Universal Registration Document

2019

Rexel

a world of energy

Rexel, a French *société anonyme*
with a share capital of €1,520,510,065

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

UNIVERSAL REGISTRATION DOCUMENT 2019

The French version of this universal registration document has been filed on March 9, 2020 with the AMF in its capacity as competent authority for the application of the provisions of Regulation (EU) No. 2017/1129, without prior approval in accordance with Article 9 of the said Regulation.

The French version of this universal registration document may be used for the purpose of a public offering of securities or the admission of securities to trading on a regulated market if it is supplemented by a securities note and, where applicable, a summary and its supplement(s). The entire package is approved by the AMF in accordance with Regulation (EU) No. 2017/1129.

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 universal registration document are available at no cost at the registered office of Rexel, 13, boulevard du Fort de Vaux, 75017 Paris – France. This universal 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 universal registration document was prepared in connection with Rexel's disclosure obligations and for the purpose of the Rexel's Combined Shareholders' Meeting convened for April 23, 2020 (the **"Shareholders' Meeting"**).

In this universal 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 universal 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 universal registration document thus do not constitute official data.

This universal 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 universal registration document.

The forward-looking statements provided in this universal registration document are made as of the date of this universal 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 universal registration document.


CAUTION
Watch Out
for Oncoming
Vehicles

1

OVERVIEW OF THE REXEL GROUP

1

OVERVIEW OF THE REXEL GROUP 9

MESSAGE FROM PATRICK BERARD

Chief Executive Officer of Rexel

In 2019, Rexel made further advances in the implementation of its strategy and the evolution of its business model, with notable achievements on both fronts of its roadmap: Perform and Transform.

When it comes to performance, Rexel's is indisputable, with a new year of profitable growth and solid results despite a difficult and more volatile environment than anticipated. Our sales, at €13.74 billion, grew by 1.4% on a constant and same day basis. Our adjusted EBITA was up 5.1%, reaching €685.1 million and allowing us to achieve an operating margin of 5%. Our net income increased by 50.3% and our recurring net income was up 7.5% to reach €341.2 million. These figures are perfectly in line with our targets and enable us to propose our shareholders a dividend (1) of €0.48 per share, 9% higher than last year.

These results demonstrate the relevance and effectiveness of the strategic roadmap rolled out since the first quarter of 2017, which is based on three principles, each of which produced tangible, convincing results in 2019:

- The first principle was to accelerate our organic growth, and the numbers speak for themselves: 2019 was our third consecutive year of organic sales growth, and the Group's organic sales increased by more than €1 billion – the equivalent of our entire business in Canada – over the course of this period.
- The second principle was to improve our operational and financial performance: today, Rexel is undeniably a more productive, more agile company. Our focus on customer satisfaction, measured by the Net Promoter Score (2) being implemented throughout the Group, enables us to avoid the cost of poor quality. We have also continued to improve the performance of our back office and our logistics network. At the same time, our new, regional organization in the United States, has resulted in higher sales, our activity in Germany has been refocused on the industrial segment, and the reorganization of our activities in the United Kingdom continues.
- The third principle was to be more selective in our capital allocation and to strengthen our financial structure. Here as well, Rexel has continued to make progress. Pursuing the active management of our portfolio in order to focus on our core business of electrical supply distribution, we recently announced the signature of an agreement that manifested in the sale of our Gexpro Services activity in the United States and Hungary. Finally, buoyed by a return to our historical EBITDAaL(3) to free cash flow conversion rates, we continued to improve our financial structure, reducing our debt by close to €69 million and lowering our indebtedness ratio by 20 basis points.

(1) Fully deducted from the issue premium account.

(2) Satisfaction index that measures customer's intentions to recommend a company.

(3) EBITDA after leases.

But this performance – the result of very hard work by our employees, to whom I wish to express my deepest gratitude – would never have been possible without the second aspect of our strategy: Transform. To address the profound changes within our business, Rexel succeeded in quickly evolving from a traditional distributor model, that of a simple logistician, to that of a promoter of customized, high value-added services and solutions, relying more each day on the use of digital technology and data analysis.

As proof, Rexel receives one digital order per second in Europe. Online sales (webshops and EDI) now represent €2.4 billion, around 18% of our total sales, up 12.9% from last year. Our digital transformation affects every level of the company and represents a major opportunity for Rexel.

A few examples:

- To improve customer loyalty and satisfaction, Rexel is implementing predictive models that rely on Big Data and artificial intelligence, making it possible to gauge the probability of certain situations and to propose concrete responses;
- Our e-mail to EDI solution has been rolled out in six countries and already processes 73,000 digital orders, enabling our employees to be reassigned to sales-focused activities;
- With track-and-trace, 70% of our orders in Europe are traced and our deliveries are tracked. This service is destined to be quickly implemented in the United States;
- Thanks to Esabora, a software suite developed by Rexel, electrical installers can simultaneously model buildings and the location of electrical installations, create cost estimates and manage orders, enabling them to concentrate on their skills and know-how.

These changes resonate with Rexel's will to leverage its unique position at the heart of the energy value chain, as well as its expertise and its employees' know-how, to encourage the adoption of carbon-free, renewable, controllable energies.

Corporate social responsibility lies at the heart of our strategy. We recently revised our environmental targets upwards, making a commitment to reduce the greenhouse gas emissions resulting from the energy consumption of our operations by 35% before 2030 and to lower those relating to the use of products sold by 45% per euro of sales. These goals have been validated by the Science Based Target initiative. Furthermore, Rexel's efforts to help fight climate change were rewarded by its inclusion for the second consecutive year in the CDP's Climate Change A List, placing us among the top French companies. At the same time, Rexel continues to lead multiple initiatives in the area of equal opportunity, diversity, and inclusion.

Rexel is now ideally positioned to benefit from the major investments made these past two years and from the positive structural trends in our industry. In an environment of low sales growth, our goal for 2020 is to continue to increase our EBITA margin while generating solid cash flow and improving our indebtedness ratio.

“Our motto for 2020 is “make it happen.” It's an invitation to continue the flawless execution of our strategy in order to keep transforming Rexel and creating value for all of our stakeholders.”

GROUP KEY FIGURES

as of 12/31/2019

BREAKDOWN OF SALES BY PRODUCT RANGE:

42%	ELECTRICAL INSTALLATION EQUIPMENT
23%	CABLES AND CONDUITS
16%	LIGHTING
6%	CLIMATE CONTROL
4%	SOFTWARES AND SPECIFIC SERVICES
4%	TOOLS
2%	SECURITY AND COMMUNICATION
2%	RENEWABLE ENERGIES AND ENERGY MANAGEMENT
1%	WHITE AND BROWN GOODS

Over 57%

OF SALES GENERATED IN COUNTRIES IN WHICH REXEL ESTIMATES IT HAS A MARKET SHARE GREATER THAN 15%

650,000

ACTIVE CUSTOMERS

50%

of purchases are made from 26 strategic suppliers

-38.5%

GREENHOUSE GAS EMISSIONS BETWEEN 2010 AND 2019

€1.6bn

SALES OF ENERGY EFFICIENCY AND RENEWABLE ENERGY PRODUCTS AND SOLUTIONS INCLUDING:

- €1.3bn SALES OF ENERGY EFFICIENCY SOLUTIONS
- €240m SALES OF PHOTOVOLTAIC SOLUTIONS
- €61m SALES ON WIND TURBINE MARKET

2 objectives set for 2030:

- Reduce greenhouse gas emissions from the Group operations by 35% by 2030 as compared to 2016.
- Reduce the carbon intensity of products and services sold by the Group by 45% by 2030 as compared to 2016.

BREAKDOWN OF GROUP SALES BY END MARKET

44%
COMMERCIAL

30%
INDUSTRIAL

26%
RESIDENTIAL

BREAKDOWN OF GLOBAL SALES BY VALUE PROPOSITION

57%
PROXIMITY

29%
PROJECTS

14%
SPECIALTY

8,000
EMPLOYEES HAVE BECOME SHAREHOLDERS SINCE 2007

25,500
EMPLOYEES OF TOTAL WORKFORCE RECEIVED TRAINING IN 2019

NEARLY
4,600
RECRUITMENTS IN 2019

€2.4bn
ONLINE SALES (WEBSHOPS + EDI) REPRESENTING 18% OF GROUP SALES AN INCREASE OF MORE THAN 12.9% VS. 2018

GLOBAL FOOTPRINT

as of 12/31/2019

GROUP

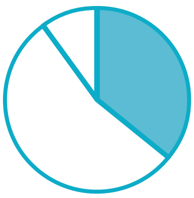
26 COUNTRIES

€13.74bn
IN SALES

+ 1,900
BRANCHES**

+ 26,000
EMPLOYEES

* Percentage of 2019 sales.
** Rounded figures as of 12/31/2019.



38%*
NORTH AMERICA

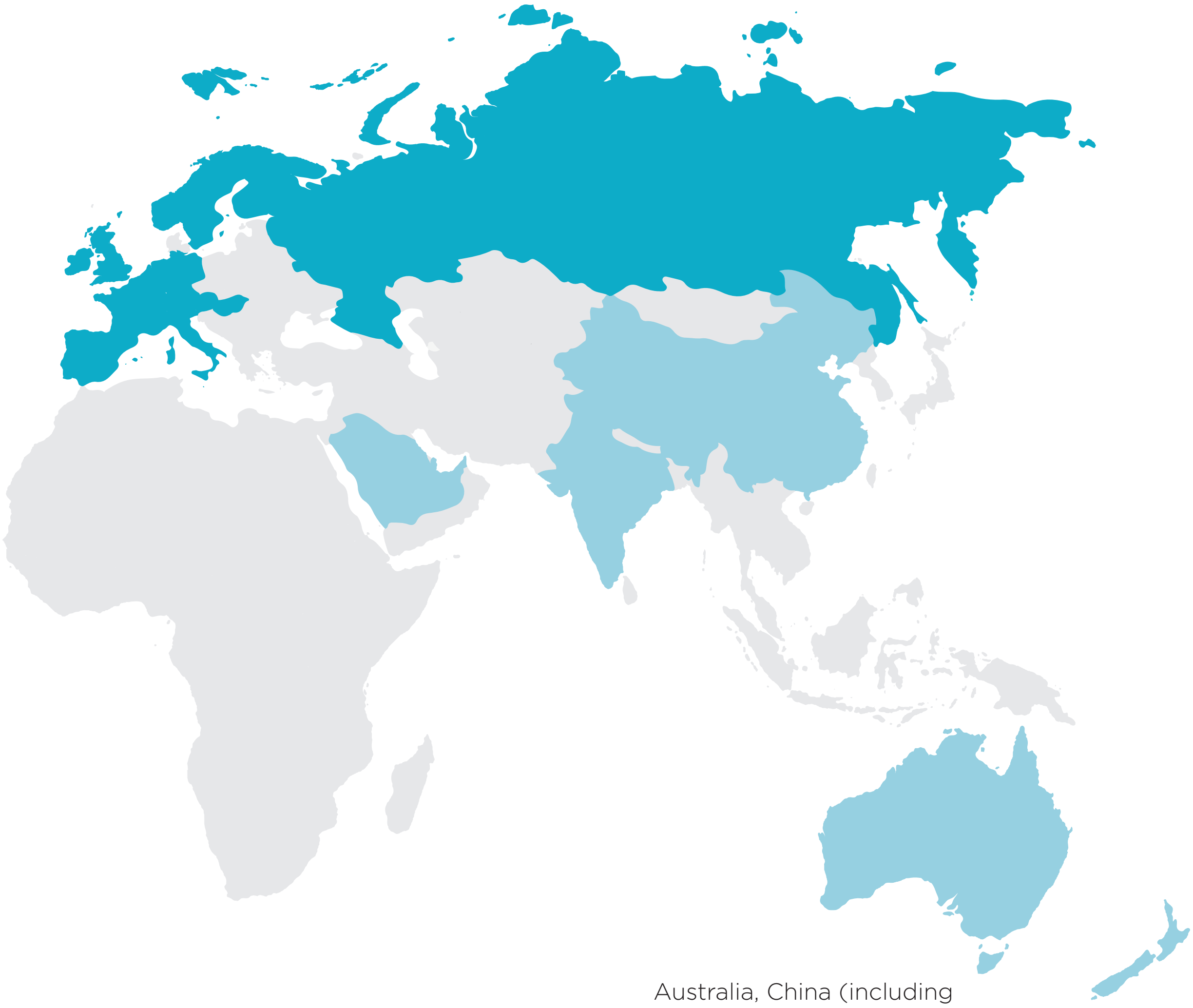
Canada, United States

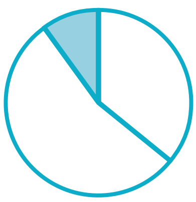
550 branches**
8,500 employees
2 countries

53%*
EUROPE

Austria, Belgium, Finland, France, Germany, Hungary [(1)], Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Russia, Slovenia, Spain, Sweden, Switzerland, United Kingdom

1 100 branches**
15,000 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) In the financial year 2019, Hungary was one of the Group's countries of operations. However, the Gexpro Services business in Hungary was sold as of December 31, 2019.

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, 2019, 2018 and 2017.

Principal key figures of Rexel's consolidated income statement

(in millions of euros, unless specified otherwise)	2019	2018 Restated [5]	2018	2017 [4]
Sales	13,742.3	13,365.7	13,365.7	13,303.0
Growth on a comparable basis and same number of working days [1]	*1.4%*	*3.5%*	*3.5%*	*3.5%*
Gross profit	3,432.0	3,286.9	3,286.9	3,282.1
As a percentage of sales	*25.0%*	*24.6%*	*24.6%*	*24.7%*
EBITA [2]	677.5	632.6	600.4	594.1
Adjusted EBITA [1]	685.1	640.5	608.3	579.9
As a percentage of sales	*5.0%*	*4.8%*	*4.6%*	*4.4%*
Operating income	486.4	435.8	409.8	322.1
Net income	203.8	135.6	152.3	104.6
As a percentage of sales	*1.5%*	*1.0%*	*1.1%*	*0.7%*
Net income attributable to the Rexel Group	204.4	134.0	150.7	105.5
Net income per share (in euro per share)	0.68	0.44	0.50	0.35
Net recurring income [3]	341.2	317.5	328.1	290.9
Net recurring income per share (in euro per share)	1.13	1.05	1.09	0.96

(1) See paragraph 5.1.1.1.1 "Financial position of the Group" of this universal 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 "Margin deterioration resulting from raw materials price fluctuation, including that of copper" of Section 2.1.3 "Financial risks" and 5.1.1.1.3 "Impact of changes in copper price" of this universal 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 following the application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenues from ordinary activities resulting from client contracts".

