks the completion of our disposal plan. In total, we have sold or restructured operations representing €650 million in sales (based on our 2016 figures), with a positive contribution of 25bps to our consolidated adjusted EBITA margin.
- Finally, we have solidified our financial structure, with an indebtedness ratio of 2.67x our EBITDA, compared to 2.84x the previous year, which gives us greater leeway to resume making selective acquisitions, especially in the digital sector, in order to accelerate our development.

Next, transform. These operational improvements go hand in hand with a powerful momentum supporting the rapid transformation of Rexel's activities. The Rexel of yesterday was a traditional distributor

“Rexel is confident in its ability to continue to improve its performance and to play a major role in the structural transformation of electrical supplies distribution sector.”

that has now evolved toward a higher value-added model built on a multi-channel approach and an expanded portfolio of services and solutions.

Today, we are entering the era of data management and use. Rexel will therefore base its value proposition on three types of customer needs (proximity, projects, or specialties) while relying on predictive analysis and artificial intelligence. In doing so, Rexel is moving its model toward a “data driven” and services company in order to further improve the customer experience. This approach involves optimizing the management of its customer portfolio, improving the customer journey customization, and developing digital relationships with suppliers. This acceleration of Rexel’s digital transformation also represents a major human resources challenge: identify new profiles and acquire new skills.

Sustainable development also lies at the heart of Rexel’s operations, and the Group’s efforts in this area have been rewarded by its inclusion in the DJSI Europe “Dow Jones Sustainability Index” for the sixth consecutive year, as well as by obtaining a leading position among the European companies in its sector. Likewise, for the first time, Rexel is among the “Climate A List” of the CDP (Carbon Disclosure Project), which recognizes the best-performing companies in the area of fighting climate change. As an active and committed company, Rexel has also decided to respond with a series of actions to the economic and social rebuilding called for by France’s President of the Republic, especially in the area of preventing skills obsolescence and improving household purchasing power.

Having successfully completed the first step of its strategic roadmap, and assuming there are no material changes in the macroeconomic environment, Rexel expects to continue its profitable growth in 2019, with 2% to 4% same-day sales growth at comparable scope of consolidation and exchange rates (excluding an estimated unfavorable impact of 1% from branch closures in Germany and Spain), a 5% to 7% increase in adjusted EBITA, and a further improvement of the indebtedness ratio.

With a stronger economic model, a solid financial structure, investments to support its strategic priorities and a committed workforce, Rexel is confident in its ability to continue to improve its performance and to play a major role in the structural transformation of the electrical supplies distribution sector.

Group key figures

as of 12/31/2018

Breakdown of sales by product range:

- **41%** electrical installation equipment
- **21%** cables and conduits
- **19%** lighting
- **5%** climate control
- **4%** tools
- **4%** softwares and specific services
- **3%** security and communication
- **2%** renewable energies and energy management
- **1%** white and brown goods

1m+
product references in electrical equipment

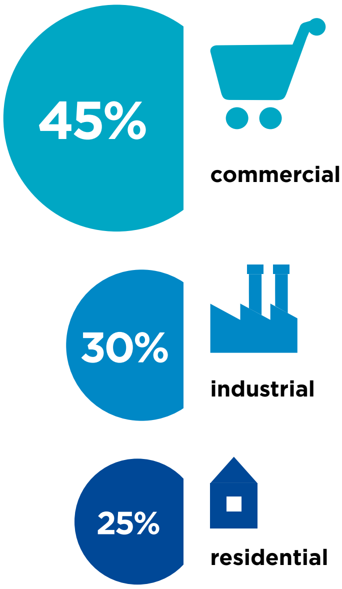
650,000
active customers

500,000
orders processed daily

-37%
greenhouse gas emissions since 2010

€1.74bn
sales of energy efficiency and renewable energy products and solutions including:

- €1,475m sales of energy efficiency solutions
- €205m sales of photovoltaic solutions
- €59m sales on wind turbine market



Breakdown of Group sales by end market

8,000

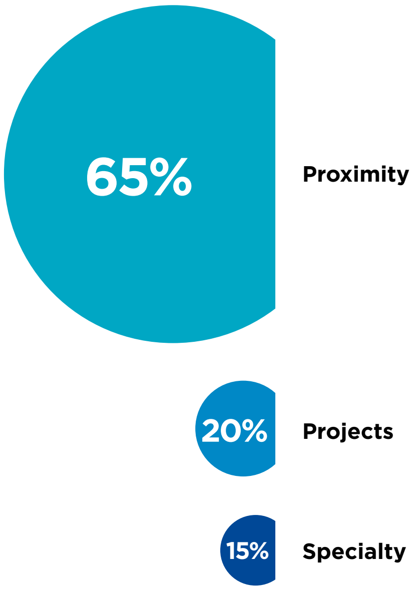
employees have become shareholders since 2007

24,000

employees *i.e.* **92%** of total workforce received training in 2018

Nearly 5,000

recruitments in 2018



Breakdown of global sales by value proposition

€2.1bn

online sales (webshops + EDI) representing 16% of Group sales

Global footprint
as of 12/31/2018

Group

26 countries

€13.37bn in sales

2,000 branches**

27,000 employees

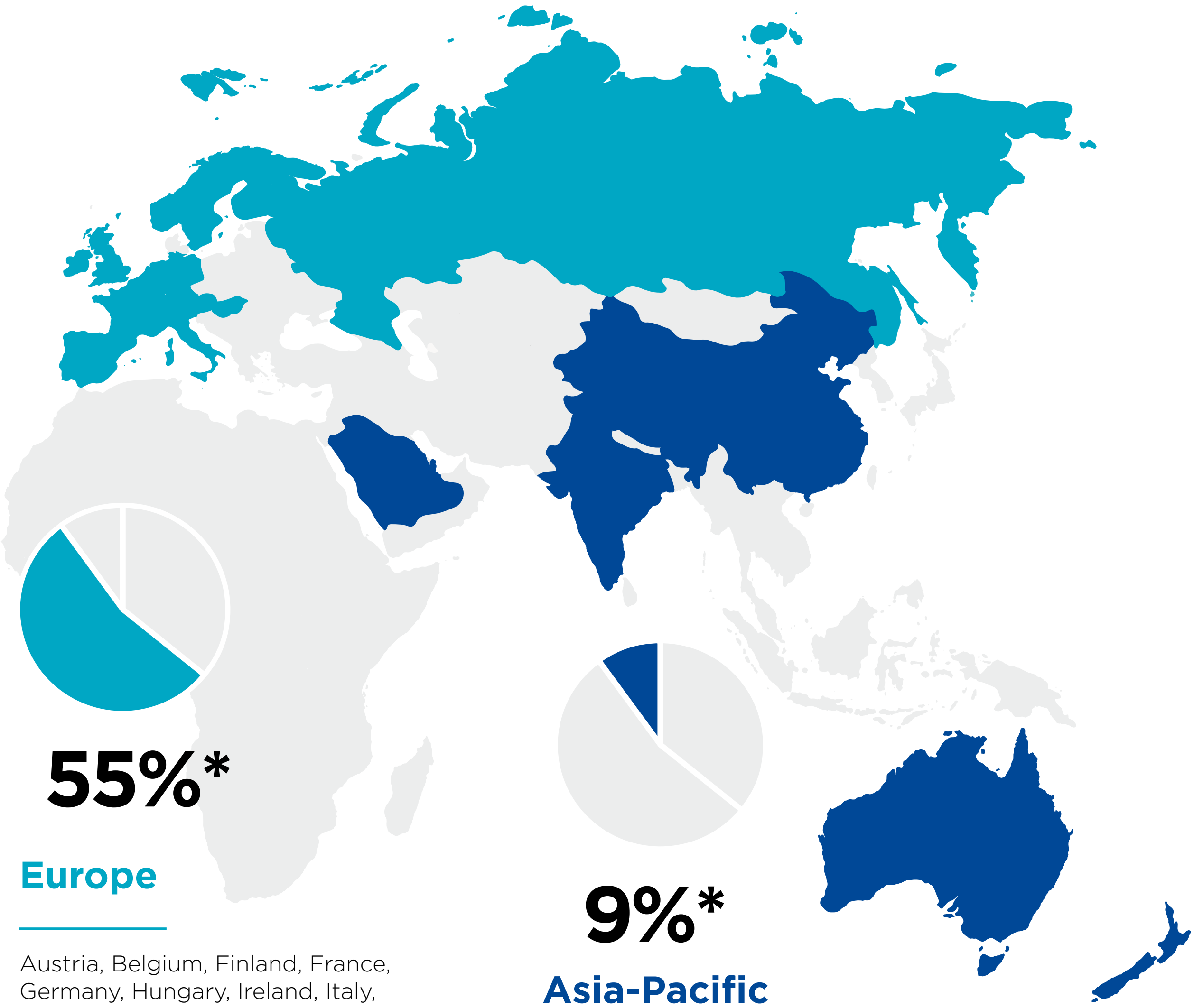
36%*

North America

Canada, United States

600 branches**
8,500 employees
2 countries

* Percentage of 2018 sales.
** Rounded figures as of 12/31/2018.



55%*

Europe

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

1,150 branches**
16,000 employees
18 countries

9%*

Asia-Pacific

Australia, China (including Hong Kong), India, New-Zealand, Saudi Arabia, United Arab Emirates

250 branches**
2,500 employees
6 countries

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, 2018, 2017 and 2016.

Principal key figures of Rexel's consolidated income statement

(in millions of euros, unless specified otherwise)	2018	2017 [(4)] restated	2017	2016
Sales	13,365.7	13,303.0	13,310.1	13,162.1
Growth on a comparable basis and same number of working days[(1)]	*3.5%*	*3.5%*	*3.5%*	*(1.9%)*
Gross profit	3,295.0	3,282.1	3,264.2	3,172.8
As a percentage of sales	*24.7%*	*24.7%*	*24.5%*	*24.1%*
EBITA [(2)]	600.4	594.1	594.3	539.6
Adjusted EBITA [(2)]	608.3	579.9	580.1	549.8
As a percentage of sales	*4.6%*	*4.4%*	*4.4%*	*4.2%*
Operating income	409.8	322.1	322.3	397.0
Net income	152.3	104.6	104.9	134.3
Net income attributable to the Rexel Group	150.7	105.5	105.8	137.9
Net recurring income [(3)]	328.1	290.9	291.2	250.3

(1) See paragraph 5.1.1 "Financial position of the Group" of this Registration document

(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 incomes 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 copper prices" and 5.1.1.1 "Impact of changes in copper price" 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 and other non recurring tax effects.

(4) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenues from contracts with customers".

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

(in millions of euros, unless specified otherwise)	2018	2017 [(3)] restated	2017	2016
Operating income	409.8	322.1	322.3	397.0
(–) Other income [(1)]	(15.4)	(7.1)	(7.1)	(5.6)
(+) Other expenses [(1)]	190.3	260.1	260.1	129.5
(+) Amortization of intangible assets arising on the purchase price allocation of acquisitions	15.7	19.0	19.0	18.7
= EBITA	**600.4**	**594.1**	**594.3**	**539.6**
(+) / (–) Non-recurrent effect resulting from changes in copper-based cable prices [(2)]	7.9	(14.2)	(14.2)	10.1
= Adjusted EBITA	**608.3**	**579.9**	**580.1**	**549.8**
Adjusted EBITA margin	4.6%	4.4%	4.4%	4.2%

(1) See note 9 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2018 included in section 5.2 "Consolidated Financial Statements" of this Registration document.

(2) See paragraphs 2.1.4.1 "Risks relating to changes in copper prices" and 5.1.1.1 "Impact of changes in copper price" of this Registration document.

(3) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenues from contracts with customers".

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

(in millions of euros)	2018	2017 [3] restated	2017	2016
Net income	152.3	104.6	104.9	134.3
(+) / (–) Non-recurring effect resulting from changes in copper-based cable prices [1]	7.9	(14.2)	(14.2)	10.1
(–) Other income [2]	(15.4)	(7.1)	(7.1)	(5.6)
(+) Other expenses [2]	190.3	260.1	260.1	129.5
(+) Financial expenses related to refinancing transactions	1.1	30.4	30.4	16.3
(–) Tax impact of the items above and other non recurring tax effects	8.1	(82.9)	(82.9)	(34.4)
= Net recurring income	**328.1**	**290.9**	**291.2**	**250.3**

(1) See paragraphs 2.1.4.1 "Risks relating to changes in copper prices" and 5.1.1.1 "Impact of changes in copper price" of this Registration document.

(2) See note 9 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2018 included in section 5.2 "Consolidated Financial Statements" of this Registration document.

(3) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenues from contracts with customers".

1

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

(in millions of euros)	2018	2017 [3] restated	2017	2016
Operating cash flow [1]	612.6	612.8	612.9	563.8
Changes in working capital requirements	(161.8)	(118.5)	(118.4)	(26.1)
Cash generated from operating activities before net interest and income taxes	450.8	494.3	494.5	537.7
Net capital expenditure	(93.8)	(110.3)	(110.3)	(98.6)
Free cash flow before net interest and income taxes [2]	**357.0**	**384.0**	**384.3**	**439.1**
Conversion rate of the cash flow (in % of EBITDA)	*51%*	*55%*	*55.4%*	*69%*

(1) Before interest, taxes, and changes in working capital requirements.

(2) 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.

(3) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenues from contracts with customers".

Principal key figures of Rexel's consolidated balance sheet

(in millions of euros, unless specified otherwise)	2018	2017 [2] restated	2017	2016
Non-current assets	5,306.1	5,362.5	5,361.8	5,846.3
Working capital requirements	1,511.0	1,383.5	1,391.0	1,372.9
Shareholders' equity	4,232.2	4,157.6	4,163.6	4,383.3
Net indebtedness	2,030.4	2,041.2	2,041.2	2,172.6
Other non-current liabilities	554.4	547.0	548.0	663.3
Indebtedness Ratio (in multiple of EBITDA) [1]	2.67	2.84	2.84	3.04

(1) Calculated in accordance with the terms of the Senior Credit Agreement presented in note 23.1 to the Notes to the consolidated financial statements of Rexel for the financial year ended December 31, 2018, set out in section 5.2 "Consolidated Financial Statements" of this Registration document.

(2) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenues from contracts with customers".

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.

The LEI (Legal Entity Identifier) of Rexel is 969500N6AVPA51648T62.

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.

The web site of Rexel is **www.rexel.com**.

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 held 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 41 consolidating acquisitions, including 1 in 2018.

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.

In the context of its plan to focus its business portfolio launched early 2017, Rexel sold in December 2017 all of its operations in South East Asia, including: Thailand, Indonesia, Singapore, Vietnam, the Philippines, Macau and Malaysia. The whole disinvestment plan represents an updated sales amount of €650 million. The plan, as a whole, has been completed as of December 31, 2018, with the conclusion of divestment agreements of industrial activities in China and its portfolio restructuring in Germany, Spain and the United Kingdom.

1.3 Recent acquisitions and disposals

The acquisitions and disposals completed during the years ended December 31, 2017, and December 31, 2016, are respectively described in the Registration document filed with the *Autorité des marchés financiers* on April 4, 2018, under number D.18-0263 and in the Registration document filed with the *Autorité des marchés financiers* on March 31, 2017, under number D.17-0272.

The acquisitions and disposals completed during the year ended December 31, 2018 are described in notes 4 and 5 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2018, included in section 5.2 "Consolidated Financial Statements" of this Registration document.

1.4 Business and strategy

The Rexel Group believes to be one of the leading global distributors in low and ultra-low voltage electrical products in 2018 in terms of sales and number of branches. At December 31, 2018, it operated in 26 countries spread mainly over three geographical regions: Europe, North America and Asia-Pacific.

In 2018, the Rexel Group's consolidated sales reached €13,365.7 million, of which 55% was generated in Europe, 36% in North America and 9% in Asia-Pacific. Rexel Group generated a 2018 Adjusted EBITA of €608.3 million, representing 4.6% of 2018 consolidated sales.

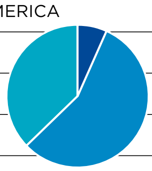
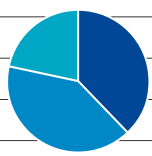
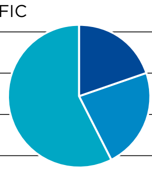
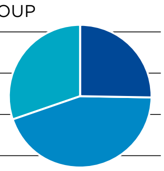
The Rexel Group targets three end-markets:

- 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; and
- 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 balanced breakdown of its activity between these three end-markets (industrial, commercial and residential) and between the geographic regions is a factor of global resilience.

The breakdown of the Rexel Group's sales in 2018 by end-market is as follows:

	NORTH AMERICA	EUROPE	ASIA-PACIFIC	REXEL GROUP
● Residential	6.8%	38.0%	19.9%	25.3%
● Commercial	56.2%	40.5%	22.8%	44.6%
● Industrial	37.0%	21.4%	57.3%	30.1%

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 products 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 specific services and softwares. 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, 2018, the Rexel Group has a network of 50 logistical centers, of 1,950 branches grouped around different commercial brands and carries out over two billion euros of sales online, representing 16% of its global revenue. Rexel employs 27,000 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 6 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2018 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 €168.3 billion worldwide in 2018. For areas where Rexel is present, this market represents approximately €44.1 billion in Europe, approximately €93.1 billion in North America and approximately €28.2 billion in Asia-Pacific. This market, which demonstrated its resilience in the past five years, slightly decreased compared to 2017, at constant foreign exchange rates due to the divestments plan engaged at this date.

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

COUNTRIES	UNITED STATES	CANADA	GERMANY	FRANCE	UNITED KINGDOM
Size (€ billion)	88.9	4.2	8.8	7.5	4.1
Exchange rate used (1 euro =)	USD 1.18	CAD 1.53	–	–	GBP 0.89

(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 market driven by long-term growth factors

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 trends such as:

- The development of access to electricity linked to demographic growth and distribution, as well as increasing urbanisation, creating demand for the construction of new infrastructure;
- Energy issues awareness entailing the will to increase energy efficiency of equipment. The desire to promote low-carbon energy favors the future development of electricity, as is the willingness of customers to pay more for products

or solutions that help protect the environment. The development of solutions to reduce energy consumption or the production of new energy solutions is also a consequence of this awareness of energy issues and opens up new opportunities;

- The development of the Internet of Things, that offer increased functionalities, in particular in terms of security, ease of use and energy efficiency, leading to the modernization of existing equipment. 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, including software offerings; and
- The aging of the population and the advent of new medical solutions and the maintenance of elderly people at home thanks to connected objects.

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:

- 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 consolidation of international customers looking for a value-consistent service delivery offer across all countries in which they operate; and
- The ongoing development and renewal of the higher value-added product offer encourages regular growth and an increase in the price of the average basket. This trend is particularly noticeable in the most technical product families, such as industrial automation, lighting, security and communication, but can also be seen in simpler product families such as outlets. It is also supported by the change in safety and energy savings standards, promoting the renewal and shift to more advanced products.

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 2018, the Rexel Group estimates that around 25% of world sales in the professional distribution of low and ultra-low voltage electrical products market were generated by ten major distributors: Rexel, Sonepar – operating in the main world markets – and, to a lesser extent, WESCO International, Graybar Electric Company, Anixter International, Consolidated Electrical Distributors and Border States Electric, primarily located in North America as well as Solar, Electrocomponets and Würth, located essentially in Europe.

Around 75% 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) and players with a more regional and local presence. 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, Norway, Sweden 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 2018 sales amounted to €13,365.7 million. The breakdown between the different zones is as follows:

	IN MILLIONS OF EUROS	IN PERCENTAGE
Europe	7,350.0	55%
North America	4,801.3	36%
Asia-Pacific	1,214.4	9%
Total	**13,365.7**	**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 2018 market share of around 16%. It considers that the residential, commercial and industrial markets represented respectively 38.0%, 40.5% and 21.4% of its 2018 sales in Europe.

At December 31, 2018, the Rexel Group was located in 18 European countries. It considers that it occupies the first or second place in 11 of these countries.

North America

According to its estimates and based on its 2018 sales, the Rexel Group's market share for 2018 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 one of the four leaders in this zone, with market shares of around 4% in the United States and 23% 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 6.8%, 56.2% and 37.0% of its 2018 sales in North America.

Asia-Pacific

Based on its estimates and its 2018 sales, the Rexel Group considers that it is number two in Asia-Pacific and held a market share of approximately 4% in 2018.

According to its estimates, the residential, commercial and industrial markets represented respectively 19.9%, 22.8% and 57.3% of the Rexel Group's 2018 sales in Asia-Pacific.

At December 31, 2018, the Rexel Group was located in 6 Asia-Pacific countries, following the disposal of the South East Asia operations in December 2017.

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 2.1.1.2 "Risks relating to the competitive environment" in this Registration document. The risks associated with emerging or non-mature markets are described in paragraph 2.1.2.6 "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

1.4.2.1 A global player with strong local presence

A major player at the global level

The Rexel Group is a worldwide expert in the professional multichannel distribution of electrical products and services for the energy world and one of the main players 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, 2018, 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, while remaining 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;
- Share IT and digital solutions and streamline contracts with partners in these areas;
- Ensure that its clients, in all its area, apply the best environmental and social standards in the sector; and
- Better identify external growth opportunities in countries targeted by the Rexel Group and integrate acquired businesses according to processes defined on the basis of its experience.

A strong local leadership

Based on its 2018 sales, the Rexel Group is one of the main players 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 close to 59% 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. The Rexel Group therefore must give priority to its investments in 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 of branches paired with webshops, 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 of the product offering 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, 2018, the Rexel Group had 1,950 branches. By geographical zone, the number of branches changed as follows between December 31, 2016 and December 31, 2018:

	AT DECEMBER 31		
(Number of branches)	2018	2017(1)	2016(1)
Europe	1,127	1,183	1,196
North America	574	574	560
Asia-Pacific	249	255	250
Total	**1,950**	**2,012**	**2,006**

(1) Excluding South East Asia.

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.

Strategic relations with suppliers, capitalizing on these global/local and physical/digital dual assets

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 forty international suppliers are considered "strategic suppliers" by

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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.

In this way, the Rexel Group promotes the development of sustainable relations with strategic suppliers who have the ability to contribute to the growth of its business both on global and local levels. The development of these relations also takes into account the technological advance of the suppliers (in terms of products and services) and their digital maturity. 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:

	AT DECEMBER 31	
(# of suppliers to achieve)	**2018**	**2017**
50% of purchases	26	26
80% of purchases	363	345
100% of purchases	10,879	11,682

Rexel is committed to creating and developing long-term relationships with its suppliers, in line with the Rexel Group's sustainable development approach (see chapter 4 "Corporate responsibility" of this Registration document). These relationships with suppliers are also regularly reviewed as part of the Rexel Group's vigilance plan (see section 4.6 "Vigilance plan" of this Registration document).

The risks associated with supplier dependence are described in paragraph 2.1.2.1 "Risks relating to procurement" in this Registration document.

1.4.2.2 An extensive and innovative range of products and services

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** (41% of 2018 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). All these devices have an important role in the management and optimization of energy consumption;
- **Cables and conduits** (21% of 2018 sales) that allow the distribution of electrical current and that also groups raceways, wiring ducts and cable troughs;
- **Lighting** (19% of 2018 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;
- **Climate control** (5% of 2018 sales) which covers ventilation, air conditioning and heating systems (HVAC) in particular, those based on renewable energies;
- **Tools** (4% of 2018 sales) including hand and electrical tools, and instrumentation tools;
- **Security and communication** (3% of 2018 sales) including primarily voice, data and image transmission systems (VDI), and detection (intrusion and fire) surveillance and access control devices;

- **Renewable energies and energy management** (2% of 2018 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 2018 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 4% in 2018.

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.

The Rexel Group positions itself as a trusted player in the value chain. The evaluation of the ethical, social and environmental performance of key suppliers in each country contributes to strengthen customer confidence in the Group's offer.

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).

Added-value services corresponding 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;
- 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;
- 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 additional services increase the value of the Rexel Group's distributor role and help improve customer loyalty. 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.

1.4.2.3 A model adapted to customer expectations

A multichannel model with a growing digital share

The Rexel Group relies on eight distribution channels, both physical and remotely-managed, in order to optimize contacts with customers and adapt to their preferences and needs:

- Branch network: local channel offering an immediate availability of several thousand products, the withdrawal of orders placed until the evening before on tens of thousands of additional references and access to the expertise of sales consultants;
- Call center: in order to place orders or obtain a quick response to quotes and technical queries;
- Sales force: a unique and dedicated contact point for each customer for a customized response to its needs;
- Know-how center: access to specialists in all fields;
- EDI: a digital catalogue directly integrated into the customer's systems for simple and efficient ordering;
- E-commerce site: an extensive offer available online, as well as a wide range of services such as online chat with experts, the "click & collect" allowing to select a drop-off point to pick up the order (including safe deposit lockers);
- Web-based configurator: online tools for product configuration; and
- Applications: many applications aimed at making our customers' lives easier, such as: a network of professional advisers ("The Grid"), sales applications allowing them to create their shopping cart offline, geolocation of the nearest branch, etc.

The complementarity of skills and expertise available in the various channels allows the Rexel Group to build complete and personalized solutions for its customers, positioning it as a unique partner for the supply of electrical solutions and equipment.

This multichannel offer improves customer loyalty and the share of purchases made with the Rexel Group. It represents a major competitive advantage, particularly in the face of players specializing in digital technology. It goes together with the will to increase the share of digital sales (online tools and EDI), which amounts to 16% of the Group sales in 2018.

An effective logistics model

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

- Logistics centers which are generally used in areas with high customer density to 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 whose implementation allowed the Rexel Group to develop in areas with lower customer density. Each hub branch provides logistics support to its spoke branches, in addition to its own sales activity; and
- Autonomous branches which are generally located in areas 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 Rexel Group seeks to centralize flows through logistics centers.

The risks associated with the Rexel Group's logistics structure are described in paragraph 2.1.2.5 "Risks relating to the Rexel Group logistical structure" in this Registration document.

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, which allows to improve such customers' loyalty and to develop the market share held with them. 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 evolution of employees' capacities is part of a desire to ensure that everyone's skills are updated, which represents a strong commitment in a context of global digitalization.

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.

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

1.4.2.4 Consolidation of the operational and financial performance

Improving operational performance

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

Gross margin improvement is carried out by systematic implementation of pricing initiatives and supplier relationship management. Rexel also strictly manages 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, the Rexel Group drove deep transformations to enhance its profitability in key geographies, in particular in the USA, Germany, the UK and Spain.

- During the February 2017 strategic plan, the priority was to increase the quality of service, in particular by improving inventory levels and product availability. This resulted in 25 openings of branches in 2018, 20 in Europe and 5 in the United States. In this area, Rexel has moved in early 2018 from a national approach by brand to a multi-banner regional approach, focusing on eight key regions (Northwest, Midwest, Northeast, Southeast, Florida, Gulf Central, Moutain Plains & California). Through these initiatives, Rexel aims in particular at improving operational efficiency, leading to market share gains and improving its profitability. This footprint expansion has resulted in a 2% contribution to sales compared to 2017 in the United-States (almost null at a national level in other countries) and a significant forthcoming improvement in profitability.
- In Germany, Rexel's priority is to develop its industrial offering at the national level and it has exited the residential and commercial markets in the north, to focus on the south of the country in this business. This change took the form of the closure of 17 branches and the rationalization of head office and logistics costs.
- In Spain, Rexel closed 15 branches in 2018 and has changed its logistics from a national CLR (regional logistic center) model to a hub and spoke model.
- In the United Kingdom, the Rexel Group merged its commercial brands from five (Newey & Eyre, WF Senate, Wilts, Parker and Denmans) to two (Rexel and Denmans), thus enabling it to improve its purchasing terms and the effectiveness of its back office. This merger was accompanied by a review of the geographical footprint with the closure of 33 branches in 2018.

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 increased its gross capital expenditure over the last three years, by increasing the share allocated to IT and digital up to almost two-thirds of the investments. This investment policy is representative of the low capital intensity of the professional distribution of low and ultra-low voltage electrical products.

1.4.2.5 Proven organic and external growth capabilities

A costs structure favorable to profitable organic 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 developing digitalization and a sales organization relying on shared structures that allow cost flexibility.

Based on 2018 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 25% (transport, commissions, etc.); and
- Fixed costs, flexible in the short- to medium-term of 75% (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 41 consolidating acquisitions.

The risks associated with acquisitions are described in paragraph 2.1.1.4 “Risks relating to acquisitions and disposals” in this Registration document.

1.4.3 The Rexel Group’s strategy

In February 2017, the Rexel Group announced a strategy based on a growth and value-creation approach through three strategic initiatives:

- Accelerating growth through "More Customers & More SKUs";
- Increasing selective capital allocation; and
- Improving operational and financial performance.

For the coming years, the Group reaffirms these fundamentals, while launching a transformation of its model, with the aim of becoming a benchmark for services and data use in the world of energy sector distribution.

Thus, the Rexel Group's strategy is now based on two pillars:

- "Perform": continued organic growth and continuous improvement of the gross margin and cost structure; and
- "Transform": migration to a leading data driven services company. This transformation will take place through the adoption of a new service-oriented customer approach, the shift to a data-driven company and selective capital allocation.

1.4.3.1 "Perform": constant strengthening of the Group to guarantee profitable organic growth

Growth in volume, in line with a "More customers & More SKUs" approach

This organic growth is based on a “More Customers & More SKUs” dual-approach.

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

This "More Customers & More SKUs" strategy is supported by accelerated digitization of sales and operations, including the development and implementation of new tools and applications. The growth in demand for energy efficiency solutions and renewable energies is also a level for the performance of this strategy.

Consistent with this strategy, Rexel has adapted 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 in the markets where the Group operates.

Continuous improvement of the gross margin and cost structure

In 2019 and in the medium term, Rexel plans to increase its adjusted EBITA and improve its adjusted EBITA margin by leveraging the investments of the past two years: investments in development, team transformation and recent restructuring.

Beyond the investments of the past two years, the continuous improvement of margin and costs is also based on the best practices shared within the Group, including:

- Managing the pricing conditions and customer discounts;
- Drastically increasing the number of suppliers in order to rationalize purchasing and further develop existing partnerships;
- Optimizing sales force efficiency by intensifying business planning and regular training;
- Digitizing back office activities and regularly reviewing processes. This is reflected in particular in the digitization of invoicing, credit and payment processes, and the administration of human resources;
- Flexibilizing costs; and
- Achieving an environmental and social performance improving the profitability, while contributing to the development of sales.

In addition, the Group will continue to benefit of specific reprofiling initiatives, the benefits of which will increase in kind and in magnitude in the coming years.

1.4.3.2 "Transform": migration to a leading data driven services company

Adoption of a service strategy, segmented around three types of product and service offers

The Rexel group wishes to evolve towards a more segmented product and service offering adapted to the different needs of its customers.

The approach is differentiated according to three types of product and service offers:

- "Proximity" value proposition (representing approximately 65% of Group sales), based on a strengthened presence thanks to a density of agency/counter coverage, a systematic multi-channel approach and continuous improvement in service levels;
- "Projects" value proposition (representing approximately 20% of the Group's sales), based on a process of offering specific products and solutions supported by a catalogue of services for industrial or commercial projects; and
- "Specialty" value proposition (representing approximately 15% of the Group's sales) through an ability to advise and satisfy customers with very specific needs on typical products and solutions.

In future years, the Rexel Group plans to multiply digital approaches in tandem with the physical networks of these three proposals.

Migration to a data-driven company

The second part of the Rexel Group's transformation is to become a data-driven company. It is about using available and relevant data to make decisions based on facts and analyses and not simply on beliefs or experiences. This transformation is derived along three axes:

- An internal axis consisting in performance improvement through the implementation of use cases based on the use of algorithms using artificial intelligence. Rexel has identified a first approach list of 16 potential data use cases adapted to its business. Out of these 16 use cases, the Group is in the process of rolling out two cases to improve the efficiency of its customer portfolio and agency supply management;

- A customer focus consisting in enriching the customer experience. The Rexel Group will deepen its insight on its customers' experience and use the data available to ensure an ever simpler and more fluid experience. Initiatives will be prioritized starting with those with the greatest customer impact. In this context, the Group is particularly committed to comply with the various aspects of the legislative environment for the protection of personal data; and
- A supplier axis consisting in the development and generalization of a dedicated data analysis offer for each supplier. This offer allows each supplier who subscribes to it to receive factual information on its market positioning, its multi-channel offer and its digital conversion rate by product category.

Selectivity in capital allocation and strengthening of the financial structure

Rexel increases selectivity in its capital allocation, both in terms of capital expenditures and investments. The Group also strengthened its financial structure and increased its financial flexibility through deleveraging.

Reflecting Rexel's strategy of increasing its focus on geographies and market segments that offer the best profitable growth and value-creation opportunities, Rexel finalized its divestment program with the following financial impacts:

- A reduction of approximately €650 million in the Group's consolidated sales; and
- A positive contribution of approximately 25 bps to the Group's consolidated adjusted EBITA margin.

Rexel's capital allocation strategy consists in allocating its capital to the geographies and segments with the highest growth rates and the highest profitability and using its strong cash flow generation to (in order of priority):

- The financing of operational investments. These investments are focused on both investments to strengthen organic growth and investments to improve productivity, through the expansion of digital and the optimization of the branches network, on the one hand, and logistics automation and back-office digitalization, on the other hand. Two thirds are focused on digital and information systems;
- The distribution of a dividend of at least 40% of recurring net income;
- Further reduction of the indebtedness ratio;
- The completion of external growth operations on the basis of strict investment criteria and a priority given to digital. If necessary, Rexel does not exclude the possibility of actively managing its portfolio to finance medium-sized acquisitions.

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. Its role is to distribute to its customers any innovations from suppliers.

The Rexel Group's intellectual property policy is centered on protection for its brands (mainly the Rexel brand and own-brands such as BizLine, Newlec and Gigamedia) and its domain names (mainly **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, within the several registration classes of the 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.

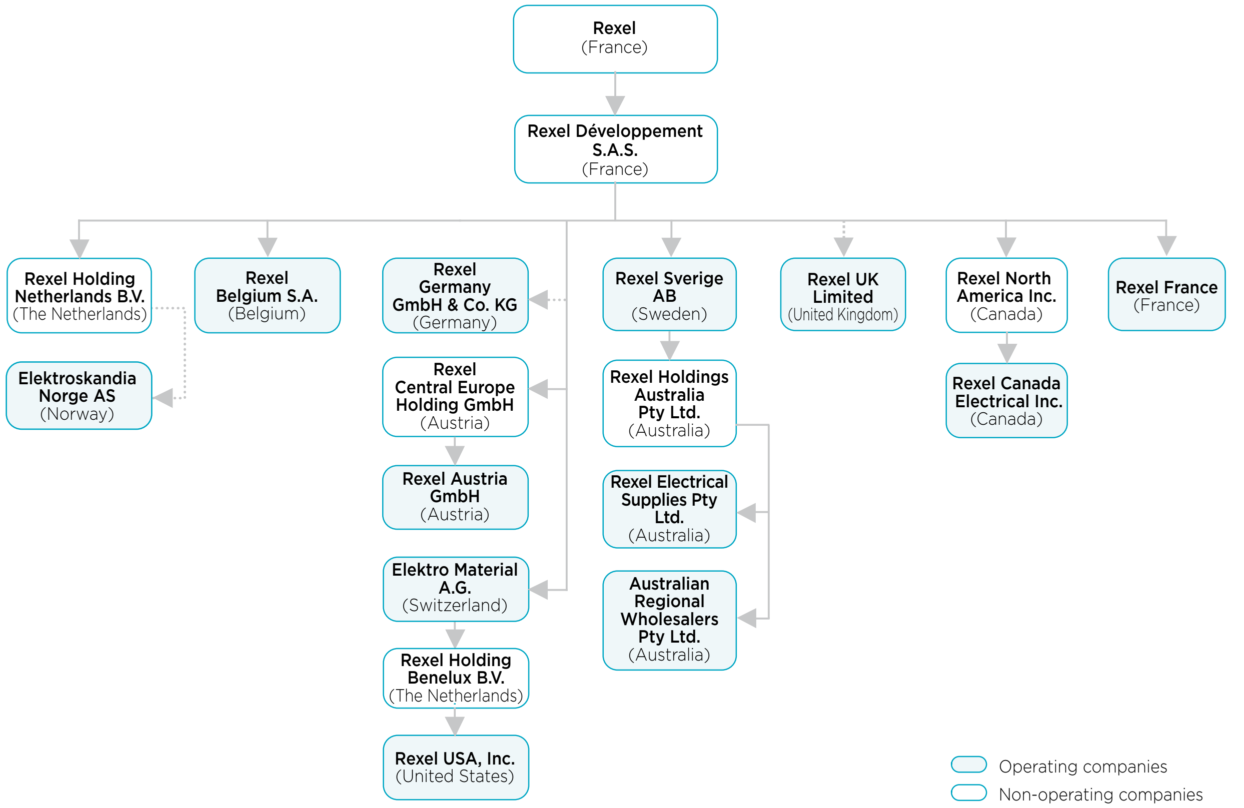
In April 1998, Rexel Distribution signed an agreement on the coexistence and global use of the "Rexel" trade name with a company, which had already registered the trade name and which operates in a different sector than the Rexel Group. Under the terms of this agreement, both companies are authorized 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, 2018.

As at December 31, 2018, the Rexel Group comprised 115 companies. The list of all of the companies consolidated by Rexel as of December 31, 2018, and their geographical location is detailed in note 31 of the Notes to Rexel's consolidated financial statements for the year ended December 31, 2018, 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 here above are 100% held by the Rexel Group.

1.5.2 Principal subsidiaries as of December 31, 2018

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 SAS. Rexel Développement SAS provides services (management, strategic planning, finance, human resources, IT/Telecoms and legal) to the Group companies. Furthermore, Rexel Développement SAS 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

Rexel Austria GmbH is a company governed by the laws of Austria, with a share capital of €10,000,000, having its registered office at 1, Murbangasse, 1100 Vienna, Austria. It is registered with the registry of commerce and companies of Vienna under number FN 155978f. Its main activity is the distribution of electrical products. It is wholly owned by Rexel Central Europe Holding GmbH.

Rexel Germany GmbH & Co. KG (formerly known as 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, 80687, 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 Fugleåsen 6, N-1405, Langhus, 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 Rexel Holdings Netherlands B.V.

Elektro-Material A.G. is a joint stock company *(Aktiengesellschaft)* governed by the laws of Switzerland with a share capital of CHF 136,350,000.

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 30,000,000 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 USA, Inc. 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 distribution of electrical products, 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 North America Inc. is a Canadian corporation with a share capital of CAD 33,904,500 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 directly wholly owned by Rexel Sverige AB.

Contributions from subsidiaries or significant sub-groups as of December 31, 2018, are as follows.

CONSOLIDATION VALUE (EXCLUDING DIVIDENDS) *(in millions of euros)*	FIXED ASSETS (INCLUDING GOODWILL)	GROSS DEBT (EXCLUDING THE REXEL GROUP)	CASH AND CASH EQUIVALENTS	CASH FROM OPERATIONS	DIVIDENDS PAID AND DUE TO REXEL
Rexel (France)	0.2	1,480.2	0.0	49.3	0.0
Rexel Développement SAS (France)	34.5	(274.8)	413.7	(25.4)	0.0
Rexel France (France)	1,275.3	439.8	14.0	149.5	0.0
Rexel USA, Inc. (USA)	1,203.6	285.3	42.2	(4.1)	0.0
Elektro-Material A.G. (Switzerland)	715.8	(0.4)	3.5	47.2	0.0
Rexel North America Inc. (Canada)	525.9	112.1	9.5	32.7	0.0
Rexel UK Limited (United Kingdom)	323.8	196.4	12.6	10.0	0.0
Rexel Germany GmbH & Co. KG (Germany)	166.7	104.6	(0.1)	(26.0)	0.0
Rexel Sverige AB (Sweden)	209.4	1.1	0.0	3.5	0.0
Rexel Holdings Australia Pty Ltd (Australia)	140.6	86.6	0.7	2.7	0.0
Elektroskandia Norge AS (Norway)	145.2	(0.0)	0.5	8.9	0.0
Rexel Austria GmbH (Austria)	130.5	0.0	1.7	19.7	0.0
Rexel Belgium SA (Belgium)	85.8	7.2	0.4	21.1	0.0
Other	233.9	152.2	46.1	(4.4)	0.0
Total consolidated	**5,191.1**	**2,590.2**	**544.9**	**284.7**	**0.0**

The Rexel Group analyzes 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, 2018, the property portfolio of the Rexel Group consisted primarily of the following sites:

- The registered office of Rexel and Rexel France, 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
- 1,950 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, 2018, 2017, and 2016:

(in millions of euros)	2018	2017	2016	2016-2018 Total
Capital expenditure				
Information systems / Digital	67.1	62.8	54.0	183.9
Renovation and opening of branches	33.7	26.3	20.2	80.2
Supply chain	15.0	15.1	23.0	53.1
Other	6.3	8.3	18.6	33.2
Total gross capital expenditure	**122.1**	**112.5**	**115.8**	**350.4**
Change in fixed assets suppliers payable	(4.3)	1.3	5.0	2.0
Disposals of fixed assets	(24.0)	(3.5)	(22.1)	(49.6)
Total net capital expenditure	**93.8**	**110.3**	**98.7**	**302.8**
Acquisitions and disposals of subsidiaries				
Acquisitions	2.7	–	94.0	96.7
Disposals	–	(23.1)	(1.6)	(24.7)
Total acquisitions and disposals of subsidiaries	**2.7**	**(23.1)**	**92.4**	**72.0**

Gross capital expenditure made during 2018, 2017 and 2016 respectively represented 0.9%, 0.8% and 0.9% of the consolidated sales of the Rexel Group.

Investments made during 2018 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 evolution and harmonization of information technology tools is also in progress.

In the United States, an extension and renewal plan of its branch network is ongoing throughout the territory.

Ongoing investments are financed by the Group’s cash flow

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, to the acceleration of the digitalization, to its logistical resources and to 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.

The Rexel Group's liability is generally covered by the legal obligations of the manufacturers or the warranties and insurance coverage 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 4.2 "Acting with ethics and integrity" 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, known 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 2012/19/EU Directive of the European Parliament and of the Council of July 4, 2012, know as the "WEEE" Directive (Waste Electrical & Electronic Equipment), pertaining to waste from electrical and electronic equipment, 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 endeavours to put into place adequate measures in order to conform.

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2. Risk factors and internal control

Summary

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 protecting 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 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, notably through the Risk Committee, works towards the identification of significant risks as well as the definition and the implementation of risk management measures for each of them. The risk management process implemented within the Rexel Group is described in section 2.3 "Internal control and risk management procedures" of this Registration document.

The risks presented in this chapter are the risks resulting from the risk mapping carried out and updated on an annual basis in the context of internal control and risk management procedures put in place by the Rexel Group. These risks are those that may have a material adverse effect on the Rexel Group, its activities, its financial condition, its results of operations or its perspectives. In addition, are described in the present chapter the major procedures implemented to limit those risks' likelihood and/or impact in the paragraph "Management of risk" of each risk.

In parallel, for the purposes of the extra-financial performance declaration, Rexel carried out a more detailed analysis than that carried out by the Risk Committee of the main risks related to the environmental, social and societal consequences of its activities. The specific procedures that are conducted to identify and analyze these risks are described in paragraph 4.1.3 "Main non-financial risks" of this Registration document.

In addition, the vigilance plan ("plan de vigilance") *established within the Rexel Group is described in section 4.6 "Vigilance plan" of this Registration document.*

Summary of the main risks that Rexel believes it is exposed to at the date of this Registration document:

2.1.1 Strategic risks	2.1.1.1 Risks relating to the general economic environment 2.1.1.2 Risks relating to the competitive environment 2.1.1.3 Risks relating to the digital advent 2.1.1.4 Risks relating to acquisitions and disposals
2.1.2 Operating risks	2.1.2.1 Risks relating to procurement 2.1.2.2 Risks relating to pricing policy 2.1.2.3 Risks relating to information technology systems 2.1.2.4 Risks relating to human resources 2.1.2.5 Risks relating to the Rexel Group's logistical structure 2.1.2.6 Risks relating to operations in emerging or non-mature countries 2.1.2.7 Environmental risks
2.1.3 Legal and reputation risks	2.1.3.1 Risks relating to pending litigation 2.1.3.2 Risks relating to non-compliance 2.1.3.3 Risks relating to tax regulations 2.1.3.4 Risks relating to product conformity 2.1.3.5 Risks relating to fraud 2.1.3.6 Risks relating to the Rexel Group's reputation
2.1.4 Financial risks	2.1.4.1 Risks relating to the evolution of copper prices 2.1.4.2 Risks relating to the evolution of prices of raw materials (excluding copper) 2.1.4.3 Risks relating to indebtedness 2.1.4.4 Risks relating to bank and bond financing (excluding securitizations) 2.1.4.5 Risks relating to securitization programs 2.1.4.6 Risks relating to pension plans 2.1.4.7 Risk relating to interest rates 2.1.4.8 Risk relating to foreign exchange rate 2.1.4.9 Risk relating to liquidity 2.1.4.10 Risk relating to counterparty 2.1.4.11 Risk relating to equity instruments

2.1.1 Strategic risks

2.1.1.1 Risks relating to the general economic environment

Risk

The Rexel Group's end-markets are the industrial and construction (for commercial and residential buildings) markets (see paragraph 1.4.1 "Rexel Group's Markets" of this Registration document). These markets can be further subdivided into investment (projects) and maintenance, on the one hand, and new construction and renovation, on the other hand. 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 55%, 36% and 9% of the Rexel Group's 2018 sales respectively. In addition, the Rexel Group estimates that the industrial, commercial and residential markets, respectively, represented 30.1%, 44.6% and 25.3% of its 2018 sales. However, this distribution varies by region and by country (see paragraph 1.4.1 "Rexel Group's markets" of this Registration document). For example, the industrial market accounted for approximately 37% of the Rexel Group's 2018 sales in North America while it was close to 90% of the Rexel Group's 2018 sales in China after retail business divestment, and approximately 17% 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 or more of the countries where the Rexel Group operates may have an adverse impact on the results of operations in such country and on the Rexel Group. Uncertainties such as the Brexit process or the commercial tensions between China and the United States of America may have an impact on Rexel's performance in these markets.

Management of risk

While the Rexel Group may not be in position to control the occurrence of external risks related to the general economic environment, it operates certain tools to assess the overall risk levels and their impact on its business.

An active, permanent and consistent monitoring, aiming at measuring and analyzing financial and extra-financial data is implemented by the country and regional management teams as well as by the Rexel Group's Investor Relations department. The results of this monitoring are communicated on a regular basis to the Group's management.

These data 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.

Regarding risks related to the Brexit, it is difficult, as of the date of this Registration document, to foresee its real impact given the uncertainty relating 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.

2.1.1.2 Risks relating to the competitive environment

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 Anixter, CED, Graybar, Sonepar and Wesco.

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 (for example, buying groups such as Imelco or Fegime).

Furthermore, the Rexel Group may compete with:

- Manufacturers that sell their products directly to certain clients in the industrial and services markets, typically in connection with large-scale projects;
- Specialists in e-commerce, that distribute a variety of building materials including electrical materials to professionals or end-users;
- Any larger web-based B2B e-commerce company, trading a variety of construction material products including electrical products;
- 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; and
- Service providers specialized in building maintenance or energy efficiency.

Actions undertaken by these competitors may have an adverse effect on the Rexel Group's strategy to gain new clients and market shares.

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

To limit the competition risks inherent in its business, the Rexel Group relies on the density of its 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.

A comprehensive e-business platform is progressively rolled out in different countries to support Rexel's digitally powered multichannel business model. By developing multichannel relationships with customers, the Rexel Group is seeking to increase customers' loyalty, and new multichannel features are constantly released in the webshop to better respond to customers' needs. Furthermore, dealing with a professional distributor rather than a manufacturer allows customers to have access to a larger, more complete and more available product offering.

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 to adapt its branches and subsidiaries network.

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

2.1.1.3 Risks relating to digital advent

Risk

Many changes are under way in the environment in which Rexel operates due to the digital advent, whether from a market perspective, in its customers' behavior or in the evolution of the offer:

- the Rexel Group's market is marked by a diversification of the access roads to customers and end users. The competitive environment includes new formats, such as on-line players, specialized marketplaces and "Do it Yourself" which are focused on the end users;
- the customer behavior also evolves, driven by, among others, the digital experience of B2C customers. The expectation for a multi-channel offer, the importance of a seamless customer experience and the sensitivity to prices, quality and expertise form full part of this evolution; and
- the offer is driven by the generalization of connected products and by the emergence of new services in the digital economy. In addition, the value of data (customers, products and transactions data) is more taken into account in an environment where data monetization is key for value creation.

In this context, Rexel faces an increasing risk of disintermediation that could have an adverse effect on its financial condition and results.

Management of risk

The Rexel Group aims to take advantage of these changes to turn them into opportunities and will continue to allocate resources and means in this respect.

Over the short term, the fundamentals which have been strengthened over the last years constitute barriers to entry allowing to avoid a disintermediation based on logistics. Indeed, Rexel relies on an end-to-end logistical model, on strong relationships with its suppliers and on additional services reinforcing customer proximity (training, designing electrical installation, supporting large projects, financing, etc.).

In addition, Rexel has launched a transformation of its model to become a leading data-driven services company (as described in paragraph 1.4.3 "The Rexel Group's strategy" of this Registration document). Rexel intends to fully take advantage of the opportunities resulting from the digital advent, notably through the reinforcement of a service logic adapted to each customer, the wise use of data and the increase of selectivity in the use of capital, that form as many levers available to Rexel.

2.1.1.4 Risks relating to acquisitions and disposals

Risk

Rexel manages actively its assets portfolio (both in terms of acquisitions and divestments) to ensure the implementation of its strategy and to meet its deleveraging objective pursuant to strict value-creation criteria. Regarding its acquisition strategy, Rexel seeks to achieve three main objectives: strengthening its footprint in the most attractive geographies and market segments (with a priority on the US market), expanding to adjacent segments in key markets and capturing 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 sections 1.2 "History and development" and 1.3 "Recent Acquisitions and Disposals" of this Registration document).

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, and integration costs could prove higher than expected. 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 not identified during the due diligence exercise carried out during acquisition process 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, to ensure continuity, implying increased complexity in decision-making processes. With respect to disposals, certain assets may lack liquidity and the Group may therefore be unable to dispose of those assets in fair conditions and/or may dispose of those assets at a loss. The disposal may also damage Rexel's relationship with and reputation towards its stakeholders. Last, past liabilities may arise post transaction and may be subject to indemnification obligation by Rexel *vis a vis* the purchaser.

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, 2018, the goodwill recognized in the Rexel Group's assets amount to €3,871.1 million and the goodwill impairments recognized in the consolidated income statement for 2018 amount to €56.3 million (see note 12.1 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2018 included in section 5.2 "Consolidated Financial Statements" of this Registration document).

Management of risk

The Rexel Group monitors the implementation of acquisitions, in accordance with a dedicated procedure, largely communicated among the Rexel Group, as well as extensively used practices. 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 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 and ensures optimized use of its internal resources. Any material acquisition or disposal is submitted directly to the Rexel Board of Directors.

Divestments are monitored through a process at large similar to the process relating to acquisitions to ensure that they are in line with the active asset portfolio management Group strategy. A Divestment Committee reviews the divestment projects at several stages of their execution and notably the financial conditions applicable to the transactions. Specialized advisors are engaged to support the Rexel project team throughout the divestment process.

In relation to the post-acquisition stage, a detailed integration plan is implemented, and synergies are followed-up on a regular basis.

2.1.2 Operating risks

2.1.2.1. Risks relating to procurement

Risk

While rationalizing its purchasing policy, the Rexel Group aims to reduce the number of its suppliers to strengthen its relationships with a smaller number of manufacturers. In 2018, the Rexel Group's 25 leading suppliers accounted for approximately 50% of its total purchases and the Group's 200 leading suppliers accounted for approximately 74%.

In one or several 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 by 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.

Management of risk

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 periodic re-negotiations. The relative importance of the Rexel Group to its main suppliers limits the risks of termination of contracts or material change in the product offers.

In addition, while constantly seeking for innovation, the Rexel Group entities adapt their suppliers' portfolios depending on demand. Some entities of the Group may thus have to identify new suppliers for the key products categories that they offer.

2.1.2.2 Risks relating to pricing policy

Risk

The nature of the activities of Rexel and the diversity of its clients require a careful management in the determination of pricing in each of its entities. In addition, in an environment where new digital players increase price transparency, the Rexel Group has to constantly adapt its pricing policy in order to continue to satisfy its clients' needs and expectations.

Management of risks

The Group develops a more and more segmented customer approach in order to take into account its customers' multi-channel behaviors, online and offline. In this respect, Rexel capitalizes on the most innovating local initiatives in terms of pricing policy to disseminate and promote them within all the entities of the Group.

2.1.2.3 Risks relating to information technology systems

Risk

In a context where cyber-attacks are more and more frequent and sophisticated, the Rexel Group has to face an increasing number of internal or external threats which may elude the safety of its information technology systems and may cause, in particular, business disruption or data theft.

Taking into account the rapid evolution of systems and software, the Rexel Group is unable to provide assurances that information systems will operate so as to allow the conduct of its activities under sustainable conditions. Given the importance of information technology systems in the daily operations of the Group, a major malfunction or a *force majeure* event affecting the Rexel Group or one of its IT service providers may have an adverse 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 lasting disruptions with respect to its personnel, operations or information processing.

Management of risk

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

Rexel is continually adjusting its strategy by adapting its IT services to address the necessary risks. In order to strengthen its cybersecurity policy, the Rexel Group implements hybrid computing environments and realizes ongoing investments in technologies to detect attacks and reduce weaknesses, for both its internal and externally facing applications.

Internal control procedures require a periodic validation of disaster recovery plans and incident response procedures. In addition, compliance with rules related to change management, planning and execution of complex projects as well as access rights management and control is regularly audited. Rexel frequently carries out assessments of the level of protection of its critical information systems through external services providers and has defined an organization, governance principles and technologies required to increase their protection against intrusion attempts. Acknowledging that new practices emerge with respect to mobility at work, Rexel reinforces its practices regarding data management and protection on the various computing devices made available to its employees.

Despite a constant investment in protection measures, residual risks may exist. The Rexel Group re-evaluates its safety plan on a regular basis to reduce them as much as possible.

2.1.2.4 Risks relating to human resources

Risk

It is a priority for the Rexel Group to attract, develop and retain talents to support its growth and strategy and develop innovative solutions. In this respect, talents loyalty is key. The Group's in-house and external strategy to become a leading reference in human resources management and development focuses on 4 main areas: managers and change management, performance culture, employer brand, and organizational effectiveness.

However adverse changes in local employment markets and the increasing competitive pressure for recruiting top talents could have a negative impact on the profitability of operations.

In addition, Rexel employees are exposed to safety risks, as detailed in paragraph 4.3.3 "Deepening engagement, improving skills" of this Registration document.

The main health and safety risks for employees relate to road traffic, falls, machine operation, material handling, handling of cables and computor work.

Management of risk

Various in-house programs have been launched to boost the performance-oriented corporate culture (such as new continuous management program of development and performance, top 100 development program, as well as identifying and promoting high-potential employees with key management and technical skills). In particular, the Rexel Group is committed to proposing to its employees a large training offer, whether through on-site sessions or distance learning thanks to the Group's e-learning platform (Rexel Academy), in order to develop their competencies and to retain talents.

Recruitment of external candidates with proven track records helps the Group ramp up skills and expertise in key domains, especially digital transformation. The continuous strengthening of the internal recruitment teams, as well as the use of selection tools and innovative recruitments aim at allowing Rexel to be able to strengthen its teams according to its needs.

Moreover, the Rexel Group undertakes to set up an attractive working environment, by providing its employees with numerous training opportunities. It is also committed to providing all its employees and all people operating on its sites a safe working environment. Risks related to safety and mitigating measures are detailed in section 4.3 "Involving and supporting employees" of this Registration document.

In addition to its legal obligation, the Group's responsibility is demonstrated through the constant attention paid to the health and safety of its employees. A responsible, efficient and consistent safety policy has been deployed since 2015 in the countries in wich the Group operates. To reinforce responsible culture and practices, the Group enhances and supplements the procedures and rules in place to promote a common framework for all of its entities.

2.1.2.5 Risks relating to the Rexel Group logistical structure

Risk

Considering the Group's distribution business, the proper operation of its logistical structures is essential to allow Rexel to serve its customers as efficiently as possible. Any disruption of its logistical chain may result in temporary or long-lasting disruptions of its business and prevent the supply of its branches and deliveries to customers.

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. The occurrence of any of these events could have a negative impact on the reputation and the financial results of the Group.

Management of risk

The Rexel Group's logistical structure is organized at the local level, as opposed to the international level, and homogenous processes supported by warehouse management systems are shared across several countries, which allow to limit the impact of this risk. 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.

Furthermore, various daily service quality indicators shared in all entities of the Group, as well as data relating to the security of logistical platforms and of the employees working on these platforms are reported by the entities and followed up in detail by the teams at country and Group level. This regular follow-up aims at timely identifying any issue and implementing potential corrective action if necessary.

Lastly, the Rexel Group has set up and manages good practice sharing initiatives and international working groups promoting the development of the lean approach in the different countries in which it operates to harmonize and improve service quality within the Group.

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

Risk

Rexel develops its activities, including in emerging or non-mature countries where the 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 ensure an adequate level of internal control on operational risks on the long run. However, Rexel is unable to provide assurances that no deficiency will affect these processes, which would impact the Rexel Group's financial conditions or results.

2.1.2.7 Environmental risks

Risk

The Rexel Group, due to its international activity and footprint, is exposed to environmental risks in the course of its operations and in its value chain, such as non-compliance with local environmental regulations, inadequate response to climate change challenges or inadequate management of natural resources and activity related waste. These risks are detailed in Chapter 4 "Corporate responsibility" of this Registration document.

Management of risk

The Rexel Group endeavors to continuously comply with local environmental regulations. The environmental risk prevention and management mechanisms are described in section 4.4 "Improving environmental performance" of this Registration document.

2.1.3 Legal and reputation risks

2.1.3.1 Risks relating to pending litigation

Risk

Entities of the Rexel Group may, from time to time, be involved in contentious proceedings. The main pending proceedings are described in detail in note 29 of the Notes to the consolidated financial statements of Rexel for the year ended December 31, 2018, which are set out in section 5.2 "Consolidated Financial Statements" of this Registration document.

On September 6, 2018, raids were performed in the offices of Rexel in relation to a judiciary investigation from the *Tribunal de Grande Instance* of Paris (Paris magistrate's court). This investigation, conducted with the assistance of the French Competition Authority, mainly deals with the mechanisms of price formation on the market of distribution of electrical equipment. At this point, Rexel is not party to the proceedings and therefore is not aware of the practices that it might be accused of. While information has been released in the press, it does not allow to determine the offences that Rexel could be accused of. It is therefore not possible to evaluate the degree of probability of formal indictments being made against Rexel nor of a possible adverse judgement and thus to evaluate the financial risk which Rexel is potentially exposed to.

Management of risk

Proceedings involving entities of the Rexel Group have been analyzed by the Group management who concluded that, as of closing date, they should be subject to no additional provisions, other than those already booked.

Considering the status as of the date hereof of pending tax litigations and discussions with the tax authorities, 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 the potential tax adjustments that may result therefrom.

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 proceedings may have an adverse effect on its financial condition or results of operations.

2.1.3.2 Risks relating to non-compliance

Risk

As any other company, the Rexel Group is exposed to the risk of non-compliance with laws and regulations, such as, but not limited to, those relating to preventing and combating corruption, export control, combating money-laundering and terrorism financing, data protection or competition. This exposure is increased in a context where laws and regulations are constantly evolving.

Rexel cannot guarantee that none of its employees or partners will ever violate these laws and regulations or procedures voluntary or involuntarily, which may impact its reputation or financial situation.

Management of risk

The Rexel Group implements policies and procedures to ensure compliance with applicable local and international laws, such as those mentioned above. In 2018, the Rexel Group continued to roll out the tools of its compliance policy, such as specific training sessions *via* e-learning and on-site sessions, increasingly relevant internal procedures, guidelines and codes of conduct in addition to regular information and sensitization communication on legal and regulatory compliance topics.

As regulations evolve, regarding in particular, international sanctions, combating corruption and data protection (European General Data Protection Regulation which came into force in May 2018), the Rexel Group aims to ensure that its compliance program is updated and adequate actions are effectively implemented.

As such, the Rexel Group constantly enhances its compliance program as well as tools for implementing and controlling the effectiveness of its compliance policy.

The management of risks relating to legal and regulatory compliance is described in more details in paragraph 4.2 "Acting with ethics and integrity" of this Registration document.

2.1.3.3 Risks relating to 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 notably takes into consideration various tax requirements, 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.

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, 2018, the Rexel Group's deferred tax assets linked to tax loss carry-forwards amount to €233.3 million, depreciated in an amount of €183.0 million (for more information regarding deferred tax see note 11.2 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2018, which are set out in section 5.2 "Consolidated Financial Statements" of this Registration document).

Management of risk

To limit the risks related to 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.

2.1.3.4 Risks relating to product conformity

Risk

The products that the Rexel Group distributes are subject to numerous local legal and regulatory requirements applicable in 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. These regulations notably involve European Union Directives and standards adopted by international organizations, such as the European Committee for Electrotechnical Standardization and the International Electrotechnical Commission (see paragraph 1.8.1 "Product liability" of this Registration document). 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's liability is generally covered by the legal obligation of the manufacturer or the warranties and insurance coverage obtained from the manufacturers and transferred to the clients.

2.1.3.5 Risks relating to fraud

Risk

As a global retailer, the Rexel Group is exposed to the risk of fraud on a daily basis. As fraud attempts are increasingly sophisticated and diverse (hacking, social engineering, phishing, etc.), the Rexel Group cannot guarantee that one or more of its entities will not be victims of fraud that could have significant financial consequences.

Risk Management

For many years, the Rexel Group has implemented a comprehensive anti-fraud program. Indeed, the Group regularly carries out awareness and training actions against fraud to the benefit of its employees, has robust accounting and financial controls in place to stop as many fraud attempts as possible and has implemented increasingly effective tools to secure its information systems (detailed in paragraph 2.1.2.3 "Risks relating to information technology systems" of this Registration document).

2.1.3.6 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, its financial situation or its results.

Management of risk

To limit such risk and to mitigate its impact, the Rexel Group has implemented monitoring systems and carries out informational and educational campaigns towards all of its employees. All the employees of the Group have access to a set of stringent communication rules, which include a best practices guide and a charter for the use of social medias.

2.1.4 Financial risks

2.1.4.1 Risks relating to the evolution of copper prices

Risk

In connection with the distribution of cable products, which account for approximately 15% of its sales, the Rexel Group is exposed to fluctuations in cable prices. As copper accounts for approximately 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' situation and 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. 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; 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. 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). This impact mainly relates to the gross margin and, as the case may be, the non-recurring part of the change in administrative and commercial expenses.

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

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 2018, the Rexel Group estimates that variations in cable prices have contributed to increase, on a recurring basis, its sales by approximately 0.4% 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 2018 had resulted in a negative non-recurring impact on EBITA estimated at €7.9 million.

By comparison, in 2017, the Rexel Group had estimated that variations in cable prices had contributed to increase, on a recurring basis, its sales by approximately 1.4% 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 2017 had resulted in a positive non-recurring impact on EBITA estimated at €14.2 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.

2.1.4.2 Risks relating to the evolution of prices of raw materials (excluding copper)

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, aluminum or nickel) or oil and its derivatives (PVC, polyamide or polycarbonate). Oil also impacts transportation costs for products distributed by the Rexel Group. In 2018, transportation costs accounted for 2.8% of the Rexel Group's sales. Changes in prices of certain commodities may have an adverse effect on the financial situation or the results of the Rexel Group.

Management of risk

Rexel monitors 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.

2.1.4.3 Risks relating to indebtedness

Risk

As at December 31, 2018, the Rexel Group's gross indebtedness amounted to €2,590.2 million and its net indebtedness amounted to €2,030.4 million. In 2016 and 2017, Rexel issued bonds for a total outstanding amount of €1,450.0 million as of December 31, 2018.

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 the principal amount and the interests of 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 2016 Bonds and the 2017 Bonds or 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, 2018 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 paragraphs 2.1.4.4 "Risks relating to bank and bond financing (excluding securitizations)" and 2.1.4.5 "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 2.1.4.7 "Risk relating to interest rate" of this Registration document.

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

Risk

Certain bank loans and bond financings, including the Senior Credit Agreement, the 2016 Bonds and the 2017 Bonds (as described in note 23.1 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2018 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, the 2016 Bonds and the 2017 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 change 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, 2018 set forth in section 5.2 "Consolidated Financial Statements" of this Registration document. As of December 31, 2018, the Rexel Group complied 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 2016 Bonds and the 2017 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 able 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

To monitor compliance with its financial ratio and 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.

2.1.4.5 Risks relating to securitization programs

Risk

Certain Rexel Group companies are engaged in securitization programs. Such programs are subject to customary terms applicable to these types of financial transactions 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, 2018, set forth in section 5.2 "Consolidated Financial Statements" of this Registration document).

As at December 31, 2018, the Rexel Group complied 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, 2018, which are set out in section 5.2 "Consolidated Financial Statements" of this Registration document.

2.1.4.6 Risks relating to pension plans

Risks relating to pension plans and the corresponding risk management tool are described in note 22.7 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2018, as set out in section 5.2 "Consolidated Financial Statements" of this Registration document.

2.1.4.7 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, 2018 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, 2018, 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, 2018, 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 0.60% and 2.25% (*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, 2018, it amounts to 1.0%.

2.1.4.8 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, 2018, set forth in section 5.2 "Consolidated Financial Statements" of this Registration document.

2.1.4.9 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, 2018, 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.

2.1.4.10 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, 2018, set forth in section 5.2 "Consolidated Financial Statements" of this Registration document.

2.1.4.11 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, 2018, Rexel held 2,108,720 of its own shares, as detailed in paragraph 3.8.3 "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 2.1.4.6 "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 businesses and locations of the Rexel Group.

In accordance with the risk management procedure described below, the Rexel Group implements a policy of prevention and site protection to reduce the probability of occurrence, and the severity of losses, in particular: awareness-raising procedures and actions, 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 sites.

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 financial losses resulting from material damage 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 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) 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 for internal control and risk management purposes 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.

2.3.1 Risk management process

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, when 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.

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.

2.3.1.1 Organization

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:

- The monitoring of the annual update of the Rexel Group's risk mapping and the on-going identification of risks;
- The identification of "risk owners", the determination of the related action plans and the follow-up on the implementation of these plans;
- The review of existing procedures and the identification of the procedures to be set up to control such risks within the Group;
- The coordination and coherence of the above procedures and the above plans; and
- More specifically, the supervision of the implementation of the Risk Management Policy.

The Risk Committee met once in 2018. The Risk Committee reported on its work and made recommendations once to the Audit and Risk Committee, and once to the Executive Committee during this financial year. To reinforce the operational orientation of the Risk Committee, the Risk Committee is chaired by the CEO of a subsidiary of Rexel since the end of 2016.

2.3.1.2 Risk identification and assessment

Under the supervision of the Risk Committee, the Risk Mapping Manager carries out annually the process of updating the Group risk mapping based on a questionnaire of identification of the main risks sent to over sixty contributors, including executive managers of Rexel Group entities, functional managers and the CEO, but also based on interviews with members of the Risk Committee, the Group's Executive Committee and a panel of operational specialists.

The risk identification and evaluation 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 universe covers:

- Strategic risks related to the environment in which the Group operates as well as transformation projects 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;
- Legal, reputation 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; and
- Financial risks resulting from the business of the Rexel Group.

Once the risk environment has been updated, the Risk Mapping Manager asks a representative panel of Rexel management to rank the risks in order of importance for the Group to identify the risks on which the Risk Committee will focus. This classification is based on a questionnaire sent to more than sixty contributors and interviews with about twenty of these participants.

Based on this identification, the Risk Committee assesses the main risks of the Group according to three criteria: their potential impact on the Group (financial, legal, reputation, human, environmental), their probability of occurrence and the current level of control of these risks within the Group. This assessment allows the Risk Committee to create a risk mapping to prioritize the risk management actions to be implemented. 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 section 2.1 "Risk Factors" of this Registration document. The Risk Committee annually reviews the consistency between the risk mapping and the risk factors section.

2.3.1.3 Risk follow-up and control

The updating of the risk mapping within the Rexel Group, carried out in 2018 under the supervision of the Risk Committee, allowed to revise the list of top-priority risks that needed action plans, but also to identify risks that are sufficiently controlled, but which control mechanisms must be audited.

With respect to the top-priority risks, the Rexel Group's approach consists in proposing a risk owner for each top-priority risk that is appointed by the Executive Committee. This risk owner must analyze in detail the risk, its potential impact, the indicators and actions implemented to control it, as well as determine the action plans aimed at reducing the risk to an acceptable level, as appropriate. The risk owner may set up a working group with relevant expert contributors to support the risk assessment and build the action plans. These action plans are presented to the Executive Committee for review. The Risk Committee then follows up on the progress of action plans with each risk owner.

Moreover, the risk control procedures in place assessed by the Risk Committee as the best controlled are integrated into the audit program of the Internal Audit department of the Group to verify their implementation and efficiency.

Certain risks do not directly fit in the scope of the works of the Risk Committee. Thus, risks related to the Group's governance and certain group-wide risks are monitored by the Rexel Group's Executive Committee which is assisted by 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 follow up on the progress of these action plans.

Thereby, 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.

2.3.1.4 Presentation of risks and their follow-up to the management bodies

The Risk Committee regularly presents the results of its work to the Executive Committee. It thus reports on the annual work to update the Group's risk mapping and on the progress of the action plans implemented to improve the Group's level of control over its main risks. Action plan owners can also come and present the results of their work directly to the Executive Committee.

The results of the Risk Committee's work are also presented to the Group's Audit and Risk Committee of the Rexel Group at a specific meeting: each year, the risk mapping approved by the Executive Committee is presented to it, as well as an update on the control systems currently being implemented to control the main risks identified.

2.3.2 Internal control system

The internal control system, described below, constitutes a common basis, which must be implemented by the management of each entity. The Rexel Group considers internal control as an ongoing process, aiming to ensure:

- Compliance with laws and regulations;
- Implementation of the instructions and directional guidelines set by the Executive Management;
- Correct application of the Group's internal control processes particularly those related to the safety of its employees and its assets; and
- Reliability of the financial information.

As such, internal control contributes to risk management, fraud prevention and monitoring, operations efficiency and 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.

Each Rexel Group entity is responsible for implementing and supplementing this internal control system with any local procedures if necessary. This system applies to all consolidated entities.

2.3.2.1 Control environment

The control environment is the keystone of the internal control system. Responsibility and empowerment are thus key principles in the definition of the roles and duties of everyone. Indeed, the Rexel Group and its branch network form a decentralized structure based on building a sense of accountability throughout the chain of command.

The cornerstone of Rexel's control environment is the Internal Control Framework Manual (Book of Rexel Guidelines). For each of the main processes, the Manual presents the risks, the control objectives and the related controls. Its 2018 version has been significantly circulated especially to the management of each entity. For an operational entity, this manual contains approximately 680 controls, including approximately 150 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.

In reference to the risk management system described in paragraph 2.3.1 "Risk management process" of this Registration document, the Rexel Group reviewed in 2018 the existing Manual to ensure consistency with the risk mapping and focus on critical risks. It is complemented by additional procedures set up by the functional departments to be deployed within the entities of the Group.

Moreover, the promotion of ethical conduct within the Group by the Management 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 to reflect the values promoted through the Group's strategy and again in 2017 to reflect the applicable legal and regulatory requirements and to include a new alert procedure. The updated Ethics Guide and the Anti-Corruption Code of Conduct were published on a dedicated public website (http://ethique.rexel.com/en) and distributed to all Rexel Group employees in 2018.

Furthermore, 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 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"). The Policy notably specifies the terms and conditions for the establishment of insiders lists in case of inside information. In accordance with the AMF recommendations relating to the "Market Abuse" regulation (European regulation n°596/2014 of April 16, 2014), the Policy has been supplemented by an internal procedure relating to the qualification and the management of inside information (the "Procedure"). The Procedure establishes an internal *ad hoc* committee which is in charge of assessing whether the information submitted to it should be treated as inside information and implements an inside information processing internal system. The Procedure has been presented to the Board of Directors of October 26, 2017, following an examination by the Audit and Risk Committee held on the same day.

Lastly, for management reporting and preparing financial statements, the Group Financial Department has defined a set of procedures, tools and guidelines to ensure the quality and consistency of the information transmitted. These guidelines are presented in paragraph 2.3.2.2 "Internal control procedures relating to the preparation and treatment of accounting and financial information" of this Registration document.

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

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.

Each year, a three-year strategic plan, the first year of which is the 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 periodic business reviews attended by members of the Executive Management, the Group Financial Control Department, and the Management of the Regions provide insight into financial and economic changes with respect to activities, the assessment of operational decisions to be taken, the analysis of gaps between targets and performance, the steering of the financial structure and the monitoring of the implementation of action plans. 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.

Twice a year, forecasts for the current year are prepared and compared with budget targets 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 financial performance is communicated monthly to the members 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.

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 analysis of such data, explaining, in particular, changes in the scope of consolidation, exchange rate impacts and non-recurring operations.

As mentioned in paragraph 2.3.2.1 "Control environment" of this Registration document, internal controls relating to accounting and financial information are part of the general internal control system.

2.3.3 Steering and monitoring of the internal control system

The internal control system is based on the self-assessment of controls of the Internal Control

Framework Manual by the entities, a review performed by internal or external auditors, and the headquarters' functional departments that assist entities in enforcing these controls. Rexel's Audit and Risk Committee steers and monitors the internal control system.

2.3.3.1 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 (presented in paragraph 2.3.3.2 "Internal Control" of this Registration document) and the audit reports prepared by Internal Audit teams. Each functional department supports Group entities in the setting-up of action plans to reduce identified risks in their areas of expertise.

2.3.3.2 Internal control

The Rexel Group is engaged in a process to permanently improve its internal control system. To do so, the Internal Control Manager coordinates on an annual basis a self-assessment exercise, measuring compliance with the Internal Control Framework Manual (presented in paragraph 2.3.2.1 "Control environment" of this Registration document), through a questionnaire sent to the management of the entities. The results of this self-assessment are shared with the Executive Committee, the 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 2018 and covered all processes of the Rexel Group framework (see paragraph 2.3.2.1 "Control environment" 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 headquarters 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.

2.3.3.3 Internal Audit

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 2018, Internal Audit included 25 people, including 7 in the headquarters and 18 in the main subsidiaries of the Rexel Group (located in Australia, Austria, Canada, France, Germany, 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 February 2018, the internal audit teams have performed over the 2018 fiscal year around 40 audits of accounting, financial and operating procedures. About 580 audits on the network of branches and logistical centers were also carried out or supervised by this team over the same period.

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 a 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 all accounting, financial and operational 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 action plans.

2.3.3.4 External Audit

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.

2.3.3.5 Implication of Executive Bodies

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, 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 preceding quarter 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 include regular exchanges throughout the year, notably during the annual self-assessment (see paragraph 2.3.3.2 “Internal Control” 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 Chief Executive Officer and the Rexel Group Finance Department to monitor the various internal control matters.

Lastly, 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.

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3. Corporate governance

Summary

Report on corporate governance

This Chapter 3 is the report on corporate governance required by article L.225-37 of the French Commercial Code.

This report is drawn up by the Board of Directors in collaboration with the Group's Executive Management, General Secretary including the Legal Department, the Sustainable Development Department and the Corporate Communications Department as well as the Human Resources Department of the Rexel Group.

Rexel 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), in its version as revised in June 2018. The aspects on which the Company departs from the guidelines are set out in section 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 Rexel.

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 Directors and the members of the Executive Committee.

Dissociation of the duties of Chairman of the Board of Directors and Chief Executive Officer

The Board of Directors is chaired by Ian Meakins, non-executive corporate officer.

The Chief Executive Officer is Patrick Berard.

This dissociation of the duties was decided by the Board of Directors, following the recommendation of Rexel's Nomination and Compensation Committee, upon its meeting of June 23, 2016, effective 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.

3.1.1 Board of Directors

In accordance with Rexel's by-laws, the Board of Directors is made up of a minimum of 5 members and a maximum of 15 members, subject to the exceptions provided for by law in the event of a merger.

The Directors are appointed for a maximum term of 4 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, 2018, the Board of Directors was made up of 11 Directors, including a Director representing the employees. As at the same date, the Board of Directors also included an observer *(censeur)*.

Excluding the Director representing the employees and the observer, the Board of Directors had 80% of independent members (*i.e.* 8 members out of 10) and 40% of female members (*i.e.* 4 females out of 10).

The table below presents a summary of the membership of the Board of Directors as at December 31, 2018:

NAME	DUTIES WITHIN THE BOARD OF DIRECTORS OF REXEL	GENDER	NATIONALITY	AGE	INDEPENDENCE	OTHER DUTIES OF BOARD MEMBER HELD IN LISTED COMPANIES	MEMBERSHIP OF A COMMITTEE: AUDIT AND RISK COMMITTEE	MEMBERSHIP OF A COMMITTEE: NOMINATION COMMITTEE	MEMBERSHIP OF A COMMITTEE: COMPENSATION COMMITTEE	DATE OF FIRST APPOINTMENT	DATE OF EXPIRY OF TERM OF OFFICE
DIRECTOR											
Ian Meakins	Chairman	Male	British	62	Yes	No	●	●	●	July 1, 2016(1)	2021 Shareholders' meeting
François Henrot	Deputy Chairman Senior Independent Director	Male	French	69	Yes	Yes		●	●	October 30, 2013(2)	2021 Shareholders' meeting
Marcus Alexanderson	Director	Male	Swedish	43	No	No		●	●	May 15, 2017	2022 Shareholders' meeting
Patrick Berard	Director	Male	French	65	No	No				May 23, 2017	2021 Shareholders' meeting
Julien Bonnel(3)	Director representing the employees	Male	French	33	-	No			●	November 17, 2017	2021 Shareholders' meeting
Thomas Farrell	Director	Male	US	62	Yes	No	●	●		May 16, 2012(2)	2020 Shareholders' meeting
Fritz Froehlich	Director Chairman of the Audit and Risk Committee	Male	German	77	Yes	No	■			April 4, 2007(2)	2019 Shareholders' meeting
Elen Phillips (4)	Director	Female	US and British	59	Yes	No	●	●		March 8, 2016	2020 Shareholders' meeting
Maria Richter	Director	Female	US and Panama	64	Yes	Yes	●		●	May 22, 2014	2022 Shareholders' meeting
Agnès Touraine (4)	Director Chairwoman of the Compensation Committee	Female	French	64	Yes	Yes			■	February 10, 2017	2020 Shareholders' meeting
Herna Verhagen	Director Chairwoman of the Nomination Committee	Female	Dutch	52	Yes	Yes		■		November 28, 2013(2)	2022 Shareholders' meeting
OBSERVER											
François Auque	Observer	Male	French	62	Yes	Yes	●			October 24, 2018	2019 Shareholders' meeting

● Committee member ■ Committee chairman

(1) In his capacity as Director, Ian Meakins has been Chairman of the Board of Directors since October 1, 2016.