(5) Restated following the retrospective application of IFRS 16 "Leases".

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

(in millions of euros, unless specified otherwise)	2019	2018 Restated [4]	2018	2017 [3]
Operating income	486.4	435.8	409.8	322.1
(–) Other income [1]	(26.9)	(15.5)	(15.4)	(7.1)
(+) Other expenses [1]	203.7	196.7	190.3	260.1
(+) Amortization of intangible assets arising on the purchase price allocation of acquisitions	14.3	15.7	15.7	19.0
= EBITA	**677.5**	**632.6**	**600.4**	**594.1**
(+) / (–) Non-recurrent effect resulting from changes in copper-based cable prices [2]	7.6	7.9	7.9	(14.2)
= Adjusted EBITA	**685.1**	**640.5**	**608.3**	**579.9**
Adjusted EBITA margin (in % of sales)	*5.0%*	*4.8%*	*4.6%*	*4.4%*

(1) See note 8 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2019 included in section 5.2 "Consolidated Financial Statements" of this universal registration document.

(2) See paragraphs "Margin deterioration resulting from raw materials price fluctuation, including that of copper" of Section 2.1.3 "Financial risks" and 5.1.1.1.3 "Impact of changes in copper price" of this universal registration document.

(3) Restated following the application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenues from ordinary activities resulting from client contracts".

(4) Restated following the retrospective application of IFRS 16 "Leases".

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

(in millions of euros)	2019	2018 Restated [4]	2018	2017 [3]
Net income	203.8	135.6	152.3	104.6
(+) / (–) Non-recurring effect resulting from changes in copper-based cable prices [1]	7.6	7.9	7.9	(14.2)
(–) Other income [2]	(26.9)	(15.5)	(15.4)	(7.1)
(+) Other expenses [2]	203.7	196.7	190.3	260.1
(+) Financial expenses related to refinancing transactions	20.8	1.1	1.1	30.4
(–) Tax impact of the items above and other non-recurring tax effects	(67.8)	(8.3)	(8.1)	(82.9)
= Net recurring income	**341.2**	**317.5**	**328.1**	**290.9**

(1) See paragraphs "Margin deterioration resulting from raw materials price fluctuation, including that of copper" of Section 2.1.3 "Financial risks" and 5.1.1.1.3 "Impact of changes in copper price" of this universal registration document.

(2) See note 8 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2019 included in section 5.2 "Consolidated Financial Statements" of this universal registration document.

(3) Restated following the application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenues from ordinary activities resulting from client contracts".

(4) Restated following the retrospective application of IFRS 16 "Leases".

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

(in millions of euros)	2019	2018 Restated [4]	2018	2017 [3]
Cash flow from operating activities	552.7	443.4	284.7	290.2
(–) Repayment of lease liabilities	(175.2)	(166.5)	–	–
(+) Paid interests	82.3	84.3	85.3	101.6
(+) Paid taxes	118.2	80.7	80.7	102.5
= Cash flow from operating activities before net interest and income taxes	**578.0**	**441.9**	**450.7**	**494.5**
(–) Acquisition of tangible and intangible fixed assets	(124.3)	(114.5)	(117.8)	(113.8)
(+) Disposal of tangible and intangible fixed assets	7.9	23.9	24.0	3.5
= Free cash flow before net interest and income taxes [1]	**461.6**	**351.3**	**357.0**	**384.3**
Conversion rate of the cash flow (in % of EBITDAaL) [2]	***62.5%***	***51.2%***	***51.0%***	***55.4%***

(1) Free cash flow before net interest and income taxes is defined as the net change in cash flow from operating activities before deduction of net interest paid and before deduction of income tax paid, less net operating investments.

(2) EBITDAaL (earnings before interest, taxes, depreciation, amortization and after leases) is defined as EBITA before amortization of fixed assets less capitalized lease payments in accordance with IFRS 16. EBITDAaL is not a standardized accounting aggregate that meets a single, generally accepted definition. It is used to assess the level of free cash flow before interest and taxes.

(3) Restated following the application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenues from ordinary activities resulting from client contracts".

(4) Restated following the retrospective application of IFRS 16 "Leases".

The table below presents the reconciliation between EBITDA and EBITDAaL:

(in millions of euros, unless specified otherwise)	2019	2018 Restated (2)	2018	2017 (1)
EBITA	677.5	632.6	600.4	594.1
(+) Amortization of fixed assets	281.6	264.7	100.1	99.8
= EBITDA	**959.1**	**897.3**	**700.5**	**693.9**
(+) Capitalized leased payments	(220.7)	(211.8)	–	–
= EBITDAaL	**738.4**	**685.5**	**700.5**	**693.9**

(1) Restated following the application of IFRS 9 “Financial Instruments” and IFRS 15 “Revenues from ordinary activities resulting from client contracts”.

(2) Restated following the retrospective application of IFRS 16 “Leases”.

Principal key figures of Rexel’s consolidated balance sheet

(in millions of euros, unless specified otherwise)	2019	2018 Restated (2)	2018	2017 (1)
Total assets	11,074.8	11,013.3	10,205.3	10,114.9
Non-current assets	6,074.4	6,126.3	5,306.1	5,362.5
Working capital requirements	1,654.3	1,508.5	1,511.0	1,383.5
Shareholders’ equity	4,235.3	4,164.4	4,232.2	4,157.6
Net indebtedness	1,945.9	2,014.7	2,030.4	2,041.2
Other non-current liabilities	1,547.4	1,473.7	554.4	547.0

(1) Restated following the application of IFRS 9 “Financial Instruments” and IFRS 15 “Revenues from ordinary activities resulting from client contracts”.

(2) Restated following the retrospective application of IFRS 16 “Leases”.

The description of the Rexel Group’s indebtedness and notations appears in paragraph 5.1.2.2 “Sources of Financing” of this universal 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**.

The information on the website of Rexel does not form part of the universal registration document, unless that information is incorporated by reference into the universal registration document.

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 43 consolidating acquisitions, including 2 in 2019.

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.

On December 31, 2019, Rexel announced the refocusing of its electrical distribution activities in the United States, with the signing of the agreement for the sale of Gexpro Services to LKCM Headwater (400 employees, approximately $260 million in sales). Completion is expected in the first quarter of 2020.

1.3 Business and strategy

The Rexel Group believes to be one of the leading global distributors in low and ultra-low voltage electrical products in 2019 in terms of sales and number of branches. At December 31, 2019, it operated in 26 countries spread mainly over three geographical regions: Europe, North America and Asia-Pacific.

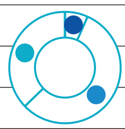
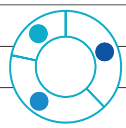
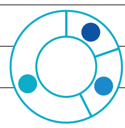
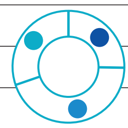
In 2019, the Rexel Group's consolidated sales reached €13,742.3 million, of which 53% was generated in Europe, 38% in North America and 9% in Asia-Pacific. Rexel Group generated a 2019 Adjusted EBITA of €685.1 million, representing 5.0% of 2019 consolidated sales.

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 2019 by end-market is as follows:

	NORTH AMERICA		EUROPE		ASIA-PACIFIC		REXEL GROUP	
Residential	7%		40%		20%		26%	
Commercial	57%		38%		19%		44%	
Industrial	36%		22%		61%		30%	

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, 2019, the Rexel Group has a network of 49 logistical centers, of 1,922 branches grouped around different commercial brands and carries out approximately 2.4 billion euros of sales online, representing approximately 18% of its global revenue. Rexel employs 26,333 people (full time equivalent).

The operational sectors on which the consolidated financial statements presented by the Rexel Group are based are set forth in note 5 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2019 included in section 5.2 "Consolidated financial statements" of this universal registration document.

1.3.1 Rexel Group's Markets

1.3.1.1 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 €177.8 billion worldwide in 2019. For areas where Rexel is present, this market represents approximately €44.8 billion in Europe, approximately €100.6 billion in North America and approximately €29.3 billion in Asia-Pacific. This market, is increasing compared to 2018.

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)	96.2	4.5	8.4	7.6	4.2
Exchange rate used (1 euro =)	USD 1.12	CAD 1.49	–	–	GBP 0.88

(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 urbanization, 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 offers increased functionalities, in particular in terms of security, ease of use and energy efficiency, leading to the modernization of existing equipment. The offer tends to lean 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 upkeep 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 2019, 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, Electrocomponents and Würth, located essentially in Europe.

On January 13, 2020, WESCO International and Anixter International announced merger agreement to create a premier electrical and data communications distribution and supply chain services company.

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. In such environment, local consolidation is essential. 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.

1.3.1.2 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 2019 sales amounted to €13,742.3 million. The breakdown between the different zones is as follows:

	IN MILLIONS OF EUROS	IN PERCENTAGE
Europe	7,331.5	53%
North America	5,233.0	38%
Asia-Pacific	1,177.9	9%
Total	**13,742.3**	**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 2019 market share of around 15%. It considers that the residential, commercial and industrial markets represented respectively 40%, 38% and 22% of its 2019 sales in Europe.

At December 31, 2019, 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 2019 sales, the Rexel Group's market share for 2019 was over 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 24% in Canada.

In North America, the Rexel Group operates essentially in the industrial and commercial markets and to a lesser extent in the residential market. The Rexel Group considers that the residential, commercial and industrial markets represented respectively 7%, 57% and 36% of its 2019 sales in North America.

Asia-Pacific

Based on its estimates and its 2019 sales, the Rexel Group considers that it is number two in Asia-Pacific, with a market share of approximately 2% in 2019.

According to its estimates, the residential, commercial and industrial markets represented respectively 20%, 19% and 61% of the Rexel Group's 2019 sales in Asia-Pacific.

At December 31, 2019, the Rexel Group was located in 6 Asia-Pacific countries.

The risks associated with the general economic environment are described in paragraph "Significant worsening of the global economic environment or in the main countries in which the Group operates" of Section 2.1.1 "Commercial and strategic risks" in this universal registration document. The competitive risks are described in paragraph "Reinforced competition from digital players and suppliers" of Section 2.1.1 "Commercial and strategic risks" in this universal registration document.

1.3.2 The Rexel Group's businesses and competitive advantages

1.3.2.1 A global player with strong local presence

A major player at the global level

The Rexel Group is a worldwide expert in the professional omni-channel 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, 2019, the Rexel Group estimates that it held globally a market share of approximately 6%.

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 areas, 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 2019 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 more than 57% 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, 2019, the Rexel Group had 1,922 branches. By geographical zone, the number of branches changed as follows between December 31, 2017 and December 31, 2019:

	AT DECEMBER 31		
(Number of branches)	2019	2018(1)	2017(1)
Europe	1,100	1,127	1,183
North America	584	574	574
Asia-Pacific	238	249	255
Total	**1,922**	**1,950**	**2,012**

(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 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)	**2019**	**2018**
50% of purchases	26	26
80% of purchases	378	363
100% of purchases	10,575	10,879

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 universal registration document). These relationships with suppliers are also regularly reviewed as part of the Rexel Group's vigilance plan (see section 4.7 "Vigilance plan" of this universal registration document).

1.3.2.2 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** (42% of 2019 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** (23% of 2019 sales) that allow the distribution of electrical current and that also groups raceways, wiring ducts and cable troughs;
- **Lighting** (16% of 2019 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** (6% of 2019 sales) which covers ventilation, air conditioning and heating systems (HVAC) in particular, those based on renewable energies;
- **Tools** (4% of 2019 sales) including hand and electrical tools, and instrumentation tools;
- **Security and communication** (2% of 2019 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 2019 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 2019 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 [(1)], or the provision of services or software. The sales generated by the Rexel Group for these other businesses was around 4% in 2019.

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) Gexpro Services business in the United States and in Hungary was sold as of December 31, 2019.

1.3.2.3 A model adapted to customer expectations

An omni-channel 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 omni-channel 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 approximately 18% of the Group sales in 2019.

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.

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.

1.3.2.4 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 14 openings of branches in 2019, including 3 in France, 9 in the United States and 2 in New Zealand. In the United States, 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 1% contribution to sales compared to 2018 in the United States (almost null at a national level in other countries) and a significant forthcoming improvement in profitability. These initiatives allowed service level to increase in the course of the last few years and now pave the way to an improved profitability, thanks to the full benefits of these investments.

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.

1.3.2.5 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 2019 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 28% (transport, commissions, etc.); and
- Fixed costs, flexible in the short- to medium-term of 72% (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 43 consolidating acquisitions.

1.3.3 The Rexel Group's strategy

The Rexel Group's strategy is based on a growth and value-creation approach through three strategic initiatives:

- Accelerating growth through "More Customers, More SKUs, More Digital";
- 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 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.

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

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

This organic growth is based on a "More Customers, More SKUs, More Digital" approach.

Indeed, Rexel targets both net customer gains and increasing its portfolio share with each customer. This is done by benefiting from the digital business, in particular since Rexel observes that customers who use its digital environment are more loyal.

This "More Customers, More SKUs, More Digital" 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 renews its ambition to achieve organic sales growth above market growth in the markets where the Group operates, while prioritizing an improved profitability and materialized profits from past investments.

Continuous improvement of the gross margin and cost structure

In 2020 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 three 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;
- Diminishing 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 from specific reprofiling initiatives, the benefits of which will increase in kind and in magnitude in the coming years.

1.3.3.2 “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 57% of Group sales), based on a strengthened presence thanks to a density of agency/counter coverage, a systematic omni-channel approach and continuous improvement in service levels;
- “Projects” value proposition (representing approximately 29% of the Group 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 14% of the Group 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 algorithms and artificial intelligence;
- 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 omni-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.

In 2019, Rexel pursued its portfolio optimization strategy with the announcement at the end of 2019 of the signing of an agreement for the sale of the Gexpro Services business in the United States.

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; and
- 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.

1.3.4 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 (in particular **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.

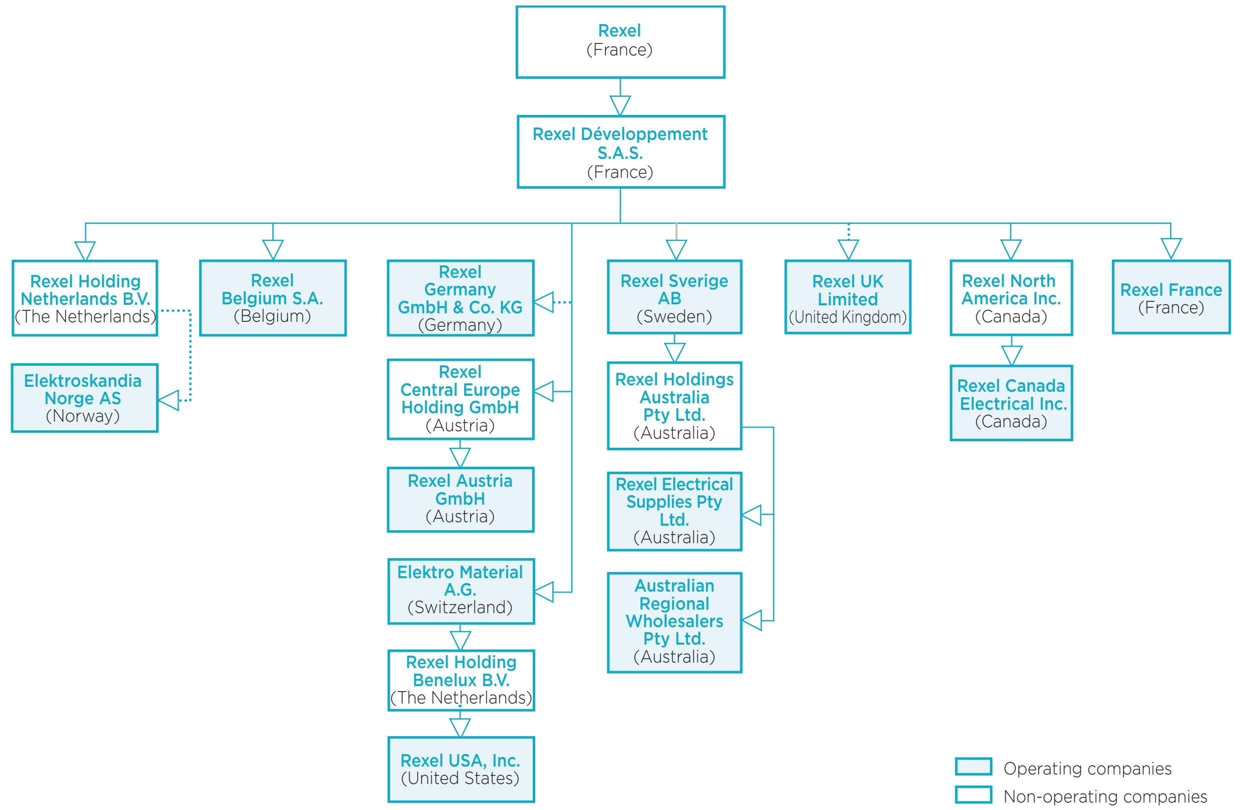
In April 1998, Rexel Distribution signed an agreement on the coexistence and global use of the "Rexel" trade name with a company, which had already registered the trade name and which operates in a different sector than the Rexel Group. Under the terms of this agreement, both companies are authorized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

1.4 Organization

1.4.1 Organizational chart

The organizational chart below is a simplified organizational chart of the Rexel Group as of December 31, 2019.

As at December 31, 2019, the Rexel Group comprised 96 companies. The list of all of the companies consolidated by Rexel as of December 31, 2019, and their geographical location is detailed in note 29 of the Notes to Rexel's consolidated financial statements for the year ended December 31, 2019, which are set out in section 5.2 "Consolidated Financial Statements" of this universal 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.

1.4.2 Principal subsidiaries as of December 31, 2019

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 3.3.2 "Main related party transactions" of this universal 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 1A, Object 6, Stg. Walcherstr. 1020, 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 57 Riedlerstr., 80939, 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 AUD39,000,000 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 AUD169,598,471 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.

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 universal registration document.

1.5 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, 2019, 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;
- 49 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
- 1,922 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.

1.6 Investments

1.6.1 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, 2019, 2018, and 2017:

(in millions of euros)	2019	2018	2017	2017-2019 Total
Capital expenditure				
Information systems / Digital	77.3	67.1	62.8	207.2
Renovation and opening of branches	28.3	33.7	26.3	88.3
Supply chain	11.8	15.0	15.1	41.9
Other	8.0	6.3	8.3	22.6
Total gross capital expenditure	**125.5**	**122.1**	**112.5**	**360.1**
Change in fixed assets suppliers payable	(1.2)	(4.3)	1.3	(4.2)
Disposals of fixed assets	(7.9)	(24.0)	(3.5)	(35.4)
Total net capital expenditure	**116.5**	**93.8**	**110.3**	**320.6**
Acquisitions and disposals of subsidiaries				
Acquisitions	4.2	2.7	–	6.9
Disposals	(6.5)	–	(23.1)	(29.6)
Total acquisitions and disposals of subsidiaries	**(2.3)**	**2.7**	**(23.1)**	**(22.7)**

Gross capital expenditure made during 2019, 2018 and 2017 respectively represented 0.9%, 0.9% and 0.8% of the consolidated sales of the Rexel Group.

Investments made during 2019 are described in paragraph 5.1.2.1 "Cash flow" of this universal registration document and were financed through cash assets.

1.6.2 Principal investments underway

The investments are part of the "Perform & Transform" strategic plan.

In connection with the "Perform" section, new customer-relations, electronic marketing and development solutions are being deployed in Europe, in North America and in the Pacific. Moreover, 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.

With regard to the "Transform" section, new digitization and robotization solutions are gradually being implemented in Europe, North America and China.

Ongoing investments are financed by the Group's cash flow

1.6.3 Principal investments contemplated

As of the date of this universal registration document, no significant financial investment 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, represents generally between €100 and €150 million, on an annual basis.

1.7 Regulations

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

1.7.1 Product liability

As a non-manufacturing distributor, the Rexel group could be held liable for the products it distributes under, on the one hand, the regulations on defective products and, on the other hand, the legal obligation to guarantee against hidden defects. Council Directive 85/374/EEC of July 25, 1985 on the approximation of the laws, regulations and administrative provisions of the Member States concerning liability for defective products, transposed by Law No. 98-389 of May 19, 1998 on liability for defective products, establishes the principle of no-fault liability of the producer of a product causing personal injury or material damage. In particular, any person who affixes its name, trademark or other distinctive mark to the product shall be considered a producer. In addition, if the producer cannot be identified by the person who suffered the damage, the seller may be held liable.

The legal obligation of guarantee against hidden defects is also a system of liability without fault allowing the purchaser of a product affected by a defect not obvious at the time of delivery, existing before the sale and making the product unfit for the use for which it is intended, to claim the liability of the distributor. The purchaser may then request the distributor to refund the price and return the object or to keep the object and to return a portion of the price.

As a distributor, the Rexel Group's liability is covered by the legal and contractual obligations of the manufacturers as well as by the warranties and insurance coverage obtained from the manufacturers and transferred to the clients.

1.7.2 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 universal registration document. The Rexel Group is also subject to specific local environmental regulations in the various countries where it operates.

The "RoHS" Directive and the "REACh" Regulation

Directive 2002/95/EC of the European Parliament and of the Council of January 27, 2003, complemented by Directive 2011/65/EU of July 1, 2011 and by Directive 2017/2102/EU of November 15, 2017, known as the "RoHS" (Restriction of Hazardous Substances) Directive, prohibits the use of certain dangerous substances in electrical and electronic equipment and encourages eco-designing, waste sorting and recycling of certain components rather than their disposal.

Regulation 1907/2006 of the European Parliament and of the Council of December 18, 2006, known as "REACh" (Registration Evaluation and Authorization of Chemicals), amended in 2018 by Regulation No. 2018/675/EU 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. In each subsidiary concerned by these regulations, a person has been appointed for the setting-up and follow-up of these procedures.

The "WEEE" Directive

The 2012/19/EU Directive of the European Parliament and of the Council of July 4, 2012, known 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.

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2

RISK FACTORS AND INTERNAL CONTROL

2

RISK FACTORS AND INTERNAL CONTROL 43

Investors are urged to carefully review the risks described in this chapter, as well as all of the other information set forth in this Universal Registration Document. Such risks are, as of the date of this Universal Registration Document, the risks that Rexel believes may have a material adverse effect on its financial condition, its results, its business activities or its prospects, 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 Universal 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, its business activities or its prospects.

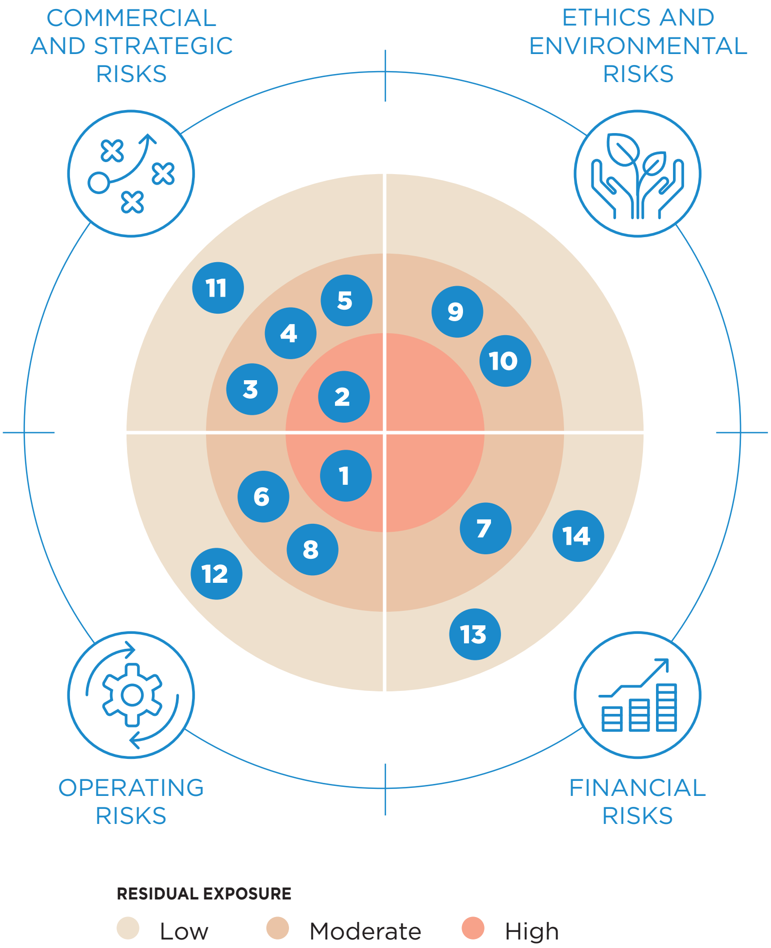
The 14 risks presented in this chapter are the risks featured in the risk mapping updated annually as part of the internal control and risk management procedures deployed by the Rexel Group (described in paragraph 2.3 "The Rexel internal control and risk management system" of this Universal Registration Document). 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. The 14 risks are grouped in four categories (commercial and strategic risks, operating risks, ethics and environmental risks and financial risks) and ranked based on Rexel's level of residual exposure to these risks on a scale of Low/Moderate/High. This residual exposure results from the level of the potential impact on the Group if the risks were to occur, the likelihood that they would occur and the control and ability of the Group to reduce their impact or likelihood. The ranking, category and exposure of Rexel (including a quantitative analysis of the potential impact when possible[1]) and the control mechanisms in place are mentioned for each of the risks presented below. The risks are ranked by order of importance within each category, the risks with the greatest residual exposure being presented first.

In parallel and for the purposes of the extra-financial performance declaration, Rexel carried out a more detailed analysis than the one undertaken by the Risk Committee of the main risks related to the environmental, social and societal consequences of its activities. The specific procedures availed to identify and analyze the risks are described in paragraph 4.1.3 "Main non-financial risks" of this Universal Registration Document. Lastly, the vigilance plan ("plan de vigilance") implemented for the Rexel Group is described in section 4.7 "Vigilance plan" of this Universal Registration Document.

(1) The 2018 financial information included in this section are restated for changes in accounting policies following the adoption of IFRS 16 "Leases".

Presentation of the main risks of the Rexel Group, featured in four categories and ranked according to the residual exposure of the Group to these risks:

1. Significant cyber-attack on the information systems of the Group
2. Significant worsening of the global economic environment or in the main countries in which Rexel operates or major exogenous event impacting the activities of the Group
3. Inability to grow and/or maintain the Group's operating margin
4. Inability of the Group to deploy its digital transformation strategy
5. Reinforced competition from digital players and suppliers
6. Inability to attract and retain talents
7. Significant loss of value of intangible assets
8. Events impacting the health and safety of Group employees or third parties
9. Unethical behavior within the Group (corruption, anticompetitive agreements, non-compliance with embargoes, failure to protect personal data)
10. Negative impact of the Group's business activities on the environment and the climate
11. Inability of the Group to define an offer plan meeting customer expectations for all the countries and markets in which Rexel operates
12. Insufficiently resilient information systems
13. Significant fraud due to the misappropriation of assets or accounting manipulation
14. Margin deterioration resulting from raw materials price fluctuation, including that of copper



2.1.1 Commercial and strategic risks

Significant worsening of the global economic environment or in the main countries in which Rexel operates or major exogenous event impacting the activities of the Group

RESIDUAL EXPOSURE

High

RISK IDENTIFICATION AND EXPOSURE

The Rexel Group operates in Europe, North America, and Asia-Pacific. These geographies accounted for approximately 53%, 38% and 9% of the revenue of the Group in 2019, respectively. The top three countries in which the Group operates (the United States, France and Canada) generated more than 58% of its sales. Europe generated approximately 64% of the EBITA of the Group, compared to 33% for North America and 4% for Asia-Pacific[1].