(2) In the capacity of member of the Supervisory board, and subsequently in the capacity of Director as of May 22, 2014.

(3) Appointed on November 17, 2017 by the most representative trade union in France, pursuant to the provisions of article 7.1 of the by-laws of Rexel, as amended by the Shareholders' Meeting of May 23, 2017. In accordance with the provisions of the Afep-Medef Code, the Director representing the employees is not taken into account in the calculation of the independence rate of the Board of Directors and Committees.

(4) The renewal of her term of office will be submitted to the approval of the Shareholders' Meeting of May 23, 2019.

The table below presents the main characteristics of the Board of Directors and of the committees of the Board of Directors of Rexel as at December 31, 2018:

Board of Directors

NUMBER OF MEETINGS	AVERAGE ATTENDANCE RATE	NUMBER OF DIRECTORS(1)	INDEPENDENCE RATE(2)	REPRESENTATION OF WOMEN(2)	AVERAGE AGE
9	96%	11	80%	• 40% • 2 committees out of 3 chaired by women	59

(1) Excluding the observer.
(2) Excluding the Director representing the employees and the observer.

Audit and Risk Committee

NUMBER OF MEETINGS	AVERAGE ATTENDANCE RATE	NUMBER OF DIRECTORS(1)	INDEPENDENCE RATE(1)	REPRESENTATION OF WOMEN(1)	AVERAGE AGE
5	96%	5	100%	2	64

(1) Excluding the observer.

Nomination Committee

NUMBER OF MEETINGS	AVERAGE ATTENDANCE RATE	NUMBER OF DIRECTORS	INDEPENDENCE RATE	REPRESENTATION OF WOMEN	AVERAGE AGE
8	96%	6	83%	2	58

Compensation Committee

NUMBER OF MEETINGS	AVERAGE ATTENDANCE RATE	NUMBER OF DIRECTORS	INDEPENDENCE RATE(1)	REPRESENTATION OF WOMEN(1)	AVERAGE AGE
7	98%	6	80%	2	56

(1) Excluding the Director representing the employees.

3.1.1.1 Membership of the Board of Directors

As at December 31, 2018, the Board of Directors was made up of 11 Directors and one observer, the details of whom are set out below.

3.1.1.1.1. Directors

IAN MEAKINS

(62 years old)

Professional address:

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

Number of Rexel shares held:

115,250

Experience and expertise

Chairman of the Board of Directors, Member of the Audit and Risk Committe, the Nomination Committee and the 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 have been approved by 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, when he retired from Wolseley. 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

Current term of office:

From May 23, 2017, until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2020

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

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

Abroad

–

Over the last five financial years:

In France

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

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad

- Non-Executive Chairman of The Learning Network (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

(69 years old)

Professional address:

Rothschild & Cie
23 bis avenue de Messine
75008 Paris – France

Number of Rexel shares held:

7,133

Experience and expertise

Senior Independent Director, Deputy Chairman of the Board of Directors, Member of the Nomination Committee and Member of the Compensation 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 has been approved by 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 Director 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 Director)

Current term of office:

From May 23, 2017 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2020

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

–

MARCUS ALEXANDERSON

(43 years old)

Professional address:

Cevian Capital
Engelbrektsgatan, 5
11432 Stockholm – Sweden

Number of Rexel shares held:

5,000

Experience and expertise

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

Marcus Alexanderson was co-opted as Director by the Board of Directors on May 15, 2017, to replace Pier-Luigi Sigismondi. His co-option as well as the renewal of his term of office were approved by the Shareholders' Meeting of May 24, 2018.

Marcus Alexanderson is a Swedish citizen.

Marcus Alexanderson is a partner of Cevian Capital AB, an investment advisor to Cevian Capital, an investment fund managing EUR 13 billion of assets and investing in listed European companies. He joined Cevian Capital at its founding in 2002 and is co-responsible for the investment and active shareholding businesses of Cevian. Previously, Marcus Alexanderson was an investment analyst with AB Cutos (Sweden).

Marcus Alexanderson holds a Master of Science in Economics and Business Administration from the Stockholm School of Economics.

Term of office

First appointment:

May 15, 2017 (co-option)

Current term of office:

From May 24, 2018 until the Shareholders' Meeting deciding on the accounts for the financial year ended December 31, 2021

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 Committee
- Member of Rexel's Compensation Committee

Abroad
–

Over the last five financial years:

In France
–

Abroad
–

Titles and duties outside the Rexel Group:

Current:

In France
–

Abroad
- Partner of Cevian Capital AB (Sweden – unlisted company)

Over the last five financial years:

In France
–

Abroad
–

PATRICK BERARD

(65 years old)

Professional address:

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

Number of Rexel shares held:

373,006

Experience and expertise

Director, Chief Executive Officer

Patrick Berard has been a Director of Rexel since May 23, 2017.

He is a French citizen.

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 holds a PhD in Economics of the University of Grenoble.

Term of office

First appointment:

May 23, 2017

Current term of office:

From May 23, 2017 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2020

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

Abroad

- Director of Rexel Sverige AB (Sweden - unlisted company)
- Director of Rexel North America Inc. (Canada - unlisted company)
- Chairman of the Board of Directors of Rexel USA Inc. (United States - unlisted company)
- Chairman of the Board of Directors 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 Electro-Industrie en Acoustiek NV (Belgium - unlisted company)
- Director of Rexel Luxembourg SA (Luxembourg - unlisted company)
- Director of Elektroskandsia Norge 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)
- Chairman of the Board of Directors of ABM Rexel (Spain - unlisted company)
- Director of Moel AB (Sweden - unlisted company)

Titles and duties outside the Rexel Group:

Current:

In France

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Abroad

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Over the last five financial years:

In France

–

Abroad

–

JULIEN BONNEL

(33 years old)

Professional address:

Rexel Spain
Avenida de la Recomba, 7
28914 Leganès – Madrid
Spain

Number of Rexel shares held:

798

(In accordance with Article 14 of the by-laws, the Director representing the employees does not have to hold a minimum number of shares of the Company)

Experience and expertise

Director representing the employees, member of the Compensation Committee

Julien Bonnel was appointed on November 17, 2017 as Director representing the employees by the most representative trade union in the French subsidiaries of the Rexel Group.

Julien Bonnel is a French citizen.

Julien Bonnel has been Chief Transformation Officer within Rexel Spain since 2018. He joined the Rexel Group in 2012, when he worked within the Strategy Division of the Group, subsequently as a branch Manager in Nîmes and finally as Head of *Hérault* division of Rexel France. He started his career as a consultant and strategy with Estin & Co (2009-2012).

Julien Bonnel is a graduate of the *École Centrale de Paris*.

Term of office

First appointment:

November 17, 2017

Current term of office:

From November 17, 2017 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2020

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 Compensation Committee

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

3

THOMAS FARRELL

(62 years old)

Professional address:

Rexel
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 of the Nomination Committee

Thomas Farrell has been serving on the Board of Directors of Rexel since May 22, 2014.

The renewal of his term of office as Director will be submitted by anticipation to the Shareholders' Meeting of May 23, 2019. 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.

Thomas Farrell is a US citizen.

Thomas Farrell has worked with Lafarge between 1990 and 2015, after serving as corporate attorney with Shearman & Sterling, working at both their New York and Paris offices. At 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)
May 22, 2014 (as Director)

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 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
- Member of Rexel's Nomination and Compensation 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 (unlisted company)
- Chairman, Lafarge Russia (unlisted company)
- Chairman, Lafarge Bangladesh (listed company)
- Co-Chairman, Lafarge Tarmac (United Kingdom – listed company)
- Director, Lafarge India (unlisted company)
- Director, Bamburi Cement (Kenya – listed company)

FRITZ FROEHLICH

(77 years old)

Professional address:

Rexel
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

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. Fritz Froehlich 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)
May 22, 2014 (as Director)

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

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
- Member of Rexel's Nomination and Compensation Committee

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

–

À l'étranger

- 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)
- Vice-President of the Supervisory Board of ASML N.V. (The Netherlands – listed company)
- Director of Prysmian SpA (Italy – listed company)

ELEN PHILLIPS

(59 years old)

Professional address:

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

Number of Rexel shares held:

5,000

Experience and expertise

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

The renewal of her term of office as Director will be submitted by anticipation to the Shareholders' Meeting of May 23, 2019.

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 March 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 the United States of Motiva Entreprises 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 holds a BSc in Chemistry & Business (Salford University) and a Master in Business Science (Manchester Business School).

Term of office

First appointment:

March 8, 2016 (co-option)

Current term of office:

May 25, 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 Rexel's Audit and Risk Committee
- Member of Rexel's Nomination 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

–

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

(64 years old)

Professional address:

Rexel
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 and Member of the 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-option as Director and the renewal of her directorship have been approved by the Shareholders' Meeting of May 27, 2015.

The renewal of her term of office was approved by anticipation by the Shareholders' Meeting of May 24, 2018.

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 Chairwoman of its Finance Committee and a member of its Audit Committee and Appointments Committee. Since 2008, she has been a Director of Bessemer Trust, a US wealth management company and is a member of its Remuneration Committee. Since January 1, 2015 she has also served as 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. Since September 1, 2017, Maria Richter has also served as non-executive Director of Barclays Bank plc. 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

Current term of office:

From May 24, 2018 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2021

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 Compensation Committee

Abroad

–

Over the last five financial years:

In France

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

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad

- Director 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 Resources and Compensation Committee of Anglo Gold Ashanti (South Africa – listed company)
- Non-executive Director and member of the Risk Committee and Compensation Committee of Barclays Bank plc (United Kingdom – listed company)

Over the last five financial years:

In France

–

Abroad

- Non-executive Director, Chairwoman of the Finance Committee, member of the Audit Committee and member of the Appointments Committee of National Grid, plc (United Kingdom – listed company)
- Director, 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)
- Director of Pro Mujer International (United States – unlisted organization) and Chairwoman of the Board of Trustees of Pro Mujer UK (United Kingdom – unlisted organization)

3

AGNÈS TOURAINE

(64 years old)

Professional address:

IFA *(Institut Français des Administrateurs)*
11 bis, rue Portalis
75008 Paris – France

Number of Rexel shares held:

1,012

Experience and expertise

Director, Chairwoman of the Nomination Committee

Agnès Touraine was co-opted as Director by the Board of Directors on February 10, 2017 in replacement of Marianne Culver. The co-option of Agnès Touraine was approved by the Shareholders' Meeting of May 23, 2017.

Agnès Touraine is a French citizen.

Agnès Touraine is Chairwoman of the IFA *(Institut Français des Administrateurs)*.

Agnès Touraine is also the CEO and founder of Act III Consultants, a consultancy firm dedicated to digital transition. Previously, she acted as Chairwoman and CEO of Vivendi Universal Publishing after having spent 10 years at Groupe Lagardère and 4 years at McKinsey. She is a Director of GBL, Keesing Proximus and of the Supervisory Board of Tarkett. She previously acted as non-executive Director of Cable&Wireless Plc (UK), Neopost and Darty Plc. She is also a member of the Board of various non-profit organizations such as IDATE and the French American Foundation.

Agnès Touraine is a graduate in law of *Sciences-Po Paris* and of Columbia University Business School (MBA).

Term of office

First appointment:

February 10, 2017 (co-option)

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
- Chairwoman of Rexel's Compensation Committee

Abroad

–

Over the last five financial years:

In France
- Member of Rexel's Nomination and Compensation Committee

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France
- Chairwoman of the IFA (*Institut Français des Administrateurs*, France – association, unlisted).
- Member of the Supervisory Board of Tarkett (France – listed company)
- Member of the Supervisory Board of 21Partners (France – association, unlisted)
- Member of the Supervisory Board of the French American Foundation (France – association, unlisted)

Abroad
- Director of Proximus (Belgium – listed company)
- Director of Keesing (The Netherlands – unlisted company)
- Director of GBL (Belgium – listed company)

Over the last five financial years:

In France
- Director of Neopost (France – listed company)
- Director of Darty Plc (United Kingdom – listed company)

Abroad
- Director of Cable&Wireless Plc. (United Kingdom – listed company)

HERNA VERHAGEN

(52 years old)

Professional address:

Post NL
Prinses Beatrixlaan 23
2595 AK – The Haye
The Netherlands

Number of Rexel shares held:

1,000

Experience and expertise

Director, Chairwoman of the Nomination Committe

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. The renewal of the term of office of Herna Verhagen was approved by anticipation by the Shareholders' Meeting of May 24, 2018.

Herna Verhagen is a Dutch citizen.

Herna Verhagen has been Chairwoman and Chief Executive Officer of PostNL since April 2012. Prior to this, from 2011 she served as a member of the Management Board of PostNL N.V., and was Managing Director Parcels and International of PostNL. 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. 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 Director)

Current term of office:

From May 24, 2018 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2021

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
- Chairwoman of Rexel's Nomination 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
- Member of Rexel's Audit and Risk Committee

Abroad
–

Titles and duties outside the Rexel Group:

Current:

In France
–

Abroad
- Chairwoman, Chief Executive Officer and member of the Management Board of PostNL NV (The Netherlands – listed company)
- Member of the Supervisory Board of Concertgebouw (The Netherlands — unlisted company)
- Member of the Executive Committee of the Feneral 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)
- Non-executive Director of Idorsia SA (Switzerland – listed company)

3

3.1.1.1.2 Observer

FRANÇOIS AUQUE

(62 years old)

Professional address:

77 rue Madame
75006 Paris – France

Number of Rexel shares held:

–

Experience and expertise

Observer

François Auque has been an observer on Rexel's Board of Directors and Audit and Risk Committee since October 24, 2018 with a view to submitting his candidacy as Director, to replace Fritz Froehlich, for approval to the Shareholders' Meeting to be held on May 23, 2019.

François Auque is a French citizen.

François Auque was Chairman of the Airbus Investment Committee from July 2016 to September 2018. Previously, for 16 years, he headed the Space Division of the Airbus group as a member of the Executive Committee.

Previously, he was Chief Financial Officer of Aerospatiale Matra after having been Chief Financial Officer of Aerospatiale from 1991 to 2000. He began his career at the French Court of Auditors *(Cour des Comptes)*, then joined the Suez Group and Credisuez.

He has been a member of various Boards of Directors: Dassault Aviation, Arianespace, GIFAS, Starsem (Russia), MBDA, OneWeb (United Kingdom/United States), Seraphim Space Fund (United Kingdom) and Chairman of the Board of *Bordeaux Ecole de Management*.

François Auque is a graduate of *École des hautes études commerciales* (HEC), *Science-Po Paris* and *École nationale d'administration* (ENA).

Term of office

First appointment:

October 24, 2018

Current term of office:

From October 24, 2018 until the Shareholders' Meeting deciding on the accounts for the financial year ended 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

- Observer of the Board of Directors and of the Audit and Risk Committee of Rexel

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

- Chairman of François Auque Consulting (France – unlisted company)

Abroad

- Director of CyberArk (United States – listed company)

Over the last five financial years:

In France

- Director of Arianespace (France – unlisted company)
- Director of Starsem (France – unlisted company)
- Director of MBDA (France – unlisted company)

Abroad

- Deputy Director of OneWeb (United Kingdom/United States – unlisted company)
- Director of Seraphim Space Fund (United Kingdom – unlisted company)
- Director of Airbus Espana (Spain – unlisted company)
- Director of Airbus America (United States – unlisted company)

Departure, nomination and renewal of members of the Board of Directors

During the financial year ended on December 31, 2018, the following changes took place in the membership of the Board of Directors:

DIRECTOR	APPOINTMENT/ CO-OPTION/ APPROVAL	RE-ELECTION	LEAVE	COMMENTS
Marcus Alexanderson	x	x		Approval by the shareholders' meeting of May 24, 2018 of his co-option as director by the Board of Directors on May 15, 2017 in replacement of Pier-Luigi Sigismondi. Renewal of his term of office as director for 4 years by the Shareholders' Meeting of May 24, 2018.
Herna Verhagen		x		Renewal of her term of office as director for 4 years by the Shareholders' Meeting of May 24, 2018.
Maria Richter		x		Renewal of her term of office as director by anticipation pursuant to article 14.2 of the by-laws, for a term of 4 years, by the Shareholders' Meeting of May 24, 2018.

OBSERVER	APPOINTMENT/ CO-OPTION/ APPROVAL	RE-ELECTION	LEAVE	COMMENTS
François Auque	x			Nomination by the Board of Directors of October 24, 2018, in view of submitting his candidacy as a director, to replace Fritz Froehlich, to the Shareholders' Meeting of May 23, 2019.

It will be proposed to the Shareholders' Meeting of May 23, 2019 to:

- Appoint François Auque in the capacity of new Director for a term of office of 4 years, to replace Fritz Froehlich, whose term of office expires at the end of the Shareholders' Meeting; and
- Renew in advance the term of office of Agnès Touraine and Elen Phillips for a term of four years, pursuant to article 14.2 of the by-laws, which provides for a renewal in quarters, rounded up to the nearest whole number each year.

Succession plan

The Nomination Committee drew up a succession plan for the corporate officers. In this respect, the Committee envisaged several hypothesis with a short-term plan in order to cover unforeseen situations (in particular in case of inability or death), a middle-term plan in order to cover anticipated situations (in particular in case of reaching the retirement age or reaching the term of office) and a long-term plan which is based on an internal identification of potential candidates along with a training plan over the term in order to allow them to acquire the required experience and expertise in particular with respect to functional and operational matters.

For all the plans, the Nomination Committee has defined the appropriate profile of the officer in terms of leadership and personality based on several criteria: gender, a deep knowledge of, and an experience in, the distribution or the wholesale industries, a strong experience in the digital industry, a knowledge of the environment of a listed company, an international managerial experience, a managerial or an entrepreneurial experience with respect to a significant business unit.

The Nomination Committee has solicited the contribution of the General Secretary, the Group Human Resources Manager and the Chief Executive Officer in the preparation of the succession of the Chief Executive Officer, in particular in order to define the criteria, identify internally the candidates and conduct interviews.

The Nomination Committee has been assisted by the advisory firm Egon Zehnder from the definition of the required profile to the presentation of potential candidates for the functions of Chief Executive Officer or directors. The Nomination Committee coordinates with the Compensation Committee.

The three plans are reviewed two or three times per year.

The Board of Directors has been informed of the progress of the works relating to the establishment of these three plans in 2018 and will be informed regularly of their implementation, as the case may be, after each meeting of the Nomination Committee. In case of implementation of one of these three plans, the Board of Directors will have to approve the implementation of the plan and the candidate and, as the case may be, submit the project to the Shareholders' Meeting.

Three succession plans have also been drawn up for the Chairman and the Vice-Chairman of the Board of Directors.

3.1.1.2 A membership of the Board of Directors based on skills and diversity

Diversity policy within the Board of Directors

The Board of Directors is committed to ensuring effective diversity among its members. A team made up of members with diverse and complementary profiles, who also benefit from the necessary experience and expertise, is indeed a key factor to ensure a proper administration of Rexel.

The policy implemented by the Board of Directors therefore aims at recruiting diverse profiles, having sufficient experience and expertise to ensure cohesiveness among the directors and to allow the Board of Directors to carry out its operations thoroughly and efficiently and in line with the businesses of the Rexel Group.

The diversity policy of the Board of Directors is organized in accordance with the following principles:

- Presence of members with complementary and recognized skills;
- Presence of independent members;
- Diversity of nationalities and multicultural dimension;
- Presence of female members.

Appointments of new profiles are submitted by the Board of Directors to the general Shareholders' Meeting, after receiving recommendations from the Nomination Committee. The Nomination Committee reviews the skills and experience of each of the directors and verifies that they are in line with the policy determined by the Board of Directors.

Members with complementary and recognized skills

The Board of Directors believes that, based on its current membership, it benefits from the complementarity and recognized skills of its members. Indeed, the directors have the practical and industry skills allowing the Board to carry out its operations thoroughly and efficiently.

Similarly, in its works relating to the evolution of its membership, the Board of Directors takes into account the current skills of its members and identifies the skills to be sought among candidates.

The skills represented within the Board of Directors, at December 31, 2018, are set out below.

Skills matrix of the Directors and of the observer

	INTERNATIONAL EXPERIENCE	MANAGEMENT EXPERIENCE	FINANCE	STRATEGY	DISTRIBUTION INDUSTRY	REGULATIONS	DIGITAL	SOCIAL AND ENVIRONMENTAL RESPONSIBILITY
DIRECTORS								
Ian Meakins	√	√	√	√	√			
François Henrot	√	√	√	√	√			
Marcus Alexanderson	√		√	√				
Patrick Berard	√	√		√	√		√	
Julien Bonnel		√		√	√			
Thomas Farrell	√	√	√			√		
Fritz Froehlich	√	√	√	√				
Elen Phillips	√		√		√			√
Maria Richter	√		√			√		√
Agnès Touraine	√			√		√	√	
Herna Verhagen	√	√	√	√				√
OBSERVER								
François Auque	√	√	√	√				√

Directors with a diversity of nationalities provide a multicultural dimension to the Board of Directors

As at December 31, 2018, 7 Directors were foreign nationals (Germany, United States, Panama, the Netherlands, the United Kingdom, Sweden).

This cultural diversity among the Directors allows the latter to benefit from various visions and to better grasp the international issues at stake for the Rexel Group.

Independent directors

In accordance with the corporate governance principles and good 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 analyzses 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, counsel (or be directly linked to such persons):
  - 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 analyzes:
  - 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 represents 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, a non-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 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 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 below.

As of December 31, 2018 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, and in particular guideline 8.3, which provides that the Directors who represent employees shall not be accounted for when determining the percentage of independent directors within the Board of Directors:

- 8 members out of 10 (excluding the director representing employees and the observer) of the Board of Directors were considered as independent: Thomas Farrell, Fritz Froehlich, François Henrot, Ian Meakins, Elen Phillips, Maria Richter, Agnès Touraine and Herna Verhagen, *i.e.*, an independence rate of 80%;
- 5 members out of 5 (excluding the observer) of the Audit and Risk Committee were considered as independent: Thomas Farrell, Fritz Froehlich, Ian Meakins, Elen Phillips and Maria Richter, *i.e.*, an independence rate of 100%;
- 5 members out of 6 of the Nomination Committee were considered as independent: Thomas Farrell, François Henrot, Ian Meakins, Elen Phillips and Herna Verhagen, *i.e.*, an independence rate of 83%; and
- 4 members out of 5 (excluding the director representing employees) of the Compensation Committee were considered as independent: François Henrot, Ian Meakins, Maria Richter and Agnès Touraine, *i.e.*, an independence rate of 80%.

The Board of Directors of February 12, 2019 reviewed, upon the report drawn up by the Nomination Committee, the status of each Director (except for the Director representing the employees) according to the independence critera established by the Afep-Medef Code.

The Board of Directors also reviewed the status of the observer in respect of the same independence criteria with a view of submitting his nomination in the capacity of director, to replace Fritz Froehlich, to the approval of the Shareholders' Meeting of May 23, 2019.

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 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 (0.002% in 2018);
- 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 necessary existence of "chinese walls"; and

- Finally, as of the date of this Registration document Rexel is not preparing any external growth operations with the Rothschild Group.

The Board of Directors, in consideration of the report established by the Nomination Committee, concluded that the Directors and the observer, with the exception of Marcus Alexanderson and Patrick Berard, met the independence criteria within the meaning of the Afep-Medef Code.

This analysis did not cover Julien Bonnel as director representing the employees.

The findings of this review are set out in the table below:

Summary table of the independent criteria of the Directors and the observer in view of the criteria of the Afep-Medef Code

	NOT BEING OR HAVING BEEN WITHIN THE LAST FIVE YEARS AN EMPLOYEE, EXECUTIVE CORPORATE OFFICER OR DIRECTOR WITHIN THE GROUP	ABSENCE OF CROSS-DIRECTORSHIPS	ABSENCE OF BUSINESS RELATIONS	ABSENCE OF FAMILY TIES	NOT BEING AN AUDITOR OR FORMER AUDITOR	NOT BEING A DIRECTOR FOR MORE THAN 12 YEARS	NOT REPRESENTING A SHAREHOLDER HAVING MORE THAN 10%, ALONE OR IN CONCERT	DECIDED CHARACTERISATION
DIRECTOR								
Ian Meakins	√	√	√	√	√	√	√	Independent
François Henrot	√	√	√ (1)	√	√	√	√	Independent
Marcus Alexanderson	√	√	√	√	√	√	(2)	Not independent
Patrick Berard	(3)	√	√	√	√	√	√	Not independent
Julien Bonnel								Director representing the employees (4)
Thomas Farrell	√	√	√	√	√	√	√	Independent
Fritz Froehlich	√	√	√	√	√	√	√	Independent
Elen Phillips	√	√	√	√	√	√	√	Independent
Maria Richter	√	√	√	√	√	√	√	Independent
Agnès Touraine	√	√	√	√	√	√	√	Independent
Herna Verhagen	√	√	√	√	√	√	√	Independent
OBSERVER								
François Auque	√	√	√	√	√	√	√	Independent (5)

(1) Please see above for an analysis of the situation of François Henrot.

(2) Marcus Alexanderson represents Cevian, a shareholder representing more than 10% of the share capital.

(3) Patrick Berard has been serving as Chief Executive Officer of Rexel since July 1, 2016. His employment agreement is suspended during the exercise of his duties.

(4) In accordance with the guidelines of the Afep-Medef Code, the Director representing the employees is not accounted for in the calculation of the independence rates of the Board and of the Committees.

(5) The observer is not taken into account for the calculation of the independence rate of the Board and of the Committees. His level of independence has been evaluated in view of his appointment as Director by the Shareholders' Meeting of May 23, 2019.

Balanced representation of men and women

As at December 31, 2018, the Board of Directors comprised 4 female members out of a total of 10 members (excluding the director representing the employees and the observer) *i.e.*, 40%, and was therefore in compliance with the provisions of article L.225-18-1 of the French Commercial Code.

Also, two out of the three Committees of the Board of Directors are chaired by a female: the Nomination Committee is chaired by Herna Verhagen and the Compensation Committee is chaired by Agnès Touraine.

In connection with the renewal of the office of two directors (Agnès Touraine and Elen Phillips) and the nomination of François Auque in replacement of Fritz Froehlich, submitted to the Shareholders' Meeting of May 23, 2019, and if the Shareholders' Meeting approves this renewal and this nomination, the percentage of females will be unchanged and the Board of Directors will remain in compliance with the provisions referred to above.

Multiple corporate offices

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

The Board of Directors reviews, upon each appointment of a director or of the Chief Executive Officer or upon each suggested appointment of a director or of the Chief Executive Officer within a board of directors of another listed 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.

Results of the diversity policy

In accordance with the diversity policy determined by the Board of Directors, the Board submitted to the approval of the Shareholders' Meeting of May 24, 2018, the approval of the co-option of Marcus Alexanderson in his capacity as director on May 15, 2017, the renewal of his term of office as well as of the term of office of Maria Richter and of Herna Verhagen.

Moreover, François Auque has been appointed as observer on October 24, 2018 in view of his appointment by the Shareholders' Meeting as director. If the Shareholders' Meeting approves this nomination, François Auque will replace Fritz Froehlich with the Board of Directors, which will resolve on his nomination as chairman of the Audit and Risk Committee. This nomination will not amend the diversity and independence rates within the Board.

3.1.1.3 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 July 28, 2017, date on which the Board of Directors decided to split the Nomination and Compensation Committee into two different Committees. 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 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 who are natural 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 Rexel's bodies and ensures, in particular, that the directors are able to carry out their assignments.

The Chairman is also in charge of:

- Ensuring that the corporate governance principles are defined and implemented;
- With the assistance of the Nomination 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 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 Rexel 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 Rexel 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.

The Chairman reports on his duties to the Board of Directors.

The work of the Chairman

During the financial year ended December 31, 2018, the Chairman of the Board of Directors:

- Spoke during the Shareholders' meeting of Rexel held on May 24, 2018;
- Kept himself abreast of shareholders' expectations, particularly in terms of governance, activity and prospects, and ensured that any concerns they may have were discussed in the Board;
- Discussed on a number of occasions with the Chief Executive Officer in relation to various material and strategic events for Rexel. Following these exchanges, he ensured that material points (such as digitalization, succession plans and country performance) were presented and discussed by the Board;
- Met several times with the members of the Executive Committee and various employees of the Group to discuss organizational, strategic, commercial and other issues before presenting them to the Board of Directors;
- Took an active part in the search for new directors and in their recruitment by interacting with the other members of the Nomination Committee and meeting with candidates;
- Discussed on a regular basis, and at least once per month, with each of the chairmen or chairwomen of the Committees in order to make sure that all of the points to be discussed within the Board of Directors are also reviewed by the members of the Committees and presented to the Directors for discussion; the Chairman also ascertained that the Board and Committee meetings are well organized and that the meeting schedule and working meetings are effective; and that the Board and committee members' meetings are conducted in an appropriate manner. He also ensured a regular review of the Chief Executive Officer's succession plan; and
- Visited a number of sites in Europe and the United States. These visits enabled him to keep himself fully updated on current events in the Group and its industry and to keep the other members of the Board informed.

Finally, as part of the finalization of the Board of Directors' assessment for the 2017 financial year, the Chairman also met individually with each director. In particular, he ensured that the conditions were met for each director to be able to fully exercise his or her mandate.

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 defined by the Afep-Medef Code.

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; and

- 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 executive 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, 2018, the Deputy Chairman and Senior Independent Director, François Henrot:

- Spoke at the General Shareholders' Meeting of Rexel on May 24, 2018, and presented the "Corporate Governance" of Rexel to the shareholders as well as the "Compensation of corporate officers" 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;
- Spoke on several occasions with the Chairman of the Board of Directors Ian Meakins in respect of the characteristics and specific aspects of the governments of listed companies on the French market, as well as the best practice recorded in France, particularly in terms of the compensation of executive corporate officers; these discussions focused in particular on the compensation of Patrick Berard, whose term as Chief Executive Officer was renewed with effect from July 1, 2018;
- Actively participated in the search for and recruitment of new directors by interacting with the other members of the Nomination Committee and meeting with candidates;
- Met on several occasions with the other members of the Compensation Committee to discuss the development of performance share plans in terms of duration and performance conditions; and
- Presented the governance of Rexel and the operation of the Board of Directors and of its committees during the governance roadshows organized at the beginning of 2018 with various investors. The compensation policy for executive directors was discussed at these meetings and a report on these discussions was presented to the Board so that it is fully informed of the expectations of the main investors.

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 Chief Executive Officer has been Patrick Berard since July 1, 2016.

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.

Information relating to François Auque appointed as an observer by the Board of Directors on October 24, 2018 is provided in section 3.1.1 "Board of Directors" of this Registration document. François Auque was appointed as an observer with a view to submitting his candidacy as a director, replacing Fritz Froehlich, for approval to the Shareholders' Meeting of May 23, 2019. This allows François Auque to prepare, during the transition period leading up to the Shareholders' Meeting, for the position of independent director and Chairman of the Audit and Risk Committee. To this end, François Auque attends meetings of the Board of Directors and the Audit and Risk Committee.

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 2018, the observer newly appointed has been trained in Rexel's activity, businesses, strategy, as well as its accounting and financial peculiarities.

Taking into account his specific status, the Director representing the employees benefits from a preparation time of 15 hours prior to each meeting, as well as of 20 hours of training time per year. These training sessions may concern, in particular, the operation of the Board of Directors, the rights and duties of a Director and the business of Rexel.

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:
- 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;
- 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; and
- It is informed on the appointment, dismissal/termination of the members of the Executive Committee.

(iii) Powers in the area of compensation:
- It determines the compensation of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers;
- It allocates attendance fees; and
- It issues opinions on the compensation of the Executive Committee members.

(iv) 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. It also presents a report on corporate governance.

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

(v) 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 programs;
- 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 Directors who are present or represented; each Director 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 Directors carry out their duties with loyalty and professionalism.

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

- The Directors 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 Directors undertake to avoid conflicts between their moral and material interests and those of the Company. They inform the Senior Independent Director of any effective or potential 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 and do not receive any document relating to the situation that creates, even potentially, a conflict of interest.

The Senior Independent Director, or the Chairman if the Senior Independent Director is concerned by the conflict of interest, may review, at his own option, any current or potential conflict of interests that he may become aware of and carry out any investigation in order to identify or avoid any conflict.

Compensation

The ordinary Shareholders' Meeting may allocate attendance fees to Directors, in an amount recorded in Rexel'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, 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.

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-laws.

Holding of shares by the Directors

For their whole term of office, the Directors must hold at least one thousand shares of Rexel. If, at the date of his/her appointment, a Director 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 Rexel corresponding to an amount at least equal to the gross amount of the fixed portion on yearly theoretical basis 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.

These share retention obligations do not apply to the director representing the employees or to the observer.

Board Committees

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

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

Assessment of the 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 2018, the assessment of the composition, the organization and operation of the Board of Directors and of its Committees was carried out based on the questionnaires sent to the Directors.

The assessment showed that the composition, functioning and missions of the Board and Committees of the Board of Directors are adequate; that the Directors and the Executive Team communicate easily; and that the individual contributions of each Director are appropriate. The assessment also highlights that improvements could be made, in particular with regard to understanding the business and the training provided to the Directors, information on internal control and risk management, social responsibility and non-financial performance or the review of compensation policy. In particular, suggestions were made to improve the composition of the Board of Directors by adding expertise in the field of the digital technology, the organization of the Board of Directors by extending the duration of Board meetings to have in depth discussions about certain topics and the functioning of the Board of Directors by increasing discussions about risks in particular.

3.1.1.4 The work of the Board of Directors during the 2018 financial year

CHAIRMAN	NUMBER OF MEMBERS (1)	INDEPENDENCE RATE (2)	FEMALE DIRECTORS (2)	NUMBER OF MEETINGS HELD IN 2018	AVERAGE ATTENDANCE RATE
Ian Meakins	11	80%	40%	9	96%

(1) Excluding the observer.

(2) Excluding the Director representing the employees and the observer.

During the financial year ended on December 31, 2018, the Board of Directors, met on 9 occasions.

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

- The review of the financial statements for the financial year ended on December 31, 2017, and the related financial disclosure;
- The review of the 2017 Registration document and related information;
- The compensation of the corporate officers;
- The yearly approval and review of the related party agreements; the approval of a related-party agreement; the proposal of distribution;
- The preparation of Rexel's Combined Shareholders' Meeting of May 24, 2018;
- The review of the quarterly and half-year financial statements and related financial disclosure;
- The review of the work of the Committees of the Board of Directors;
- The Rexel Group's budget for the 2019 financial year as well as the strategic multi-year plan;
- The envisaged disposals and acquisitions of the Rexel Group; the review of strategic matters;
- The risk-mapping review;
- The evolution of the membership of the Board of Directors; the appointment of an observer;
- The renewal of the Chief Executive Officer;
- The implementation of a performance share plan;
- The succession plan of the CEO, of the members of the Executive Committee and the Country CEO's;
- The presentation of the assessment of the Board of Directors;
- The social and environmental responsibility of the Group; and
- The implementation of the share repurchase plan.

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

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

	BOARD OF DIRECTORS		AUDIT AND RISK COMMITTEE		NOMINATION COMMITTEE		COMPENSATION COMMITTEE	
	Number of meetings	**Attendance rate**	**Number of meetings**	**Attendance rate**	**Number of meetings**	**Attendance rate**	**Number of meetings**	**Attendance rate**
DIRECTORS								
Ian Meakins	9	100%	5	100%	8	100%	7	100%
François Henrot	9	100%	–	–	7	88%	7	100%
Marcus Alexanderson	9	100%	–	–	8	100%	7	100%
Patrick Berard	9	100%	–	–	–	–	–	–
Julien Bonnel	7	78%	–	–	–	–	6	86%
Thomas Farrell	8	89%	4	80%	7	88%	–	–
Fritz Froehlich	9	100%	5	100%	–	–	–	–
Elen Phillips	9	100%	5	100%	8	100%	–	–
Maria Richter	9	100%	5	100%	–	–	7	100%
Agnès Touraine	9	100%	–	–	–	–	7	100%
Herna Verhagen	8	89%	–	–	8	100%	–	–
Average rate		**96%**		**96%**		**96%**		**98%**
OBSERVER								
François Auque (1)	2	100%	1	100%	–	–		–

(1) François Auque has been an observer on Rexel's Board of Directors and Audit and Risk Committee since October 24, 2018 with a view to submitting his candidacy as Director, to replace Fritz Froehlich, for approval to the Shareholders' Meeting to be held on May 23, 2019.

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, 2018, the three Committees of the Board of Directors were as follows: the Audit and Risk Committee, the Nomination Committee and the Compensation Committee.

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 Rexel 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 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 its internal regulations.

3.1.2.1 Audit and Risk Committee

CHAIRMAN	NUMBER OF MEMBERS	INDEPENDENCE RATE	NUMBER OF MEETINGS HELD IN 2018	AVERAGE ATTENDANCE RATE
Fritz Froehlich	5 (1)	100%	5	96%

(1) Excluding the observer.

Members of the Audit and Risk Committee

As at December 31, 2018, the Audit and Risk Committee was made up of the following members:

- Fritz Froehlich (Chairman and Independent Director);
- Thomas Farrell (Independent Director);
- Ian Meakins (Independent Director);
- Elen Phillips (Independent Director); and
- Maria Richter (Independent Director).

Moreover, François Auque, in his capacity as observer, attended the meetings of the Audit and Risk Committee.

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 Directors are set out in paragraph 3.1.1.3 "Rules governing the membership and operation of the Board of Directors" of this Registration document. Within the Audit and Risk Committee, at December 31, 2018, 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 executive corporate officers cannot be members of this 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 Rexel 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 Rexel, 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 drawing-up process of the financial information, and where applicable, determination of guidelines in order to guarantee their integrity;
  - 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; and
  - 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.
- Follow-up of the performance of their duties by the Statutory Auditors:
  - Monitoring of the work of the Statutory Auditors of the consolidated and company quarterly, half-yearly and annual financial statements;
  - Reporting to the Board of Directors on the outcome of the mission of certification of the financial statements, on the manner in which this mission contributed to the integrity of the financial information and on the role carried out in this process, and immediate information on any difficulty encountered; and
  - Follow-up of the controls carried out by the Audit Office Control Board *(Haut Conseil du commissariat aux comptes)*.
- Control 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 independence criteria; and
  - Approval of the provision of services other than the certification of financial statements by the Statutory Auditors.
- Monitoring the efficiency of internal control, risk management and internal audit 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; and
  - 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 work of the Audit and Risk Committee during the financial year ended on December 31, 2018

The Audit and Risk Committee met on five occasions in the course of the 2018 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 96% for the 2018 financial year.

The Group Chief Financial Officer, the Chief Financing, Cash Flow and Tax Officer, the Group Chief Financial Controller, the Group Chief Accounting Officer, the Group Chief Internal Audit 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 2018, its work related to, in particular the review of:

- The financial statements for the financial year ended on December 31, 2017, the summary half-year financial statements as at June 30, 2018 and the summary quarterly financial statements as at March 31, 2018 and September 30, 2018;
- The proper application of the accounting principles;
- The operation of Rexel's internal control bodies (see in particular Chapter 2 "Risk factors and internal control" of this Registration document);
- The tax situation of the Rexel Group;
- The financing conditions of Rexel; and
- The allocation of profit/loss.

The Statutory Auditors presented their findings in connection with the audit of the annual financial statements for the financial year ended on December 31, 2017, the limited review of the summary half-year financial statements as at June 30, 2018 and of the procedures followed for the purpose of the summary quarterly financial statements as at March 31, 2018 and September 30, 2018. 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 Committee

COMMITEE	CHAIRWOMAN	NUMBER OF MEMBERS	INDEPENDENCE RATE	NUMBER OF MEETINGS HELD IN 2018	AVERAGE ATTENDANCE RATE
Nomination Committee	Herna Verhagen	6	83%	8	96%

Members of the Nomination Committee

As at December 31, 2018, the Nomination Committee was made up of the following members:

- Herna Verhagen (Chairwoman and Independent Director);
- Marcus Alexanderson (non-Independent Director);
- Thomas Farrell (Independent Director);
- François Henrot (Senior Independent Director);
- Ian Meakins (Independent Director); and
- Elen Phillips (Independent Director).

The independence criteria of the Directors are detailed in the paragraph 3.1.1.3 "Rules governing the membership and operation of the Board of Directors" of this Registration document. At December 31, 2018, 5 out of 6 members of the Nomination Committee were considered as independent, *i.e.*, an independence rate of 83%.

Operation of the Nomination Committee

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

Members

The Nomination 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 cannot be members of the Nomination Committee.

Powers

The Nomination 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 Committee, of the Chief Executive Officer and of the Deputy Chief Executive Officers, and issue recommendations on the candidates considered, in terms of expertise, availability, appropriateness and complementarity with other 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;
- 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 to 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 Director 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.

Operation

The Nomination Committee meets at least once 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 Nomination Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

The work of the Nomination Committee during the financial year ended December 31, 2018

The Nomination Committee met on 8 occasions during the 2018 financial year.

The attendance rate at the meetings of the Nomination Committee for the financial year 2018 was 96% for the Nomination Committee.

It reported on its duties to the Board of Directors.

In 2018, its work related to, in particular, the review of:

- The report of the Nomination Committee on the independence of the Directors;
- The diversity policy of the Board of the Directors;
- The yearly renewal of the directors and the evolution of the membership of the Board of Directors; the appointment of an observer;
- The succession plan of the Chief Executive Officer, Country CEO's and Executive Committee members; and
- The follow-up of the regulatory updates, in particular the revision of the Afep-Medef Code of June 2018.

3.1.2.3 Compensation Committee

COMMITTEE	CHAIRWOMAN	NUMBER OF MEMBERS	INDEPENDENCE RATE	NUMBER OF MEETINGS HELD IN 2018	AVERAGE ATTENDANCE RATE
Compensation Committee	Agnès Touraine	6	80% (1)	7	98%

(1) Excluding the Director representing the employees.

Members of the Compensation Committee

As at December 31, 2018, the Compensation Committee was made up of the following members:

- Agnès Touraine (Chairwoman and Independent Director);
- Marcus Alexanderson (non-Independent Director);
- Julien Bonnel (Director representing the employees);
- François Henrot (Senior Independent Director);
- Ian Meakins (Independent Director); and

- Maria Richter (Independent Director).

The independence criteria of the Directors are detailed in the paragraph 3.1.1.3 "Rules governing the membership and operation of the Board of Directors" of this Registration document. At December 31, 2018, 4 members out of 5 of the Compensation Committee were considered as independent *i.e.*, an independence rate of 80% (excluding the director representing the employees).

Operation of the Compensation Committee

The main stipulations of the internal regulations of the Compensation Committee effective as at December 31, 2018, are set out below.

Members

The 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 cannot be members of this Committee.

Powers

The 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 Compensation Committee meets at least once each year and, in any case, each times that it deems necessary and 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 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 Compensation Committee during the financial year ended on December 31, 2018

The Compensation Committee met on 7 occasions in the course of 2018.

The attendance rate at the meetings was 98% for the Compensation Committee.

It reported on its duties to the Board of Directors.

In 2018, its works related to, in particular:

- The variable compensation in respect of the financial year ended December 31, 2017 of the executive corporate officers;
- The compensation in respect of the financial year ended December 31, 2018 of the corporate officers;
- The allocation of performance shares;
- Directors' compensation (attendance fees);
- The compensation of the observer;
- The compensation policy of the Executive Committee members; and
- The follow-up of the regulatory updates, in particular the revision of the Afep-Medef Code of June 2018.

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 compensation of the members of the Executive Committee.

3.1.3 Executive Management

As of the date of this Registration document, Rexel's executive management is exercised by a Chief Executive Officer. This mode of executive management results from the decision of the Board of Directors to dissociate the functions of Chairman of the Board of Directors and of Chief Executive Officer (Please see paragraph "Dissociation of the duties of Chairman of the Board of Directors and of Chief Executive Officer" in the introduction of paragraph 3.1 "Administration bodies and management" of this Registration document).

The Board of Directors has appointed Patrick Berard as Chief Executive Officer, effective on July 1, 2016. The corporate office of Chief Executive Officer of Patrick Berard was renewed on May 24, 2018, effective from July 1, 2018 for a term to expire upon the end of the Shareholders' Meeting that is to resolve in 2021 on the accounts for the year ended December 31, 2020.

The decisions requiring the prior authorization of the Board of Directors are described in paragraph 3.1.1.3 "Rules governing the membership and operation of the Board of Directors" of this Registration document.

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 9 members, including 4 in charge of key operating activities:

Patrick Berard	Chief Executive Officer
Group duties	
Laurent Delabarre	Group Chief Financial Officer
Sébastien Thierry	General Secretary and Secretary of the Board of Directors
Frank Waldmann	Group Human Resources Director
Nathalie Wright	Group Digital and IT Transformation Director & Chief Executive Officer Nordics
Operational functions	
Jeff Baker	Chief Executive Officer and Senior Vice President of Rexel USA
Pierre Benoît	Chief Executive Officer United Kingdom / Ireland – Benelux
Eric Gauthier	Chief Executive Officer Asia-Pacific
Roger Little	Chief Executive Officer Canada

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.

The Executive management is committed to non-discrimination and diversity in respect of the members of the Executive Committee and, more broadly, to that of the Group's senior management in order to ensure that it operates appropriately, in line with its activity and development.

Thus, in compliance with the internal rules and the provisions of the Afep-Medef Code, Rexel's non-discrimination and diversity policies implemented by the Executive Management aim at:

- Ensuring a balanced representation of men and women on the Executive Committee and generally in senior management. As part of this policy, the Executive Board has appointed a woman to the Executive Committee;
- Reflecting gender equality in recruitment, career development, training and compensation in a context of low female representation among employees in the specialized distribution sector (key performance indicators are addressed in the non-financial performance statement (see section 4.3.4.1 "Gender equality" of this registration document);
- Maintaining an inter-generational mix within the Group given the high level of seniority of its employees. This issue is addressed through the implementation of a proactive career and skills management policy (see section 4.3.4.3 "Generational diversity" of this registration document); and
- Ensuring diversity through an active policy of functional and geographical mobility of employees by offering employees opportunities for development. These opportunities are available on a dedicated platform (key performance indicators in terms of vertical and horizontal mobility are detailed in section 4.3.2.2 "Retaining talents" of this registration document).

3.1.5 Statements concerning the Board of Directors

To Rexel's knowledge:

- There are no family ties between the Directors and the members of Rexel's Executive Management;
- No Director or member of Rexel's Executive Management has been convicted of fraud within the last five years;
- No Director or member of Rexel's Executive Management has been associated with any "bankruptcy", receivership or liquidation within the last five years;
- No Director or member 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 Director or member 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

Directors who have a conflict of interest must inform the Senior Independent Director. 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.

All potential conflicts of interest are submitted to a debate within the Board of Directors.

Directors who are in a situation of conflict of interest shall abstain from taking part in the discussions and in the vote of the relevant decisions.

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 Directors or of Rexel's executive management and Rexel's interests.

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

There are no service agreements between 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 Compensation Committee.

3.2.1 Compensation of Non-Executive Corporate Officers (Directors)

The Company's Shareholders' Meeting may grant attendance fees to the 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 2018

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 2018 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);

(1) The Chairman and the Deputy Chairman of the Board of Directors do not qualify for this fixed portion.

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

- For the members serving as Chairman of a Committee: an additional amount of €15,000 for chairing of the Nomination Committee, an additional amount of €15,000 for chairing the Compensation Committee, and an amount of €25,000 for chairing 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.

The Board of Directors wished, in respect of the particular situation of the observer, in particular in view of his eligibility to the position of Director, that the compensation of the observer be subject to the same compensation policy as that applicable to the Directors.

Upon recommendation of the Compensation Committee, the Board of Directors of February 12, 2019 decided to determine the compensation of the Directors and the observer as follows:

	FINANCIAL YEAR ENDED DECEMBER 31							
	2018				**2017**			
	FIXED PORTION	VARIABLE PORTION	TRAVEL ALLOWANCE	TOTAL	FIXED PORTION	VARIABLE PORTION	TRAVEL ALLOWANCE	TOTAL
DIRECTORS								
Ian Meakins	–	–	–	–	–	–	–	–
François Henrot (1)	100,000	40,000	–	140,000	100,000	40,000	–	140,000
Marcus Alexanderson	40,000	40,000	–	80,000	25,200	25,000	–	50,200
Patrick Berard	–	–	–	–	–	–	–	–
Julien Bonnel	40,000	30,000	–	70,000	4,900	10,000		14,900
Thomas Farrell	40,000	40,000	15,000	95,000	40,000	40,000	15,000	95,000
Fritz Froehlich (2)	80,000	25,000	–	105,000	65,000	40,000	–	105,000
Elen Phillips	40,000	40,000	15,000	95,000	40,000	30,000	17,500	87,500
Maria Richter	40,000	40,000	17,500	97,500	40,000	40,000	17,500	97,500
Agnès Touraine	55,000	35,000	–	90,000	42,100	30,000	–	72,100
Herna Verhagen	55,000	40,000	–	95,000	46,500	25,000	–	71,500
OBSERVER								
François Auque (3)	7,600	5,000	–	12,600				
Total				**880,100**				**733,700**

(1) Including the compensation in the capacity of Deputy-Chairman of the Board of Directors.

(2) An additional amount of €15,000 has been paid to Fritz Froehlich taking into account the additional work he carried out during financial year ended December 31, 2018 (IFRS 16 accounting regulations, onbording of François Auque ahead of his appointment as a Director, restructuring of specific entities of the Group).

(3) François Auque was appointed as observer by the Board of Directors meeting of October 24, 2018.

Table summarizing the compensation paid to the Directors and the observer during the last 3 financial years (in euros)

	FINANCIAL YEAR ENDED DECEMBER 31		
	2018	**2017**	**2016**
DIRECTORS			
Ian Meakins	–	–	10,100
François Henrot	140,000	140,000	115,100
Marcus Alexanderson	80,000	50,200	–
Patrick Berard	–	–	–
Julien Bonnel	70,000	14,900	–
Thomas Farrell	95,000	95,000	95,000
Fritz Froehlich	105,000	105,000	105,000
Elen Phillips	95,000	87,500	62,800
Maria Richter	97,500	97,500	95,000
Agnès Touraine	90,000	72,100	–
Herna Verhagen	95,000	71,500	65,000
OBSERVER			
François Auque	12,600	–	–
FORMER DIRECTORS			
Isabel Marey-Semper	–	–	6,800
Monika Ribar	–	–	17,400
Pier-Luigi Sigismondi	–	–	82,500
Marianne Culver	–	–	48,300
Total	**880,100**	**733,700**	703,000

Rules of allocation of the attendance fees to be paid in respect of 2019:

The Board of Directors decided to renew in 2019 the rules of allocation of the attendance fees as defined above for 2018 and to increase the variable part up to €8,000 (with upper limit maintained at €40,000), based on the same envelope of €1,315,000.

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). This obligation does not apply to the director representing the employees.

3.2.2 Compensation policy applicable to Corporate Officers for the 2019 financial year submitted to the approval of the shareholders (Article L.225-37-2 of the French Commercial Code)

Pursuant to Article L.225-37-2 of the French Commercial Code, this section describes the principles and criteria for determining and allocating fixed, variable and exceptional components that make total compensation and benefits of all kinds, paid to corporate officers for 2019.

3.2.2.1 Main principles of the 2019 compensation policy

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

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

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

The compensation policy determined by the Board of Directors for executive corporate officers (the 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 Board of Directors aims to position the annual fixed compensation of corporate officers at the median of the reference market and to propose for the Chief Executive Officer a more dynamic short-term variable compensation and a long-term variable compensation target, but fully subject to demanding performance conditions. The Board of Directors reviews the balance of these components.

3.2.2.2. 2019 Fixed compensation

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

This compensation policy provides that the Chairman of the Board of Directors benefits of a fixed annual compensation, excluding any other compensation component.

This fixed annual compensation is determined by the Board of Directors at the beginning and for the whole term of office of the Chairman of the Board of Directors and of the Chief Executive Officer. The Board of Directors reserves the right to reassess the compensation policy in the event of a renewal of the term of office of an executive corporate officer.

The amount of the annual fixed compensation 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 offer the Chief Executive Officer 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.

3.2.2.3. 2019 Short-term variable compensation

The Chief Executive Officer qualifies to receive variable annual compensation.

The annual target variable compensation, defined as a percentage of the fixed compensation is also determined for the term of office.

This variable compensation is set in order to correlate the compensation of the 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 to the individual performance. In addition, variable compensation is limited to a cap expressed as a percentage of the target variable compensation.

The Board of Directors aims at setting the target short-term variable compensation above the market median and to making it fully subject to challenging performance criteria.

The criteria determined by the Board of Directors to assess the performance of the variable compensation are:

- On the one hand, financial criteria (quantifiable criteria) determined based on Rexel's results and the aggregates used by the Group in the analysis of its financial position (the financial portion represents 75% of the target annual variable compensation). These criteria are sales growth in volume (40%), adjusted EBITA increase in volume

(40%) and average operating working capital requirement (20%). The weighting of the criteria has been adjusted from 2018 (1/3 for each of the criteria) to 2019, in line with the Group's strategic and financial ambitions; and

- On the other hand, non-financial criteria (measurable criteria). The non-financial portion represents 25% of the target annual variable compensation. These criteria relate to the challenges of the Group's transformation, digital transformation in particular. They also relate to the proper conduct of the Group's missions, in connection with its Corporate Social Responsibility policy. These criteria were adjusted from 2018 to 2019 and are in line with the recommendations of article 24.3 of the revised Afep-Medef Code, published in June 2018.

The criteria and the 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 in a precisely manner *ex-post* in the Registration document. This *ex-post* disclosure is justified by the willingness to preserve the Rexel Group interests without disclosing *ex-ante* any indication on its long term strategy which could be used by its competitors. In respect of non-financial criteria, they are also described in a way to preserve the Rexel Group interests in a highly competitive environment. Their achievement rate is specified *ex-post*.

In accordance with the provisions of Article L.225-100 of the French Commercial Code, the payment of the variable compensation is subject to the approval of the Combined Shareholders' Meeting.

These criteria are detailed in paragraph 3.2.2.7 "Compensation items and performance criteria summary tables for the 2019 financial year" of this Registration document.

3.2.2.4. 2019 Long-term variable compensation

In order to involve the senior executives in the Goup's development and performance and to align their interests with those of the shareholders, the Board of Directors may grant performance shares.

The Chief Executive Officer is eligible for the annual performance shares plan, which is the historical mechanism used to motivate and retain employees and top managers of the Group.

The shares allotted to the Chief Executive Officer are fully subject to performance criteria and conditions assessed over minimum periods of 3 years.

The performance criteria are: average EBITA growth (30%) and organic sales growth (30%), average free cash flow before interest and taxes/EBITDA ratio (20%) and the Rexel share performance compared to the SBF 120 GR index (20%).

As previously indicated regarding the annual variable compensation, the nature of the financial criteria, their weight and their level of achievements targeted are clearly defined by the Board of Directors at the time of the allocation on the basis of the Medium Term Plan *(Plan Moyen Terme)* of Rexel. The expected level of achievements targeted and the achieved performance are disclosed in a precisely manner *ex-post* in the Registration document (this *ex-post* disclosure is justified by the willingness to preserve the Rexel Group interests without disclosing *ex-ante* any sensitive indication on its long term strategy in a highly competitive environment).

These shares are also allocated subject to presence criteria of 3 years.

The Chief Executive Officer has a retention obligation of at least 20% of the shares vested under these mechanisms until the end of his functions.

Furthermore, a limit was introduced during 2015 concerning corporate officers, aiming at ensuring 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, cannot exceed 100% of his annual fixed and variable target compensation for the relevant financial year.

An additional limit also provides that the number of shares allocated to corporate officers cannot exceed 10% of the aggregate amount of free shares allocated to all of the beneficiaries.(1)

The rules for the 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).

(1) *i.e.*, a maximum of 0.14% of the share capital over a time period of 26 months, based on the 17th resolution of the Shareholders' Meeting of May 23, 2018 which provides for a maximum of 1.4%.

In accordance with the insider trading policy determined by the Board of Directors and with the Afep-Medef Code, beneficiaries must formerly undertake not to use any hedging mechanisms in respect of the stock options and performance shares received from the Company.

The criteria are detailed in paragraph 3.2.2.7 "Compensation items and performance criteria summary tables for the 2019 financial year" of this Registration document.

3.2.2.5 Other 2019 compensation items

Former supplemental retirement scheme and new medium-term collective savings scheme

Supplemental retirement plan

The Board of Directors of February 10, 2016 has decided to close the supplemental defined-benefit retirement scheme (Article 39 of the French General Tax Code), within the meaning of article L.137-11 of the French Social security Code. This regime, was set up on March 30, 2009 and became effective as of July 1, 2009.

The Board of Directors had considered, on February 10, 2016, in particular, that this scheme 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), with the exception of certain particular situations. 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.

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 (Article 82 of the French General Tax Code). 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 subject to social security charges and income tax for the beneficiary. This defined contribution is paid by Rexel partly on mid-term investment vehicle (such as life insurance), and partly in cash in order to allow the beneficiary to pay for taxes and social charges due in respect of all of the contribution.

The Board of Directors has considered that this type of scheme was more adapted and attractive for executives of the Group than other schemes such as supplemental retirement schemes.

The main characteristics of this scheme are as follows:

OBJECTIVE AND LINK WITH THE STRATEGY	APPLICATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE METRICS
New medium-term collective savings scheme **To allow the setting up of a medium-term savings scheme for senior executives. No long-term undertakings for Rexel**	To offer an appropriate scheme for senior executives in mobility/ international profiles.	The annual contribution is equal to: • 20% on the portion of compensation paid ranging between 4 and 20 PASS (1 PASS = €40,524 in 2019), • plus 10% on the portion of compensation paid ranging between 20 and 40 PASS. The variable compensation taken into consideration will be limited to 80% of the fixed annual compensation.	The contribution is based on the effective fixed and variable compensation (capped).

Specific situation

Some executives benefited from the upholding of the above-mentioned defined-benefit retirement scheme, in consideration of their career and seniority. Thus, the Chief Executive Officer, Patrick Berard, has been maintained in the defined-benefit retirement scheme taking into account his length of service within the Group and his career (Patrick Berard joined Rexel in 2003) and does not benefit from the mid-term collective savings scheme. The benefits of the defined-benefit retirement scheme in respect of the corporate office of Patrick Berard is subject to performance criteria (the performance criteria are the same than those used for the financial year ended December 31, 2018 and detailed in paragraph 3.2.3.2 "Compensation and other benefits of the Chief Executive Officer, Patrick Berard, in respect of the financial year 2018" of the Registration document). This scheme complies with the guidelines of the Afep-Medef Code and to the provisions of article L.225-42-1 of the French Commercial Code.

Other exceptional compensation and recruitment indemnity

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 allocated to executive corporate officers in very specific circumstances, as provided for by the Afep-Medef Code (article 24.3.4), in particular in case of significant transactions because of their size or nature or because they result in a material change in the organization or activities or because of the involvement they require or because of the difficulties they present, or transactions that do not fall within the scope of routine missions of the executive corporate officer. The payment of such compensation items must be motivated and the reasons having led to their implementation must be explained. In any case, this exceptional compensation would be capped at 100% of the annual fixed compensation of the relevant executive corporate officer.

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 indemnity 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 (Article 24.4 of the Afep-Medef Code). This indemnity would be proportional to the loss effectively suffered by the executive upon his/her change of duties, in particular in respect of the annual variable compensation and long-term compensation, and in any event this indemnity would be capped at 2/3 of two years of global compensation of the previous duties. In accordance with the requirements of the Afep-Medef Code, total compensation includes the fixed and variable portions.

In any case, these compensation items would meet the requirements of the Afep-Medef Code and comply, in particular, with the principles of measure and fair balance among the various interests in presence. These compensation items shall be properly disclosed and clearly justified.

In accordance with the provisions of Article L.225-100 of the French Commercial Code, the payment of exceptional compensation items (exceptional compensation or recruitment indemnity as defined above) can only be made subject to the approval of the compensation items of the relevant person by a Shareholders' Meeting.

2019 attendance fees

Further to the decision of the Board of Directors of February 10, 2016, no intragroup attendance fees are paid. Furthermore, no attendance fees shall be paid to an executive corporate officer who carries out the duties of Director of Rexel.

2019 benefits in kind

Executive corporate officers may also be granted benefits in kind, in respect of the duties carried out within the Rexel Group, such as a healthcare/welfare collective coverage a basic and a supplemental retirement scheme, a health checkup, tax and pension advice as well as the availability of a company car.

The Chief Executive Officer may also be granted benefits in kind, subject to the following conditions:

OBJECTIVE AND LINK WITH THE STRATEGY	APPLICATION	MAXIMUM POTENTIAL VALUE
Company car To apply the policy applicable to the executives of Rexel.	Eligibility of executive officers in respect of the general policy of Rexel relating to vehicles.	Value of the policy applicable to the executives of Rexel.
Healthcare insurance/death and disability To protect the executive corporate officers by applying the same coverage as to other employees.	Eligibility of the executive officers to the coverage offered to employees.	Contribution to a collective insurance policy (the rules are identical for all employees).
Unemployment "GSC" coverage To protect executive corporate officers against unemployment.	Subscription of unemployment coverage for executive officers. (1)	Contributions applicable based on the GSC set of criteria.

(1) Note: Patrick Berard is not eligible to this coverage.

Multi-year compensation

The Board of Directors has not provided for any multi-year compensation at the benefit of executive corporate officers.

Severance indemnities and non-compete clause

The compensation policy of executive corporate officers determined by the Board of Directors provides, under certain conditions, the payment of severance indemnities.

These severance indemnities are subject to the following cumulative conditions: (i) in the event of forced departure (it is specified that the absence of renewal of the term of office as corporate officer is not deemed an event of forced departure and does not entail the payment of the relevant indemnities) 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(1).

The severance indemnities are limited to an amount that cannot exceed 24 months of the monthly reference compensation of the relevant executive corporate officer (compensation defined as last fixed and variable annual compensation received, divided by 12, excluding any exceptionnal bonus).

The severance indemnity is not applicable in the event of resignation, termination for gross negligence *(faute grave)* or willful misconduct *(faute lourde)*, or compulsory retirement leave(2).

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(3).

The gross severance indemnity, limited to 24 months of monthly reference compensation, includes, as the case may be, the non-compete indemnity.

Furthermore, as specified in paragraph 3.2.2.4 "2019 Long-term variable compensation" of this Registration document, the rules for the 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).

Specific situation

The Board of Directors may decide that an executive corporate officer will not qualify for these severance indemnities in respect of his/her corporate office in consideration of specific circumstances (profile, career, etc.).

Thus, the Board of Directors has decided that Chief Executive Officer, Patrick Berard, did not qualify for these severance indemnities in respect of his corporate office in consideration of his career and profile.

3.2.2.6 Compensation governance

The Compensation Committee ensures the proper implementation of all of the principles described above in connection of its works and recommendations to the Board of Directors, both in respect of the definition of the policies and of the implementation for the determination of the amounts or valuation of the compensation or benefits.

3.2.2.7 Compensation items and performance criteria summary tables for the 2019 financial year ("Say on pay" *Ex-ante*)

The Board of Directors, upon its meeting of February 12, 2019, determined the following elements regarding the compensation of the corporate officers for 2019.

Ian Meakins, Chairman of the Board of Directors

FIXED ANNUAL COMPENSATION	
DESCRIPTION	AMOUNT
Fixed annual compensation	€500,000, unchanged since start of duties on October 1, 2016, determined for the whole term of office
Excluding any other compensation item	

(1) The payment of 60% of the indemnity would depend on the EBITA level of the Rexel Group. 100% of this payment would be due if the EBITA level, calculated based on the audited consolidated financial statements of Rexel of the last two financial years prior to the date of termination of the corporate office, reaches at least an average of 60% of the budgeted values for such two financial years; and

The payment of 40% of the indemnity would depend on the ATWC level (average trade working capital requirement) of the Rexel Group. 100% of this payment would be due if the ATWC level, calculated based on the audited consolidated financial statements of Rexel of the last two financial years prior to the date of termination of the corporate office, reaches on average a maximum of 125% of the budgeted performance for such two financial years.

(2) 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".

(3) 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).

Patrick Berard, Chief Executive Officer

FIXED ANNUAL COMPENSATION	
DESCRIPTION	AMOUNT
Fixed annual compensation	€650,000; unchanged since start of duties on July 1, 2016; determined for the whole term of office

VARIABLE ANNUAL COMPENSATION	
DESCRIPTION	AMOUNT
The variable annual compensation is composed of a: **Financial part (prevailing)** • Quantifiable objectives: – Target portion: 75% of the target variable annual compensation – Maximum share 75% x 150% = 112.5% of the target variable annual compensation **Individual part** • Quantifiable and/or qualitative objectives: – Target portion: 25% of the target variable annual compensation – Maximum share 25% x 100% = 25% of the target variable annual compensation	The target variable compensation has been unchanged since July 1, 2016, determined for the whole term of office Target value: 120% of the fixed compensation Maximum value: 165% of the fixed compensation

Performance criteria

Financial part

FINANCIAL CRITERIA	WEIGHT	TRIGGER	TARGET	MAXIMUM
Sales growth in volume	40%	Payment of the 1st euro upon achievement of the sales made within the prior financial year	100% payout if result reaches 100% of target	Payment capped at 150% if the result reaches 150% of target
Growth in EBITA	40%	50% payout upon achievement of the adjusted EBITA made within the prior financial year	100% payout if result reaches 100% of target	Payment capped at 150% if the result reaches 150% of target
ATWC	20%	50% payout if result reaches 95% of target	100% payout if result reaches 100% of target	Payment capped at 150% if the result reaches 105% of target
Total	**100%**	Calculation on a linear basis.		

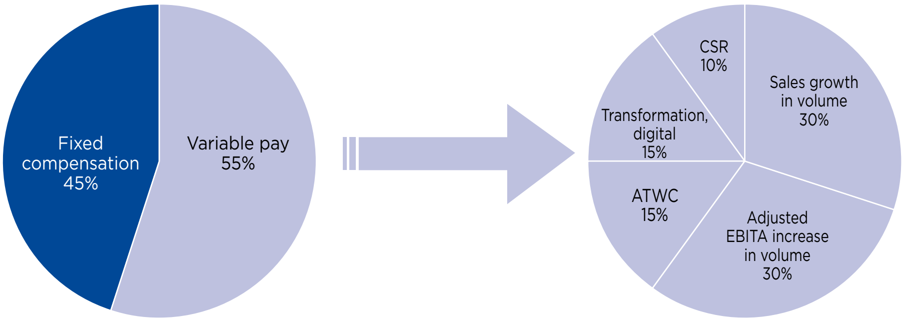
Since the 2018 financial year, it is stated that a new mechanism provides that the payment of an overperformance of the sales growth objective (> 100%) is subject to a certain level of achievement of the adjusted EBITA criteria (minimum achievement based on performance representing at least 80% of the increase of the target adjusted EBITA).

Individual portion

NON-FINANCIAL CRITERIA(1)	WEIGHT	DESCRIPTION
Transformation and digital	60%	To build a data driven company through the systematic adoption of predictive analytics, the deployment of digital trading equipment for the countries and reinforcement of the talent bench of the Group.
Corporate Social Responsibility	40%	To be socially responsible by reinforcing the culture of integrity to go beyond what is required by law, by developing the employees and by helping society to be more inclusive.
Total	**100%**	

(1) The criteria and the expected level of achievement are annually defined by the Board of Directors. Financial criteria are disclosed at the beginning of the financial year. The expected level of achievement and the performance achieved are disclosed *ex-post* in the Registration document. This *ex-post* communication allows protecting the Group's interests by not disclosing *ex-ante* indications on its strategy that could be exploited by its competitors. As for the non-financial criteria, they are also described in such a way to preserve the Rexel Group interest in a highly competitive environment. Their implementation rates are specified *ex-post*. Corporate social responsibility criteria are more easily disclosed *ex-ante*. They include a 6% increase in training hours per employee (other than mandatory hours), particularly on digital capabilities as well as a 2% improvement in the integration rate (percentage of employees remaining in the company during their first year). The implementation rate will be specified *ex-post*.

Assuming that all criteria detailed above are achieved, the maximum fixed and annual variable 2019 compensation would be as follows:



FIXED 2019 COMPENSATION IN €	2019 VARIABLE COMPENSATION TARGET IN % OF THE FIXED COMPENSATION	2019 TARGET VARIABLE COMPENSATION IN €	FIXED AND VARIABLE 2019 COMPENSATION TARGET IN €	FINANCIAL PART OF THE TARGET VARIABLE COMPENSATION IN % AND IN €	INDIVIDUAL PART OF THE TARGET VARIABLE COMPENSATION IN % AND IN €	MAXIMUM ACHIEVEMENT OF THE FINANCIAL PART	MAXIMUM ACHIEVEMENT OF THE INDIVIDUAL PART	MAXIMUM ACHIEVEMENT OF THE 2019 VARIABLE COMPENSATION IN % OF THE TARGET AND IN €	MAXIMUM ACHIEVEMENT OF THE 2019 VARIABLE COMPENSATION IN % OF THE FIXED COMPENSATION AND IN €
				75%	25%	(75% x 150%) = 112.5%	(25% x 100%) = 25%	137.5%	165%
650,000	120%	780,000	1,430,000	585,000	195,000	877,500	195,000	1,072,500	1,072,500

LONG-TERM VARIABLE COMPENSATION

DESCRIPTION	AMOUNT
Allotment of shares fully subject to challenging performance criteria assessed over minimum period of 3 years, and condition of presence	Maximum number of shares that may be allotted: 10% of the total shares allotted to all beneficiaries (within the total limit of the percentage of share capital authorized by the Shareholders' Meeting of May 23, 2018) (1) Maximum value of the shares upon allotment: 100% of the target fixed and variable annual compensation of Patrick Berard, *i.e.*, €1,430,000

Performance criteria

CRITERIA	WEIGHT	TRIGGER	TARGET	MAXIMUM	COMMENTS
Annual average of EBITA growth rates 2018-2021 (Mid-term Plan)	30%	Vesting equal to 50% if the average reaches 75% of the objective	Vesting equal to 100% if the objective is reached	Vesting equal to 150% if the average exceeds or is equal to 125% of the objective	Calculation on a linear basis between the points
Annual average of sales organic growth 2018-2021 (Mid-term Plan)	30%	Vesting equal to 50% if the average reaches 75% of the objective	Vesting equal to 100% if the objective is reached	Vesting equal to 150% if the average exceeds or is equal to 125% of the objective	Calculation on a linear basis between the points
Average over the years 2019, 2020, and 2021 of the free cash flow before net interest and taxes / EBITDA (Mid-term Plan)	20%	Vesting equal to 50% if the average reaches 90% of the objective	Vesting equal to 100% if the objective is reached	Vesting equal to 150% if the average exceeds or is equal to 120% of the objective	Calculation on a linear basis between the points
Relative performance of the Rexel share compared to the SBF 120 GR index (2)	20%	Vesting equal to 50% if the performance of the Rexel share is equal to the performance of the SBF 120 GR index	Vesting equal to 100% if the performance of the Rexel share exceeds the performance of the SBF 120 GR index by 5%	Vesting equal to 150% if the performance of the Rexel share exceeds the performance of the SBF 120 GR index by 10%	
	100%	The percentage carried out is weighted according to each performance criterion to obtain a total weighted percentage. In any case, the total amount after weighting cannot exceed 100% of the initial allotment			

(1) *i.e.*, a maximum of 0.14% of the share capital over a period of 26 months, on a maximum of 1.4% of the share capital over the same period.

(2) The relative performance criterion of the Rexel share compared to the SBF 120 GR index has replaced the previously determined TSR criteron based on a panel of selected companies. This change is due to the difficulty to establish and update a representative panel of companies comparable to Rexel (in particular from a geographical, strategic challenges, digital transformation in product and services sales point of view, etc.). The SBF 120 GR index, which Rexel is a part of, better integrates some of these criteria. The weighting of this criterion, the triggering threshold, the target and maximum vesting have been determined based on a comparable structure to that of the TSR criterion previously used, in line with market practice.

Any allocation of performance shares to Patrick Berard, Chief Executive Officer, will be subject to the achievement of rigorous performance criteria adapted to the current Rexel environment. These performance criteria will be defined in accordance with the Medium Term Plan(1) of Rexel *(Plan Moyen Terme)*, approved by the Board of Directors. The Medium Term Plan sets the objectives for the next three-year period.

The internal performance criteria will be assessed after the three year period, and will correspond to the average annual performances (annualization of the Medium Term Plan objectives). The performance level relating to the Rexel share will also be assessed after the three-year period.

These challenging objectives entailed moderate levels of vesting for the last plans which resulted in a delivery of shares: 35.2% for the April 2013 plan, 36.0% for the 2+2 Transition plan of May 2014 and 31.0% for the Key Manager plan of May 2014 and 18.0% for the Key Managers 3+2 plan of July 2015.

The expected level of achievement and the performance achieved will be disclosed in a precisely manner *ex-post* in the Registration document. An *ex-ante* communication with respect to the objectives will not allow the preservation of the Rexel Group interests as it would result in communicating indications on its long term strategy in a highly competitive environment. The main financial criteria (sales and EBITA growth) on the three-year period are designed to be more stringent than the annual guidance.

The performance criteria set for the variable short term compensation and the long term variable compensation may be, in part, of the same nature (they include, for some of them, key indicators to evaluate the financial performance of Rexel). However, the variable performance targeted effectively remunerated may vary to the extent that the short term variable compensation targeted is based for 25% on non financial criteria and the long term compensation is based on, for 20%, the Rexel share as compared to the SBF 120 GR index. In addition, financial criteria of the short term variable compensation are based on annual objectives whereas the objectives of the long term variable compensation are those of the three year period Medium Term Plan (recognizing a sustainable growth). Finally, mechanisms like the one applicable to the 2019 variable compensation which submits the payment of an over performance of sales growth to the achievement of a minimum EBITA (80% of the increase of the targeted Adjusted EBITA) also allow to distinguish the way the performance is achieved.

More generally, the performance shares are allocated to a significant number of employees (between 600 and 700 in average per year) and it is important that these key financial criteria measuring the performance of the Group would be used as well for these plans.

3.2.2.8 Summary of the compensation items for the 2019 financial year for each corporate officer

Ian Meakins

For the financial year 2019, in accordance with the compensation policy determined for the term of office, the compensation of Ian Meakins remained unchanged, and is made up of the following items:

Fixed annual compensation	The annual gross fixed compensation of Ian Meakins is maintained at €500,000. This fixed compensation is determined for the whole term of office.
Variable annual Compensation	Ian Meakins does not benefit from any variable annual compensation.
Deferred variable compensation	Ian Meakins does not benefit from any deferred variable compensation.
Multi-annual variable compensation	Ian Meakins does not benefit from any multi-annual variable compensation.
Exceptional compensation	Ian Meakins does not benefit from any exceptional compensation.
Benefits of any kind	Ian Meakins does not benefit from any benefit in kind.
Long-term compensation: allocation of performance shares	Ian Meakins does not benefit from any long-term compensation item.
Severance indemnities	Ian Meakins does not benefit from any severance indemnity.
Non-compete indemnity	Ian Meakins does not benefit from any non-compete indemnity.
Supplemental retirement plan	Ian Meakins does not benefit from any supplemental retirement plan.

(1) 2018 Medium Term Plan for 2019 allocation.

Patrick Berard

For the financial year 2019, in accordance with the compensation policy determined for the term of office, the compensation of Patrick Berard remained unchanged, and is made up of the following items:

Fixed annual compensation	The annual gross fixed compensation of Patrick Berard is maintained at €650,000. This fixed compensation is determined for the whole term of office.
Variable annual compensation	The annual variable target-based compensation of Patrick Berard is maintained at 120% of the annual fixed compensation. The 2019 variable compensation is based for 75% on financial criteria and for 25% on individual criteria. The financial part of the variable compensation is capped at 150%, if the achieved financial results exceed 100% of the financial targets. The individual portion of the variable compensation is capped at 100% of achievement. Thus, the maximum variable compensation cannot exceed 165% of the fixed compensation. The financial objectives are: sales growth in volume (40%), adjusted EBITA increase in volume (40%) and ATWC (20%).
Exceptional compensation	The compensation policy provides for the possibility to allocate an exceptional compensation under limitative conditions as detailed in paragraph 3.2.2.5 "Other 2019 compensation items" of this Registration document.
Valuation of benefits in kind	Patrick Berard receives benefits in kind, consisting of a company car (in accordance with the policy applicable to the executives of Rexel).
Long-term compensation: allocation of performance shares	The Board of Directors considers that share allocation mechanisms, that also benefit to other keys duties in the company, are particularly adapted to the duties of executive corporate officers, considering the level of responsibility of these duties as well as their capacity to contribute directly to the long-term performance of the company in line with the interests of the shareholders. The shares allotted to the Chief Executive Officer are fully subject to performance criteria assessed over periods of at least three years. These shares are also allotted subject to a presence criterion of three years. Furthermore, the allotment is limited by two specific caps in value and in number of shares: • The annual value of the performance shares allotted in respect of a financial year to the Chief Executive Officer cannot exceed 100% of his annual fixed and variable target compensation in respect of such financial year (as defined in paragraph 3.2.2.7 "Compensation items and performance criteria summary tables for the 2019 financial year" of this Registration document); and • The number of shares allotted to the corporate officers cannot exceed 10% of the total performance shares allotted to all of the beneficiaries.(1) The Chief Executive Officer has a lock-up obligation in respect of 20% of the shares vested in connection with these schemes until the termination of his duties.
Severance indemnity / Non-compete indemnity	The Board of Directors decided not to grant to Patrick Berard any severance indemnity resulting from the termination of his duties as Chief Executive Officer, nor any non-compete 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, provides under certain conditions, in case of termination by the employer(2), 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)(3). The suspended employment agreement of Patrick Berard also provides for a potential 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).
Supplemental retirement plan	Upholding of the supplemental retirement plan (as detailed in paragraph 3.2.2.5 "Other 2019 compensation items" of this Registration document), taking into account the career and length of service of Patrick Berard. The benefits of the defined-benefit retirement scheme in respect of the corporate office is subject to performance criteria.

(1) *i.e.*, a maximum of 1.4% of the share capital over a period of 26 months in accordance with the resolution approved by the combined shareholders general meeting to be held on May 23, 2018.

(2) Except for gross negligence *(faute grave)* or willful misconduct *(faute lourde)*, or compulsory retirement leave.

(3) This amount includes all legal or contractual indemnity.

3.2.2.9 Resolutions submitted to the Combined Shareholders' Meeting of May 23, 2019

In accordance with article L.225-37-2 of the French Commercial Code, the draft resolutions submitted to the general Combined Shareholders' Meeting of Rexel of May 23, 2019 in order to approve the principles and criteria of determination, distribution and allocation of the various compensation items of the Chairman of the Board of Directors and of the Chief Executive Officer are as follows:

For the Chairman of the Board of Directors:

"Sixth resolution

(Approval of the principles and criterion for the determination, the breakdown and the 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 for the financial year 2019)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary Shareholders' Meetings,

Having reviewed chapter 3 of the Registration document of the Company for the financial year ended December 31, 2018, which constitutes the report on corporate governance, in accordance with articles L.225-37 and L.225-37-2 of the French Commercial Code, and in particular paragraph 3.2.2 "Compensation policy applicable to corporate officers for the 2019 financial year submitted to the approval of the shareholders (article L.225-37-2 of the French Commercial Code)".

Approved the principles and criterion for the determination, the breakdown and the 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 for the financial year 2019 as presented in such document."

For the Chief Executive Officer:

"Seventh resolution

(Approval of the principles and criterion for the determination, the breakdown and the allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Chief Executive Officer for the financial year 2019)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary Shareholders' Meetings,

Having reviewed chapter 3 of the Registration document of the Company for the financial year ended December 31, 2018, which constitutes the report on corporate governance, in accordance with articles L.225-37 and L.225-37-2 of the French Commercial Code, and in particular paragraph 3.2.2 "Compensation policy applicable to corporate officers for the 2019 financial year submitted to the approval of the shareholders (article L.225-37-2 of the French Commercial Code)".

Approved the principles and criterion for the determination, the breakdown and the 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 for the financial year 2019 as presented in such document."

These drafts resolutions are set out in paragraph 6.2 "Text of the draft resolutions" of this Registration document.

3.2.3 Individual compensation of the corporate officers for the financial year 2018

3.2.3.1 Compensation and benefits of Ian Meakins, Chairman of the Board of Directors for the financial year 2018

Compensation and options/shares allotted during the last two financial years

(in €)	2018	2017
IAN MEAKINS		
Compensation allocated in respect of the financial year	500,000	500,000
Valuation of the options allocated during the financial year	N/A	N/A
Valuation of the performance shares allocated during the year	N/A	N/A
Total	**500,000**	**500,000**

Gross compensation over the last two financial years summary table

(in €)	2018 COMPENSATION ALLOCATED IN RESPECT OF THE FINANCIAL YEAR	2018 COMPENSATION PAID	2017 COMPENSATION ALLOCATED IN RESPECT OF THE FINANCIAL YEAR	2017 COMPENSATION PAID
IAN MEAKINS				
Fixed compensation	500,000	500,000	500,000	500,000
Variable compensation	N/A	N/A	N/A	N/A
Attendance fees	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A
Total	**500,000**	**500,000**	**500,000**	**500,000**

For the financial year ended December 31, 2018, in accordance with the compensation policy in relation to compensation in cash determined for the term of office, the compensation of Ian Meakins remained unchanged.

Fixed compensation

The annual gross fixed compensation of Ian Meakins was maintained at €500,000.

Annual variable compensation

Ian Meakins does not benefit from any annual variable compensation.

Other compensation items

Ian Meakins does not benefit from any other compensation items.

Table 11 – employment agreement/supplemental retirement plan/severance indemnities/non-compete clause

	EMPLOYMENT AGREEMENT	SUPPLEMENTAL RETIREMENT PLAN	SEVERANCE INDEMNITIES	NON-COMPETE CLAUSE
Ian Meakins	No	No	No	No

3.2.3.2 Compensation and other benefits of Chief Executive Officer, Patrick Berard in respect of the financial year 2018

Compensation and options/shares allotted during the last two financial years

(in €)	2018	2017
PATRICK BERARD		
Compensation allocated in respect of the financial year	1,434,022	1,629,802
Valuation of the options allocated during the financial year	N/A	N/A
Valuation of the performance shares allocated during the year(1)	1,052,000	1,275,000
Total	**2,486,022**	**2,904,802**

(1) Valuation based on the IFRS2 fair value used for the consolidated financial statements (€10.52).

Gross compensation over the last two financial years summary table

(in €)	2018		2017	
	COMPENSATION ALLOCATED IN RESPECT OF THE FINANCIAL YEAR	COMPENSATION PAID	COMPENSATION ALLOCATED IN RESPECT OF THE FINANCIAL YEAR	COMPENSATION PAID
PATRICK BERARD				
Fixed compensation	650,000	650,000	650,000	650,000
Variable compensation	777,660 (1)	973,440 (2)	973,440	300,788
Attendance fees	N/A	N/A	N/A	N/A
Benefits in kind	6,362	6,362	6,362	6,362
Total	**1,434,022**	**1,629,802**	**1,629,802**	**957,150**

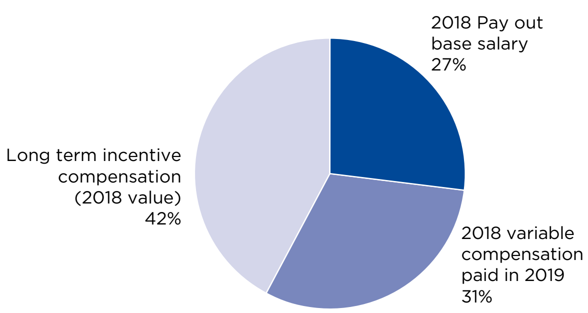
(1) Payment subject to the prior approval of the Shareholders' Meeting of May 23, 2019.
(2) Payment approved by the Shareholders' Meeting of May 24, 2018.

For the financial year ended December 31, 2018, in accordance with the compensation policy in relation to compensation in cash determined for the term of office, the fixed and annual variable compensation of Patrick Berard remained unchanged.

Compensation structure

The main compensation of the Chief Executive Officer is made of a fixed compensation, an annual variable compensation and a long-term compensation.

The allotment of these fixed, annual target-based compensation and performance shares is presented below. More than 73% of the compensation of the Chief Executive Officer is subject to performance conditions (mainly financial). For the visibility of the graph below, the amount of the benefit in kind (a car) included into the fixed compensation is equal to 6,362 euros per year.



Fixed compensation

The annual gross fixed compensation of Patrick Berard has been maintained at €650,000.

Annual variable compensation

The annual variable target-based compensation was maintained at 120% of the annual fixed compensation.

The variable compensation for 2018 was based for 75% on financial criteria and for 25% on individual criteria. The financial targets determined for 2018 were sales growth in volume (33.33%), adjusted EBITA increase in volume (33.33%) and ATWC (33.33%). The targets to be achieved were those of the 2018 Budget.

The financial targets could reach a maximum achievement 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 compensation represented 165% of the fixed compensation.

The Board of Directors of February 12, 2019 carried out in the assessment of the performance of the Chief Executive Officer and determined a global performance of 99.7% of the target variable compensation, *i.e.* a gross amount of €777,660 to be paid in consideration of the 2018 financial year.

In accordance with the provisions of Article L.225-100 of the French Commercial Code, the payment of the 2018 variable compensation will be subject to the approval of the Combined Shareholders' Meeting of May 23, 2019.

The achievement levels for the 2018 criteria referred to above are as follows:

2018 FIXED COMPENSATION IN €	2018 TARGET VARIABLE COMPENSATION IN PERCENTAGE OF THE FIXED COMPENSATION	2018 TARGET VARIABLE COMPENSATION IN €	FINANCIAL PART OF THE TARGET VARIABLE COMPENSATION (%)	INDIVIDUAL PART OF THE TARGET VARIABLE COMPENSATION (%)	2018 RESULT FINANCIAL PART	2018 RESULT INDIVIDUAL PART	ACHIEVEMENT OF THE 2018 FINANCIAL PART	ACHIEVEMENT OF THE 2018 INDIVIDUAL PART	TOTAL ACHIEVEMENT AS A PERCENTAGE OF THE TARGET VARIABLE COMPENSATION	AMOUNT IN € TO BE PAID IN RESPECT OF 2018 VARIABLE COMPENSATION
A	B	(A x B) = C	D	E	F	G	(D x F) = H	(E x G) = I	(H + I) = J	(C x J)
650,000	120%	780,000	75%	25%	102.1%	92.5%	76.6%	23.1%	99.7%	777,660

Details concerning the achievement of the 2018 financial targets:

2018 CRITERIA	WEIGHT	2018 TARGET(1)	TRIGGER	TARGET	MAXIMUM	2018 ACHIEVEMENT PERFORMANCE LEVEL IN % OF OBJECTIVES	2018 ACHIEVEMENT PAYMENT LEVEL PRIOR TO WEIGHTING	2018 ACHIEVEMENT PAYMENT LEVEL AFTER WEIGHTING
Sales growth in volume	33.33%	€439.3 M	Payment of the 1st euro upon achievement of the sales made within the prior financial year	100% payout if result reaches 100% of target	150% payout if result reaches 150% of target	118.2%	118.2%	39.4%
Adjusted EBITA increase in volume	33.33%	+€41.6 M	Payment at 50% upon achievement of the adjusted EBITA made within the prior financial year	100% payout if result reaches 100% of target	Payment capped at 150%	96.3%	98.2%	32.7%
ATWC	33.33%	13.9%	50% payout if result reaches 95% of target	100% payout if result reaches 100% of target	150% payout if result reaches 105% of target	99.0%	89.9%	30.0%
	100%		Calculation on a linear basis between the points					**102.1%**

(1) Adjusted 2018 objectives (on a constant scope).

Details regarding 2018 individual targets:

	WEIGHTING	ACHIEVEMENT	WEIGHTED PERFORMANCE
Transform/turn around operations in key geographies and key metrics implementation to measure and drive achievement	25%	100%	25%
Successions planning for priority countries	25%	80%	20%
Digital strategy implementation in key geographies	25%	90%	22.5%
Assimilation and steering (performance indicators)	25%	100%	25%
Total			**92.5%**

Other items of compensation for the relevant period

The various benefits in kind were as follows:

- healthcare/welfare insurance; health checkup;
- basic and supplementary pension;
- tax and pension consultancy; and
- availability of a company car (€6,362 for 2018).

Long-term compensation: allocation of subscription or purchase options and allocation of performance shares

Subscription or purchase options

No option of subscription or purchase of shares has been allocated to Patrick Berard by Rexel or any of the company of the Rexel Group for the financial year ended December 31, 2018.

No option of subscription or purchase of shares has been exercised during the financial year ended December 31, 2018.

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 performance shares

The number of performance shares allocated to Patrick Berard by Rexel and by any Group company during the financial year ended December 31, 2018, is detailed below:

BENEFICIARIES	DATE OF ALLOTMENT	PLAN NAME	NUMBER OF SHARES	VALUE OF ALLOCATED SHARES[1]	VESTING DATE	TRANSFERABILITY DATE
Patrick Berard	May 24, 2018	Rexel 2018 Plan 3+0	100,000	€1,052,000	May 24, 2021	May 24, 2021

(1) Valuation carried out based on the IFRS2 fair value used for the consolidated financial statements (€10.52 in 2018).

The number of shares allotted and their value upon allotment are below the limits determined by the Board of Directors.

The performance criteria determined and the method applied to determine their impact on the future vesting of the performance shares allocated during the financial year ended December 31, 2018 are detailed in paragraph 3.7.2.6 "Allotment of free shares" of this Registration document.

History of the last performance shares allocated, acquired or transferable during the financial year ended December 31, 2018 for Patrick Berard

GRANT DATE	MAY 24, 2018	MAY 23, 2017	JUNE 23, 2016
Number of shares allotted[1]	**100,000**	**100,000**	**85,000**
Adjusted number of shares allotted[2]	–	–	*87,876*
Vesting date	May 24, 2021	May 23, 2020	June 23, 2019
Performance rate	unknown	unknown	unknown
Number of shares irrevocably vested	unknown	unknown	unknown
Transferability Date	May 25, 2021	May 24, 2022	June 24, 2021
Number of lost shares at December 31, 2017	–	–	–

(1) Number of shares allotted since the beginning of the corporate office of Patrick Berard.

(2) The number of performance shares still in the process of being vested has been adjusted for all of the beneficiaries of such plans, by decision of Chief Executive Officer dated July 5, 2016, upon delegation from the Board of Directors' meeting 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.

Supplemental defined-benefit retirement plan, within the meaning of Article L.137-11 of the French Social security Code (Article 39 of the French General Tax Code)

Considering the carrier of Patrick Berard (born in 1953) and his length of service (Patrick Berard joined the Rexel Group in 2003), the Board of Directors of July 1, 2016 decided not to interrupt the supplemental defined-benefit retirement plan in which Patrick Berard has been maintained in his capacity as an employee prior to accepting the duties of corporate officer (decision of the Board of Directors dated February 10, 2016 setting up the medium-term collective savings scheme). This decision has been maintained by the Board of Directors meeting of May 24, 2018 upon the renewal of the corporate office of Chief Executive Officer of Patrick Berard as of July 1, 2018.

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 condition.

The performance criteria determined by the Board of Directors of July 1, 2016, and subsequently by the decision of the Board of Directors dated May 24, 2018, have been aligned with those of the annual variable compensation 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 compensation reaches at least 60% of the target variable compensation for the relevant year (as described in paragraph 3.2.2 "Compensation policy applicable to corporate officers for the 2019 financial year submitted to the approval of the shareholders (article L.225-37-2 of the French Commercial Code)" of this 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
- The compensation received in respect of the duties of Chief Executive Officer will be taken into consideration for the assessment of the average of the three years of highest compensation.

The Board of Directors of February 12, 2019 acknowledged the achievement of the performance criteria for the 2018 financial year (the level of the variable compensation for 2018 having reached a performance of 99.7%). The activity period and the compensation received in respect of the duties of corporate officer over the considered period shall therefore be taken into consideration for the calculation of the contingent rights (within the limits provided by the retirement scheme described below).

Characteristics of the defined-benefit retirement scheme that the Chief Executive Officer benefits from

The Chief Executive Officer benefits from a supplementary defined-benefit retirement scheme, within the meaning of Article 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; and
- 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.

The main characteristics of these schemes are as follows:

	REGIME 1	REGIME 2
Effective date	• May 31, 2005 • Rights frozen as at 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 the like)	• Average of the three best calendar years of gross compensation • Gross compensation includes fixed compensation, exclusively contractual annual bonuses limited to 80% of the fixed compensation (excluding exceptional bonuses, hardship allowances and the like as well as benefits in kind) • Global limit equal to 40 PASS
Length of service	• Minimum length of service of 4 years	• Entry into the Rexel Group prior to January 1, 2010 (compliance with the minimum length of service requirement of 2 years provided for by the Afep/Medef Code)
Rights acquisition formula	• 2.5% per year of service • For Patrick Berard, the potential accrued frozen rights 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 supplemental pension schemes of Rexel limited to 12.5% of the reference compensation • For Patrick Berard, the potential accrued rights are below the cap	• 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 • Retirement pension under this plan and other supplemental pension schemes of Rexel (including Regime 1) and compulsory regimes, limited to 50% of the reference compensation
Reversion pension	• 60% of the supplemental pension calculated on the basis of length of service and reference compensation as at the date of death	• 50% of the supplemental pension calculated on the basis of length of service and reference compensation as at the date of death
Terms of entry into the regime	Entry into this regime was subject to the following cumulative conditions: • Having an employee and/or corporate officer status; • Having a status and activity matching the definition of article L.3111-2 of the French Labour Code as well as a given level of responsibility;	• Having an employee and/or corporate officer status; • Having joined the Rexel Group prior to January 1, 2010; and • Having a status and activity matching the definition of article L.3111-2 of the French Labour Code as well as a given level of responsibility
Joint criteria for benefiting of the regime – general rule	The benefit of this regime is 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 in respect of Regime 2) as at the date of their retirement or forced retirement; • Putting an end to their professional career within Rexel Développement (or Rexel in respect of Regime 2), in accordance with the condition set forth in article L.137-11 of the French Social security Code; • Having settled their retirement pension of the French Social Security base regime.	
Joints criteria for benefiting of the regime – specific situations	The regime may be maintained in the following cases: • Redundancy after the age of 55 (except gross misconduct), subject to the beneficiary not exercising subsequently any other professional activity; • Disability corresponding to the 2nd or 3rd class under the French social security regime • Early departure in the context of an early retirement company scheme; and • Death prior to retiring from the company (upholding of the attached rights such as reversion pension). The effective benefits occur as from the effective settlement of the retirement pension of the French Social Security base regime	

It is reminded that these defined-benefit supplemental retirement scheme defined 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 Code.

AFEP-MEDEF GUIDELINES	
Eligibility criteria	Compliant
Number of corporate officers compared to the total number of beneficiaries	Compliant
Seniority criteria	Compliant
Challenging performance conditions	Compliant
Yearly accrual percentage	Compliant
Maximum vesting period	Compliant
Reference compensation	Compliant
Maximum amount of pension	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 was subject to the related-party agreements procedure governed by article L.225-42-1 of the French Commercial Code and has been submitted to approval by the Shareholders' Meeting of May 23, 2019, due to the renewal of the corporate office as Chief Executive Officer of Patrick Berard.

The total provision booked by Rexel for all employees covered by this supplemental defined-benefit retirement plan corresponded to a liability of €6.8 million as of December 31, 2018 reduced by the value of a plan asset in an insurance company.

As of December 31, 2018, the value of this plan asset was estimated approximately at €0.6 million. Insurance premiums are paid by Rexel to this plan asset depending on the financing needs as beneficiaries retire.

Since September 2018, the Chief Executive Officer, has been the last eligible beneficiary to this defined-benefit retirement scheme. This scheme, initially intended for executive managers whose status and duties corresponded to the provisions of article L.311-2 of the French Labour Code and that was ended in 2016, will be cancelled's upon the departure of Chief Executive Officer Patrick Berard.

It is also indicated that at the closing of the 2018 financial year, the yearly amount of the retirement of the Chief Executive Officer under this scheme was estimated at €188,202. 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:

- General social contribution (CSG and CRDS) (8.8%), 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.

Severance indemnities

Considering the carrier of Patrick Berard and his length of service within the Rexel Group, the Board of Directors decided to maintain and suspend the employment agreement held by Patrick Berard prior to his new duties.

No severance indemnity has been granted to Patrick Berard by the Board of Directors, in respect of the termination of his duties as Chief Executive Officer, nor any non-competition 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, provides under certain conditions, in case of termination by the employer (except for gross negligence *(faute grave)* or willful misconduct *(faute lourde)*, or compulsory retirement leave), 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 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).

Table 11 – employment agreement/supplemental retirement plan/severance indemnities/non-compete clause

	EMPLOYMENT AGREEMENT	SUPPLEMENTAL RETIREMENT PLAN	SEVERANCE INDEMNITIES	INDEMNITIES IN RELATION TO NON-COMPETE CLAUSE
Patrick Berard	Yes – agreement suspended during the term of corporate office	Yes – defined-benefit retirement scheme (within the meaning of Article 137-11 of the French Social security Code)	No – No indemnities provided for in respect of the corporate office	No – No indemnities provided for in respect of the corporate office

3.2.3.3 Summary tables concerning short-term and long-term compensation

Table 1 – Summary 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, 2018 and December 31, 2017 is shown in the table below:

	FINANCIAL YEAR ENDED DECEMBER 31	
	2018	**2017**
IAN MEAKINS		
Compensation in respect of the financial year(1)	€500,000	€500,000
Valuation of the options allocated during the financial year	N/A	N/A
Valuation of the performance shares allocated during the year(2)	N/A	N/A
Total	**€500,000**	**€500,000**
PATRICK BERARD		
Compensation in respect of the financial year(1)	€1,434,022	€1,629,802
Valuation of the options allocated during the financial year	N/A	N/A
Valuation of the performance shares allocated during the year(2)	€1,052,000	€1,275,000
Total	**€2,486,022**	**€2,904,802**

(1) See paragraph 3.2.3 "Individual compensation of corporate officers for the financial year 2018" of this Registration document.

(2) As at the date of allotment.

Table 2 – Summary table of the compensation of each corporate officer

	FINANCIAL YEAR ENDED DECEMBER 31			
	2018		**2017**	
	DUE	PAID	DUE	PAID
IAN MEAKINS				
Fixed compensation	€500,000	€500,000	€500,000	€500,000
Variable annual compensation	–	–	–	–
Exceptional compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	–	–	–	–
Total	**€500,000**	**€500,000**	**€500,000**	**€500,000**
PATRICK BERARD				
Fixed compensation	€650,000	€650,000	€650,000	€650,000
Variable annual compensation	€777,660(1)	€973,440(2)	€973,440(2)	€300,788(3)
Exceptional compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	€6,362	€6,362	€6,362	€6,362
Total	**€1,434,022**	**€1,629,802**	**€1,629,802**	**€957,150**

(1) Variable compensation due in respect of the financial year ended December 31, 2018 and paid during the financial year ended December 31, 2019 after prior approval of the Shareholders' Meeting May 23, 2019.

(2) Variable compensation due in respect of the financial year ended December 31, 2017 and paid during the financial year ended December 31, 2018, after prior approval of the Shareholders' Meeting May 24, 2018.

(3) Variable compensation due in respect of the financial year ended December 31, 2016 and paid during the financial year ended December 31, 2017.

Table 3 – Table on the attendance fees and other compensation received by the non-executive corporate officers. See paragraph 3.2.1 "Compensation of Non-Executive Corporate Officers (Directors)" 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: Not applicable.

Table 5 – Share subscription or purchase options exercised by each executive corporate officer during the financial year: Not applicable.

Table 6 – Performance shares allocated to each executive corporate officer by the issuer and by any Group company: See paragraphs 3.2.2 "Compensation policy applicable to Corporate Officers for the 2019 financial year submitted to the approval of the shareholders", 3.2.3 "Individual compensation of the corporate officers for the financial year 2018" and 3.7.2.6 "Allotment of free shares" 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 "Compensation policy applicable to Corporate Officers for the 2019 financial year submitted to the approval of the shareholders", 3.2.3 "Individual compensation of the corporate officers for the financial year 2018" and 3.7.2.6 "Allotment of free shares" of this Registration document.

Table 8 – History of allocations of share subscription or purchase options: Not applicable.

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: Not applicable.

Table 10 – History of allocations of performance shares: See paragraphs 3.2.2 "Compensation policy applicable to Corporate Officers for the 2019 financial year submitted to the approval of the shareholders", 3.2.3 "Individual compensation of the corporate officers for the financial year 2018" and 3.7.2.6 "Allotment of free shares" 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 "Individual compensation of the corporate officers for the financial year 2018" of this Registration document.

3.2.4 Fixed, variable and exceptional components making up the total compensation and benefits of all kinds submitted to the approval of the shareholders (Article L.225-100 of the French Commercial Code)

Fixed, variable and exceptional components making up the total compensation and benefits of all kinds paid or allocated to Ian Meakins, Chairman of the Board of Directors, in respect of the financial year ended December 31, 2018, submitted to the shareholders' approval at the Shareholders' Meeting (8th resolution):

Ian Meakins (Non-executive Chairman of the Board of Directors) for the financial year ended December 31, 2018

COMPENSATION ITEMS DUE OR ALLOTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED	PRESENTATION
Fixed annual compensation	€500,000	The compensation principles for Ian Meakins have been determined by the Board of Directors of May 23, 2017, which also renewed his corporate office as Chairman of the Board of Directors. Upon those principles, the Board of Directors of February 13, 2018 set the gross fixed annual compensation of Ian Meakins in respect of the financial year ended on December 31, 2018 to €500,000. This fixed compensation, determined for the whole term of office, remains unchanged since the appointment of Ian Meakins as Chairman of the Board of Directors on October 1, 2016. This compensation has been determined by the Board of Directors in consideration of the French and European market practice, of the strong expertise and experience of Ian Meakins in relation to professional distribution in particular, of his recognized management capacities and of his international experience. See paragraph 3.2.3.1 "Compensation and benefits of Ian Meakins, Chairman of the Board of Directors for the financial year 2018" of this Registration document.
Variable annual compensation	Not applicable	Ian Meakins does not benefit from any variable annual compensation.

Ian Meakins (Non-executive Chairman of the Board of Directors) for the financial year ended December 31, 2018

COMPENSATION ITEMS DUE OR ALLOTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED	PRESENTATION
Deferred variable compensation	Not applicable	Ian Meakins does not benefit from any deferred variable compensation.
Multi-annual variable compensation	Not applicable	Ian Meakins does not benefit from any multi-annual variable compensation.
Exceptional compensation	Not applicable	Ian Meakins does not benefit from any exceptional compensation.
Benefits of any kind	Not applicable	Ian Meakins does not benefit from any benefit in kind.
Valuation of the long-term compensation: allocation of performance shares	Not applicable	Ian Meakins does not benefit from any long-term compensation item.
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.
Supplemental retirement plan	Not applicable	Ian Meakins does not benefit from any supplemental retirement plan.

Fixed, variable and exceptional components making up the total compensation and benefits of all kinds paid or allocated to Patrick Berard as Chief Executive officer, in respect of the financial year ended December 31, 2018, submitted to the shareholders' approval at the Shareholders' Meeting (9th resolution):

Patrick Berard (Chief Executive Officer) for the financial year ended December 31, 2018

COMPENSATION ITEMS DUE OR ALLOTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED	PRESENTATION
Fixed annual compensation	€650,000	The gross fixed annual compensation in respect of the financial year ended on December 31, 2018 determined by the Board of Directors of May 24, 2018 upon the renewal of the corporate office as Chief Executive Officer of Patrick Berard with effect from July 1, 2018, amounts to €650,000. This fixed compensation, determined for the whole term of office, has remained unchanged since the appointment of Patrick Berard in the capacity of Chief Executive Officer with effect from July 1, 2016. This compensation has been defined by the Board of Directors based on 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 and of the market practice. See paragraph 3.2.3.2 "Compensation and other benefits of Chief Executive Officer, Patrick Berard in respect of the financial year 2018" of this Registration document.
Variable annual compensation	€777,660	The gross variable annual compensation in respect of the financial year ended on December 31, 2018 determined by the Board of Directors of February 12, 2019, amounts to €777,660. The variable compensation was based for 75% on financial criteria (sales growth in volume, adjusted EBITA increase in volume, and ATWC) and for 25% on individual criteria. Financial performance stood at 102.1% and individual performance stood at 92.5%. This amount thus corresponds to 99.7% of the target variable compensation (the target variable compensation was determined at 120% of the fixed annual compensation), *i.e.* 119.6% of the fixed compensation for the relevant period. For details on the calculation of the variable compensation for 2018, please see paragraph 3.2.3.2 "Compensation and other benefits of Chief Executive Officer, Patrick Berard in respect of the financial year 2018" of this Registration document. In accordance with the provisions of article No. L.225-100 of the French Commercial Code, the payment of the 2018 variable compensation will be subject to the approval of the Shareholders' Meeting of May 23, 2019.

Patrick Berard (Chief Executive Officer) for the financial year ended December 31, 2018

COMPENSATION ITEMS DUE OR ALLOTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED	PRESENTATION
Exceptional compensation	Not applicable	Patrick Berard does not benefit from any exceptional compensation.
Valuation of benefits in kind	€6,362	Patrick Berard receives benefits in kind in the amount of €6,362, consisting of a company car. See paragraph 3.2.3.2 "Compensation and other benefits of Chief Executive Officer, Patrick Berard in respect of the financial year 2018" of this Registration document.
Valuation of the long-term compensation: allocation of performance shares	€1,052,000	In accordance with authorization granted by Rexel's Shareholders' of May 24, 2018 (resolution No.17), the Board of Directors, at its meeting of May 24, 2018, decided to allot Rexel performance shares. Accordingly, 100,000 shares, fully subject to performance criteria, were allotted to Patrick Berard in 2018. This number of shares is the maximum number of shares that may be vested if the performance conditions are outperformed and corresponds to a maximum vesting percentage of 100%. The specific limitations of allocations for corporate officers have been fulfilled: • The annual value of the performance shares allotted does not exceed 100% of the amount of the annual fixed and variable target compensation for the relevant financial year; and • The number of shares allotted to Patrick Berard has not exceeded 10% of the overall envelope of performance shares allotted to all the beneficiaries. The final vesting of the shares allotted to Patrick Berard is entirely subject to performance conditions, as described in paragraphs 3.2.2 "Compensation policy applicable to Corporate Officers for the 2019 financial year submitted to the approval of the shareholders", 3.2.3 "Individual compensation of the corporate officers for the financial year 2018" and 3.7.2.6 "Allotment of free shares" of this Registration document.
Severance indemnities	Not applicable	
Non-compete indemnity	Not applicable	
Supplemental retirement plan	No payment	Considering the career of Patrick Berard (born in 1953) and his seniority (he joined the Rexel Group in 2003), the Board of Directors decided on July 1, 2016 not to suspend the supplemental defined-benefit retirement plan, in which Patrick Berard has been maintained in his capacity as an employee prior to accepting the duties of corporate officer. The upholding of this benefit has been confirmed by the Board of Directors of May 24, 2018 which decided on the renewal of the corporate office as Chief Executive Officer of Patrick Berard. 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 only be granted subject to the achievement of annual performance criteria. The performance criteria determined by the Board of Directors of July 1, 2016 have been aligned with those of the annual variable compensation 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 compensation reaches at least 60% of the target variable compensation for the relevant financial year. The Board of Directors of February 12, 2019 acknowledged the achievement of the performance criteria for the 2018 financial year (the payment level of the variable compensation for 2018 having reached 99.70%). The activity period and the compensation received in respect of the duties of corporate officer over the considered period shall therefore be taken into consideration for the calculation of the contingent rights (within the limitations provided by the retirement plan described in paragraph 3.2.3.2 "Compensation and other benefits of Chief Executive Officer, Patrick Berard, in respect of the financial year 2018" of the Registration document).

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, Rexel's 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, 2018, relate to the compensation of corporate officers of Rexel as well as the relations within the Rexel Group. These agreements are described below.

The main transactions with related companies are also described in detail in note 27 of the consolidated financial statements of the Company for the year ended December 31, 2018 which are set out in section 5.2 "Consolidated Financial Statements" of this Registration document.

3.3.1.1 Compensation of Corporate Officers

The renewal of the retirement scheme referred to below was authorized by the meeting of the Board of Directors of May 24, 2018 upon the renewal of the corporate office of Patrick Berard as Chief Executive Officer. The approval of such renewal has been submitted to the vote of the Shareholders' Meeting of May 23, 2019.

Supplemental defined-benefit retirement plan

The Board of Directors of July 1, 2016 decided to maintain the benefit of the scheme of defined-benefit supplemental retirement plan that Patrick Berard benefited from as an employee prior to his appointment as Chief Executive Officer of Rexel. 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 only be granted subject to the achievement of annual performance criteria. This decision has been upheld by the Board of Directors meeting of May 24, 2018, which decided on the renewal of the corporate office as Chief Executive Officer of Patrick Berard as from July 1, 2018.

This scheme will be submitted to the approval of the Shareholders' Meeting of May 23, 2019.

At the closing of the 2018 financial year, the yearly amount of the retirement of the Chief Executive Officer under the plan was estimated at €188,202. 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 from it from the next day after the end of the financial year. No amount was paid to Patrick Berard during the financial year ended December 31, 2018.

No other member of the executive management or Directors of Rexel benefits from the scheme.

Items of compensation due or likely to be due further to the termination of the duties of the corporate officers

Patrick Berard

The Board of Directors decided not to grant to Patrick Berard any severance indemnity resulting from the termination of his duties as Chief Executive Officer of Rexel, nor any non-compete 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 of Patrick Berard also provides for a potential 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.

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).

3.3.1.2 Relations within the Rexel Group

The main agreements entered into within the Rexel Group include the following:

- 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; and
- A tax integration agreement entered into on May 9 and May 24, 2012, April 28, 2014, April 20, 2015, February 8 and February 14, 2017 between Rexel and each of the companies included in the tax integration perimeter of the Rexel Group constituted on January 1, 2005 under the conditions and forms required under Article 223 A *et seq.* of the French general tax Code.

These agreements are current agreements entered into under ordinary terms by Rexel and are not subject to the procedure referred to in articles L.225-38 *et seq.* of the French Commercial 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 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).

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 2018

Rexel S.A.
13, boulevard du Fort de Vaux - CS60002 - 75838 Paris Cedex 17
Share capital: €1,519,944,495

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.

Statutory Auditors' Report on related party agreements and commitments

(Shareholders' Meeting for the approval of the financial statements for the year ended December 31, 2018)

To the Shareholders' Meeting of the Company Rexel S.A.,

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 and concluded during the financial year

Under the terms of article L.225-40 of the French Commercial Code, we have been advised of the following agreements and commitments concluded in the year ended 2018 that have been preauthorised by your Board of Directors.

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. (since July 1, 2016, renewed in this capacity with effect from July 1, 2018 by the Board of Directors of May 24, 2018) and Director (since May 23, 2017).

Nature and purpose

Mr Patrick Berard, as employee, 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 May 24, 2018 decided with effect from July 1, 2018 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, 2018.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved during previous financial years

Under the terms of article R.225-40 of the French Commercial Code, we have been informed of the continuance of the following agreements and commitments, previously approved by the Shareholders' Meeting, and which were not executed during the period.

Commitment taken to the benefit of Mr Patrick Berard, Chief Executive Officer on the additional defined-benefit pension plan

We have been informed of the continuance of the commitment described in details above, regarding the additional defined-benefit pension plan previously approved by the Shareholders' meeting of May 23, 2017 based on the Statutory Auditors' Special Report of March 30, 2017, and which was not executed for the financial year ended December 31, 2018.

Paris-La Défense and Neuilly-sur-Seine, April 2, 2019

The Statutory Auditors
French original signed by

KPMG Audit *Department of KPMG S.A.*		PricewaterhouseCoopers Audit	
Valérie Besson	Jean-Marc Discours	Pierre Clavié	Amélie Wattel

3.3.3.2 Special reports of the Statutory Auditors in relation to the related party agreements for 2017 and 2016

The special reports of the Statutory Auditors of Rexel in relation to the related party agreements for the financial year ended December 31, 2017, and December 31, 2016, are set out in the Registration document filed with the *Autorité des marchés financiers* on April 4, 2018 under number D.18-0263, and in the Registration document filed with the *Autorité des marchés financiers* on March 31, 2017, under number D.17-0272.

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 Policy 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 Rexel (www.rexel.com).

Pursuant to the guidelines of the AMF relating to the "Market Abuse" regulation (European Regulation No. 2014/596 of April 16, 2014), the Policy has been completed by an internal procedure relating to the characterization and management of privileged information (the "Procedure"). The Procedure creates an *ad hoc* internal committee in charge of determining whether the information submitted to it should be characterized as inside information, and implements an internal processing procedure for inside information.

3.5 Implementation of the Afep-Medef corporate governance Code for listed companies – Paragraph 27.1

Rexel 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).

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

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 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 13, 2018, confirmed that independently from their capacity of Director, each Director is also member of one or two committees with the exception of Patrick Berard, due to his capacity as Chief Executive Officer. Also, the directors, many of whom reside abroad, make themselves largely available to attend the various meetings of the Board of Directors and of the Committees. Thus, in 2018, the Board of Directors has met 9 times, the Audit and Risk Committee 5 times, the Nomination Committee met on 8 occasions, and the Compensation Committee met on 7 occasions. 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 Rexel 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 entered into between Rexel Développement SAS and Patrick Berard, in its amended version of November 4, 2015, 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, as of July 1, 2016, was 63 years old and was therefore approaching the end of his professional career. Patrick Berard, who was then an employee of the Rexel Group, had accepted to take over the duties of Chief Executive Officer in connection with the change in governance of Rexel and to assume responsibility for the management of the Rexel Group. 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.

3.6 Deeds of incorporation and by-laws

The main provisions described below are drawn from the by-laws of Rexel as updated on July 2, 2018.

3.6.1 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.

3.6.2 Management and administration bodies (articles 14 to 23 of the by-laws)

3.6.2.1 Board of Directors (articles 14 to 18 of the by-laws)

Membership (article 14 of the by-laws)

1. 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, Directors are renewed or reappointed by the ordinary Shareholders' Meeting.

2. 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 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 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.

3. 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.

4. 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.

5. 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 Director shall remain in office only for the remainder of his predecessor's term.

6. No person may be appointed as Director 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.

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 large number of votes in the first round of the elections referred to in Articles L.2122-1 and L.2122-4 of the French Labour Code within Rexel and its subsidiaries, either direct or indirect, the registered office of which is established on the French territory.

When the number of Directors exceeds twelve, and subject to this criterion still being satisfied upon the date of his/her appointment, a 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 duties of the Director appointed pursuant to article L.225-27-1 of the French Commercial Code shall expire at the end of the ordinary Shareholders' Meeting called to approve the financial statements of the previous financial year, held in the year during which his or her term of office expires.

In addition, 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 the Directors representing the employees who are not obliged to hold a minimum number of Rexel shares.

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 corporate office of the Director(s) representing the employees within the border Directors would cease upon the end of its term.

Shares held by Directors (article 15 of the by-laws)

For their whole term of office, the Directors must hold at least one thousand (1,000) Rexel shares. If, at the date of his/her appointment, a Director 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)

1. 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.

2. The Chairman of the Board of Directors may not be more than 68 years of age; his/her term of office automatically lapse on December 31 of the year of his/her 68th birthday.

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.

3. 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.

4. The Board of Directors also appoints a secretary who is not required to be a Director 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.

5. 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)

1. 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 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 Directors 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.

2. 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 shall draw 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 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.

3. 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.

4. 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)

1. 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.

2. 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.

3. The Rules of Procedure of the Board of Directors define the decisions requiring the prior authorization of the Board of Directors.

4. 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.

5. 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.

3.6.2.2 Executive Management (article 19 of the by-laws)

1. 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.

2. 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 68 years of age. If the Chief Executive Officer reaches the age of 68 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.

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.

3. 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.

4. 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.

5. The Chief Executive Officer and, as the case may be, the Deputy Chief Executive Officer(s), may be authorized to grant delegations of powers, subject to the limitations provided by the laws and regulations in force.

3.6.2.3 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)

1. 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.

2. 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.

3. The Board of Directors may allot exceptional compensation for special missions or duties assigned to Directors; 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.

4. 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 Directors, unless they are linked to Rexel by an employment agreement under the conditions authorized by law.

3.6.2.4 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 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.

3.6.2.5 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.

3.6.3 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 11.1 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)

1. 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.

2. 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.

3. 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.

3.6.4 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.

3.6.5 Shareholders' meetings (articles 25 to 33 of the by-laws)

3.6.5.1 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.

3.6.5.2 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.

3.6.5.3 Agenda (article 27 of the by-laws)

1. The agenda of Shareholders' Meetings is set by the party that convened the meeting.

2. 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 Directors and appoint their replacements.

3.6.5.4 Access to Shareholders' Meetings (article 28 of the by-laws)

1. 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.

2. 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 Rexel, in accordance with the provisions laid down by law.

3. 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.

4. 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.

3.6.5.5 Attendance sheet – Officers of the meeting – Minutes of meetings (article 29 of the by-laws)

1. 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.

2. 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.

3. Minutes of the meetings are drawn up and copies or excerpts thereof are delivered and certified in accordance with the law.

3.6.5.6 Quorum – Voting – Number of votes (article 30 of the by-laws)

1. 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.

2. 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.

3. 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.

3.6.5.7 Ordinary Shareholders' Meetings (article 31 of the by-laws)

1. 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.

2. 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.

3.6.5.8 Extraordinary Shareholders' Meetings (article 32 of the by-laws)

1. 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.

2. While voting in accordance with the applicable quorum and majority requirements, the extraordinary Shareholders' Meeting exercises the powers assigned thereto by law.

3.6.5.9 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.

3.6.6 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 3.7.5 "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 23.1 of the Notes to the consolidated financial statements of the Company for the financial year ended December 31, 2018, set out in paragraph 5.2.1 "Consolidated Financial Statements" of this Registration document.

3.6.7 Identification of shareholders and ownership threshold disclosures (articles 10 and 11 of the by-laws)

3.6.7.1 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.

3.6.7.2 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).

3.6.8 Special provisions governing changes to share capital (article 7 of the by-laws)

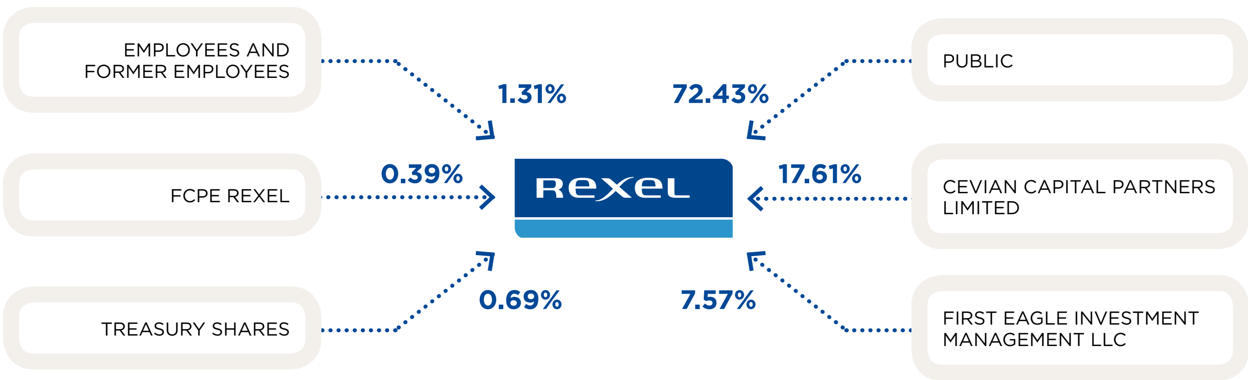
Rexel's share capital may be increased or reduced in all ways and by all manners authorized by law.

The extraordinary Shareholders' Meeting may also decide to divide the shares or to group them together.

3.7 Shareholders

3.7.1 Principal shareholders

The chart below shows the simplified shareholding structure of Rexel as of December 31, 2018:



3.7.2 Share capital and voting rights

3.7.2.1 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, 2018, 2017 and 2016:

	AT DECEMBER 31,											
	2018				2017				2016			
SHAREHOLDERS	NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	% OF CAPITAL AND THEORETICAL % OF VOTING RIGHTS(1)	% OF EXERCISABLE VOTING RIGHTS(2)	NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	% OF CAPITAL AND THEORETICAL % OF VOTING RIGHTS(1)	% OF EXERCISABLE VOTING RIGHTS(2)	NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	% OF CAPITAL AND THEORETICAL % OF VOTING RIGHTS(1)	% OF EXERCISABLE VOTING RIGHTS(2)
Cevian Capital Partners Limited(3)	53,521,593	53,521,593	17.61%	17.73%	47,400,225	47,400,225	15.63%	15.69%	38,007,054	38,007,054	12.55%	12.60%
First Eagle Investment Management LLC(4)	23,023,337	23,023,337	7.57%	7.63%	23,023,337	23,023,337	7.59%	7.62%	23,023,337	23,023,337	7.60%	7.64%
Employees and former employees	3,978,149	3,978,149	1.31%	1.32%	3,865,410	3,865,410	1.27%	1.28%	3,767,218	3,767,218	1.24%	1.25%
FCPE Rexel	1,185,495	1,185,495	0.39%	0.39%	1,227,986	1,227,986	0.40%	0.41%	1,326,887	1,326,887	0.44%	0.44%
Public	220,171,605	220,171,605	72.43%	72.93%	226,536,850	226,536,850	74.68%	75.00%	235,424,300	235,424,300	77.72%	78.07%
Treasury shares	2,108,720	2,108,720	0.69%,	0.00%	1,289,369	1,289,369	0.43%	0%	1,349,227	1,349,227	0.45%	0%
Total	**303,988,899**	**303,988,899**	**100%**	**100%**	**303,343,177**	**303,343,177**	**100%**	**100%**	**302,898,023**	**302,898,023**	**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 Rexel that are disqualified for voting purposes.
(3) Based on the declarations of crossing of threshold dated July 1, 2016, September 14, 2017 and November 21, 2018.
(4) Based on the declarations of crossing of threshold dated September 11, 2015 and February 11, 2016.

Also, Rexel has received the shareholding threshold disclosures set forth in paragraph 3.7.2.2 "Shareholding threshold disclosures" of this Registration document.

3.7.2.2 Shareholding threshold disclosures

During the financial year ended December 31, 2018 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
Norges Bank Investment Management	March 29, 2019	2.5%	Up	2.51%	7,625,071
BlackRock Inc.	January 14, 2019	5%	Up	5.06%	15,377,024
BlackRock Inc.	January 11, 2019	5%	Down	4.99%	15,194,947
BlackRock Inc.	January 10, 2019	5%	Up	5.14%	15,614,024
Amundi(1)	December 24, 2018	2.5%	Down	2.46%	7,480,321
BlackRock Inc.	December 14, 2018	5%	Down	4.96%	15,085,309
Amundi(1)	December 6, 2018	2.5%	Up	2.92%	8,890,985
Cevian Capital Partners Limited	November 22, 2018	17.5%	Up	17.61%	53,521,593
BlackRock Inc.	October 19, 2018	5%	Up	5.16%	15,700,892
T. Rowe Price(2)	October 5, 2018	2.5%	Down	2.47%	7,533,901
Amundi	August 3, 2018	2.5%	Up	2.94%	8,941,870
Amundi	August 1, 2018	2.5%	Down	2.19%	6,670,558
HSBC Holdings Plc(3)	July 26, 2018	5%	Down	0.12%	350,220
Kiltearn Partners LLP(4)	July 18, 2018	2.5%	Up	2.53%	7,623,760
HSBC Holdings Plc(5)	July 5, 2018	5%	Up	6.44%	19,569,709
Citigroup Inc.	July 3, 2018	3 %	Up	3.35%	10,180,742
BlackRock Inc.	May 4, 2018	5%	Down	4.86%	14,736,625
BlackRock Inc.	May 3, 2018	5%	Up	5.02%	15,242,857
Amundi(6)	March 26, 2018	2.5%	Up	2.96%	8,986,412

(1) Declaration made by Amundi with respect to Rexel shares held in UCITS.

(2) Statement made by T. Rowe Price on behalf of the clients it advises.

(3) Declaration made by HSBC Holdings Plc on behalf of the companies it controls (*i.e.* Internationale Kapitalanlagegesellschft mbH. Düsseldorf, HSBC Global Asset Management (UK) Limited and HSBC Global Asset Management (Canada) Limited).

(4) Declaration made by Kiltearn Partners LLP on behalf of the companies whose securities it manages (*i.e.* Northern Trust Co and others). These downward threshold crossings result from a decrease in the number of Rexel shares held in the Company's trading book.

(5) Declaration made by HSBC Holdings Plc on behalf of HSBC Bank Plc, INKA Internationale Kapitalanlagegesellschft mbH. Düsseldorf, HSBC Global Asset Management (UK) Limited and HSBC Global Asset Management (Canada) Limited. This crossing of the threshold results from an increase in the number of Company shares borrowed.

(6) Declaration made by Amundi following the unification of the voting rights policy of Amundi's five fundamental management companies (*i.e.* Amundi Asset Management, Société Générale de Gestion, Etoile Gestion, CPR Asset Management and BFT Investment Managers).

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, 2018, more than 5% of the share capital and/or voting rights of Rexel.

3.7.2.3 Interests held by managers in the share capital of Rexel

Rexel interests held by Directors, the observer and the Chief Executive Officer

As of December 31, 2018, the Directors and corporate officers held the following ownership interests in Rexel's share capital:

	NUMBER OF SHARES	% OF THE SHARE CAPITAL AND VOTING RIGHTS
DIRECTORS		
Ian Meakins (Chairman)	115,250	0.04%
François Henrot	7,133	NS
Marcus Alexanderson	5,000	NS
Patrick Berard (Chief Executive Officer)	373,006	0.12%
Julien Bonnel (Director representing the employees)(1)	798	NS
Thomas Farrell	8,437	NS
Fritz Froehlich	5,300	NS
Ellen Phillips	5,000	NS
Maria Richter	4,500	NS
Agnès Touraine	1,012	NS
Herna Verhagen	1,000	NS
OBSERVER		
François Auque	–	–

(1) In accordance with Article 14 of the by-laws, the director representing the employees does not have to hold a minimum number of shares of the Company.

Transactions on Rexel securities carried out by the Directors, the Chairman and the Chief Executive Officer

During the financial year ended December 31, 2018, the following transactions disclosures were made:

	DATE OF THE TRANSACTION	NATURE OF THE TRANSACTION	NUMBER OF SHARES	PRICE BY SHARE	TOTAL AMOUNT
DIRECTORS					
Elen Phillips	November 15, 2018	Purchase	1,000	10.51501	€10,515.01
Patrick Berard	July 30, 2018	Delivery of performance shares	10,235	–	–
Elen Phillips	February 15, 2018	Purchase	2,000	14.72	€29,440

3.7.2.4 Employees shareholding

In accordance with the authorizations granted by the Shareholders' Meetings, Rexel implemented, in 2012, 2013 and 2016 employee shareholding plans carried out through share capital increases reserved for members of the PEG or the PEGI, through Share Incentive Plan ("SIP") in the United Kingdom or through free shares allocation plans, subject to a presence condition (subject to certain exceptions).

As of December 31, 2018, the number of shares held by employees in the context of the employee shareholding plans, directly or through employee investment funds (FCPE), was 1,703,441 shares, *i.e.* 0.56% of the share capital and voting rights of Rexel.

3.7.2.5 Subscription or purchase options for Rexel shares

The last subscription or purchase options plan ended on November 30, 2016.

3.7.2.6 Allotment of free shares

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 Combined 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 Combined 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) • Catherine Guillouard(2)	 96,682 42,980	 – –	 – –	 – –	 – –	 – –
Ten first employees(3)	229,544	307,300	13,000	16,000	50,694(4)	27,716(5)
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, 2017	–	–	–	331,145(7)	–	–
Number of canceled or expired shares(6)	–	–	–	–	–	–
Number of vested shares at December 31, 2018	–	–	–	331,145	–	–
Number of valid shares at December 31, 2018	–	–	–	–	–	–

(1) Termination of duties of Chief Executive Officer on June, 30 2016.
(2) End of the term of office of Deputy Chief Executive Officer on February 20, 2017.
(3) Considering the number of shares allotted to the employees, the top ten allotments were included.
(4) Concerns 9 beneficiaries only.
(5) Concerns 6 beneficiaries only.
(6) Presence condition not satisfied or performance condition not achieved.
(7) Adjustment of the number of shares as at December 31, 2017 following the updates of the individual status of 3 beneficiaries during the year 2018. Information known after publication of the 2017 Registration document.

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 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2018 which are set out in section 5.2.1 "Consolidated Financial Statements" of this Registration document).

During the financial year ended on December 31, 2018, the beneficiaries permanently vested shares under Operating Managers 5+0 plan , that provided only for a two-year presence criterion. No performance criteria have been applied for this plan.

During the financial year ended December 31, 2018, no share was vested permanently by the corporate officers.

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.

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) • Catherine Guillouard(3)	 60,000 29,100	 – –	 60,000(2) 29,100(4)	 – –
Ten first employees(5)	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, 2017	–	132,508(7)	–	96,266
Number of canceled or expired shares(6):	–	–	–	498
Number of vested shares at December 31, 2018	–	132,508	–	95,768
Number of valid shares at December 31, 2018	–	–	–	–

(1) Termination of duties of Chief Executive Officer on June, 30 2016.

(2) These unvested shares have been cancelled following the departure of the Chief Executive Officer on June 30, 2016.

(3) End of the term of office of the Deputy Chief Executive Officer on February 20, 2017.

(4) Adjusted amount: 30,085. The number of performance shares still under vesting on July 1, 2016 had 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 aimed ato protecting 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) Considering the number of shares allotted to the employees, the top ten allotments were included.

(6) Presence condition not satisfied or performance condition not achieved.

(7) Adjustment of the number of shares as at December 31, 2017 following the update of the individual status of a beneficiary during the year 2018. Information known after publication of the 2017 Registration document.

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 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2018 which are set out in section 5.2.1 "Consolidated Financial Statements" of this Registration document).

During the financial year ended December 31, 2018, the beneficiaries permanently vested the shares, under the Key Managers 4+0 of May 22, 2014, provided a presence condition of three years and were subject to the following performance conditions:

PERFORMANCE OF THE KEY MANAGERS PERFORMANCE SHARES PLANS GRANTED IN 2014	WEIGHT	OBJECTIVE	TRIGGER	TARGET	MAXIMUM	% ACHIEVEMENT (NOT WEIGHTED)	% PERFORMANCE SHARES ACQUIRED (WEIGHTED)
2013-2016 average of adjusted EBITA margin variation	40%	5.4% to 5.6%	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 leats the target plus 30 bps	0.0%	0.0%
2014-2016 Average ratio of free cash flow before interest and taxes to EBITDA	30%	76.2%	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	101.8%	31%
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%
							31%

During the financial year ended December 31, 2018, no share was finally vested in favor of the corporate officers.

As a reminder, the shares allotted to the beneficiaries under the Key Managers 3+2 plan of May 22, 2014 were subject to the same performance criteria than the Key Managers 4+0 plan of May 22, 2014 referred to above.

Moreover, during the financial year ended December 31, 2018, the following shares finally vested in favor of the beneficiaries under the Transition 4+0 plan of May 22, 2014 providing for a two-year vesting period, as well as the following performance criteria:

PERFORMANCE OF THE KEY MANAGERS 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 leats the target plus 30 bps	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%	70^{th} percentile	25% of shares vest if the Rexel's TSR performance reaches at least the 40^{th} percentile of the panel	100% of shares vest if the Rexel's TSR performance reaches at least the 70^{th} percentile of the panel	Maximum level of vesting is 150% if the Rexel's TSR performance reaches at least the 90^{th} percentile of the panel	0.0%	0.0%
							36%

During the financial year ended December 31, 2018, no share was vested permanently by the corporate officers.

As a reminder, the beneficiaries having permanently vested shares under the Transition 2+2 plan of May 22, 2014 were subject to the same performance criteria as the Transition 4+0 plan of May 22, 2014 referred to above.

Free shares granted in the financial year ended December 31, 2015

Free share plans created on July 28, 2015

Pursant 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(3)	58,200(4)	–
Ten first employees(5)	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, 2017	420,496	779,947
Number of canceled or expired shares(6):	347,073	663,759
Number of vested shares at December 31, 2018	73,423	–
Number of valid shares at December 31, 2018	–	116,118

(1) Termination of duties of Chairman and Chief Executive Officer on June, 30 2016.

(2) These unvested shares have been cancelled following the departure of the Chairman and Chief Executive Officer on June 30, 2016.

(3) End of the term of office of the Deputy Chief Executive Officer on February 20, 2017.

(4) These non-vested shares have been canceled upon the departure from the Group of Catherine Guillouard further to the end of her corporate office on February 20, 2017.

(5) Given the number of shares allocated to employees, the ten first allocations have been indicated.

(6) Condition of presence not met or condition of performance not achieved.

During the financial year ended December 31, 2018, the Board of Directors meeting of July 30, 2018 acknowledged the delivery of 73,423 ordinary shares of the Company, vested at July 28, 2018 under the Key Managers 3+2 plan of July 28, 2015.

Free shares allocated and not yet delivered at December 31, 2018 may result in the creation of 116,118 new shares and a dilution of 0.04%.

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 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2018 which are set out in section 5.2.1 "Consolidated Financial Statements" of this Registration document).

During the financial year ended December 31, 2018, the beneficiaries who have permanently vested shares under the Key Managers 3+2 plan of July 28, 2015 providing a presence criterion of three years as well as the following performance criteria:

PERFORMANCE OF THE KEY MANAGERS PERFORMANCE SHARES PLANS GRANTED IN 2014	WEIGHT	OBJECTIVE	TRIGGER	TARGET	MAXIMUM	% ACHIEVEMENT (NOT WEIGHTED)	% PERFORMANCE SHARES ACQUIRED (WEIGHTED)
2014-2017 average of adjusted EBITA margin variation	40%	5.1% to 5.2%	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 leats the target plus 30 bps	0.0%	0.0%
2015-2017 Average ratio of free cash flow before interest and taxes to EBITDA	30%	76.7%	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	61%	18%
TSR (Companies of Stoxx Europe TMI "Electronic & Electrical Equipment", and Wolseley; Farnell; Grainger; Anixter; Electrocomponents and Wesco International)	30%	70th percentile	50% of shares vest if the Rexel's TSR performance reaches at least the 50th 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%
							18%

As a reminder, the beneficiaries having permanently vested shares under the Key Managers 4+0 plan of July 28, 2015 were subject to the same performance criteria as the Key Managers 3+2 plan of July 28, 2015 referred to above.

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 two 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(2)	58,200(3)	–
Ten first employees(4)	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 valid shares at December 31, 2017	486,234	969,615
Number of canceled or expired shares(5):	43,218	164,889
Number of vested shares at December 31, 2018	–	–
Number of valid shares at December 31, 2018	443,016	804,726

(1) Adjusted amount: 87,876. 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.

(2) End of the term of office on February 20, 2017.

(3) These non-vested shares have been canceled upon the departure from the Group of Catherine Guillouard further to the end of her corporate office on February 20, 2017.

(4) Given the number of shares allocated to employees, the ten first allocations have been indicated.

(5) Condition of presence not met or condition of performance not achieved.

The shares allocated and not yet delivered at December 31, 2018 may result in the creation of 1,247,742 new shares and therefore give rise to a dilution of 0.41%.

The valuation of the free 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 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2018 which are set out in section 5.2.1 "Consolidated Financial Statements" of this Registration document).

During the financial year ended December 31, 2018, no share was vested permanently.

For information purposes, the performance of the June 23, 2016 plans will be known during the financial year ending December 31, 2019 (*i.e.*, subsequent to the publication of this Registration document) taking into account the assessment period of the TSR criteria.

Free shares granted in the financial year ended December 31, 2017

Free shares plans created on May 23, 2017

The extraordinary Shareholders' Meeting of May 25, 2016, authorized the Board of Directors to carry out the free share allocation. The Board of Directors of May 23, 2017 decided to allot 1,873,975 free Rexel shares in connection with two plans.

On May 23, 2017, in connection with the authorization granted to the Board of Directors to carry out the allocation of free shares, the Board of Directors decided that Chief Executive Officer, who will be the beneficiary of an allocation of free shares, shall retain 20% of such shares in the registered form until the end of his term of office.

The table below summarizes the free share allotments carried out during the financial year ended December 31, 2017:

PLAN	REXEL 2017 3+2	REXEL 2017 4+0
Shareholders' Meeting	May 25, 2016	
Board of Directors	May 23, 2017	
Number of beneficiaries	187	476
Initial number of free shares allocated	643,200	1,230,775
Corporate officer		
• Patrick Berard	100,000	–
Ten first employees[(1)]	259,000	
Date of final vesting	May 23, 2020	May 23, 2021
Date of transferability of shares	May 24, 2022	May 24, 2021
Number of valid shares at December 31, 2017	617,000	1,181,100
Number of canceled or expired shares[(2)]	49,275	167,000
Number of vested shares at December 31, 2018	–	–
Number of valid shares at December 31, 2018	567,725	1,014,100

(1) Given the number of shares allocated to employees, the ten first allocations have been indicated.
(2) Condition of presence not met or condition of performance not achieved.

The shares allotted and not yet delivered as at December 31, 2018 may result in the creation of 1,581,825 new shares and therefore entail a dilution of 0.52%.

The valuation of the free 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 acquisition period (see note 19 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2018 which are set out in section 5.2.1 "Consolidated Financial Statements" of this Registration document).

No shares were vested during the financial year ended December 31, 2018.

For information, the performance of the plans of May 23, 2017 will be known during the financial year ending December 31, 2020 (*i.e.* subsequent to the publication of this Registration document) taking into account the assessment period of the TSR criterion.

Free shares granted in the financial year ended December 31, 2018

Free shares allotment plans set up on May 24, 2018

The Extraordinary Shareholders' Meeting held on May 24, 2018 authorized the Board of Directors to allot free shares. The Board of Directors of May 24, 2018 decided to allot 1,900,032 free shares of Rexel in connection with three plans.

On May 24, 2018, in the context of the authorization granted to the Board of Directors to carry out the allotment of free shares it was decided that the Chief Executive Officer, who will be the beneficiary of an allotment of free shares shall retain 20% of such shares in the registered form until the end of his term of office.

The table below summarizes the free share allocations carried out during the financial year ended December 31, 2018:

PLAN	REXEL 2018 PERFORMANCE SHARES 3+0	REXEL 2018 PERFORMANCE AND RESTRICTED SHARES 3+0	REXEL 2018 RESTRICTED SHARES 3+0
Shareholders' meeting		May 24, 2018	
Board of Directors		May 24, 2018	
Number of beneficiaries	87	601	139
Initial number of Performance shares allocated	1,007,625	522,407	–
Initial number of Restricted shares allocated[1]	–	300,500	69,500
Corporate officer • Patrick Berard	100,000	–	–
Top ten employees[2]	321,300		
Final vesting date		May 24, 2021	
Date of transferability of shares		May 25, 2021	
Number of free shares cancelled or expired[3]	59,300	29,588	1,000
Number of free shares irrevocably vested at December 31, 2018	–	–	–
Number of valid Performance shares at December 31, 2018[1]	948,325	507,819	–
Number of valid Restricted shares at December 31, 2018[1]	–	285,500	68,500

(1) The criteria applicable to the presence shares being different to those of performance shares, the distribution of the allocation is carried out by type of share.

(2) Given the number of shares allocated to employees, the ten first allocations have been indicated.

(3) Presence criterion not met or performance criterion not achieved.

The Board of Directors has allocated the following shares to the corporate officers and top ten employees of Rexel during the financial year ended December 31, 2018:

BENEFICIARIES	PLAN NAME	NUMBER OF SHARES	VALUE OF ALLOCATED SHARES[1]	VESTING DATE	TRANSFERABILITY DATE	CONDITIONS[2]
CORPORATE OFFICER						
Patrick Berard	Rexel 3+0 Performance Shares	100,000	€1,052,000	May 24, 2021	May 25, 2021	[2]
TEN TOP EMPLOYEES						
Employee #1	Rexel 3+0 Performance Shares	50,000	€526,000	May 24, 2021	May 25, 2021	[2]
Employee #2	Rexel 3+0 Performance Shares	40,000	€420,800	May 24, 2021	May 25, 2021	[2]
Employee #3	Rexel 3+0 Performance Shares	40,000	€420,800	May 24, 2021	May 25, 2021	[2]
Employee #4	Rexel 3+0 Performance Shares	40,000	€420,800	May 24, 2021	May 25, 2021	[2]
Employee #5	Rexel 3+0 Performance Shares	35,000	€368,200	May 24, 2021	May 25, 2021	[2]
Employee #6	Rexel 3+0 Performance Shares	30,000	€315,600	May 24, 2021	May 25, 2021	[2]
Employee #7	Rexel 3+0 Performance Shares	25,000	€263,000	May 24, 2021	May 25, 2021	[2]
Employee #8	Rexel 3+0 Performance Shares	25,000	€263,000	May 24, 2021	May 25, 2021	[2]
Employee #9	Rexel 3+0 Performance Shares	19,800	€208,296	May 24, 2021	May 25, 2021	[2]
Employee #10	Rexel 3+0 Performance Shares	16,500	€173,580	May 24, 2021	May 25, 2021	[2]

(1) The value of the allocated shares is based on the fair value, *i.e.* €10.52 for the Rexel 3+0 Performance Share Plan .

(2) Please see table summarizing the performance criteria set for the 2018 plans.

Free shares allocated and not yet delivered at December 31, 2018, may result in the creation of 1,810,144 new shares and a dilution of 0.60%.

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 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2018 which are set out in section 5.2.1 "Consolidated Financial Statements" of this Registration document).

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 the Rexel 3+0 Performance Shares and Rexel 3+0 Performance and Restricted Shares plans:

CRITERIA	WEIGHT	TRIGGER	TARGET	MAXIMUM	COMMENTS
Average annual growth of EBITA in value 2017-2020	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 annual organic sales growth 2017-2020	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 between the years 2018, 2019 and 2020 of ratio of free cash flow before interest and taxes to EBITDA	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
Relative performance of the Rexel share compared to the SBF 120 GR index(1)	20%	50% of shares vest if Rexel's share performance exceeds the performance of the SBF 120 GR index	100% of shares vest if Rexel's share performance exceeds the performance of the SBF 120 GR index by 5%	150% of shares vest if Rexel's share performance exceeds the performance of the SBF 120 GR index by 10%	–
	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) This criterion's performance is assessed after a 3-year period (2018-2021).

During the financial year ended on December 31, 2018, no share was permanently vested.

For information purposes, the performance of the May 24, 2018 plans will be known during the financial year ending December 31, 2021 (*i.e.*, subsequent to the publication of this Registration document) taking into account the assessment period of the relative performance of the Rexel share compared to the SBF 120 GR index.

As a reminder, in connection with the Rexel 3+0 Restricted Shares plan, the shares allotted are not subject to the performance criteria above, but only to a three-year presence criterion.

3.7.2.7 Aggregate dilution

The number of shares freely allocated by Rexel which have not yet been delivered may result in the creation of 4,755,829 new shares, representing 1.56% of the share capital and voting rights of Rexel at December 31, 2018.

3.7.3 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.

3.7.4 Control structure

The creation of Committees of the Board of Directors, the appointment of independent 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 section 3.1 "Administration Bodies and Management" of this Registration document, enable Rexel, *inter alia*, to avoid being controlled in an "abusive manner" within the meaning of European Commission Regulation N°809/2004 dated April 29, 2004.

3.7.5 Agreements potentially leading to a change of control

Rexel is not aware of any other agreements between its shareholders.

3.8 Share capital

3.8.1 Subscribed share capital and authorized but unissued share capital

As at December 31, 2018, Rexel's share capital amounted to €1,519,944,495 divided into 303,988,899 shares with a par value of €5 per share, all of the same class, and all of them fully paid-up and subscribed, compared to the share capital of €1,516,715,885 divided into 303,343,177 shares of €5 nominal value each as at December 31, 2017.

The Combined Shareholders' Meetings held on May 23, 2017 and May 24, 2018 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 12, 2019, the Board of Directors decided to submit to the approval of the Shareholders' Meeting of May 23, 2019 certain projects of delegations and authorizations under the terms described below.

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2019		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
AUTHORIZATIONS NOT SUBMITTED FOR RENEWAL TO THE SHAREHOLDERS' MEETING OF MAY 23, 2019							
Employee shareholding, allocation of share subscription or purchase options, free share allocations							
Allotment of free performance shares	May 24, 2018 (resolution 17)	26 months (July 23, 2020)	1.4% of the share capital as at the date of the decision of the Board of Directors	Allotment on May 24, 2018 of 1,900,032 shares *i.e.*, €9,500,160	N/A	N/A	N/A
Allotment of free shares to the members of the personnel and to the corporate officers members of a shareholding plan	May 24, 2018 (resolution 18)	26 months (July 23, 2020)	0.3% of the share capital as at the date of the decision of the Board of Directors	N/A	N/A	N/A	N/A

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2019		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	May 24, 2018 (resolution 19)	26 months (July 23, 2020)	2% of the share capital as at the date of the decision of the Board of Directors This maximum to be deducted from the maximum of €720M provided for by resolution number 22 of the Shareholders' Meeting of May 23, 2017 This maximum to be deducted from the joint maximum amount of 2% for resolutions number 19 and 20	N/A	N/A	N/A	N/A
Issuance with cancellation of the preferential subscription right reserved for certain categories of beneficiaries in order to allow the completion of employee shareholding transactions	May 24, 2018 (resolution 20)	18 months (November 23, 2019)	1% of the share capital as at the date of the decision of the Board of Directors This limit is to be deducted from the €720 million limit provided by resolution 22 of the Shareholders' Meeting of May 23, 2017 This limit to be deducted from the 2% limit jointly decided by resolutions 19 and 20	N/A	N/A	N/A	N/A
AUTHORIZATIONS SUBMITTED FOR RENEWAL TO THE SHAREHOLDERS' MEETING OF MAY 23, 2019							
Increase in the share capital							
Issuance with upholding of preferential subscription rights	May 23, 2017 (resolution 22)	26 months (July 22, 2019)	Equity securities: €720,000,000 (*i.e.*, 144,000,000 shares) Joint maximum amount of resolutions number 22 and 29 Debt securities: €1,000,000,000 Joint maximum amount of resolutions number 22 and 29	N/A	15	26 months	Equity securities: €720,000,000 (*i.e.*, 144,000,000 shares) Joint maximum amount of resolutions number 16 to 20 Debt securities: €1,000,000,000 Joint maximum amount of resolutions number 16 to 20

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2019		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
Issuance by way of public offering with cancellation of the preferential subscription right	May 23, 2017 (resolution 23)	26 months (July 22, 2019)	Equity securities: €140,000,000 (*i.e.*, 28,000,000 shares) Joint maximum amount of resolutions number 23, 24 and 27 This maximum to be deducted from the maximum provided for by resolution 22 Debt securities: €1,000,000,000 This maximum to be deducted from the maximum provided for by resolution 22	N/A	16	26 months	Equity securities: €140,000,000 28,000,000 shares Joint maximum amount of resolutions number 17 and 20 This maximum to be deducted from the maximum provided for by resolution 15 Debt securities: €1,000,000,000 This maximum to be deducted from the maximum provided for by resolution 15
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 23, 2017 (resolution 24)	26 months (July 22, 2019)	Equity securities: €140,000,000 (*i.e.*, 28,000,000 shares) This maximum to be deducted from the maximum amounts provided for by resolutions number 22 and 23 Debt securities: €1,000,000,000 This maximum to be deducted from the maximum provided for by resolution 22	N/A	17	26 months	Equity securities: €140,000,000 (*i.e.*, 28,000,000 shares) This maximum to be deducted from the maximum amounts provided for by resolutions number 15 and 16 Debt securities: €1,000,000,000 This maximum to be deducted from the maximum provided for by resolution 15
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 23, 2017 (resolution 25)	26 months (July 22, 2019)	15% of initial issuance This maximum to be deducted from the maximum applicable to the initial issuance and from the maximum provided for in resolution 22	N/A	18	26 months	15% of initial issuance This maximum to be deducted from the maximum applicable to the initial issuance and from the maximum provided for in resolution 15
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 23, 2017 (resolution 26)	26 months (July 22, 2019)	10% of share capital at the date of the decision of the Board of Directors determining the issue price per year This maximum to be deducted from the maximum that applies to the initial issuance, as well as from the maximum provided for by resolution 22	N/A	19	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 to be deducted from the maximum that applies to the initial issuance, as well as from the maximum provided for by resolution 15

	CURRENT AUTHORIZATIONS				AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2019		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
Issuance of up to 10% of the share capital in consideration for contributions in kind	May 23, 2017 (resolution 27)	26 months (July 22, 2019)	10% of the share capital as at the date of the decision of the Board of Directors This maximum to be deducted from the maximum amounts provided for by resolutions number 22 and 23	N/A	20	26 months	10% of the share capital as at the date of the decision of the Board of Directors This maximum to be deducted from the maximum amounts provided for by resolutions number 15 and 16
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	May 23, 2017 (resolution 30)	26 months (July 22, 2019)	€200,000,000 (*i.e.*, 40,000,000 shares) This maximum not to deducted from any maximum	N/A	21	26 months	€200,000,000 (*i.e.*, 40,000,000 shares) This maximum not to deducted from any maximum
Decrease in the share capital by cancelling shares							
Decrease in the share capital by cancelling shares	May 24, 2018 (resolution 16)	18 months (November 23, 2019)	10% of the share capital on the date of cancellation by 24-month period	N/A	14	18 months	10% of the share capital on the date of cancellation by 24-month period
Repurchase by Rexel of its own shares							
Stock repurchase	May 24, 2018 (resolution 15)	18 months (November 23, 2019)	10% of the share capital at the date of completion maximum total amount: €250,000,000 Maximum purchase price: €30	Use in the context of a liquidity agreement entered into with Natixis for market-making purposes • acquisition of 5,856,747 shares at an average price of €13.70 and • sale of 5,639,142 shares at an average price of €13.83. Use in the context of a liquidity agreement entered into with Natixis and Oddo for market-making purposes • acquisition of 4,962,587 shares at an average price of €11.93 and • sale of 4,787,418 shares at an average price of €12.07.	13	18 months	10% of the share capital at the date of completion maximum total amount: €250,000,000 Maximum purchase price: €30

3.8.2 Securities not representative of share capital

As of the date of this Registration document, Rexel has not issued any securities not representing share capital.

3.8.3 Treasury shares and purchase by Rexel of its own shares

Information on the share repurchase plan approved by the Shareholders' Meeting of May 24, 2018

Characteristics of the share repurchase plan

The Combined Shareholders' Meeting of May 24, 2018, 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 241-7 of the French financial markets authority (AMF) general rules, and with European regulations applicable to market abuse, 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 23, 2019

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 Rexel through an investment services provider, acting independently under a liquidity agreement and in compliance with an AMF-accredited insider trading policy;
- 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 Rexel 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 Rexel 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 or the corporate officers of Rexel 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 Rexel;
- Cancelling 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, 2018, Rexel held 2,108,720 shares among which 801,539 under the liquidity agreement entered into with Oddo and Natixis and 1,307,181 shares previously acquired and held for the attribution to employees.

Under the liquidity agreement entered into with Natixis, in force until June 30, 2018, during the financial year ended December 31, 2018 Rexel purchased 5,856,747 shares (representing 1.93% of Rexel's share capital) at an average price of €13.70 and for a total cost of €80,250,492.33. These shares were acquired for market-making purposes under a liquidity agreement concluded with Natixis. Furthermore, under the liquidity agreement, Rexel has sold 5,639,142 shares at an average price of €13.83.

In connection with the liquidity agreement entered into with Oddo and Natixis, effective from July 1, 2018, Rexel has purchased 4,962,587 shares (representing 1.63% of the share capital of Rexel) during the 2018 financial year at an average price of €11.93 and for a total amount of €59,209,850.51. These shares have been acquired for market-making purposes in the scope of a liquidity agreement entered into with Natixis. Furthermore, in connection with this liquidity agreement, Rexel has sold 4,787,418 shares for an average price of €12.07.

In total, transactions carried out by Rexel on its own shares for the year ended December 31, 2018, 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, 2017	1,289,369
• Share purchases	11,319,334
• Share disposals	(10,426,560)
• Share transfers	(73,423)
• Shares cancelled	0
• Number of treasury shares held at December 31, 2018	2,108,720
Percentage of capital directly or indirectly held by Rexel as of December 31, 2018	0.69%
Book value of the treasury shares	24,243,815.68
Market value of the treasury shares as at December 31, 2018	19,611,096
Details of transactions carried out by Rexel in 2018, by objective:	
• Liquidity agreement	
Share purchases	10,819,334
Share disposals	10,426,560
Number of treasury shares held at December 31, 2018	801,539
• Cancellation of shares	
Number of cancelled shares	0
Number of treasury shares held at December 31, 2018	0
• Allocation to employees	
Share purchases	500,000
Share transfers	(73,423)
Number of treasury shares held at December 31, 2018	1,307,181

Rexel did not hold open buy or sell positions on derivative instruments as of December 31, 2018.

The costs incurred by Rexel, under the liquidity agreement, within the context of the implementation of the share repurchase plan amount to €50,231.7 (Natixis) and €25,115.85 (Oddo and Natixis), *i.e.* a total amount of €75,347.55 for the financial year ended on December 31, 2018.

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 12, 2019, the Board of Directors decided to submit a resolution to the

Shareholders' Meeting of May 23, 2019 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 European regulations applicable to market abuse, to purchase or cause to be purchased a maximum number of Rexel shares, representing up to 10% of Rexel's share capital.

Objectives of the share repurchase plan for 2019

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 Rexel shares through an investment services provider, acting independently under a liquidity agreement accepted by in compliance with the market practice 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 Rexel 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 Rexel 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 or the corporate officers of Rexel 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 the practices of the market and the applicable regulation;
- 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 repurchase in accordance with the conditions set forth by the applicable laws and subject to the approval by the general meeting of shareholders; 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 2019 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 Rexel 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, 2018 and having deducted the 2,108,720 shares held at this date, the maximum number of shares that may be purchased amounts to 28,290,169.

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 2018 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, 2020.

Breakdown by objectives of the shares held by Rexel

As at December 31, 2018:

- 1,307,181 shares were allocated to the implementation of all share subscription option plans and free share allocation plans of Rexel; and
- 801,539 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 Oddo and Natixis and entered into force on July 1, 2018, in compliance with market practice accepted by the French financial markets authority *(Autorité des marchés financiers)* or to carry out counter-trend market transactions.

3.8.4 Other securities giving access to the share capital

3.8.4.1 Subscription or purchase options for Rexel shares

Rexel has not issued any purchase or subscription option within the 2018 financial year.

In addition, the subscription or purchase options exercisable under the previous plans lapsed on November 30, 2016.

3.8.4.2 Allocation of free shares

Rexel has issued options to subscribe for shares under the terms and conditions described in paragraph 3.7.2.6 "Allotment of free shares" of this Registration document.

3.8.5 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 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 vesting of free shares	1,300	6,500	N/A	1,509,363,390	301,872,678	5
May 3, 2016	Share capital increase further to the final vesting 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 vesting 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

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 27, 2016	Share capital increase further to the final vesting 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 vesting 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
May 2, 2017	Share capital increase further to the final vesting of free shares	276,373	1,381,865	N/A	1,516,067,915	303,213,583	5
May 23, 2017	Share capital increase further to the final vesting of free shares	3,037	15,185	N/A	1,516,083,100	303,216,620	5
July 3, 2017	Share capital increase further to the final vesting of free shares	120,712	603,560	N/A	1,516,686,660	303,337,332	5
July 26, 2017	Share capital increase further to the final vesting of free shares	5,845	29,225	N/A	1,516,715,885	303,343,177	5
May 2, 2018	Share capital increase further to the final vesting of free shares	331,145	1,655,725	N/A	1,518,371,610	303,674,322	5
May 23, 2018	Share capital increase further to the final vesting of free shares	132,508	662,540	N/A	1,519,034,150	303,806,830	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 23, 2018	Share capital increase further to the final vesting of free shares	95,768	478,840	N/A	1,519,512,990	303,902,598	5
July 2, 2018	Share capital increase further to the final vesting of free shares	86,301	431,505	N/A	1,519,944,495	303,988,899	5

3.8.6 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.

3.9 Other elements that may have an impact in case of tender offer

3.9.1 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.

3.9.2 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 Rexel for the financial year ended December 31, 2018, set out in paragraph 5.2.1 "Consolidated Financial Statements" of this Registration document);
- The 2016 and 2017 Senior Bonds (see note 23.1.2 of the Notes to the consolidated financial statements of Rexel for the financial year ended December 31, 2018, set out in paragraph 5.2.1 "Consolidated Financial Statements" of this Registration document);
- The US$ 40 million bilateral facility agreement entered into with Wells Fargo Bank International on June 27, 2014 and modified on June 26, 2015, and on June 26, 2017, (see note 23.1.1 of the Notes to the consolidated financial statements of Rexel for the financial year ended December 31, 2018, set out in paragraph 5.2.1 "Consolidated Financial Statements" of this Registration document); and
- The securitization programs (See note 23.1.3 of the Notes to the consolidated financial statements of Rexel for the financial year ended December 2018, set out in paragraph 5.2.1 "Consolidated financial statements" of this Registration document).

3

4. Corporate responsibility

Summary

All of Chapter 4 "Corporate responsibility", with the exception of Section 4.6 "Vigilance Plan", constitutes the Statement of Non-Financial Performance required by Article L.225-102-1 of the French Commercial Code. This chapter was written by the Group Sustainable Development Department in collaboration with the General Secretary and the Group Human Resources Department.

4.1 Energy efficiency for a sustainable future

The electrical industry is going through a massive transformation. Energy management is a major challenge and an opportunity for development for Rexel, an expert in professional multichannel distribution. Fostering energy innovation and progress in the communities in which the Group operates is both an ambition and a responsibility for the building of a sustainable future.