As a result, a decline in global business activity, particularly in the main countries in which the Group is present, for any reason whatsoever (political instability, health crisis, economic downturn, economic tensions, etc.), could lead to a decrease in sales and to a deterioration of the Group EBITA (€685.1 million of adjusted EBITA as of December 31, 2019) and an increase in bad debt (€89.1 million of impairment losses on receivables as of December 31, 2019, for a total of €2,157.3 million in outstanding receivables). Any political or economic instability in one or more of the countries in which the Rexel Group operates could have a negative impact on the results of that country and of the Rexel Group. Uncertainties such as the consequences of the Brexit and the trade tensions between China and the United States could impact Rexel's performance in these markets. With respect to the risks related to Brexit, it is difficult, as of the writing of this document, to predict the actual impact but an increase in customs tariffs or a decrease in the British economic activity could have a negative impact on the Group's results in the United Kingdom (the Rexel Group generated €736.5 million from sales in the United Kingdom in 2019 compared to €807.6 million in 2018). Regarding the risk related to the Covid-19 outbreak, it is also difficult, as of the writing of this document, to assess its impact even though the Rexel Group could be exposed in several ways. In addition to the major human impact that would result from the potential infection of one or several Rexel employees, the Group could have to momentarily close one or several sites (branches, distribution centers, headquarters…) due to restrictions in some geographical areas, especially in China or Italy, where the Group operates and which cumulatively amounted for approximately 4% of the sales of the Group in 2019. Moreover, the Group's procurement chain could be affected in the event that one or several suppliers become limited in the manufacturing or distribution of their goods especially in the areas of lightning, solar panels and cable. These elements could lead to a decrease in sales in one or several geographies of the Group.

Lastly, as a distributor of electrical supplies for professionals, the Rexel Group is particularly sensitive to the building and renovation sectors (the residential and commercial markets accounted for 26% and 44% of the sales of the Group in 2019, respectively), which could be particularly impacted by an economic recession.

CONTROL SYSTEMS

The Rexel Group pays close attention to changes in the economic environment of the various markets in which it operates. 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 Investor Relations department of the Group. The results of this watch are communicated to the Group's management on a regular basis and are considered when establishing budget or updating the strategy of the Group.

Regarding the risk related to the Covid-19 outbreak, the Rexel Group closely monitors the evolution of this epidemic to set in motion all the relevant actions to, first, best protect the health of its employees, customers and third-parities working with the Group, but also to reduce as much as possible the economic impacts of this outbreak. A crisis management team has been set up at Group level and is constantly liaising with the different Rexel entities to assess the situation and take any appropriate measure.

With respect to Rexel's sensitivity to changes in the building and renovation sectors, the Group benefits from renovation and energy optimization programs which could be maintained even if the economy is in poor shape. They could, therefore, at least partially offset a decline in demand in these markets.

Lastly, the Rexel Group is able to adjust its cost policy (notably its variable costs) or reallocate its investments to other items to reduce the impact of a worsening in the global economy. In 2019, gross investment totaled €125.5 million, *i.e.* 0.9% of sales, compared to €118.8 million in 2018 (*i.e.* 0.9% of sales), whereas distribution and administrative expenses amounted to €2,768.8 million in 2019 (*i.e.* approximately 20% of sales) compared to €2,670.0 million in 2018 (*i.e.* approximately 20% of sales).

Due to the exogenous nature of the risk and to the fact that the exposure is primarily concentrated on a few countries whose economies are interdependent, the residual exposure level of the Group is considered to be high.

(1) Geographical EBITA breakdown excluding the negative contribution of "Others" (mainly Group Headquarter related costs).

Inability to grow and/or maintain the Group's operating margin

RESIDUAL EXPOSURE

Moderate

RISK IDENTIFICATION AND EXPOSURE	CONTROL SYSTEMS
As a distribution specialist for professionals, the Rexel Group generates, by nature, fairly low margins (€3,432 million in gross profit, *i.e.* 25% of sales and €685.1 million in adjusted EBITA in 2019). In an environment with significant competition and a digital strategy leading to significant investments (€77.4 million of gross capital expenditures related to information systems and digital in 2019), growing and maintaining margin is a central challenge for the Group since any deterioration could impact the Group's investment capacity, its financial stability or its financial rating. Protecting the margin starts with a fine-tuned management of sales prices. As a result of Rexel's activities and given the diverse nature of its customers, the development of sales prices is much more complex and much more tailored for each customer category than other distributors, especially retailers. Any maladaptation of sales price policies to the expectations of customers and/or of the market could have a significant impact on the Group's margin. When too high, prices could result in customers leaving for the competition and, when too low, could imperil the Group's financial equilibrium. With the arrival of new digital players, increasing transparency and pressure on prices, the Rexel Group has to constantly adapt its pricing policy to continue meeting its customers' needs and expectations while protecting its margin. Moreover, in a highly competitive environment, suppliers could revise the Group's purchase prices or the discounts granted to Rexel, which would have a negative impact on the Group's results. Total Group purchases amounted to €11,266.4 million in 2019, and the details of rebates from suppliers for goods and services in 2019 is presented in note 12.3 to the consolidated financial statements of the Rexel Group for the financial year closed on December 31, 2019 which can be found in Section 5.2 "Consolidated financial statements" of this Universal Registration Document. An increase in purchase prices or a decrease in supplier rebates could result in a decrease in the Group's margin and EBITA.	The Group develops a more and more segmented customer approach to take into account its customers' multi-channel behaviors, online and offline. In this respect, Rexel capitalizes on the most innovative local initiatives in terms of pricing policy to disseminate and promote them within the rest of the Group. Rexel keeps implementing actions to harmonize its pricing practices and the pricing of items outside of the catalog. To maintain and grow its operational margin, Rexel keeps on optimizing and rationalizing its cost structure, by reducing overhead and improving productivity while, at the same time, reallocating operating expenses to accelerate sales growth and digitalization. With respect to suppliers, the Rexel Group benefits from long-standing relationships with its main suppliers, showcasing the quality of the Group's network and of its distribution services. The Rexel Group does not depend on any supplier in particular (the top supplier accounted for 9.2% of Group purchases at the end of 2019), allowing a negotiation with multiple suppliers based on price targets. The Group also developed complementary services, notably digital ones, for its suppliers to increase the value of the services provided by the Group. On the other hand, some supplier concentration initiatives (for example, acquisition growth strategies) have recently been announced and could increase the negotiating power of the suppliers. As a result, the Group's residual exposure is considered to be moderate.

Inability of the Group to deploy its digital transformation strategy

RESIDUAL EXPOSURE

Moderate

RISK IDENTIFICATION AND EXPOSURE	CONTROL SYSTEMS
In a highly competitive environment, protecting and improving the Group's margin notably rely on the company's ability to provide services with higher added value, mostly based on digital. Customer behavior is also evolving, driven by, among other things, the digital experience of B2C customers (business to consumer). The expectation for a multi-channel offer, the importance of a seamless customer experience and the sensitivity to prices, quality and expertise form a full part of this evolution. In addition, the Group is seeing an increasing understanding of the value of data (customers, products and transactions) in an environment in which data monetization will be key to future value creation. As a result, Rexel uses customer data collected by its information systems to improve customer portfolio management and product assortment in the branches. The deployment of new digital tools and solutions to complement the services provided to customers and suppliers could encounter temporary difficulties related to slow Group employee adoption, first and foremost by the sales forces in the different countries. Newly developed tools could potentially fail to achieve the results expected, fail to meet customer expectations or malfunction. Lastly, in an unfavorable economic environment and/or in a situation in which the Group's sales and operating margin were to decline significantly, the digital transformation strategy may need to be revised, since it is based on a significant investment program (€77.4 million of gross capital expenditures related to information systems and digital in 2019, *i.e.* 61.6% of the CAPEX of the Group). Failure to pursue deployment could have a negative effect on the results of the Group due to the loss of certain sales, or even of some customers, and it could also impact the expected return on investment of these innovative initiatives. This could affect the image, the reputation of the Group with its shareholders and the market in general, or the Group's financial rating. Despite all of this, while the digital transformation is an important aspect of the Group's short and medium-term strategy, any delay would only have a limited immediate impact on the Group's ability to continue selling through its traditional distribution channels and branch network.	The Rexel Group has initiated the transformation of its model to become a leading services company in the area of data use. The transformation is based on the centralized coordination of initiatives developed regionally (Europe, North America and Asia-Pacific). Such strategy limits the Group's dependency on a single global technology or solution while benefiting from various initiatives, the best of which will then be deployed at the Group level. Lastly, the Rexel Group is deploying a significant training and support plan for its teams in order to ensure quick and thorough adoption of the new digital tools used by the Group. As a result, the residual exposure of the Group is considered to be moderate.

Reinforced competition from digital players and suppliers

RESIDUAL EXPOSURE

Moderate

RISK IDENTIFICATION AND EXPOSURE

Because of its positioning as a distributor, the Rexel Group is exposed to a risk of competition by digital players and its suppliers, in addition to the pre-existing risk of competition by traditional electrical supplies distributors (such as Sonepar or Wesco).

Some digital players specialized in online sales (ManoMano for instance) are already positioned in some markets of the Rexel Group, especially in the residential market, which accounts for 26% of the Group sales. This risk would increase if major online players were also to position themselves in this market with significant technological and financial resources. This competition would lead to increased downward pressure on prices and potential loss of market share and customers, with a negative impact on the results and margin of the Group.

The Rexel Group could also face stronger competition from its main suppliers who could sell their products directly to end customers. This evolution would primarily affect industrial sales (30% of the Group's sales) and commercial sales (44% of the Group's sales), especially major projects on these markets. The top five suppliers of the Group account for 27.2% of purchases. A significant decline in the sales of these suppliers through Rexel could have a negative impact on Group sales and lead to a loss of market shares but could also result in a deterioration in purchase pricing conditions.

CONTROL SYSTEMS

The Rexel Group benefits from competitive edge limiting the competition risk inherent in its business:

- First, the Group deployed a multi-channel strategy to meet customer expectations. It relies on a physical network of near 2,000 branches and on sales functions gathering over 60% of the workforce of the Group aiming at answering customer expectations of proximity and expertise. This physical network is enhanced by the various digital initiatives based on artificial intelligence solutions deployed within the Group to provide additional added value to customers. In addition to its physical network and following an omnichannel approach allowing a seamless transition between physical and digital, Rexel is developing an online sales functionality in most of the countries in which the Group operates to meet customer expectations in terms of simplification of administrative tasks, availability of precise technical data and practicality. This approach is completed by a network of sales representatives (in stores and visiting clients) who answer customer questions and meet their expectations in the field or over the telephone.
- Secondly, the Group developed an effective, high-performance logistics model, aiming at combining the ability to deliver on time, in full and with no damaged products, to deliver in a single parcel several items from different suppliers, thereby simplifying customers receptions, to deliver the entire product catalog at D+1 or D+2 (depending on the geography) while working with reliable and well-suited transport providers. The logistics system is being continuously strengthened thanks to the gradual deployment of best practices inspired by the major e-commerce players (locker systems available 24/7, parcel delivery in pick-up locations, express delivery, track-and-trace during delivery, etc.) to best meet customer needs.
- Lastly, the management of a very large number of customers requires a sophisticated receivables and credit risk management system which is specific to distribution companies. Rexel deployed this type of client risk management system many years ago, and the results show a low level of trade accounts receivable losses (€25.6 million in trade accounts receivable losses in 2019 on over €2,157.3 million of total receivable).

All of these elements are barriers to entry for digital platforms and for manufacturers who would try to sell directly to Rexel customers. However, despite these control systems, the residual exposure of the Group is assessed as moderate due to the size and growth of the major e-commerce players and due to the fact that some suppliers are willing to directly address some markets.

Inability of the Group to define an offer plan meeting customer expectations for all the countries and markets in which Rexel operates

RESIDUAL EXPOSURE

Low

RISK IDENTIFICATION AND EXPOSURE	CONTROL SYSTEMS
As a distributor of electrical equipment, one of the core activities of the Rexel Group is to roll out, in each country and for each market in which it operates, an appropriate offer plan to select the products and references that best meet the needs and expectations of its customers. This plan allows Rexel to select the products that the company wishes to offer for each market, and thus to select those for which it is able to provide competitive prices and high levels of availability. The drafting of this offer plan is a complex exercise within the Rexel Group because of the number of countries in which it operates (electrical standards are prone to changes and customer needs differ from country to country) but also due to the highly variable weight of each different market within these countries. For example, in 2019, the residential market accounted for approximately 44% of sales in France, compared to 0% in China and 7% in North America, while the industrial market accounted for approximately 17% of sales in France, compared to 97% in China and 36% in North America. Thus, each entity has to draw up an offer plan tailored to its specific characteristics. This complexity is reinforced by the ever-growing advanced technological innovation and frequently changing standards of the products provided by the Rexel Group. The rapid development of home automation, the widespread use of the Internet of Things and the progress of robotization increased the need for extensive technical skills to build this offer plan and for more frequent updates than in the past. As a result, the risk for Rexel to propose an offer plan that is not adapted to the needs of its customers in one or more of the Group entities has increased. Any unsuitability of the Rexel offer plan in one or more of the countries in which the Group operates could result in a deterioration of the Group's reputation with its customers (by Rexel positioning itself as a provider of expertise and advice) and, consequently, a potential loss of market share. In addition, an inadequate offer plan could lead to an increase in the level of Rexel inventory (stemming from a demand for alternative products from customers) and thus, a potential decrease in the inventory turnover that could induce obsolescence and hence an increase in the inventory depreciation (which amounted to €75.8 million in 2019 compared to €79.0 million in 2018). This could lead to a negative impact on the Group financial performance.	The drafting of an offer plan tailored to the expectations of customers in each of the countries and markets in which Rexel operates remains one of the top priorities of the Group. For this purpose, Rexel relies on its experienced teams benefiting from the technical skills required to develop an adequate offer plan. Besides, best practices and innovative initiatives developed in several countries of the Group are identified by the central teams and promoted throughout the rest of the Group. Some entities of the Group have also deployed digital solutions for analyzing customer behavior to help them select the products to be included in their offer plan. Those solutions are currently being promoted by Rexel. Finally, as offer plans are drawn up at country level, the impact of an offer plan resulted to be unsuitable for a given country would be limited to that country. Nevertheless, the deployment of the aforementioned digital initiatives remains of gradual progression within the Rexel Group. Consequently, Rexel residual exposure is considered to be low.

2.1.2 Operating risks

Significant cyber-attack on the information systems of the Group

RESIDUAL EXPOSURE

High

RISK IDENTIFICATION AND EXPOSURE

The Rexel Group's strategy partially relies on the digital transformation of its business activities, both *via* the improvement of the Group's management systems and through innovative digital solutions provided to customers or suppliers. In addition to traditional information systems, on which part of the operations of the Group depends, Rexel is deploying several data and algorithm solutions which improve the management of its customer portfolio and of the product assortment in the branches. The Group also significantly improved its digital ordering mechanisms using EDI (Electronic Data Interchange) solutions. In 2019, the Rexel Group generated €2,399.6 million of digital sales (near 18% of its total sales) through these services. Therefore, any significant cyber-attack, regardless of type (ransomware, phishing, etc.) which could interfere with the proper operation of the information systems and of the webshop of the Group on which all of the solutions mentioned above rely, could result in a significant loss in revenue, related to both the failure of the information systems and the potential loss of strategic commercial data. This type of attack could also impact the image and reputation of the Group.

CONTROL SYSTEMS

The Rexel Group has deployed a global and sophisticated IT security system within all of the entities of the Group. It includes an analysis of all the risks that can impact the Group's information systems, a dedicated organization and governance, and reinforced investments in technology and human resources to detect attacks, reduce the weaknesses in internal and open systems and increase the protection against intrusion attempts. In addition, the digital solutions of Rexel do not collect nor store its customers' bank information, thereby reducing the risk of banking information theft *via* a cyber-attack. Lastly, the information systems of the main countries are mostly independent in order to limit any potential risk of contagion between countries and systems.

Nevertheless, and due to the increasing frequency and sophistication of targeted and contagious cyber-attacks, the residual exposure level of the Group is assessed as high.

Inability to attract and retain talents

RESIDUAL EXPOSURE

Moderate

RISK IDENTIFICATION AND EXPOSURE

The added value of the Rexel Group relies on the quality of its teams and their ability to manage the company, develop its commercial relationships with nearly 650,000 customers and deliver its products. Therefore, the human resources strategy of Rexel is designed to attract, recruit and ensure the loyalty of employees who are increasingly qualified and able to provide customers with expertise and both differentiating and appropriate technical advice. In 2019, the Group hired over 4,500 of new staff, out of a total workforce of near 27,000 employees, resulting in an employee turnover rate of over 16%. However, the ongoing effort to recruit and maintain the Group's teams faces challenges resulting from sometimes tense job market conditions (full employment zones, strong salary competition), notably in the United States and in China.

The inability of the Group to attract key resources and to recruit the staff required to conduct company business could lead to a decline in sales, the loss of certain customers, or a deterioration of delivery conditions or service level. In addition, the inability to retain personnel with key skills needed by the company could result in a loss of knowledge and know-how, additional recruiting costs, deterioration of the quality of service provided to customers and, therefore, of the financial results of Rexel.

CONTROL SYSTEMS

The number of employees hired in 2019 demonstrates that the Rexel Group is able to attract and recruit new staff. The digital transformation undertaken by the Group also enables it to partially reduce pressure on human resources *via* the automation of certain processes, while raising productivity, allowing resource redeployment and increasing the appeal of the Group.

In addition and to retain talents in the company, various in-house programs have been launched to boost the performance-oriented corporate culture (such as the continuous development and performance program, the top 100 development program, as well as the identification and promotion of 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) to develop their competencies and to retain talents.

Despite the above, the Group's residual exposure is considered to be moderate.

Events impacting the health and safety of Group employees or third parties

RESIDUAL EXPOSURE

Moderate

RISK IDENTIFICATION AND EXPOSURE	CONTROL SYSTEMS
With respect to health and safety, the main risks for Rexel Group employees and third parties (customers, subcontractors, etc.) relate to road traffic, falls, machine operation, equipment and cable handling and sedentary and computer work. Approximately 15% of Rexel's workforce work in warehouses and 60% work in sales functions, possibly traveling by car on a regular basis for their job, directly exposing them to a health and safety risk at work. Likewise, Rexel directly operates over 1,700 trucks and vans each day to deliver its products. This generates the potential for accidents involving Group employees and/or third parties. The number of days lost due to work-related accidents was 6,690 in 2019, compared to 6,499 in 2018 and 6,112 in 2017. In 2019, work-related accidents resulting in a work stoppage were primarily related to logistics (144 accidents, *i.e.* 51%) and to commercial/sales position (106 accidents, *i.e.* 38%). The frequency of work-related accidents at the Rexel Group calculated as the number of work-related accidents resulting in lost time per million hours worked was 6.1 in 2019. This rate increased compared to 2018 (5.7). The severity rate of Rexel Group work-related accidents, defined as the number of workdays lost due to temporary disability per 1,000 hours worked, was 0.15 in 2019 compared to 0.14 in 2018 and 0.13 in 2017. In the event of a serious accident, the human impact could be severe, both for an employee and a third party. Beyond these major human consequences, any accident with a negative impact on the physical integrity of a Rexel employee or of a third party could also have a negative financial, legal or reputational impact on the Group.	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 shared safety practices within the Group, Rexel designed 10 safety principles. These 10 principles provide an overall approach and promote safe and responsible practices and behaviors and address the key risks to which Rexel is exposed as a result of its business activities. In addition, certain countries have committed to obtaining OHSAS 18001 occupational health-safety certification. The subsidiaries in Austria, Hungary, Finland, Spain, China and the United Kingdom have implemented this health and safety risk management method. As a result, the Group's residual exposure is considered to be moderate.

Insufficiently resilient information systems

RESIDUAL EXPOSURE

Low

RISK IDENTIFICATION AND EXPOSURE	CONTROL SYSTEMS
Given the importance of information systems in carrying out the daily operations of the Group and given the deployment of Rexel's digital strategy, these systems are increasingly called upon. A major malfunction or a case of *force majeure* affecting Rexel or one of its information services providers could have a negative impact on the business activities, the financial situation or the results of the 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. The Rexel Group generated €2,399.6 million from digital sales in 2019 (near 18% of its sales). They could be directly impacted by an information system malfunction. In a complex IT landscape of multiple, heterogeneous and at times interconnected information systems such as the Group's, in which maintaining such systems in operational conditions becomes more and more difficult and costly, the risk of facing insufficiently resilient information systems in Rexel increases.	The Rexel Group has deployed an internal control system for its information systems to ensure their continuity and resilience. The system notably provides for the creation of IT emergency plans, incident processing procedures, change management rules for modifications made to the production environment, access right and authorization controls and data backup rules. 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. In addition, the IT architecture is managed independently in each country, thereby limiting the Group's exposure to a major, global interruption of its business activities. Last, in the event of an interruption in information system services, the Group's physical branch network and dedicated procedures will ensure that Rexel keeps on serving its customers and delivering products. As a result, the Group's residual exposure is considered to be low.

2.1.3 Financial risks

Significant loss of value of intangible assets

RESIDUAL EXPOSURE

Moderate

RISK IDENTIFICATION AND EXPOSURE

As of December 31, 2019, the Rexel Group recognized nearly €3,785.5 million in net goodwill for its intangible assets. This is the result of the acquisitions completed over the past years and represents the expected future economic benefits of the assets purchased.

The value of goodwill is reviewed at least annually. It is conditioned by the anticipated cash flows for the following five years including a normative terminal value, the cash flow discount rate and the EBITA rate assumptions for each country. A change in one or more of these assumptions could significantly reduce the value of goodwill and result in a major accounting impairment. The goodwill of some countries is exposed to the risk of non-achievement of growth targets, notably due to changes in the political or economic environment in those countries. For instance, the Group recognized goodwill of €181.3 million at the end of 2019 for its activities in the United Kingdom, which is vulnerable to the Brexit-related instability risk. Likewise, together France, the United States and Canada account for over 65% of the total value of goodwill for the Group. They could be exposed to an unfavorable economic environment, which would call into question the Group's growth assumptions for these areas.

The value of goodwill was impaired by €98 million in 2019 compared to €56.3 million in 2018, while the Group's net income was €203.8 and 135.6 million, respectively. A significant impairment of goodwill, notably due to conditions external to the Group (economic environment, financing rates) could have a negative impact on the financial reputation and the stock market value of the Group. However, any impairment of goodwill would only have an accounting impact, and without any cash nor EBITA impact on the Group.

More detailed information about the amount of goodwill recognized in the assets of the Group as well as the basis for the calculations and impairments implemented in 2019 are available in note 11.1 to the consolidated financial statements of the Rexel Group for the financial year closed on December 31, 2019 which can be found in Section 5.2 "Consolidated financial statements" of this Universal Registration Document.

CONTROL SYSTEMS

The Group conducts goodwill impairment tests at the country level at least annually. This is the most detailed level at which the transactions of each entity are tracked by management to assess their return on investment.

As a result, the Group's residual exposure is considered to be moderate.

Significant fraud due to the misappropriation of assets or accounting manipulation

RESIDUAL EXPOSURE

Low

RISK IDENTIFICATION AND EXPOSURE	CONTROL SYSTEMS
The Rexel Group is a global distribution company, and as such is exposed to a risk of fraud by misappropriation of internal or external assets daily. Given that fraud attempts are becoming increasingly sophisticated and diverse (IT pirating, social engineering, phishing, etc.), the Rexel Group could become a victim of fraud, which could entail significant financial consequences. In particular, and notably due to the growing proportion of revenue achieved through online sales (near 18% of sales in 2019, compared to 16% in 2018), the Rexel Group is exposed to the risk of fraudulent payment methods (such as stolen bank cards) and identity theft, which is not always detected immediately given the credit lines and payment terms granted to customers. Although the misappropriation of assets in the warehouses and branches is limited given the low value of the individual items stored, Rexel is nevertheless exposed to the risk of merchandise theft as the Group operates logistic centers and branches which carry inventory (valued at a total of €1,696.9 million as of December 31, 2019). The Group could also be a victim of accounting fraud in one or more of its subsidiaries or even at head office, which could result in financial penalties and, potentially, prison sentences for Group managers and harm the Group's reputation.	The Rexel Group has deployed a control system dedicated to the fight against fraud for many years. The Group conducts fraud awareness-raising and training sessions for its employees on a regular basis. Rexel implemented robust accounting and financial controls, designed to prevent and detect any fraud attempt, and introduced increasingly higher-performing information system security tools. The accounting and consolidation controls are centralized at Group level, which limits potential accounting manipulation within the subsidiaries. As a result, the Group's residual exposure is considered to be low.

Margin deterioration resulting from raw materials price fluctuation, including that of copper

RESIDUAL EXPOSURE

Low

RISK IDENTIFICATION AND EXPOSURE

With respect to its cable distribution business, which accounted for approximately 16% of its sales in 2019, 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. The price of copper is volatile and can be subject to political (strikes, mine closures) or environmental (reductions in the water supply required for extraction) changes. During 2019, the price of copper fluctuated between approximately $5,700 and $6,500 a ton.

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 the situation and commercial policies of its suppliers, the competitive environment of the Rexel Group and exchange rates. Therefore, the Rexel Group's exposure to changes in the price of copper is indirect.

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 of the Group.

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

The Rexel Group believes that in 2019, fluctuations in cable prices contributed to a recurring decrease in its sales of approximately 0.3%, on a comparable basis and at a constant number of days.

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. Transportation costs accounted for 2.2% of the Rexel Group's sales in 2019. Changes in prices of certain commodities may have an adverse effect on the financial situation or the results of the Rexel Group.

CONTROL SYSTEMS

The Group does not have any direct control over the price of copper. However, Rexel implemented the tools necessary to monitor and assess the risk level and its impacts. A specific monthly reporting process was developed and is regularly analyzed. Over the past three years, the impact of copper price fluctuation has been limited, to a maximum and in absolute value, to 1.4% of revenue and to less than €15 million in EBITA. In addition, the Group communicates on financial results that are adjusted of the non-recurring effects of copper price fluctuation to enable the market to better assess the financial results of the Group excluding the impact of copper price volatility on these results.

With respect to other raw materials, the impact of fluctuations in the price of oil remains indirect for the Group, notably thanks to the signature of transport outsourcing contracts.

As a result, the Group's residual exposure is considered to be low.

2.1.4 Ethics and environmental risks

Unethical behavior within the Group (corruption, anticompetitive agreements, non-compliance with embargoes, failure to protect personal data)

RESIDUAL EXPOSURE

Moderate

RISK IDENTIFICATION AND EXPOSURE

A specialist in the distribution of electrical supplies for professionals, the Rexel Group could be exposed, like any other distributor for professionals, to the risk of unethical behavior, including the risk of corruption, anticompetitive agreements, non-compliance with embargoes or the failure to protect personal data:

- With respect to the risk of corruption, the Rexel Group answers public and private calls for tender for construction and renovation projects on a regular basis. Rexel also operates in some countries in which the level of perceived corruption (established by the NGO Transparency International) is relatively high, like India, Russia and China. These elements could expose the Rexel Group to a risk of corruption;
- With respect to the risk of anticompetitive agreements, 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 judgment and thus to evaluate the financial risk which Rexel is potentially exposed to;
- With respect to the risk of non-compliance with sanctions and embargoes, the Rexel Group could be exposed to such risk, for instance regarding some export activities, and particularly those related to compliance with the sanctions implemented by OFAC (the Office of Foreign Assets Control) in the United States. Rexel carries out few international transactions, especially with countries subject to an embargo. This limits its exposure to the risk of non-compliance with sanctions and embargoes;
- Lastly, with respect to the risk related to the protection of personal data, and within the framework of a digital strategy based on the collection and advanced use of data, some of the personal information of Group customers and/or employees could be inadequately or insufficiently protected due to external or internal causes.