As a clean and safe energy, electricity is an essential lever for the sustainable transformation of local communities. Rexel is at the heart of the electrical industry, committed to limiting the rise in global temperatures to +2°C by the end of the century. Energy management alone can absorb 40%[(1)] of the emissions reductions needed to meet the targets of the Paris Agreement on climate change. Rexel distributes and develops products and solutions that help to accelerate energy transition while reducing its own environmental footprint. As a key player in the value chain, the Rexel Group encourages all its stakeholders to implement the responsible and ethical practices it applies to its operations and employees.

These convictions underlie the four pillars of the Group's sustainable development strategy:

- acting with ethics and integrity;
- involving and supporting employees;
- improving environmental performance; and
- promoting responsible practices in the value chain.

Rexel's sustainable development strategy is one of the major tools the Group uses to meet its profitable growth and value creation objectives.

4.1.1 Business model

The Rexel Group relies on solid fundamentals and diversified capital, which allow it to create value and share it with its shareholders, stakeholders and society as a whole.

Details of the Rexel Group's business model may be found in Section 1.4 "Business and strategy" and summarized in pages 172 and 173 of this Registration document.

4.1.2 Creating a responsible value chain

4.1.2.1 Sustainable development strategy

Using its leadership and proximity to all stakeholders, the Rexel Group conducts its activities in a sustainable and responsible manner.

Since 2011, the Rexel Group has been a member of the United Nations Global Compact and is committed to advancing the ten universally accepted principles in the areas of human rights, labor, environment, and the fight against corruption.

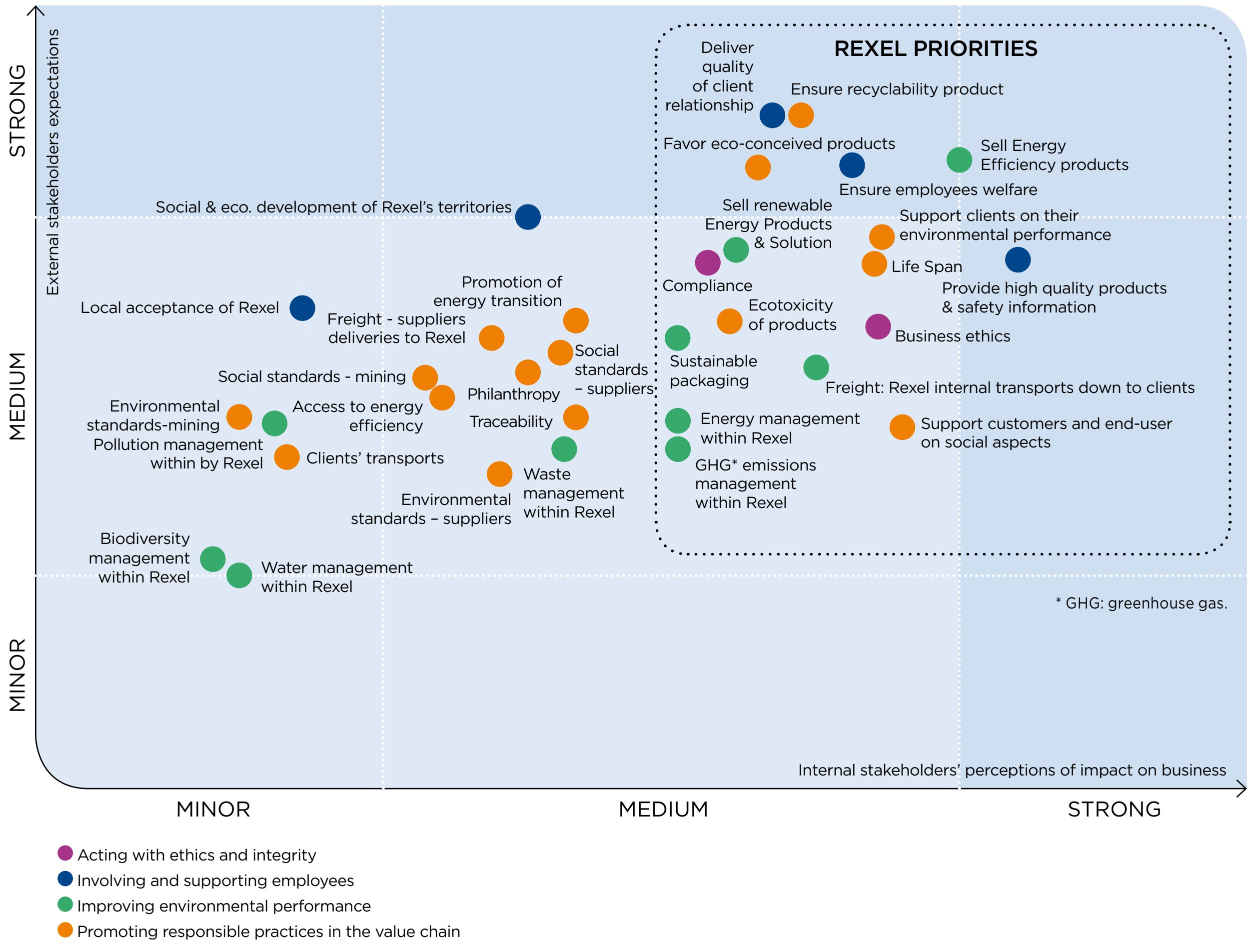
As stated in its Ethics Guide, the Rexel Group respects and promotes the recommendations of the fundamental conventions of the International Labour Organization concerning respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labor, and the effective abolition of child labor.

In 2015, the Rexel Group conducted a study to identify the environmental and social impacts of its activities throughout its value chain. This study

(1) IEA 2018 report, Energy Efficiency 2018.

led the Group to question its key stakeholders (customers, suppliers, experts, NGOs, employee representatives, Group entity directors) on priority issues and to conduct an internal review of the impact of those issues on its activities.

Materiality matrix



The materiality analysis enabled the Group to align its sustainable development strategy with its strategic priorities. This roadmap is structured around four pillars:

- Acting with ethics and integrity
  - making ethics the foundation of the Group's business activity; and
  - deploying the personal data protection program.
- Helping employees feel like they belong
  - attracting and retaining talent;
  - deepening commitment, improving skills; and
  - supporting diversity, inclusion, and equal opportunity.
- Improving environmental performance
  - committing to the environment;
  - setting an example; and
  - managing resources in a sustainable manner.
- Promoting responsible practices in the value chain
  - developing relationships of trust from suppliers to customers;
  - creating value for customers; and
  - fighting fuel poverty.

4

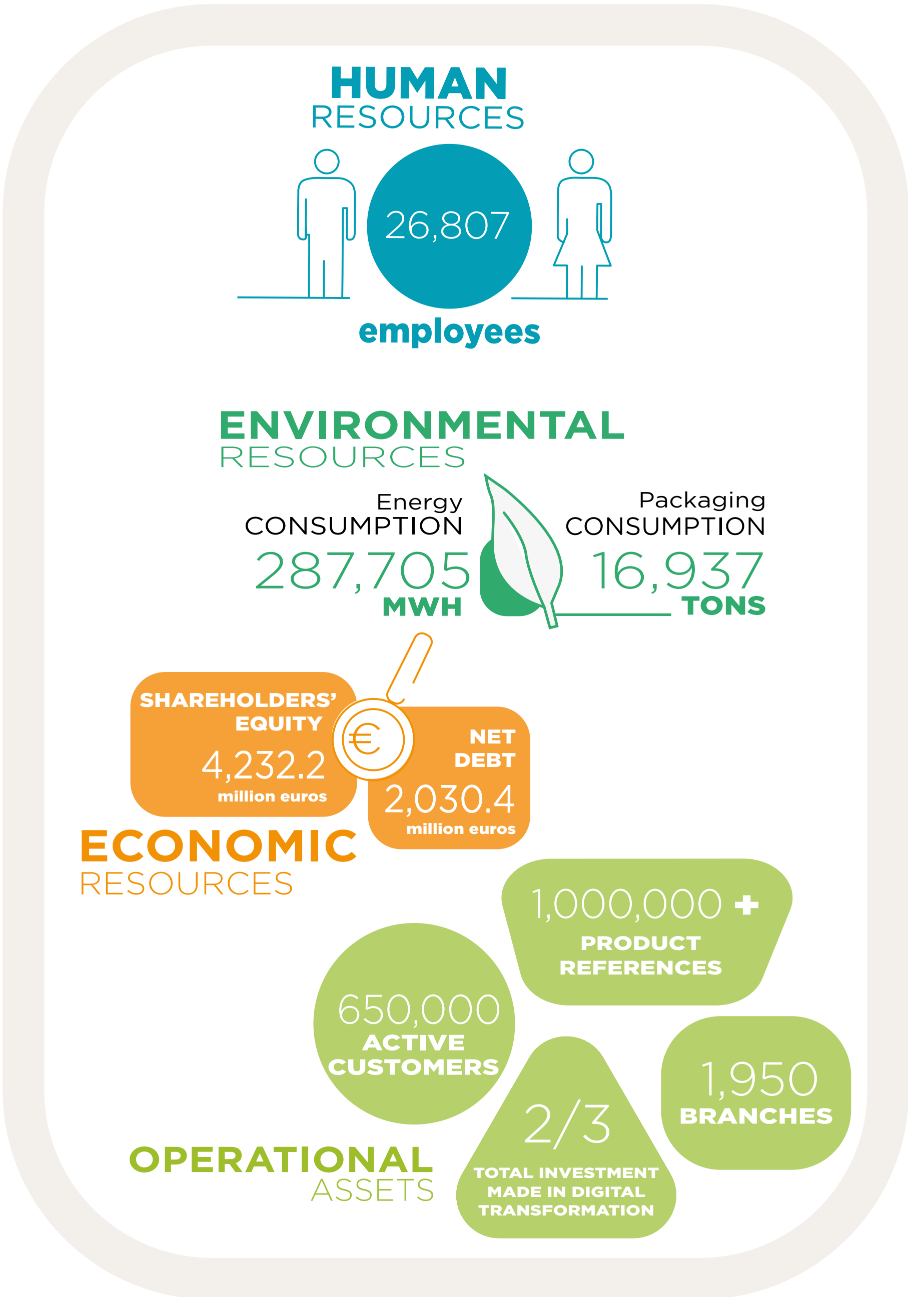
REXEL'S BUSINESS MODEL

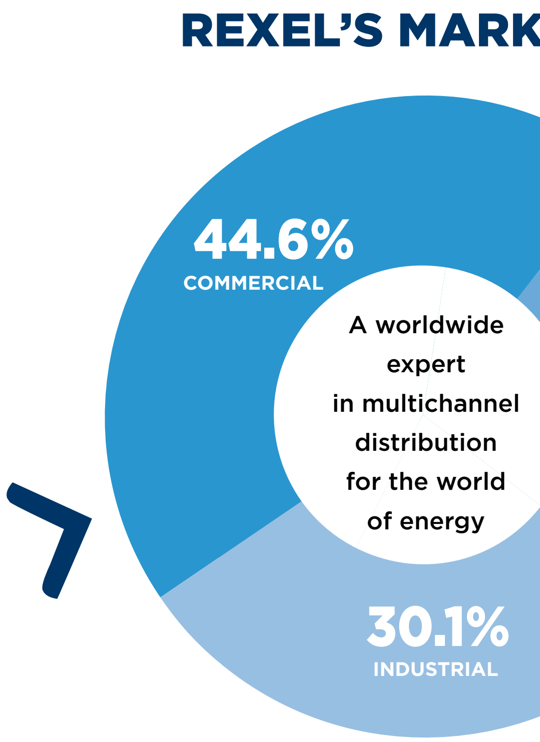
CREATING SUSTAINABLE VALUE FOR THE WORLD OF ENERGY

Rexel has made sustainable development challenges the engine of its growth and intends to play a catalytic role thanks to its unique position in the energy value chain.

Acting ethically in every situation, valuing and developing the skills of its 26,807 employees, engaging in dialogue with all stakeholders, reducing its environmental footprint, promoting energy efficiency and fighting fuel poverty through its Foundation are the key priorities of the Rexel Group's responsible commitment.

GROUP RESOURCES





GROUP **VALUE CREATION**

SOCIAL VALUE

85 % of employees* are proud to work for Rexel

4,852 recruitments, including **87**% permanent contracts

5.72 work accident frequency rate

58,364 hours of safety training

91.5% of employees trained (399,514 training hours)

ENVIRONMENTAL VALUE

€**1,737** millions of sales of energy efficiency and renewable energy products and solutions

68.7% recovery rate

↘ **36.9**% Greenhouse Gas emissions (Scopes 1 & 2, vs. 2010)

ECONOMIC VALUE

€**2.1** Bn online sales

€**13,365.7** million in sales

41% of recurring net income paid out as dividends

SOCIETAL VALUE

54% of direct purchases assessed using CSR criteria

CDP Climate **A** list

A CSR performance recognized by the DJSI, FTSE4Good, EcoVadis, VigeoEiris

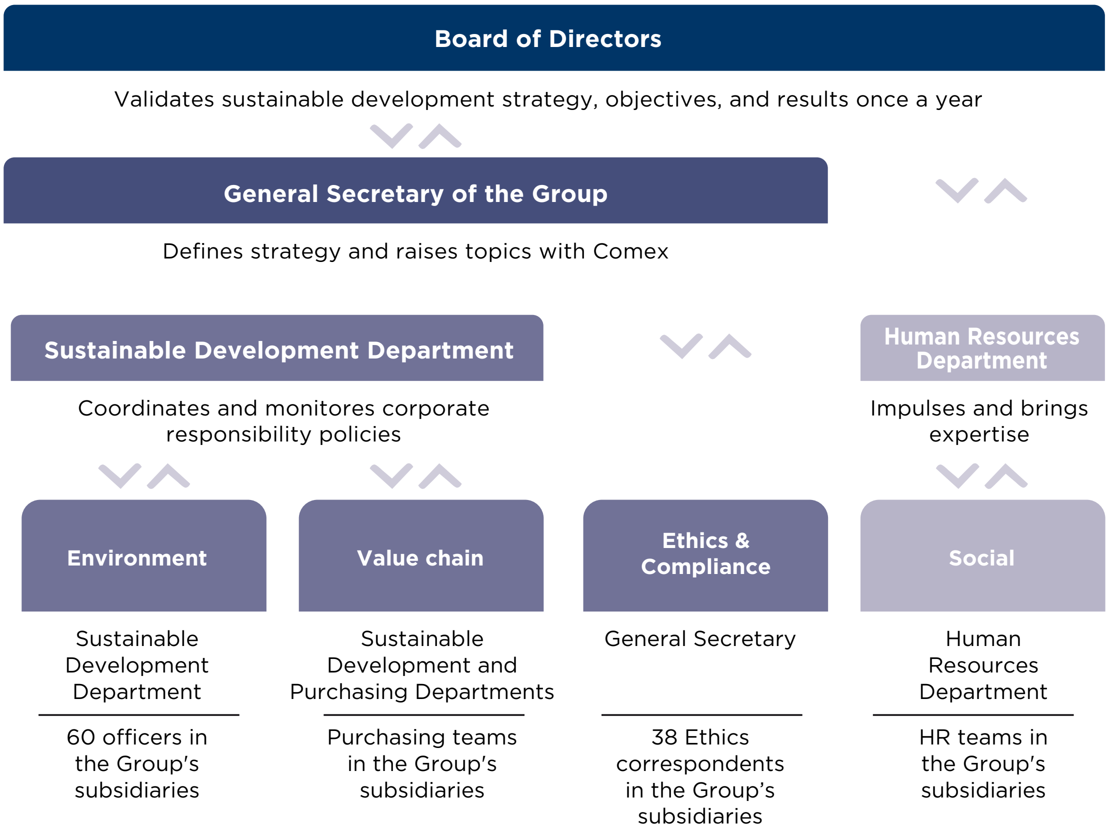
165,000 people positively affected by the Rexel Foundation

ETS

4

* Employees who participated in the Satisfaxion 2018 engagement survey.

Structuring corporate responsibility



Development and implementation of strategy and oversight of sustainable development performance require the involvement of all levels of the organization. Objectives, results, and areas of progress are presented once a year to the Rexel Board of Directors.

Topics related to sustainable development are handled by the General Secretary acting in concert with the Executive Committee, a body specially tasked with the operational deployment of the Group's strategy.

4.1.2.2 Ecosystem

For Rexel, societal responsibility involves taking the expectations of a society's ecosystem into consideration. The structure of the Group, its international dimension, its local network, and the specific nature of its business lines imply that management of dialogue with stakeholders will be decentralized, leaving the operational entities considerable autonomy to conduct business. Dialogue must be constructive, transparent, and based on mutual trust.

These regular discussions with stakeholders enable better identification of social, environmental, and economic issues and risks, and determine how the Group adapts to sociological, technological, and societal developments.

Employees and their representative bodies

To foster fruitful social relationships, Rexel promotes social dialogue and guarantees the principles of free expression and union representation. The Group's Ethics Guide, distributed to all employees, recalls the importance Rexel attaches to these principles. As of December 31, 2018, near 15,000 employees are represented by the European Works Council.

Employee satisfaction and well-being are also a major concern for the Rexel Group. In 2018, the Rexel Group conducted its sixth internal engagement survey, Satisfaxion. This survey was deployed in 23 Group countries and is available in 14 languages.

Customers

Rexel's mission is to support its customers around the world, create value, and enable them to better manage their activities. The Group has offered its customers several information, dialogue, and listening opportunities (commercial events, trade shows, websites, satisfaction surveys, training). Its multichannel model and numerous points of contact enable it to maintain a close relationship with its professional customers.

The Group annually consolidates its customer satisfaction rate in 9 countries (Australia, Austria, Belgium, France, Netherlands, Sweden, Switzerland, United Kingdom and USA), which enables it to best satisfy their needs. Customer surveys are also managed locally in other countries.

Suppliers and subcontractors

The Rexel Group strives to establish a continuous and constructive dialogue with its suppliers and develop a lasting and balanced relationship with them while being mindful of social and environmental challenges.

The Group requires its suppliers and subcontractors to comply with the principles set out in its Ethics Guide and, through contracts, with the general terms and conditions of purchase, which include clauses that mandate compliance with the fundamental conventions of the International Labour Organization.

Professional associations and organizations

Rexel participates in public debates on issues that are strategic for its business activity and environment. This means that the Group and most of its subsidiaries are members of national or supranational professional associations. The Group is a member of the French Association of Private Enterprises (Afep) and participates in professional associations such as Perifem, the Federation of Electrical Equipment Distributors (FDME) and the EUEW (European Union of Electrical Wholesalers), where professional practices are discussed, shared and developed.

With a view to transparency and progress, the Rexel Group is also involved in various studies and publications with associations such as EpE *(Entreprises pour l'Environnement)* and with Agrion, an international network of professionals that works on sustainable development and energy issues, so that it can interact with its stakeholders and facilitate the exchange of experiences.

In 2018, the Rexel Group actively contributed to the ZEN 2050 initiative, which proposes a trajectory for a carbon-neutral France by 2050. This initiative, which was conducted throughout 2018, is coordinated by EpE and brings together twenty-five major companies. Rexel also made the decision to join the Science Based Target Initiative, promising to have science-based climate goals in line with the Paris Agreement by 2020.

The Rexel Foundation for a better energy future helps to promote access to energy for all populations and fight against fuel poverty. In this context, it has set up partnerships with the French Funds and Foundations Center, *Entreprises pour la Cité*, and the Greater Paris Circle of Sustainable Investment.

The conditions for action of any employee with associations and authorities are defined in the Group's Anti-Corruption Code of Conduct.

The Rexel Group earmarked approximately €1.1 million for associations and professional organizations in 2018.

Schools and academia

In many countries, Rexel has relationships with many schools in the commerce and energy fields. In particular, the Group is expanding its inclusion of young people, particularly through an ambitious policy of recruiting work-study students.

In addition, the Rexel Foundation devotes part of its resources to supporting academic research programs, awarding scholarships to students at the beginning of their professional career or to researchers. This work is an opportunity to better understand energy consumption patterns and propose solutions to change behavior. The Group also makes available to its ecosystem the fruit of its energy efficiency work, reflections, and study.

In its commitment to the training and professional integration of young people, the Rexel Foundation has partnered with the Teknik Foundation (FACE) to raise awareness among middle and high-school students in underprivileged areas of jobs in the electrical industry. By 2020, more than 100,000 young people will benefit from this Teknik initiative and at least 25 territories will participate in the project. At the end of 2018, this program reached 38,000 people.

Shareholders and investors

The Rexel Group transparently communicates to various stakeholders (shareholders and investors) its sustainable development outcomes, initiatives, and priorities. These exchanges take place on an occasional or recurring basis depending on the actors and events in the Group's life.

Associations, NGOs, civil society, and local communities

Civil society and local communities expect Rexel to have a positive impact on the local economy and support social development. This is one of the missions of the Rexel Foundation, which maintains a permanent dialogue with a network of associations through the financing of solidarity projects in its host countries. The Foundation also participates in the promotion of innovative models *via* a social entrepreneurship support platform.

State and local authorities

Through its global and local presence (more than 1,950 sites in 26 countries), the Group contributes significantly to the development and economic activity of regions and countries by supporting local employment and regional development.

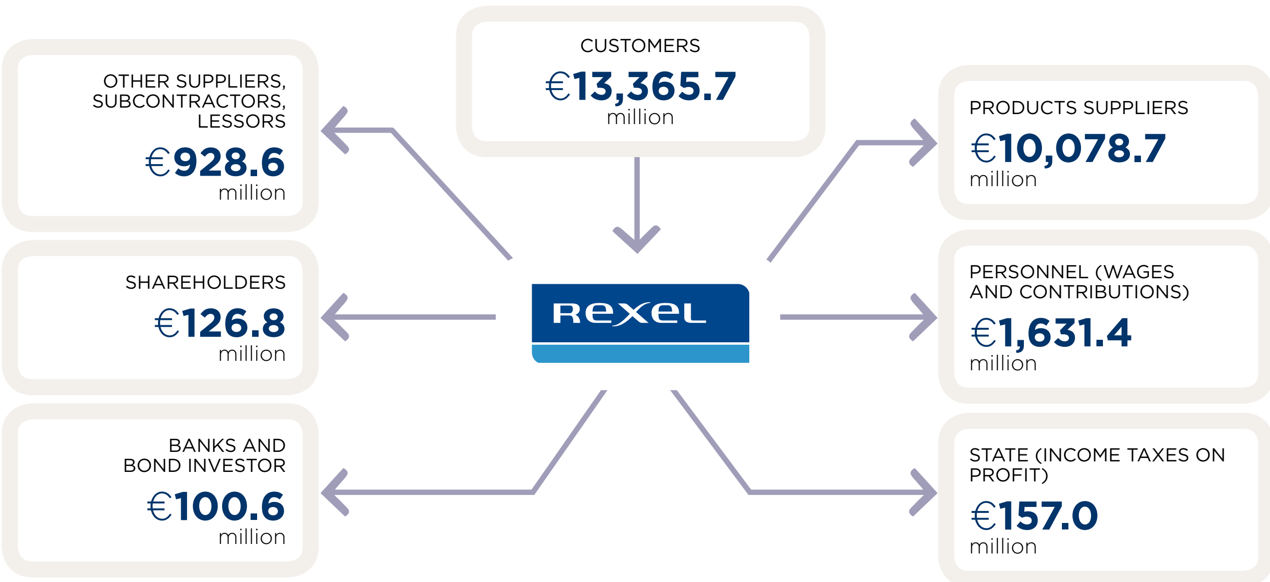
Like any international group operating in multiple jurisdictions, the Rexel Group has structured its commercial and financial activities in accordance with various legal and tax obligations arising from the regulations in force into the various countries where the Group operates and from international treaties between these countries.

Each year, through the internal control self-assessment campaign, the Group ensures that the organization and controls (defined in its Internal Control Guidelines Manual) are in place and operate adequately, particularly in terms of compliance with tax legislation and fight against fraud. In addition to tax compliance management, the Group's tax department regularly provides advice and accompanies operational teams with respect to tax matters. It also monitors and evaluates the effects of changes in tax regulations on the Group's activities.

The Group regularly relies on the advice of its external tax advisors to identify and analyze the laws and regulations applicable to the Rexel Group with respect to its situation, activities and countries of establishment and to ensure compliance with these laws and regulations, particularly in the event of a major strategic transaction.

For the financial year ended December 31, 2018, the Rexel Group paid €157.0 million in corporate income tax in the countries in which it operates.

The Rexel Group's economic relationships with its main stakeholders



4.1.2.3 Non-financial ratings

A proven record of performance

Thanks to the continuous improvement of its environmental, social, societal and governance strategy, the Rexel Group is enjoying excellent non-financial performance. Rexel is listed on the following socially responsible investment indexes (SRIs):

- Dow Jones Sustainability Index Europe (DJSI Europe);
- FTSE4Good;
- STOXX® Global ESG Leaders;
- Ethibel Sustainability Index Excellence Europe; and
- Euronext, Vigeo Eiris Eurozone 120 Index.

2018, a year of progress

The Group moved up two places on the Dow Jones Sustainability Index (DJSI) Europe, ranking first among European companies and among the top five global companies in the sector.

This year, performance in the fight against climate change was recognized by CDP, which gave an A rating to Rexel, a progression to compare with the B rating in 2017. As a result, the Group is on the list of the 137 global companies most invested in the fight against climate change.

Finally, Rexel responds to all non-financial ratings requests submitted by its customers. In the assessment conducted by EcoVadis, the Group received a Gold rating, with a score of 71/100. Rexel ranks in the top 5% of companies evaluated by EcoVadis in the world, all industries combined, and in the top 1% of its industry.

4.1.3 Main non-financial risks

Non-financial risk mapping

In an ever-changing international environment, proactive risk management is an essential element in the sustainable development of the company's business activity and a goal shared by all employees. This process identifies areas of progress and opportunities.

Rexel is exposed to the risks described in Section 2 "Risk factors and internal control" of this Registration document, which are the risks that could have a significant negative impact on the Rexel Group and its activities, financial position, results, or outlook. The procedures for identifying and managing risks are described in Section 2 "Risk factors and internal control" of this Registration document.

In addition, when it compiled its Statement of Non-Financial Performance, Rexel conducted an analysis of the main risks related to the environmental, social, and societal consequences of its activities. The procedures for identifying and analyzing these risks are specific to the Statement of Non-Financial Performance and differ from the ones implemented during the internal control procedures.

Identification of non-financial risks involves making a list of all events related to the environmental and social consequences of the company's activity, human rights, or corruption, that may:

- significantly affect desired and/or expected Rexel Group results; and
- have significant consequences for employees, shareholders, business partners, other external stakeholders, or the environment throughout the company's value chain.

Non-financial risk mapping shows the main risks that are considered material and therefore require the attention of management.

Risk mapping

The non-financial risk mapping process is coordinated by the Group Sustainable Development Department, assisted by the Group Human Resources Department, Group Finance Department, the Group Digital and IT Transformation Department and the General Secretary of the Group.

Non-financial risk mapping is a three-stage process:

- **Non-financial risks identified by a committee of internal experts**

  In this stage, a relatively exhaustive list of the risks to which Rexel could expose its stakeholders and the environment is drawn up. Risks are identified through interviews with Rexel stakeholders and existing risk mappings in the Group, supplemented by the results of various internal procedures, such as:

  – Corporate risk mapping;
  – Materiality analysis of sustainable development challenges;
  – Duty of Care law risk mapping;
  – Reporting of environmental, social, and societal impacts;
  – Whistleblowing procedures; and

- Any regulations that require the identification, assessment, or mapping of risks that may be considered non-financial (including the French “Sapin 2” Law, the French “Energy Transition for Green Growth” Law, and the EU General Data Protection Regulation).

- **Selection of main risks in internal working groups**

  In this stage, the previous list is whittled down to fifteen or so non-financial risks that are relevant to the Rexel Group's business activity. The main risks are selected by the Group's internal experts in working groups organized by the Sustainable Development Department. Representatives of the European Works Council take part in this work.

  Closer attention is given to the risks identified during the development of the vigilance plan. Since these risks are considered major, the working group experts ensure that they are included in the list of relevant non-financial risks.

- **Non-financial risk ranking**

  A special committee composed of the Group’s Human Resources Director, the Group’s Chief Financial Officer, the Group’s Digital and IT Transformation Director and the General Secretary of the Group ranks non-financial risks according to their level of materiality, based on probability of occurrence and the severity of potential impacts.

Main non-financial risk factors

THEME	POLICIES AND MANAGEMENT MEASURES	KPIs	VIGILANCE PLAN	REFERENCE
ACTING WITH ETHICS AND INTEGRITY				
Governance practices which are not compliant with the expectations of the stakeholders The stakeholders expect the company to implement responsible practices in its governance (separation of the Chairman and CEO roles, parity and diversity in the decision-making bodies, etc.) and to maintain a transparent dialogue with its various stakeholders.	• Board decision to comply with Afep-Medef Code recommendations • Diversity policy decided by the Board of Directors	• % of women or men at Board of Directors level at least equal to 40% • % of independent Directors at Board level and committees level compliant with Afep-Medef Code	Yes	Sections 3.5 “Implementation of the Afep-Medef corporate governance Code of listed companies – Paragraph 27.1” and 4.2.1 “Making business ethics the foundation of the Group's business activity”
Non-compliant behaviour and practices in the conduct of its business Non-compliance of the company's practices with the anticorruption regulations, competition laws or anti-fraud laws, which may lead to legal proceedings.	• Ethics guide • Anticorruption code of conduct • Whistleblowing alerts and ethic queries • Ethics and compliance trainings • Risk based third parties due diligence • Gifts and invitations policies • Self assessment and monitoring of ethics and compliance policies	• Annual number of ethic queries	Yes	Section 4.2.1 “Making business ethics the foundation of the Group's business activity”
Non-ethical behaviour and practices in the conduct of its business Non-ethical behaviour or pratices of the companies which may lead to public scandals.	• Ethics guide • Anticorruption code of conduct • Whistleblowing alerts and ethic queries • Ethics and compliance trainings • Risk based third parties due diligence • Gifts and invitations policies • Self assessment and monitoring of ethics and compliance policies	• Annual number of ethic queries	Yes	Section 4.2.1 “Making business ethics the foundation of the Group's business activity”

THEME	POLICIES AND MANAGEMENT MEASURES	KPIs	VIGILANCE PLAN	REFERENCE
INVOLVING AND SUPPORTING EMPLOYEES				
Inappropriate and/or non-compliant working conditions The company may have difficulties if it does not provide all its employees with working conditions which avoid the appearance of risks, both in physical and psychological terms (related to health and safety at work, REACh, RoHS, stress, harassment, discrimination, etc.). Idem if the company is not complying with the social and/or labor regulations in force in the countries in which it operates.	• Health and safety policy • Local actions	• Frequency rate • Severity rate • % of employees trained in safety	Yes	Section 4.3.3 “Deepening engagement, improving skills”
Difficulties to attract and retain talent The company may have difficulties in attracting and retaining the best profiles (lack of visibility and/or reputation on the employment market, lack of communication, inadequate career development, unattractive remuneration packages, etc.). This goes with the capacity for the company to anticipate the changes in its staff (transfer of know-how and experience, renewal of the populations with, in particular, management of senior employees, etc.). Meanwhile, the company must ensure employees employability.	• Employee Value Proposition • Onboarding experience • Mobility tools (job board) and dedicated processes • Performance review & feedback culture	• Integration rate • % of mobilities • % of annual review completed • Employee turnover	No	Section 4.3.2 “Attracting and retaining talent”
Risk of skills obsolescence in a rapidly changing environment The multichannel model, digitalisation, changes in techniques and in the product offering (renewable energies, environmental and energy labelling, etc.), increase the demand for continuous training for employees, at the risk of skills obsolescence.	• Rexel Academy	• % of employees trained during the year (excluding safety) • Average hours of training per employee trained	No	Section 4.3.3 “Deepening engagement, improving skills”
Lack of engagement of employees (including for inclusion & diversity reasons) Inadequate motivation of employees against the background of competition and rapid and profound job changing. In particular, demotivation caused by the feeling of injustice, unsufficient inclusion or discrimination.	• Employee engagement surveys (Satisfaxion) • Local action plans	• Employee engagement rate • % of women recruited • % of young graduates recruited • % of disabled recruited	No	Section 4.3.4 “Supporting diversity, inclusion, and equal opportunity”
IMPROVING THE ENVIRONMENTAL PERFORMANCE				
Rexel operations non-compliant with environmental regulations The company is not complying with the environmental regulations in force in the countries in which it operates, including REACh, RoHS, DEEE, ICPE, etc.	• United Nation Global Compact • Environmental management system	• % of sites covered by environmental and energy management systems (Group EMS, ISO 14001, ISO 50001)	Yes	Section 4.4.1 “Strengthening environmental oversight”
Inadequate response to climate change challenges Not having any strategy for the management of greenhouse gas emissions within the value chain (suppliers / internal / clients) or not achieving its objectives in this area creates a risk for a company in the energy efficiency sector. GHG emissions considered are Scopes 1, 2 and 3 emissions.	• Commitment to the Science Based Target initiative • Environmental charter	• GHG emissions (scopes 1, 2 and 3) • Energy consumption • Sales of energy efficiency and renewable energy solutions	Yes	Section 4.4.2 “Committing to the climate”
Inadequate management of natural resources and waste The stakeholders expect the company to reduce its own waste and to manage resources in a sustainable manner, particularly by assisting customers to manage their waste (WEEE) or by taking action at the source (products, packaging) to avoid the generation of waste.	• Environmental charter • Environmental management system	• Tonnage of waste produced • Tonnage of packagings purchased	Yes	Section 4.4.4 “Managing resources in a sustainable manner”

4

THEME	POLICIES AND MANAGEMENT MEASURES	KPIs	VIGILANCE PLAN	REFERENCE
PROMOTING RESPONSIBLE PRACTICES THROUGHOUT THE VALUE CHAIN				
Inappropriate and/or non-compliant practices at suppliers and subcontractors Suppliers (regardless of their rank) and subcontractors have social practices (modern slavery, child labour, inhuman or dangerous working conditions, harassment and abuse, inadequat social benefits and social security, non-respect of international labor standards, discrimination, etc.) and/or environmental practices (waste disposal in inappropriate areas, destruction of ecosystems, land and water pollution, soil erosion, resource depletion, etc.) that are not compliant with international norms and standards.	• Sustainable development clauses in supply agreements • Whisthleblowing alerts • Internal control • Evaluation process of suppliers' CSR performance	• % of direct purchase evaluated • Annual number of whistleblowing alerts on suppliers and subcontractors practices	Yes	Section 4.5.1 “Developing relationships of trust from suppliers to customers”
Inadequate protection of users' data Data belonging to customers (Rexel IT systems) and end users (products sold) are insufficiently protected from intrusions by external or internal third parties.	• Data protection charter and policy	• % of employees trained on data protection	Yes	Section 4.2.2 “Deploying the personal data protection program”
Products not compliant with the legislation in terms of dangers for human beings and/or the environment Inadequate control of products (including imported products, modified products and those sold under their own brands) which may give rise to regulatory non-compliance (REACh, Rohs, WEEE, conflict minerals, etc.) and to legal disputes.	• REACh and RoHS dedicated process • Sustainable development clauses in supply agreements • Whisthleblowing alerts • Evaluation process of suppliers' CSR performance	• % of concerned subsidiaries with REACh/RoHS process • Annual number of whistleblowing alerts on products' compliance	Yes	Sections 2.1.2.7 “Environmental risks”, 4.4.1 “Strengthening environmental oversight” and 4.5.2 “Creating value for customers”
Products damages people's health and safety, and the environment Substances or products may give rise to sickness or accidents for persons who manipulate them (suppliers, customers, end users, etc.) and/or cause damages to the environment throughout the value chain.	• REACh and RoHS dedicated process • Sustainable development clauses in supply agreements • Whisthleblowing alerts • Evaluation process of suppliers' CSR performance	• % of concerned subsidiaries with REACh/RoHS process • Annual number of whistleblowing alerts on products' compliance	Yes	Sections 2.1.3.4 “Risks related to product conformity”, 4.4.1 “Strengthening environmental oversight” and 4.5.2 “Creating value for customers”
Products viewed as misleading the end user Products do not correspond to the (tacit or written) promises made to consumers in terms of durability (planned obsolescence), energy consumption, recyclability, etc	• Quality control processes • Sustainable development clauses in supply agreements • Whisthleblowing alerts • Evaluation process of suppliers' CSR performance	• Annual number of whistleblowing alerts on products	Yes	Section 2.1.3.4 “Risks related to product conformity”, 4.5.1 “Developing relationships of trust from suppliers to customers” and 4.5.2 “Creating value for customers”

4.2 Acting with ethics and integrity

Challenges

Image and reputation

Ethics and accountability are at the heart of the Rexel Group's activities and processes throughout the value chain. The Group is convinced that responsible business management helps to maintain its reputation and contributes to the organization's competitiveness and attractiveness. This responsibility is expressed through employee information and takes the form of distribution of tools, guides, and charters that compile the procedures to be adopted in the countries where the Group operates.

Trust for stakeholders

Rexel ensures that its activities always comply with the highest ethical standards. By placing trust and integrity at the heart of its structures, Rexel strives to create long-term relationships with its partners, customers, and suppliers, improving the quality of its internal social climate and its reputation, which are essential conditions for attracting and retaining talent.

Regulatory compliance

In an ever-changing regulatory environment that differs from country to country, the implementation of internal procedures to ensure compliance of operations with local and international standards and regulations is essential. The Group regularly updates its policies and mobilizes the necessary resources to ensure the efficiency of its compliance program.

Engagement

Training the employees most exposed, to business ethics.

4.2.1 Making business ethics the foundation of the Group's business activity

In a rapidly changing global energy industry, the renewal of product offerings, digitization of activities, customer support for services with higher added value, and establishment of partnerships with strategic suppliers on new market segments are generating new risks. The Group ensures that all its employees and partners adopt responsible behaviors and practices in their day-to-day activities.

Strategy

Compliance program

Rexel has deployed a common compliance program for all its subsidiaries. Internal control ensures that the ethical rules to be followed are distributed within the Group effectively through the inclusion of business ethics controls in the internal control guidelines manual. It is updated and enriched each year to reflect new standards and regulations. In 2018, four new business ethics controls were added.

To ensure that all entities and subsidiaries follow and comply with the procedures and the compliance program, a self-assessment campaign is conducted each year. It produces an annual inventory of the application of rules. The campaign's findings identify points of non-compliance within the Group. Where necessary, corrective action plans are implemented by subsidiaries. Internal audit can conduct audits of how the compliance program is deployed in the subsidiaries.

A common frame of reference: the Ethics Guide

For over ten years, Rexel has been committed to continuous improvement. This commitment resulted in the development of an Ethics Guide for all Rexel Group employees, partners, and suppliers. This guide covers business ethics (corruption, conflicts of interest, competition rules, customer and supplier relations, protection of personal data and use of social media, etc.) and employee-related topics (health and safety at work, discrimination and harassment, social dialogue). It presents the main principles adopted by the Group that each subsidiary and employee must implement and provides standards and references to comply with in the conduct of professional activities. To facilitate its distribution internally and to customers, suppliers, and all Group partners, the Ethics Guide is available in all Group languages and in digital format.

Actions

To meet the expectations of stakeholders and civil society in terms of respect for human rights and an increasingly demanding regulatory environment, the pursuit of clear, shared, ambitious business ethics and compliance objectives is indispensable. The year 2018 was marked by initiatives to strengthen employees' support and reaffirm the Group's commitments.

Ethics Guide update

The Ethics Guide is regularly updated. As a result, the anti-corruption commitments were reviewed in the French context of the December 9, 2016 law on transparency, the fight against corruption and the modernization of economic life. This key support was enriched with specific documents such as the Anti-Corruption Code of Conduct, the Competition Law Guide, and the Environmental Charter, which detail the Group's more specific commitments.

Whistleblowing

In 2018, Rexel updated its whistleblowing procedure for employees, external and temporary workers, suppliers, customers, and stakeholders in all countries. The new system allows incidents to be reported in all Group languages. The whistleblowing procedure is available on the dedicated website (http://ethique.rexel.com/en). It is centralized and confidential. Each alert is handled by the Ethics Committee, an *ad hoc* committee composed of the General Secretary, the Human Resources Director, and the Compliance Officer. This new alert line takes into account the requirements of French laws relating to transparency, the fight against corruption and the modernization of economic life and the duty of vigilance of parent companies and subcontractor companies. The procedure meets all legal requirements, including guarantees of rights of whistleblowers.

Queries to Ethics Officers

Ethics Officers also answer queries concerning the Rexel Group's ethical practices that may be addressed to them. Whether or not they are an employee, anyone can ask questions on a confidential basis.

The table below summarizes the queries received in 2018 by all Ethics Officers according to their type, author, subject, and geographical area.

63 ethics cases were submitted to an Ethics Officer of the Group during the year. 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.

		NUMBER OF QUERIES RECEIVED BY ETHICS OFFICERS
Type of query	Information	27
	Complaint	36
	Legal dispute	0
	Other	0
Source of query	Customers	5
	Rexel employees	49
	Suppliers	4
	Local authorities	0
	Employee representatives / trade unions	0
	Anonymous	4
	Other	1
Subject of query	Customer relations	6
	Supplier relations	0
	Relations between employees	12
	Discrimination	7
	Working conditions	12
	Anti-corruption	1
	Anti-fraud and anti-theft	25
	Environmental protection	0
Type of measures implemented	Preventive	16
	Corrective	18
Region	Europe	1
	North America	31
	Asia-Pacific	31

Continued deployment of the anti-corruption program

In 2018, Rexel strengthened its program to detect and prevent corruption by publishing its Anti-

Corruption Code of Conduct. This code meets the requirements of French law. It defines and illustrates the different types of behavior to be avoided. This Code of Conduct refers to payments and practices requiring special attention and in particular defines the conditions of intervention of any employee with associations and authorities. It is appended to the rules of procedure, and it invites employees to inform all stakeholders (customers, suppliers, and partners) about the Group's commitments and applicable rules to prevent corruption. This document is available on the ethics and compliance website: http://ethique.rexel.com/en.

New gift & invitations and travel compliance guidelines

The Group is a key link in the value chain between electrical equipment suppliers, customers, and end-users. The proximity of salespeople to their suppliers and customers is an advantage. This commercial proximity must remain exemplary so that lasting business relationships can be maintained in a climate of trust and mutual respect. To provide a clear and structured framework for all its employees, the Group has put in place specific rules relating to business travel and gifts and invitations offered and received.

Employee business ethics training

Compliance with the rules of ethics implies continuous mobilization of employees. For this reason, team training and information sessions are indispensable. These special sessions focus on competition, anti-corruption, data protection and trade control. They are available in each Group language. Special classroom trainings are also offered to employees who are most exposed to certain risks.

Propagation of a culture of business ethics

The integration of the Group's values and ethical standards in behaviors is a key factor for the strategy's success. This requirement is supported by a network of Compliance correspondents and a network of Ethics correspondents who work closely with local management. The establishment of a collaborative and decentralized structure enables the understanding of the ethical standards and the deployment of the action plans in the various countries where the Group operates.

The effectiveness of this structure is reflected in the results of the most recent Satisfaxion internal engagement survey conducted by the Group in 2018: *"Eighty-six percent of respondents are fully aware of Rexel's ethical commitments through the Ethics Guide"*, a five-point increase over the previous campaign (2015).

Performance

Business ethics training penetration rate within Rexel France

	COMPETITION LAW TRAINING	ANTI-CORRUPTION TRAINING
Percentage of employees considered sensitive who completed training	60%	50%

4.2.2 Deploying the personal data protection program

The General Data Protection Regulation (GDPR), which entered into force in 2018, standardizes the rules applicable to personal data protection within the European Union. It defines the principles and obligations with which companies must comply in terms of data subjects' rights enforcement and security of their personal data processing.

The implementation of the regulation is having place at Rexel Group's while digital impact is growing on its business activities and its internal procedures. Beyond compliance, the protection of personal data is a strong operational challenge for the Rexel Group.

Strategy

Rexel has launched a GDPR compliance initiative for its subsidiaries operating in the European Economic Area (EEA) and Switzerland, mainly on data concerning:

- current and prospective customers, particularly in the context of e-commerce activities and energy optimization services or home automation solutions;
- employees working in all subsidiaries operating in the EEA; and
- the Rexel Group's suppliers and service providers.

4

A global roadmap

Rexel's action plan is the result of the efforts of a cross-functional working group based on the initiative launched by the Group in late 2016.

This working group carried out a pilot approach analysis, which made it possible to map the processing of personal data in several Rexel subsidiaries in France and Europe. The feedback received, the experience gained, and the analysis of the pilot results led to the development of a data protection program with an EEA-wide roadmap. Secondly, an analysis of the application of the GDPR for Rexel's subsidiaries operating outside the EEA was conducted.

To implement this roadmap, Rexel set up a "Data Protection" network based on the appointment of a Project Manager, a Group Data Protection Officer and Data Protection Contacts in the subsidiaries. This network is supported and facilitated by a project steering committee gathering Information Technology (IT), IT security, and legal representatives, overseen by the Project Manager and the Group Data Protection Officer.

Cross-functional initiatives

The roadmap is organized around several major initiatives that include the establishment of a record of data processing activities, employees training, management of the exercise of data subjects' rights, governance of procedures and data, contractual commitments, and IT protection.

Performance

At December 31, 2018, 80% of the employees of the Rexel European subsidiaries were trained in the protection of personal data and in the operational implementation of the European General Data Protection Regulation.

Actions

Policies and procedures

The Group has prepared an internal personal data chart that defines a set of rules to be respected in the conducting of Rexel's activities. This charter incorporates the major personal data protection principles and is the ground of several policies and procedures drafted to support Rexel's employees and stakeholders in the performance of their activities.

For example, one of the procedures focuses on the practical application of the data subjects' rights, another on the principle of privacy by design. A special reporting system (e-mail alert line to the Group Data Protection Officer) was put in place for data breaches. Guidelines were written to determine and regulate the commitments required from providers for the protection of the personal data entrusted to them.

Employee training

Various training and information sessions are offered in several formats, such as e-learning modules on main data protection principles, on privacy by design and on the GDPR itself.

Special poster campaigns are also carried out. Finally, more targeted presentations are planned for the teams that process personal data more specifically, such as the human resources, e-commerce, IT, and general services departments.

Contractual commitments

Rexel's suppliers and service providers may process personal data on behalf of the Group. Rexel must ensure that its partners and suppliers apply adequate data protection levels. This involves reviewing and updating contractual commitments and the security policies put in place by those service providers.

4.3 Involving and supporting employees

Challenges

Recruiting and retaining talent

Talent recruitment is a key challenge for Rexel, which operates in a highly competitive environment. To support the transformation and digitization of its business activity, the Group relies on amongst other its employee value proposition and in particular has set up an ambitious recruitment and communication strategy to make the Group more attractive.

Skills development

The women and men of Rexel have developed very specialized know-how to offer a distinctive customer experience. This expertise is based on skills that are regularly updated. Developing a culture of sharing knowledge and experiences and offering customized training to employees are among the Group's strategic priorities.

Employee engagement

To position itself in the markets of the future (energy efficiency, industry 4.0, connected buildings), employee engagement is essential. This engagement is based on an understanding of strategy, management, career development, company image, and teamwork.

Commitments

Using the policies put in place to meet these various challenges, the Rexel Group has made a number of commitments:

- improve the integration rate;
- increase the number of training hours per employee (excluding safety training); and
- improve the engagement score.

4.3.1 Supporting the human resources policy through a decentralized structure

Human resources policy

Rexel's human resources policies are based on decentralized management, in which the central functions contribute their expertise to the subsidiaries. This grassroots structure is respectful of local conditions and strengthens Group flexibility and agility and team autonomy. It means finding the right balance between the initiatives of the Group Human Resources Department, which creates the roadmap, and their deployment at the local level.

These human resources policies are supported by tools that increase their efficiency. They include an online academy (Rexel Academy), a human resources information system (SuccessFactors), a digital job board, management and performance recognition tools, and a regular survey that measures employee engagement.

Workforce distribution

As of December 31, 2018, the Group had 26,807 employees, compared to 27,024 as of December 31, 2017.

Breakdown of employees by region

NUMBER OF EMPLOYEES	REGISTERED WORKFORCE (NUMBER OF EMPLOYEES) AT DECEMBER 31	
	2018	**2017**
Total workforce	26,807	27,024
BY REGION		
Europe	15,686	16,052
North America	8,451	8,233
Asia-Pacific	2,670	2,739

Breakdown of employees by gender and status at December 31, 2018

	MANAGERS				NON-MANAGERS			
	WOMEN		MEN		WOMEN		MEN	
Rexel Group	**1,195**	**(21.1%)***	**4,467**	**(78.9%)***	**4,904**	**(23.2%)****	**16,241**	**(76.8%)****
Europe	564	(18.2%)*	2,534	(81.8%)*	2,863	(22.7%)**	9,725	(77.3%)**
North America	516	(26.2%)*	1,450	(73.8%)*	1,400	(21.6%)**	5,085	(78.4%)**
Asia-Pacific	115	(19.2%)*	483	(80.8%)*	641	(30.9%)**	1,431	(69.1%)**
Total by status	**5,662**				**21,145**			

* As a percentage of managers.

** As a percentage of non-managers.

4.3.2 Attracting and retaining talent

4.3.2.1 Attracting talent

Rexel's ability to locate and identify profiles in line with its strategic priorities is essential and requires active talent management. As a result, the human resources teams are trained in new recruitment approaches that select the best profiles through major social networks and elsewhere. The Group constantly reviews and improves its structures and processes to anticipate future needs.

In 2018, the Rexel Group hired 4,852 employees, all types of contracts and statuses combined, compared to 4,823 new hires in 2017. Together, these hires accounted for 18.1% of the Rexel Group's total workforce (compared to 17.8% in 2017).

Performance

Number and characteristics of recruitments

	2018
Number of recruitments	**4,852**
Of which:	
Permanent employees	4,232
Fixed-term employees	620
Managers (permanent)	654
Non-managers (permanent)	3,578
Women (permanent)	955
Men (permanent)	3,277

Strategy and actions

Employee integration

Many measures are taken at the country level to promote the integration of new employees and reduce turnover. These include company intros, welcome booklets, tutorials, regular follow-up interviews, technical, product, or organizational training, inter-departmental rotations, and integration seminars.

At the Group level, a special onboarding site has been available to subsidiaries since 2016. It presents the activities and business lines to new employees before their arrival.

The new employee integration rate (defined as the rate of new permanent hires present in the Group three months after their recruitment) was 92.3% in 2018, compared to 92.7% in 2017. The medium-term integration rate (defined as the rate of new hires present in the Rexel Group one year after their recruitment) was 74.1%, compared to 77.6% in 2017.

Rexel's goal is to reach a medium-term integration rate of over 80% by 2020.

Employee value proposition

Rexel's employee value proposition consists of five promises: "think ahead", "work with a great team", "make a personal impact", "learn from the best", "earn the career you want". These promises embody collective energy and inform all of the Group's human resources policy and commitments. Each subsidiary embodies these promises at the local level.

A strong employee value proposition has a positive impact on the ability to attract talent. It is an instrument to retain and motivate employees. Thus, 85% of Satisfaxion 2018 internal survey respondents said they were "proud to work for their company".

4.3.2.2 Retaining talent

89% of respondents to the Satisfaxion 2018 internal Engagement Survey feel that their *"qualities and skills are fully applied in their work"*. 81% feel that "*work gives them a sense of personal accomplishment*". These results reflect the Group's ability to offer a stimulating and rewarding work environment conducive to the retention of talent.

Strategy and actions

Performance reviews

The Rexel Group has a proactive policy to make an annual performance interview a standard practice for all its employees.

Performance

In 2018, most entities organized annual individual performance interview sessions in which a total of 82.3% of employees took part.

Performance reviews

	2018	2017
Number of employees who received a performance review	22,070	20,881
% of employees reviewed in relation to the total workforce	82.3%	77.3%

Feedback culture

In 2018, two of the Group's pilot subsidiaries set up tools and training aimed to develop a feedback culture. The goal is to increase the number of times managers have reviews with their employees. This process will be progressively extended to all subsidiaries in 2019 and integrated into the performance review system.

Mobility policy

Functional and geographical mobility is a major component of the human resources strategy and a lever for talent retention. Rexel's mobility policy, coupled with skills management, offers employees opportunities for growth. These opportunities are available on a Group job board. At the end of 2018, more than 700 offers were available on that portal.

Performance

A total of 2,416 employees on open-ended contracts had mobility in 2018 (2,743 in 2017), representing 9.2% of the workforce on open-ended contracts.

Of the 2,416 employees who had mobility in 2018, 1,199 employees were involved in vertical mobility (promotion), around 4.6% of Rexel Group employees on open-ended contracts (1,074 in 2017, or 4.1% of the workforce). Of the promoted employees, 38.2% were non-managers who became managers (30.4% in 2017).

Of the 2,416 employees who had mobility in 2018, 1,217 employees were involved in horizontal mobility, around 4.7% of Rexel Group employees on open-ended contracts (1,669 2017, or 6.3% of the workforce).

Managerial development programs

To retain its key talent, the Group has strengthened its training around leadership. Group Advanced Leadership is a program run on nine-month cycles with a blended learning system that combines face-to-face training and e-learning. The program is complemented by external coaching and personal development sessions and the development of a transformation-centered business case.

Many programs of this type are also deployed within the subsidiaries. For example, in the United States, the Grow Achieve Inquire Network (GAIN) program focuses on developing employee leadership and personal development around three areas of expertise: communication, operations management and business approach. This program is deployed in part on Rexel Academy.

Performance

6,058 Group managers (defined as persons with at least one employee under their responsibility, or according to the application of local definitions such as the inclusion of any employee with “manager” status for certain countries), received training in 2018, 24.7% of people trained (compared to 21.5% in 2017).

Action plans to reduce absenteeism

Rexel is implementing special measures to reduce the absenteeism rate. These actions include special monitoring by human resources managers, the establishment of regular reporting, consultation and training, regular medical visits and awareness campaigns, indexing of bonuses for showing up at work, post or schedule arrangements, and return-to-work reports. In Switzerland, for example, all managers are trained in conducting return-to-work interviews to limit absenteeism.

Performance

The Rexel Group absenteeism rate was 3.3% in 2018, compared to 3.2% in 2017.

4.3.2.3 Employment dynamics

Workforce turnover

The Rexel Group is aware of the challenge of workforce turnover, and it analyzes employees reasons for leaving and changes in the integration rate of new hires (see section 4.3.2.1 "Attracting talent" of this Registration document). In addition, most of the Group's subsidiaries organize exit interviews with departing employees to understand the reasons for their resignation.

The turnover rate is defined as the average of the entry and departure rates:

- the entry rate is defined as the total number of hires with open-ended contracts divided by the total workforce with open-ended contracts; and
- the departure rate is defined as the total number of departing employees with open-ended contracts divided by the total workforce with open-ended contracts.

In 2018, the entry rate into the Rexel Group was 16.2%.

In 2018, the departure rate for Rexel Group employees was 17.7%.

This means that for 2018, the Rexel Group turnover rate was 16.9%.

Employee turnover rate of the Rexel Group at December 31

	2018	2017
Staff turnover rate	16.9%	16.3%

Recruitment

During 2018, the 4,852 hires represent 18.1% of the total Group workforce (see section 4.3.2.1 "Attracting talent" of this Registration document).

Departures

During the 2018 financial year, 4,621 employees on open-ended contracts left the Rexel Group (compared to 4,311 for 2017).

The reasons for the departures are detailed below.

Reasons for the departure of permanent employees in 2018

	NUMBER	AS A PERCENTAGE OF DEPARTURES
Number of departures	**4,621**	**17,2% of all permanent employees**
Of which:		
• Resignations	2,730	59.1%
• Redundancies (economic layoffs)	619	13.4%
• Dismissals for other reasons	536	11.6%
• Retirements or early retirements	290	6.3%
• Cessation and/or sale of activity	73	1.6%
• Other reasons	373	8.1%

Collective procedures

In 2018, economic redundancies within the Rexel Group affected 619 employees, compared to 268 in 2017.

The largest reorganizations took place in Germany, Spain and the United Kingdom. Alternatives to dismissals have been put in place, such as internal and/or external redeployment solutions in United Kingdom. These measures have partially limited the number of employee departures.

In addition, to the extent possible, the reorganizations were discussed with employee representatives in order to provide the affected employees with support measures, such as outplacement, early retirement, and financial compensation.

4.3.2.4 Compensation

Strategy and actions

The compensation policy is based on individual performance and company results. Compensation levels are defined for each country to satisfy two requirements: the competitiveness of the compensation offered and internal fairness.

58.3% of Rexel Group employees on open-ended contracts are eligible for individual variable compensation. This mainly affects sales functions and employees with managerial responsibilities.

Finally, 63.2% of Rexel Group employees are members of a profit-sharing plan calculated on the basis of collective results.

In 2018, as part of the French economic and social mobilization plan, all the Group's French entities granted a bonus to each of their employees.

Performance

Salaries and expenses totaled €1.631,4 million in 2018 compared to €1,642.7 million in 2017.

Employee shareholding

Since the Group's initial public offering in 2007, five share ownership plans have been offered to employees. They are reserved for employees and allow them to acquire shares on preferential terms (discount on the reference price of the share, employer contribution). Employees are given a sense of participation in the Group's performance and increase their stake in its capital to consolidate their commitment.

The most recent, Opportunity16, was offered to nearly 90% of the Group's workforce in 14 countries, 17.6% of eligible employees took part, with rates higher than 20% in Belgium, Canada, China, the Netherlands and France.

Performance

As of December 31, 2018, the number of shares held by employees and former employees under employee share ownership plans represented 0.56% of Rexel's share capital and voting rights.

Company benefits

In the majority of countries in which the Rexel Group operates, supplemental health and provident insurance policies are offered to employees in addition to the legally mandated coverage. Membership in these supplemental plans is either voluntary or mandatory, depending on the country, and most frequently cover all employees. In addition, depending on local regulations, certain Group entities have set up supplemental pension programs for their employees.

Finally, the Rexel Group has set standard minimum coverage for business-related accidents through the Rexel+ plan. This plan provides for an indemnity corresponding to one or two years of basic salary in the event of death or serious permanent disability. Launched on July 1, 2010, this plan is managed at the local level and illustrates Rexel's ongoing commitment to social responsibility. The Rexel+ program consists of four local insurance policies that cover Austria, Hungary, Luxembourg, and the United Kingdom, and a policy issued by France covering Slovenia under the freedom to provide services.

Performance

As of December 31, 2018, five countries were therefore involved in the Rexel+ program, and nearly 3,000 employees benefit from this program.

Other benefits

In addition, a number of benefits or services are often granted to employees in addition to what is legally required. They are either negotiated under collective agreements or granted unilaterally and offer, in particular, housing benefits, meal and/or transport allowances, concierge services, childcare, family leave, and medical assistance, or legal assistance services.

4.3.3 Deepening engagement, improving skills

4.3.3.1 Employees engagement

Engagement surveys

Actions

Rexel completed its sixth "Satisfaxion" internal engagement survey in 2018. The participation rate for this survey was 71% (compared with 69% in 2015). 24,635 employees were invited to respond to the online questionnaire available in 14 languages and administered in 23 Group countries. There were 23,648 comments in response to the two open questions included the survey.

Compared to the last survey in 2015, among the ten categories, eight received more favorable results, one is stable and one is not comparable because it is new. The five categories that constitute the levers of Rexel's employees engagement have changed compared to the last survey in 2015:

- strategy and leadership: 80% favorable opinions (+4 points);

- career development: 64% favorable opinions (+4 points);
- management: 77% (+2 points);
- company image: 73% (+2 points); and
- teamwork & cooperation: 81% favorable opinions (+2 points).

The results of the survey confirm the importance given to team spirit rooted in the Group's culture and identity. 90% of respondents also believe that the work done "contributes to the achievement of the company's goal and objectives".

The level of engagement (*i.e.* category including questions related to engagement) reached 79% (+1 point compared to 2015), and the Group intends to reach a level of at least 80% in the next survey.

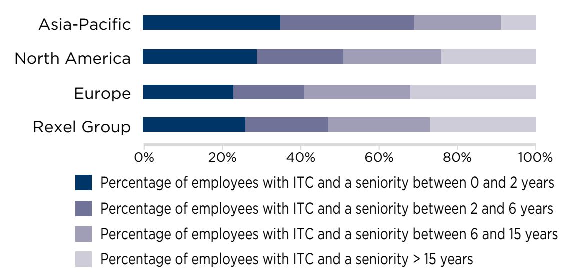
Results reporting was conducted among teams in all subsidiaries. In order to improve the comprehension of certain subjects, workshops involving employees were organized in some subsidiaries. Reflections on areas for improvement will result in action plans deployed at the subsidiary level. The results of the engagement survey enable the Group and its subsidiaries to assess the implementation of their policies.

Seniority

The engagement of Rexel employees is also reflected in the average seniority of employees (10 years) and the variety of profiles.

Performance

Breakdown of permanent employees by seniority



Traditionally, there have been significant variations in seniority depending on geographical areas: renewal of employees is much faster in the Asia-Pacific region (68.1% of employees with open-ended contracts have less than 6 years of seniority), whereas in Europe, employees with more than 15 years of seniority account for 32.1% of the number of employees with open-ended contracts in that area.

4.3.3.2 Development and training

Training is essential to acquire new expertise and master digital and other technologies. To prepare the teams for the world of energy of the future, the Group relies in particular on Rexel Academy, its online academy. This platform is accessible in 24 countries and offers different types of programs to develop professional and product skills, promote personal development, and ultimately employability.

Strategy and actions

The programs are aligned with the Group's strategic priorities. In 2018, 824 new modules were deployed.

In 2018, several topics and training programs were identified to meet this objective.

These include mastery of new digital technologies and the impact of data in the organization (CRM, pricing, webshop), collaborative tools, new sales techniques, and customer advice and service.

Flexible learning solutions (e-learning and face-to-face training) are offered to employees. Sessions are tailored to position, skills, development prospects, local requirements, and personal and collective goals. Some modules are designed by specialists (category managers or pricing experts) to better meet the needs of learners. In 2018, 26,481 people had access to the Rexel Academy, a penetration rate of 88.8%.

Performance

The total number of people who received training (excluding security training) was 24,518 in 2018 representing 91.5% of the total workforce compared to 20,226 in 2017 (74.9%).

The number of hours of training provided (excluding security training) increased from 365,673 hours as of December 31, 2017 to 399,514 hours as of December 31, 2018. The average number of training hours (excluding safety training) taken by employees trained in 2018 was 16. The Group's ambition is to increase this number of hours at over 17 hours per trained employee.

In 2018, 189,930 hours of training were held online, compared to 186,968 hours in 2017.

In 2018, 24.7% of the 24,518 people who received training were managers and 75.3% occupied non-managerial positions.

Total number of training hours (excluding safety training)

	2018		2017	
	NUMBER OF EMPLOYEES TRAINED DURING THE YEAR (EXCLUDING TRAINING HOURS RELATED TO SAFETY)	TOTAL NUMBER OF TRAINING HOURS (EXCLUDING TRAINING HOURS RELATED TO SAFETY)	NUMBER OF EMPLOYEES TRAINED DURING THE YEAR (EXCLUDING TRAINING HOURS RELATED TO SAFETY)	TOTAL NUMBER OF TRAINING HOURS (EXCLUDING TRAINING HOURS RELATED TO SAFETY)
Rexel Group	24,518	399,514	20,226	365,673
Europe	13,675	132,014	9,372	114,569
North America	8,607	214,436	8,233	201,184
Asia-Pacific	2,236	53,065	2,621	49,919

4.3.3.3 Social dialogue

Rexel attaches great importance to the freedom of expression and representation of its employees. The Group recognizes the importance of social partners. This principle is included in the Ethics Guide applicable in all countries in which the Rexel Group operates (see section 4.2 “Acting with ethics and integrity” of this Registration document).

Strategy

Employee representation

The representation of Rexel Group employees is such that:

- 429 employees are involved in representative bodies, representing 1.6% of the total number of employees with open-ended contracts in the Rexel Group; and
- 104 employees are appointed by a trade union organization as representatives, representing approximately 0.4% of the total number of employees with open-ended contracts in the Rexel Group.

European Works Council

Established in December 2005, the European Works Council is a discussion and information platform that represents the 15,686 European employees of the Rexel Group. The council is a forum for dialogue between management and the 22 employee representatives of the 16 European countries represented. It meets once a year. The Bureau comprises five permanent members and meets four times a year. Personal data protection and the compliance program were among the subjects presented in 2018. The European Works Council has been involved in the identification of non-financial risks as part of the Statement of Non-Financial Performance process.

Collective agreements

In 2018, 31 agreements were negotiated and signed between the employee representatives and entities of the Rexel Group. In total, 41.6% of the Rexel Group's workforce is covered by a collective agreement. Most of these agreements were signed in Spain, France, Belgium, and Germany and included quality of work life, wages, profit-sharing, employee shareholding, social dialogue, and right to disconnect.

Out of all the agreements, three were related to health and/or safety.

Profit-sharing and employee shareholding agreements in France

As of December 31, 2018, the employees of Rexel France, Rexel Development, Conectis, and Dismo were covered by a profit-sharing agreement with specific calculation criteria for each of these subsidiaries.

The employee shareholding agreements in place in the relevant French subsidiaries follow the provisions of the French Labor Code.

Social movements

In 2018, the total number of strike hours was 415 hours, with 412 hours in Belgium following a national movement not related to the business of Rexel in this country.

4.3.3.4 Well-being and health and safety at work

In addition to its legal obligations, the Group's responsibility is demonstrated through the constant attention paid to the health and safety of its employees. The safety of employees, stakeholders, and property has always been a priority for Rexel. The main risks for employees relate to road traffic, falls, machine operation, materials handling, handling of cables, and computer work.

Strategy and actions

A responsible, efficient, and consistent safety policy has been deployed since 2015 in the countries in which the Group operates. To reinforce responsible culture and practices, the Group enhances and supplements the procedures and rules in place to promote a common framework for all its entities.

The Group initiative aims to:

- Guarantee a safe working environment wherever Rexel operates;
- Build a culture of shared responsibility; and
- Ensure employee commitment through the exchange of good practices.

To create a common language around safety, Rexel has implemented ten safety principles. These ten principles make it possible to establish a comprehensive approach and promote safe and responsible practices and behaviors. They address the key risks to which Rexel is exposed as a result of its activity.

Some countries have chosen to conform to the OHSAS 18001 occupational health and safety certification. Subsidiaries based in Austria, Hungary, Finland, Spain, China and the United Kingdom have implemented this health and safety risk management method.

These initiatives offer employees a safe work environment. 92% of Satisfaxion engagement survey respondents say that their *"workspace is a safe place to work"*.

Well-being at work

The quality of life at work is an essential component for retaining employees. Each subsidiary is invited to implement action plans to encourage employee engagement. Many initiatives illustrate this concern.

Accordingly, in the main French subsidiary Rexel France, representing 18.3% of the workforce a program against dependence (tobacco, alcohol, etc.) has been deployed for employees who want to take advantage of it. Financial assistance has been offered. Employees can see specialty doctors such as acupuncturists. A program for family caregiver employees has also been put in place. The French subsidiary offers employees dealing with the illness or loss of autonomy of a loved one a telephone platform that help them apply for assistance or choose a medical home or home caregiver. The purpose of this turnkey solution is to prevent employee exhaustion and absenteeism. The plan also includes social support for employees in difficulty (housing, over-indebtedness, divorce, or occupational health). Health and wellbeing forums with workshops on nutrition, sleep, sport, warming-up have also been set up to promote the wellbeing of Rexel France employees.

In Australia, a dedicated health portal also promotes a healthier lifestyle through tips and dedicated articles.

Lastly, Rexel's head office has put in place rules for digital usage outside working hours through an agreement on the right to disconnect. This agreement promotes reasonable use of remote communications.

Performance

At the Rexel Group level, several indicators are monitored and analyzed to help define appropriate action plans.

Number of accidents

	2018	**2017**
Number of accidents leading to death	0	0
Number of accidents leading to time off work	267	294
Number of accidents not leading to time off work	861	587

In 2018, 1,128 work accidents were identified within the Rexel Group: none resulted in death, 267 resulted in work stoppage, and 861 did not lead to a work stoppage.

The number of workdays lost as a result of work accidents was 6,499 in 2018, compared to 6,112 in 2017.

Most of the work-related accidents that resulted in work stoppage involved the logistics function (145 accidents, or 54.3%) and the commercial/sales function (91 accidents, or 34%).

Frequency rate of work accident

	2018	2017
Frequency rate of work accident	5.72	6.19

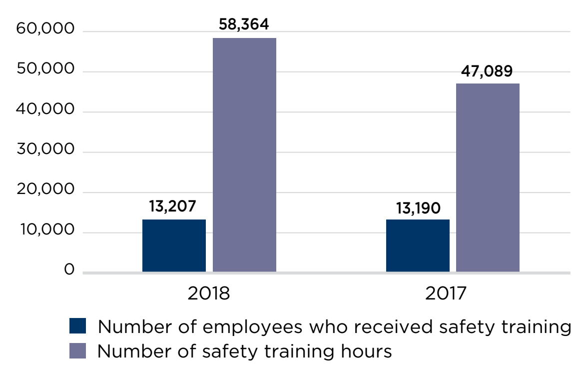
The Rexel Group accident frequency rate, calculated as the number of work accidents resulting in lost time per million hours worked, was 5.72 in 2018. This rate had decreased compared to 2017 (6.19).

Severity rate of work accidents

	2018	2017
Severity rate of work accidents	0.14	0.13

The Rexel Group accident severity rate, defined as the number of workdays lost due to temporary disability per 1,000 hours worked, was 0.14 in 2018 compared with 0.13 in 2017.

Safety training



The share of people who received safety training was 49.3% of the total workforce in 2018 (13,207 employees).

Health, safety and working conditions committees

In 2018, there were 63 health, safety and working conditions committees within the Rexel Group. 411 employees participated, representing 1.6% of the total workforce with open-ended contracts.

Professional illnesses

In 2018, three occupational diseases were declared and three were recognized.

4.3.3.5 Organization of working time

The duration of working time varies according to the regulations of the countries in which the Group operates.

On average in the Rexel Group, employees work 39 hours a week, or nearly 8 hours a day.

Breakdown of workforce by type of contract and function.

The Rexel Group employs only a few people on fixed-term or temporary contracts. These types of contracts are used mainly to meet specific needs.

In 2018, the average monthly number of temporary workers working as full-time equivalents was 1,047.7, or 4% of the total monthly average workforce (3.5% in 2017).

Organization of working time

PART-TIME EMPLOYMENT AND OVERTIME HOURS	2018	2017
Percentage of part-time employees	3.5%	3.3%
Percentage of overtime hours / total working hours	1.4%	1.4%
Number of overtime hours	644,016	658,551

The number of people employed part-time within the Rexel Group was 935 as of December 31, 2018, or 3.5% of the total workforce.

Overtime

To manage the working time of its employees, the Rexel Group rarely relies on overtime: 644,016 overtime hours were worked in 2018 by all Rexel Group employees, or 1.4% of the annual number of hours worked (compared with 658,551 overtime hours, or 1.4% of the total annual number of hours worked in 2017).

4.3.4 Supporting diversity, inclusion, and equal opportunity

Because diversity is a societal challenge but also a lever for improvement of performance, Rexel is committed, through its Ethics Guide in particular, to ensuring equal treatment between men and women in a comparable situation in all areas: recruitment, compensation, careers, training, etc.

The Ethics Guide presents the economic, environmental and social principles that the Rexel Group defends and respects. It expressly refers to dignity, diversity, and respect for people. The Ethics Guide also prohibits any form of discrimination against employees.

A section dedicated to diversity and inclusion was launched in Rexel Academy in early 2019. This section contains modules that promote diversity and showcase employee testimonials.

4.3.4.1 Gender equality

Actions

Rexel strives to respect equality between men and women in comparable situations in career development, training and compensation.

Performance

As of December 31, 2018, women accounted for 22.8% of the total workforce (same as 2017). This percentage is in line with market realities and the low percentage of women in the specialized distribution sector.

The 2018 indicators show insignificant differences for the following data:

- Mobility and promotion

  In the year 2018, 9.3% of women experienced job mobility, compared to 9.2% of men (respectively 9% and 10.8% in 2017).

  110 (2.2%) of non-manager women were promoted to managers (79 or 1.5% in 2017). For men, the rate was similar: 348 men, or 2.1% of non-manager men (248, or 1.5% in 2017).

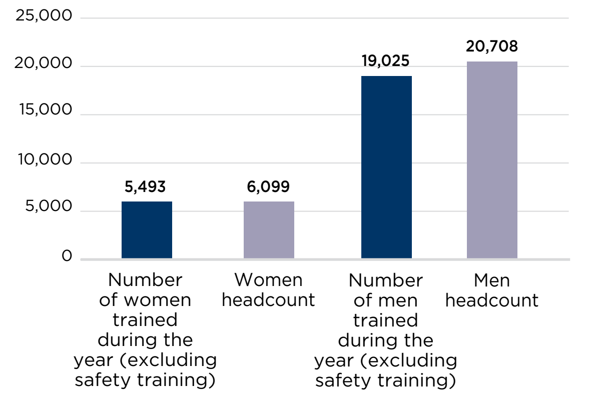
- Salary increases

  77.2% of women with open-ended contracts with at least one year of seniority received a raise in 2018, compared to 71.5% of men with open-ended contracts with at least one year of seniority.

- Training

  In 2018, 22.4% of the employees who received training were women, whereas they accounted for 22.8% of the total workforce and 77.6% of the employees who received training were men, whereas they represented 77.2% the total workforce of the Rexel Group.

Breakdown of employees and training per gender (excluding safety training)



- Recruitment

  Of the employees with open-ended contracts hired in 2018, 22.6% were women and 77.4% were men.

4.3.4.2 Employees with disabilities

Encouraging the employment of people with disabilities is a conviction that is part of a process of equal access to employment for all.

Strategy and actions

In France, Rexel France renewed its agreement for the professional integration of people with disabilities for the period 2017-2020.

The following measures were deployed:

- A communication and information plan for employees and managers. The HR teams and all members of the health, safety and working conditions committees (CHSCT) took special training courses in 2017 and 2018. A disability awareness campaign was launched with the creation of posters and a newsletter distributed internally. An employee video also shows good day-to-day practices;
- A recruitment plan was launched with the publication of offers on specialized sites for professional and social integration (Association AGEFIPH). Rexel is also committed to providing access to higher education for young people with

disabilities. The French subsidiary participated in a disabled student video contest alongside the TousHanScène association. About a hundred videos were produced by students from 58 higher institutions. Employees had the opportunity to vote for the video of their choice; and

- An employment maintenance program with acoustic and ergonomic studies and post adaptations was also deployed to improve the working conditions of people with disabilities.

Thus, the percentage of disabled employees from among the total workforce at Rexel France increased from 1.1% in 2008 to 3.4% in 2018.

The purpose of these awareness-raising, employee education, and recruitment measures is to promote equal opportunities and achieve a 3.8% employment rate for people with disabilities by 2020.

Performance

In 2018, the Rexel Group employed 441 employees who reported a disability, or around 1.6% of its total workforce.

Employees who declared themselves to be disabled in 2018 accounted for 1.1% of all hires with open-ended contracts as of December 31, 2018.

4.3.4.3 Generational diversity

Intergenerational diversity is an issue for Rexel. 31.3% of the Group's workforce is seniors (employees over 50). This issue is addressed through the implementation of a proactive career management and skills policy (see Section 4.3.3 "Deepening engagement, improving skills" of this Registration document). Seniors accounted for 9.3% of permanent hires in 2018 and young graduates accounted for 4.7%.

Rexel is increasing the inclusion of young people in particular through a proactive policy to recruit work-study students (211 interns recruited in 2018, mainly in France and Germany). Rexel has also promised that each branch in France would sponsor a lower secondary student as part of an introductory work placement.

This generational diversity is appreciated by employees, as shown by the results of the latest Satisfaxion survey: 90% of respondents are satisfied with the relationship between people of different generations.

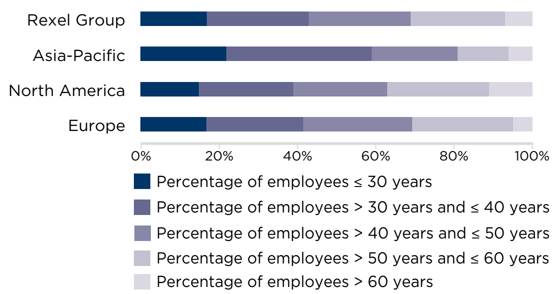
Performance

As of December 31, 2018, the average age of all Rexel Group employees was 43.3, compared to 43.2 as of December 31, 2017.

The most represented age group is the over 40s-50s (6,958 people), followed by the 50-60 age group (6,554 people).

Seniors (defined as employees over 50) accounted for 31.3% of the total workforce and under 30s accounted for 16.8%.

Breakdown of permanent employees by age (Employees with open-ended contracts)



4.3.5 Methodological note

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.

The analysis of social data is carried on a current basis for years 2017 and 2018.

Employment indicators are collected and consolidated *via* Enablon to which all reporting entities have access.

The Rexel Group organizes social data into the following regions for analysis :

- North America : Canada and USA;
- Asia-Pacific : Australia, China, India, New Zealand, Saudi Arabia and the UAE; and

- Europe: Austria Belgium, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Russia, Slovenia, Spain, Sweden, Switzerland and the UK.

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 (persons in early retirement, pre-pensioners having an effective working contract until the date of actual 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 in part on a follow-up taken from Rexel Academy. This tool does not allow for an exhaustive census, which is why another part is based on estimation in some entities (*e.g.* based on the average number of training hours per employee);
- Process improvement in some countries leads to adapt these following 2017 indicators : the medium term integration rate and the number of working days lost due to work accidents;
- 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, commuting accidents are excluded.

4.4 Improving environmental performance

Challenges

Climate change

The fight against climate change is one of the major challenges of the 21st century. To prevent global temperatures from rising by more than 2°C by 2100, which is the goal of the Paris Agreement, the global economy must change profoundly. As a player in this transformation, Rexel is developing effective solutions and innovative programs for managing energy and reducing greenhouse gas emissions throughout its value chain.

Setting new standards

The Group's environmental performance is at the heart of its sustainable development strategy. A player in the energy transition, Rexel sets ambitious objectives that strengthen its leading position among its stakeholders.

Resources management

Fifty million tons of electrical and electronic equipment are thrown away each year[1] around the world, and only 10% will undergo some kind of recycling. Minimizing the waste generated in a branch or logistics center and offering its customers product collection and recycling solutions are Rexel's two priorities for sustainable resources management.

Commitments

Reduce greenhouse gas emissions by at least 30% in Rexel operations by 2020 (compared to 2010).

At least double the sale of energy efficiency products and services by 2020 (compared to 2011).

Set targets for reducing greenhouse gas emissions in line with the +2°C target, within the framework of the Science Based Targets initiative.

4.4.1 Strengthening environmental oversight

4.4.1.1 Environmental policy

With its presence in 26 countries and over 2,000 sites (branches, logistics centers, main offices), the Rexel Group faces an environmental challenge that comes more from the dispersion of its impacts than their magnitude. Oversight of the environmental strategy is therefore a key element to coherently and sustainably managing the reduction of the footprint of sites, shipping, and the solutions marketed by the Rexel Group.

Strategy and actions

The Group's sustainable development strategy, environmental policy, and operational implementation are managed by the Sustainable Development Department, which reports to the General Secretary of the Group, in coordination with the head office's functional departments and local operational teams. Objectives, results, and projects are presented once a year to the Rexel Board of Directors.