Any unethical behavior could have a negative impact on the Group's reputation or image. This could result in the loss of customers or a decline in employee commitment. It could also result in a conviction for the Group, which could lead to financial penalties and potentially involve prison terms for Group management. Some of the penalties and fines could involve a percentage of the sales of the Group (10% for illegal agreements, 2 to 4% for non-compliance with the GDPR).

CONTROL SYSTEMS

The Rexel Group and its management have been committed to a consistent and repeated ethical approach that reflects the standards of loyalty, integrity, respect and transparency of the Group. This commitment has been embodied in an Ethics Guide since 2007. It was updated in 2013 and 2017 to reflect the Group's strategy and the legislative and regulatory requirements applicable. This guide and the Anti-Corruption Code of Conduct and Guide for the Prevention of Anti-Competitive Practices which complete it form the ethics corpus of reference of the Rexel Group. They have been provided to all Group employees and are published in the local languages of the countries in which the Group operates on a dedicated public Internet page (http://ethique.rexel.com/).

Extensive ethics training (compliance with competition law, prevention of corruption, protection of personal data, etc.) has also been provided to all Group employees through classroom sessions and e-learnings to raise awareness on this ethical approach. In addition, and in application of the Sapin II Law, Rexel has deployed a comprehensive anti-corruption program based on the recommendations of the *Agence Française Anticorruption* (French Anticorruption Agency). With respect to the risk related to embargoes, while Rexel carries out few international transactions, the Group has nevertheless implemented dedicated procedures to ensure that no sales violate any sanctions or embargoes in effect and has provided specialized training to the most exposed employees. With respect to the protection of personal data and compliance with the GDPR, the Group has deployed a complete system to ensure compliance in all affected countries. It includes training, dedicated procedures and the strengthening of personal data security. Lastly, with respect to the risk of anticompetitive agreements, the Group has strengthened its policies and training for its employees to limit any risk of competition law non-compliance.

As a result, the Group's residual exposure is considered to be moderate.

Negative impact of the Group's business activities on the environment and the climate

RESIDUAL EXPOSURE

Moderate

RISK IDENTIFICATION AND EXPOSURE	CONTROL SYSTEMS
As a specialist in the distribution of electrical supplies for professionals, the Rexel Group does not operate any production sites or factories. Present in 26 countries in 2019 and at over 2,000 sites (branches, logistics centers, head offices), the Rexel Group is faced with an environmental challenge which is due more to the dispersion of its impacts than to their extent. First, Rexel manages a large vehicle fleet for its logistics operations. The Group's in-house logistics fleet consumed 4.9 million liters of diesel fuel and 2.9 million liters of gasoline in 2019, *i.e.* energy consumption of 80,101 MWh (note that transport is outsourced by some entities of the Group). The commercial fleet consumed nearly 7.2 million liters of diesel fuel and 2.4 million liters of gasoline. This amounts to an energy consumption of 99,277 MWh. The Group also consumes energy to provide heat and electricity to the sites it operates in. In all, the Group's internal CO_2 emissions (direct or indirect emissions from the energy consumption of buildings and the Rexel vehicle fleet) totaled 104 $ktCO_2$ in 2019, compared to 102 $ktCO_2$ in 2018. In addition, the Group consumes the equivalent of approximately 200,000 trees a year for a range of packaging needs. The total quantity of packaging (cardboard, plastic, wood and other) consumed by the Rexel Group in 2019 is estimated at 17,184 tons, based on a scope which includes 99.8% of the Rexel Group's sales, compared with 16,937 tons in 2018 (based on a scope which included 99.6% of the Group's sales). Lastly, the Group distributes products that have a strong impact on the environment because of the resources and energy used to manufacture them and the fact that recycling is not consistent. About 50 million tons of electrical supplies are disposed of around the world every year (according to the estimate of the United Nations Environment Programme) and only 10% are recycled. This harmful aspect of the Group's activities on the environment could have negative consequences on the Group's reputation, its image or its sales (in a context of increased customer awareness about environmental issues).	The Group is committed to a global policy intended to reduce its environmental impact: • It has committed to at least doubling its sales of energy efficient products and services by 2020, compared to 2011. The objective was achieved at the end of 2019, with an increase in sales of 2.11 compared to 2011. • The Group also committed to reducing the level of greenhouse gases emitted by its operations by at least 30%, compared to 2010 (scopes 1 and 2). In 2019, Rexel reduced its emission by 38.5% compared to 2010 and by 2.6% compared to 2018. In February 2020, the Rexel Group set new targets of reduction of its greenhouse gas emissions linked to the energy consumption of its operations (scopes 1 and 2), as it committed to reducing them by 35% by 2030 (scopes 1 and 2), as compared to 2016 and also committed to reducing by 45% per euro of revenue those linked to the use of the products it has sold (scope 3) by 2030, as compared to 2016. • The Group is also committed to a policy to reduce its packaging thanks to the optimization of containers, the use of innovative and recyclable packaging and the use of reusable materials. In addition, several Rexel entities (24% of sites) undertook the ISO 14001 certification process, attesting to their commitment to the continuous improvement of their environmental approach. Furthermore, some entities also committed to implementing energy management systems that meet ISO 50001 standards. These entities account for approximately 15% of Group sites and 8% of the energy consumption on Group sites. Austria and Great Britain started implementing a structured approach in 2018 and have obtained four certifications (ISO 14001, ISO 9001, ISO 50001 and OHSAS 18001). Lastly, the Group implemented procedures to assess its third parties, notably its suppliers, to identify potential environmentally unacceptable behaviors. As a result, the Group's residual exposure is considered to be moderate.

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 related 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 caused to third parties by the Rexel Group during its activities, for operating risks and after delivery.

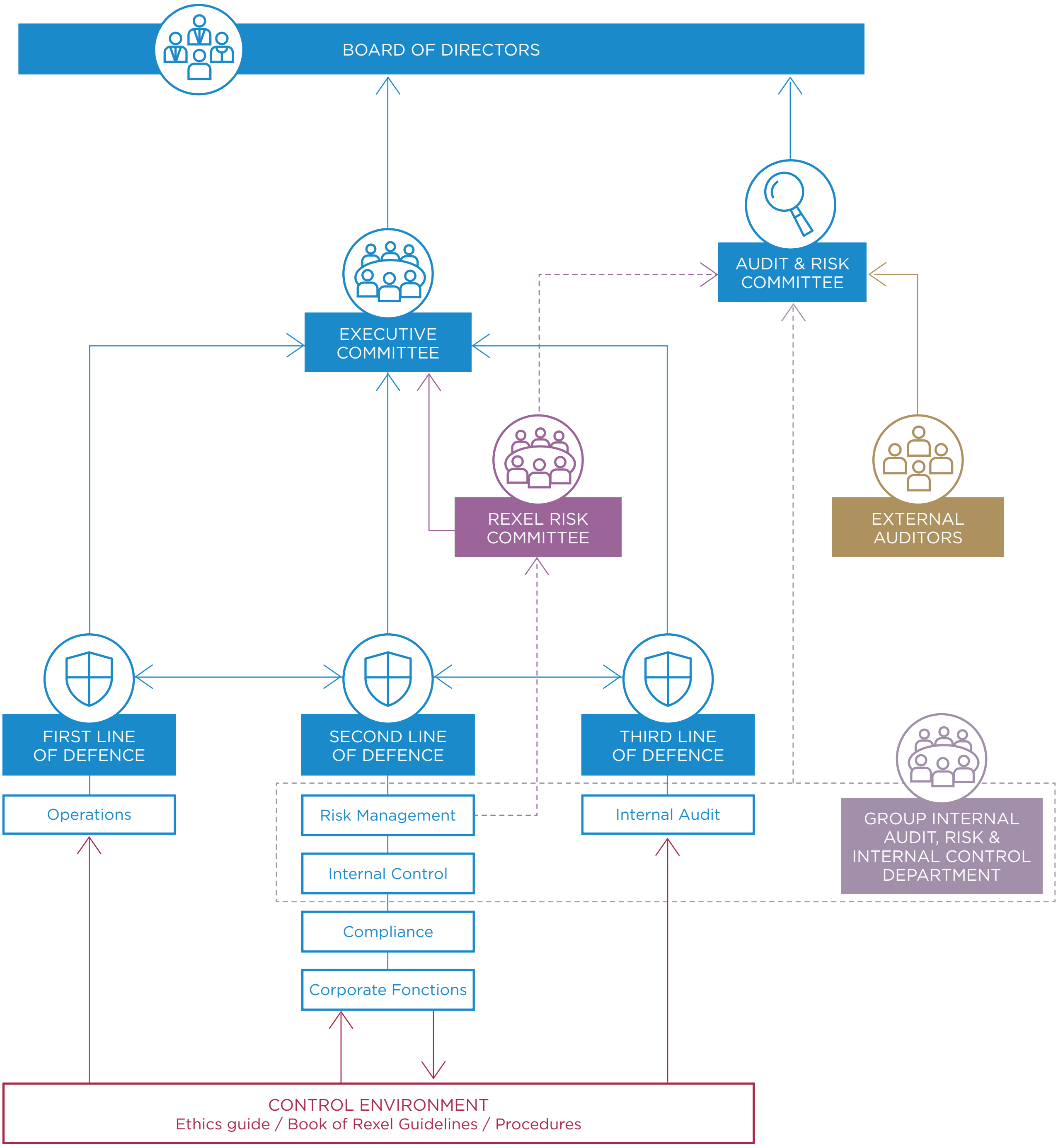
Given its international operations and applicable regulations, the Rexel Group has taken out local insurance policies to take into account local practices and/or obligations in the relevant countries.

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. The resulting coverage is obtained subject to certain conditions on an individual basis for each customer.

2.3 The Rexel internal control and risk management system

The Rexel Group implemented an internal control and risk management system over 10 years ago. It is based on the COSO (Committee Of Sponsoring Organizations of the Treadway Commission) standard and on the frame of reference of the *Autorité des marchés financiers* (AMF), together with its implementation guide. The internal control and risk management system is summarized in the following diagram and described in the following three sections which cover the control environment, the three lines of defense model in Rexel and the steering and monitoring of Rexel's internal control system, respectively.



2.3.1 Rexel's control environment

The Rexel Group's internal control system is based on a solid control environment, which is the reference for operations within the Group.

2.3.1.1 A control environment based on Rexel's ethics commitment

The first building block of Rexel's control environment is the ethics commitment of the Group and its management, reflecting the standards of loyalty, integrity, respect and transparency of the Group. This commitment has been embodied in an Ethics Guide since 2007. It was updated in 2013 and 2017 to reflect the Group's strategy and the legal and regulatory requirements applicable. The guide and the Group's Anti-Corruption Code of Conduct and Guide for the Prevention of Anti-Competitive Practices which completed it form the ethical corpus of reference of the Group. They have been provided to all Group employees and are published in the local languages of the countries in which the Group operates on a dedicated public Internet page (http://ethique.rexel.com/).

2.3.1.2 The Book of Rexel Guidelines, the cornerstone of the control environment of Rexel

The cornerstone of Rexel's control environment is the Book of Rexel Guidelines, the Rexel Group's internal control frame of reference. This manual presents and describes the risks, the control objectives and the related controls that all Group entities must implement for each of the processes within the company. Its 2019 version has been significantly circulated especially to the management of each entity. It includes about 680 controls for operational entities, of which 180 critical controls covering all Group activities: governance, communication, strategy, sustainable development, sales, purchasing, logistics, information systems, human resources, financial and accounting information, treasury, taxes, legal affairs, compliance, real estate, insurance, etc.

Updated based on the Group's risk management system and with the results of internal and external audits, this manual is reviewed every year to ensure its consistency with the risk mapping and with the targeting of significant risks.

2.3.1.3 The procedures, manuals and instructions of the functional departments, operationally complementing the control environment, particularly for the processing of accounting and financial information

The Book of Rexel Guidelines is completed with procedures, instructions and manuals established by the functional departments of the Group to ensure operational implementation within the Rexel entities. These procedures deal with all the processes within the Group and are widely communicated to all the entities.

In particular, the Group developed procedures for management reporting and the preparation of financial statements: the Rexel Group's Finance Department defined a set of directives, tools and standards to secure the quality, completeness, truthfulness and consistency of the information provided to the Group and published for the markets. The financial statements of the Rexel Group are prepared in accordance with IFRS standards 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 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.

2.3.2 The stakeholders of Rexel's internal control system, structured around the three lines of defense model

The internal control and risk management system of the Rexel Group is structured around the concept of three lines of defense which provides clear and effective assignment of the roles and responsibilities for everyone in the company and allows the application and monitoring of the internal control system.

2.3.2.1 The operations of the entities of the Group: the first line of defense

The Rexel Group and its network of branches form a decentralized organization in which the principles of responsibility and accountability of each person are at the core of the definition of roles. For this purpose, the different operational functions of the Group are informed about compliance with the rules and about the Group's procedures and instructions to create a first, effective line of control.

Each entity of the Group is responsible for establishing an internal control system based on the control environment presented above and for complementing it with local procedures when appropriate. The operations managers define the appropriate controls at the operational level for the processes for which they are responsible, through the application of the rules and procedures developed at the Group level, especially the Book of Rexel Guidelines.