The Group implements dedicated procedures, tools, and resources to manage its environmental impacts. It is essential for employees to take these challenges into account for this policy to be successful.

The Group's environmental strategy has three levels:

1. Procedures and rules common to all subsidiaries;
2. Control of implementation of those rules in operations; and
3. Performance indicators that verify progress.

4.4.1.1.1 Common procedures and rules

Environmental Charter

To support the operational implementation of its policy, the Rexel Group has used an Environmental Charter for several years. Regularly updated to take account of changes in the company, it is now published in 23 languages and deployed in all Rexel Group subsidiaries.

The Environmental Charter details the Rexel Group's three environmental commitments:

1. Improving the environmental performance of Rexel building
   - By upgrading facilities with energy-efficient equipment for lighting, heating, cooling, etc.; and
   - By managing, segregating and redirecting waste to recycling or other appropriate treatment channels.
2. Reducing the environmental footprint of operations
   - By minimizing the use of packaging and paper; and
   - By optimizing transport flows and thereby reducing fuel consumption and associated greenhouse gas emissions.
3. Developing and promoting 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.

(1) United Nations Environment Program estimate (https://www.unenvironment.org/es/node/6295).

Performance

At the end of 2018, the Environmental Charter was on display in 94% of the Rexel Group's sites.

Environmental reporting

To measure the performance of its subsidiaries, Rexel has set up centralized reporting. This management tool makes it possible to monitor the environmental impacts of all activities and have a global vision of the Group's environmental footprint *via* the monitoring of key indicators. The tool promotes the continuous improvement of performance and communication between Group subsidiaries.

Environmental information and reporting procedures are audited by an Independent Third Party each year. Beyond the regulatory response, this audit helps to ensure the reliability of the published information and to monitor the implementation of action plans.

The reporting guidelines are based on internationally recognized standards:

- Version 4 of the GRI (Global Reporting Initiative) sustainable development reporting guidelines, an internationally recognized framework for defining performance indicators and reporting procedures; and
- The GHG Protocol (Greenhouse Gas Protocol) to quantify and report greenhouse gas emissions in a transparent manner.

Each year, an environmental reporting summary is sent to each country. This document contains physical and financial information and enables each subsidiary to compare itself with other Group entities over all indicators.

4.4.1.1.2 Implementation controls

Environmental management system

The Rexel Group continues to implement environmental management systems (EMS), which define and document procedures to control the environmental aspects of its activities and allow improvement plans to be managed. Since 2013, the Rexel Group has published its own environmental management standard to harmonize, support, and accelerate the deployment of the EMS in the subsidiaries.

Several subsidiaries have embarked on an ISO 14001 certification process, thus demonstrating their commitment to the continuous improvement of their environmental strategy.

Performance

As of the date of this Registration document, the number of Rexel Group sites where an EMS is applied is stable (45% of the Group's sites) compared to 2017.

At the end of 2018, 24% of sites obtained ISO 14001 certification, compared to 25% in 2017.

In addition, certain subsidiaries have also agreed to implement energy management systems that are compliant with ISO 50001. These subsidiaries represent approximately 17% of the Group's sites and 15% of the Group's energy consumption.

In 2018, Austria and the United Kingdom implemented a highly structured approach by obtaining four certifications (ISO 14001, ISO 9001, ISO 50001 and OHSAS 18001).

Environmental experts' network

Rexel relies on a network of approximately 60 environmental officers, who are located in the subsidiaries. These experts are responsible for implementing Group policies, guiding strategy, and managing environmental reporting in addition to their operational responsibilities.

In April 2018, they participated, as is the case every year, to the international sustainable development seminar to discuss the Group's challenges and priorities and share best practices from the subsidiaries. Workshops, panels by external experts, health and safety policy presentations, the employee engagement survey, the fruits of the Rexel Foundation's work, were part of this three-day program in the Netherlands.

To foster dialogue and gather feedback from local offices, this annual meeting is supplemented by quarterly updates and regular informal exchanges led by the Group's Sustainable Development Department. A platform for exchange also provides this community with key documents to help spread best practices. An internal social network supplements the environmental officers and provides a place to share information about sustainable development and discuss the progress of their achievements.

Employee training

The Sustainable Development Department raises awareness among employees about environmental and societal issues. Sustainable development training is available at Rexel Academy. It presents the main challenges and principles of sustainable development with videos, case studies, and quizzes. The goal is to inform 100% of the Group's employees about sustainable development.

A comprehensive e-learning module on energy efficiency is also available to everyone, based on three levels of expertise. The purpose of this program is to help employees improve their level of knowledge, strengthen their expertise, and gain confidence when they talk about energy efficiency.

4.4.1.2 Environmental incidents

Strategy

Compliance with environmental regulatory requirements is a key aspect of the definition of environmental policy at the Group level and at the local level. The main regulations that may have an impact on the Rexel Group's activities are described in Section 1.8.2 "Environmental regulations" of this Registration document.

Prevention and management of environmental incidents

The non-financial risk analysis shows that the Rexel Group's activities present a limited risk to the environment. However, environmental incidents are given special attention and are monitored on a daily basis *via* the EMS and annually through environmental reporting. In 2018, no Rexel Group entity reported any significant environmental incidents.

Some installations have to be declared or registered with the administrative authorities, obtain environmental permits and operating licenses, and undergo regulatory controls. In France, for example, the Rexel Group is affected by legislation concerning Installations Classified for the Protection of the Environment (ICPEs). As such, some installations, within logistics centers especially, have to be declared or registered depending on the level of hazard or inconvenience that they represent. These include covered warehouses where combustible materials, plastics, paper, and cardboard are stored and battery charging workshops. Obtaining and renewing these declarations and administrative authorizations is sometimes subject to local oversight.

Resources devoted to reducing environmental risks

Given the Rexel Group's profile, the environmental risk is low. The costs associated with the assessment, prevention, and treatment of environmental risks therefore represent small amounts that are integrated into the Rexel Group's investment processes and have not been identified separately. In addition, environmental risk is taken into account when new entities are acquired.

Expenses incurred to prevent the impact of activity on the environment

Sites for which certain environmental risks have been identified, especially ones with a fuel storage point, follow the regulations applicable to them and implement operational procedures, quality systems, and a set of safety measures. Expenses incurred by the Rexel Group to prevent the impact of activity on the environment is included in the Group's traditional investment process and has not been identified separately.

4.4.2 Committing to climate

Climate change is one of the major challenges of the present time. Energy management alone can absorb 40% of the greenhouse gas reductions needed to meet the targets of the Paris Agreement on climate change.

The Rexel Group is committed to limiting the rise in global temperatures to +2°C by the end of the century and contributes to the fight against climate change:

- By offering its customers the products and solutions to accelerate the energy transition;
- By reducing its own environmental footprint; and
- By encouraging all of its stakeholders to commit to being a player in the transition to a low-carbon economy.

4.4.2.1 2° target

In 2018, Rexel confirmed that it had achieved the two environmental targets that the Group had set for 2020.

Firstly, the Group is committed to reducing the greenhouse gas emissions of its operations (scopes 1 and 2) by at least 30% compared to 2010. In 2018, Rexel reduced its emissions by 36.9% compared to 2010, and by 2.5% compared to 2017.

And Rexel has also set itself the target of at least doubling the sales of energy efficiency products and services compared to 2011. At the end of 2018, the goal was achieved with sales 2.07 times greater than in 2011, up 3.3% from 2017.

The early achievement of these targets led the Group to develop a new climate roadmap in 2018 and to broaden its responsibilities in its ecosystem. The commitments made by Rexel align with the Paris Agreement (COP21) through new climate targets compatible with a 2°C trajectory.

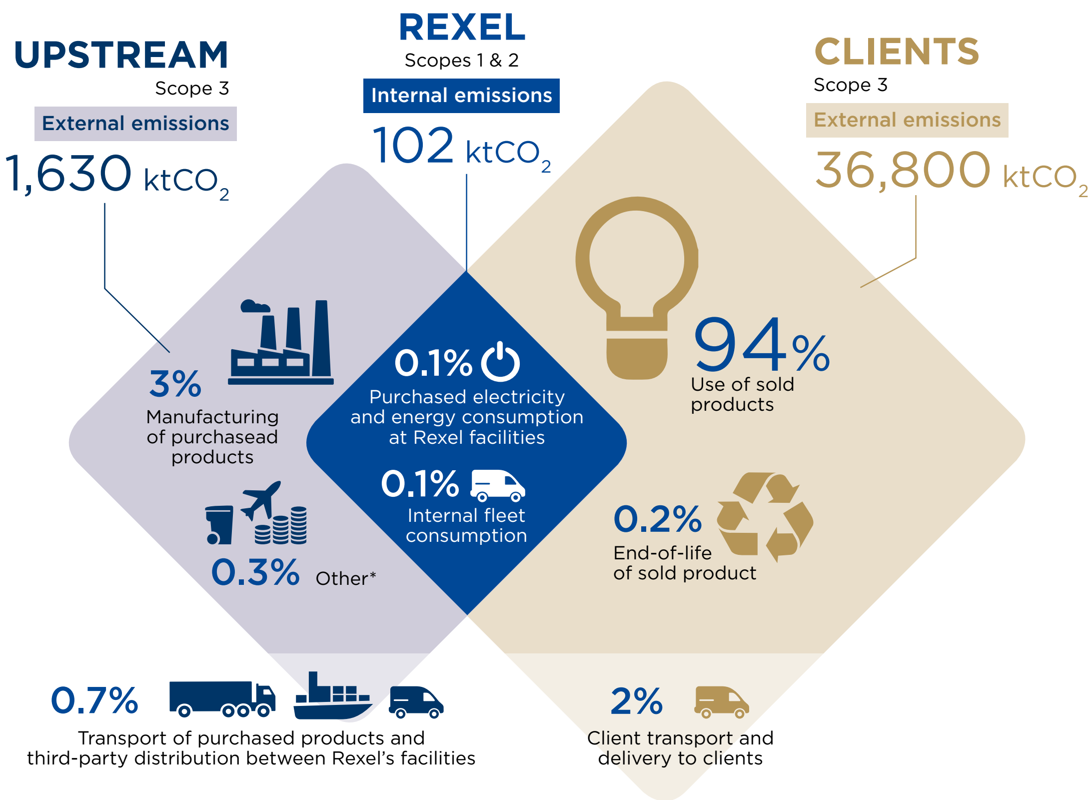
In this context, Rexel joined the Science Based Target initiative (SBTi) in 2018 and is committed to setting targets for reducing greenhouse gas (GHG) emissions that are aligned with the +2°C target. The Science Based Targets initiative is a project of international experts comprising the World Wildlife Fund (WWF), the United Nations Global Compact, the CDP, and the World Resources Institute (WRI). The initiative aims to encourage companies to set GHG reduction targets that are in line with scientific recommendations. The reduction targets selected are then assessed scientifically and validated by the SBTi.

Strategy and actions

To develop its +2°C scenario in line with the recommendations of the Science Based Target initiative, Rexel organized two workshops with internal and external stakeholders in 2018. Suppliers, customers, experts, and employees were invited to come together and build action plans that could be deployed to enable the Group to achieve ambitious objectives.

4.4.2.2 Reduce greenhouse gas emissions across the value chain

Rexel monitors and measures its CO_2 emissions through the completion of its greenhouse gas emissions report, which was conducted throughout the value chain in 2017 and updated in 2018. Analysis of the greenhouse gas emission budget shows that internal emissions (Scopes 1 and 2 as defined hereafter) are relatively low. The most significant item is related to product use (Scope 3 as defined hereafter).



* Employee commuting, business trips, waste at Rexel sites, capital goods, etc.

Scope 1

The Group's direct greenhouse gas emissions (Scope 1) are still measured in comparison to the entire value chain. They include emissions related to primary energy consumption (mainly natural gas and domestic fuel oil) on site as well as emissions related to the fuel consumption of vehicles operated by the Rexel Group.

Performance

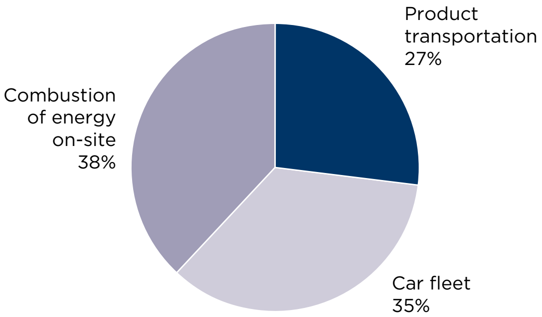
In 2018, direct greenhouse gas emissions represented 71,543 tons of CO_2 equivalent, a figure obtained over a scope representing 99.6 % of Group revenues. These emissions are down 3.5% compared to the previous year, on a constant scope.

Direct greenhouse gas emissions from on-site primary energy combustion are estimated at 27,412 tons of CO_2 equivalent in 2018. These emissions increased by 3.5% compared to 2017, on a constant scope.

Greenhouse gas emissions from freight shipping totaled 19,081 tons of CO_2 equivalent. These emissions decreased by 7.3% compared to 2017, on a constant scope.

Emissions involving business trips made by the fleet of cars owned or leased by the subsidiaries of the Rexel Group represented 25,051 tons of CO_2 equivalent. These emissions decreased by 7.4% compared to 2017, on a constant scope.

Scope 1 direct GHG emissions by source (2018)



Scope 2

Indirect (Scope 2) emissions are related to the production of electricity, steam, and heat consumed by the Group's sites. Nearly 97% of those emissions are related to electricity consumption in buildings. The remaining Scope 2 indirect emissions are associated with heat consumption.

Performance

Indirect emissions, scope 2, in 2018 totaled 30,077 tons of CO_2 equivalent, a value obtained over a scope representing 99.6% of the Rexel Group's revenues.

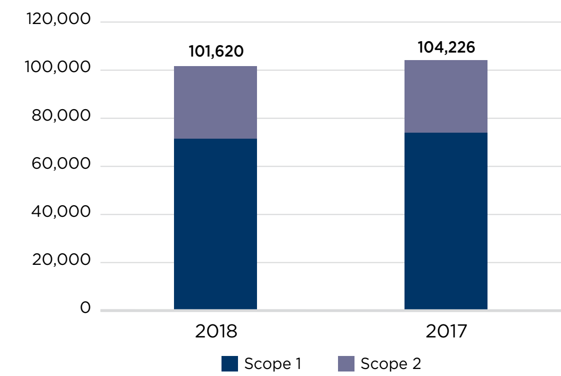
Emissions related to electricity consumption has accounted for 29,203 tons of CO_2 equivalent and were stable from 2017 to 2018, and electricity consumption remained essentially the same in both years, on a constant scope.

Greenhouse gas emissions related to heat production has accounted for 873 tons of CO_2 equivalent and decreased by 3.3% between 2017 and 2018 while heat consumption increased by 0.3%, on a constant scope. This decrease is explained by the transfer of heat production towards solutions that emit less greenhouse gas.

Internal emissions (scopes 1 and 2)

Total Scope 1 and 2 emissions decreased by 2.5% on a constant scope between 2017 and 2018. These results are explained in particular by the performance of the Group's logistics and the energy management of buildings.

Evolution of GHG emissions (scope 1 + scope 2), constant scope (tCO_2e)



Scope 3

For the fourth time in 2018, Rexel performed an evaluation of the indirect greenhouse gas emissions (Scope 3). As part of a continuous improvement drive, results were once again refined this year. Based on a robust methodology, this heavy work offers the best estimate available and may not accurately reflect the actual emissions in Scope 3.

These emissions are estimated at 38.5 million tons of CO_2 equivalent ($MtCO_2e$) and represent more than 99.7% of the Group's impact on the climate:

- The first item is estimated at 36.2 $MtCO_2e$ and concerns the use of the products sold by Rexel;

- The second and largest item corresponds to purchases of goods and services, which represent slightly over 1.2 $MtCO_2e$; and
- Next come the upstream and downstream shipping of goods and products, which represent slightly under 1 $MtCO_2e$.

4.4.2.3 Help professionals promote and install energy-efficient solutions

To contribute to the fight against climate change, Rexel must accelerate the distribution of energy-efficient solutions and renewable energies to its 650,000 active customers around the world. Its responsibility as a distributor is to seek and encourage more energy-efficient, less impactful solutions for the planet.

Renewing and diversifying the products and services portfolio to promote solutions with lower energy requirements also contributes to the Group's economic performance. These solutions also help end-users reduce their energy bills and streamline their costs. These solutions are presented in Section 4.5.2. "Creating value for customers" of this Registration document.

Beyond meeting the needs of customers and end-users, promoting energy efficiency solutions contributes to the Rexel's climate goals, under the Science Based Target initiative in particular.

4.4.3 Setting an example

To reduce its environmental footprint and remain exemplary, the Group's operational performance strategy involves implementing energy-efficient and renewable energy solutions on its sites.

4.4.3.1 Strengthen site energy efficiency

Strategy and actions

Improving building energy performance involves measuring and controlling consumption. For many years, Rexel has been pursuing a continuous improvement strategy that forms part of the core of its environmental management system.

Taking this further, a growing number of Group subsidiaries are implementing energy efficiency action plans in the wake of energy audits or ISO 50001 certification.

This continuous improvement strategy, along with the widespread use of LED lighting in branches and logistics centers, explains the continuous decline in the Rexel Group's energy consumption.

Rexel is continuing its efforts through the implementation of the following measures:

- The improvement of lighting equipment, through the use of LED and other low-power technologies and control and automation systems (home automation, presence and light sensors, etc.);
- The modernization of heating, air conditioning, and ventilation systems and better oversight (lower room temperature set point, etc.); and
- The management of energy consumption *via* annual environmental reporting or specific management measures and tools in certain subsidiaries (site-by-site management on a monthly basis, or even in real time).

Performance

More than 80% of the Group's sites are equipped with LEDs and energy consumption control systems.

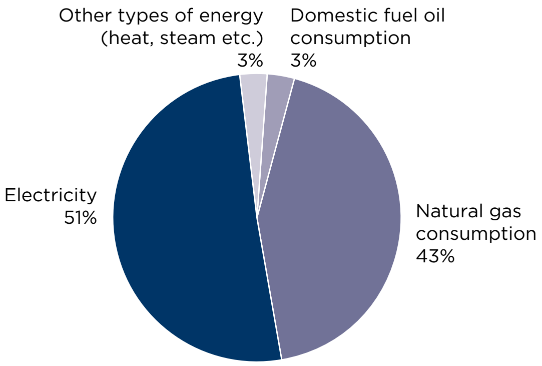
In 2018, total on-site energy consumption was 287,705 MWh, a value obtained over a scope representing 99.6% of the Rexel Group's revenues. It represents an increase of 1.6% compared with the previous year, on a constant scope, due in particular to the climate conditions from January to March 2018.

The Group strives to use renewable energies as much as possible by developing its own photovoltaic production capacities, subscribing to contracts with power suppliers that use certified renewable energy sources (photovoltaic, hydraulic, biomass, etc.), or by connecting directly to biomass-based heat networks.

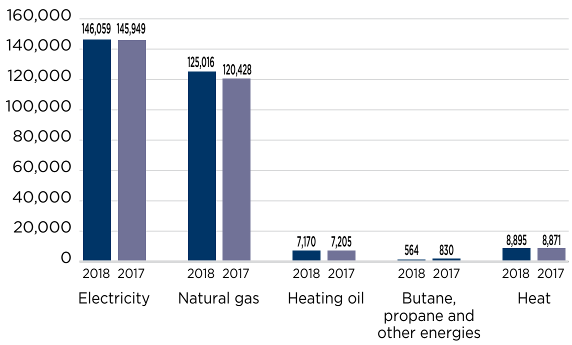
In France, for example, Rexel moved into a new 20,000 m^2 logistics warehouse near Bordeaux in 2018. This BREEAM GOOD-certified building has a nearly 2,000 m^2 photovoltaic power plant on the roof, for self-consumption. The installation covers 20% of the logistics center's energy needs.

In 2018, 16% of electricity consumption on-site came from contracts with suppliers that use certified renewable sources.

On-site energy consumption by type of energy (2018)



Energy consumption evolution (MWh), constant scope



4.4.3.2 Reduce the carbon footprint of shipping

Strategy

Shipping is an important aspect of Rexel's sustainable development policy. The Group's activities entail continuous optimization of logistics, from suppliers to customers. The Group has logistics sites in each country and a flexible structure that allows it to optimize its supplies to meet customer needs. In addition, the Group's sales activities require a daily presence of sales forces with customers in their local communities. As a result, Rexel works to reduce the impact of its shipping on the climate.

Logistics flows

The extensive network of branches throughout France and abroad, combined with state-of-the-art logistics that ensure "just-in-time" delivery of approximately 500,000 orders a day, are some of the challenges that make Rexel constantly optimize its organizational structure and processes.

Optimizing costs and increasing flexibility and service for customers while reducing the fuel consumption and mileage of its direct and indirect fleet are the goals that Rexel has set for itself to reduce its carbon footprint:

- Pooling shipments: by subcontracting shipping to service providers that pool the fill of trucks with other local companies, Rexel streamlines its logistics operations and reduces its environmental impact;
- Streamlining delivery routes: powerful planning tools can help reduce mileage. Optimization of vehicle loading, the use of GPS systems to measure various performance indicators (fuel consumption, CO_2 emissions, distances travelled, loading rates, etc.), and the introduction of electric vehicles and hybrids also help to limit these impacts; and
- Using "clean" carriers: taking environmental criteria into account in carrier selection is another one of the measures taken by the Group. The environmental performance of vehicles and their maintenance, driver training, and the monitoring of fuel consumption and greenhouse gas emissions are among the criteria for selecting its logistics partners.

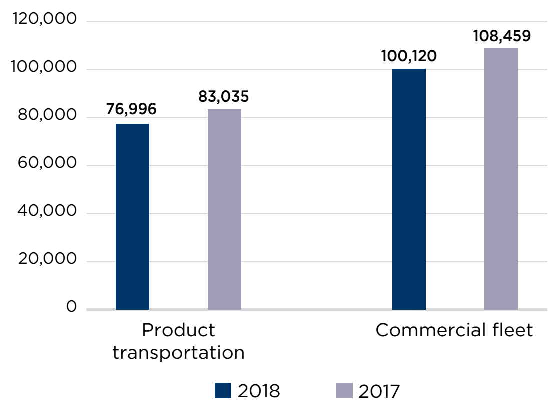
In addition, the Group is proposing that some urban customers hand over to them to optimize global logistics. This service will optimize logistics and provide a number of benefits across the country: reduction in kilometers travelled and greenhouse gas emissions, reduced road congestion or improved air quality.

Performance

In 2018, the Rexel Group's internal fleet for the shipment of goods consisted of 903 trucks and 818 vans in total, a very slight increase in the number of vehicles compared to 2017 (872 trucks and 843 vans) on a constant scope.

In 2018, that fleet consumed 4.66 million liters of diesel and 2.88 million liters of gasoline, for total energy consumption of 76,996 MWh. On a constant scope, between 2017 and 2018, energy consumption felt by 7.3%.

Evolution of energy consumption by internal fleet (MWh), constant scope



Commercial fleet

Rexel's activity requires a great deal of business travel. Most subsidiaries have a fleet of vehicles that they own or lease long-term. Sustainable fleet management reduces fuel consumption and the related emissions.

For several years, Rexel's indirect purchasing department has been deploying master agreements to streamline the company's vehicle fleet (cars and utility vehicles) and improve its environmental performance. Thanks to the partnerships signed with long-term lessors and certain car manufacturers, the Rexel Group gives its subsidiaries support as they implement this streamlining policy and encourages monitoring of performance indicators (fuel consumption, CO_2 emission rate per kilometer).

Performance

In 2018, the Rexel Group fleet consisted of 4,979 cars (excluding commercial vehicles) and consumed nearly 7.38 million liters of diesel and 2.31 million liters of gasoline. This represents energy consumption of 100,120 MWh. On a constant scope, between 2017 and 2018, energy consumption decreased by 7.8%.

4.4.4 Managing resources in a sustainable manner

Sustainable management of resources helps to ensure the competitiveness and continuity of the Group's business in the context of rapidly changing legislation and the depletion of natural resources. The reduction and recovery of waste in the value chain are a major challenge for Rexel.

Strategy and actions

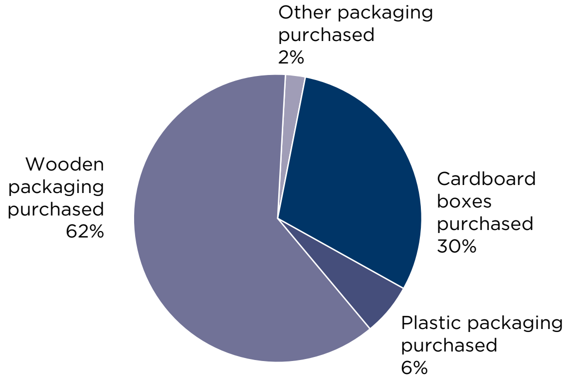
As part of its commitment to the circular economy, Rexel seeks to reduce the amount of waste generated by its activities and promotes its recovery. The Group encourages all of its branches, logistics centers, and subsidiary head offices, through its Environmental Charter, to:

- Put in place a selective sorting system for paper, cardboard, plastic, and wood waste for recycling or recovery;
- Ensure that hazardous waste (such as batteries and computer and electrical equipment) are sent for environmentally sound processing and recycling; and
- Contribute, in accordance with local regulations, to the collection and recovery of some special customer waste such as WEEE, waste from electrical and electronic equipment.

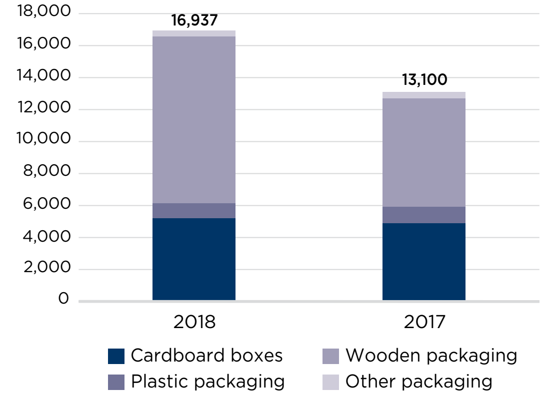
Packaging

The Group has put in place a packaging reduction policy. Volume reduction and the use of innovative, recyclable packaging and reusable materials are just some of the long-term initiatives. Many countries have put in place a system to reuse pallets, wooden reels, and cardboard boxes from suppliers for customer delivery. Reusable packaging is also becoming more commonplace. The use of reusable plastic bins between logistics centers and branches helps to streamline packaging and limit the use of plastic films.

Packaging material consumption by type of material (2018)



Evolution of packaging material consumption (tons), constant scope



Performance

The total quantity of packaging (cardboard, plastic, wood, and other types) consumed by the Rexel Group in 2018 is, based on a scope representing 99.6% of Rexel Group revenues, estimated at 16,937 tons.

The change in distribution models led to a 29% increase in the consumption of packaging materials compared to 2017, on a constant scope. This increase is mainly due to the renewal of wooden pallets in major Rexel Group subsidiaries.

Further, the monitoring of this consumption is improving from year to year (thanks to the establishment of separate accounting for other consumables) and is therefore more exhaustive.

Paper consumption

For several years, the Group has put in place action plans to reduce paper consumption, by raising employee awareness of better consumption habits and reduction of the number of catalogs and business documents printed.

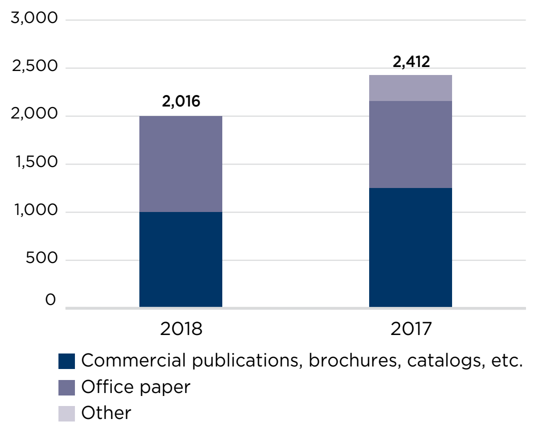
The digitization of catalogs and brochures and the dematerialization of ordering, delivery, and billing processes have also contributed to this reduction in consumption.

Performance

For the printing of its brochures and catalogs, the Rexel Group consumed approximately 1,001 tons of paper in 2018. The consumption of other paper (office paper, billing, etc.) totaled nearly 1,015 tons. Total paper consumption therefore decreased by 16.4% between 2017 and 2018, on a constant scope. These figures were calculated on the basis of a scope representing 99.6% of the Rexel Group's revenues.

68% of the total amount of paper used was certified (from recycled fiber or sustainably managed forests).

Evolution of paper consumption (tons), constant scope



Waste management

It is Rexel's responsibility to limit and recycle the waste generated by its business activity and help its customers reduce and manage their waste.

The tonnage of waste generated by Rexel is estimated at 29,103 tons in 2018, all materials combined (excluding WEEE and batteries), based on a scope representing 96.1% of the Rexel Group's revenue.

On a constant scope, an increase of 8.6% in waste generated was recognized from 2017.

Ordinary waste

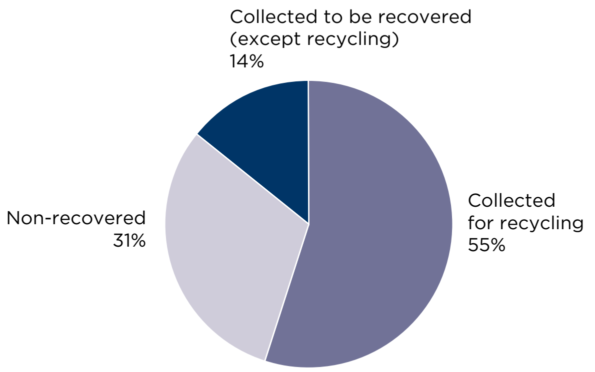
The Group's branches are encouraged to put in place selective sorting systems (for cardboard, plastic, and wood in particular) for recycling or recovery. The total quantity of waste recovered by Rexel, all materials combined (excluding WEEE and batteries), was approximately 19,999 tons in 2018, or 68.7% of the total waste generated. On a constant scope, there is an increase of 15.6% of total recovered waste compared to 2017.

Special waste

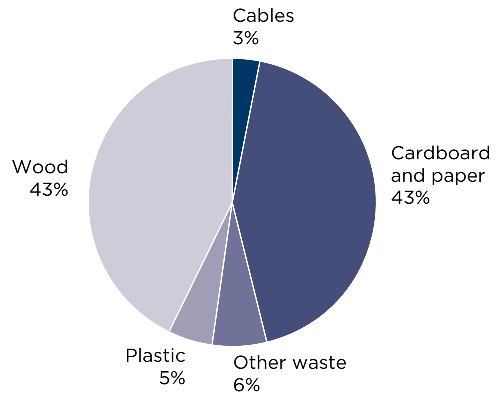
The Group has set up a management and recovery system for waste from electrical and electronic equipment (WEEE) in its European subsidiaries and branches in accordance with the European Directive. About 1,666 tons of this waste was sent for recycling, up 8.9% compared to 2017. Outside Europe, a number of subsidiaries have gone beyond the applicable legal requirements and also offer this service to their customers. Today 18 countries have implemented this type of procedure.

In France, the *"chez Rexel c'est 100% des équipements recyclés"* (at Rexel, it is 100% of recycled equipments) program is based on a partnership with the eco-organization Récylum in place since 2016. Three solutions are proposed: deposit in a branch, provision of containers directly to customers, or on their sites. All used equipment can be recycled: building equipment, industrial equipment, network infrastructure, communication security, heating and air conditioning systems, power generators, measuring and mounting tools, lighting, and plumbing.

Waste produced by destination (2018)



Waste recycled by type (2018)



4.4.5 Additional information about the environment

Based on the assessment of the Group's non-financial risks plus the materiality analysis of its CSR challenges, Rexel believes that the following information is insignificant in terms of its activity and the expectations of its stakeholders:

- Water consumption;
- Pollution and nuisances;
- Discharges into water and soil;
- Discharges into the air (except greenhouse gases);
- Noise pollution;
- Odor nuisances; and
- Biodiversity.

Nevertheless, the Rexel Group has put in place a system to monitor some of these environmental aspects to prevent any deviations and anticipate future restrictions. Quantitative indicators for this information are presented in the summary table in Section 4.4.6.2 “Summary Table of Environmental Indicators” of this Registration document.

4.4.6 Methodological note and summary table

4.4.6.1 Methodological note

Reporting Protocol

The main aims of environmental reporting are to feed the Sustainable Development department's dashboard on an annual basis in order to steer the deployment of the approach, facilitate information sharing and the detection of good practices within Rexel Group, meet external reporting requirements, notably the Statement of Non-Financial Performance in application of articles L.225 102-1, R.225-105 and R.225-105-1 of the French Commercial Code, and respond to stakeholders' requests (customers, investors, suppliers, rating agencies, NGOs, etc.).

The Rexel Group is therefore committed to providing environmental reporting that meets the following requirements: consistency (ensuring that data is comparable and established according to standard rules), exhaustiveness and accuracy (reported data provides a true image of the reality), materiality (the data reflects the most significant issues), transparency and verifiability (the data sources, calculation and assumption methods are available and easy to access).

In each entity, a contributor is responsible for collecting all the data which is then checked by a validator.

Some information indicated in articles L.225 102-1, R.225-105 and R.225-105-1 of the French Commercial Code is not covered in this Registration document. The analysis of non-financial risks, along with the materiality analysis, shows that the following issues are not relevant or do not present significant risks in view of Rexel Group's activities:

- Food waste; and
- Societal commitments promoting the fight against food insecurity, respect for animal welfare, and responsible, fair and sustainable nutrition.

Since 2008, a dedicated reporting software tool in the form of a secure internet platform enables the Rexel Group to make its data collection more reliable. In 2018, the Sustainable Development Department continued its efforts to make the collection process more reliable and ensure the correct application of the rules defined in its reporting protocol, accessible in four languages. This environmental reporting protocol defines:

- The environmental reporting objectives;
- The reporting application scope;
- The procedures for collecting and reporting the information;
- The selected indicators and their definition, in order to ensure correct and uniform understanding by all employees; and
- The formulas used to calculate certain indicators, such as conversion factors.

External verification

All material environmental information, including qualitative and quantitative data, is subject to external verification by one of the appointed Statutory Auditors, in order to increase stakeholder confidence in this information and in compliance with the Statement of Non-Financial Performance provision and its application decree.

Reporting Scope

The scope covered by the environmental reporting process aims to be identical to that selected to prepare the consolidated financial statements, as defined by Rexel Group's Financial Department.

Recently acquired entities (*i.e.* acquired during the financial year or late in the previous financial year) are not included in the scope, due to the difficulty in obtaining certain information during the acquisition year. No entity is concerned in 2018.

Consequently, in 2018, 100% of the environmental scope corresponds to the financial reporting scope.

Calculation of the indicator coverage scopes

Exceptionally, and if their reliability is not considered satisfactory, certain data of certain entities may be excluded from the reporting. Three entities have been excluded from certain indicators due to the difficulties in obtaining reliable data. In 2018, amongst these three entities, the only significant entity representing over 1% of the Group's revenue is Rexel APAC & Rexel China.

These exclusions are taken into account in the calculation of the coverage scopes. These coverage scopes are indicated for each indicator in the text and summary table in section 4.4.6.2 "Summary table of environmental indicators" of this Registration document. They correspond to the ratio of the total revenue of entities that have reported the indicator to the total revenue of Rexel Group excluding entities acquired during the financial year.

Restatement of 2017 data

Some 2017 data required corrections applied retroactively.

INDICATOR	RESTATEMENT
Energy consumption	The 2017 data was revised downwards following corrections applied a posteriori to the figures of the British entity in terms of electricity, and the Hungarian entity in terms of natural gas consumption.
Waste generation	The 2017 data was revised upwards following amendments applied a posteriori to the reported figures.
Total quantity of packaging purchased	The 2017 data was revised downwards following corrections applied a posteriori to the figures of the Italian entity and one French entity.
Scope 1 direct emissions	The 2017 data was revised downwards following amendments applied a posteriori to the reported figures.

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; and
- 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-1.

These restatements do not correct variations due to growth or reduction in activity within the entities.

Accounting for greenhouse gas emissions

Methodology and references

The methodology used by the Rexel Group to quantify its greenhouse gas emissions 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

In 2018, emission factors for scope 1 are derived from the GHG Protocol ("Emission Factors from Cross-Sector Tools 2014") with the exception of "other" categories such as emission factors associated with primary energy consumption (except natural gas, domestic fuel oil, butane and propane), which are reported by local contributors.

The emission factors associated with network electricity consumption used in the reporting software are those published by the IEA (International Energy Agency). In 2018, the factors applied are those factors of 2016, as for the year 2017.

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.

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); and
- 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 2017 and 2018 are presented with comparable structures and exchange rates.

4.4.6.2 Summary table of environmental indicators

INDICATOR	UNIT	2018	PERIMETER	CONSTANT SCOPE 2018	CONSTANT SCOPE 2017	CONSTANT SCOPE VARIATION	CONSTANT SCOPE PERIMETER
CONSUMPTION OF RESOURCES							
On-site energy consumption	**MWh**	**287,705**	**99.59%**	**287,705**	**283,284**	**1.6%**	**99.59%**
Of which electricity consumption	*MWh*	*146,059*	*99.59%*	*146,059*	*145,949*	*0.1%*	*99.59%*
Of which natural gas consumption	*MWh*	*125,016*	*99.59%*	*125,016*	*120,428*	*3.8%*	*99.59%*
Of which domestic fuel oil consumption	*MWh*	*7,170*	*99.59%*	*7,170*	*7,205*	*-0.5%*	*99.59%*
Of which butane, propane and other energies consumption	*MWh*	*564*	*99,59%*	*564*	*830*	*-32,0%*	*99,59%*
Of which heat consumption	*MWh*	*8,895*	*99.59%*	*8,895*	*8,871*	*0.3%*	*99.59%*
Energy consumption from internal fleet	**MWh**	**177,116**	**99.59%**	**177,116**	**191,585**	**-7.6%**	**99.59%**
Of which transportation of products by the internal fleet	*MWh*	*76,996*	*99.59%*	*76,996*	*83,035*	*-7.3%*	*99.59%*
Of which commercial fleet	*MWh*	*100,120*	*99.59%*	*100,120*	*108,549*	*-7.8%*	*99.59%*
Water consumption	**m^3**	**307,532**	**96.15%**	**295,043**	**287,218**	**2.7%**	**96.12%**
Packaging consumption	**Tons**	**16,937**	**99.56%**	**16,937**	**13,100**	**29.3%**	**99.56%**
Of which cardboard	*Tons*	*5,130*	*99.56%*	*5,130*	*4,870*	*5.3%*	*99.56%*
Of which plastics	*Tons*	*987*	*99.56%*	*987*	*1,027*	*-3.9%*	*99.56%*
Of which wood	*Tons*	*10,419*	*99.56%*	*10,419*	*6,809*	*53.0%*	*99.56%*
Of which other packaging	*Tons*	*401*	*99.56%*	*401*	*394*	*1.9%*	*99.56%*
Paper consumption	**Tons**	**2,016**	**99.59%**	**2,016**	**2,412**	**-16.4%**	**99.59%**
Of which commercial paper	*Tons*	*1,001*	*99.59%*	*1,001*	*1,241*	*-19.4%*	*99.59%*
WASTE							
Waste generated	**Tons**	**29,103**	**96.12%**	**29,103**	**26,810**	**8.6%**	**95.67%**
Of which waste recovered	*Tons*	*19,999*	*96.12%*	*19,999*	*17,300*	*15.6%*	*95.67%*
Recovery rate	%	68.7%	96.12%	68.7%	64.5%	+4.7,pts	95.67%
GREENHOUSE GAS EMISSIONS							
Scope 1 direct emissions	**tCO_2e**	**71,543**	**99.59%**	**71,543**	**74,131**	**-3.5%**	**99.59%**
Emissions related to on-site energy combustion	tCO_2e	27,412	99.59%	27,412	26,488	3.5%	99.59%
Emissions related to the transportation of products by the internal fleet	tCO_2e	19,081	99.59%	19,081	20,593	-7.3%	99.59%
Emissions related to business travel by company cars	tCO_2e	25,051	99.59%	25,051	27,049	-7.4%	99.59%
Scope 2 indirect emissions	**tCO_2e**	**30,077**	**99.59%**	**30,077**	**30,095**	**-0.1%**	**99.59%**
Emissions related to the production of purchased and consumed electricity	tCO_2e	29,203	99.59%	29,203	29,192	0.0%	99.59%
Emissions related to the production of purchased and consumed heat	tCO_2e	873	99.59%	873	904	-3.3%	99.59%
Scope 3 indirect emissions (estimate)	**tCO_2e**	**38,500,000**	**100.00%**	**38,500,000**	**-**	**-**	**100.00%**
SALES OF ENERGY EFFICIENCY AND RENEWABLE ENERGY SOLUTIONS							
Sales of energy efficiency solutions	Euros million	–	–	1,472.7	1,424.9	3.3%	100%
Sales of photovoltaic solutions	Euros million	–	–	204.8	192.3	6.5%	100%
Sales from the wind turbine market	Euros million	–	–	59.1	74.5	-20.7%	100%

4.5 Promoting responsible practices in the value chain

Challenges

Traceability of the supplier chain

Rexel maintains a regular dialogue with its suppliers to share its ambitions for sustainable development with them. Their commitment is essential to the control of social and environmental risks along the value chain and the availability of responsible energy management solutions to installers and users.

Eco-friendly solutions

Energy performance is at the core of Rexel's business model. An opinion leader in eco-friendly solutions, the Group is constantly renewing and adapting its offer to provide its professional customers with products that are more environmentally friendly and energy-efficient. Rexel provides its customers with the necessary resources and expertise to support them in these new markets and to help them be more competitive.

Energy progress

Over one billion people worldwide have no access to electricity and the number of people living in fuel poverty continues to grow. The Group uses its know-how, expertise, and network for social innovation and the fight against fuel poverty by supporting projects and solidarity initiatives through the Rexel Foundation for a better energy future.

Commitment

80% of direct purchases assessed using CSR criteria by 2020.

4.5.1 Developing relationships of trust from suppliers to customers

An essential link in the energy value chain, Rexel's ambition is to be a trusted partner for its suppliers, customers, and end-users alike. The creation of shared value involves sound and balanced relationships between all stakeholders and the regular and controlled assessment of social, societal, and environmental performance at each stage.

Suppliers and subcontractors contribute to the growth of the Rexel Group through their capacity for innovation, demands for product quality, and ability to develop new markets. Rexel participates in their performance by supporting them in their growth and supporting their activity through its multi-channel presence, the recognized expertise of its sales teams, and its capacity for innovation in sales and logistics.

It is Rexel's responsibility as a distributor to guide customers toward the best products and the solutions best suited for them and support them in an industry in constant transformation. To go beyond their expectations and support them in a responsible way, the Group's primary concern is to provide them with excellent services, which are the foundation of the legitimacy and trust it enjoys with its customers.

At the heart of the value chain, Rexel plays a key role in connecting suppliers and customers. It is Rexel's responsibility to inform suppliers of the needs, uses, and constraints of customers and end consumers. It is also Rexel's role to inform customers and end-users about the specific features of products and prepare markets for future innovations. Rexel can thus assure its customers that the products it selects are manufactured under good conditions and meet environmental and social standards. This helps to develop and sustain a climate of trust within the energy value chain.

Strategy

Sustainable development clauses in contracts

When it signs contracts with its suppliers, the Group requires them to comply with requirements pertaining to forced labor, child labor, wage and benefit, health and safety, non-discrimination, respect and dignity, and freedom of speech and association. In accordance with the Rexel Ethics Guide, suppliers promise to respect these principles and the rules of the International Labour Organization in particular.

Supplier CSR assessment platform

Since 2015, Rexel has deployed tools to analyze the CSR performance of its suppliers to anticipate and control the risks specific to their activities. The system is based on control and monitoring procedures throughout the entire value chain. Since 2017, this system has been a key element of Rexel's response to the due diligence law, as specified in Section 4.6.2.2 "Regular assessment procedures for the situation of subsidiaries, subcontractors, or suppliers with whom an established commercial relationship is maintained with regard to risk mapping" of this Registration document.

The Group's approach is based on the use of a shared platform that collects social, ethical, and environmental data from its main suppliers. The system helps to prevent risks related to respect for human rights and fundamental freedoms, working conditions, and the environment. The approach focuses primarily on so-called "strategic" suppliers, which are suppliers whose added value is significant for the Group in terms of revenues, geographic deployment, or innovation.

On-site audits

In addition to this platform, Rexel carries out on-site audits for certain suppliers located in risk-prone countries.

Actions

The Group has set itself a goal to cover 80% of its direct purchase volume in value by 2020. In 2018, Rexel deployed its second supplier assessment campaign. The online questionnaire was sent to over 250 suppliers, representing 59.4% of direct purchases (in value). It covers 120 criteria divided into four categories: social, ethical, environmental, and responsible purchasing. Beyond the self-assessment, suppliers must provide evidence that long-term procedures are being implemented and that results are being monitored for all categories assessed.

The assessment tool follows a structured and precise methodology and calendar. For each supplier, a two-person team is created. This team includes a member of the sustainable development staff, who is tasked with guiding the process, and the responsible purchaser for the supplier at the local level. He or she has a key role; to be in constant contact with the suppliers, explain the process, encourage participation, and communicate results. This involves gathering feedback from local offices and promoting the application of the ethical and sustainable development principles among suppliers in order to create shared value.

Each supplier receives individualized feedback following the assessment. If needed, corrective or improvement actions may be implemented. These demanding assessment tools improve the transparency and traceability of Rexel's value chain and limit its risks. Data retrieval makes it possible to compare performances through common indicators and to share the results with all stakeholders. The objective is to initiate a collective dynamic of continuous improvement and to promote a relationship model based on trust and integrity.

Performance

When the campaign closed on December 31, 2018, 129 suppliers representing 48.5% of direct purchases (in value) participated in the campaign and were thus evaluated on the basis of CSR criteria. Since the beginning of the evaluation process, 161 single suppliers representing 54.0% of direct Rexel Group purchases (in value) were evaluated.

On-site audits

As a result of the work done on the vigilance plan, Rexel reviewed the scope of suppliers and subcontractors' on-site audits, incorporating additional controls relating to social, environmental and Human Rights performance. 8 audits or visits including CSR criteria were carried out in 2018 by a third party. In addition, 26 specific CSR audits have been contracted in 2018 and will be carried out in early 2019. Twenty audits will be conducted in Asia and six in Europe.

Following these audits, progress plans may be put in place. If the level of compliance is not satisfactory and the corrective measures requested are not implemented, collaboration with the supplier is terminated.

4.5.2 Creating value for customers

Rexel uses its privileged position to inform its professional customers (leading contractors and craftsmen, installers, industrial leaders, and tertiary sector companies) about eco-friendly electrical and energy solutions and to encourage their adoption.

The Group has selected a range of solutions that responds to the structural trends of its market: the need for energy management for lower and smarter consumption and the necessary development of renewable energies.

Strategy

Nowadays, customers (industrialists, installers, and end-users) require electrical equipment to be comfortable, safe, ergonomically designed, and energy-efficient. By keeping up with changing trends in uses and consumption patterns, Rexel allows installers to expand into new markets such as electric mobility, energy saving certificates, and the connected objects market.

Actions

Energy-efficient buildings

In connected homes, users of the Energeasy Connect solution developed by Rexel deploy a dedicated application and programmable scenarios to control various home functionalities related to comfort, safety, and electricity consumption control. With over 8,000 installations in France by 4,500 installers and nearly 100,000 connected pieces of equipment to date, Rexel is strengthening its value proposition in this market.

In the energy renovation sector, the Primexel program developed by the Group positions Rexel as a committed player in energy transition. The tool allows professional customers eligible for Energy Efficiency Certificates (EECs) to simulate their savings and the amount of their premiums if they carry out work to reduce the energy consumption of buildings.

Electric mobility

Rexel is positioning itself in this high-potential sector with a range of charging stations for electric vehicles. The Group offers packaged solutions based on the number of vehicles to be recharged, the level of accessibility required, and the type of conventional or photovoltaic power supply. These comprehensive solutions include a needs study, subsidy applications, lease financing if necessary, and the installation itself by a certified installer, which involves configuration of the electrical panel, connection, protection, commissioning, startup assistance, and the control panel.

Renewable energy solutions

Around the world, photovoltaic solar power solutions have proven their effectiveness in reducing greenhouse gas emissions from residential or tertiary buildings at increasingly competitive costs. Rexel provides a complete range of solutions: solar panels, fastening structures, inverters, special cables, and safety equipment.

In the wind energy sector, the Group offers supply and inventory management services and provides products for assembly lines. In some subsidiaries, kitting (batch preparation) services are also offered. Its range of offers covers electrical components, cables, and all other items needed to manufacture turbines or operate wind farms.

In 2018, Rexel achieved revenue of nearly 1.47 billion euros from sales of energy-efficient solutions, 205 million euros from sales of photovoltaic products and services, and 59 million euros from sales of wind energy sector.

Installer training

New environmental regulations, financing offers backed by energy-efficient products, products with a strong technological or technical component, the installer and electrician professions and the skills required for them are changing.

To encourage customers to improve their skills, the Group focuses on advice, financial and technical assistance. Customers thus receive support to better sell, design, and install the new solutions safely on sites.

Training suited to the installer's needs is most often provided in branches by expert employees, external partners, or manufacturers. They are supplemented by tools (websites, installation tutorials, telephone hotline, documentation) that enable customers to continuously train and maintain their expertise. The Group provides decision-makers and users with a community network called "The Grid", which offers documentation, a blog and a discussion space to encourage them to share and follow trends in the connected products market.

Compliance and product safety for customers and end-users

As a non-manufacturing distributor, Rexel's responsibility is to ensure that the products selected comply with the health and safety standards in force.

Rexel's commitment focuses on two areas:

- Compliance with environmental regulations: a responsible person is identified within each subsidiary in question to ensure compliance with European regulations related to the RoHS directive for restricted chemical substances and the REACh regulation for the declaration of chemical substances. Assessment questionnaires are sent to suppliers at the request of customers. The Group also ensures compliance with the conflict minerals regulation; and
- Information about the safety of products and solutions: installers are trained and made aware of the safety rules related to the on-site handling of products and equipment.

Proximity and customer satisfaction

Product quality and availability are two essential vectors for customer satisfaction. Customer knowledge, the technical and financial expertise of sales teams, product innovation, and logistics excellence are among the levers and competitive advantages that contribute to customer loyalty and satisfaction.

Rexel has built a customer-focused structure based on a multichannel model. The range of points of contact continues to grow and now includes branches, call centers, outside sales reps, technical centers, EDI (Electronic Data Interchange), the webshop, web configurator, and even mobile applications.

This organization relies on daily relationships of trust, a guarantee of shared and lasting value creation. In this context, Rexel is committed to providing its customers with complete and sincere information on the products and services offered.

In the United States, for example, the Group offers a web application for the immediate placement of orders. From one photo taken on-site, an installer can access all the specifications of a product and check its price and accessibility in a few seconds.

The extensiveness of the Group's distribution network is also a real competitive advantage. Its 1,950 branches are constantly adapting to changing needs and lifestyles. The establishment of mobile branches on construction sites or provision of supplies through counters open day and night, as in Finland, are but a few examples.

This model makes it possible to maintain continuous contact with electricians. Electricians can go to a branch in the morning before going on-site and go the webshop in the evening to place an order, which will be delivered the next day either at the branch *via* click&collect or directly at the site.

Because reliable provision of supplies is also a key factor in customer satisfaction, Rexel makes the optimization of logistics flows a priority. 104 logistics structures are committed to next-day delivery of nearly 50,000 references to all customers worldwide. Customized tools such as kitting (preassembly of orders) keep customers continuously supplied and improve their productivity. Beyond its role as distributor, the Group is positioned to be a facilitator for its customers.

The Group annually consolidates its customer satisfaction rate in 9 countries (Australia, Austria, Belgium, France, Netherlands, Sweden, Switzerland, United Kingdom and USA), which enables it to best satisfy their needs. Customer surveys are also managed locally in other countries.

Rexel's CSR performance: a trusted partner for its clients

It is Rexel's ambition to be a trusted partner in the energy value chain. The Group regularly responds to CSR assessment requests from its customers. With an EcoVadis score of 71/100 in 2018, Rexel retained its Gold level and ranks in the top 5% of companies assessed by EcoVadis worldwide, in all business sectors.

4.5.3 Fighting for energy progress

Since 2013, Rexel has been committed through its Foundation to working alongside associations, non-governmental organization, and partners to support solidarity projects and improve access for the most disadvantaged to energy efficiency. Doing so, it brings innovative solutions that meet today's societal challenges:

- Economically, energy efficiency reduces energy dependence on fossil fuels;
- Environmentally, it responds to the need to reduce greenhouse gas emissions; and
- Socially, it facilitates access for everyone to energy and is a tool in the fight against fuel poverty.

Strategy

The Rexel Foundation has three main missions:

- Provide support for solidarity projects of general interest led by NGOs, associations, and partners to improve the access of disadvantaged populations to energy efficiency;

- Promotion and support for innovative solutions and models through an innovation platform and support for social entrepreneurship. This platform focuses on energy efficiency; and
- Expansion of knowledge and awareness of energy efficiency by building a shared knowledge base through studies, conferences, workshops, and applied research programs.

Actions

Social entrepreneurship project in India

In 2018, the Rexel Foundation decided to support the association LP4Y *via* the "Green Village" project in India, which supports the professional and social integration of underprivileged young people. The initiative aims to develop the entrepreneurial spirit in young people living in disadvantaged rural areas that are remote from job opportunities. Twenty young people aged 17 to 24 have joined this project in Raipur to follow a program dedicated to the creation, construction, and management of the "Green Village". They receive training in communication and teamwork before they are connected to the world of work through a network of partners and local actors.

Inclusion of people experiencing fuel poverty in Roubaix

For the past four years, the Rexel Foundation has organized an Innovation Day centered on the theme of fuel poverty. In 2018, the Foundation wanted to make its "social impact" efforts part of a unique collaborative approach. Local associations, local communities, partners, and employees met in Roubaix with inhabitants of the city who are experiencing fuel poverty. These inhabitants participated in participatory workshops alongside local actors. The goal was to use common reflections on these "life trajectories" to find solutions collectively.

At the end of this event, a community was set up to propose an initial experiment based on the ideas and courses of action identified. This project will be implemented gradually in 2019. The goal is to document the process and to make the methodology "open source" to strengthen the social impact of the project and transfer it to other communities.

Employee and partner involvement

The Foundation also encourages the Group's employees to get involved in the Foundation through the following initiatives:

- Be an ambassador in their country to support the Foundation's teams; and
- Sponsor a project by submitting a solidarity project in line with the Foundation's positioning.

Several entities of the Rexel Group have also supported joint solidarity initiatives by making products, equipment, or skill-based sponsorship available free of charge.

The total amount of Rexel Group donations, including funds paid by the Rexel Foundation, totaled 1,155,553 euros in 2018 and 915,666 euros in 2017.

Performance

The Rexel Foundation is present in 20 countries. It has supported more than 70 projects for 165,000 beneficiaries since its creation in 2013.

4.6 Vigilance plan

4.6.1 Presentation of the vigilance plan

Law No. 2017-399 of March 27, 2017 respecting the duty of care of parent companies and contracting companies requires large companies to implement vigilance measures to identify and prevent serious infringements of human rights and fundamental freedoms and the health and safety of persons and the environment that may result from the activities of their group and value chain.

Companies must implement a vigilance plan comprising five measures:

1. Risk mapping for identification, analysis, and prioritization (Section 4.6.2.1 “Risk mapping for identification, analysis and prioritization” of this Registration document);
2. Regular assessment procedures for the situation of subsidiaries, subcontractors, or suppliers with whom an established commercial relationship is maintained with regard to risk mapping (Section 4.6.2.2 “Regular assessment procedures for the situation of subsidiaries, subcontractors or suppliers with whom an established commercial relationship is maintained with regard to risk mapping” of this Registration document);
3. Appropriate actions to mitigate risks or prevent serious harm (Section 4.6.2.3 “Appropriate actions to mitigate risks or prevent serious harm” of this Registration document);
4. A whistleblowing and reporting mechanism for the existence or emergence of risks prepared in consultation with the representative trade union organizations in said company (Section 4.6.2.4 “Whistleblowing and reporting mechanism for the existence or emergence of risks prepared in consultation with the representative trade union organizations within the Group” of this Registration document); and
5. A system for monitoring the measures implemented and assessing their effectiveness (Section 4.6.2.5 “System for monitoring the measures implemented and assessing their effectiveness” of this Registration document).

To comply with the new French law and preserve the Group's values, Rexel adopted the vigilance plan described below in 2017. It is based in particular on a process to identify major risks throughout the value chain, taking into account all upstream and downstream activities of Rexel and its stakeholders (employees, suppliers, users of products and services), and existing assessment procedures and mitigation measures at the Group and subsidiaries levels.

At the same time, Rexel has set up its whistleblowing and reporting mechanism to comply with various applicable regulations. This vigilance plan reinforces the actions that have been in place for several years to identify and prevent serious infringements of human rights and fundamental freedoms and the health and safety of individuals and the environment in subsidiaries and throughout the value chain.

The vigilance plan involves the Group Sustainable Development Department, the Group Legal Department, the Group Purchasing and Supplier Relationship Department, the Group Human Resources Department, the Group Finance Department, and external experts. During the year, efforts will be made to involve other internal and external stakeholders in the value chain in the development of the vigilance plan.

4.6.2 Measures of the vigilance plan

4.6.2.1 Risk mapping for identification, analysis and prioritization

Rexel has initiated a process to identify and assess its major risks related to human rights and fundamental freedoms, health and safety, and the environment through implementation of the methodology described in the 2017 vigilance plan and summarized below. In 2018, this analysis was conducted at Group level throughout its value chain for all Rexel product families.

The methodology used to perform this mapping makes it possible to assess the risks specific to Rexel's activities and value chain. This risk mapping was conducted using statistical tools which allowed to assess risks by product family and by country, supplemented by library research and interviews with internal and external experts for the types of risks most specific to Rexel, along with certain internal procedures, namely:

- Group risk mapping;
- Materiality analysis of sustainable development challenges;
- Risk Mapping related to the Statement of Non-Financial Performance;
- Reporting of environmental, social, and societal impacts;
- Whistleblowing procedures; and
- Any regulations that require the identification, assessment, or mapping of risks that may be considered non-financial (including the French “Sapin 2” Law, the French “Energy Transition for Green Growth” Law, and the EU “General Data Protection Regulation”).

Next, a group of internal experts selected the most relevant risks to the Rexel Group's activity in working group meetings organized by the Group Sustainable Development Department. Representatives of the European Works Council take part in these meetings.

Finally, the risk selection in the vigilance plan was made in close cooperation with the risk analysis carried out pursuant to the Law on Statements of Non-Financial Performance. All risks relating to the Duty of Vigilance are summarized in the table of non-financial risk factors in Section 4.1.3 "Main non-financial risks" of this Registration document.

4.6.2.2 Regular assessment procedures for the situation of subsidiaries, subcontractors or suppliers with whom an established commercial relationship is maintained with regard to risk mapping

Rexel Group subsidiaries

The Rexel Group wants to set standards and, for several years, it has put in place measures to identify and prevent serious infringements of human rights and fundamental freedoms and the health and safety of individuals and the environment in its subsidiaries.

The Rexel Group and its network of branches are a decentralized structure that relies on the empowerment of the entire chain of command (see Section 2.3.3 "Steering and monitoring of the internal control system" in this Registration document). The Internal Control Guidelines, which were revised in 2016, incorporate controls related to ethics, employee health and safety, and compliance with environmental, fundamental freedoms, and Human Rights laws. The assessment system is based on the annual self-assessment of these controls by the subsidiaries and the implementation of action plans to improve their control.

To guide the Rexel Group's ethics strategy, a network of Ethics Officers has been established. They are appointed by the General Manager in each country and perform this function in addition to their other activities. They ensure that the Ethics Guide is distributed to all employees, take the initiative in implementing Rexel Group principles and ethical practices, and answer any questions that are submitted to them.

In addition to the self-assessment performed by the subsidiaries, risk mitigation actions are conducted by the internal audit and/or external audit and the functional departments of the head office, which assist the entities in the implementation of those controls. This system is managed and overseen by the Rexel Audit and Risk Committee.

Supplier and subcontractor evaluation

Strategy

In light of the positive results from a pilot project conducted in 2013 and 2014, the Rexel Group deployed a global platform in 2015 and 2016 to gather information about and assess its suppliers' and subcontractors' CSR (Corporate Social Responsibility) performance.

The questionnaire covers 120 criteria divided into four categories: environment, social and human rights, ethics, and responsible purchasing. Suppliers and subcontractors must provide evidence that long-term procedures are being implemented and that results are being monitored for all criteria. The questionnaires are assessed by an external expert, who assigns a score for each of the four themes.

Beyond the platform, the assessment process follows a structured methodology and timetable that guarantee its success. To support its partners in this process, for each supplier, Rexel has set up a two-person team that includes one person from the Group's Sustainable Development Department, who guarantees compliance with the method, and a purchaser responsible for the supplier, who is responsible for explaining the process and involving the supplier and for communicating developments to all purchasing teams.

Each request for assessment is accompanied by information explaining the approach, the methodology to be followed, and the contact details of the persons in charge for Rexel. The Group sends numerous reminders, makes several telephone calls, and mobilizes its management to encourage its main suppliers to get involved.

At the end of each campaign, suppliers receive individualized feedback. A detailed report on CSR performance and areas of progress is distributed to all suppliers who participated in the campaign. Those who have declined, however, despite the Group's efforts, receive a personalized letter restating Rexel's commitments and warning of the consequences of a refusal.

Engagement

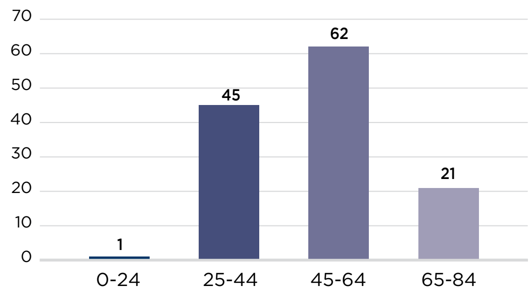
The Group's objective is to evaluate the CSR performance of 80% of its volume of direct purchases (in value) by 2020.

Results

After an initial campaign in 2016, the Group decided to launch a second campaign in 2018. In the second half of 2018, the online questionnaire was sent to over 250 suppliers representing 59.4% of Rexel Group direct purchases.

When the campaign closed on December 31, 2018, 129 suppliers representing 48.5% of direct purchases (in value) participated in this campaign and were therefore assessed based on CSR criteria. This means that, since the beginning of the evaluation process, 161 single suppliers representing 54.0% of direct Rexel Group purchases (in value) were evaluated.

The results of the 2018 campaign are presented below:



Distribution of suppliers according to their score, on a 0-100 performance

Supplier on-site audits

In addition to these assessments, based on the risk mapping, in particular the cross-referencing of product-specific risks with country-specific risks, Rexel conducts on-site audits for certain targeted suppliers. In 2018, as part of the implementation of the vigilance plan, the Group undertook two actions:

- Extend the scope of on-site audits to ensure that they cover all due diligence themes; and
- Increase the number of on-site audits by focusing on the countries most at risk.

As a result of the work done on the vigilance plan, Rexel reviewed the scope of suppliers and subcontractors' on-site audits, incorporating additional controls relating to social, environmental and human rights performance. 8 audits or visits including CSR criteria were carried out in 2018 by a third party, compared to 18 in 2017. In addition, 26 specific CSR audits have been contracted and will be carried out in early 2019. 20 audits will be conducted in Asia and 6 in Europe.

Following these audits, progress plans may be put in place. If the level of compliance is not satisfactory and the corrective measures requested are not implemented, collaboration with the supplier is terminated.

4.6.2.3 Appropriate actions to mitigate risks or prevent serious harm

In addition to the supplier assessments described above, Rexel requires its suppliers and subcontractors to comply with the principles set out in its Ethics Guide and, through contracts, with the general terms and conditions of purchase, which include clauses that mandate compliance with the fundamental conventions of the International Labour Organization and local legislation, especially with respect to minimum wages, working time, environment, health, and safety.

Internally, compliance with the rules of ethics implies continuous mobilization of employees. For this reason, team training and information sessions are indispensable. These special sessions focus on competition, anti-corruption, data protection and trade restrictions. They are available in the Group's languages. Special face-to-face programs are also offered to the employees who are most exposed to certain risks.

The integration of the Group's values and ethical principles in behaviors is a key factor for the strategy's success. This requirement is supported by a network of Compliance Officers and a network of Ethics Officers who work closely with local management. The establishment of a collaborative and decentralized structure enables the understanding of the ethical principles and the deployment of the action plans in the various countries where the Group operates.

The effectiveness of this structure is reflected in the results of the most recent Satisfaxion internal engagement survey conducted by the Group in 2018: *"Eighty-six percent of respondents are fully aware of Rexel's ethical commitments through the Ethics Guide"*, a five-point increase over the previous campaign (2015).

However, no control system, regardless of how old or well tested it is, can guarantee the absence of risk, and it is the responsibility of the Group and its subsidiaries to develop collaboration and control systems with suppliers and subcontractors to minimize risk and implement corrective action in cases where non-compliance is identified.

4.6.2.4 Whistleblowing and reporting mechanism for the existence or emergence of risks prepared in consultation with the representative trade union organizations within the Group

In 2018, Rexel updated its whistleblowing procedures for employees, external and temporary workers, suppliers, customers, and stakeholders in all countries. The new system allows incidents to be reported in all Group languages. The whistleblowing procedures are available on the dedicated website (http://ethique.rexel.com/en). It is centralized and confidential. Each alert is handled by the Ethics Committee, an *ad hoc* committee composed of the General Secretary, the Human Resources Director, and the Compliance Officer. This new alert line takes into account the requirements of French laws relating to transparency, the fight against corruption and the modernization of economic life and the duty of vigilance of parent companies and contracting companies. The procedures meet all legal requirements, including guarantees of the rights of whistleblowers.

The Ethics Officers also answer questions concerning the Rexel Group's ethical practices that may be addressed to them. Whether or not they are an employee, anyone can ask questions with full confidentiality.

The table below summarizes the questions received in 2018 by all Ethics Officers according to their type, author, subject, and geographical area.

63 ethics cases were submitted to Rexel Group Ethics Officers during the year. All queries were processed, verified, and followed by preventive and/or corrective actions as appropriate.

The remaining cases are still being investigated or resolved.

		NUMBER OF QUERIES RECEIVED BY ETHICS OFFICERS
Type of query	Information	27
	Complaint	36
	Legal dispute	0
	Other	0
Source of query	Customers	5
	Rexel employees	49
	Suppliers	4
	Local authorities	0
	Employee representatives / trade unions	0
	Anonymous	4
	Other	1
Subject of query	Customer relations	6
	Supplier relations	0
	Relations between employees	12
	Discrimination	7
	Working conditions	12
	Anti-corruption	1
	Anti-fraud and anti-theft	25
	Environmental protection	0
Type of measures implemented	Preventive	16
	Corrective	18
Region	Europe	1
	North America	31
	Asia-Pacific	31

4.6.2.5 System for monitoring the measures implemented and assessing their effectiveness

Rexel has established a Steering Committee tasked with the implementation of due diligence. The Committee coordinates and verifies the risk mapping as well as the action plan and its implementation. In 2018, the Steering Committee assessed the relevance of the risk mitigation actions and decided to put in place the following action plans:

- Launch of a new assessment campaign for the CSR assessment of suppliers in 2018 that covers around 60% of the Group direct purchases (see Section 4.6.2.2 "Regular assessment procedures for the situation of subsidiaries, subcontractors or suppliers with whom an established commercial relationship is maintained with regard to risk mapping" of this Registration document).

- 2018 update to the whistleblowing mechanism (see Section 4.6.2.4 "Whistleblowing and reporting mechanism for the existence or emergence of risks prepared in consultation with the representative trade union organizations within the Group" of this Registration document).
- Review of suppliers and subcontractors audits' perimeter to incorporate CSR criteria (see Section 4.6.2.4 "Whistleblowing and reporting mechanism for the existence or emergence of risks prepared in consultation with the representative trade union organizations within the Group" of this Registration document).
- Ethics Guide update

  The Ethics Guide is regularly updated. As a result, the anti-corruption commitments were reviewed in 2018 in the French context of the December 9, 2016 law on transparency, the fight against corruption and the modernization of economic life. This key support was enriched with specific documents such as the Anti-Corruption Code of Conduct, the Competition Law Guide, and the Environmental Charter, which clarify the Group's more specific commitments.
- Continued deployment of the anti-corruption program

  In 2018, Rexel strengthened its program to detect and prevent corruption with the publication of its Anti-Corruption Code of Conduct. This code meets the requirements of French law. It defines and illustrates the different types of behavior to be avoided. The code is appended to the rules of procedure, and it invites employees to tell all stakeholders (customers, suppliers, and partners) about the company's commitment to corruption prevention and the anti-corruption rules themselves. This document is available on the ethics and compliance website http://ethique.rexel.com/en.
- New gift and invitations and travel compliance business trip guidelines

  The Group is a key link in the value chain between electrical equipment suppliers, customers, and end-users. The proximity of 16,000 salespeople to their suppliers and customers is an advantage. This commercial proximity must remain exemplary so that lasting business relationships can be maintained in a climate of trust and mutual respect. To provide a clear and structured framework for all its employees, the Group has put in place specific rules relating to business travel and gifts and invitations offered and received.
- Stronger personal data protection

  In 2018, the Group drew up an internal personal data charter that defines a set of rules to be respected within the framework of Rexel's activities. This charter incorporates the major personal data protection principles and consists of several policies and procedures to support Rexel's employees and partners in the performance of their activities.

  Various training and information sessions are offered to employees, in particular e-learning modules and special poster campaigns.

  More targeted presentations are planned for the teams that process personal data more specifically, such as the human resources, e-commerce, IT, and general services departments.

  Rexel's suppliers and service providers may process personal data on behalf of the Group. Rexel must ensure that its partners and suppliers apply adequate data protection levels. This involves reviewing and updating contractual commitments and the security policies put in place by those service providers.

On a general manner, the risks identification process will be reviewed regularly to incorporate potential changes in the Group's supply chain as well as changes in the assessment of impacts or probability of occurrence.

Rexel will ensure that the vigilance plan follows developments that affect the Group, particularly in the event of a change in strategy, significant acquisitions, or the acquisition of new markets with new risks.

4.7 Independent verifier’s report

This is a free translation into English of the Statutory Auditor’s 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 non-financial statement included in the Group management report

For the year ended December 31, 2018

To the shareholders,

In our capacity as Statutory Auditor of Rexel group, appointed as an independent third party and accredited by COFRAC under number 3-1060 rév.2 (whose scope is available at www.cofrac.fr), we hereby report to you on the non-financial statement for the year ended December 31, 2018 (hereinafter the “Statement”), included in the management report pursuant to the legal and regulatory provisions of articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code (*Code de commerce*).

The entity’s responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity’s procedures (hereinafter the “Guidelines”), the main elements of which are available on request from the entity’s head office.

Independence and quality control

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

Responsibility of the Statutory Auditor, appointed as an independent third party

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

- the compliance of the Statement with the provisions of article R.225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R.225-105 I, 3 and II of the French Commercial Code, *i.e.*, the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the “Information”).

However, it is not our responsibility to comment on:

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

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A.225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors (“CNCC”) applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and, where applicable, the impact of these activities on compliance with human rights and anti corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L.225 102 1 III, as well as information regarding compliance with human rights and anti corruption and tax evasion legislation;
- we verified that the Statement includes an explanation for the absence of the information required under article L.225-102-1 III, 2;
- we verified that the Statement presents the business model and the principal risks associated with the entity's activities all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R.225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, *i.e.*, all the companies included in the scope of consolidation in accordance with article L.233-16 within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities, such as Rexel Canada, Rexel Australia Holdings, Rexel India, Rexel Netherlands, Elektroskandia Norge et Elektronabava and covers between 16% and 22% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

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

Means and ressources

Our work was carried out by a team of 7 people the end of November 2018 and mid-February 2019 and took a total of 6 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 5 interviews with the people responsible for preparing the Statement, representing sustainability management, human resources and compliance, health and safety, environmental and purchasing departments.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris, February 12, 2019

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Amélie Wattel
Partner

Pascal Baranger
Director

Appendix: List of the information we considered most important

Key performance indicators and other quantitative results:

- **Social scope:**
  - Percentage of mobility;
  - Percentage of annual interviews completed;
  - Safety training and percentage of employees trained;
  - Percentage of women on the Management Committee;
  - Frequency rate of accidents at work;
  - Severity rate of work accidents;
  - Number of employees trained and percentage ratio excluding security;
  - Average hours of training per employee;
  - Percentage of turnovers;
  - Percentage of women recruited;
  - Percentage of people with disabilities in society;
  - Employee satisfaction index “Satisfaxion survey”;
  - Number of annual interviews carried out and percentage of employees concerned.
- **Environmental scope:**
  - Deployment of environmental and energy management systems (ISO 14001, ISO 50001);
  - Emissions of GHG scopes 1, 2 and 3;
  - Energy consumption (including electricity, gas);
  - Water consumption ;
  - Sales of energy efficiency solutions and renewable energies;
  - Volumes of waste produced and method of treatment;
  - Purchased packaging volumes.
- **Societal scope:**
  - Resolution rate of ethical alerts;
  - Resolution rate of ethical alerts (client side in particular);
  - Share of direct purchases evaluated on CSR criteria;
  - Percentage of subsidiaries affected by a REACh / RoHS approach;
  - Rate of coverage of the RGPD training.
- **Qualitative information:**
  - The results of the Satisfaxion 2018 survey;
  - The presentation of the Rexel Academy training program;
  - GHG emissions Scope 3;
  - The result of the CSR performance evaluation of the suppliers;
  - The sites certified ISO 14001 and 50001;
  - The REACh approach.

5. Financial and accounting information

Summary

5.1 Activity report

This document is a free translation into English of the activity report for the period ended December 31, 2018 issued in the French language and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the activity report for the period ended December 31, 2018, the French version will prevail.

Pursuant to article 28 of the Regulation (EC) N°809/2004 of the European Commission dated 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, 2017, 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 respectively included in pages 198 to 212, in pages 214 to 274, and 275 to 298, respectively, of the French version of the Registration document filed with the Autorité des marchés financiers on April 4, 2018, under number D.18-0263; and
- the operating and financial review of the Rexel Group for the year ended December 31, 2016, 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 respectively included in pages 172 to 186, in pages 188 to 248 and 250 to 271, respectively, of the French version of the Registration document filed with the Autorité des marchés financiers on March 31, 2017, under number D.17-0272.

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 Activity report

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

5.1.1.1.1 Group Overview

Rexel is a worldwide expert in the multichannel professional distribution of products and services for the energy world. The Group provides a range of products and services in energy management for construction, renovation, production and maintenance.

The Group principally operates in three geographic areas: Europe, North America and Asia-Pacific. This segmentation is based on the Group's financial reporting structure.

In 2018, the Group recorded consolidated sales of €13,365.7 million, of which €7,350.0 million were generated in Europe (55% of Group sales), €4,801.3 million in North America (36% of Group sales) and €1,214.4 million in Asia-Pacific (9% of Group sales).

The Group's activities in Europe (55% of Group sales) are operated in France (which accounts for 37% of Group sales in this region), the United Kingdom, Germany, Sweden, Switzerland, Belgium, Austria, the Netherlands, Norway, Spain, Finland, Italy, Ireland, Slovenia, Russia, Portugal and Luxembourg.

The Group's activities in North America are operated in the United States (79% of sales in this region) and Canada (21% of sales in this region).

The Group's activities in Asia-Pacific are operated in Australia (41% of sales in this region), China (41% of sales of this region) and also to a lesser extent, in 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".

5.1.1.1.2 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.

5.1.1.1.3 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 15% 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.

5.1.1.1.4 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.

Therefore, the Group has restated previous year information to take into account the divestment of South East Asia operations occurred in 2017.

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 in paragraph 1.1.3 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.

Change in accounting policies

In January 1, 2018, Rexel has initially adopted the new accounting standard IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with customers" with retrospective application as of January 1, 2017.

These new standards supersede IAS 39 "Financial Instruments" and IAS 18 "Revenues". IFRS 9 and IFRS 15 had no significant impact on Rexel's consolidated financial statements. Nevertheless, prior period information was restated accordingly.

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.

	YEAR ENDED DECEMBER 31	
(in millions of euros)	**2018**	**2017**
Operating income before other income and other expenses	**584.7**	**575.1**
Changes in scope of consolidation	–	5.2
Foreign exchange effects	–	(12.0)
Non-recurring effect related to copper	7.9	(13.9)
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	15.7	19.0
Adjusted EBITA on a constant basis	**608.3**	**573.3**

5.1.1.2 Comparison of financial results as of December 31, 2018 and as of December 31, 2017

5.1.1.2.1 Rexel Group's consolidated financial results

The following table sets out Rexel's consolidated income statement for 2018 and 2017, in millions of euros and as a percentage of sales.

(in millions of euros)	YEAR ENDED DECEMBER 31 2018	2017	Change in %
REPORTED			
Sales	**13,365.7**	**13,303.0**	**0.5%**
Gross profit	3,286.9	3,282.1	0.1%
Distribution and administrative expenses (1)	(2,686.5)	(2,688.0)	(0.1)%
EBITA	**600.4**	**594.1**	**1.1%**
Amortization (2)	(15.7)	(19.0)	(17.4)%
Operating income before other income and expenses	**584.7**	**575.1**	**1.7%**
Other income and expenses	(174.9)	(253.0)	(30.9)%
Operating income	409.8	322.1	27.2%
Net financial expenses	(100.6)	(145.6)	(30.9)%
Income taxes	(157.0)	(71.9)	118.2%
Net income	**152.3**	**104.6**	**45.6%,**
as a % of sales	***1.1%***	***0.8%***	
(1) Of which depreciation and amortization.	(100.1)	(99.8)	0.2%

(2) Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions.

(in millions of euros)	YEAR ENDED DECEMBER 31 2018	2017	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**13,365.7**	**12,876.7**	**3.8%**
Same-day basis			*3.5%*
Gross profit	3,295.0	3,178.7	3.7,%
as a % of sales	*24.7%*	*24.7%*	
Distribution and administrative expenses	(2,686.7)	(2,605.4)	3.1%
as a % of sales	*(20.1)%*	*(20.2)%*	
EBITA	**608.3**	**573.3**	**6.1%**
as a % of sales	***4.6%***	***4.5%***	

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Sales

In 2018, Rexel's consolidated sales amounted to €13,365.7 million, as compared to €13,303.0 million in 2017.

On a reported basis, sales were up 0.5% year-on-year, including a negative currency impact of 2.5% and a negative net effect from changes in scope of 0.7%.

- The negative impact of currency was €327.8 million, mainly due to the depreciation of US Dollar against the Euro.
- The negative net effect from change in scope amounted to €98.6 million, reflecting the divestment of operations in South East Asia completed in 2017.

On a constant and same-day basis, sales were up 3.5%, in line with full year 2018 target, with Europe up 1.7%, North America up 6.1% and Asia-Pacific up 5.2%. Excluding a 0.4 percentage point positive impact due to higher copper-based cable prices, sales were up 3.1% as compared to 2017.

On a constant and actual number of working days basis, sales increased by 3.8% including a favorable calendar impact of 0.3 percentage point.

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	YTD
Growth on a constant and same-days basis	3.9%	5.1%	3.4%	1.9%	3.5%
Number of working days effect	(1.1)%	0.6%	0.4%	1.1%	0.3%
Growth on a constant and actual-day basis	***2.8%***	***5.7%***	***3.8%***	***3.0%***	***3.8%***
Changes in scope effect	(0.8)%	(0.9)%	(0.7)%	(0.5)%	(0.7)%
Foreign exchange effect	(6.0)%	(3.6)%	(0.6)%	0.3%	(2.5)%
Total scope and currency effect	***(6.8)%***	***(4.4)%***	***(1.4)%***	***(0.2)%***	***(3.2)%***
Growth on a reported basis (1)	**(4.2)%**	**1.0%**	**2.4%**	**2.7%**	**0.5%**

(1) Growth on a constant basis and actual number of working days compounded by the scope and currency effects.

Gross profit

In 2018, gross profit amounted to €3,286.9 million, up 0.1%, on a reported basis, as compared to €3,282.1 million in 2017.

On a constant basis, adjusted gross profit increased by 3.7% while adjusted gross margin slightly decreased by 3 basis points to 24.7% of sales, reflecting a competitive environment in Europe and Asia-Pacific while it increased in North America.

Distribution & administrative expenses

In 2018, distribution and administrative expenses amounted to €2,686.5 million, down 0.1%, on a reported basis, as compared to €2,688.0 million in 2017.

On a constant basis, adjusted distribution and administrative expenses increased by 3.1% mainly driven by North America and Europe. They represented 20.1% of sales in 2018 compared to 20.2% in 2017, 13 basis-points improvement.

EBITA

In 2018, EBITA stood at €600.4 million as compared to €594.1 million in 2017. On a reported basis, EBITA was up 1.1% including a negative currency impact of 2.0%, a positive effect from change in scope of 0.9% and an unfavorable impact of copper-based cable prices of 3.8%.

On a constant basis, adjusted EBITA increased by 6.1% to €608.3 million, in line with 2018 target and adjusted EBITA margin stood at 4.6% of sales, up 10 basis points year-on-year.

Other income and expenses

In 2018, other income and expenses represented a net expense of €174.9 million, consisting mainly of:

- €82.5 million restructuring plans, especially in Germany (€46.1 million), Spain (€11.8 million) and the UK (€7.9 million). These plans include the closure of a significant number of branches, the reorganization of logistics and the downsizing of headquarters in these countries;
- €61.9 million goodwill impairment and intangible assets with indefinite life expense of which €29.2 million allocated to Norway, €26.9 million to Finland and €5.8 million to Spain, as a result of lower than expected performance; and
- €25.4 million impairment charge of assets held for sale in connection with the expected divestment of retail and commercial businesses in China as part of the overall group divestment program. This disposal should be effective in the first quarter of 2019. This business represented €48.9 million of sales in 2018.

In 2017, other income and expenses represented a net expense of €253.0 million, consisting mainly of:

- €133.7 million goodwill impairment expense (€46.8 million in 2016) of which €86.2 million allocated to Germany, €34.5 million to Finland

and €13.0 million to New Zealand, as well as €68.7 million divestment loss due to the disposal of Lenn International Pte. Ltd for €11.1 million and of Rexel South East Asia for €57.6 million; and

- €44.1 million restructuring costs associated with (i) business transformation programs (US, UK, Sweden); (ii) the shut-down of the Oil & Gas business in Thailand, as result of market decline; (iii) changes in corporate senior management.

Net Financial expenses

Net financial expenses decreased from €145.6 million in 2017 to €100.6 million in 2018. Excluding a €18.8 million one-off expense recognized in 2017 in connection with the 2017 refinancing transactions as well as the discounting effect of letters of credit issued by overseas financial institution of €10.9 million, net financial expenses were down by €15.3 million mainly as a result of a 37 basis points decrease in effective interest rate, from 3.2% in 2017 to 2.8% in of 2018, thanks to refinancing transactions occurred in 2017 and a lower average net debt.

Tax expense

In 2018 income tax expense increased to €157.0 million from €71.9 million in 2017. Excluding the €62.9 million positive one-off impacts of the US and French corporate income tax rates decreases enacted in 2017 and resulting in the reevaluation of the deferred tax position as of December 31, 2017, income tax expense increased by €22.2 million as a result of higher taxable income as well as a €13.5 million tax reassessment in Finland. As a result, effective tax rate rose from 40.7% in 2017 to 50.8% in 2018.

Net income

As a result of the items above, net income stood at €152.3 million in 2018, a 45.6% increase as compared to €104.6 million in 2017.

5.1.1.2.2 Europe (55% of Group sales)

(in millions of euros)	YEAR ENDED DECEMBER 31 2018	2017	Change in %
REPORTED			
Sales	**7,350.0**	**7,286.9**	**0.9%**
Gross profit	1,961.1	1,977.2	(0.8)%
Distribution and administrative expenses	(1,551.7)	(1,542.2)	0.6%
EBITA	**409.3**	**435.0**	**(5.9)%**
as a % of sales	*5.6%*	*6.0%*	

(in millions of euros)	YEAR ENDED DECEMBER 31 2018	2017	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**7,350.0**	**7,221.5**	**1.8%**
Same-day basis			*1.7%*
Gross profit	1,966.6	1,949.3	0.9%
as a % of sales	*26.8%*	*27.0%*	*-24 bps*
Distribution and administrative expenses	(1,551.9)	(1,528.4)	1.5%
as a % of sales	*(21.1)%*	*(21.2)%*	*5 bps*
EBITA	**414.7**	**420.9**	**(1.5)%**
as a % of sales	***5.6,%***	***5.8%***	

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Sales

In 2018, sales in Europe amounted to €7,350.0 million, a 0.9% increase on a reported basis, as compared to €7,286.9 million in 2017.

Currency unfavorable evolution accounted for a decrease of €65.4 million, mainly due to the depreciation of the Swedish krona, the Swiss franc and the British Pound against the Euro.

On a constant and same-day basis, sales were up 1.7% as compared to 2017. Excluding the positive impact of 0.4 percentage point due to the higher copper-based cable prices compared to 2017, sales were up 1.3%.

In **France,** sales amounted to €2,717.3 million in 2018, an increase of 1.7% as compared to 2017 on a constant and same-day basis, mainly driven by dynamic residential and industrial end-markets especially in the first half, while the second half was impacted by high comparable.

In **the United Kingdom,** sales amounted to €801.3 million in 2018, a decrease of 4.8% from 2017 on a constant and same-day basis, mainly due to political uncertainty and lower business with six large C&I accounts, productivity ramp-up of recently hired sales force and 33 branch closures in a declining market environment (contributing to -1.2% to the sales evolution).

In **Germany,** sales stood at €764.1 million in 2018, a 6.0% decrease from 2017 on a constant and same-day basis, resulting from the transformation of the country announced in June 2018, including 17 branch closures, as well as refocusing on profitable activities as industrial segment on a national basis and on Contractors & Installors segment in the southern part of the country.

In **Scandinavia** sales amounted to €962.5 million in 2018, an increase of 4.4% from 2017 on a constant and same-day basis, with good performance in Sweden, up 5.2% driven by healthy industry and commercial end-markets, offsetting a lower pace of growth in the residential, a 5.3% increase in Finland and 1.9% in Norway.

In **Belgium** and in **the Netherlands,** sales amounted respectively to €403.1 million and €284.7 million in 2018. Sales in Belgium increased by 7.2%, including the positive impact of 1.3% due to acquisition of a branch in the Courtrai area. Excluding this impact, sales were mainly driven by a positive business environment. Sales in the Netherlands were up 11.8% on a constant and same-day basis, with a good momentum on photovoltaic equipment.

In **Switzerland** and **Austria,** sales amounted respectively to €459.2 million and €366.8 million in 2018. Sales in Switzerland increased by 8.4% from 2017, on a constant and same-day basis, driven by the gain of a large C&I contract and by building installation equipment. Sales in Austria increased by 4.1% from 2017, on a constant and same-day basis.

In **Southern Europe,** sales amounted to €373.6 million in 2018, a 0.8% decrease from 2017 on a constant and same-day basis. This mainly reflects a 6.1% increase in Italy and a 5.9% decrease in Spain, impacted by the transformation program including 15 branch closures.

Gross profit

In 2018, Europe recorded a gross profit of €1,961.1 million, decreasing by 0.8%, on a reported basis, as compared to €1,977.2 million in 2017.

On a constant basis, adjusted gross profit increased by 0.9% and adjusted gross margin decreased by 24 basis points at 26.8% of sales due to a competitive environment in Switzerland and Nordics.

Distribution & administrative expenses

In 2018, distribution and administrative expenses amounted to €1,551.7 million, up 0.6%, on a reported basis, as compared to €1,542.2 million in 2017.

On a constant basis, adjusted distribution and administrative expenses increased by 1.5% in 2018, reflecting higher variable freight out costs and inflation on salaries and benefits. As percentage of sales, adjusted Distribution and Administrative expenses were down 5 basis points to 21.1% due to higher sales volume.

EBITA

In 2018, EBITA amounted to €409.3 million as compared to €435.0 million in 2017. On a reported basis, EBITA was down 5.9% including a negative currency impact of 0.8% and an unfavorable impact of copper-based cable prices of 3.7%.

On a constant basis, adjusted EBITA decreased by 1.5% from 2017 and adjusted EBITA margin decreased by 19 basis points to 5.6% of sales.

5.1.1.2.3 North America (36% of Group sales)

(in millions of euros)	YEAR ENDED DECEMBER 31 2018	2017	Change in %
REPORTED			
Sales	**4,801.3**	**4,707.1**	**2.0%**
Gross profit	1,105.3	1,070.0	3.3%
Distribution and administrative expenses	(908.1)	(889.8)	2.1%
EBITA	**197.1**	**180.2**	**9.4%**
as a % of sales	*4.1%*	*3.8%*	

(in millions of euros)	YEAR ENDED DECEMBER 31 2018	2017	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**4,801.3**	**4,505.2**	**6.6%**
Same-day basis			*6.1%*
Gross profit	1,107.9	1,020.9	8.5%
as a % of sales	*23.1%*	*22.7%*	*41 bps*
Distribution and administrative expenses	(908.1)	(851.6)	6.6%
as a % of sales	*(18.9)%*	*(18.9)%*	*-1 bps*
EBITA	**199.8**	**169.3**	**18.0%**
as a % of sales	***4.2%***	***3.8%***	

Sales

In 2018, sales in North America amounted to €4,801.3 million, up 2.0%, on a reported basis, as compared to €4,707.1 million in 2017.

Currency unfavorable evolution accounted for a €202.0 million, decrease mainly due to the depreciation of US dollar against the Euro.

On a constant and same-day basis, sales increased by 6.1% as compared to 2017.

In **the United States,** sales stood at €3,780.3 million in 2018, a 6.9% increase from 2017 on a constant and same-day basis, as a result of the commercial impact of the regional organization in an overall market good momentum as well as branch openings.

In **Canada,** sales amounted to €1,020.9 million in 2018, up 3.6% from 2017 on a constant and same-day basis mainly driven by industrial end-market, including mining and oil and gas industry.

Gross profit

In 2018, in North America, gross profit amounted to €1,105.3 million, up 3.3%, on a reported basis, as compared to €1,070.0 million in 2017.

On a constant basis, adjusted gross profit increased by 8.5% and adjusted gross margin is 41 basis points higher at 23.1% of sales compared to 2017, due to pricing initiatives especially in Canada.

Distribution & administrative expenses

In 2018, distribution and administrative expenses amounted to €908.1 million, up 2.1%, on a reported basis, as compared to €889.8 million in 2017.

On a constant basis, adjusted distribution and administrative expenses increased by 6.6%, representing 18.9% of sales in 2018, a 1 basis point deterioration as compared to 2017, impacted by cost inflation and investments in the branch network and in the workforce.

EBITA

In 2018, EBITA amounted to €197.1 million as compared to €180.2 million in 2017. On a reported basis, EBITA was up 9.4% including a negative currency impact of 4.3% and an unfavorable impact of copper-based cable prices of 3.4%.

On a constant basis, adjusted EBITA increased by 18.0% from 2017.

5.1.1.2.4 Asia-Pacific (9% of Group sales)

(in millions of euros)	YEAR ENDED DECEMBER 31		
	2018	**2017**	**Change in %**
REPORTED			
Sales	**1,214.4**	**1,309.0**	**(7.2)%**
Gross profit	220.0	234.9	(6.4)%
Distribution and administrative expenses	(195.3)	(223.0)	(12.4)%
EBITA	**24.7**	**11.9**	**107.5%**
as a % of sales	*2.0%*	*0.9%*	

(in millions of euros)	YEAR ENDED DECEMBER 31		
	2018	**2017**	**Change in %**
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**1,214.4**	**1,150.0**	**5.6%**
Same-day basis			*5.2%*
Gross profit	220.0	208.5	5.5%
as a % of sales	*18.1%*	*18.1%*	*-2 bps*
Distribution and administrative expenses	(195.3)	(192.5)	1.5%
as a % of sales	*(16.1)%*	*(16.7)%*	*65 bps*
EBITA	**24.7**	**16.0**	**53.9%**
as a % of sales	***2.0%***	***1.4%***	

Sales

In 2018, sales in Asia-Pacific amounted to €1,214.4 million, down 7.2%, on a reported basis, as compared to €1,309.0 million in 2017.

Exchange rate variations accounted for a decrease of €60.4 million, primarily due to the depreciation of the Australian Dollar against the euro.

The negative effect scope effect was €98.6 million and was associated to the divestment of South East Asia operations.

On a constant and same-day basis, sales increased by 5.2% as compared to 2017.

In **Australia,** sales amounted to €501.1 million in 2018, a 0.5% decrease from 2017, on a constant and same-day basis, impacted by the disposal of the Rockwell automation business effective on April 30, 2018, which accounted for a decrease of 3.8 percentage points, partly offset by a good performance in industrial & commercial end-markets while residential has started to decline.

In **China,** sales amounted to €495.3 million in 2018, a 6.0% increase compared to 2017, on a constant and same-day basis, mainly driven by industrial automation products and solutions.

In addition, Asia-Pacific sales performance was enhanced by a large non-recurring project in the Middle East which contributed for €27.2 in 2018 and €8.2m in the fourth quarter.

Gross profit

In 2018, in Asia-Pacific, gross profit amounted to €220.0 million, down 6.4%, on a reported basis, as compared to €234.9 million in 2017.

On a constant basis, adjusted gross profit increased by 5.5% and adjusted gross margin was 18.1% of sales, a 2 basis-point decrease as compared to 2017, mainly impacted by a higher weight of project activity in the sales with lower than average margins and in particular in the Middle East.

Distribution & administrative expenses

In 2018, on a reported basis, distribution and administrative expenses amounted to €195.3 million, down 12.4% as compared to €223.0 million in 2017, reflecting current inflation compensated by lower bad debt expenses, especially in China.

On a constant basis, adjusted distribution and administrative expenses increased by 1.5% from 2017, representing 16.1% of sales in 2018, a 65 basis-point improvement as compared to 2017, reflecting initiatives to boost sales in Asia-Pacific.

EBITA

In 2018, EBITA amounted to €24.7 million as compared to €11.9 million in 2017. On a reported basis, EBITA was up 107.5% including a negative currency impact of 7.4%, a positive net effect from change in scope of 43.1% and an unfavorable impact of copper-based cable prices of 0.7%.

On a constant basis, adjusted EBITA increased by 53.9% from 2017 and adjusted EBITA margin increased by 64 basis points to 2.0% of sales.

5.1.1.2.5 Other operations

	YEAR ENDED DECEMBER 31		
(in millions of euros)	**2018**	**2017**	**Change in %**
REPORTED			
Sales	**(0.0)**	**(0.0)**	**N.A.**
Gross profit	0.6	(0.0)	N.A.
Distribution and administrative expenses	(31.4)	(32.9)	(4.8)%
EBITA	**(30.7)**	**(33.0)**	**6.8%**
as a % of sales	*N.A.*	*N.A.*	

	YEAR ENDED DECEMBER 31		
(in millions of euros)	**2018**	**2017**	**Change in %**
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**(0.0)**	**(0.0)**	**N.A.**
Gross profit	0.6	(0.0)	N.A.
as a % of sales	*N.A.*	*N.A.*	
Distribution and administrative expenses	(31.4)	(32.9)	(4.7)%
as a % of sales	*N.A.*	*N.A.*	
EBITA	**(30.7)**	**(32.9)**	**6.7%**
as a % of sales	***N.A.***	***N.A.***	

This segment mostly includes unallocated corporate-hosted expenses. In 2018, EBITA was negative by €30.7 million compared to €32.9 million in 2017, reflecting distribution and administrative expenses savings at corporate headquarters.

5.1.2 Liquidity and capital resources

5.1.2.1 Cash flow

(in millions of euros)	YEAR ENDED DECEMBER 31 2018	2017	Change
Operating cash flow	612.6	612.8	(0.2)
Interest	(85.3)	(101.6)	16.2
Taxes	(80.7)	(102.5)	21.8
Change in working capital requirements	(161.8)	(118.5)	(43.3)
Net cash flow from operating activities	**284.7**	**290.2**	**(5.5)**
Net cash flow from investing activities	**(95.5)**	**(134.6)**	**39.1**
o.w. Operating capital expenditures (1)	*(93.8)*	*(110.3)*	*16.5*
Net cash flow from financing activities	**(158.2)**	**(261.3)**	**103.2**
Net cash flow	**31.1**	**(105.7)**	**136.8**
Operating cash flow	612.6	612.8	(0.2)
Change in working capital requirements	(161.8)	(118.5)	(43.3)
Operating capital expenditures (1)	(93.8)	(110.3)	16.5
Free cash flow before interest and taxes	**357.0**	**384.0**	**(27.0)**
Interest	(85.3)	(101.6)	16.2
Taxes	(80.7)	(102.5)	21.8
Free cash flow after interest and taxes	**191.0**	**179.9**	**11.0**

	DECEMBRE 31 2018	2017
WCR as a % of sales (2) at:		
Constant basis	11.2%	10.6%

(1) Net of disposals.
(2) Working capital requirements, end of period, divided by last 12-month sales.

5.1.2.1.1 Cash flow from operating activities

Rexel's net cash flow from operating activities was an inflow of €284.7 million in 2018 as compared to an inflow of €290.2 million in 2017.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements stood at €612.6 million in 2018, stable as compared to €612.8 million in 2017.

Interest and taxes

Net interest paid decreased from €101.6 million in 2017 to €85.3 million in 2018, thanks to the refinancing in 2017 of the senior notes at lower interest rates and lower average net debt.

Income tax paid decreased from €102.5 million in 2017 to €80.7 million in 2018, as a result of the refund in 2018 of the excess of tax instalments paid in 2017 in respect of French corporate tax as well as a reimbursement of the prior year French tax on dividends which was declared unconstitutional.

Change in working capital requirements

Change in working capital requirements accounted for an outflow of €161.8 million in 2018 as compared to €118.5 million in 2017, up €43.3 million as a result of non-trade working capital cash out flows relating to higher sales tax and bonus payments in 2018.

As a percentage of sales over the last 12 months, on a constant basis, working capital requirements amounted to 11.2% of sales as of December 31, 2018 as compared to 10.6% as of December 31, 2017 as a result of the enlargement of products offering to sustain sales growth strategy as well as lower payables.

5.1.2.1.2 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 €95.5 million outflow in 2018, as compared to an outflow of €134.6 million in 2017.

(in millions of euros)	YEAR ENDED DECEMBER 31	
	2018	**2017**
Acquisitions of operating fixed assets	(122.1)	(112.5)
Proceed from disposal of operating fixed assets	24.0	3.5
Net change in debts and receivables on fixed assets	4.3	(1.3)
Net cash flow from capital expenditures	**(93.8)**	**(110.3)**
Acquisition of subsidiaries, net of cash acquired	(2.7)	0.0
Proceeds from disposal of subsidiaries, net of cash disposed of	0.0	(23.1)
Net cash flow from financial investments	**(2.7)**	**(23.1)**
Net change in long-term investments	**1.0**	**(1.2)**
Net cash flow from investing activities	**(95.5)**	**(134.6)**

Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €98.1 million in 2018, as compared to €108.9 million in 2017.

In 2018, gross capital expenditures amounted to €122.1 million (€112.5 million in 2017), *i.e.* 0.9% of sales for the both periods. IT and Digital projects represented 54% of the total gross capex in 2018 (56% in 2017). Disposals of fixed assets were €24.0 million (€3.5 million in 2017), including the disposal of Rockwell automation business in Australia.

Financial investments

Net cash flow from financial investments was an outflow of €2.7 million in 2018 as compared to €23.1 million in 2017.

In 2018, investments were relating to the acquisition of a company operating a branch in Belgium.

In 2017, net cash flow from financial investments of €23.1 million was associated with group contributions to Rexel South East Asia entities being disposed of.

5.1.2.1.3 Cash flow from financing activities

In 2018, cash flow from financing activities represented a net cash outflow of €158.2 million, resulting mainly from the:

- Purchase of Treasury Shares for €10.2 million;
- Decrease of €9.6million in credit facilities and Commercial paper;
- Decrease of €6.9 million in assigned receivables associated with securitization programs; and
- Dividend distribution of €126.8 million.

In 2017, cash flow from financing activities represented a net cash outflow of €261.3 million, resulting mainly from the:

- Redemption of the remaining outstanding 5.25% USD 330 million senior notes due 2020 for €302.3 million including a redemption premium of €6.3 million; these notes were refinanced by the issuance of the 2.625% €300 million notes due to 2024;
- Redemption of €500 million of senior notes due 2022 on November 20, 2017 for €517.0 million including a redemption premium of €17.0 million; these notes were refinanced by the issuance of the 2.125% €500 million notes due to 2025;
- The decrease by €112.9 million in Commercial paper, other borrowings and securitization; and
- And the dividend distribution of €120.8 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, 2018, Rexel's consolidated net debt amounted to €2,030.4 million as compared to €2,041.2 million at December 31, 2017, consisting of the following items:

	AS OF DECEMBER 31					
	2018			2017		
(in millions of euros)	**Current**	**Non current**	**Total**	**Current**	**Non current**	**Total**
Senior notes	–	1,456.2	1,456.2	–	1,446.6	1,446.6
Securitization	517.0	484.2	1,001.2	–	1,007.6	1,007.6
Bank loans	7.7	0.9	8.6	12.1	1.8	13.9
Commercial paper	40.0	–	40.0	41.7	–	41.7
Bank overdrafts and other credit facilities	84.1	–	84.1	100.6	–	100.6
Finance lease obligations	4.5	11.2	15.8	6.2	14.3	20.5
Accrued interest	5.0	–	5.0	6.3	–	6.3
Less transaction costs	(4.4)	(16.3)	(20.7)	(5.1)	(19.7)	(24.7)
Total financial debt and accured interest	**654.0**	**1,936.2**	**2,590.2**	**161.8**	**2,450.5**	**2,612.3**
Cash and cash equivalents			(544.9)			(563.6)
Accrued interest receivables			(2.2)			(1.0)
Debt hedge derivatives			(12.7)			(6.5)
Net financial debt			**2,030.4**			**2,041.2**

At December 31, 2018, the Group's liquidity amounted to €1,305.7 million (€1,304.7 million at December 31, 2017), as follows:

	AS OF DECEMBER 31	
(in millions of euros)	**2018**	**2017**[(1)]
Cash and cash equivalents	544.9	563.6
Bank overdrafts	(84.1)	(100.6)
Commercial paper	(40.0)	(41.7)
Undrawn Senior credit agreement	850.0	850.0
Bilateral facilities	34.9	33.4
Liquidity	**1,305.7**	**1,304.7**

(1) Taking into consideration the amendement of the senior facility agreement extended on January 31, 2018.

At December 31, 2018, Rexel's ratings by the financial rating agencies were as follows:

	DECEMBER 31, 2018		
Rating agency	Moody's	Standard & Poor's	Fitch Ratings
Long-terme debt	Ba2	BB-	BB
Outlook	Stable	Stable	Stable
Short-term debt	NP	B	B

In 2018, Rexel has decided not to renew its contract with Fitch Ratings upon its expiring on December 31, 2018. The Group remains rated by Moody's and Standard and Poor's.

At December 31, 2017, Rexel's ratings by the financial rating agencies were as follows:

	DECEMBER 31, 2017		
Rating agency	Moody's	Standard & Poor's	Fitch Ratings
Long-terme debt	Ba2	BB	BB
Outlook	Stable	Stable	Stable
Short-term debt	NP	B	B

Senior Credit Facility Agreement

In January 2019, the maturity of the €850 million senior Credit Facility Agreement was extended by one year to January 31, 2024. As of December 31, 2018, this facility was undrawn.

The leverage ratio, calculated according to the senior Credit Facility Agreement provisions, decreased to 2.67x as of December 31, 2018 as compared to 2.84x as of December 31, 2017 in line with Group guidance.

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 2018 forecast and achievements

For 2018, 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 4, 2018 under number D.18-0263:

- sales up in the low single digits (on a same days basis) assuming further growth in a market environment that should remain favorable in most of its main geographies;
- A mid to high single-digit increase in adjusted EBITA; and
- A further improvement of the indebtedness ratio (net debt-to-EBITDA).

Upon presentation of the results of the second quarter and of the first half of 2018 on July 31, 2018, the Rexel Group confirmed its 2018 full-year targets, as detailed above.

Upon presentation of the results of the third quarter and of the nine months of the year 2018, on October 31, 2018, Rexel confirmed once again its 2018 full-year targets

On February 13, 2019, Rexel published its 2018 full-year results, in line with its objectives:

- A same-day sales growth of 3.5%, including a positive copper contribution of 0.4%. In 2018, sales stood at 13.37 billion euros;
- A growth in adjusted EBITA of 6.1%; the adjusted EBITA margin stood at 4.6% of sales, increasing by 10 bps compared to 2017; and
- The improvement of indebtedness ratio, at 2.67x EBITDA in 2018 compared to 2.84x at the end of 2017 (Net debt-to-EBITDA as calculated under the Senior Credit Agreement terms).

5.1.3.2 Rexel 2019 objectives

Rexel has successfully delivered the first phase of its strategic roadmap, consolidating its geographic footprint, revamping its operating model, increasing its digital penetration and strengthening its financial structure, making it a more robust company.

Rexel has now begun the second phase, a transformation journey towards a data-driven services company, with more software and connected solutions, in a fast-changing electrical distribution world.

Consistent with its medium-term ambition and assuming no material changes in the macroeconomic environment, Rexel targets for 2019, at comparable scope of consolidation and exchange rates:

- A 2% to 4% same-day sales growth, excluding an estimated unfavorable impact of 1% from branch closures in Germany and Spain;
- A 5% to 7% increase in adjusted EBITA;
- A further improvement of the indebtedness ratio (net debt-to-EBITDA).

5.1.4 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, 2018, the Board of Directors will submit a proposal to the Shareholders' Meeting to be held on May 23, 2019, to distribute a dividend of 0.44 per share, paid out in cash, in order to enable Rexel 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
2018	€132,827,278 (*)	€0,44 (*)
2017	€126,851,362	€0.42
2016	€120,822,691	€0.40

(*) Amount subject to the approval of the shareholders upon the Shareholders' Meeting.

5.1.5 Significant changes in the issuer's financial or commercial position

On March 12, 2019, Rexel issued €600 million of 2.75% unsecured senior notes due 2026. The notes have been admitted for trading on the Euro MTF market of the Luxembourg Stock Exchange. Net proceeds of the notes, together with some available cash, have been used to redeem on March 19, 2019, all of the €650 million 3.5% notes due in 2023 issued on May 18, 2016.

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, 2018.

5.1.6 Information on payment terms granted to suppliers and customers of Rexel (end of the 2018 financial year)

Invoices received or issued, unpaid or overdue as at December 31, 2018 (article D.441-4 I of the French Commercial Code)

	ARTICLE D.441-4 I. 1°: INVOICES RECEIVED, UNPAID AS OF DECEMBER 31, 2018	ARTICLE D.441-4 I. 2°: INVOICES ISSUED, UNPAID AS OF DECEMBER 31, 2018
(A) Overdue invoices		
Number of invoices concerned	4	0
Total amount of invoices concerned (including taxes) (in thousands of euros)	2	
Percentage of total purchases for the year (excluding taxes)	0.02%	
Percentage of sales for the year (excluding taxes)		
(B) Invoices excluded from (A) relating to payables and receivables in dispute or not recognized		
Number of excluded invoices	2	
Total amount of excluded invoices (including taxes) (in thousands of euros)	7	
(C) Benchmark payment terms used (contractual or statutory terms – article L.441-6 or article L.443-1 of the Commercial Code)		
Payment terms used to calculate overdue payments	Contractual terms: 30 days average Statutory terms: NA	Contractual terms: 30 days average Statutory terms: NA

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5.2 Consolidated financial statements

Pursuant to article 28 of the Regulation (EC) N°809/2004 of the European Commission dated 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, 2017 set out on pages 214 to 274 of the French version of the Registration document for the financial year ended December 31, 2017, filed with the AMF on April 4, 2018 under number D.18-0263; and
- the consolidated financial statements and the audit report for the financial year ended December 31, 2016, set out on pages 187 to 248 of the French version of the Registration document for the financial year ended December 31, 2016, filed with the AMF on March 31, 2017, under number D.17-0272.

5.2 Consolidated financial statements

5.2.1 Consolidated financial statements as of December 31, 2018

Consolidated Statement of profit or loss

(in millions of euros)	Note	FOR THE YEAR ENDED DECEMBER 31, 2018	2017[1]
Sales	6	13,365.7	13,303.0
Cost of goods sold		(10,078.7)	(10,020.9)
Gross profit		**3,286.9**	**3,282.1**
Distribution and administrative expenses	7	(2,702.2)	(2,707.0)
Operating income before other income and expenses		**584.7**	**575.1**
Other income	9	15.4	7.1
Other expenses	9	(190.3)	(260.1)
Operating income		**409.8**	**322.1**
Financial income		3.3	2.3
Interest expense on borrowings		(76.9)	(91.9)
Non-recurring redemption costs		–	(18.8)
Other financial expenses		(27.0)	(37.3)
Net financial expenses	*10*	*(100.6)*	*(145.6)*
Net income before income tax		**309.2**	**176.5**
Income tax	11	(157.0)	(71.9)
Net income		**152.3**	**104.6**
Portion attributable:			
to the equity holders of the parent		150.7	105.5
to non-controlling interests		1.6	(0.9)
Earnings per share:			
Basic earnings per share (in euros)	20	0.50	0.35
Fully diluted earnings per share (in euros)	20	0.50	0.35

(1) Restated for changes in accounting policies following the adoption of IFRS 9 “Financial instruments” and IFRS 15 “Revenue from contracts with customers” (see note 3.2.1).

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, 2018	2017[1]
Net income		**152.3**	**104.6**
Items to be reclassified to profit or loss in subsequent periods			
Net gain / (loss) on net investment hedges		(18.7)	51.9
Income tax		6.4	(19.3)
Sub-total		**(12.3)**	**32.6**
Foreign currency translation adjustment		35.9	(281.6)
Income tax		(10.7)	43.0
Sub-total		**25.2**	**(238.6)**
Net gain / (loss) on cash flow hedges		(1.2)	5.1
Income tax		0.5	(1.8)
Sub-total		**(0.8)**	**3.3**
Items not to be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability	22.3	41.7	(2.4)
Income tax		(3.6)	(2.5)
Sub-total		**38.1**	**(4.9)**
Other comprehensive income / (loss) for the period, net of tax		**50.3**	**(207.5)**
Total comprehensive income / (loss) for the period, net of tax		**202.6**	**(102.9)**
Portion attributable:			
to the equity holders of the parent		201.0	(101.3)
to non-controlling interests		1.6	(1.6)

(1) Restated for changes in accounting policies following the adoption of IFRS 9 “Financial instruments” and IFRS 15 “Revenue from contracts with customers” (see note 3.2.1).

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

Consolidated Balance Sheet

(in millions of euros)	Note	DECEMBER, 31 2018	DECEMBER, 31 2017(1)	JANUARY, 1 2017(1)
ASSETS				
Goodwill	12.1	3,871.1	3,914.9	4,300.2
Intangible assets	12.1	1,038.8	1,049.7	1,109.5
Property, plant and equipment	12.2	281.1	272.0	282.4
Long-term investments	12.3	42.6	38.0	41.8
Deferred tax assets	11.2	85.8	96.6	129.3
Total non-current assets		**5,319.4**	**5,371.2**	**5,863.2**
Inventories	13.1	1,674.2	1,544.9	1,579.8
Trade accounts receivable	13.2	2,091.5	2,074.4	2,184.9
Current tax assets		14.4	48.1	23.5
Other accounts receivable	13.3	519.0	512.7	510.1
Assets held for sale	14	41.9	–	0.3
Cash and cash equivalents	15	544.9	563.6	619.3
Total current assets		**4,885.9**	**4,743.7**	**4,917.8**
Total assets		**10,205.3**	**10,114.9**	**10,781.0**
EQUITY				
Share capital	17	1,519.9	1,516.7	1,514.5
Share premium	17	1,554.0	1,559.2	1,561.2
Reserves and retained earnings		1,154.5	1,079.5	1,296.3
Total equity attributable to equity holders of the parent		**4,228.4**	**4,155.4**	**4,372.0**
Non-controlling interests		3.8	2.2	5.2
Total equity		**4,232.2**	**4,157.6**	**4,377.2**
LIABILITIES				
Interest bearing debt (non-current part)	23	1,936.2	2,450.5	2,195.1
Net employee defined benefit liabilities	22.2	266.2	319.9	338.5
Deferred tax liabilities	11.2	225.2	172.8	238.6
Provision and other non-current liabilities	21	63.2	56.3	84.7
Total non-current liabilities		**2,490.7**	**2,999.6**	**2,856.9**
Interest bearing debt (current part)	23	649.0	155.5	603.6
Accrued interest	23	5.0	6.3	6.3
Trade accounts payable		2,024.6	2,034.8	2,179.0
Income tax payable		26.8	34.8	37.4
Other current liabilities	25	738.8	726.3	720.5
Liabilities related to assets held for sale	14	38.3	–	–
Total current liabilities		**3,482.4**	**2,957.7**	**3,546.9**
Total liabilities		**5,973.1**	**5,957.3**	**6,403.8**
Total equity and liabilities		**10,205.3**	**10,114.9**	**10,781.0**

(1) Restated for changes in accounting policies following the adoption of IFRS 9 “Financial instruments” and IFRS 15 “Revenue from contracts with customers” (see note 3.2.1).

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, 2018	2017[1]
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income		409.8	322.1
Depreciation, amortization and impairment of assets and assets write off	7-9	203.5	264.1
Employee benefits		(18.5)	(17.6)
Change in other provisions		10.1	(26.2)
Other non-cash operating items		7.6	70.4
Interest paid		(85.3)	(101.6)
Income tax paid		(80.7)	(102.5)
Operating cash flows before change in working capital requirements		**446.5**	**408.7**
Change in inventories		(130.3)	(80.7)
Change in trade receivables		(28.7)	(24.7)
Change in trade payables		13.9	(41.2)
Change in other working capital items		(16.7)	28.2
Change in working capital requirements		**(161.8)**	**(118.5)**
Net cash from operating activities		**284.7**	**290.2**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of tangible and intangible assets		(117.8)	(113.8)
Proceeds from disposal of tangible and intangible assets		24.0	3.5
Acquisitions of subsidiaries, net of cash acquired		(2.7)	–
Proceeds from disposal of subsidiaries, net of cash disposed of	5	0.0	(23.1)
Change in long-term investments		1.0	(1.2)
Net cash from investing activities		**(95.5)**	**(134.6)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Insuance of capital	17.1	–	0.5
Disposal / (Purchase) of treasury shares		(10.2)	0.1
Issuance of senior notes net of transaction costs	23.2	–	790.6
Repayment of senior notes	23.2	–	(819.3)
Settlement of interest rate swaps qualified as fair value hedge		–	0.5
Net change in credit facilities, commercial papers, other financial borrowings	23.2	(9.6)	(80.5)
Net change in securitization	23.2	(6.9)	(29.3)
Net change in finance lease liabilities	23.2	(4.7)	(3.0)
Dividends paid	18	(126.8)	(120.8)
Net cash from financing activities		**(158.2)**	**(261.3)**
Net (decrease) / increase in cash and cash equivalents		**31.1**	**(105.7)**
Cash and cash equivalents at the beginning of the period		563.6	619.3
Effect of exchange rate changes on cash and cash equivalents		(20.6)	50.1
Cash and cash equivalent reclassified to assets held for sale		(29.3)	-
Cash and cash equivalents at the end of the period		**544.9**	**563.6**

(1) Restated for changes in accounting policies following the adoption of IFRS 9 “Financial instruments” and IFRS 15 “Revenue from contracts with customers” (see note 3.2.1).

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

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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, 2017										
Balance at January 1, 2017 (as reported)		**1,514.5**	**1,561.2**	**1,303.1**	**185.5**	**(0.7)**	**(185.6)**	**4,378.1**	**5.2**	**4,383.3**
Effect of changes in accounting following the adoption of IFRS 15		-	-	(3.0)	-	-	-	(3.0)	-	(3.0)
Effect of changes in accounting following the adoption of IFRS 9		-	-	(3.1)	-	-	-	(3.1)	-	(3.1)
Restated balance at January 1, 2017		**1,514.5**	**1,561.2**	**1,297.0**	**185.5**	**(0.7)**	**(185.6)**	**4,372.0**	**5.2**	**4,377.2**
Net income (restated)		-	-	105.5	-	-	-	105.5	(0.9)	104.6
Other comprehensive income (restated)		-	-	-	(205.2)	3.3	(4.9)	(206.8)	(0.7)	(207.5)
Total comprehensive income for the period (restated)		**-**	**-**	**105.5**	**(205.2)**	**3.3**	**(4.9)**	**(101.3)**	**(1.6)**	**(102.9)**
Cash dividends	18	-	-	(120.8)	-	-	-	(120.8)	-	(120.8)
Share capital increase		2.2	(2.0)	(0.1)	-	-	-	0.1	-	0.1
Share-based payments		-	-	4.9	-	-	-	4.9	-	4.9
Disposal of subsidiaries		-	-	-	-	-	-	-	(1.4)	(1.4)
Disposal / (Purchase) of treasury shares		-	-	0.6	-	-	-	0.6	-	0.6
Restated balance at December 31, 2017		**1,516.7**	**1,559.2**	**1,287.0**	**(19.7)**	**2.6**	**(190.5)**	**4,155.4**	**2.2**	**4,157.6**
FOR THE YEAR ENDED DECEMBER 31, 2018										
Restated balance at January 1, 2018		**1,516.7**	**1,559.2**	**1,287.0**	**(19.7)**	**2.6**	**(190.5)**	**4,155.4**	**2.2**	**4,157.6**
Net income		-	-	150.7	-	-	-	150.7	1.6	152.3
Other comprehensive income		-	-	-	13.0	(0.8)	38.1	50.3	-	50.3
Total comprehensive income for the period		**-**	**-**	**150.7**	**13.0**	**(0.8)**	**38.1**	**201.0**	**1.6**	**202.6**
Cash dividends	18	-	-	(126.8)	-	-	-	(126.8)	-	(126.8)
Share capital increase		3.2	(5.2)	2.0	-	-	-	0.0	0.1	0.1
Share-based payments		-	-	8.4	-	-	-	8.4	-	8.4
Disposal / (Purchase) of treasury shares		-	-	(9.6)	-	-	-	(9.6)	-	(9.6)
Balance at December 31, 2018		**1,519.9**	**1,554.0**	**1,311.7**	**(6.7)**	**1.8**	**(152.4)**	**4 228.4**	**3.8**	**4,232.2**

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 (the United States and Canada) and Asia-Pacific (mainly in China, Australia and New Zealand).

These consolidated financial statements cover the period from January 1 to December 31, 2018 and were authorized for issue by the Board of Directors on February 12, 2019.

2. Significant events of the year ended December 31, 2018 and December 31, 2017

There have been no significant event for the year ended December 31, 2018.

For the year ended December 31, 2017, the Group entered into the following transactions:

Rexel South East Asia divestment

In 2017, the Group divested from all its operations in South East Asia following strategic priority to place greater focus on the most attractive geographies and businesses. These divestments include operations in Thailand, Indonesia, Singapore, Vietnam, the Philippines, Macau and Malaysia and were completed in two sale transactions effective on May 25, 2017 for Lenn International Pte Ltd and on December 19, 2017 for the remaining. These transactions resulted in disposal losses before tax of €68.7 million (see note 5).

Refinancing transactions

Rexel entered into two refinancing transactions with the aim of extending its debt maturity profile and optimizing its overall cost of financing. Rexel issued 2.625% €300 million senior notes due 2024 in March 2017 and 2.125% €500 million senior notes due 2025 in November 2017. Proceeds received from these issuances were used to early repay the remaining outstanding 5.25% US$500 million senior notes due 2020 representing US$330 million in principal amount and the 3.25% €500 million senior notes due 2022 (see note 23.1).

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, 2018 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, 2018.

The new standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have been applied for the first time in 2018. Changes to significant accounting policies are described in note 3.2.1.

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 3.13 and 22);
- Provisions and contingent liabilities (notes 3.15, 21, and 29);
- Supplier rebates (see note 3.17 and 13.3);
- Recognition of deferred tax assets (notes 3.20 and 11);
- Measurement of share-based payments (notes 3.14 and 19).

3.2.1 Changes in accounting policies – amended IFRS standards

The Group has initially adopted IFRS 15 "Revenue from Contracts with Customers" (see note 3.2.1.1) and IFRS 9 "Financial Instruments" (see note 3.2.1.2) from January 1, 2018 onwards.

A number of other new standards are effective from January 1, 2018, among which amendments to IFRS 2 "Share-based Payment" and interpretation IFRIC 22 "Foreign Currency Transaction and Advance Consideration", but they do not have a material effect on the Group's financial statements.

3.2.1.1 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 supersedes IAS 18 "Revenues".

The Group has adopted IFRS 15 using the full retrospective method without practical expedients, with the effect of initially applying this standard recognized at the date of initial application (*i.e.* January 1, 2017). Accordingly, the information presented for 2017 has been restated in compliance with IFRS 15 requirements.

IFRS 15 had limited impact on sales recognition. Under IAS 18, the Group recognized sales when the significant risks and rewards attached to the goods were passed on to the customers which usually occurred with the delivery or shipment of the product. Under IFRS 15, control of the goods is transferred to the customer at a point in time where delivery or shipment of the products is effective.

The impact of adopting IFRS 15 on shareholders' equity as of January 1, 2017 was a decrease of €3.0 million.

On a full year basis, the impacts of IFRS 15 on the income statement for the year ended December 31, 2017 were as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2017		
(in millions of euros)	AS REPORTED	ADJUSTMENTS	IFRS 15 RESTATED
Sales	13,310.1	(7.1)(1)	13,303.0
Cost of goods sold	(10,045.9)	25.0(2)	(10,020.9)
Gross profit	**3,264.2**	**17.9**	**3,282.1**
Distribution and administrative expenses	(2,688.9)	(18.1)(3)	(2,707.0)
Operating income	**322.3**	**(0.2)**	**322.1**
Net income before income tax	**176.4**	**0.1**	**176.5**
Income tax	(71.5)	(0.4)	(71.9)
Net income	**104.9**	**(0.3)**	**104.7**

(1) Under IFRS 15, sales were adjusted downwards by €7.1 million of which €(24.2) million associated with direct sales transactions for which the Group is deemed to act as an agent (see (2)) and upwards by €15.7 million in relation with delivery services charged to customers that were previously presented as a reduction of distribution and administrative expenses (see (3)).

(2) Reflects mainly the adjustment of direct sales transactions. Direct sales are arrangements with customers whereby the Group engages a third-party supplier to ship the products to the customer, based on Rexel's purchase order with the customer, without any physical transfer to and from the Group's warehouse. Direct sales represent approximatively 20% of Rexel's total sales. Under IAS 18 guidance based on risks and rewards analysis, the Group carries, in particular, the credit risk on receivables attached to such sales and therefore was deemed to act as a principal. Accordingly, Rexel recognized the gross amount of direct sales transactions in revenue. IFRS 15 moved away from a risks and rewards approach to a transfer of control approach. For the vast majority of its direct sales transactions, the Group is ultimately responsible for fulfillment of the customer's order and has discretion in establishing pricing. It obtains controls of the goods at the point in time they are shipped by the third-party supplier but does not transfer control of the products to the customer until they are delivered to the customer's site. Rexel has inventory risk relating to the specified goods as it bears the risk of loss during the transit and the risk of return from the customer subsequent to the delivery. In very limited instances where these conditions are not fulfilled, the Group is deemed to act as an agent and recognizes a commission income for the excess of the amount invoiced to the customer and the amount charged by the supplier.

(3) Reflects mainly the adjustment associated with delivery services invoiced to customers that were previously matched against transportation costs in the distribution and administrative expenses under IAS 18. These services are analyzed as a performance obligation of Rexel and therefore are presented as revenues when adopting IFRS 15.

3.2.1.2 IFRS 9 "Financial instruments"

IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement" and addresses both classification and measurement, impairment and hedge accounting.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. At inception financial instruments are recognized in balance sheet at their fair value, and classified in the following categories that determine the applicable accounting treatment for the subsequent periods: amortized cost, fair value through other comprehensive income "FVOCI" or fair value through profit or loss "FVPL". Financial assets managed by the Group consist primarily of financial derivatives including interest rate swaps and forward exchange contracts used for hedging, other interest rate derivatives not designated as hedging for accounting purposes, and of trade receivables and cash and cash equivalents.

The Group has not had any impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as of January 1, 2018 and the impact of expected credit losses adjustment on trade account receivables under IFRS 9.

(in millions of euros)	ORIGINAL CLASSIFICATION AND MEASUREMENT UNDER IAS 39	NEW CLASSIFICATION AND MEASUREMENT UNDER IFRS 9	ORIGINAL CARRYING AMOUNT UNDER IAS 39	NEW CARRYING AMOUNT UNDER IFRS 9
Financial assets				
Fair value hedge interest rate swaps	FVPL	FVPL	8.7	8.7
Cash flow hedge interest rate swaps	FVOCI	FVOCI	3.6	3.6
Other derivative instruments not eligible to hedge accounting	FVPL	FVPL	0.2	0.2
Loans	Loans & Receivables	Amortized cost	0.1	0.1
Security deposits	Loans & Receivables	Amortized cost	25.2	25.2
Total non-current financial assets			**37.8**	**37.8**
Trade accounts receivable (1)	Loans & Receivables	Amortized cost	2,077.0	2,073.2
Supplier rebates receivable	Loans & Receivables	Amortized cost	348.6	348.6
Other accounts receivable	Loans & Receivables	Amortized cost	86.6	86.6
Cash-flow hedge interest rate swaps	FVOCI	FVOCI	1.0	1.0
Other derivative instruments not eligible to hedge accounting	FVPL	FVPL	0.1	0.1
Total current financial assets			**2,513.3**	**2,509.5**
Cash	**FVPL**	**FVPL**	**563.6**	**563.6**
Total financial assets			**3,114.7**	**3,110.9**

(1) Trade accounts receivable adjusted for the impact of expected credit losses under IFRS 9.

FVPL Fair value through profit or loss.

FVOCI Fair value through other comprehensive income.

As to impairment of financial assets including trade receivables, the model induced by IFRS 9 is based on expected credit loss as opposed to the incurred loss model in IAS 39. Under IAS 39, an impairment loss was recognized based on a standard ageing matrix for past-due trade receivables over 30 days. Under IFRS 9, the Group applied the simplified approach and recorded expected credit losses based on the historical credit losses to sales on non-due and less than 30 days past-due trade receivables. The impact of adopting the expected credit loss model as of January 1, 2017 on equity was negative by

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€3.0 million. Impact on income statements for the year ended December 31, 2017 was nil.

With regards to hedge accounting, all existing hedge relationships that were designated in effective hedging relationships under IAS 39 still qualify for hedge accounting under IFRS 9, as IFRS 9 does not change the general principles of how an entity accounts for effective hedges. As such, the adoption of IFRS 9 hedge accounting requirements had no significant impact on the Group's consolidated financial statements.

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 but are not yet effective:

- IFRS 16 "Leases": this new standard issued by the IASB on January 13, 2016 has been endorsed by the European Union on October 31, 2017 and 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 recognized as an adjustment to the right-of-use asset against the lease liability. IFRS 16 applies to reporting period beginning on or after January 1, 2019. When initially applying IFRS 16, entities can choose to apply the new standard using either a full retrospective or a modified retrospective approach with the cumulative effect recognized at the date of first application, *i.e.* as of January 1, 2019 with no comparative information for the year ended December 31, 2018. The Group has decided to apply the full retrospective method at the transition date.

  IFRS 16 should significantly impact Rexel's financial situation and performance presentation as the Group entered into lease arrangements for most of its properties including branch network, logistic centers and administrative buildings. Starting in 2016, Rexel initiated a major transition project Group-wide resulting in the identification and measurement of approximately ten thousand lease agreements including properties and equipment (mainly company cars and logistic equipment). For this purpose, the Group has implemented an IT system to manage lease arrangements in accordance with IFRS 16 requirements. To date, historical data are entered in the system while preliminary numbers are to be finalized. Rexel expects to complete the full transition process in the first half of 2019.

  The preliminary analysis conducted as part of the transition process would result in an estimated right of use asset of €0.8 billion and a lease liability of €0.9 billion.

  Key assumptions underlying these estimates are mainly associated with lease durations and discount rates:

  – Lease durations were estimated at the last renewal date of lease agreements based on contractual periods including options to extend or terminate the lease when it is reasonably certain that these options will be exercised;

  – Discount rates were determined on an historical basis by reference to risk free rates on a currency by currency basis, adding back the Group's credit spread.

  Under the Revolver Credit Facility Agreement "RCFA", the leverage ratio calculated for financial covenant purposes (indebtedness to EBITDA) is tested, in case of change in accounting policies, as if the financial statements prepared on the changed basis had been prepared according to accounting principles used prior to the change. Therefore, the adoption of IFRS 16 is neutral on the covenant.

- On October 12, 2017, the IASB issued an amendment to IFRS 9 "Prepayment Features with Negative Compensation" to modify the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation. This amendment is applicable for annual periods beginning on or after January 1, 2019.

- On June 7, 2017, the IFRS Interpretation Committee issued IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments". This interpretation clarifies application of recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation specifically addresses the following:
  - whether an entity considers uncertain tax treatments separately,
  - the assumptions an entity makes about the examination of tax treatments by taxation authorities,
  - how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates,
  - how an entity considers changes in facts and circumstances.

IFRIC 23 is applicable for annual periods beginning on or after January 1, 2019, with early application permitted. Rexel does not expect any significant impact from the adoption of IFRIC 23.

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 December 12, 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing certain amendments to IFRSs and in particular:

- IAS 12 "Income Taxes" — The amendments clarify that all income tax consequences of dividend payments should be recognized in profit or loss, regardless of how the tax arises.
- IAS 23 "Borrowing Costs" — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

These amendments are applicable for annual periods beginning on or after January 1, 2019.

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, 2018. 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

Classification of financial assets and measurement

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income "FVOCI" or fair value through profit or loss "FVPL". Financial assets managed by the Group consist primarily of trade receivables and cash and cash equivalents as well as financial derivatives including interest rate swaps and forward exchange contracts used for hedging and other interest rate derivatives that are not designated as hedging instruments in hedge relationships.

With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables do not contain a significant financing component and are initially measured at the transaction cost.

Trade receivables are classified as measured at amortized cost as they are held with the objective to collect contractual cash flows that are solely payments of principal and interests on the principal outstanding. Financial assets at amortized cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial derivative assets designated as cash flow hedge instruments are classified as measured at FVOCI at initial recognition. Fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss (see note 3.10).

Cash and cash equivalent and financial derivatives which the Group had not designated as hedge instruments are classified at FVPL. 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. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Derecognition of trade receivables

Rexel runs several on-going securitization and factoring programs which allow the Group to assign eligible trade receivables and receive cash payments in exchange. Trade receivables are derecognized from the balance sheet when the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to a third party under a 'pass-through' arrangement and the Group has transferred substantially all the risks and rewards attached to the receivables.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has not transferred all the risks and rewards of the asset, the Group continues to recognize the transferred receivables. In that case, the Group also recognizes an associated liability for the cash received in exchange of the assigned receivables.

Impairment

The Group recognizes an allowance for expected credit losses (ECLs) for all trade receivables. The Group applies a simplified approach in calculating ECLs and recognizes a loss allowance based on a standard ageing matrix for defaulted receivables. The Group considers a trade receivable in default when contractual payments are 30 days past due. For non-defaulted receivables (non-due and less than 30 days past-due), the Group recognizes expected credit losses based on the historical ratio of credit losses to sales. However, in certain cases, the Group may also consider a trade receivable to be in default when there is objective evidence that the Group is unlikely to receive the outstanding contractual amounts in full.

3.9 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments. Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. These costs 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.

Trade accounts payable include exclusively payables due to suppliers of goods held for resale. Invoices payable to general and administrative suppliers are presented as other payables in other current liabilities. Transaction cost is deemed to be the fair value as payables do not contain significant financing component (due date less than one year).

"Loans and borrowings" category is the most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method (EIR). 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. Gains and losses are recognized in profit or loss when the liabilities are derecognized.

Financial liabilities at fair value through profit or loss include solely derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined. Fair value changes subsequent to initial recognition are recognized in the statement of profit or loss.

Financial derivative liabilities designated as cash flow hedge instruments are classified as measured at FVOCI at initial recognition. Fair value changes are recognized in other comprehensive income "OCI". Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss (see note 3.10).

3.10 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

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 liability, including fixed rate indebtedness such as bonds.

The hedging instrument is measured at fair value with changes in fair value recognized in the income statement. The change in the fair value of the hedged item attributable to the hedged risk is recorded as part of the carrying amount of the hedged item and is also recognized in the income statement.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining life of the hedging instrument using the effective interest rate method. When the hedged item is derecognized, the unamortized fair value is recorded immediately in profit or loss.

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.

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.

3.11 Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the following fair value hierarchy:

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).

3.12 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.

3.13 Employee benefits

3.13.1 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.

3.13.2 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.

3.14 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.

3.15 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 3.18). 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.

3.16 Revenues from contracts with customers

Rexel's performance obligations consist mainly of delivery of electrical products and associated transportation services to ship the products to the customer's site. Due to the nature of its business, contracts with customers are generally entered into for a period of less than one year.

Revenues arising from the sale of goods and delivery services invoiced to customers are presented in sales in the income statement. Sales are recognized at the point in time when the control of the goods is transferred to the customer generally on delivery or shipment of the products.

Rexel's performance obligations are fulfilled through warehouse sales or direct sales:

- Warehouse sales consist in goods shipped directly from Rexel's inventory locations to customers.
- Direct sales are arrangements with customers whereby the Group engages a third-party supplier to ship the products to the customer, based on Rexel's purchase order with the customer, without any physical transfer to and from the Group's warehouse. For the vast majority of its direct sales transactions, the Group acts as a principal as:
  - it is ultimately responsible for fulfillment of the customer's order and has discretion in establishing pricing,
  - it obtains controls of the goods at the point in time they are shipped by the third-party supplier but does not transfer control of the products to the customer until they are delivered to the customer's site,
  - also, Rexel has inventory risk relating to the specified goods as it bears the risk of loss during the transit and the risk of return from the customer subsequent to the delivery.

In very limited instances where these conditions are not fulfilled, the Group is deemed to act as an agent and recognizes a commission income for the excess of the amount invoiced to the customer and the amount charged by the supplier.

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts and recognizes a refund liability for the expected future rebates.

Certain arrangements provide a customer with a right to return the goods within a specified period. For goods that are expected to be returned, instead of sales, the Group recognizes a refund liability. To estimate the variable consideration for the expected goods returned, the Group applies the most likely amount method. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

3.17 Supplier rebates

In line with industry practice, Rexel enters into annual agreements with a number of suppliers whereby volume-based rebates, marketing support and other discounts are received in connection with the purchase of goods for resale from these suppliers.

Rebates relating to the purchase of goods for resale are accrued and recognized as a deduction of cost of goods sold or a deduction of inventory for the goods in stock at the balance sheet date.

Part of volume-based rebates are determined by reference to guaranteed rates of rebate (unconditional rebates). These are calculated through a mechanical process with minimal judgement. Another part of volume-based rebates is subject to stepped targets, the rebate percentage increasing as volumes purchased reach agreed targets within a set period of time (conditional rebates). The majority of suppliers' rebate agreements apply to annual purchases eligible to rebates. Determination of the rebate amount recorded in the income statement at the balance sheet date is based on the most likely amount method which relies on estimate of purchases subject to rebates by category of products.

Marketing support, which represents a smaller part of the Group's supplier rebates is recognized in the cost of goods sold once all relevant performance criteria have been met.

3.18 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.

3.19 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 3.10).

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.

3.20 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 11.

3.21 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 and Asia-Pacific.

The Group's financial reporting is reviewed monthly by the Chief Executive Officer acting as the Chief operating decision maker.

3.22 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

In 2017 and 2018, the Group did not proceed to any significant business combination.

5. Divestments

In 2018, Rexel decided to refocus its activities in China on industrial automation business and to exit from its underperforming retail and commercial businesses. As a result, the Group entered into share sale agreements to dispose of its investments in these operations. The sale transactions will be effective in the first quarter of 2019 and Rexel recognized an impairment expense of €25.4 million on the assets to be disposed of. For further details see note 14.

These activities are not material relative to the Group.

In 2017, as part of its divestment program, the Group disposed of all its operations in South East Asia including Thailand, Indonesia, Singapore, Vietnam, the Philippines, Macau and Malaysia. These divestments were completed in two separate sale transactions as follows:

- On May 25, 2017, the Group completed the sale of Lenn International Pte Ltd, an Oil & Gas cable distributor based in Singapore, to its management for a consideration of €3.5 million. The divestment loss was €11.1 million before tax (€10.1 million after tax); and
- Effective on December 19, 2017, Rexel sold to American Industrial Acquisition Corporation, a private equity firm, its interest in Rexel South East Asia, a subsidiary controlling the overall Rexel's operations in South East Asia. Rexel contributed €26.6 million in cash to the disposed entity at the time of the sale transaction. This transaction resulted in a disposal loss before tax of €57.6 million (€47.7 million after tax). Results of operations in South East Asia and cash flows for the year ended December 31, 2017, were consolidated until November 30, 2017.

The share purchase agreements entered into do not provide the purchasers for any specific guaranty for damages and liabilities other than customary.

6. Segment reporting

The reportable segments are Europe, North America and Asia-Pacific.

Information by geographic segment for the period ended December 31, 2018 and 2017

(in millions of euros)	EUROPE	NORTH AMERICA	ASIA-PACIFIC	**TOTAL OPERATING SEGMENTS**	CORPORATE HOLDINGS AND OTHER RECONCILING ITEMS	**TOTAL GROUP**
			2018			
FOR THE YEAR ENDED DECEMBER 31,2018						
Warehouse sales	6,889.7	3,056.8	1,073.2	**11,019.7**	–	**11,019.7**
Direct sales	673.8	1,763.7	141.9	**2,579.4**	–	**2,579.4**
Rebates, discount and services	(213.5)	(19.2)	(0.7)	**(233.3)**	–	**(233.3)**
Sales to external customers	**7,350.0**	**4,801.3**	**1,214.4**	**13,365.7**	**–**	**13,365.7**
EBITA [(1)]	409.3	197.1	24.7	**631.1**	(30.7)	**600.4**
Goodwill impairment	(56.3)	–	–	**(56.3)**	–	**(56.3)**
AS OF DECEMBER 31, 2018						
Working capital	660.6	725.8	136.7	**1,523.2**	(4.3)	**1,518.9**
Goodwill	2,324.0	1,408.0	139.0	**3,871.1**	–	**3,871.1**

(in millions of euros)	EUROPE	NORTH AMERICA	ASIA-PACIFIC	**TOTAL OPERATING SEGMENTS**	CORPORATE HOLDINGS AND OTHER RECONCILING ITEMS	**TOTAL GROUP**
			2017[(2)]			
FOR THE YEAR ENDED DECEMBER 31,2017						
Warehouse sales	6,757.1	2,982.7	1,207.2	**10,947.0**	–	**10,947.0**
Direct sales	720.1	1,735.3	103.5	**2,558.9**	–	**2,558.9**
Rebates, discount and services	(190.3)	(10.8)	(1.8)	**(202.9)**	–	**(202.9)**
Sales to external customers	**7,286.9**	**4,707.1**	**1,309.0**	**13,303.0**	**–**	**13,303.0**
EBITA [(1)]	435.0	180.2	11.9	**627.1**	(33.0)	**594.1**
Goodwill impairment	(120.7)	–	(13.0)	**(133.7)**	–	**(133.7)**
AS OF DECEMBER 31, 2017						
Working capital	668.7	616.9	121.3	**1,406.9**	(36.9)	**1,369.9**
Goodwill	2,377.4	1,380.4	157.1	**3,914.9**	–	**3,914.9**

(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) Restated for changes in accounting policies following the adoption of IFRS 9 “Financial instruments” and IFRS 15 “Revenue from contracts with customers” (see note 3.2.1).

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, **2018**	**2017[(1)]**
EBITA	**600.4**	**594.1**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(15.7)	(19.0)
Other income and other expenses	(174.9)	(253.0)
Net financial expenses	(100.6)	(145.6)
Net income before tax	**309.2**	**176.5**

(1) Restated for changes in accounting policies following the adoption of IFRS 9 “Financial instruments” and IFRS 15 “Revenue from contracts with customers” (see note 3.2.1).

5

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, 2018	2017(1)
Working capital.	1,518.9	1,369.9
Goodwill	3,871.1	3,914.9
Total allocated assets & liabilities	**5,389.9**	**5,284.8**
Liabilities included in allocated working capital	2,762.2	2,759.9
Accrued interest receivable	2.2	1.0
Other non-current assets.	1,362.6	1,359.7
Deferred tax assets	85.8	96.6
Current tax assets.	14.4	48.1
Assets classified as held for sale	41.9	–
Derivatives	1.5	1.1
Cash and cash equivalents	544.9	563.6
Group consolidated total assets	**10,205.3**	**10,114.9**

(1) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see note 3.2.1).

7. Distribution & administrative expenses

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2018	2017(1)
Personnel costs (salaries & benefits)	1,631.4	1,643.0
Building and occupancy costs	269.0	271.9
Delivery costs	246.8	238.6
Other external costs	412.9	410.2
Depreciation expense	100.1	99.8
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	15.7	19.0
Bad debt expense	26.4	24.6
Total distribution and administrative expenses	**2,702.2**	**2,707.0**

(1) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see note 3.2.1).

8. Salaries & benefits

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2018	2017(1)
Salaries and social security charges	1,562.6	1,558.4
Share-based payments	9.1	5.4
Pension and other post-retirement benefits-defined benefit plans	14.0	12.6
Other employee expenses	45.7	66.5
Total employee expenses	**1,631.4**	**1,643.0**

(1) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see note 3.2.1).

The table below sets forth average number of employees by geographic segment:

	FOR THE YEAR ENDED DECEMBER 31, 2018	2017
Europe	15,723	15,787
North America	8,451	8,274
Asia-Pacific	2,671	3,245
Total operating segments	**26,844**	**27,306**
Corporate Holdings	171	224
Group average number of employees	**27,015**	**27,530**

9. Other income & other expenses

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2018	2017
Gains on disposal of fixed assets[1]	5.2	1.6
Release of unused provisions	9.4	2.1
Gains on earn-out	0.3	1.9
Other operating income	0.5	1.5
Total other income	**15.4**	**7.1**
Restructuring costs[2]	(82.5)	(44.1)
Impairment of goodwill and intangible assets with indefinite useful life[3]	(61.9)	(133.7)
Impairment of assets held for sale[4]	(25.4)	–
Disposal loss of South East Asia operations[5]	–	(68.7)
Losses on non-current assets disposed of	(1.5)	(4.6)
Impairment of other assets	(3.0)	–
Litigation costs	(4.0)	(4.0)
Other operating expenses[6]	(12.0)	(5.2)
Total other expenses	**(190.3)**	**(260.1)**

(1) Of which €2.9 million gain on real estate properties disposals and €1.8 million gain on disposal of the Rockwell Automation business in Australia for the year ended December 31, 2018.

(2) Of which 2018 business transformation programs in Germany (€46.1 million), Spain (€11.8 million) and in the United Kingdom (€7.9 million). These plans include the closure of a significant number of branches, the reorganization of logistics and the downsizing of headquarters.

Including in 2017 (i) wind-up costs of €8.8 million, mainly consisting in asset write-offs, in relation with the shut-down of Oil & Gas business in Thailand, (ii) restructuring costs of €32.9 million associated with business transformation programs (US new regional organization, UK banners merger, Sweden), and (iii) changes in corporate senior management positions for €2.4 million.

(3) Of which goodwill impairment for €56.3 million including €29.2 million relating to Norway, €21.3 million relating to Finland and €5.8 million relating to Spain and impairment on distribution network for €5.6 million in Finland (€86.2 million of goodwill impairment in 2017 relating to Germany, €34.5 million to Finland and €13.0 million to New-Zealand) (see note 12.1).

(4) Impairment of assets held for sale in China (see note 14).

(5) Consisting in divestment losses of €57.6 million in connection with Rexel South East Asia disposal and €11.1 million related to Lenn International Pte Ltd disposal in 2017 (see note 5).

(6) Of which (i) impact of the equalization of Guaranteed Minimum Pension (GMP) associated with a pension liability for €3.3 million in the United Kingdom and (ii) the effect of senior executives employment contract termination.

10. Net financial expenses

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2018	2017[1]
Interest income on cash and cash equivalents	1.3	–
Interest income on receivables and loans	2.0	2.3
Financial income	**3.3**	**2.3**
Interest expense on financial debt (stated at amortized cost)	(81.3)	(94.7)
Interest gain / (expense) on interest rate derivatives	7.7	5.1
Change in fair value of interest rate derivatives through profit and loss	(3.3)	(2.3)
Financial expense on borrowings	**(76.9)**	**(91.9)**
Non-recurring redemption costs[2]	**-**	**(18.8)**
Foreign exchange gain (loss)	*1.3*	*(2.0)*
Change in fair value of exchange rate derivatives through profit and loss	*(0.1)*	*3.2*
Net foreign exchange gain (loss)	1.3	1.2
Net financial expense on employee benefit obligations	(8.4)	(9.8)
Others[3]	(19.8)	(28.7)
Other financial expenses	**(27.0)**	**(37.3)**
Net financial expenses	**(100.6)**	**(145.6)**

(1) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see note 3.2.1).

(2) Relating to the early repayment in 2017 of (i) the €500 million senior notes due 2022 for €12.5 million and (ii) the remaining US$330 million out of the US$500 million senior notes due 2020 for €6.3 million (see note 23.1.2).

(3) Including a €10.9 million loss in 2017 associated with the discounting impact of letters of credit due from overseas financial institutions.

11. 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.

11.1 Income tax expense

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2018	2017[1]
Current tax	(110.0)	(66.5)
Deferred tax	(47.5)	(7.6)
Prior year adjustments on income tax	0.6	2.2
Total income tax expense	**(157.0)**	**(71.9)**

(1) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see note 3.2.1).

11.2 Deferred tax assets and liabilities

Changes in net deferred tax assets / (liabilities) are as follows:

(in millions of euros)	2018	2017[1]
Net deferred tax at the beginning of the year	**(76.2)**	**(109.3)**
Deferred tax income (expense)	(50.3)	(4.5)
Other comprenhensive income	(7.3)	19.5
Change in consolidation scope	0.2	0.7
Currency translation adjustment	(5.4)	16.5
Other changes	(0.4)	0.9
Net deferred tax at the end of the year	**(139.4)**	**(76.2)**

(1) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see note 3.2.1).

Analysis of deferred tax assets and liabilities by nature is as follows:

(in millions of euros)	AS OF DECEMBER 31, 2018	2017(1)
Intangible assets	(306.6)	(292.6)
Property, plant and equipment	(9.0)	(5.9)
Financial assets	20.2	21.1
Trade accounts receivable	12.9	13.8
Inventories	20.1	14.9
Employee benefits	78.6	86.8
Provisions	7.0	7.1
Financing fees	2.4	(3.2)
Other items	(15.2)	(10.2)
Tax losses carried forward	233.3	252.2
Deferred tax assets / (liabilities), net	**43.6**	**84.1**
Valuation allowance on deferred tax assets	(183.0)	(160.2)
Net deferred tax assets / (liabilities)	**(139.4)**	**(76.2)**
of which deferred tax assets	85.8	96.6
of which deferred tax liabilities	(225.2)	(172.8)

(1) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see note 3.2.1).

A valuation allowance on deferred tax assets of €183.0 million was recognized as of December 31, 2018 (€160.2 million as of December 31, 2017), 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, 2018, 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 Spain, the United Kingdom, Germany and Italy. The expiry date of such tax losses carried forward is as follows:

(in millions of euros)	AS OF DECEMBER 31, 2018	2017(1)
One year	–	0.0
Two years	0.3	0.5
Three years	2.1	0.3
Four years	3.9	2.1
Five years	5.2	4.0
Thereafter	757.6	562.5
Total tax losses carried forward (tax basis) subject to a valuation allowance	**769.1**	**569.4**

11.3 Effective tax rate

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2018		2017(1)	
Income before tax and before share of profit in associates	309.2		176.5	
French legal tax rate		*34.4%*		*34.4%*
Income tax calculated at the legal tax rate	(106.5)		(60.8)	
2017 exceptionnal 15% contribution to French tax rate	–	–	(4.9)	–
Differences of tax rates between French and foreign jurisdictions	17.6	(5.7%)	4.5	(2.5%)
Changes in tax rates(2)	1.1	(0.3%)	62.6	(35.5%)
(Current year losses unrecognized), prior year losses recognized(3)	(30.5)	9.9%	(10.4)	5.9%
(Non-deductible expenses), tax exempt revenues(4)	(21.0)	6.8%	(49.6)	28.1%
Others(5)	(17.7)	5.7%	(13.2)	7.5%
Actual income tax expense	**(157.0)**	**50.8%**	**(71.9)**	**40.7%**

(1) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see note 3.2.1).

(2) Including in 2017, (i) a €56.0 million gain relating to the decrease in the US federal tax rate from 35% to 21% effective in 2018 and (ii) a €6.9 million gain relating to the progressive decrease in French tax rate, from 34.4% to 25.8% effective in 2022.

(3) Including unrecognized tax loss carried forward in Germany for €18.1 million (€2.3 million in 2017) and Spain for €5.8 million (€2.8 million in 2017).

(4) Including tax impact of non-deductible *goodwill* impairment expense of €13.6 million (€36.9 million in 2017).

(5) Of which a €13.5 million tax expense related to Hagemeyer Finance BV Finnish branch tax reassessment (see note 29.1) and tax levy calculated on added value in France (CVAE) for €6.6 million. In 2017 other effects included (i) the tax effect of the non-deductible disposal loss on Rexel South East Asia disposal of €9.8 million, (ii) a €9.9 million gain with respect to the refund of 3% tax levied on distributions of dividends (from years 2013 to 2017), that has been declared unconstitutional and (iii) CVAE for €6.7 million.

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, 2017	**185.6**	**682.6**	**717.3**	**1,585.5**	**4,741.1**
Change in consolidation scope	–	(1.8)	(1.6)	**(3.4)**	**(40.9)**
Additions	–	–	50.2	**50.2**	**-**
Disposals	–	–	(53.6)	**(53.6)**	**-**
Currency translation adjustment	–	(33.3)	(33.9)	**(67.2)**	**(225.3)**
Other changes	–	–	1.9	**1.9**	**-**
Gross carrying amount as of December 31, 2017	**185.6**	**647.6**	**680.2**	**1,513.4**	**4,474.9**
Change in consolidation scope	–	–	0.1	**0.1**	**2.9**
Additions	–	–	52.3	**52.3**	**-**
Disposals	–	–	(3.9)	**(3.9)**	**(11.2)**
Currency translation adjustment	–	2.9	4.4	**7.3**	**16.5**
Other changes	–	–	(1.0)	**(1.0)**	**(4.6)**
Gross carrying amount as of December 31, 2018	**185.6**	**650.4**	**732.2**	**1,568.3**	**4,478.4**
Accumulated amortization and depreciation as of January 1, 2017	**-**	**(5.8)**	**(470.3)**	**(476.1)**	**(440.8)**
Change in consolidation scope	–	–	0.6	**0.6**	**15.2**
Amortization expense	–	–	(62.1)	**(62.1)**	**(11.6)**
Impairment losses	–	–	–	**-**	**(133.7)**
Release	–	–	49.8	**49.8**	**-**
Currency translation adjustment	–	–	23.9	**23.9**	**10.8**
Other changes	–	–	0.1	**0.1**	**-**
Accumulated amortization and depreciation as of December 31, 2017	**-**	**(5.8)**	**(457.9)**	**(463.7)**	**(560.0)**
Change in consolidation scope	–	–	(0.1)	**(0.1)**	**-**
Amortization expense	–	–	(59.6)	**(59.6)**	**-**
Impairment losses	–	(5.6)	(0.1)	**(5.7)**	**(56.3)**
Release	–	–	3.2	**3.2**	**-**
Currency translation adjustment	–	–	(4.0)	**(4.0)**	**4.3**
Other changes	–	–	0.4	**0.4**	**4.6**
Accumulated amortization and depreciation as of December 31, 2018	**-**	**(11.4)**	**(518.0)**	**(529.4)**	**(607.4)**
Carrying amount as of January 1, 2017	**185.6**	**676.8**	**247.1**	**1,109.5**	**4,300.2**
Carrying amount as of December 31, 2017	**185.6**	**641.8**	**222.3**	**1,049.7**	**3,914.9**
Carrying amount as of December 31, 2018	**185.6**	**639.0**	**214.2**	**1,038.8**	**3,871.1**

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 mainly includes the net book value of software for €126.9 million as of December 31, 2018 (€128.5 million as of December 31, 2017) and customer relationships for €34.7 million as of December 31, 2018 (€47.9 million as of December 31, 2017).

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,					
		2018			2017		
CGU	GEOGRAPHIC SEGMENT	GOODWILL	INTANGIBLE ASSETS	TOTAL	GOODWILL	INTANGIBLE ASSETS	TOTAL
France	Europe	1,047.7	169.4	1,217.1	1,047.7	169.4	1,217.1
United States	North America	972.4	149.7	1,122.1	928.3	142.9	1,071.3
Canada	North America	435.7	64.9	500.6	452.1	67.4	519.4
Switzerland	Europe	266.0	37.4	303.4	256.2	36.0	292.2
United Kingdom	Europe	193.4	57.2	250.6	195.0	57.7	252.6
Sweden	Europe	180.5	18.3	198.8	188.0	19.1	207.1
Germany	Europe	98.2	51.7	149.9	98.2	51.7	149.9
Norway	Europe	128.1	12.5	140.5	158.0	12.6	170.6
Australia	Asia-Pacific	101.4	23.9	125.3	118.7	25.3	144.0
Austria	Europe	88.5	13.0	101.5	88.5	13.0	101.5
Belgium	Europe	79.3	–	79.3	76.4	–	76.4
Other		280.0	226.6	506.6	307.8	232.4	540.2
	Total	**3,871.1**	**824.7**	**4,695.8**	**3,914.9**	**827.4**	**4,742.3**

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 during the yearly budget process in November 2018 for the next 3 years and also include an extrapolation of two additional years and a normative terminal value. A long term 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 long term 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 long term growth rate
  The following after tax discount rates and long term growth rate were used to estimate the value-in-use of the CGUs:

	2018			2017		
	DISCOUNT RATE (WACC)	LONG TERM GROWTH RATE (G)	WACC - (G)	DISCOUNT RATE (WACC)	LONG TERM GROWTH RATE (G)	WACC - (G)
France	7.3%	1.8%	5.6%	7.8%	1.8%	6.0%
United States	8.5%	2.3%	6.3%	7.8%	1.8%	6.0%
Canada	8.5%	2.3%	6.3%	7.8%	1.8%	6.0%
Switzerland	7.2%	1.0%	6.2%	7.0%	0.8%	6.2%
United Kingdom	7.6%	1.8%	5.9%	7.8%	1.8%	6.0%
Sweden	7.6%	1.8%	5.9%	7.8%	1.8%	6.0%
Germany	6.8%	1.8%	5.1%	7.3%	1.8%	5.5%
Norway	7.7%	1.8%	6.0%	7.8%	1.8%	6.0%
Australia	8.8%	2.5%	6.3%	9.8%	2.5%	7.3%
Austria	7.7%	1.8%	6.0%	7.3%	1.8%	5.5%
Belgium	7.2%	1.8%	5.5%	7.3%	1.8%	5.5%
Other	5.8% to 15.7%	1.0% to 5.0%	4.8% to 10.7%	5.8% to 15.5%	1.0% to 5.0%	4.8% to 13.8%

Impairment loss

Following lower than expected 2018 performance in Norway, Finland and Spain, the Group adjusted downwards its prospects, including the normative EBITA margin factored in the terminal value resulting in a €56.3 million impairment loss of which €29.2 million allocated to Norway, €21.3 million to Finland and €5.8 million to Spain. As a result, the carrying value of goodwill in Norway was reduced to €128.1 million and was nil for Finland and Spain.

Additional impairment on other intangible assets with indefinite useful life was recognized in Finland for €5.6 million.

In 2017, the Group recognized a goodwill impairment expense of €133.7 million, of which €86.2 million allocated to Germany, €34.5 million to Finland and €13.0 million to New Zealand. As a result, the carrying value of goodwill in Germany, Finland and New Zealand was respectively reduced to €98.2 million, €21.3 million and €11.2 million.