2.3.2.2 The functional departments of the Group: an essential part of the second line of defense

In addition, and to support operations, the functional departments at Group level form a key essential part of the second line of defense in Rexel. The departments rely on the opinion of Group internal control and internal audit to identify the needs for cross-functional actions the Rexel Group. Each functional department supports the entities of the Group in the setting-up of action plans to reduce identified risks in their areas of expertise.

Among these departments, the ethics and compliance department holds a key position within Rexel's second line of defense since it is responsible for preparing and updating the Ethics Guide and the other compliance rules and procedures. This corpus of ethics documents is implemented in the entities, under the responsibility of this department, through a certain number of mechanisms and concrete actions that ensure sharing and adoption of Rexel's ethical values: regular communication on ethics, training and awareness-raising for Group employees, creation of a Group ethics whistleblowing line, creation of a Group ethics committee, etc.

Lastly, the Group Financial Department also plays a major role within the second line of defense in Rexel:

- Jointly with Executive management and in close cooperation with Group entities, it contributed to the elaboration of a three-year strategic plan, the first year of which constitutes its budget. The plans are consolidated at the Rexel Group level and submitted for approval to the Rexel Board of Directors;
- It conducts periodic business activity reviews with Executive Management and the Regional Departments which 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;
- It ensures the consistency of feedback from the entities before aggregating the results and the consolidation entries and prepares detailed and documented analysis of the data, explaining changes in the scope of consolidation, exchange rate impacts and non-recurring operations;
- Each month, it provides the Board of Directors with a summary report on financial performance and provides the Audit and Risk Committee of the Group with the annual, half-year and quarterly financial statements which are then approved by the Board of Directors.

2.3.2.3 The Group Internal Audit, Risk Management and Internal Control Department: the cornerstone of the system at the border between the second and third lines of defense

The cornerstone of the internal control and risk management system of Rexel is the Group Internal Audit, Risk Management and Internal Control Department, which combines the key functions of the second and third lines of defense. These functions were grouped in 2019, which generated strong synergies and strengthened the Group's internal control system.

The department is structured around two services to ensure the independence between internal audit and internal control: an internal control and risk management service (with one manager at the end of 2019) and an internal audit service (with one manager and three internal auditors at the end of 2019).

As part of his risk management duties, the internal control and risk manager is responsible for identifying the risks to which the Group is exposed, for annually updating the Group risk mapping and for following the action plans intended to reduce the impact or likelihood of the main risks identified in the Group. The action plans may include the implementation of controls, the transfer of financial consequences (insurance mechanism or equivalent) or an adjustment to the organization. The manager carries out these duties under the supervision of the Risk Committee, a committee appointed by the Group Executive Committee to assist them with risk management (see paragraph 2.3.3.1 "Steering by the Group Executive Committee" in this Universal Registration Document). It should be noted that in 2019, for the first time, the risk mapping exercise was also implemented locally in all the entities of the Group to obtain a detailed and granular vision of risks within the Group and to complete the Group risk mapping.

As part of his internal control duties, the manager is also responsible for maintaining and updating the Book of Rexel Guidelines based on the risks identified and on the Group's situation and strategy, and for deploying and coordinating the annual self-assessment exercise to assess the compliance of operating rules with the Book of Rexel Guidelines (presented in paragraph 2.3.1.3 "The procedures, manuals and instructions of the functional departments, operational complements to the control environment, in particular for the processing of accounting and financial information" of this Universal Registration Document), *via* a questionnaire sent to the local management of the entities. The results are shared with the Executive Committee, the operational departments of the entities and the Audit and Risk Committee, which share them with the Board of Directors. The last self-assessment was rolled out during the summer of 2019, and covered all the processes included in the Book of Rexel Guidelines. The self-assessments enable the identification of the action plans to be implemented to correct any non-compliances revealed and identification of the best practices and support needs within the different entities.

Given that the self-assessment approach is not, by nature, sufficient to guarantee that the internal control system is being implemented effectively, the Rexel Group completes it with internal audits. Group internal audit is responsible for ensuring that the entities comply with the rules of the Rexel Group and, more generally, for evaluating the operational, financial and personal safety risks in the areas covered by the audits. The Group internal audits are conducted under the supervision of the internal audit manager who works with a team of three auditors at the end of 2019. 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 and Risk Committee in February 2011. The Group internal audit team carried out 17 assignments in 2019 based on an audit plan approved by the Audit and Risk Committee in February 2019. 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 assignments also include a verification of the results of the self-assessments conducted by the entities, since nearly all of the controls subject to self-assessment are reviewed during a standard audit of all accounting, financial and operational processes. The Group Internal Audit Department established a follow-up process for the implementation of the action plans to ensure that the weaknesses identified are corrected.

This central system is completed with 19 local internal controllers and auditors (at the end of 2019) in the main Group subsidiaries (Australia, Austria, Canada, France, Germany, the United States and the United Kingdom) who report functionally to the Director of Internal Audit, Risk Management and Internal Control and who are responsible for supervising the successful local deployment of the Group's internal control system and for conducting audits of the processes, branches and logistics centers. In 2019, the local internal controllers and auditors carried out more than 470 audits of the branch network and logistics centers.

2.3.3 Steering and monitoring of the internal control system

2.3.3.1 Steering by the Group Executive Committee

The Group Executive Committee is responsible for steering Rexel's internal control system.

With respect to risk management, the Executive Committee implemented a dedicated Risk Committee in 2010, which reports to it and is responsible for steering the risk mapping and management system implemented by the risk manager. The list of members of the committee was updated in 2019 to improve its representativeness, both in functional and geographical terms. It met once in 2019 for the update of the Group risk mapping and reported on its work and formulated its recommendations to the Executive Committee.

In addition, during dedicated meetings in December 2019, the Group Internal Audit, Risk Management and Internal Control Department, which reports to the Group Financial Director (member of the Group Executive Committee), presented a complete picture by zone of the control environment at Rexel to Group management jointly with zone management. They detailed the salient aspects resulting from local risk mapping, of the self-assessment of internal control, of the work done by internal audit (when applicable) and of the work done by external audit. This communication helps the Rexel Group's Management to 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.

2.3.3.2 Monitoring of the system by the Audit and Risk Committee of the Board of Directors

The Rexel Group Audit and Risk Committee is responsible for monitoring the Group's internal control system. Each quarter, the Group Internal Audit, Risk Management and Internal Control Director presents to the Rexel Audit and Risk Committee a summary of the work done by the internal audit, internal control and risk management teams, including the main conclusions of the internal audit assignments undertaken and a follow-up on the progress made by the corresponding action plans. As part of this process, each quarterly meeting of the Audit and Risk Committee provides an opportunity to summarize the risk management, internal control and audit activities carried out during the preceding quarter. The Audit and Risk Committee is also responsible for the annual approval of the Group risk mapping and the internal audit plan. The Audit and Risk Committee formulates its recommendations and proposals to the Board of Directors based on these presentations.

During the third quarter of 2019, and as part of its surveillance role of the internal control system, the Audit and Risk Committee of the Rexel Group confirmed the hierarchical reporting line of the Internal Audit, Risk Management and Internal Control Department to the Group Financial Department and its functional reporting line to the Audit and Risk Committee. The Committee also recommended regular working meetings and direct access to the Group CEO and the Chairman of the Audit and Risk Committee to guarantee the independence of internal audit, and the occasional attendance of the Group Internal Audit, Risk Management and Internal Control Director at Executive Committee meetings when appropriate.

2.3.3.3 Monitoring process carried out by external audit

Lastly, the external auditors take part in the internal control system monitoring process. 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 segment of the framework, changing every 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. Thus allowing the Rexel Group to improve the reliability of the self-assessments.

3 CORPORATE GOVERNANCE

3

CORPORATE GOVERNANCE 69

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 and the Sustainable Development Department, 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 January 2020. 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 Chapter.

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. 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.

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, 2019, the Board of Directors was made up of 10 Directors, including a Director representing the employees.

Excluding the Director representing the employees, the Board of Directors had 78% of independent members (*i.e.* 7 members out of 9) and 44% of female members (*i.e.* 4 females out of 9).

As a result of the co-option of Brigitte Cantaloube by the Board of Directors of February 12, 2020, the Board of Directors is made up of 11 Directors. Excluding the Director representing the employees, the Board of Directors is now made up of 80% independent Directors (*i.e.* 8 members out of 10) and 50% women (*i.e.* 5 women out of 10).

The table below presents a summary of the membership of the Board of Directors as at December 31, 2019:

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			DATE OF FIRST APPOINTMENT	DATE OF EXPIRY OF TERM OF OFFICE
							AUDIT AND RISK COMMITTEE	NOMINATION COMMITTEE	COMPENSATION COMMITTEE		
DIRECTOR											
Ian Meakins	Chairman	Male	British	63	Yes	No	●	●	●	July 1, 2016[(1)]	2021 Shareholders' meeting
François Henrot	Deputy Chairman Senior Independent Director	Male	French	70	Yes	Yes		●	●	October 30, 2013[(2)]	2021 Shareholders' meeting
Marcus Alexanderson	Director	Male	Swedish	44	No	No		●	●	May 15, 2017	2022 Shareholders' meeting
François Auque	Director Chairman of the Audit and Risk Committee	Male	French	63	Yes	Yes	■			May 23, 2019	2023 Shareholders' meeting
Patrick Berard	Director	Male	French	66	No	Yes				May 23, 2017	2021 Shareholders' meeting
Julien Bonnel[(3)]	Director representing the employees	Male	French	34	-	No			●	November 17, 2017	2021 Shareholders' meeting
Elen Phillips	Director	Female	US and British	60	Yes	No	●	●		March 8, 2016	2023 Shareholders' meeting
Maria Richter	Director	Female	US and Panama	65	Yes	Yes	●		●	May 22, 2014	2022 Shareholders' meeting
Agnès Touraine	Director Chairwoman of the Compensation Committee	Female	French	65	Yes	Yes			■	February 10, 2017	2023 Shareholders' meeting
Herna Verhagen	Director Chairwoman of the Nomination Committee	Female	Dutch	53	Yes	Yes		■		November 28, 2013[(2)]	2022 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.

As a result of the co-option of Brigitte Cantaloube, the Board of Directors is made of, as of the date of this universal registration document, the 10 members mentioned above, as well as:

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											
Brigitte Cantaloube	Director	Female	French	51	Yes	-	●	-	-	February 12, 2020	2020 Shareholders' meeting

● Committee member ■ Committee chairman

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, 2019:

Board of Directors

NUMBER OF MEETINGS	AVERAGE ATTENDANCE RATE	NUMBER OF DIRECTORS (1)	INDEPENDENCE RATE (1)(2)	REPRESENTATION OF WOMEN (1)(2)	AVERAGE AGE
12	96%	10	78%	• 44% • 2 committees out of 3 chaired by women	58

(1) Excluding the Director representing the employees.

(2) The independence rate has been increased to 80% and the representation of women to 50% as a result of the co-option of Brigitte Cantaloube by the Board of Directors of February 12, 2020.

Audit and Risk Committee

NUMBER OF MEETINGS	AVERAGE ATTENDANCE RATE	NUMBER OF DIRECTORS (1)	INDEPENDENCE RATE	REPRESENTATION OF WOMEN (1)	AVERAGE AGE
6	100%	4	100%	2	63

(1) The number of Directors has been increased to 5 and the representation of women to 3 as a result of the co-option of Brigitte Cantaloube by the Board of Directors on February 12, 2020.

Nomination Committee

NUMBER OF MEETINGS	AVERAGE ATTENDANCE RATE	NUMBER OF DIRECTORS	INDEPENDENCE RATE	REPRESENTATION OF WOMEN	AVERAGE AGE
6	97%	6	80%	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	57

(1) Excluding the Director representing the employees.

3.1.1.1 Membership of the Board of Directors

As at December 31, 2019, the Board of Directors was made up of 10 Directors, the details of whom are set out below.

IAN MEAKINS

(63 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 Committee, 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

(70 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 member of the Supervisory Board of Rothschild & Co (the holding company of the Rothschild Group), and of Yam Invest NV and a Director of 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 Rothschild & Co (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)

Abroad

–

MARCUS ALEXANDERSON

(44 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

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Abroad

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

Over the last five financial years:

In France

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Abroad

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3

FRANÇOIS AUQUE

(63 years old)

Professional address:

77, rue Madame
75006 Paris – France

Number of Rexel shares held:

1,000

Experience and expertise

Director and Chairman of the Audit and Risks Committee

François Auque was appointed as Director and Chairman of the Audit and Risks Committee of Rexel in replacement of Fritz Froehlich by the Shareholders' Meeting of May 23, 2019.

From October 24, 2018 to his appointment as Director and Chairman of the Audit and Risks Committee of Rexel, François Auque was Observer of the Board of Directors and of the Audit and Risks Committee of Rexel.

François Auque is a French citizen.

François Auque is a partner in InfraVia Capital Partners.

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 École 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:

May 23, 2019

Current term of office:

From May 23, 2019 until the Shareholders' Meeting deciding on the accounts for the financial year ended December 31, 2023

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 the Audit and Risk Committee of Rexel

Abroad

–

Over the last five financial years:

In France

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

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

- Partner of InfraVia Capital Partners
- Chairman of François Auque Consulting (France – unlisted company)
- Director of Airbus Defence and Space Holding SAS (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)

PATRICK BERARD

(66 years old)

Professional address:

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

Number of Rexel shares held:

412,551

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).

Since October 2019, Patrick Berard has also served as Director of LKQ Corporation (USA).

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)

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 Elektroskansdia 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

- Director of LKQ Corporation (USA – listed company)

Over the last five financial years:

In France

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Abroad

–

JULIEN BONNEL

(34 years old)

Professional address:

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

Number of Rexel shares held:

1,515

(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

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Over the last five financial years:

In France

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Abroad

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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

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ELEN PHILLIPS

(60 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 was approved by anticipation by 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 23, 2019 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2022

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)

3

MARIA RICHTER

(65 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 May, 2019, she also serves as a Chairman of the company's Human Resources & Compensation Committee and a member of the Nominations Committee. From September, 2017, to September, 2019, 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, Chairman of the Human Resources & Compensation Committee, member of the Audit and Risk Committee and member of the Nominations Committee of Anglo Gold Ashanti (South Africa – 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)
- Non-executive Director and member of the Risk Committee and Compensation Committee of Barclays Bank plc (United Kingdom – listed company)

AGNÈS TOURAINE

(65 years old)

Professional address:

Act II Consultants
5, rue Bude
75004 Paris – France

Number of Rexel shares held:

1,112

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.