Sensitivity analysis

The table below summarizes the impact by cash generating units of a change of 50 bps in EBITA margin, discount rate and long term growth rate on the impairment expense:

	GOODWILL & INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE	EBITA MARGIN (-50 BPS)	DISCOUNT RATE (+50 BPS)	LONG TERM GROWTH RATE (-50 BPS)
France	1,217.1	–	–	–
United States	1,122.1	–	–	–
Canada	500.6	(27.6)	(26.9)	(15.2)
Switzerland	303.4	–	–	–
United Kingdom	250.6	(40.8)	(27.6)	(19.7)
Sweden	198.8	–	–	–
Germany	149.9	(25.7)	(4.6)	–
Norway	140.5	(13.9)	(14.6)	(10.4)
Australia	125.3	(12.4)	(5.7)	(0.2)
Austria	101.5	–	–	–
Belgium	79.3	–	–	–
Other	506.6	(17.6)	(9.5)	(4.0)
Total	**4,695.8**	**(138.0)**	**(88.9)**	**(49.5)**

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, 2017	**237.6**	**682.3**	**30.7**	**950.6**
Change in consolidation scope	–	(2.8)	(0.2)	**(3.0)**
Additions	5.9	47.2	9.1	**62.3**
Disposals	(1.0)	(59.8)	(0.6)	**(61.4)**
Currency translation adjustment	(5.9)	(24.0)	(0.7)	**(30.6)**
Other changes	0.1	1.5	(3.5)	**(1.9)**
Gross carrying amount as of December 31, 2017	**236.7**	**644.5**	**34.8**	**916.0**
Change in consolidation scope	–	0.1	–	**0.1**
Additions	4.2	59.3	6.2	**69.8**
Disposals	(5.2)	(30.9)	(2.8)	**(38.9)**
Currency translation adjustment	0.7	0.9	0.1	**1.7**
Other changes	–	(1.5)	(0.1)	**(1.6)**
Gross carrying amount as of December 31, 2018	**236.5**	**672.4**	**38.2**	**947.1**
Accumulated amortization and depreciation as of January 1, 2017	**(138.8)**	**(510.0)**	**(19.4)**	**(668.2)**
Change in consolidation scope	–	1.9	0.1	**2.0**
Depreciation expense	(8.2)	(46.1)	(2.3)	**(56.7)**
Impairment losses	–	–	(0.1)	**(0.1)**
Release	0.6	57.5	0.6	**58.8**
Currency translation adjustment	3.1	16.8	0.1	**20.0**
Other changes	(0.1)	0.2	–	**0.1**
Accumulated amortization and depreciation as of December 31, 2017	**(143.3)**	**(479.7)**	**(21.0)**	**(644.0)**
Change in consolidation scope	–	(0.1)	–	**(0.1)**
Depreciation expense	(7.6)	(46.1)	(2.4)	**(56.2)**
Impairment losses	(0.4)	–	–	**(0.4)**
Release	3.6	29.9	0.3	**33.7**
Currency translation adjustment	(0.3)	(0.2)	–	**(0.5)**
Other changes	(0.1)	1.4	0.1	**1.4**
Accumulated depreciation and amortization as of December 31, 2018	**(148.1)**	**(494.8)**	**(23.1)**	**(666.0)**
Carrying amount as of January 1, 2017	**98.8**	**172.3**	**11.3**	**282.4**
Carrying amount as of December 31, 2017	**93.4**	**164.8**	**13.8**	**272.0**
Carrying amount as of December 31, 2018	**88.4**	**177.6**	**15.1**	**281.1**

Additions of the year 2018 include €2.6 million of assets (€5.4 million in 2017) 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

(in millions of euros)	AS OF DECEMBER 31, 2018	2017
Loans	0.1	0.1
Deposits	24.7	25.2
Derivatives	17.7	12.5
Other long-term investments	0.2	0.2
Long-term investments	**42.6**	**38.0**

13. Current assets

13.1 Inventories

(in millions of euros)	AS OF DECEMBER 31, 2018	2017[1]
Cost	1,753.2	1,622.7
Allowance	(79.0)	(77.8)
Inventories	**1,674.2**	**1,544.9**

(1) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see note 3.2.1).

Changes in impairment losses

(in millions of euros)	2018	2017
Allowance for inventories as of January 1,	**(77.8)**	**(96.4)**
Change in consolidation scope	(0.4)	3.7
Net change in allowance	(7.0)	3.2
Currency translation adjustment	(0.5)	4.7
Other changes	6.7	7.0
Allowance for inventories as of December 31,	**(79.0)**	**(77.8)**

13.2 Trade accounts receivable

(in millions of euros)	AS OF DECEMBER 31, 2018	2017[1]
Nominal value	2,205.3	2,192.4
Impairment losses	(113.8)	(118.1)
Trade accounts receivable.	**2,091.5**	**2,074.4**

(1) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see note 3.2.1).

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 €250.0 million as of December 31, 2018 (€234.0 million as of December 31, 2017).

The Group has implemented credit insurance programs in certain significant countries. Trade accounts receivable covered by these programs amounted to €820.1 million as of December 31, 2018 (€867.7 million as of December 31, 2017).

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 €225.6 million as of December 31, 2018 (€226.1 million as of December 31, 2017).

Changes in impairment losses:

(in millions of euros)	2018	2017[1]
Impairment losses on trade accounts receivable as of January 1,	**(118.1)**	**(129.7)**
Change in consolidation scope	(0.1)	3.5
Net allowance[2]	4.5	5.0
Currency translation adjustment	(0.2)	3.2
Impairment losses on trade accounts receivable as of December 31,	**(113.8)**	**(118.1)**

(1) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see note 3.2.1).

(2) Of which receivables written-off for €25.5 million in 2018 (€34.3 million in 2017).

As of December 31, 2018, trade receivables were subject to impairment losses estimated on an individual basis following the assessment of the customer default risk for €87.3 million (€87.3 million as of December 31, 2017).

In accordance with the accounting principle stated in note 3.8, all receivables are subject to an impairment loss estimated on ageing-based matrix for €26.5 million as of December 31, 2018 (€30.8 million as of December 31, 2017 (amount restated for changes in accounting principles of IFRS 9).

Ageing of receivables is detailed as follows:

(in millions of euros)	AS OF DECEMBER 31, 2018	2017[1]
Non due	1,739.7	1,748.4
From 1 to 30 days	273.2	277.4
From 31 to 60 days	73.7	64.1
From 61 to 90 days	31.1	25.5
From 91 to 180 days	37.5	32.5
Above 180 days	50.2	44.4
Total	**2,205.3**	**2,192.4**

(1) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see note 3.2.1).

13.3 Other accounts receivable

(in millions of euros)	AS OF DECEMBER 31, 2018	2017[1]
Suppliers' rebates and services[2]	370.0	348.6
VAT receivable and other sales taxes	16.3	23.8
Prepaid expenses	38.6	35.7
Derivatives	1.5	1.1
Other receivables	92.6	103.5
Total accounts receivable	**519.0**	**512.7**

(1) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see note 3.2.1).

(2) Suppliers' rebates and services income recognized for the year ended December 31, 2018 were €874.6 million (€863.1 million for the year ended December 31, 2017).

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 2018, Rexel decided to refocus its activities in China on industrial automation business and to exit from its underperforming retail and commercial businesses. In this respect, on December 10, 2018, the Group entered into two sale share agreements to divest from its investments in LuckyWell (100% shareholding interest) and Maxqueen (60% shareholding interest), two indirect subsidiaries headquartered in Beijing and Shanghai respectively.

The sale share agreements provide for certain conditions precedent to closing of the said transactions, which are expected to take place in the first quarter of 2019. As of December 31, 2018, the sale transactions being highly probable, the group of assets to be disposed of has been reclassified as Assets Held for Sale on the balance sheet. Net assets were remeasured at fair value less costs to sell before reclassification and an impairment charge of €25.4 million was recognized (see note 9). The sale agreements do not provide the purchasers for any specific guaranty for damages and liabilities other than customary.

Assets and liabilities associated with these activities classified as held for sale are as follows:

(in millions of euros)	AS OF DECEMBER 31, 2018
Assets	
Non-current assets	0.7
Current assets	11.9
Cash and cash equivalents	29.3
Total assets	**41.9**
Liabilities	
Interest bearing debt	19.3
Currents liabilities	19.0
Total liabilities	**38.3**
Net assets held for sale	**3.6**

As of December 31, 2018, accumulated foreign currency translation adjustment recognized in equity was €0.4 million. Foreign currency translation adjustment will be recycled to income statement at completion date of the transaction.

15. Cash and cash equivalents

(in millions of euros)	AS OF DECEMBER 31, 2018	2017
Cash at bank	543.9	562.6
Cash in hand	0.9	1.0
Cash and cash equivalents	**544.9**	**563.6**

16. Summary of financial assets

				AS OF DECEMBER 31,			
				2018		2017[1]	
(in millions of euros)	NOTE	CATEGORY IFRS 9	FAIR VALUE HIERARCHY*	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Hedging derivatives [2]		FV P&L	2	13.3	13.3	8.7	8.7
Hedging derivatives [2]		FV OCI	2	4.3	4.3	3.6	3.6
Other derivative instruments not eligible to hedge accounting.		FV P&L	2	0.0	0.0	0.2	0.2
Deposits		AC		24.7	24.7	25.2	25.2
Loans		AC		0.1	0.1	0.1	0.1
Others[3]		FV P&L		0.2	N/A	0.2	N/A
Total long-term investments	12.3			**42.6**	**–**	**38.0**	**–**
Trade accounts receivable	13.2	AC		**2,091.5**	**2,091.5**	**2,074.4**	**2,074.4**
Supplier rebates receivable	13.3	AC		370.0	370.0	348.6	348.6
VAT and other receivable [3]	13.3	N/A		16.3	N/A	23.8	N/A
Other accounts receivable	13.3	AC		92.6	92.6	103.5	103.5
Other derivative instruments eligible to hedge accounting	13.3	FV OCI	2	0.9	0.9	1.0	1.0
Other derivative instruments not eligible to hedge accounting	13.3	FV P&L	2	0.6	0.6	0.1	0.1
Prepaid expenses [3]		N/A		38.6	N/A	35.7	N/A
Total other current assets				**480.6**	**–**	**476.9**	**–**
Cash		FV P&L		544.9	544.9	563.6	563.6
Cash and cash equivalents	15			**544.9**	**–**	**563.6**	**–**

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 3.11.

(1) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see note 3.2.1).

(2) Specific accounting treatment for hedging.

(3) Not a financial instrument under IFRS 9.

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	SHARE PREMIUM
		(in millions of euros)	
As of January 1, 2017	**302,898,023**	**1,514.5**	**1,561.2**
Employee share purchase plan	159,899	0.8	0.3
Issuance of shares in connection with free shares plans(1)	285,255	1.4	–
Allocation of free shares	–	–	(9.4)
Free shares cancelled	–	–	7.0
As of December 31, 2017	**303,343,177**	**1,516.7**	**1,559.2**
Employee share purchase plan	86,301	0.4	–
Issuance of shares in connection with free shares plans(2)	559,421	2.8	–
Allocation of free shares	–	–	(9.5)
Free shares cancelled	–	–	4.3
As of December 31, 2018	**303,988,899**	**1,519.9**	**1,554.0**

(1) Issuance of 331,145 shares in connection with the 2013 bonus shares plan ("5+0 Plan") and 228,276 shares in connection with the 2014 bonus shares plan ("4+0 Plan").

(2) Issuance of 282,218 shares in connection with the 2013 bonus shares plan ("4+0 Plan") and 3,037 shares in connection with the 2014 bonus shares plan ("3+2 Plan").

17.2 Capital Management and treasury shares

The Shareholders' Meeting of May 24, 2018 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 23, 2019).

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 an agreement with a financial institution to promote the liquidity of Rexel shares on the market, in compliance with the *Autorité des Marchés Financiers* (AMF) requirements, for an amount of €14.2 million as of December 31, 2018 (€16.8 million as of December 31, 2017).

Rexel also repurchased in previous years treasury shares to serve its free share plans (1,307,181 shares held as of December 31, 2018).

As of December 31, 2018, Rexel held in aggregate 2,108,720 treasury shares (1,289,369 as of December 31, 2017) valued at an average price of €11.85 per share (€13.47 per share as of December 31, 2017) that were recognized as a reduction in shareholders' equity, for a total of €25.0 million (€17.4 million as of December 31, 2017).

Net capital losses realized on the sale of treasury shares in 2018 amounted to €1.1 million net of tax and were recognized as decrease in shareholders' equity (net capital gains of €0.1 million in 2017).

18. Dividends

	FOR THE YEAR ENDED DECEMBER 31,	
	2018	**2017**
Dividends on ordinary shares	€0.42	€0.40
Dividends paid (in millions of euros)	**126.8**	**120.8**
of which:		
• dividends paid in cash	*126.8*	*120.8*
• dividends paid in shares	–	–

19. Share based payments

19.1 Bonus share plans

In addition to its employee long-term profit sharing policy, Rexel has annual bonus share plans in place; the principal characteristics of which are described below:

Plans issued in 2018

On May 24, 2018, Rexel entered into three free share plans for top executive managers amounting to a maximum of 1,900,032 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares depending on three years after the grant date (May 25, 2021) with no subsequent restrictions, the so-called "3+0 Plan".

The actual delivery of these bonus shares is subject to service, performance and market conditions as described below:

Plan	3+0 PERFORMANCE SHARES PLAN	3+0 RESTRICTED AND PERFORMANCE SHARES PLAN	3+0 RESTRICTED SHARES PLAN	**TOTAL**
Vesting conditions	Three year service condition from grant date and performance conditions based on:	Limited to a fixed number of shares, three year service condition from grant date with no performance conditions and for the remaining shares, additional performance conditions based on:	Three year service condition from grant date without any performance conditions	
	(i) 2017/2020 average growth of EBITA in value (ii) 2017/2020 average Organic Sales Growth (iii) average free cash flow before interest and tax to EBITDA between 2018 to 2020 (iv) Rexel share market performance compared to peers			
Delivery date	May 25, 2021	May 25, 2021	May 25, 2021	
Share fair value at grant date May 24, 2018[(1)]	*10.52*	*10.88*	*11.50*	***10.71***
Maximum number of shares granted on May 24, 2018	**1,007,625**	**822,907**	**69,500**	**1,900,032**
Number of shares cancelled	(59,300)	(29,588)	(1,000)	**(89,888)**
Total maximum number of shares granted as of December 31, 2018	**948,325**	**793,319**	**68,500**	**1,810,144**

(1) The fair value of Rexel's shares was computed based on a Mont Carlo model which simulates the evolution of Rexel and panel shares quotations at the end of the three or four-year vesting period. The effect of restrictions attached to the dividend rights until the delivery date of the shares to the beneficiaries was computed in the fair value calculation.

Plans issued in 2017

On May 23, 2017, Rexel entered into free share plans for key executives & managers amounting to a maximum of 1,873,975 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 (May 24, 2020), these being restricted for an additional two-year period (until May 24, 2022), the so-called "3+2 Plan",
- or four years after the grant date (May 24, 2021) 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) 2016/2019 average growth of EBITA in value (ii) 2016/2019 average Organic Sales Growth (iii) average free cash flow before interest and tax to EBITDA between 2017 to 2019 (iv) Rexel share market performance compared to peers	Four year service condition from grant date and performance conditions based on:	**TOTAL**
Plan	3+2	4+0	
Delivery date	May 24, 2020	May 24, 2021	
Share fair value at grant date May 23, 2017[(1)]	*12.75*	*12.34*	***12.48***
Maximum number of shares granted on May 23, 2017	**643,200**	**1,230,775**	**1,873,975**
Number of shares cancelled	(75,475)	(216,675)	**(292,150)**
Total maximum number of shares granted as of December 31, 2018	**567,725**	**1,014,100**	**1,581,825**

(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 at the end of the three or four-year vesting period. The effect of restrictions attached to the dividend rights until the delivery date of the shares to the beneficiaries was computed in the fair value calculation.

5

Plans issued in 2016

On June 23, 2016, Rexel entered into free share plans for key executives & 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:	Four year service condition from grant date and performance conditions based on:	**TOTAL**
	(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		
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**
Adjustment(2)	25,142	36,695	**61,837**
Number of shares cancelled	(323,626)	(311,094)	**(634,720)**
Total maximum number of shares granted as of December 31, 2018	**443,016**	**804,726**	**1,247,742**

(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.

(2) 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.

Plans issued in 2015

On July 28, 2015, Rexel entered into free share plans for key executives & 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 effective 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**
Adjustment(2)	26,760	32,913	**59,673**
Number of shares cancelled	(742,787)	(885,068)	**(1,627,855)**
Number of shares delivered	(73,423)	–	**(73,423)**
Total maximum number of shares granted as of December 31, 2018	**-**	**116,188**	**116,188**

(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.

(2) 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.

Plans issued in 2014

On May 22, 2014, Rexel entered into free share plans for key executives & 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 effective 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**
Adjustment[(2)]	–	12,433	11,111	12,433	**35,977**
Number of shares cancelled	(233,377)	(351,449)	(293,431)	(388,189)	**(1,266,446)**
Number of shares delivered	(115,603)	(132,508)	(66,660)	(95,768)	**(410,539)**
Total maximum number of shares granted as of December 31, 2018	**-**	**-**	**-**	**-**	**-**

(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.

(2) 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.

Plans issued in 2013

On April 30, and July 25, 2013, Rexel entered into free share plans for its key executives & 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 effective 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**
Adjustment[(2)]	–	9,404	–	11,174	**20,578**
Number of shares cancelled	(643,484)	(1,014,721)	(21,200)	(102,529)	**(1,781,934)**
Number of shares delivered	(200,520)	(282,218)	(77,900)	(331,145)	**(891,783)**
Total maximum number of shares granted as of December 31, 2018	**-**	**-**	**-**	**-**	**-**

(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.

(2) 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.

19.2 Share-based payment expenses

Expenses related to free share plans accounted for in "Distribution and administrative expenses" are summarized as follows:

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2018	2017
Plans issued in 2013	(0.1)	0.2
Plans issued in 2014	(0.2)	(1.3)
Plans issued in 2015	(0.4)	(0.9)
Plans issued in 2016	1.0	3.6
Plans issued in 2017	5.1	3.1
Plans issued in 2018	3.4	–
Expense related to employee share purchase plan	0.4	0.7
Total free share plans expense	**9.1**	**5.4**

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, 2018	2017[(1)]
Net income attributed to ordinary shareholders *(in millions of euros)*	***150.7***	***105.5***
Weighted average number of ordinary shares *(in thousands)*	301,846	301,841
Non-dilutive potential shares *(in thousands)*	248	685
Weighted average number of issued common shares adjusted for non-dilutive potential shares *(in thousands)*	***302,094***	***302,526***
Basic earning per share *(in euros)*	**0.50**	**0.35**
Dilutive potential shares *(in thousands)*	406	354
• of which share options *(in thousands)*	–	–
• of which bonus shares *(in thousands)*[(2)]	406	354
Weighted average number of common shares adjusted for dilutive potential shares *(in thousands)*	***302,500***	***302,880***
Fully diluted earnings per share *(in euros)*	**0.50**	**0.35**

(1) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see note 3.2.1).

(2) 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

(in millions of euros)	AS OF DECEMBER 31, 2018	2017
Provisions	53.2	46.2
Derivatives	2.4	1.7
Other non-current liabilities[(1)]	7.5	8.4
Provisions and other non-current liabilities	**63.2**	**56.3**

(1) Including employee profit sharing related payables in France in the amount of €7.5 million (€8.4 million at December 31, 2017).

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, 2017	**27.7**	**5.8**	**27.4**	**10.9**	**71.8**
Increase	13.8	–	5.2	2.3	**21.2**
Use	(23.0)	(4.9)	(7.6)	(3.8)	**(39.4)**
Release	(1.5)	–	(0.6)	(0.1)	**(2.2)**
Currency translation adjustment	(0.8)	–	(0.2)	(0.4)	**(1.3)**
Other changes	0.1	(0.2)	(3.8)	–	**(3.9)**
As of December 31, 2017	**16.2**	**0.6**	**20.5**	**8.9**	**46.1**
Increase	25.4	0.3	7.2	8.5	**41.4**
Use	(12.8)	(0.1)	(3.0)	(6.2)	**(22.0)**
Release	(0.3)	–	(9.4)	(0.4)	**(10.2)**
Currency translation adjustment	0.0	–	(0.1)	(0.0)	**(0.1)**
Other changes	(2.9)	–	0.8	–	**(2.1)**
As of December 31, 2018	**25.5**	**0.9**	**16.0**	**10.7**	**53.2**

Provisions mainly comprise:

(1) Provisions for reorganization and business transformation programs to adapt the Group's structure to current trading conditions. These restructuring plans resulted in the closure of branches, optimization of distribution centers and back office reorganization. Provisions for restructuring activities undertaken at December 31, 2018, mainly concerned Europe for €23.1 million (€8.4 million in 2017), North America for €1.3 million (€5.0 million in 2017), Asia-Pacific for €1.0 million (€1.7 million in 2017) and Corporate Holdings for nil (€1.1 million in 2017).

(2) Other litigations and warranty claims amounted to €16.0 million (€20.5 million in 2017), of which €2.6 million relating to litigation with French social security authorities (€9.8 million in 2017), €3.7 million to employee claims (€3.8 million in 2017), €2.0 million relating to sales tax and other litigations in Canada and €1.8 million to trade disputes (€2.3 million in 2017).

(3) Provisions for vacant properties include lease commitments and restoration costs incurred mainly in the United Kingdom for €4.5 million (€4.1 million in 2017), Germany for €3.3 million, and France for €1.0 million (€1.6 million in 2017).

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 the United Kingdom, in Canada 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, 2017. The 2018 valuation is a roll-forward based of this full valuation. 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, 2016. The 2018 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, 2017	**519.9**	**259.0**	**237.2**	**197.9**	**1 214.0**
Service cost	–	2.5	7.4	5.8	15.6
Interest cost	13.8	8.8	1.1	4.1	27.8
Benefit payments	(15.3)	(12.2)	(5.8)	(9.6)	(42.9)
Employee contributions	–	0.5	3.6	0.4	4.5
Change in consolidation scope	–	–	–	13.4	13.4
Currency translation adjustment	(18.3)	(14.8)	(20.2)	(4.2)	(57.5)
Past service cost / settlement and other	–	–	(2.9)	–	(2.9)
Remeasurements					
Effect of change in demographic assumptions	–	*(6.0)*	–	*(0.8)*	*(6.8)*
Effect of change in financial assumptions	*22.9*	*13.9*	–	*5.4*	*42.2*
Effect of experience adjustments	*(10.1)*	*(3.0)*	*10.6*	*(3.8)*	*(6.3)*
As of December 31, 2017	**512.9**	**248.8**	**231.0**	**208.5**	**1,201.2**
Service cost	–	2.4	6.4	5.5	14.3
Interest cost	12.7	7.9	1.2	3.6	25.3
Benefit payments	(16.2)	(12.1)	(5.9)	(13.2)	(47.4)
Employee contributions	–	0.4	3.8	0.4	4.6
Currency translation adjustment	(3.7)	(8.6)	8.6	0.3	(3.5)
Past service cost / settlement and other	3.3	–	–	(0.1)	3.1
Remeasurements					
Effect of change in demographic assumptions	*(28.4)*	–	–	*0.4*	*(28.0)*
Effect of change in financial assumptions	*(29.1)*	*(17.9)*	*(16.1)*	*(12.6)*	*(75.6)*
Effect of experience adjustments	*9.9*	*0.3*	*(0.8)*	*1.0*	*10.4*
As of December 31, 2018	**461.5**	**221.1**	**228.1**	**193.7**	**1,104.4**

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, 2017	**380.6**	**189.6**	**223.6**	**81.7**	**875.4**
Employer contributions	12.9	7.2	5.7	6.1	31.9
Employee contributions	–	0.5	3.6	0.4	4.5
Interest income	8.4	6.8	1.1	1.7	18.0
Benefit payments	(15.3)	(12.2)	(5.9)	(9.6)	(43.0)
Change in consolidation scope	–	–	–	12.3	12.3
Currency translation adjustment	(13.4)	(10.9)	(19.5)	(1.0)	(44.9)
Return on plan assets excluding interest income (OCI)[1]	1.4	4.5	18.8	2.2	26.8
As of December 31, 2017	**374.6**	**185.5**	**227.3**	**93.8**	**881.1**
Employer contributions	9.8	6.7	7.5	11.8	35.7
Employee contributions	–	0.4	3.8	0.4	4.6
Interest income	8.3	5.9	1.2	1.6	17.0
Benefit payments	(16.2)	(12.1)	(5.9)	(13.2)	(47.4)
Currency translation adjustment	(2.9)	(6.5)	8.4	(0.5)	(1.4)
Return on plan assets excluding interest income (OCI)[1]	(19.5)	(11.6)	(17.6)	(2.8)	(51.5)
As of December 31, 2018	**354.1**	**168.3**	**224.6**	**91.1**	**838.0**

(1) Of which €(14.2) million of asset ceiling on the Switzerland plan (€(6.7) million in 2017).

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, 2017	**139.3**	**69.4**	**13.6**	**116.1**	**338.5**
Service cost	–	2.5	7.4	5.8	15.6
Interest cost	5.3	2.1	0.1	2.3	9.8
Past service cost/settlement and other	–	–	(2.9)	–	(2.9)
Employer contributions	(12.9)	(7.2)	(5.7)	(6.1)	(31.9)
Benefit payments	0.0	–	0.1	–	0.1
Change in consolidation scope	–	–	–	1.1	1.1
Currency translation adjustment	(4.9)	(3.9)	(0.7)	(3.2)	(12.7)
Remeasurements	11.5	0.4	(8.2)	(1.4)	2.3
As of December 31, 2017	**138.3**	**63.2**	**3.7**	**114.7**	**319.9**
Service cost	–	2.4	6.4	5.5	14.3
Interest cost	4.3	2.0	(0.0)	2.0	8.4
Past service cost/settlement and other	3.3	–	–	(0.1)	3.1
Employer contributions	(9.8)	(6.7)	(7.5)	(11.8)	(35.7)
Benefit payments	0.0	–	–	–	0.0
Currency translation adjustment	(0.8)	(2.1)	0.1	0.8	(2.0)
Remeasurements	(28.0)	(6.1)	0.8	(8.5)	(41.7)
As of December 31, 2018	**107.4**	**52.7**	**3.5**	**102.6**	**266.2**

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, 2017					
Defined benefit obligations	**512.9**	**248.8**	**231.0**	**208.5**	**1,201.2**
of which Funded schemes	*512.5*	*227.3*	*227.3*	*123.9*	*1,091.0*
of which Unfunded schemes	*0.4*	*21.4*	*3.7*	*84.6*	*110.1*
Fair value of plan assets	(374.6)	(185.5)	(227.3)	(93.7)	(881.1)
Recognized net liability for defined benefit obligations	**138.3**	**63.2**	**3.7**	**114.7**	**319.9**
of which "Employee benefits"	*138.3*	*63.2*	*3.7*	*114.7*	*319.9*
For the year ended December 31, 2018					
Defined benefit obligations	**461.5**	**221.1**	**228.1**	**193.7**	**1,104.4**
of which Funded schemes	*461.1*	*201.7*	*224.6*	*114.6*	*1,002.1*
of which Unfunded schemes	*0.4*	*19.4*	*3.5*	*79.0*	*102.3*
Fair value of plan assets	(354.1)	(168.3)	(224.6)	(91.0)	(838.0)
Recognized net liability for defined benefit obligations	**107.4**	**52.7**	**3.5**	**102.6**	**266.2**
of which "Employee benefits"	*107.4*	*52.7*	*3.5*	*102.6*	*266.2*

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 and asset ceiling	(1.4)	(4.5)	(20.5)	(2.2)	(28.5)
Effect of change in demographic assumptions	–	(6.0)	–	(0.3)	(6.3)
Effect of change in financial assumptions	22.9	13.9	–	4.5	41.3
Effect of experience adjustments	(10.1)	(3.0)	12.2	(3.3)	(4.1)
OCI recognized for the year ended December 31, 2017	**11.4**	**0.4**	**(8.2)**	**(1.2)**	**2.4**
Return on plan assets excluding interest income and asset ceiling	19.5	11.6	17.6	2.8	51.5
Effect of change in demographic assumptions	(28.4)	–	–	0.4	(28.0)
Effect of change in financial assumptions	(29.1)	(17.9)	(16.1)	(12.6)	(75.6)
Effect of experience adjustments	9.9	0.3	(0.8)	1.0	10.4
OCI recognized for the year ended December 31, 2018	**(28.0)**	**(6.1)**	**0.8**	**(8.5)**	**(41.7)**

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 costs(1)	–	2.5	7.2	5.8	15.5
Past service costs(1)	–	–	(2.9)	–	(2.9)
Gain on settlement(3)	–	–	–	0.7	0.7
Net Interest expense(2)	5.3	2.1	0.1	2.3	9.8
Other(1)	0.0	0.0	0.0	(0.0)	0.0
Expense recognized for the year ended December 31, 2017	**5.4**	**4.5**	**4.4**	**8.9**	**23.1**
Service costs(1)	–	2.4	6.4	5.5	14.3
Past service costs(4)	3.3	–	–	(0.3)	3.0
Net Interest expense(2)	4.3	2.0	0.0	2.0	8.4
Other(1)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)
Expense recognized for the year ended December 31, 2018	**7.6**	**4.3**	**6.4**	**7.2**	**25.6**

(1) Recognized as personnel costs (see note 8).

(2) Recognized as net financial expenses (see note 10).

(3) Recognized as other expenses.

(4) Recognized as other expenses impact of the equalization of Guaranteed Minimum Pension (GMP) in the United Kingdom (see note 9) and personal costs (see note 8).

Significant plan amendments and settlements

For the year ended December 31, 2018

There have been no significant event for the year ended December 31, 2018.

For the year ended December 31, 2017

In Switzerland, the pension scheme was amended to reduce the conversion factor of the employee savings capital into pension payments. The reduction of the conversion factor was partly compensated by additional employer contribution into employee savings capital. The net impact of this amendment was recognized as a reduction of past service costs for €2.9 million (CHF3.3 million) for the period ended December 31, 2017.

In addition, as part of its derisking strategy, the Group entered into a 5-year qualifying insurance contract to finance disability coverage benefits, previously funded through the Swiss pension fund. Under this contract, the insurance company will pay the benefit payments to the plan beneficiaries on behalf of the pension fund. As a result, a change of plan assets for €3.8 million was recognized as a gain in other comprehensive income for the period ended December 31, 2017.

22.5 Plan asset allocation

(in millions of euros)	PLAN ASSETS CLASS UNITED KINGDOM	CANADA	SWITZERLAND
Cash and cash equivalents	0.3	0.9	11.1
Equity instruments (quoted in an active market)	14.9	80.7	80.7
Debt instruments (quoted in an active market)	78.4	100.9	86.3
Real estate	–	–	44.8
Investment funds	276.3	–	–
Asset held by insurance company	3.7	3.1	6.9
Other	0.2	–	4.2
As of December 31, 2017	**373.8**	**185.6**	**233.9**
Cash and cash equivalents	4.4	0.8	12.5
Equity instruments (quoted in an active market)	14.1	73.1	84.0
Debt instruments (quoted in an active market)	74.1	91.5	88.0
Real estate	–	–	51.7
Investment funds	257.6	–	–
Asset held by insurance company	3.5	2.9	4.7
Other	0.3	–	4.3
As of December 31, 2018	**354.1**	**168.4**	**245.2**

22.6 Actuarial assumptions

The main actuarial assumptions are as follows:

	UNITED KINGDOM		CANADA		SWITZERLAND	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Average plan duration (in years)	17	19	12	13	15	15
Discount rate (in %)	3.00	2.50	3.90	3.25	1.00	0.50
Future salary increases (in %)	N/A	N/A	3.00	3.14	1.00	1.00

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	0.5	0.3	1.0
Defined Benefit Obligation	40.6	14.6	18.9	13.0	87.0

	SENSITIVITY TO A 10% DOWNTURN IN FINANCIAL MARKET				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Plan assets	(1.4)	(7.3)	(8.4)	(0.5)	(17.6)

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 2019	15.0	12.2	6.6	8.5	42.3
Expected benefit payments for 2020	14.8	12.6	6.9	9.5	43.7
Expected benefit payments for 2021	15.3	12.9	7.1	15.3	50.6
Expected benefit payments for 2022	16.4	13.1	7.4	10.1	47.0
Expected benefit payments for 2023 and after	112.1	83.9	51.8	63.0	310.9
Expected benefit contributions for 2019	11.2	6.6	7.1	8.2	33.0

23. Financial liabilities

This note provides information on financial liabilities as of December 31, 2018. 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, 2018, Rexel's consolidated net debt stood at €2,030.4 million, consisting of the following items:

	AS OF DECEMBER 31,					
	2018			2017		
(in millions of euros)	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Senior notes	–	1,456.2	1,456.2	–	1,446.6	1,446.6
Securitization	517.0	484.2	1,001.2	–	1,007.6	1,007.6
Bank loans	7.7	0.9	8.6	12.1	1.8	13.9
Commercial paper	40.0	–	40.0	41.7	–	41.7
Bank overdrafts and other credit facilities	84.1	–	84.1	100.6	–	100.6
Finance lease obligations	4.5	11.2	15.8	6.2	14.3	20.5
Accrued interests(1)	5.0	–	5.0	6.3	–	6.3
Less transaction costs	(4.4)	(16.3)	(20.7)	(5.1)	(19.7)	(24.7)
Total financial debt and accrued interest	***654.0***	***1,936.2***	***2,590.2***	***161.8***	***2,450.5***	***2,612.3***
Cash and cash equivalents			(544.9)			(563.6)
Accrued interest receivable			(2.2)			(1.0)
Debt hedge derivatives(2)			(12.7)			(6.5)
Net financial debt			**2,030.4**			**2,041.2**

(1) Of which accrued interests on Senior Notes for €1.8 million as of December 31, 2018 (€2.5 million as of December 31, 2017).

(2) Debt hedge derivatives include 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 initially executed on March 15, 2013 subsequently amended – the latest amendment being dated January 31, 2018 – provides multicurrency revolving credit facility for an aggregate maximum initial amount of €850 million 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. The final maturity date was set on January 31, 2023. Facilities can also be drawn down through swingline loans for an aggregate amount of €137.8 million. On January 31, 2019, Rexel exercised its option to extend the final maturity date by one additional year, from January 31, 2023 to January 31, 2024.

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 is 1.25% *per annum* and varies in accordance with the 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 0.60% to 2.25%.

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.

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.

In addition to the Senior Facility Agreement, Rexel entered into two bilateral term loan agreements of €34.9 million (US$ 40.0 million) and €45.0 million. On June 27, 2017, Rexel extended the maturity date of its US$ 40 million facility with Wells Fargo Bank International to June 26, 2020 whereas the €45 million facility has been cancelled on January 31, 2018.

As of December 31, 2018, all these credit facilities were undrawn.

23.1.2 Senior notes

As of December 31, 2018, the carrying amount of the existing senior notes is detailed as follows:

	AS OF DECEMBER 31,									
	2018					2017				
	NOMINAL AMOUNT *(in millions of currency)*		NOMINAL AMOUNT *(in millions of euros)*	FAIR VALUE ADJUSTMENTS [(1)]	TOTAL	NOMINAL AMOUNT *(in millions of currency)*		NOMINAL AMOUNT *(in millions of euros)*	FAIR VALUE ADJUSTMENTS [(1)]	TOTAL
3,500% Senior notes due 2023	EUR	650.0	650.0	0.7	**650.7**	EUR	650.0	650.0	0.1	**650.1**
2,625% Senior notes due 2024	EUR	300.0	300.0	2.9	**302.9**	EUR	300.0	300.0	(1.2)	**298.8**
2,125% Senior notes due 2025	EUR	500.0	500.0	2.6	**502.6**	EUR	500.0	500.0	(2.4)	**497.6**
TOTAL			1,450.0	6.2	**1,456.2**			1,450.0	(3.4)	**1,446.6**

(1) Adjustment to reflect interest rate fluctuations on the part of the notes hedged through fair value hedge derivatives (see note 24.1).

<u>€650 million notes due 2023</u>

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%

<u>€300 million notes due 2024</u>

On March 13, 2017, Rexel issued €300 million of senior unsecured notes due 2024 which bear interests at 2.625% 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 June 15, 2017. The notes mature on June 15, 2024 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to March 15, 2020 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after March 15, 2020, 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)
March 15, 2020	101.313%
March 15, 2021	100.656%
March 15, 2022 and after	100.000%

On June 16, 2017, proceeds from this issuance were used to repay the remaining outstanding 5.25% US$500 million senior notes due 2020 for a principal amount of US$330 million. The redemption price was 102.625% of the principal amount of the redeemed notes and amounted €302.3 million. A loss of €6.3 million has been recognized in the net financial expenses including the early redemption premium plus unamortized transaction costs and fair value hedge adjustments.

€500 million notes due 2025

On November 20, 2017, Rexel issued €500 million of senior unsecured notes due 2025 which bear interests at 2.125% 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 June 15, 2018. The notes mature on June 15, 2025 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to December 15, 2020 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after December 15, 2020, 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)
December 15, 2020	101.063%
December 15, 2021	100.531%
December 15, 2022 and after	100.000%

On December 15, 2017, proceeds from this issuance were used to repay its 3.250% senior notes due 2022 for a total amount of €517.0 million. A loss of €12.5 million has been recognized in the net financial expenses including the early redemption premium amounted to €17.0 million plus unamortized transaction costs and fair value hedge adjustments.

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 IFRS 9 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 sheet 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, 2018, derecognized receivables totaled €196.5 million (€183.3 million as of December 31, 2017) and the resulting loss was recorded as a financial expense for €10.4 million (€9.4 million in 2017). Cash collected under the servicing agreement in relation to derecognized receivables and not yet transferred to the purchaser totaled €31.9 million and was recognized in financial liabilities (€33.2 million as of December 31, 2017).

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, 2018, 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, 2018	AMOUNT DRAWN DOWN AS OF DECEMBER 31, 2018	BALANCE AS OF DECEMBER 31, 2018	BALANCE AS OF DECEMBER 31, 2017	MATURITY
	(in millions of currency)			*(in millions of euros)*		
Europe and Australia	EUR 375.0	EUR 506.7	EUR 372.3	372.3	376.0	12/16/2020
Europe	EUR 309.0	EUR 405.1	EUR 263.7	263.7	288.3	11/20/2019
United States – on balance sheet	USD 290.0	USD 484.0	USD 290.0	253.3	226.8	12/20/2019
United States – off balance sheet	USD 225.0	USD 225.0	USD 225.0	196.5	183.3	12/20/2019
Canada (1)	CAD 180.0	CAD 260.4	CAD 174.6	112.0	116.4	01/18/2020
TOTAL				**1,197.7**	**1,190.8**	
Of which:						
• on balance sheet				1,001.2	1,007.6	
• off balance sheet				196.5	183.3	

(1) In December 2018, Rexel amended its Canadian program to extend the maturity date to January 2020 and increased the commitment of this program from CAD175 million to CAD180 million.

These securitization programs pay interest at variable rates including a specific credit spread to each program. As of December 31, 2018, the maximum commitment of all these securitization programs increased by €3.2 million (CAD5.0 million) as compared to December 31, 2017 in connection with the Canadian program. The total outstanding amount authorized for these securitization programs was €1,249.1 million, of which €1,197.7 million were used.

23.1.4 Factoring arrangements

In addition to its securitization programs, Rexel entered into factoring agreements in France and Belgium. Under these arrangements, Rexel assigns trade receivables to the factor and receives cash payment for a maximum amount of €95 million.

As a result of these arrangements, the Group transfers the credit risk, interest risk and late payment risk to the factor, and remains liable for collecting the receivable on behalf of the factor.

As of December 31, 2018, Rexel derecognized the trade receivables sold to the factor for €74.8 million (€73.2 million as of December 31, 2017). Cash collected on behalf of the factor in relation with the transferred receivables was recognized in financial liabilities for €18.9 million as of December 31, 2018 (€25.6 million as of December 31, 2017).

23.1.5 Commercial paper program

Rexel runs a €300 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, 2018, the company had issued €40.0 million of commercial paper (€41.7 million as of December 31, 2017).

23.1.6 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, 2018, Bank Acceptance Drafts were derecognized from the balance sheet for €52.8 million (€55.9 million as of December 31, 2017).

23.2 Change in net financial debt

As of December 31, 2018, and December 31, 2017, the change in net financial debt was as follows:

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2018**	**2017**
As of January 1,	**2,041.2**	**2,172.6**
Issuance of senior notes net of transaction costs	–	790.6
Repayment of senior notes	–	(819.3)
Transaction costs and refinancing costs	(1.3)	(0.1)
Net change in credit facilities, commercial papers and other financial borrowings	(8.3)	(80.4)
Net change in credit facilities	**(9.6)**	**(109.3)**
Net change in securitization	(6.9)	(29.3)
Net change in finance lease liabilities	(4.7)	(3.0)
Net change in financial liabilities	***(21.2)***	***(141.6)***
Change in cash and cash equivalents	(31.1)	105.7
Effect of exchange rate changes on net financial debt	22.4	(111.0)
Effect of acquisition	1.1	0.0
Effect of divestment	–	(12.1)
Amortization of transaction costs	4.4	6.0
Non recurring refinancing costs	1.1	23.3
Effect of assets held for sale classification	10.0	–
Other changes	2.7	(1.7)
As of December 31,	**2,030.4**	**2,041.2**

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

Rexel is exposed to interest rate risk through its indebtedness and cash management. Hedged items include borrowings, cash and cash equivalents and highly probable forecasted transactions derived from the 3-year Group business plan. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing debt, including senior notes, securitization and factoring arrangements, credit facilities and commercial paper. The risk component is limited to the risk-free interest rate, excluding credit spread and other financing components.

In order to hedge its exposure to changing interest rates, the Group has adopted an interest rate hedging strategy aimed at maintaining a 80% hedging ratio on a one-year rolling basis, 50% on a two-year rolling basis, 25% on a three-year rolling basis of its net financial debt at fixed or capped rates with the remainder at variable interest rates. To manage this, the Group mainly enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The breakdown of financial debt between fixed and variable rates, before and after hedging, is as follows:

(in millions of euros)	AS OF DECEMBER 31, 2018	2017
Senior Notes and other fixed rate debt	1,446.5	1,445.7
Floating to fixed rate swaps	1,221.4	1,037.0
Fixed to floating rate swaps	(850.0)	(850.0)
Sub-total fixed or capped rate instruments	**1,817.9**	**1,632.6**
Floating rate debt before hedging	1,128.8	1,159.2
Floating to fixed rate swaps	(1,221.4)	(1,037.0)
Fixed to floating rate swaps	850.0	850.0
Cash and cash equivalents	(544.9)	(563.6)
Sub-total floating rate debt instruments	**212.5**	**408.6**
Total net financial debt	**2,030.4**	**2,041.2**

Fair value hedge derivatives

As of December 31, 2018, 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)*
SWAPS PAYING VARIABLE RATE						
Euro	500.0	500.0	June 2022	0.55%	Euribor 3M	11.1
	50.0	50.0	June 2023	0.31%	Euribor 3M	0.6
	300.0	300.0	June 2024	0.33%	Euribor 3M	1.9
Total		**850.0**				**13.6**

(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, 2018 represented a gain of €6.6 million, offset by a loss of €9.6 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 December 2021. 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 mainly associated with securitization programs, 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, 2018, 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	100.0	87.3	December 2019	Libor 3M	1.68%	0.9
	150.0	131.0	April 2020	Libor 3M	1.78%	1.7
	150.0	131.0	September 2020	Libor 3M	1.68%	2.5
	250.0	218.3	December 2021	Libor 3M	2.88%	(1.8)
Canadian dollar	30.0	19.2	June 2020	CDOR 3M	1.11%	0.3
	50.0	32.0	August 2021	CDOR 3M	2.34%	(0.1)
Australian dollar	75.0	46.2	July 2020	BBSW AUD 3M	1.94%	(0.0)
Swiss franc	50.0	44.4	October 2021	Libor 3M	(0.43)%	(0.2)
Euros	150.0	150.0	January 2019	Euribor 3M	(0.30)%	(0.0)
	200.0	200.0	January 2020	Euribor 3M	(0.19)%	(0.3)
Total		**1,059.6**				**3.1**

(1) Derivative instruments are presented at fair value, including accrued interest receivable for €0.2 million.

The change in fair value of the cash flow hedging instruments for the year ended December 31, 2018 was recorded as a €1.8 million decrease in cash flow hedge reserve (before tax). The ineffectiveness recognized in profit and loss in 2018 was immaterial.

Derivatives not eligible for hedge accounting

In line with its hedging strategy to fix a portion of its net debt, the Group uses interest rate swaps as hedges of variable cash flows which are not designated as cash flow hedges.

	TOTAL NOTIONAL AMOUNT *(in millions of currency)*	TOTAL NOTIONAL AMOUNTL *(in millions of euros)*	MATURITY	FLOATING RATE RECEIVED	WEIGHTED AVERAGE FIXED RATE PAID	FAIR VALUE (1) *(in millions of euros)*
SWAPS PAYING FIXED RATE						
Swedish Krona	750.0	73.1	February 2020	Stibor 3M	(0.07)%	(0.0)
Swiss franc	100.0	88.7	February 2020	Libor 3M	(0.69)%	(0.2)
Total		**161.9**				**(0.3)**

(1) Derivative instruments are presented at fair value, including accrued interest payable of €0.1 million.

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These derivatives are designated primarily as hedges of variable cash flows arising from interest rate swaps and are not eligible to hedge accounting under IFRS 9 requirements.

Sensitivity to interest rate variation

As of December 31, 2018, 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 €8.8 million and a €17.5 million gain related to the change in fair value of the hedging instruments of which a €3.2 million in the income statement and €14.3 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). For the year ended December 31, 2018, unrealized exchange loss in other comprehensive income related to external borrowings qualified as net investment hedges account for €18.7 million before tax.

As of December 31, 2018, the notional value of foreign exchange derivatives was €622.0 million (€637.6 million of forward sales and €15.6 million of forward purchases). Forward contracts are recognized at their fair value for a net negative amount of €0.6 million. The change in fair value of forward contracts for the year ended December 31, 2018 was recorded as a financial gain of €0.4 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 €307.0 million and a decrease (increase) in operating income before other income and other expenses of €11.3 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, 2018 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €46.4 million and €137.2 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	1,929.5	287.3	112.8	86.5	0.0	1.2	128.0	0.2	25.4	6.6	2,577.5
Cash and cash equivalents	(203.7)	(58.5)	(54.6)	(12.2)	(11.3)	(10.3)	(176.7)	(22.7)	(13.9)	16.9	(547.0)
Net financial position before hedging	**1,725.8**	**228.8**	**58.2**	**74.3**	**(11.3)**	**(9.1)**	**(48.7)**	**(22.5)**	**11.5**	**23.5**	**2,030.4**
Impact of hedges	(623.5)	216.5	–	33.5	15.3	47.1	–	309.3	–	1.9	0.0
Net financial position after hedging	**1,102.3**	**445.3**	**58.2**	**107.8**	**4.0**	**38.0**	**(48.7)**	**286.7**	**11.5**	**25.3**	**2,030.4**
Impact of a 5% increase in exchange rates	–	*22.3*	*2.9*	*5.4*	*0.2*	*1.9*	*(2.4)*	*14.3*	*0.6*	*1.3*	*46.4*

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, 2018	AS OF DECEMBER 31, 2017
DUE WITHIN		
One year	658.4	166.9
Two years	488.2	638.2
Three years	2.2	379.4
Four years	1.2	1.7
Five years	651.8	0.8
Thereafter	809.0	1,450.2
Total gross financial debt before transaction costs	**2,610.9**	**2,637.1**
Transaction costs	(20.7)	(24.7)
Gross financial debt	**2,590.2**	**2,612.3**

As of December 31, 2018, 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	722.4	(9.2)	713.1
Two years	536.2	(6.1)	530.2
Three years	44.6	(2.5)	42.0
Four years	43.4	(0.3)	43.1
Five years	681.5	1.3	682.8
Thereafter	826.5	0.8	827.3
Total	**2,854.6**	**(16.1)**	**2,838.5**

The €650 million notes issued in May 2016 mature in June 2023, the €300 million notes issued in March 2017 mature in June 2024 and the €500 million notes issued in November 2017 mature in June 2025.

The Senior Facility Agreement maturity date was extended by one year until January 31, 2024 following the extension option exercised on January 31, 2019. The Senior Facility Agreement provides a five-year multicurrency revolving credit facility for an aggregate maximum available amount of €850 million which can also be drawn down through swingline loans for an aggregate amount of €137.8 million. As of December 31, 2018, this facility was undrawn.

On June 26, 2017, Rexel extended the maturity of its US$40 million Revolving Credit Facility Agreement with Wells Fargo Bank International for a period of three years ending on June 26, 2020. As of December 31, 2018, this facility was undrawn.

Lastly, as a result of amendments executed in 2016, 2017 and 2018 (see note 23.1.3), securitization programs mature in 2019 and 2020. 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 €2,024.6 million as of December 31, 2018 (€2,034.8 million as of December 31, 2017) and are due in less than one year.

The Group's liquidity increased from €1,304.7 million as of December 2017 to €1,305.7 million as of December 2018. The Group's liquidity is in excess of €647.3 million compared to €658.4 million expected to be paid within the next twelve months with respect to financial debt repayment schedule.

(in millions of euros)	AS OF DECEMBER 31, 2018	AS OF DECEMBER 31, 2017(1)
Cash and cash equivalents	544.9	563.6
Bank overdrafts	(84.1)	(100.6)
Commercial paper	(40.0)	(41.7)
Undrawn Senior Facility Agreement	850.0	850.0
Bilaeral facilities	34.9	33.4
Liquidity	**1,305.7**	**1,304.7**

(1) Taking into consideration the amendment of the Senior Facility Agreement executed on January 31, 2018 (see note 23.1.1).

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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 within the Group. As of December 31, 2018, the maximum risk corresponding to the total accounts receivable amounted to €2,091.5 million (€2,074.4 million as of December 31, 2017 restated) 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 €563.9 million as of December 31, 2018 (€577.3 million as of December 31, 2017 restated), which equals the net book value of the aforementioned items.

The maximum counterparty risk on the Group's other financial assets was €561.6 million (€550.7 million as of December 31, 2017 restated) and mainly corresponds to supplier discounts receivable.

25. Summary of financial liabilities

			AS OF DECEMBER 31,			
			2018		2017(1)	
(in millions of euros)	CATEGORY IFRS 9	FAIR VALUE HIERARCHY*	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Bonds	AC	1	1,456.2	1,433.9	1,446.6	1,481.4
Other financial debts, including accrued interest	AC		1,134.0	1,134.0	1,165.7	1,165.7
Total financial liabilities			**2,590.2**	**-**	**2,612.3**	**-**
Hedging derivatives(2)	FV P&L	2	-	-	1.6	1.6
Hedging derivatives(2)	FV OCI	2	2.4	2.4	-	-
Other derivative instruments not eligible to hedge accounting	FV P&L	2	0.0	0.0	0.1	0.1
Other liabilities(3)	N/A	2	7.5	N/A	8.4	N/A
Total other non-current liabilities			**9.9**	**-**	**10.1**	**-**
Trade accounts payable	AC		**2,024.6**	**2,024.6**	**2,034.8**	**2,034.8**
Customer rebates payable	AC		155.1	155.1	137.9	137.9
Personal and social obligations(3)	N/A		253.0	N/A	253.7	N/A
VAT payable and other sales tax(3)			61.8	N/A	76.1	N/A
Hedging derivatives(2)	FV OCI	2	-	-	0.1	0.1
Other derivative instruments not eligible to hedge accounting	FV P&L	2	1.1	1.1	1.1	1.1
Other liabilities	AC		259.9	259.9	248.9	248.9
Deferred income(3)	N/A		7.9	N/A	8.6	N/A
Total other debts			**738.8**	**-**	**726.3**	**-**

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 3.1.1.

(1) Restated for changes in accounting policies following the adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see note 3.2.1).

(2) Specific accounting treatment for hedging.

(3) Not classified as a financial instrument under IFRS 9.

26. Operating leases

The following table details the Group's obligations in relation to operating lease contracts, representing in 2018 the payments under non-cancelable leases:

(in millions of euros)	PAYMENTS OUTSTANDING AS OF DECEMBER 31, 2018	2017
DUE WITHIN		
One year	217.3	201.8
Two years	164.1	155.8
Three years	133.9	123.4
Four years	94.1	94.8
Thereafter	234.7	185.2
Total	**844.1**	**761.0**

Due to the forthcoming adoption of IFRS 16 "Leases", as of December 31, 2018, the Group has modified the calculation of future lease payments to better reflect the expected duration of the lease agreements rather than minimum lease payments.

The total expense under operating lease contracts was €212.1 million for the year ended December 31, 2018 (€218.6 million as of December 31, 2017).

27. Related party transactions

Executive compensation

Expenses relating to compensation of the Executive Committee members of the Group are as follows:

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2018	2017
Salaries and other short-term benefits	7.1	8.8
Post-employment benefits (service costs)	0.4	0.3
Indemnities at termination of contract	1.0	2.1
Free shares and stock options[1]	1.5	1.8

(1) Share-based payment expense is detailed in note 18 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 €7.8 million.

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28. Statutory Auditors 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.

	PWC AUDIT		KPMG AUDIT		TOTAL AUDITORS	
(in millions of euros)	2018	2017	2018	2017	2018	2017
Audit services	0.8	1.0	0.9	0.9	1.7	1.9
Audit related services	0.2	0.2	0.1	0.1	0.3	0.3
TOTAL	**1.0**	**1.2**	**1.0**	**1.0**	**2.0**	**2.2**

Other related services include the fees related to mandatory services performed in accordance with French regulation, as well as comfort letters and CSR report.

29. Litigation & other contingencies

29.1 Litigations

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.

Antitrust investigation

On September 6, 2018, raids were performed in the offices of Rexel in relation to a judiciary investigation from the *Tribunal de Grande Instance* of Paris (Paris magistrate's court). This investigation, conducted with the assistance of the French Competition Authority, mainly deals with the mechanisms of price formation on the market of distribution of electrical equipment.

At this point, Rexel is not party to the proceedings and therefore is not aware of the practices that it might be accused of. While information has been released in the press, it does not allow to determine the offences that Rexel could be accused of.

It is therefore not possible to date to evaluate the degree of probability of formal indictments being made against Rexel nor of a possible adverse judgment and thus to evaluate the financial risk which Rexel is potentially exposed to.

Rexel tax proceedings

Following a tax audit, Rexel received in December 2011 a proposed tax reassessment in which the French tax authorities alleged 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 €30 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, thus, the provision was maintained. The hearing of the Administrative Appeal Court is scheduled on February 12, 2019.

Hagemeyer Finance BV Finnish branch tax proceedings

In a report in May 2014, Finnish tax authorities asserted that the interest on the financing used to acquire Elektroskandia Oÿ in 2008 should have been allocated to the Dutch head office of Hagemeyer Finance BV, rather than to the Finnish branch. On that ground, tax authorities issued, in December 2014, the reassessment decision for years 2008-2012, resulting in an amount of tax payable of €11.3 million. The branch lodged an appeal in 2015 before the Board of Adjustments. In December 2015, reassessments for fiscal years 2013 and 2014 were issued, resulting in additional amount of tax of €1.5 million, which the branch also contested. In April 2017, the Board of Adjustments rejected the branch's claim. In July 2017, the Group referred the case before the Helsinki Administrative Court. In November 2018, the court decided the position of the tax authorities was correct. In December 2018, Rexel lodged an appeal before the Supreme Administrative Court. A €13.5 million tax expense was recorded in 2018 financial statements.

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. No claim is pending as of the balance sheet date.

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.

This warranty had not been called as of the balance sheet date.

30. Events after the reporting period

At the presentation date of the consolidated financial statements there have been no subsequent events after December 31, 2018 that would have a significant impact on Rexel's financial situation.

31. Consolidated entities as of December 31, 2018

	HEAD OFFICE	% INTEREST
FRANCE		
Holding companies and Group services companies		
Rexel	Paris	Parent company
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
Rexel Industrial Solutions GmbH	Munich	100.00

	HEAD OFFICE	% INTEREST
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
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	Älvsjö	100.00
Moel AB	Bredaryd	100.00
Austria		
Rexel Central Europe Holding GmbH	Vienna	100.00
Rexel Austria GmbH	Vienna	100.00
The Netherlands		
Rexel Nederland B.V.	Zoetermeer	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
Rexel Holding Benelux BV	Hoofddorp	100.00
Italy		
Rexel Italia SpA	Milano	100.00
Spain		
Rexel Spain, SL	Madrid	100.00
Suministros Eléctricos Erka, S.L.	Renteria	100.00
Belgium		
Rexel Belgium S.A.	Zellik	100.00

	HEAD OFFICE	% INTEREST
DES-Elektro, N.V.	Moen	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
Astrotek Ireland Limited	Tralee	100.00
Switzerland		
Elektro Material AG	Zurich	100.00
Digitalfeld AG	Zurich	70.00
Luxembourg		
Rexel Luxembourg S.A.	Luxembourg	100.00
Rexel RE S.A.	Luxembourg	100.00
Czech Republic		
Rexel CZ s.r.o.	Brno	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	Langhus	100.00
Elektroskandia Norway Holding AS	Langhus	100.00
NORTH AMERICA		
United States		
Rexel USA, 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
Canada		
Rexel North America Inc.	St Laurent	100.00
Rexel Canada Electrical Inc.	Mississauga	100.00

	HEAD OFFICE	% INTEREST
ASIA OCEANIA		
Hong Kong SAR		
Rexel Hong Kong Ltd.	Hong Kong	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
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
Korea		
Gexpro Korea Co., Ltd.	Seoul	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
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 Emirates LLC	Abu Dhabi	90.00

5.2.2 Report of the Statutory Auditors' Report on the consolidated financial statements for the financial year ended December 31, 2018

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the 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 Cedex

KPMG Audit
Département de KPMG S.A.
Tour Eqho
2, avenue Gambetta
CS 60055
92066 Paris-La Défense

Rexel S.A.

Statutory Auditors' Report on the consolidated financial statements

For the year ended December 31, 2018

To the Annual General Meeting of Rexel S.A.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Rexel S.A. for the year ended December 31, 2018.

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 of December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics *(Code de déontologie)* for Statutory Auditors.

Emphasis of matter

We draw your attention to the Note 3.2.1 "Changes in accounting policies – amended IFRS standards" to the consolidated financial statements, which describes the impacts of the initial application on January 1, 2018 of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments". Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of the recoverable amount of goodwill and other intangible assets with indefinite useful lives

Notes 3.5, 12.1 to the consolidated financial statements

Description of risk

As of December 31, 2018, goodwill and other intangible assets with indefinite useful lives were recorded in the balance sheet for a net carrying amount of €3,871.1 million and €824.6 million, respectively, representing 46% of the Group's total assets. An impairment test for these assets is performed at least once a year at the level of the cash-generating units (CGU) to which they have been allocated. As described in Notes 3.5 and 12.1 to the consolidated financial statements, an impairment loss is recorded when the recoverable amount of the CGU falls below its carrying amount.

The recoverable amount of a CGU (country) is measured based on discounted future cash flows and requires a significant degree of judgment from management, especially for the determination of revenue and EBITA margin forecasts as well as the selection of discount rates and long term growth rates.

As described in Note 12.1 to the consolidated financial statements, performance in 2018 was lower than expected in some countries, which led the Group to adjust downwards its future cash flows, including the normative EBITA margin for those countries. As a result, the Group recognized a €61.9 million impairment charge for the year ended December 31, 2018.

Accordingly, we deemed the measurement of the recoverable amount of goodwill and other intangible assets with indefinite useful lives to be a key audit matter, due to the weighting of these assets in the consolidated balance sheet and the inherent uncertainty of specific inputs, in particular the likelihood of achieving forecast results included in such measurement and the impact of sensitivity analyses described in Note 12.1.

How our audit addressed this risk

We examined the Group's budgeting process upon which the forecasted cash flows used for the impairment tests are based.

For those CGUs for which the recoverable amount is close to the carrying amount, we performed the following:

- Assessed the components of the carrying amount of the CGUs to which the Group has allocated goodwill;
- Assessed the consistency of cash flow projections with the economic environments in which the Group's subsidiaries operate, as well as the reliability of the estimate process in particular by examining any differences between past cash flow projections and actual cash flows;
- Assessed, with the assistance of our valuation experts, the reasonableness of the discount rates applied to the forecasted cash flows of the various CGUs;
- Compared the long-term growth rates of CGUs with macro-economic forecasts;
- Corroborated including through interviews with management the reasonableness of the main data and assumptions underlying cash flow projections (sales growth, EBITA margin);
- Tested the mathematical accuracy of the discounted cash flow model used and the sensitivity analyses;
- Verified that Note 12.1 to the consolidated financial statements included the appropriate disclosures.

Suppliers rebates

Notes 3.7, 3.17 and 13.3 to the consolidated financial statements

Description of risk

The Group enters into contracts with its suppliers, through which it benefits from rebates, generally on an annual basis, based on the volumes of goods purchased and the performance of certain specific commercial actions. These rebates may be conditional or not on the achievement of pre-defined purchasing targets (unconditional or conditional rebates).

These rebates are recorded as a reduction of the cost of goods sold.

We deemed the recognition of suppliers rebates to be a key audit matter, due to:

- The significance of suppliers rebates,
- The variety of contracts,
- The estimates required in terms of determining the purchasing data to which contract clauses apply to calculate receivables at the closing date,
- And their impact on the valuation of inventories.

How our audit addressed this risk

We analyzed the internal control procedures relating to the follow-up of rebates on contracts signed with suppliers and to estimating rebates in order to determine the cost of goods sold.

We also performed the following procedures:

- Analyzed, on a sample basis, the contracts signed with suppliers as well as the proper application of the terms and conditions of those contracts where used to determine rebates recognized during the year, particularly in terms of the volumes purchased and including for the estimation of suppliers rebates receivables at year-end;
- Reconciled, on a sample basis, the amount of purchases made with the calculation bases for determining rebate receivables at year-end, as well as with any purchasing confirmations received from suppliers, and assessed the fulfilment of any conditional targets in terms of volumes purchased;
- Assessed the recoverability of supplier rebate receivables and verified that there are no aged uncollected receivables;
- Compared the rebates collected after year-end with the rebate receivables recorded at year-end to assess the reliability of management estimates;
- Verified, on a sample basis, the appropriate allocation of suppliers rebates to the valuation of inventories.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We confirm that the consolidated statement of the non-financial performance required by Article L.225-102-1 of the French Commercial Code *(Code de commerce)* is included within the management report, being specified that, in accordance with Article L.823-10 of this Code, the information provided in this statement have not been verified by us with respect to their fair presentation or consistency with the consolidated financial statements and has to be the subject to a report by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Rexel SA by the Annual General Meetings held on May 16, 2012 for PricewaterhouseCoopers Audit and May 25, 2016 for KPMG Audit.

As at December 31, 2018, PricewaterhouseCoopers Audit was in the seventh year and KPMG Audit in the third year of total uninterrupted engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his/her opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, material weaknesses in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense and Neuilly-sur-Seine, February 13, 2019

The Statuory Auditors

KPMG Audit *Department of KPMG S.A.*	PricewaterhouseCoopers Audit
Valérie Besson Jean-Marc Discours	Amélie Wattel Pierre Clavié

5.3 Company financial statements

Pursuant to article 28 of the Regulation (EC) N°809/2004 of the European Commission dated 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, 2017 which are included in pages 275 to 298 of the French version of the Registration document for the financial year ended on December 31, 2017 registered by the Autorité des marchés financiers on April 4, 2018 under number D.18-0263; and
- the Company financial statements and the relevant audit report for the year ended December 31, 2016 which are included in pages 249 to 271 of the French version of the Registration document for the financial year ended on December 31, 2016 registered by the Autorité des marchés financiers on March 31, 2017 under number D.17-0272.

5.3 Company financial statements

5.3.1 Company financial statements as at December 31, 2018

Income statement

(in millions of euros)	Note	FOR THE YEAR ENDED DECEMBER 31, 2018	2017
Operating revenues		**2.5**	**2.1**
Other purchases and outside services		(8.4)	(20.0)
Taxes other than income taxes		(0.5)	(0.9)
Other expenses		(2.7)	(4.6)
Depreciation, amortization and increases in provisions		(0.1)	(0.1)
Operating expenses		***(11.7)***	***(25.5)***
Operating loss	3.1	**(9.2)**	**(23.5)**
Other financial revenues (from short-term investments, loans and exchange gains)		27.1	41.6
Total financial revenues		***27.1***	***41.6***
Interest and related expenses and exchange losses		(45.6)	(85.2)
Increase in financial provisions		(0.8)	(3.1)
Total financial expenses		***(46.3)***	***(88.4)***
Net financial expenses	3.2	**(19.3)**	**(46.8)**
Loss from ordinary activities		**(28.4)**	**(70.2)**
Non-recurring income (expense), net	3.3	0.0	(1.5)
Loss before tax		**(28.4)**	**(71.7)**
Income taxes	3.5	54.4	86.0
Net income		**26.0**	**14.3**

Balance sheet

(in millions of euros)	Note	FOR THE YEAR ENDED DECEMBER 31 2018	2017
ASSET			
Tangible assets		0.2	0.3
Investments in related companies		4,104.9	4,104.9
Loans and other long-term financial assets		29.9	393.9
Non-current assets	4.1	**4,135.0**	**4,499.0**
Trade accounts receivable	4.2	2.6	2.3
Other accounts receivable	4.2	579.6	321.3
Short-term investments, hedging derivatives, cash and bank	4.3	16.8	13.4
Prepayments		0.2	0.1
Current assets		**599.2**	**337.1**
TOTAL ASSETS		**4,734.2**	**4,836.1**
EQUITY AND LIABILITIES			
Share capital		1,519.9	1,516.7
Share premium		1,554.0	1,559.2
Legal reserve		69.7	69.0
Other reserves		38.7	36.7
Retained earnings		3.3	116.6
Net income for the period		26.0	14.3
Total equity	4.4	**3,211.7**	**3,312.5**
Provisions		**16.4**	**11.0**
Bonds	4.5	1,451.6	1,452.2
Borrowings from financial institutions	4.5	40.0	41.7
Other financial debt	4.5	10.7	9.0
Trade accounts payable	4.5	1.0	3.0
Other operating liabilities	4.5	2.9	6.7
Deferred income		0.0	–
Total liabilities		**1,506.2**	**1,512.6**
TOTAL EQUITY AND LIABILITIES		**4,734.2**	**4,836.1**

Company results over the last five years (Article R.225-102 of the French commercial code)

(in euros)	2014	2015	2016	2017	2018
	FROM JANUARY 1 TO DECEMBER 31				
SHARE CAPITAL AT YEAR END					
a) Share capital	1,460,027,880	1,509,356,890	1,514,490,115	1,516,715,885	1,519,944,495
b) Number of issued shares	292,005,576	301,871,378	302,898,023	303,343,177	303,988,899
c) Number of convertible bonds	–	–	–	–	–
INCOME STATEMENT INFORMATION					
a) Sales, excluding sales taxes	1,475,018	1,086,524	1,544,737	1,900,545	2,234,707
b) Net income before taxes, depreciation and provisions	158,900,553	(135,871,677)	216,217,885	(70,780,934)	(27,864,731)
c) Income taxes	(62,368,238)	(72,318,484)	(44,184,303)	(86,022,026)	(54,447,774)
d) Net income	221,076,956	(77,523,045)	260,711,376	14,281,261	26,018,952
e) Earnings distributed	218,459,916	120,307,183	120,822,691	126,851,362	132,827,279 (1)
EARNINGS PER SHARE					
a) Earnings per share after taxes but before depreciation and provisions	0.76	(0.21)	0.86	0.05	0.09
b) Earnings per share after taxes, depreciation and provisions	0.76	(0.26)	0.86	0.05	0.09
c) Dividend paid per share	0.75	0.40	0.40	0.42	0.44 (1)
PERSONNEL					
a) Number of employees	–	–	–	–	–
b) Total remuneration	–	–	–	–	–
c) Total social charges and other personnel related expenses	–	–	–	–	–

(1) Proposed distribution to be voted at the annual general meeting May 23, 2019.

Principal subsidiaries and other investments

DECEMBER 31, 2018 *(in millions of euros)*

DENOMINATION	REGISTERED OFFICE	CAPITAL	RESERVES AND RETAINED EARNINGS (EXCLUDING CURRENT YEAR RESULTS)	PERCENTAGE SHARE CAPITAL HELD	CARRYING VALUE OF SHAREHOLDING		OUTSTANDING LOANS	GUARANTEES GRANTED BY REXEL SA	CURRENT YEAR RESULT	DIVIDENDS RECEIVED	SALES
					COST	NBV					
Rexel Développement SAS 13 boulevard du Fort de Vaux 75017 Paris	Paris	2,098.6	1,933.6	100.00%	4,104.9	4,104.9	556.6	0.0	31.5	0.0	57.3
TOTAL		**2,098.6**	**1,933.6**		**4,104.9**	**4,104.9**	**556.6**	**0.0**	**31.5**	**0.0**	**57.3**

Accompanying Notes

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, 2018 are presented with comparative amounts for the year ended December 31, 2017 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 conservative approach, and in conformity with the following concepts:

- Going concern;
- Consistency of accounting method; and
- Independance of accounting period.

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), two cases should be considered:

- 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; and
- Imperfect hedge (the nominal amount of the hedging instrument is different than the nominal amount of the underlying at the closing date): only the unrealized exchange loss 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 at closing exchange rates.

2.6 Financial instruments covering currency and interest rate risks

In order to optimize the cost of its financial debt, Rexel uses derivatives instruments to hedge 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.

Accounting principles are defined by the French *Autorité des Normes Comptables* (ANC) regulation 2015-05 :

- Realized and unrealized results arising from derivatives instruments are accounted in the income statement over the life of hedged items in order to match results arising from those underlying contracts;

- Changes in fair value of derivatives are not recognized on the balance sheet unless the recognition of such changes lead to a symmetrical treatment of the hedged item; and
- Hedging gain or loss is reported in the same line item as the hedged item.

3. Notes to the income statement

3.1 Operating revenues and expenses

In 2018, operating loss amounts to €(9.2) million and is detailed as follows:

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2018	2017
Services provided to subsidiaries	2.2	1.9
Release of provisions	0.2	0.2
Total operating revenues	**2.5**	**2.1**
Fees	(4.2)	(4.7)
Bank charges	(3.5)	(6.0)
Bonds issuance costs	(0.6)	(9.3)
Taxes other than income tax	(0.5)	(0.9)
Personnel costs and other expenses	(2.7)	(4.6)
Depreciation and provisions	(0.1)	(0.1)
Total operating expenses	**(11.7)**	**(25.6)**
Operating loss	**(9.2)**	**(23.5)**

3.2 Net financial expenses

Net financial expenses are detailed as follows:

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2018	2017
Interest income on exchange rate derivatives	1.2	6.9
Interest income on interest rate derivatives	6.6	7.2
Interest on loans and financial current accounts	7.9	23.1
Early redemption premiums received	10.4	–
Other financial income	0.1	1.1
Net exchange gain	0.1	2.4
Gains on own shares disposal	0.8	0.9
Total financial income	**27.1**	**41.6**
Interest on bonds	(41.3)	(53.0)
Early redemption premiums paid on bonds	-	(24.7)
Interest expenses on exchange rate derivatives	(1.2)	(2.5)
Interest expenses on interest rate derivatives	(0.4)	(3.3)
Other interest and financial expenses	(0.2)	(0.7)
Loss on own shares disposal	(2.5)	(1.1)
Other provision / amortization	(0.8)	(3.1)
Total financial expenses	**(46.3)**	**(88.4)**
Net financial expenses	**(19.3)**	**(46.8)**

3.3 Non-recurring income and expenses

In 2017, non-recurring income and expenses amount to €(1.5) million and were related to change in corporate management positions.

3.4 Compensation of company officers

Board attendance fees paid to company officers in 2018 amount to €0.8 million (€0.8 million in 2017).

Compensation and indemnities paid to company officers in 2018 amount to €2.2 million (€2.8 million in 2017).

3.5 Income taxes

All French subsidiaries where Rexel holds directly or indirectly at least 95% ownership interests are part of the Group tax agreement headed by Rexel SA. Under the French Group tax 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 SA as the head company of the tax group.

Rexel has recognized an income of €54.4 million for 2018 (€79.9 million in 2017) mainly corresponding to tax losses incurred by non-profitable French entities part of the Group tax agreement. Tax losses carried forward amount to €151.1 million as of December 31, 2018 (€233.6 million in 2017).

4. Notes to the balance sheet

4.1 Fixed assets

(in millions of euros)		NET AMOUNT AS OF JANUARY 1, 2018	INCREASE	DECREASE	NET AMOUNT AS OF DECEMBER 31, 2018
Tangible assets		0.2	–	–	0.2
Financial assets		4,498.8	–	(364.0)	4,134.8
Investments in related companies	*4.1. 1*	*4,104.9*	–	–	*4,104.9*
Loans and other long-term financial assets	*4.1. 2*	*393.9*	–	*(364.0)*	*29.9*
TOTAL		**4,499.0**	**-**	**(364.0)**	**4,135.0**

4.1.1 Investments in related companies

Investments in related companies refer to the 100% ownership interest in Rexel Développement. As of December 31, 2018, gross and net value was €4,104.9 million with no change compared to December 31, 2017.

4.1.2 Loans and other long-term financial assets

(in millions of euros)	AS OF DECEMBER 31, 2017	EARLY REDEMPTION / REDUCTION	CURRENCY TRANSLATION ADJUSTMENT	AS OF DECEMBER 31, 2018
Loans [1]	377.2	(354.8)	(6.7)	15.7
Rexel Sverige	*137.8*	*(131.8)*	*(6.0)*	–
Rexel New Zealand	*11.9*	*(11.7)*	*(0.2)*	–
Elektro Material AG	*132.4*	*(131.1)*	*(1.3)*	–
Elektroskandia Norway	*53.7*	*(54.6)*	*0.9*	–
Rexel Holdings Australia	*26.1*	*(25.5)*	*(0.6)*	–
Rexel Arabia ES	*8.3*	–	*0.4*	*8.7*
Francofa Eurodis	*7.0*	–	–	*7.0*
Liquidity contract [2]	16.7	(2.5)	–	14.2
Total	**393.9**	**(357.3)**	**(6.7)**	**29.9**

(1) In 2018, a number of subsidiaries early redeemed their long-term loans (initially due June 30, 2020) to Rexel SA for a nominal amount of €354.8 million. Early redemption premiums were paid for an amount of €10.3 million.

As of December 31, 2018, long-term loans are detailed as follows:

	AS OF DECEMBER 31, 2018 *(in millions of euros)*	AMOUNT IN CURRENCY *(in millions of currency)*	CURRENCY	INTEREST RATE	DUE DATE
Rexel Arabia ES	*8.7*	*10.0*	*USD*	*4.73%*	*06/15/2020*
Francofa Eurodis	*7.0*	*7.0*	*EUR*	*4.28%*	*06/15/2022*
Loans	**15.7**				

(2) Own shares and cash equivalents are held under Rexel's share liquidity agreement. In connection with its own-share buy-back program, Rexel entered into a contract with ODDO bank on July 1, 2018 to promote the liquidity of Rexel shares. As of December 31, 2018, Rexel held 801,539 shares for a gross value of €8.2 million and have been subject to an impairment loss for €0.7 million resulting in a net carrying value of €7.5 million. In addition to Rexel treasury shares, €6.7 million of cash equivalents are held under the liquidity agreement.

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4.2 Receivables

Receivables are detailed as follows:

(in millions of euros)	AS OF DECEMBER 31, 2018	AS OF DECEMBER 31, 2017
Trade accounts receivable	2.6	2.3
Current accounts Rexel Développement	556.3	284.2
Other receivable	23.3	37.1
Total receivables	**582.2**	**323.6**

Maturity of those receivables are presented as follows:

(in millions of euros)	AS OF DECEMBER 31, 2018	DUE WITHIN ONE YEAR	DUE FROM ONE TO FIVE YEARS	DUE THEREAFTER
Trade accounts receivable	2.6	2.6	–	–
Current accounts Rexel Développement	556.3	556.3	–	–
Other receivable	23.3	13.8	9.4	–
Total receivables	**582.2**	**572.7**	**9.4**	**–**

4.3 Short term investments, hedging derivatives and cash and cash equivalent

(in millions of euros)	AS OF DECEMBER 31, 2018	AS OF DECEMBER 31, 2017
Own shares (1)	16.8	11.2
Hedging derivatives	–	2.2
Total	**16.8**	**13.4**

(1) Own shares acquisition cost held to serve free shares plans. Rexel held 1,307,181 shares for an amount of €16.8 million as of December 31, 2018.

4.4 Equity

As of December 31, 2018, the company's share capital amounts to €1,519,944,495 represented by 303,988,899 shares each with a par value of €5.

(in millions of euros)	JANUARY 1, 2018	APPROPRIATION OF 2017 NET INCOME (3)	2018 NET INCOME (7)	RESERVES REALLOCATION (1) (2) (4) (5) (6)	DECEMBER 31, 2018
Share capital	1,516.7	–	–	3.2	1,519.9
Share premium	1,559.2	–	–	(5.2)	1,554.0
Legal reserve	69.0	0.7	–	–	69.7
Other reserves	36.7	–	–	2.0	38.7
Retained earnings	116.6	(113.3)	–	–	3.3
Net income for the year	14.3	(14.3)	26.0	–	26.0
Total	**3,312.5**	**(126.8)**	**26.0**	**0.0**	**3,211.7**

(1) On May 2, 2018, share capital was increased by €1.7 million by issuing 331,145 shares with a par value of €5 each in connection with the 2013 free share plan. This share capital increase has been recorded by deduction from the other non-distributable reserves.

(2) On May 23, 2018, share capital was increased by €1.1 million by issuing 228,276 shares with a par value of €5 each in connection with the 2014 free share plan. This share capital increase has been recorded by deduction from the other non-distributable reserves.

(3) The Annual General Meeting held on May 24, 2018 approved a resolution appropriating the €14.3 million 2017 net income, increased by €113.3 million of retained earnings as follows: €0.7 million allocated to the legal reserve and dividends distribution of €126.8 million that were paid on July 6, 2018.

(4) On May 24, 2018, the company's Management Board decided to allocate an amount of €9.5 million to the other non-distributable reserves by deduction from the share premium corresponding to 1,900,032 free shares granted at a par value of €5 each.

(5) On July 2, 2018, share capital was increased by €0.4 million following the issuance of 86,301 shares with a par value of €5 each. This capital increase, related to the 2013 employee offering, has been recorded by deduction from the other non-distributable reserves.

(6) Amounts initially allocated to other non-distributable reserves and related to forfeited free shares during the year 2018 were retransferred to the share premium for an amount of €4.3 million.

(7) The net income for the year 2018 amounts to €26.0 million.

4.5 Information related to liabilities

Liabilities are detailed as follows:

(in millions of euros)		AS OF DECEMBER 31, 2018	AS OF DECEMBER 31, 2017
Senior notes	4.5.1	1,451.6	1,452.2
Borrowings from financial institutions	4.5.2	40.0	41.7
Other financial debt	4.5.3	10.7	9.0
Trade accounts payable		1.0	3.0
Other operating liabilities		2.9	6.7
Total		**1,506.2**	**1,512.6**

Maturity of those liabilities are presented as follows:

(in millions of euros)		AS OF DECEMBER 31, 2018	DUE WITHIN ONE YEAR	DUE FROM ONE TO FIVE YEARS	DUE THEREAFTER
Senior notes	4.5.1	1,451.6	1.6	–	1,450.0
Borrowings from financial institutions	4.5.2	40.0	40.0	–	–
Other financial debt	4.5.3	10.7	10.7	–	–
Trade accounts payable		1.0	1.0	–	–
Other operating liabilities		2.9	2.9	–	–
Total		**1,506.2**	**56.2**	**-**	**1,450.0**

4.5.1 Senior Notes

Senior 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%

Senior Notes due 2024

On March 13, 2017, Rexel issued €300 million of senior unsecured notes due 2024 which bear interests at 2.625% 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 June 15, 2017. The notes mature on June 15, 2024 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to March 15, 2020 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after March 15, 2020, 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)
March 15, 2020	101.313%
March 15, 2021	100.656%
March 15, 2022 and after	100.000%

On June 16, 2017, proceeds from this issuance were used to repay the remaining outstanding 5.25% US$500 million senior notes due 2020 for a principal amount of US$330 million. The redemption price was 102.625% of the principal amount of the redeemed notes and amounted €302.3 million. A loss of €6.3 million has been recognized in the net financial expenses including the early redemption premium plus unamortized transaction costs and fair value hedge adjustments.

Senior Notes due 2025

On November 20, 2017, Rexel issued €500 million of senior unsecured notes due 2025 which bear interests at 2.125% 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 June 15, 2018. The notes mature on June 15, 2025 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to December 15, 2020 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after December 15, 2020, 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)
December 15, 2020	101.063%
December 15, 2021	100.531%
December 15, 2022 and after	100.000%

On December 15, 2017, proceeds from this issuance were used to repay its 3.250% senior notes due 2022 for a total amount of €517.0 million. A loss of €12.5 million has been recognized in the net financial expenses including the early redemption premium amounted to €17.0 million plus unamortized transaction costs and fair value hedge adjustments.

Senior Credit Agreement

The Senior Facility Agreement initially executed on March 15, 2013 and further amended provides multicurrency revolving credit facility for an aggregate maximum amount of €850 million 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 be drawn down either through revolving loans up to the maximum aggregate amount or swingline loans in the limit of €137.8 million within the maximum aggregate amount. On January 31, 2019, the Senior Facility agreement was amended to extend the final maturity date to January 31, 2024.

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 0.60% to 2.25%.

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.

In addition to the Senior Facility Agreement, Rexel entered into a bilateral Term Loan Agreement of €34.9 million (USD 40 million) with Wells Fargo Bank International expiring on June 26, 2020.

As at December 31, 2018, these credit facilities were undrawn.

4.5.2 Borrowings from financial institutions

Rexel runs 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, 2018, under this program, €40.0 million were outstanding (€41.7 million in 2017).

4.5.3 Other financial debts

As of December 31, 2018, other financial debts relate mainly to intercompany debt related to the tax consolidation group.

4.6 Financial instruments covering currency and interest rate risks

In the course of its business, Rexel SA is exposed to market risks such as interest rate and foreign exchange risks. Rexel SA uses various financial instruments to optimize its financial expenses 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, 2018, the outstanding hedge contracts were as follows:

Interest rate swaps

TYPE OF CONTRACT	MATURITY	NOTIONAL AMOUNTS (IN MILLIONS OF EUROS)	FAIR VALUE (IN MILLIONS OF EUROS)
Interest rate swap paying EURIBOR 3 months	2022	EUR 500.0	10.9
Interest rate swap paying EURIBOR 3 months	2023	EUR 50.0	0.6
Interest rate swap paying EURIBOR 3 months	2024	EUR 300.0	1.9

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 U.S. dollars for euros	10.7	9.0	(0.2)

* Valuation at forward exchange rate.

4.7 Payables to and receivables 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, 2018, balances with related companies were as follows:

(in millions of euros)

ASSETS		LIABILITIES	
Investments in related companies	4,104.9	Other financial debt	10.6
Loans and other long-term financial assets	15.7	Trade accounts payable	–
Trade accounts receivable	2.7	Hedging derivatives	0.1
Other accounts receivable	556.9		
EXPENSES		INCOME	
Operating expenses	0.2	Operating income	2.2
Financial expenses	1.7	Financial income	21.9
Non-recurring expenses	–	Income tax	54.5

5. Additional information

5.1 Employees

The staff of the company is composed by two corporate officers as of December 31, 2018.

5.2 Information on stock-options and free share plans

Plans issued in 2015

On July 28, 2015, Rexel entered into free share plans for key executives & 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; and (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; and (iii) Rexel share market performance compared to peers.	**TOTAL**
Plan	3+2	4+0	
Delivery date	July 29, 2018	July 29, 2019	
Maximum number of shares granted on July 28, 2015	**795,775**	**1,002,618**	**1,798,393**
2016 adjustment	26,760	32,913	**59,673**
Number of shares cancelled	(749,112)	(919,343)	**(1,668,455)**
Delivered in 2018	(73,423)	–	**(73,423)**
Maximum number of shares granted on December 31, 2018	**-**	**116,188**	**116,188**

The share price used as the basis of social contribution of 30% amounts to respectively €10.17 and €10.71.

Plans issued in 2016

On June 23, 2016, Rexel entered into free share plans for key executives & 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; and (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; and (iv) Rexel share market performance compared to peers.	**TOTAL**
Plan	3+2	4+0	
Delivery date	June 24, 2019	June 24, 2020	
Maximum number of shares granted on June 23, 2016	**741,500**	**1,079,125**	**1,820,625**
2016 adjustment	25,142	36,695	**61,837**
Number of shares cancelled	(323,626)	(311,094)	**(634,720)**
Maximum number of shares granted on December 31, 2018	**443,016**	**804,726**	**1,247,742**

The share price used as the basis of social contribution of 20% will correspond to the one at delivery date.

Plans issued in 2017

On May 23, 2017, Rexel entered into free share plans for key executives & managers amounting to a maximum of 1,873,975 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 (May 24, 2020), these being restricted for an additional two-year period (until May 24, 2022), the so-called “3+2 Plan”;
- Or four years after the grant date (May 24, 2021) 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) 2016/2019 average growth of EBITA in value; (ii) 2016/2019 average Organic Sales Growth; (iii) average free cash flow before interest and tax to EBITDA between 2017 to 2019; and (iv) Rexel share market performance compared to peers.	Four year service condition from grant date and performance conditions based on: (i) 2016/2019 average growth of EBITA in value; (ii) 2016/2019 average Organic Sales Growth; (iii) average free cash flow before interest and tax to EBITDA between 2017 to 2019; and (iv) Rexel share market performance compared to peers.	TOTAL
Plan	3+2	4+0	
Delivery date	May 24, 2020	May 24, 2021	
Maximum number of shares granted on May 23, 2017	**643,200**	**1,230,775**	**1,873,975**
Number of shares cancelled	(75,475)	(216,675)	**(292,150)**
Maximum number of shares granted on December 31, 2018	**567,725**	**1,014,100**	**1,581,825**

The share price used as the basis of social contribution of 30% will correspond to the one at delivery date.

Plans issued in 2018

On May 24, 2018, Rexel entered into three free share plans for top executive managers amounting to a maximum of 1,900,032 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares depending on three years conditions after the grant date (May 25, 2021) with no subsequent restrictions.

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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) 2017/2020 average growth of EBITA in value; (ii) 2017/2020 average Organic Sales Growth; (iii) average free cash flow before interest and tax to EBITDA between 2018 to 2020; and (iv) Rexel share market performance compared to peers.	Limited to a fixed number of shares, three year service condition from grant date with no performance conditions and for the remaining shares, additional performance conditions based on: (i) 2017/2020 average growth of EBITA in value; (ii) 2017/2020 average Organic Sales Growth; (iii) average free cash flow before interest and tax to EBITDA between 2018 to 2020; and (iv) Rexel share market performance compared to peers.	Three year service condition from grant date without any performance conditions	**TOTAL**
Delivery date	May 25, 2021	May 25, 2021	May 25, 2021	
Maximum number of shares granted on May 24, 2018	**1,007,625**	**822,907**	**69,500**	**1,900,032**
Number of shares cancelled	(59,300)	(29,588)	(1,000)	**(89,888)**
Maximum number of shares granted on December 31, 2018	**948,325**	**793,319**	**68,500**	**1,810,144**

The share price used as the basis of social contribution of 20% will correspond to the one at delivery date.

5.3 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 (a subsidiary of Ray Investment SARL, the parent company of Rexel from 2005 to 2007) 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 hearing of the Administrative Appeal Court has been scheduled on February 12, 2019.

5.4 Subsequent events

At the presentation date of the financial statements there have been no subsequent events after December 31, 2018 that would have a significant impact on Rexel's financial situation.

5.3.2 Report of the Statutory Auditors on the company financial statements for the financial year ended December 31, 2018

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

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 Cedex

KPMG Audit
Department of KPMG S.A.
Tour Eqho
2, avenue Gambetta
92066 Paris-La Défense Cedex

Statutory Auditors' Report on the financial statements

For the year ended December 31, 2018

To the General Meeting of the Company Rexel S.A.,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Rexel S.A. for the year ended December 31, 2018.

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, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics *(Code de déontologie)* for statutory auditors.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of Investments in related companies

Note 2.1 to the financial statements

As at December 31, 2018, investments in related companies are recorded in the balance sheet at a net carrying amount of €4,104.9 million and represent 87% of total assets.

As disclosed in the note 2.1 to the financial statements, a valuation allowance is recorded when the carrying value exceeds the value in use. The value in use is calculated based on projected discounted cash flows, net of the indebtedness of subsidiaries.

Estimates of the value in use require management to exercise judgment particularly regarding the assumptions underlying the cash flows.

We deemed the valuation of investments in related companies to be a key audit matter due to:

- The significant weight of investments in subsidiaries in the total assets,
- The sensitivity to changes in the data and assumptions underlying estimates.

How our audit addressed this risk

We examined the procedures implemented by Rexel S.A. for determining the value in use of investments in related companies. We performed the following procedures:

- Obtained the projected discounted cash flows for the related subsidiaries, held directly or indirectly;
- Corroborated the reasonableness of the main assumptions (such as sales growth and EBITA margin) in the calculation of discounted cash flows, with economic environments in which the main subsidiaries operate;
- Compared actual performance to past forecasts to assess the reliability of projections for certain subsidiaries;
- Verified that the value resulting from discounted cash flows was adjusted from the indebtedness of the related entity.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholder

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 other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to the payment terms required by Article D.441-4 of the French Commercial Code *(Code de commerce)*.

Information relating to corporate governanc

We attest the existence, in the management report of the Board of Directors' on corporate governance, of the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code *(Code de commerce)*.

Concerning the information given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favour, 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 controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public purchase offer or exchange, provided pursuant to Article L.225-37-5 of the French Commercial Code *(Code de commerce)*, we have agreed this information to the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Rexel S.A. by the annual general meeting held on May 16, 2012 for PricewaterhouseCoopers Audit and on May 25, 2016 for KPMG Audit.

As at December 31, 2018, PricewaterhouseCoopers Audit was in the 7th year of total uninterrupted engagement and KPMG Audit in the 3rd year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committe

We submit to the Audit Committee a report, which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(Code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-la-Défense, April 2, 2019

The statutory auditors

PricewaterhouseCoopers Audit		KPMG Audit	
Amélie Wattel	Pierre Clavié	Valérie Besson	Jean-Marc Discours

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6. Combined Shareholders' Meeting of May 23, 2019

Summary

6.1 Report of the Board of Directors to the Combined Shareholders' Meeting of May 23, 2019

To the Shareholders,

The combined 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, 2019, at 10 am at Châteauform' City George V, 28 avenue George V, 75008 Paris, in order to resolve upon the draft resolutions presented hereinafter (the **"Shareholders' Meeting"**).

The motives behind each of the resolutions being put to the vote at the Shareholders' Meeting are detailed in this report.

1. Course of business

For the financial year ended December 31, 2018, the performance is in line with the Company's stated targets:

- Sales amounted to €13.37 billion, up 3.5% on a constant and same days basis;
- Growth in adjusted EBITA was 6.1% with adjusted EBITA of €608.3 billion; and
- Indebtness ratio improved by 17 bps to 2.67.

The net income for 2018 increased by 45.6% and recurring net income by 12.8%.

It is proposed to increase the proposed dividend to €0.44 per share, payable in cash.

The course of business and the financial condition of the Company during the financial year ended December 31, 2018, 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, 2018, as drawn up by the Board of Directors.

The annual financial statements show a profit of €26,018,952.44.

The consolidated financial statements show a profit of €152.3 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, 2018, these costs and expenses amounted to €9,996. These costs and expenses represent an amount of income tax of €3,441.6 (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 the profits, distribution of cash amounts and withholding on issue premium (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 results for the financial year ended December 31, 2018 and the following distribution:

Origin of the amounts to be allocated:	
• Profits from the 2018 financial year	€26,018,952.44
• Previous carry forward at December 31, 2018	€3,303,697.98
Total	**€29,322,650.42**
Allocation of profits:	
• 5% to the statutory reserve	€1,300,947.62
Balance	**€28,021,702.80**

It is proposed to pay in respect of each of the shares making up the share capital and conferring rights to distributions, a distribution of €0.44, allocated as follows:

Proposed distribution	€132,827,278.76
Deducted from:	
• Distributable profits at December 31, 2018	€28,021,702.80
• Issue premium	€104,805,575.96

As a consequence, the carry forward account would amount to €0 and the issue premium account would be reduced from €1,553,997,187.94 to €1,449,191,611.98.

The right to this distribution shall be detached from the share on July 3, 2019, and the distribution shall be paid on July 5, 2019.

In case of transfer of shares occurring between the date of the Shareholders' Meeting and the date of payment, the rights to the distribution will be acquired by the shareholder owning the rights on the day prior to the date of detachment.

The contemplated distribution 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.

The shareholders are also reminded that, subject to possible adjustments related to any variations mentioned in the above paragraph, the distribution will be treated from a tax perspective:

- Up to approximately €0.09 (on the basis of an amount of €28,021,702.80), drawn on the distributable profits and reserves, distributed over 301,880,179 shares) as an income from capital submitted, for individual shareholders resident in France, to the income tax at the flat rate of 12.8%. Upon option from the shareholder, dividends may be submitted to the progressive scale of the income tax: in this case, they are eligible to a deduction of 40% pursuant to Article 158-3-2° of the French General Tax Code. In any case, shareholders are recommended to consult with their usual tax adviser in order to analyze with such adviser their specific situation; and
- Up to approximately €0.35 (based on an amount of €104,805,575.96, drawn on the issue premium, distributed over 301,880,179 shares), as a reimbursement of a contribution or an issue premium within the meaning of Article 112 of the French General Tax Code, which is not taxable for individual shareholders resident in France but which must be deducted from the tax cost of the share.

During the last three financial years, the Company has distributed the following amounts to the shareholders:

	2017	2016	2015
Distribution per share	€0.42(1)	€0.40(1)	€0.40
Number of shares eligible	302,027,053	302,056,728	300,767,957
Total distribution	€126,851,362.26(1)	€120,822,691(1)	€120,307,183

(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 resolution)

The fourth resolution relates to the 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 execution.

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.

New related-party transaction(s)

No new related-party agreements were entered into during the course of the financial year ended December 31, 2018 (except the one referred to in the fifth resolution).

Related-party agreements previously authorized with continuing effect during the financial year ended December 31, 2018

The agreements entered into in previous financial years and the performance of which continued during the financial year ended December 31, 2018 are described in paragraph 3.3.1 of the Registration document of the Company for the financial year ended December 31, 2018 and in the special report of the auditors, reproduced in the said Registration document.

We therefore invite you to approve this resolution.

2.4 Approval of the pension liabilities granted to the benefit of Patrick Berard in his capacity as Chief Executive Officer (fifth resolution)

The Board of Directors renewed Patrick Berard's term as Chief Executive Officer on May 24, 2018. On this occasion, the Board of Directors approved the continuation of defined-benefit pension commitments corresponding to the characteristics of the regimes mentioned in Article L.137-11 of the French Social Security Code, which benefit Patrick Berard.

It is reminded that the Board of Directors decided, on July 1, 2016, not to interrupt the benefit of the supplementary defined benefit pension scheme in which Patrick Berard had been retained as an employee before taking up his duties as a corporate officer.

The conditional rights that Patrick Berard may acquire in respect of his duties as Chief Executive Officer under this plan would be subject to annual performance conditions. The performance criteria adopted by the Board of Directors have been aligned with those of the Chief Executive Officer's annual variable compensation (financial part and individual part). The performance conditions would be considered satisfied if the level of payment of the annual variable compensation reaches at least 60% of the target variable compensation for the relevant year. Only if the annual performance conditions are met would the periods of service as Chief Executive Officer be taken into account for the calculation of seniority and the compensation received in respect of his duties of Chief Executive Officer be taken into account for the assessment of the average of the three years' of highest compensation.

The Chief Executive Officer benefits from a defined-benefit pension plan consisting of two plans: a first plan unilaterally set up with effect from May 31, 2005 and last amended with effect from September 1, 2016, which was frozen as at June 30, 2009, and a second plan unilaterally set up on March 30, 2009 with effect from July 1, 2009 and last amended with effect from September 1, 2016. Its characteristics are presented in paragraph 3.2.3.2 of the Registration document for the financial year ended December 31, 2018, the main features of which are as follows:

- The reference compensation of these plans is the average gross compensation received for the last best three full calendar years;
- The benefit of these plans is subject to a seniority condition (4 years with respect to the first plan, and in the event of entry into the Rexel Group before January 1, 2010 with respect to the second plan);
- For the first plan, the vesting formula is set at 2.5% per year of service and the retirement pension under this plan and Rexel's other supplementary pension plans is capped at 12.5% of the reference compensation. For the second plan, the vesting formula is set at 0.50% or 1% depending on the beneficiary's level of remuneration;
- The retirement pension under these plans is capped at 12.5% of the reference remuneration for the first plan and 20% for the second plan;
- The reversionary pension is set at 60% (with respect to the first plan) and 50% (with respect to the second plan) of the additional pension calculated on the basis of seniority and the reference salary at the date of death;
- The beneficiary must have the status of an employee and/or corporate officer, and a status and activity as a senior manager, with a certain level of responsibility. An additional condition for entry into the Rexel Group before January 1, 2010 is imposed with respect to the second plan;
- The two plans are subject to additional conditions relating to the affiliation to the French Social Security old-age insurance scheme, integration into Rexel Développement (or Rexel with respect to the second plan) on the date of retirement leave or compulsory retirement leave, final completion of the professional career with Rexel Développement (or Rexel with respect to the second plan) and liquidation of the old-age pension for the basic French Social Security scheme; and
- The two plans may also be maintained in the event of dismissal after the age of 55 (except in the event of gross negligence), provided that the insured person subsequently pursues no other professional activity, in the event of classification as disabled, in the event of early retirement under a company early retirement scheme and in the event of death before leaving the company.

The commitments are in accordance with the recommendations of the AFEP-MEDEF Code and the provisions of Article L.225-42-1 of the French Commercial Code.

The total provision recorded by Rexel for all employees benefiting from this supplementary defined-benefit pension plan corresponds to a commitment of €6.8 million as of December 31, 2018.

Since September 2018, the Chief Executive Officer has been the last eligible beneficiary for this defined-benefit pension plan. This system, which was originally intended for senior managers, will disappear when the Chief Executive Officer, Patrick Berard, leaves. At the end of the 2018 financial year, the annual amount of the Chief Executive Officer's pension under this plan was estimated at €188,202.

The continuation of the commitments is justified by Patrick Berard's career and seniority within the Rexel Group. It is necessary in order to offer Patrick Berard appropriate protection in the event of retirement.

Consequently, the fifth resolution submits to the Shareholders' Meeting the approval of the defined-benefit pension commitments made to Patrick Berard. The Board of Directors recommends the approval of this resolution.

We therefore invite you to approve this resolution.

2.5 Approval of the principles and criterion for the determination, the breakdown and the 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 and the Chief Executive Officer (sixth and seventh resolutions)

In accordance with Article L.225-37-2 of the French Commercial Code, the principles and criterion for the determination, the breakdown and the 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 and the Chief Executive Officer are presented in paragraph 3.2.2 "Compensation policy applicable to Corporate Officers for the 2018 financial year submitted to the approval of the shareholders (Article L.225-37-2 of the French Commercial Code)" of the Registration document of the Company for the financial year ended December 31, 2018.

This paragraph outlines the principles of the compensation policy and the principles and criterion for the determination, the breakdown and the allocation of the different components making up the total compensation attributable by type of functions.

We therefore invite you to approve these 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 and to the Chief Executive Officer.

2.6 Approval of the fixed, variable and exceptional components making up the total compensation and the benefits of any kind paid or allocated in respect of the 2018 financial year to the non-executive and executive corporate officers (eighth and ninth resolutions)

In accordance with Article L.225-100 of the French Commercial Code, as revised by the provisions of the law n°2016-1691 of December 19, 2016, said "Sapin II", the eighth and ninth resolutions submit to the shareholders' approval the fixed, variable and exceptional components making up the total compensation and the benefits of any kind paid or allocated for the financial year ended December 31, 2018 to Ian Meakins, Chairman of the Board of Directors and Patrick Berard, Chief Executive Officer.

The relevant items of compensation relate to: (i) the fixed compensation, (ii) the annual variable compensation and, as the case may be, the multiannual variable compensation with the objectives contributing to the setting of this variable compensation, (iii) exceptional compensation and (iv) the benefits in kind.

The above-mentioned elements of compensation are set out in Section 3.2.4 "Fixed, variable and exceptional components making up the total compensation and the benefits of all kind submitted to the approval of the shareholders (Article L.225-100 of the French Commercial Code)" of the Registration document for the financial year ended December 31, 2018 are set forth below.

Ian Meakins, Non-executive Chairman of the Board of Directors

Ian Meakins (Non-executive Chairman of the Board of Directors) for the financial year ended December 31, 2018

COMPENSATION ITEMS DUE OR ALLOTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED	PRESENTATION
Fixed annual compensation	€500,000	The compensation principles for Ian Meakins have been determined by the Board of Directors of May 23, 2017, which also renewed his corporate office as Chairman of the Board of Directors. Upon those principles, the Board of Directors of February 13, 2018 set the gross fixed annual compensation of Ian Meakins in respect of the financial year ended on December 31, 2018 to €500,000. This fixed compensation, determined for the whole term of office, remains unchanged since the appointment of Ian Meakins as Chairman of the Board of Directors on October 1, 2016. This compensation has been determined by the Board of Directors in consideration of the French and European market practice, of the strong expertise and experience of Ian Meakins in relation to professional distribution in particular, of his recognized management capacities and of his international experience. See paragraph 3.2.3.1 "Compensation and benefits of Ian Meakins, Chairman of the Board of Directors, for the financial year 2018" of the Registration document.
Variable annual compensation	Not applicable	Ian Meakins does not benefit from any variable annual compensation.
Deferred variable compensation	Not applicable	Ian Meakins does not benefit from any deferred variable compensation.
Multi-annual variable compensation	Not applicable	Ian Meakins does not benefit from any multi-annual variable compensation.
Exceptional compensation	Not applicable	Ian Meakins does not benefit from any exceptional compensation.
Benefits of any kind	Not applicable	Ian Meakins does not benefit from any benefit in kind.
Valuation of the long-term compensation: allocation of performance shares	Not applicable	Ian Meakins does not benefit from any long-term compensation item.
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.
Supplemental retirement plan	Not applicable	Ian Meakins does not benefit from any supplemental retirement plan.

Patrick Berard, Chief Executive Officer

Patrick Berard (Chief Executive Officer) for the financial year ended December 31, 2018

COMPENSATION ITEMS DUE OR ALLOTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED	PRESENTATION
Fixed annual compensation	€650,000	The gross fixed annual compensation in respect of the financial year ended on December 31, 2018 determined by the Board of Directors of May 24, 2018 upon the renewal of the corporate office as Chief Executive Officer of Patrick Berard with effect from July 1, 2018, amounts to €650,000. This fixed compensation, determined for the whole term of office, has remained unchanged since the appointment of Patrick Berard in the capacity of Chief Executive Officer with effect from July 1, 2016. This compensation has been defined by the Board of Directors based on 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 and of the market practice. See paragraph 3.2.3.2 "Compensation and other benefits of Chief Executive Officer, Patrick Berard in respect of the financial year 2018" of the Registration document.
Variable annual compensation	€777,660	The gross variable annual compensation in respect of the financial year ended on December 31, 2018 determined by the Board of Directors of February 12, 2019, amounts to €777,660. The variable compensation was based for 75% on financial criteria (sales growth in volume, adjusted EBITA increase in volume, and ATWC) and for 25% on individual criteria. Financial performance stood at 102.1% and individual performance stood at 92.5%. This amount thus corresponds to 99.7% of the target variable compensation (the target variable compensation was determined at 120% of the fixed annual compensation), *i.e.* 119.6% of the fixed compensation for the relevant period. For details on the calculation of the variable compensation for 2018, please see paragraph 3.2.3.2 "Compensation and other benefits of Chief Executive Officer, Patrick Berard in respect of the financial year 2018" of the Registration document. In accordance with the provisions of Article L.225-100 of the French Commercial Code, the payment of the 2018 variable compensation will be subject to the approval of the Shareholders' Meeting of May 23, 2019.
Exceptional compensation	Not applicable	Patrick Berard does not benefit from any exceptional compensation.
Valuation of benefits in kind	€6,362	Patrick Berard receives benefits in kind in the amount of €6,362, consisting of a company car. See paragraph 3.2.3.2 "Compensation and other benefits of Chief Executive Officer, Patrick Berard in respect of the financial year 2018" of the Registration document.
Valuation of the long-term compensation: allocation of performance shares	€1,052,000	In accordance with authorization granted by Rexel's Shareholders' of May 24, 2018 (resolution No.17), the Board of Directors, at its meeting of May 24, 2018, decided to allot Rexel performance shares. Accordingly, 100,000 shares, fully subject to performance criteria, were allotted to Patrick Berard in 2018. This number of shares is the maximum number of shares that may be vested if the performance conditions are outperformed and corresponds to a maximum vesting percentage of 100%. The specific limitations of allocations for corporate officers have been fulfilled: • The annual value of the performance shares allotted does not exceed 100% of the amount of the annual fixed and variable target compensation for the relevant financial year; and • The number of shares allotted to Patrick Berard has not exceeded 10% of the overall envelope of performance shares allotted to all the beneficiaries. The final vesting of the shares allotted to Patrick Berard is entirely subject to performance conditions, as described in paragraphs 3.2.2 "Compensation policy applicable to corporate officers for the 2018 financial year submitted to the approval of the shareholders", 3.2.3 "Individual compensation of the corporate officers for the financial year 2018" and 3.7.2.6 "Allotment of free shares" of the Registration document.

Patrick Berard (Chief Executive Officer) for the financial year ended December 31, 2018

COMPENSATION ITEMS DUE OR ALLOTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED	PRESENTATION
Severance indemnities	Not applicable	
Non-compete indemnity	Not applicable	
Supplemental retirement plan	No payment	Considering the career of Patrick Berard (born in 1953) and his seniority (he joined the Rexel Group in 2003), the Board of Directors decided on July 1, 2016 not to suspend the supplemental defined-benefit retirement plan, in which Patrick Berard has been maintained in his capacity as an employee prior to accepting the duties of corporate officer. The upholding of this benefit has been confirmed by the Board of Directors of May 24, 2018 wich decided on the renewal of the corporate office as Chief Executive Officer of Patrick Berard. 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 only be granted subject to the achievement of annual performance criteria. The performance criteria determined by the Board of Directors of July 1, 2016 have been aligned with those of the annual variable compensation 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 compensation reaches at least 60% of the target variable compensation for the relevant financial year. The Board of Directors of February 12, 2019 acknowledged the achievement of the performance criteria for the 2018 financial year (the payment level of the variable compensation for 2018 having reached 99.70%). The activity period and the compensation received in respect of the duties of corporate officer over the considered period shall therefore be taken into consideration for the calculation of the contingent rights (within the limitations provided by the retirement plan described in paragraph 3.2.3.2 "Compensation and other benefits of Chief Executive Officer, Patrick Berard, in respect of the financial year 2018" of the Registration document).

We suggest that you approve the compensation items due or allocated in respect of the 2018 financial year to Ian Meakins, Chairman of the Board of Directors and Patrick Berard, Chief Executive Officer.

2.7 Renewal and nomination of the Directors (tenth to twelfth resolutions)

2.7.1 Renewal of the term of office of Agnès Touraine as Director (tenth resolution)

The duties of Director of Agnès Touraine will come to an end at the closing of the Shareholders' Meeting of May 23, 2019 in accordance with the stipulations of Article 14.2 of the articles of association of the Company, which provides that the Board of Directors shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years.

Therefore, the tenth resolution submits to the approval of the shareholders the renewal of the term of office of Agnès Touraine 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, 2022, to be held in 2023.

The renewal of the term of office of Agnès Touraine is proposed as she is an independent Director and taking into account her knowledge of the Company as well her expertise at the international level, in the strategy field, with respect to regulatory matters and in the digital area.

Agnès Touraine is also a member of the *Institut Français des Administrateurs*.

The details of the duties of Agnès Touraine are as follows:

AGNÈS TOURAINE

(64 years old)

Professional address:

IFA *(Institut Français des Administrateurs)*
11 bis, rue Portalis
75008 Paris – France

Number of Rexel shares held:

1,012

Experience and expertise

Director, Chairwoman of the Nomination Committee

Agnès Touraine was co-opted as Director by the Board of Directors on February 10, 2017 in replacement of Marianne Culver. The co-option of Agnès Touraine was approved by the Shareholders' Meeting of May 23, 2017.

Agnès Touraine is a French citizen.

Agnès Touraine is Chairwoman of the IFA *(Institut Français des Administrateurs)*.

Agnès Touraine is also the CEO and founder of Act III Consultants, a consultancy firm dedicated to digital transition. Previously, she acted as Chairwoman and CEO of Vivendi Universal Publishing after having spent 10 years at Groupe Lagardère and 4 years at McKinsey. She is a Director of GBL, Keesing Proximus and of the Supervisory Board of Tarkett. She previously acted as non-executive Director of Cable&Wireless Plc (UK), Neopost and Darty Plc. She is also a member of the Board of various non-profit organizations such as IDATE and the French American Foundation.

Agnès Touraine is a graduate in law of *Sciences-Po Paris* and of *Columbia University Business School* (MBA).

Term of office

First appointment:

February 10, 2017 (co-option)

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
- Chairwoman of Rexel's Compensation Committee

Abroad
–

Over the last five financial years:

In France
- Member of Rexel's Nomination and Compensation Committee

Abroad
–

Titles and duties outside the Rexel Group:

Current:

In France
- Chairwoman of the IFA (*Institut Français des Administrateurs*, France – association, unlisted).
- Member of the Supervisory Board of Tarkett (France – listed company)
- Member of the Supervisory Board of 21Partners (France – unlisted company)
- Member of the Supervisory Board of the French American Foundation (France – association, unlisted)

Abroad
- Director of Proximus (Belgium – listed company)
- Director of Keesing (The Netherlands – unlisted company)
- Director of GBL (Belgium – listed company)

Over the last five financial years:

In France
- Director of Neopost (France – listed company)
- Director of Darty Plc (United Kingdom – listed company)

Abroad
- Director of Cable&Wireless Plc. (United Kingdom – listed company)

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We therefore invite you to approve this resolution.

2.7.2 Renewal of the term of office of Elen Phillips as Director (eleventh resolution)

The duties of Director of Elen Phillips will come to an end at the closing of the Shareholders' Meeting of May 23, 2019 in accordance with the stipulations of Article 14.2 of the articles of association of the Company, which provides that the Board of Directors shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years.

Therefore, the eleventh resolution submits to the approval of the shareholders the renewal of the term of office of Elen Phillips 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, 2022, to be held in 2023.

The renewal of the term of office of Elen Phillips is proposed as she is an independent Director and taking into account her knowledge of the Company as well as her expertise at the international level, in financial matters, in the distribution industry and with respect to social and environmental responsibility.

The details of the duties of Elen Phillips are as follows:

ELEN PHILLIPS

(59 years old)

Professional address:

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

Number of Rexel shares held:

5,000

Experience and expertise

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

The renewal of her term of office as Director will be submitted by anticipation to the Shareholders' Meeting of May 23, 2019.

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 March 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 the United States of Motiva Entreprises 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 holds a BSc in Chemistry & Business (Salford University) and a Master in Business Science (Manchester Business School).

Term of office

First appointment:

March 8, 2016 (co-option)

Current term of office:

May 25, 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 Rexel's Audit and Risk Committee
- Member of Rexel's Nomination 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

–

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)

We therefore invite you to approve this resolution.

2.7.3 Appointment of François Auque as Director (twelfth resolution)

The twelfth resolution submits to the approval of the shareholders the appointment as Director of the Company of François Auque.

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, 2022, to be held in 2023.

François Auque is an observer of the Board of Directors of Rexel. He was appointed in this capacity with a view to replacing Fritz Froehlich at the end of this Shareholders’ Meeting.

In the event of appointment by the Shareholders’ Meeting, he will also be appointed in the capacity of Chairman of the Audit and Risk Committee.

François Auque meets the conditions to be considered an independent Director and has an expertise at the international level, in management, in financial matters, in the strategy field and with respect to social and environmental responsibility.

The details of the duties of François Auque are as follows:

FRANÇOIS AUQUE

(62 years old)

Professional address:
77 rue Madame
75006 Paris – France

Number of Rexel shares held:
–

Experience and expertise

Observer

François Auque has been an observer on Rexel's Board of Directors and Audit and Risk Committee since October 24, 2018 with a view to submitting his candidacy as Director, to replace Fritz Froehlich, for approval to the Shareholders' Meeting to be held on May 23, 2019.

François Auque is a French national.

François Auque was Chairman of the Airbus Investment Committee from July 2016 to September 2018. Previously, for 16 years, he headed the Space Division of the Airbus group as a member of the Executive Committee.

Previously, he was Chief Financial Officer of Aerospatiale Matra after having been Chief Financial Officer of Aerospatiale from 1991 to 2000. He began his career at the French Court of Auditors *(Cour des Comptes)*, then joined the Suez Group and Credisuez.

He has been a member of various Boards of Directors: Dassault Aviation, Arianespace, GIFAS, Starsem (Russia), MBDA, OneWeb (United Kingdom/ United States), Seraphim Space Fund (United Kingdom) and Chairman of the Board of *Bordeaux Ecole de Management*.

François Auque is a graduate of HEC *(École des hautes études commerciales)*, IEP *(Institut d'études politiques)* and ENA *(École nationale d'administration)*.

Term of office

First appointment:
October 24, 2018

Current term of office:
From October 24, 2018 until the Shareholders' Meeting deciding on the accounts for the financial year ended 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
- Observer of the Board of Directors and the Audit and Risk Committee of Rexel

Abroad
–

Over the last five financial years:

In France
–

Abroad
–

Titles and duties outside the Rexel Group:

Current:

In France
- Chairman of François Auque Consulting (France – unlisted company)

Abroad
- Director of CyberArk (United States – listed company)

Over the last five financial years:

In France
- Director of Arianespace (France – unlisted company)
- Director of Starsem (France – unlisted company)
- Director of MBDA (France – unlisted company)

Abroad
- Deputy Director of OneWeb (United Kingdom/United States – unlisted company)
- Director of Seraphim Space Fund (United Kingdom – unlisted company)
- Director of Airbus Espana (Spain – unlisted company)
- Director of Airbus America (United States – unlisted company)

We therefore invite you to approve this resolution.

2.8 Authorization to carry out transactions on the Company's shares (thirteenth resolution)

The thirteenth 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 or 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, (vi) canceling 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 (fourteenth 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 (fifteenth to twenty-first 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 23, 2017 and May, 24, 2018, 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.

The shareholders are reminded that 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 or the allotment of free shares.

The shareholders are also reminded that 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 47,4 % of the share capital and voting rights of the Company. The amount of all the share capital increases without preferential subscription rights (excluding capital increases reserved to employees and allotments of free shares) would be of €140 million, *i.e.* 28 million of shares, representing approximately 9.2% of the share capital and voting rights of the Company. In addition, the maximum amount of securities that may be issued may not exceed €1 billion or the equivalent in euros of this amount at the date of the issuance decision.

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 (fifteenth resolution)

The fifteenth 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 rights.

The issuances would be reserved for shareholders of the Company who would be granted a preferential subscription right. 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.

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 five euros). The maximum amount of all the share capital increases (excluding share capital increases by mean of capitalization of reserves or premiums and allotment of free shares) may not exceed this amount of €720 million.

The maximum nominal amount of the debt issuances that may be carried out pursuant to this authorization may not exceed a total amount of €1 billion. The maximum amount of all the debt issuances may not exceed this 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, any prior authorization with the same purpose, as regards the unused portion of these delegations.

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 (sixteenth resolution)

The sixteenth 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 rights, 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 ratios 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. 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 and allotments of free shares) 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 fifteenth resolution.

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, any prior authorization with the same purpose, as regards the unused portion of these delegations.

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 (seventeenth resolution)

The seventeenth resolution aims at granting to the Board of Directors a 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.

Issuances of debt securities would be limited to a maximum nominal amount of €1 billion.

These amounts would be deducted, respectively, from the limits determined in the fifteenth and the sixteenth resolutions.

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, any prior authorization with the same purpose, as regards to the unused portion of these delegations.

We suggest that you approve this resolution.

3.2.4 Increase in the amount of the initial issuances (eighteenth resolution)

The eighteenth 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 fifteenth, sixteenth and/or seventeenth 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.

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, any prior authorization with the same purpose, as regards to the unused portion of these delegations.

We suggest that you approve this resolution.

3.2.5 Determination of price of issuances with cancellation of preferential subscription rights of shareholders (nineteenth resolution)

The nineteenth resolution aims at granting to the Board of Directors authorization to derogate from the conditions of the termination of the price provided by the sixteenth and seventeenth resolutions in connection with 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, 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 limit applying to this authorization would be deducted from the limit that applies to the initial issuance.

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, any prior delegation with the same purpose, with regards to the unused portion of these delegations.

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 (twentieth resolution)

The twentieth 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 limit applying to this authorization would be deducted from the limit determined in the sixteenth resolution as well as the limit determined in the fifteenth 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 months and would cancel, any prior authorization with the same purpose, with regards to the unused portion of these delegations.

We suggest that you approve this resolution.

3.2.7 Incorporation of premiums, reserves, profits or other items (twenty-first resolution)

The twenty-first 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.

The Board of Directors would have full powers to determine the amount of nature of the amounts to be incorporated into the share capital, determined 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 could not be used during the period of a public offer on the securities of the Company initiated by a third party, except with 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, any prior delegation with the same purpose, with regards to the unused portion of this delegation.

We suggest that you approve this resolution.

3.3 Powers for legal formalities (twenty-second resolution)

The twenty-second 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.

Signed in Paris
On February 12, 2019
The Board of Directors

Schedule 1

Delegations and authorizations

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2019		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
AUTHORIZATIONS NOT SUBMITTED FOR RENEWAL TO THE SHAREHOLDERS' MEETING OF MAY 23, 2019							
Employee shareholding, allocation of share subscription or purchase options, free share allocations							
Allotment of free performance shares	May 24, 2018 (resolution 17)	26 months (July 23, 2020)	1.4% of the share capital as at the date of the decision of the Board of Directors	Allotment on May 24, 2018 of 1,900,032 shares *i.e.*, €9,500,160	N/A	N/A	N/A
Allotment of free shares to the members of the personnel and to the corporate officers members of a shareholding plan	May 24, 2018 (resolution 18)	26 months (July 23, 2020)	0.3% of the share capital as at the date of the decision of the Board of Directors	N/A	N/A	N/A	N/A
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	May 24, 2018 (resolution 19)	26 months (July 23, 2020)	2% of the share capital as at the date of the decision of the Board of Directors This maximum to be deducted from the maximum of €720M provided for by resolution number 22 of the Shareholders' Meeting of May 23, 2017 This maximum to be deducted from the joint maximum amount of 2% for resolutions number 19 and 20	N/A	N/A	N/A	N/A
Issuance with cancellation of the preferential subscription right reserved for certain categories of beneficiaries in order to allow the completion of employee shareholding transactions	May 24, 2018 (resolution 20)	18 months (November 23, 2019)	1% of the share capital as at the date of the decision of the Board of Directors This limit is to be deducted from the €720 million limit provided by resolution 22 of the Shareholders' Meeting of May 23, 2017 This limit to be deducted from the 2% limit jointly decided by resolutions 19 and 20	N/A	N/A	N/A	N/A

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CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2019		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
AUTHORIZATIONS SUBMITTED FOR RENEWAL TO THE SHAREHOLDERS' MEETING OF MAY 23, 2019							
Increase in the share capital							
Issuance with upholding of preferential subscription rights	May 23, 2017 (resolution 22)	26 months (July 22, 2019)	Equity securities: €720,000,000 (*i.e.*, 144,000,000 shares) Joint maximum amount of resolutions number 22 and 29 Debt securities: €1,000,000,000 Joint maximum amount of resolutions number 22 and 29	N/A	15	26 months	Equity securities: €720,000,000 (*i.e.*, 144,000,000 shares) Joint maximum amount of resolutions number 16 to 20 Debt securities: €1,000,000,000 Joint maximum amount of resolutions number 16 to 20
Issuance by way of public offering with cancellation of the preferential subscription right	May 23, 2017 (resolution 23)	26 months (July 22, 2019)	Equity securities: €140,000,000 (*i.e.*, 28,000,000 shares) Joint maximum amount of resolutions number 23, 24 and 27 This maximum to be deducted from the maximum provided for by resolution 22 Debt securities: €1,000,000,000 This maximum to be deducted from the maximum provided for by resolution 22	N/A	16	26 months	Equity securities: €140,000,000 28,000,000 shares Joint maximum amount of resolutions number 17 and 20 This maximum to be deducted from the maximum provided for by resolution 15 Debt securities: €1,000,000,000 This maximum to be deducted from the maximum provided for by resolution 15
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 23, 2017 (resolution 24)	26 months (July 22, 2019)	Equity securities: €140,000,000 (*i.e.*, 28,000,000 shares) This maximum to be deducted from the maximum amounts provided for by resolutions number 22 and 23 Debt securities: €1,000,000,000 This maximum to be deducted from the maximum provided for by resolution 22	N/A	17	26 months	Equity securities: €140,000,000 (*i.e.*, 28,000,000 shares) This maximum to be deducted from the maximum amounts provided for by resolutions number 15 and 16 Debt securities: €1,000,000,000 This maximum to be deducted from the maximum provided for by resolution 15

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2019		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
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 23, 2017 (resolution 25)	26 months (July 22, 2019)	15% of initial issuance This maximum to be deducted from the maximum applicable to the initial issuance and from the maximum provided for in resolution 22	N/A	18	26 months	15% of initial issuance This maximum to be deducted from the maximum applicable to the initial issuance and from the maximum provided for in resolution 15
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 23, 2017 (resolution 26)	26 months (July 22, 2019)	10% of share capital at the date of the decision of the Board of Directors determining the issue price per year This maximum to be deducted from the maximum that applies to the initial issuance, as well as from the maximum provided for by resolution 22	N/A	19	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 to be deducted from the maximum that applies to the initial issuance, as well as from the maximum provided for by resolution 15
Issuance of up to 10% of the share capital in consideration for contributions in kind	May 23, 2017 (resolution 27)	26 months (July 22, 2019)	10% of the share capital as at the date of the decision of the Board of Directors This maximum to be deducted from the maximum amounts provided for by resolutions number 22 and 23	N/A	20	26 months	10% of the share capital as at the date of the decision of the Board of Directors This maximum to be deducted from the maximum amounts provided for by resolutions number 15 and 16
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	May 23, 2017 (resolution 30)	26 months (July 22, 2019)	€200,000,000 (*i.e.*, 40,000,000 shares) This maximum not to be deducted from any maximum	N/A	21	26 months	€200,000,000 (*i.e.*, 40,000,000 shares) This maximum not to be deducted from any maximum
Decrease in the share capital by canceling shares							
Decrease in the share capital by canceling shares	May 24, 2018 (resolution 16)	18 months (November 23, 2019)	10% of the share capital on the date of cancellation by 24-month period	N/A	14	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, 2019		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
Repurchase by Rexel of its own shares							
Stock repurchase	May 24, 2018 (resolution 15)	18 months (November 23, 2019)	10% of the share capital at the date of completion maximum total amount: €250,000,000 Maximum purchase price: €30	Use in the context of a liquidity agreement entered into with Natixis for market-making purposes • acquisition of 5,856,747 shares at an average price of €13.70 and • sale of 5,639,142 shares at an average price of €13.83 Use in the context of a liquidity agreement entered into with Natixis and Oddo for market-making purposes • acquisition of 4,962,587 shares at an average price of €11.93 and • sale of 4,787,418 shares at an average price of €12.07	13	18 months	10% of the share capital at the date of completion maximum total amount: €250,000,000 Maximum purchase price: €30

6.2 Text of the draft resolutions submitted to the Combined Shareholders' Meeting of May 23, 2019

I. Resolutions submitted to the Ordinary Shareholders' Meeting

First resolution

(Approval of the annual financial statements for the financial year ended December 31, 2018)

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, 2018,

Approved the annual financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2018, 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 €26,018,952.44.

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 €9,996 for the closed financial year, corresponding to an assumed corporation tax amounting to €3,441.6.

Second resolution

(Approval of the consolidated financial statements for the financial year ended December 31, 2018)

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, 2018,

Approved the consolidated financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2018, 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 €152.3 million.

Third resolution

(Allocation of the profits for the financial year ended December 31, 2018, distribution of cash amounts and withholding on issue premium)

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, 2018, which amounted to €26,018,952.44 as follows:

Origin of the amounts to be allocated:	
• Profits from the 2018 financial year	€26,018,952.44
• Previous carry forward at December 31, 2018	€3,303,697.98
Total	**€29,322,650.42**
Allocation of profits:	
• 5% to the statutory reserve	€1,300,947.62
Balance	**€28,021,702.80**

The Shareholders' Meeting decided to set the distribution at €0.44 per share giving right to such dividend, and attached to each of the shares conferring rights thereto, allocated as follows.

Proposed distribution	€132,827,278.76
Deducted from:	
• Distributable profits at December 31, 2018	€28,021,702.80
• Issue premium	€104,805,575.96

As a consequence, the carry forward account would amount to €0 and the issue premium account would be reduced from €1,553,997,187.94 to €1,449,191,611.98.

The right to this distribution shall be detached from the share on July 3, 2019, and the distribution shall be paid on July 5, 2019.

The aggregate amount of the distribution of €132,827,278.76 was determined on the basis of the number of shares making up the share capital of 303,988,899 as at December 31, 2018 and of the number of shares held by the Company of 2,108,720 shares at the same date.

The aggregate amount of the distribution, and thus the balance of the carry forward account or, as the case may be, the issue premium, will be adjusted in order to take into account the number of shares held by the Company at the date of payment of the distribution that do not entitle to distributions, and of the new shares, if any, conferring rights to the distribution issued in the event of final vesting of free shares allocated. Prior to the payment of the distribution, 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 distribution attached to the shares issued during this period shall be deducted from the carry forward account or, as the case may be, on the issue premium account.

With regard to the tax treatment of the distribution of €0.44 per share proposed to the shareholders of the Company, it is specified, subject to possible adjustments related to any variations mentioned in the above paragraph, that the distribution will be treated from a tax perspective:

- up to approximately €0.09 (on the basis of an amount of €28,021,702.80, drawn on the distributable profits and reserves, distributed over 301,880,179 shares) as an income from capital submitted, for individual shareholders resident in France, to the income tax at the flat rate of 12.8%. Upon option from the shareholder, dividends may be submitted to the progressive scale of the income tax: in this case, they are eligible to a deduction of 40% pursuant to Article 158-3-2° of the French General Tax Code. In any case, shareholders are recommended to consult with their usual tax adviser in order to analyze with such adviser their specific situation; and

- up to approximately €0,35 (based on an amount of €104,805,575.96, drawn on the issue premium, distributed over 301,880,179 shares), as a reimbursement of a contribution or an issue premium within the meaning of Article 112 of the French General Tax Code, which is not taxable for individual shareholders resident in France but which must be deducted from the tax cost of the share.

During the last three financial years, the Company has distributed the following amounts to the shareholders:

	2017	2016	2015
Distribution per shares	€0.42(1)	€0.40(1)	€0.40
Number of shares eligible	302,027,053	302,056,728	300,767,957
Total distribution	€126,851,362.26(1)	€120,822,691(1)	€120,307,183

(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.

Fifth resolution

(Authorization of the pension liabilities granted to the benefit of Patrick Berard in his capacity as 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 and the Statutory Auditors' special report on related-party transactions governed by Articles L.225-38 *et seq.* of the French Commercial Code,

1. Acknowledged the decision of the Board of Directors on May 24, 2018 to renew the term of Patrick Berard as Chief Executive Officer with effect on July 1, 2018;
2. Acknowledged the decision of the Board of Directors on May 24, 2018 to approve the regulated commitment referred to in Article L.225-42-1 of the French Commercial Code, taken by the Company to the benefit of Patrick Berard on the occasion of the renewal of Patrick Berard's term as Chief Executive Officer; and
3. Approved the defined-benefit pension liabilities granted by the Board of Directors on May 24, 2018 with effect on July 1, 2018, 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

(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 for the 2019 financial year)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the chapter 3 of the registration document of the Company for the financial year ended on December 31, 2018, that constitutes the report on corporate governance, in accordance with Articles L.225-37 and L.225-37-2 of the French

Commercial Code, and in particular paragraph 3.2.2 "Compensation policy applicable to Corporate Officers for the 2019 financial year submitted to the approval of the shareholders (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 for the 2019 financial year as presented in such 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 for the 2019 financial year)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the chapter 3 of the registration document of the Company for the financial year ended on December 31, 2018, that constitutes the report on corporate governance, in accordance with Articles L.225-37 and L.225-37-2 of the French Commercial Code, and in particular paragraph 3.2.2 "Compensation policy applicable to Corporate Officers for the 2019 financial year submitted to the approval of the shareholders (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 for the 2019 financial year as presented in such report.

Eighth resolution

(Approval of the fixed, variable and exceptional components making up the total compensation and the benefits of any kind paid or allocated in respect of the 2018 financial year to Ian Meakins, Chairman of the Board of Directors)

The Shareholders' Meeting deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed chapter 3 of the Registration document of the Company for the financial year ended December 31, 2018, which constitutes the report on corporate governance, in accordance with articles L.225-37 and L.225-37-2 of the French Commercial Code and in particular paragraph 3.2.4 "Fixed, variable and exceptional items of the total compensation and benefits of all kinds submitted to the approval of the shareholders (Article L.225-100 of the French Commercial Code)",

Approved the fixed, variable and exceptional components making up the total compensation and the benefits of any kind paid or allocated in respect of the financial year ended December 31, 2018 to Ian Meakins, Chairman of the Board of Directors, as described in the Registration document of the Company for the financial year ended December 31, 2018, paragraph 3.2.4 "Fixed, variable and exceptional components making up the total compensation and the benefits of any kind (Article L.225-100 of the French Commercial Code)".

Ninth resolution

(Approval of the fixed, variable and exceptional components making up the total compensation and the benefits of any kind paid or allocated in respect of the 2018 financial year to Patrick Berard, Chief Executive Officer)

The Shareholders' Meeting deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed chapter 3 of the Registration document of the Company for the financial year ended December 31, 2018, which constitutes the report on corporate governance, in accordance with articles L.225-37 and L.225-37-2 of the French Commercial Code and in particular paragraph 3.2.4 "Fixed, variable and exceptional items of the total compensation and benefits of all kinds submitted to the approval of the shareholders (Article L.225-100 of the French Commercial Code)",

Approved the fixed, variable and exceptional components making up the total compensation and the benefits of any kind paid or allocated in respect of the financial year ended December 31, 2018 to Patrick Berard, Chief Executive Officer, as described in the Registration document of the Company for the financial year ended December 31, 2018, paragraph 3.2.4 "Fixed, variable and exceptional components making up the total compensation and the benefits of any kind (Article L.225-100 of the French Commercial Code)".

Tenth resolution

(Renewal of the term of office 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,

In accordance with Article L.225-18 of the French Commercial Code:

1. Acknowledged the expiry of the term of office of Agnès Touraine 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, that provides for the Board of Directors to be renewed on a quarterly basis adjusted to the next higher unit each year so that it is fully renewed every four years; and
2. Decided to renew the term of office as Director of Agnès Touraine 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, 2022, to be held in 2023.

Agnès Touraine has indicated that she was prepared to serve for another term of office and that she was not legally prohibited from doing so in any manner whatsoever.

Eleventh resolution

(Renewal of the term of office of Elen Phillips 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 Elen Phillips 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, that provides for the Board of Directors to be renewed on a quarterly basis adjusted to the next higher unit each year so that it is fully renewed every four years; and
2. Decided to renew the term of office as Director of Elen Phillips 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, 2022, to be held in 2023.

Elen Phillips has indicated that she was prepared to serve for another term of office and that she was not legally prohibited from doing so in any manner whatsoever.

Twelfth resolution

(Appointment of François Auque 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,

Having acknowledged the expiry of the term of office of Fritz Froehlich as Director, effective as of the end of this Shareholders' Meeting, and that he indicated he did not wish to be renewed, in accordance with Article L. 225-18 of the French Commercial Code, decided to appoint François Auque, residing 77 rue Madame, 75006 Paris, as Director of the Company 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, 2022, to be held in 2023.

François Auque has indicated that he accepts this office in anticipation and that he was not legally prohibited from doing so in any manner whatsoever.

Thirteenth 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 Articles L.225-209 *et seq.* 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 practice approved 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 fifteenth resolution of the Ordinary Shareholders' Meeting of the Company of May 24, 2018.

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

Fourteenth 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, up to the unused portion, any prior authorization with the same purpose, and supersedes the authorization granted by the sixteenth resolution of the Extraordinary Shareholders' Meeting of the Company of May 24, 2018.

Fifteenth 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, of (i) 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 sixteenth through twentieth resolutions submitted to this Shareholders' Meeting, and to the nineteenth and twentieth resolutions submitted to the Shareholders' Meeting held on May, 24, 2018, may not exceed such global amount of €720 million; and
   - 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 sixteenth through twentieth resolutions submitted to this Shareholders' Meeting, may not exceed such global 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; and
   - This ceiling shall be increased, if applicable, by 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 securities, 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, 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; and
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.

Sixteenth 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 fifteenth 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 seventeenth and twentieth resolutions may not exceed this limit of €140 million; and
   - 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 increased, if applicable, by 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 fifteenth 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 nineteenth 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%); and
   - 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 securities, 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, 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; and
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.

Seventeenth 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 II 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 sixteenth resolution above and from the total nominal amount of €720 million determined in the fifteenth resolution above; and

- 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 increased, if applicable, by 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 fifteenth 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 nineteenth 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%); and
   - 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 securities, 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, 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; and
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.

Eighteenth 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 fifteenth, sixteenth and seventeenth 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 Auditors, 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 fifteenth, sixteenth and seventeenth 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 fifteenth 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; and
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.

Nineteenth 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 Auditors, 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 sixteenth and seventeenth resolutions of this Shareholders' Meeting to decide to derogate to the terms of determination of the price provided by such sixteenth and seventeenth 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%; and
   - 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 sixteenth or the seventeenth resolution, as the case may be, and from the nominal total limit of €720 million provided for in the fifteenth 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; and
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.

Twentieth 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 sixteenth resolution of this Shareholders' Meeting and from the total nominal amount of €720 million determined in the fifteenth resolution of this Shareholders' Meeting; and
   - 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; and
   - 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; and
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-first 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; and
   - 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 fifteenth 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; and
   - 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 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 authority be granted for a period of 26 months, as from the date of this Shareholders' Meeting; and
7. Decided that this delegation shall supersede any prior authorization with the same purpose, up to the unused portion of this delegation.

Twenty-second 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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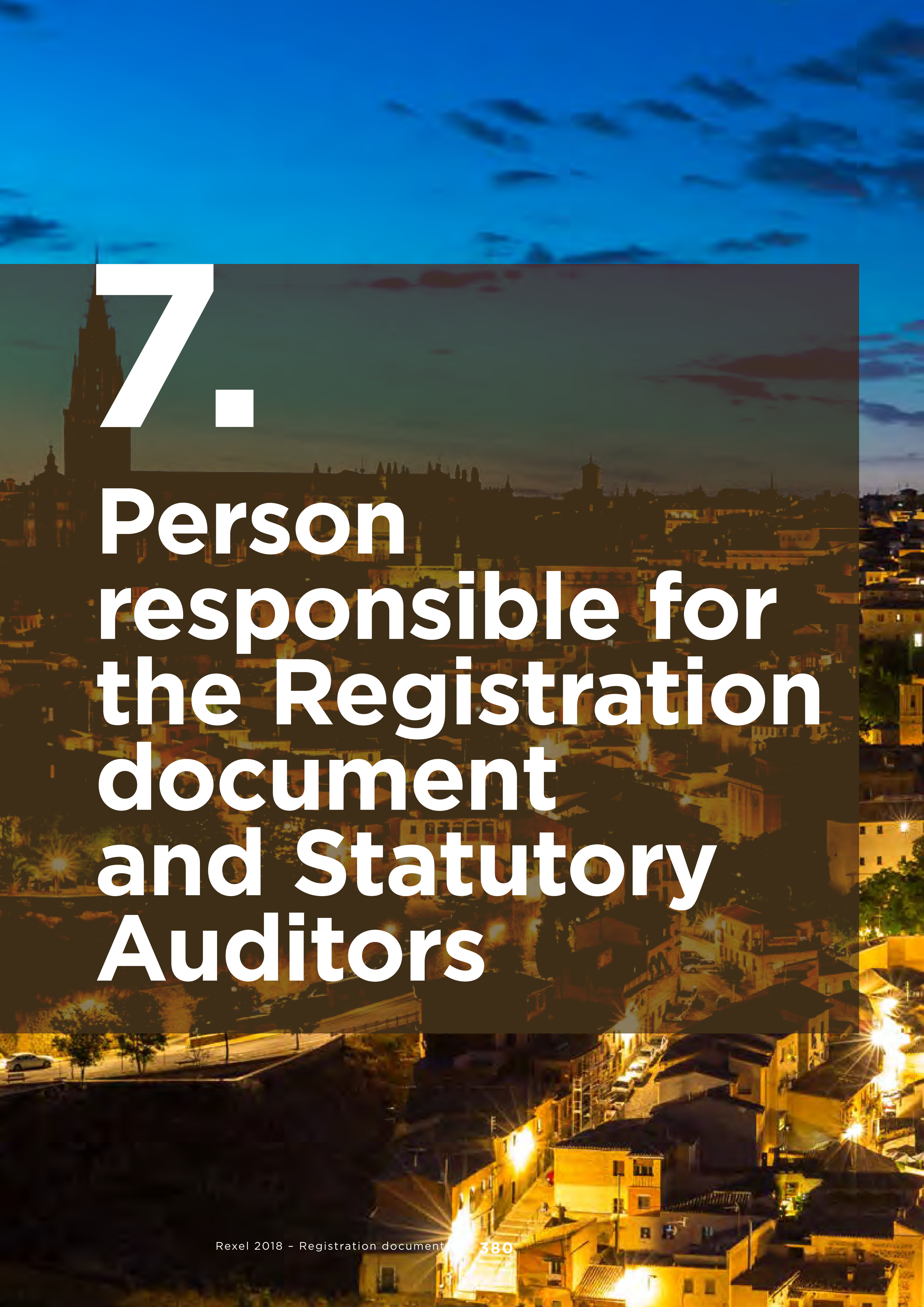

7. Person responsible for the Registration document and Statutory Auditors

Summary

7.1 Person responsible for the Registration document

7.1.1 Person responsible for the Registration document

Patrick Berard, Chief Executive Officer of Rexel.

7.1.2 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 that the management report contained in this Registration document, according to the correlation tables presented in section 8.3, 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 Registration document and read the entire Registration document.

Patrick Berard
Chief Executive Officer of Rexel
Paris, April 3, 2019

7.1.3 Person responsible for the financial communication

Ludovic Debailleux

Investors Relations Director

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

7.1.4 Indicative financial information timetable

Financial information reported to the public by Rexel are available on the Rexel website (www.rexel.com).

7.2 Statutory Auditors

7.2.1 Acting Statutory Auditors

- KPMG SA
  Represented by Valérie Besson and
  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 Amélie Wattel and Pierre Clavié
  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 duties were therefore renewed upon the shareholders' meeting of Rexel held on May 24, 2018, for a term of 6 financial years. Its term of office is therefore to expire at the end of the shareholders' meeting convened to resolve on the financial statements for the year ending December 31, 2023.

PricewaterhouseCoopers Audit is a member of the regional body of statutory auditors in Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles")*.

7.2.2 Deputy Statutory Auditor

- Salustro Reydel
  Represented by 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")*.

7.3 Documents accessible to the public

All of the legal and financial documents relating to Rexel and that are to be made available for the shareholders and the market in accordance with the regulations in force, may be consulted at the registered office of Rexel or on Rexel's website (www.rexel.com).

8. Correlation tables

Summary

8.1 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°	RUBRIQUE	PARAGRAPHE(S)	PAGE(S)
1.	PERSONS RESPONSIBLE	7.1	384
1.1.	Persons responsible for the information contained in the registration document	7.1.1	384
1.2.	Declaration of persons responsible for the information contained in the registration document	7.1.2	384
2.	STATUTORY AUDITORS	7.2	385
2.1.	Name and address of the issuer's statutory auditors	7.2.1, 7.2.2	385
2.2.	Statutory auditors having resigned, dismissed or not reappointed during the relevant period	7.2.1, 7.2.2	385
3.	SELECTED FINANCIAL DATA	1.1	18 and 19
3.1.	Selected historical financial information	1.1	18 and 19
3.2.	Selected financial information for interim periods	n.a.	
4.	RISK FACTORS	2	40 to 64
5.	INFORMATION ABOUT THE ISSUER	1.2, 1.3	20 and 21
5.1.	History and development of the company	1.2	20 and 21
5.1.1	Corporate name and trade name	1.2.1	20
5.1.2	Place and name of incorporation	1.2.2	20
5.1.3	Date of incorporation and term	1.2.3	20
5.1.4	Registered office, legal form, jurisdiction, country of origin, address and phone number of registered office	1.2.4	20
5.1.5	Material events in business development	1.2.5	20 and 21
5.2.	Investments	1.7	37
5.2.1	Completed investments	1.3, 1.7.1	21, 37
5.2.2	Ongoing investments	1.3, 1.7.2	21, 37
5.2.3	Future investments	1.3, 1.7.3	21, 37
6.	BUSINESS OVERVIEW	1.4	21 to 32
6.1.	Principal activities	1.4.2, 1.4.3, 1.4.4	24 to 32
6.1.1	Nature of the operations and principal activities	1.4.2, 1.4.3, 1.4.4	24 to 32
6.1.2	New products and/or services	1.4.2, 1.4.3, 1.4.4	24 to 32
6.2.	Principal Markets	1.4.1	22 to 24
6.3.	Exceptional factors having influenced the information given pursuant to items 6.1. and 6.2.	1.4, 5	21 to 33, 228 to 338
6.4.	Information regarding the extent to which the company is dependent, on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes.	1.4.4	32
6.5.	Basis for any statements made by the issuer regarding its competitive position	General information	6

REGULATION (EC) 809/2004 OF THE EUROPEAN COMMISSION DATED APRIL 29, 2004 – ANNEX I		REGISTRATION DOCUMENT	
N°	RUBRIQUE	PARAGRAPHE(S)	PAGE(S)
7.	ORGANIZATIONAL STRUCTURE	1.5	33 to 36
7.1.	Description of the group and the issuer's position within the group	1.5.1	33
7.2.	List of the issuer's significant subsidiaries	1.5.2	34 to 36
8.	PROPERTY, PLANTS AND EQUIPMENT	1.6, 4.4	36, 196 to 210
8.1.	Existing or planned material tangible fixed assets	1.6	36
8.2.	Environmental issues that may affect the issuer's utilization of the tangible fixed assets	4.4	196 to 210
9.	OPERATING AND FINANCIAL REVIEW	5	224 to 338
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	230 to 240
9.2.	Operating results	5.1.1	230 to 240
9.2.1	Important factors materially impacting the operating income	5.1.1	230 to 240
9.2.2	Material changes in sales	5.1.1	230 to 240
9.2.3	Government, economic, budget, currency or political strategy or factor	5.1.1	230 to 240
10.	CAPITAL RESOURCES	5.1.2	240 to 243
10.1.	Information concerning the issuer's capital resources	5.1.2	240 to 243
10.2.	Sources, amounts and narrative description of the issuer's cash flows	5.1.2	240 to 243
10.3.	Information on the borrowing requirements and funding structure of the issuer	5.1.2	240 to 243
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	240 to 243
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	21, 37, 230 to 240, 248 to 310
11.	RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES	1.4.4	32
12.	TREND INFORMATION	1.4, 5.1	21 to 32, 230 to 244
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	21 to 32, 230 to 244
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	243 to 244
13.	PROFIT FORECASTS OR ESTIMATES	n.a.	
13.1.	Statement setting out the principal assumptions upon which the issuer has based its forecast or estimate	n.a.	
13.2.	Report prepared by independent accountants or auditors	n.a.	
13.3.	Profit forecast or estimate prepared on a basis comparable with the historical financial information	n.a.	
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	n.a.	
14.	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT	3.1	70 to 103
14.1.	Information in relation to members of the administrative, management, and supervisory bodies	3.1.1 to 3.1.5	70 to 103
14.2.	Administrative, management, and supervisory bodies and senior management conflicts of interests	3.1.6, 3.3	103, 127 to 130

REGULATION (EC) 809/2004 OF THE EUROPEAN COMMISSION DATED APRIL 29, 2004 – ANNEX I		REGISTRATION DOCUMENT	
N°	RUBRIQUE	PARAGRAPHE(S)	PAGE(S)
15.	REMUNERATION AND BENEFITS	3.2	103 to 126
15.1.	Amount of remuneration paid and benefits in kind granted by the issuer and its subsidiaries	3.2.1 to 3.2.2	103 to 115
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	115 to 126
16.	BOARD PRACTICES	3.1	70 to 103
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	70 to 102
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	103
16.3.	Information about the issuer's audit committee and remuneration committee	3.1.2	97 to 101
16.4.	Statement as to whether or not the issuer complies with its country's of incorporation corporate governance regime	3.1	70 to 103
17.	EMPLOYEES	4.1	170 to 180
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, 4.3.1	170 to 180, 185 to 186
17.2.	Shareholdings and stock-options	3.7.2.4 to 3.7.2.7	144 to 154
17.3.	Arrangement for involving the employees in the capital of the issuer	4.3.2.4, 3.7.2.4	188 and 189, 144
18.	PRINCIPAL SHAREHOLDERS	3.7	142 to 155
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	3.7.1, 3.7.2	142 to 154
18.2.	Different voting rights, or appropriate negative statement	3.7.3	154 to 155
18.3.	Direct or indirect ownership or control of the issuer	3.7.2	142 to 154
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	3.7.5	155
19.	RELATED PARTY TRANSACTIONS	3.3	127 to 130
20.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	5.2, 5.3	248 to 315, 318 to 338
20.1.	Historical financial information	5.2, 5.3	248 to 315, 318 to 338
20.2.	*Pro forma financial information*	n.a.	
20.3.	Financial statements	5.2.1, 5.3.1	248 to 310, 318 to 334
20.4.	Auditing of historical annual financial information	5.2.2, 5.3.2	311 to 315, 335 to 338
20.4.1	Statement that the historical financial information has been audited	5.2.2, 5.3.2	311 to 315, 335 to 338
20.4.2	Other information which has been audited by the auditors	4	166 to 223
20.4.3	Information not coming from audited financial information	n.a.	
20.5.	Date of latest financial information	5.2, 5.3	248 to 315, 318 to 338

REGULATION (EC) 809/2004 OF THE EUROPEAN COMMISSION DATED APRIL 29, 2004 – ANNEX I		REGISTRATION DOCUMENT	
N°	RUBRIQUE	PARAGRAPHE(S)	PAGE(S)
20.6.	Interim and other financial information	n.a.	
20.6.1	Quarterly or half-year financial information	n.a.	
20.6.2	Interim financial information for the first half of the new financial year	n.a.	
20.7.	Dividend policy	5.1.4	244
20.7.1	Amount of dividend per share	5.1.4	244
20.8.	Legal proceedings and arbitration	2.1.3.1, 5.2.1 (note 29)	51 and 52, 248 to 310
20.9.	Significant changes in the financial or trading position	5.1.5	244
21.	ADDITIONAL INFORMATION	3.6, 3.7, 3.8	132 to 141, 142 to 164
21.1.	Share capital	3.8	155 to 164
21.1.1	Amount of subscribed share capital	3.8.1	155 to 158
21.1.2	Shares not representative of share capital	3.8.2	159
21.1.3	Shares held by or on behalf of the issuer itself or by subsidiaries of the issuer	3.8.3	159 to 162
21.1.4	Convertible securities, exchangeable securities or securities with warrants	3.8.4	162
21.1.5	Right of acquisition and/or any obligation attached to the capital subscribed	n.a.	
21.1.6	Capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option	n.a.	
21.1.7	Share capital history	3.8.5	162 to 164
21.2.	Memoretum of association and by-laws	3.6	132 to 141
21.2.1	Corporate purpose	3.6.1	132
21.2.2	Members of the administrative, management and supervisory bodies	3.6.2	132 to 137
21.2.3	Rights, preferences and restrictions attaching to each class of the existing shares	3.6.3	137 to 138
21.2.4	Changes to shareholders' rights	3.6.4	138
21.2.5	Shareholders' meetings	3.6.5	138 to 140
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	3.6.6	140
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	3.6.7	140 and 141
21.2.8	Conditions imposed by the memoretum and articles of association statutes, charter or by-laws governing changes in the capital	3.6.8	141
22.	MATERIAL AGREEMENTS	5.2.1 (notes 23 and 24)	248 to 310
23.	INFORMATION FROM THIRD PARTIES, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST	n.a.	
23.1.	Statement or report attributed to a person acting as expert	n.a.	
23.2.	Third-party information	n.a.	
24.	DOCUMENTS AVAILABLE TO THE PUBLIC	7.3	385
25.	INFORMATION ON EQUITY INTERESTS	1.3, 1.5	21, 33 to 36

8.2 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 articles L.451-1-2 of the French monetary 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	318 to 334
2.	Consolidated financial statements	5.2.1	248 to 310
3.	Management report (see paragraph 8.3)	1 to 6	8 to 378
4.	Declaration of persons responsible for the information contained in the Registration document	7.1	384
5.	Report of the statutory auditors on the annual financial statements	5.3.2	335 to 338
6.	Report of the statutory auditors on the consolidated financial statements	5.2.2	311 to 315

8.3 Correlation table with management report (including the report on Corporate governance)

The following correlation table allows to identify, in this Registration document, the information that is comprised in the management report to be published pursuant to article L.225-100 of the French commercial Code.

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	20 to 32, 230 to 243
2.	Recent events, trends and prospects	5.1.1 to 5.1.4, 5.2.1 (note 2), 5.3.1	230 to 244, 248 to 310, 318 to 334
3.	Research and development	1.4.4	32 and 33
4.	Description of main risks and uncertainties	2	40 to 64
5.	Internal monitoring and risk management	2.3	58 to 64
6.	Use of financial instruments	2.1.4, 5.2.1 (notes 3.9 and 24) 5.3.1 (notes 2 and 4)	53 to 57, 248 to 310, 318 to 334
7.	Subsidiaries and holdings	1.5, 5.2.1, 5.3.1	33 to 36, 248 to 310, 318 to 334
8.	Dividend distributions over the past three financial years	5.1.4	244
9.	Payment periods	5.1.6	244
10.	Summary table of current delegations	3.8.1	155 to 158
11.	Table of the company's results for the past five financial years	5.3.1	318 to 334
12.	Report on corporate governance	3	66 to 165
	Choice of organisation of the Executive Management	3.1.3	102
	Limitations placed of the powers of the Chief Executive Officer	3.1.1.3	90 to 95
	Board of Directors composition, conditions governing the preparation and organisation of the Board of Directors' work	3.1.1	70 to 96
	List of offices and directorships held by each of the corporate officers in any company during the financial year	3.1.1.1	73 to 83
	Remuneration of the corporate officers	3.2	106 to 126
	Commitments made with regard to the corporate officers	3.3.2	128
	Summary of transactions on Rexel securities carried out by corporate officers and their closely related parties in 2018	3.7.2.3	144
	Description of the diversity policy applied to the Board of Directors	3.1.1.2	86 to 90
	Description of the objectives, implementation arrangements and results achieved during the financial year	3.1.1.2 to 3.1.1.4	86 to 96
	Provisions of the Afep-Medef Code not applied and reasons for that choice	3.5	131
	Special rules for shareholder participation in the General Meeting	3.6.5	138 to 140
	Elements with the potential to have an impact in the event of a public offer for the purchase or exchange of Rexel securities	3.9	164 and 165
	Information concerning share capital (capital structure, statutory requirements and employees shareholding)	3.8	155 to 164
13.	Statement of non-financial performance	4.1 to 4.5 (see paragraph 8.4 of this chapter)	170 to 215
14.	Vigilance plan	4.6	215 to 220

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8.4 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)
I.	Information regarding business model	4.1.1	170
II.	Social, environmental and societal information		
1.	Social information	4.3	184 to 196
	a) Employment		
	Total headcount and breakdown of employees	4.3.1	185 and 186
	Hires and dismissals	4.3.2.1 to 4.3.2.3	185 to 188
	Compensation and changes	4.3.2.4	188 and 189
	b) Work organisation		
	Organisation of working hours	4.3.3.5	193
	Absenteeism	4.3.2.2	186 and 187
	c) Social relationships		
	Organisation of the social dialogue	4.3.3.3	191
	Overview of collective agreements	4.3.3.3	191
	d) Health and safety		
	Health and safety at work	4.3.3.4	191 to 193
	Overview of agreements signed	4.3.3.4	191 to 193
	Accidents at work and occupational diseases	4.3.3.4	191 to 193
	e) Training		
	Policies applied	4.3.3.2	190 and 191
	Total number of training hours	4.3.3.2	190 and 191
	f) Equal treatment		
	Measures taken in favor of gender equality	4.3.4.1	194
	Measures taken in favor of the employment and insertion of disabled persons	4.3.4.2	194 and 195
	Anti-discrimination policy	4.1.2.1, 4.3.3, 4.3.4	170 to 174, 189 to 195
2.	Environmental information	4.4	196 to 210
	a) General environmental policy		
	Organisation of the company	4.4.1	197 to 199
	Employee training and information actions	4.4.1.1.2	198 and 199
	Means devoted to the prevention of environmental risks and pollution	4.4.1.2	199
	Amount of provisions and guarantees for environmental risks	4.4.1.2	199
	b) Pollution and waste management		
	Emission prevention, reduction and remediation measures	4.4.1.2, 4.4.5	199 and 207
	Waste prevention, recycling and disposal measures	4.4.4	204 to 206
	Means of addressing noise pollution and other pollution generated by a given activity	4.4.5	207

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY		REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
	c) Circular economy		
	i) Prevention and waste management		
	Prevention, recycling, reuse, other forms of recovery and disposal of waste	4.4.4	204 to 206
	Actions against food waste	4.4.5	207
	ii) Sustainable use of ressources		
	Water consumption and procurement	4.4.6.2	210
	Consumption of raw materials and measures taken to improve their efficient use	4.4.4	204 to 206
	Energy consumption and measures taken to improve energy efficiency and the use of renewable energies	4.4.3	202 to 204
	Land use	4.4.5	207
	d) Climate change		
	Material GHG emissions categories emitted in the course of company's activity, including through the use of goods and services produced	4.4.2.2	200 to 202
	e) Protection of biodiversity		
	Measures taken to preserve or develop biodiversity	4.4.5	207
3.	Information on corporate commitments in favor of sustainable development	4.1, 4.2, 4.5	170 to 184, 211 to 215
	a) Territorial, economic and social impact of the company's business		
	In relation to employment and regional development	4.1.2	170 to 177
	On neighboring or local populations	4.1.2	170 to 177
	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 neighbouring populations		
	Organization of the dialogue with these persons or organizations	4.1.2.2, 4.5.3	174 to 176, 214 and 215
	Partnership or philanthropic actions	4.1.2.2, 4.5.3	174 to 176, 214 and 215
	c) Sub-contracting and suppliers		
	Means of addressing social and environmental challenges in the purchasing policy	4.5.1, 4.1.2	211 and 212, 170 to 177
	Importance of sub-contracting and consideration given to the social and environmental responsibility of suppliers and sub-contractors	4.5.1, 4.2.1	211 and 212, 181 to 183
	d) Fair practices		
	Measures taken in favor of consumer health and safety	4.2.1, 4.5.2, 2.1.3.2	181 to 183, 212 to 214, 52
4.	Other information		
	a) Anti-bribery actions	4.2.1	181 to 183
	b) Promotion of and compliance with the provisions of the core conventions of the International Labour Organization	4.2.1	181 to 183
	Respect of the freedom of association and right to collective bargaining	4.1.2.1	170 to 174
	Elimination of discrimination in respect of employment and occupation	4.3.3, 4.3.4	189 to 195
	Elimination of forced or compulsory labor	4.1.2.1	170 to 174
	Effective abolition of child labor	4.1.2.1	170 to 174
	c) Other actions in favor of human rights	4.2.1	181 to 183

8.5 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	4.2.1	181 to 183
	Clauses covering the corporate and environmental responsibility of suppliers included in agreements	4.1.1, 4.2, 4.5.1	170, 181 to 184, 211 and 212
	Corporate social responsibility policies	4.1.1, 4.2.1 to 4.3.5	170, 181 to 196
	Charter of social commitment	4.1.2.2	174 to 176
	Rexel Foundation for energy efficiency	4.5.3	214 and 215
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	4.2.1	181 to 183
	Clauses covering the corporate and environmental responsibility of suppliers included in agreements	4.5.1, 4.1.2.2	211 and 212, 174 to 176
	Corporate social responsibility policies	4.1.2, 4.3.1 to 4.3.4	170 to 177, 185 to 195
Support a precautionary approach to environmental challenges Undertake initiatives to promote greater environmental responsibility	Ethics guide	4.2.1	181 to 183
	Clauses covering the corporate and environmental responsibility of suppliers included in agreements	4.5.1, 4.1.2.2	211 and 212, 174 to 176
	Environmental charter	4.4.1.1.1	197 and 198
	Environmental policies	4.4	196 to 210
Encourage the development and diffusion of environmentally friendly technologies	Environmental charter	4.4.1.1.1	197 and 198
	Rexel 2020's roadmap	4.1.1, 4.1.2	170 to 177
	Charter of social commitment	4.1.2.2	174 to 176
	Rexel Foundation for a better energy future	4.5.3	214 to 215
Work against all forms of corruption, including extortion and bribery	Ethics guide	4.2.1	181 to 183
	Anti-money laundering and anti-corruption policies	2.1.3.2, 4.2.1	52, 181 to 183

8.6 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	4.4.2	199 to 202
	Providing renewable energy products, services and solutions	4.4.2	199 to 202
	Raising demand and awareness on energy management	4.1.1	170
	Improving access to energy efficiency for all	4.1.2, 4.5.3	170 to 177, 214 and 215
Fostering sustainability in our value chain	Ensuring sustainable supplier relationships	4.1.1, 4.1.2, 4.5	170 to 177, 211 to 215
	Developing circular economy in our value chain	4.4.4, 4.5.1	204 to 206, 211 and 212
	Driving health and safety in our value chain	4.3.3.4, 4.5.1, 4.5.2	191 to 193, 211 to 214
	Ensuring high quality and sustainable relationships with our customers	4.1.1, 4.1.2, 4.5	170 to 177, 211 to 215
Improving the social and environmental performance of our operations	Promoting Rexel employees' welfare	4.3.2, 4.3.3	186 to 193
	Reducing Rexel's carbon footprint	4.4.2	199 to 202
	Reducing Rexel's resources consumption	4.4.3, 4.4.4	202 to 206
	Behaving ethically and complying with legal obligations	4.2.1	181 to 183

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