The renewal of her term of office was approved by anticipation by the Shareholders' Meeting of May 23, 2019.

Agnès Touraine is a French citizen.

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 was also Chairwoman of the IFA *(Institut Français des Administrateurs)* until May, 2019.

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 May 23, 2019 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2022

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

- Member of the Supervisory Board of Tarkett (France – listed company)
- Member of the Supervisory Board of 21Partners (France – 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

- Chairwoman of the IFA (*Institut Français des Administrateurs*, France – association, unlisted).

Abroad

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

3

HERNA VERHAGEN

(53 years old)

Professional address:

Post NL
Prinses Beatrixlaan 23,
2595 AK – The Hague
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 General Council of the Confederation of Netherlands Industry and Employers VNO NCW
- Member of the Supervisory Board, Chairwoman of the Remuneration Committee and member of the Nomination and Corporate Governance Committee of ING Group (The Netherlands – listed company)

Over the last five financial years:

In France

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Abroad

- Member of the Supervisory Board of Nutreco NV (The Netherlands – listed company)
- Non-executive Director of Idorsia SA (Switzerland – listed company)

In addition, the Board of DIrectors' meeting of February 12, 2020 coopted Brigitte Cantaloube as DIrector, in replacement of Thomas Farrell, who resigned. The details of her information are set out below.

BRIGITTE CANTALOUBE

(51 years old)

Professional address:

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

Number of Rexel shares held:

–

Experience and expertise

Director, member of the Audit and Risk Committee

Brigitte Cantaloube was co-opted as Director by the Board of Directors on February 12, 2020, in replacement of Thomas Farrell. The co-option of Brigitte Cantaloube as well as the renewal of her term of office are submitted to the approval of the Shareholders' Meeting of April 23, 2020.

Brigitte Cantaloube is a French citizen.

Brigitte Cantaloube was Chief Digital Officer for PSA group from February 2016 to November 2017, in charge of leading the digital transformation of the Group as well as the management of the partnerships with global digital players. Brigitte Cantaloube had previously occupied various executive positions within Yahoo! Group and in particular, she served as Vice-President and Commercial Director in charge of EMEA, based in London, from 2014 to 2016, Managing Director of Yahoo! France from 2009 to 2014, Commercial Director for Display from 2006 to 2007. Previously, she was Advertising Director of L'Express magazine in charge of the advertising market and the advertising revenue from 2002 to 2006.

Brigitte Cantaloube had started her career as Sales Executive within L'Expansion group (1992-2002) where she held a number of executive positions and notably Sales Director in charge of La Vie Financière magazine (1996-1999) and Partnerships and Marketing Director in charge of the internet department of L'Expansion group (2000-2002).

Brigitte Cantaloube has a Master's Degree in Management from EDHEC Business School Lille.

Term of office

First appointment:

February 12, 2020 (co-option)

Current term of office:

From February 12, 2020, until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2019

The renewal of her term of office until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31,2023 is submitted to the approval of the Shareholders' Meeting of April 23, 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 Audit and Risk Committee

Abroad

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Over the last five financial years:

In France

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Abroad

–

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

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Abroad

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

During the financial year ended on December 31, 2019, the following changes took place in the membership of the Board of Directors:

DIRECTOR	APPOINTMENT/ CO-OPTION/ APPROVAL	RE-ELECTION	LEAVE	COMMENTS
François Auque	X			Appointment as director for 4 years by the Shareholders' Meeting of May 23, 2019
Elen Phillips		X		Renewal of her term of office as director for 4 years by the Shareholders' Meeting of May 23, 2019.
Agnès Touraine		X		Renewal of her term of office as director for 4 years by the Shareholders' Meeting of May 23, 2019.
Fritz Froehlich			X	Termination of his term of office as director at the Shareholders' Meeting of May 23, 2019.
Thomas Farrell			X	Resignation from his duties as a director with effect from July 19, 2019
OBSERVER	**APPOINTMENT/ CO-OPTION/ APPROVAL**	**RE-ELECTION**	**LEAVE**	**COMMENTS**
François Auque			X	Termination of his duties as observer as of the date of his appointment as director for a term of 4 years by the Shareholders' Meeting of May 23, 2019.

It will be proposed to the Shareholders' Meeting of April 23, 2020 to:

- Approve the co-option in the capacity of Director of Brigitte Cantaloube decided by the Board of Directors' meeting of February 12, 2020 and, since her term of office expires at the end of the Sharehodlers' Meeting of April 23, 2020, to renew her term of office for 4 years; and
- Renew in advance the term of office as Director of Ian Meakins and Patrick Berard for a term of 4 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 Chief Executive Officer. In this respect, the Committee envisaged several hypothesis:

- 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 of these three plans, the Nomination Committee has defined the appropriate profile of the officer in terms of leadership and personality based on several selection criteria.

The 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 Nominations Committee ensures compliance with Rexel's non-discrimination and diversity policies, in particular the search for a balanced representation of men and women in senior management.

The Nomination Committee has been assisted by a recruitment advisory firm from the definition of the required profile to the presentation of potential candidates for the functions of Chief Executive Officer or directors. 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 2019 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

3

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, 2019, are set out below.

Skills matrix of the Directors

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

As a result of the co-option of Brigitte Cantaloube, the Board of Directors is made of, as of the date of this universal registration document, the 10 members mentioned above, as well as:

	INTERNATIONAL EXPERIENCE	MANAGEMENT EXPERIENCE	FINANCE	STRATEGY	DISTRIBUTION INDUSTRY	REGULATIONS	DIGITAL	SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY
DIRECTORS								
Brigitte Cantaloube	√	√		√			√	

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

As at December 31, 2019, 5 Directors were foreign nationals (United States, Panama, The Netherlands, 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 analyzes 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, 2019 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:

- 7 members out of 9 (excluding the director representing employees) of the Board of Directors were considered as independent: François Auque, François Henrot, Ian Meakins, Elen Phillips, Maria Richter, Agnès Touraine and Herna Verhagen, *i.e.*, an independence rate of 78%;
- 4 members out of 4 of the Audit and Risk Committee were considered as independent: François Auque, Ian Meakins, Elen Phillips and Maria Richter, *i.e.*, an independence rate of 100%;
- 4 members out of 5 of the Nomination Committee were considered as independent: François Henrot, Ian Meakins, Elen Phillips and Herna Verhagen, *i.e.*, an independence rate of 80%; 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, 2020 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 criteria established by the AFEP-MEDEF Code.

In particular, the status of François Henrot, and especially, whether or not the existing business relationship between Rexel and the Rothschild Group are significant, has been analyzed. Following this analysis, the Nomination 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 2019);
- 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 responsibility 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 universal 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, 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.

In the context of the co-option of Brigitte Cantaloube, in replacement of Thomas Farrell, who resigned, the Board of Directors of February 12, 2020, considered the situation of Brigitte Cantaloube and concluded that she met the independence criteria within the meaning of the AFEP-MEDEF Code. As a consequence, the independence rate was increased to 80%.

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

Summary table of the independent criteria of the Directors 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 CHARACTERIZATION
DIRECTOR								
Ian Meakins	√	√	√	√	√	√	√	Independent
François Henrot	√	√	√ (1)	√	√	√	√	Independent
François Auque	√	√	√	√	√	√	√	Independent
Marcus Alexanderson	√	√	√	√	√	√	(2)	Not independent
Patrick Berard	(3)	√	√	√	√	√	√	Not independent
Julien Bonnel								Director representing the employees (4)
Elen Phillips	√	√	√	√	√	√	√	Independent
Maria Richter	√	√	√	√	√	√	√	Independent
Agnès Touraine	√	√	√	√	√	√	√	Independent
Herna Verhagen	√	√	√	√	√	√	√	Independent
Brigitte Cantaloube	√	√	√	√	√	√	√	Independent

(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.

Balanced representation of men and women

As at December 31, 2019, the Board of Directors comprised 4 female members out of a total of 9 members (excluding the director representing the employees) *i.e.*, 44%, 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 addition, with a view to achieving a balanced representation of women and men, and in accordance with Article L.225-53 of the French Commercial Code, the Board of Directors has determined a selection process that guarantees the presence of at least one person of each gender among the candidates in the event of the appointment of a Deputy Chief Executive Officer. This process is organized primarily around internal departments and external service providers who are in charge of conducting the recruitment process. As far as possible, these parties must identify, contact and select candidates of each gender. The recruitment process is then conducted in such a way as to ensure that at least one person of each gender is present among the candidates. Once the profiles have been selected, the Nomination Committee makes its recommendations to the Board of Directors, including at least one candidate of each gender. Finally, the Board of Directors makes its decision taking into account the recommendations of the Nomination Committee.

In the context of the renewal of the term of office of two directors (Ian Meakins and Patrick Berard) and the ratification of the co-option of Brigitte Cantaloube, the renewal of the same term of office will be proposed to the Shareholders' Meeting of April 23, 2020, and if the Shareholders' Meeting approves this ratification and these renewals, the percentage of women will remain of 50%.

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 23, 2019, the renewal of the term of office of Elen Phillips and Agnès Touraine as well as the appointment of François Auque in his capacity as director.

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 February 12, 2020. This update further clarified the process for the evaluation of the Board of Directors. 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/en) 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, 2019, the Chairman of the Board of Directors:

- Spoke during the Shareholders' meeting of Rexel held on May 23, 2019;
- 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 digital transformation, 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 a new director and in her 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 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.

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, 2019, the Deputy Chairman and Senior Independent Director, François Henrot:

- spoke at the General Shareholders' Meeting of Rexel on May 23, 2019, and presented the "Corporate Governance" of Rexel to the shareholders as well as the "Compensation of Managers" including a presentation of the Board of Directors, the suggested nominations or renewals of Director and the details of the compensation policy of corporate officers;
- 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 appropriateness of an early renewal of Patrick Berard's term of office as Chief Executive Officer and the terms and conditions of his compensation;
- actively participated in the search for and recruitment of a new director by interacting with the other members of the Nomination Committee and meeting with candidates; and
- presented the governments of Rexel and the operation of the Board of Directors and of its Committees during the governments roadshows organize at the beginning of 2019 with various investors. The compensation policy for executive directors was discussed at this meeting 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 is Patrick Berard.

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

Board of Directors observer *(censeur)*

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

Operation of the Board of Directors

Competence

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

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

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

Each director receives all of the information required for the purpose of discharging his/her duties and may obtain copies of any and all documents he/she deems useful from the Chairman.

Each Director may benefit, if he/she deems necessary, from training in connection with the specificities of Rexel, its businesses and industry. François Auque, upon his appointment as observer, and then as Director, has been trained in Rexel's activity, businesses, strategy, as well as its accounting and financial peculiarities. Generally, the Directors' awareness was raised notably in respect of the various aspects of digitalization during the Digital Day organized by Rexel Expo Paris 2019. Lastly, the training modules on the prevention of corruption risks available within the Group have been made accessible to Directors.

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 40 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 the compensation of Directors; 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 interests.

The Senior Independent Director, or the Chairman if the Senior Independent Director is concerned by the conflict of interests, 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 a compensation 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 universal 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 in the absence of a Senior Independent Director, by an independent Director appointed by the Board of Directors. 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 the Senior Independent Director or in the absence of a Senior Independent Director of an independent Director appointed by the Board of Directors. 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 the Senior Independent Director, or, in the absence of a Senior Independent Director, by the independent Director appointed by the Board.

For 2019, 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 and that the Directors and the Executive Team communicate adequatly. The assessment also highlights that improvements could be made, in particular certain missions and certain functioning of the Board of Directors, the interactions between the Chairman, the Senior Independent Director and the Directors. In particular, suggestions were made to improve the functioning of the Board, by meetings organized in such a way that most of the time is devoted to debate, discussions between Directors on key topics, in particular by a prioritisation of topics, by increasing the number of meetings of non-executive Directors organized by the Senior Independent Director, the performance of the Board duties, in particular through additional training and/or the participation in certain events enabling the Directors to better understand the development of the Company's business, particularly in the digital field.

3.1.1.4 The work of the Board of Directors during the 2019 financial year

CHAIRMAN	NUMBER OF MEMBERS	INDEPENDENCE RATE (1)(2)	FEMALE DIRECTORS (1) (2)	NUMBER OF MEETINGS HELD IN 2019	AVERAGE ATTENDANCE RATE
Ian Meakins	10	78%	44%	12	96%

(1) Excluding the Director representing the employees.

(2) The independence rate has been increased to 80% and the representation of women to 50% as a result of the co-option of Brigitte Cantaloube by the Board of Directors of February 12, 2020.

During the financial year ended on December 31, 2019, the Board of Directors, met on 12 occasions.

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

- The review of the financial statements for the financial year ended on December 31, 2018, and the related financial disclosure;
- The review of the 2018 Registration document and related information;
- The compensation of the executive corporate officers;
- The yearly approval and review of the related party agreements; the approval of a related-party agreement;
- The preparation of Rexel's Ordinary and Extraordinary Shareholders' Meeting of May 23, 2019; the suggested distribution;
- The review of the quarterly disclosure on revenues;
- The review of the work of the Committees of the Board of Directors;
- The Rexel Group's budget for the 2020 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 implementation of a free share plan;
- The succession plan of the CEO and of the members of the Executive Committee and of the country CEOs;
- The presentation of the assessment of the Board of Directors;
- The results of the first approaches on the Company's purpose statement *"raison d'être"*;
- The social and environmental responsibility of the Group; and
- The implementation of the share repurchase plan.

During the financial year ended on December 31, 2019, the non-executive Directors met once outside the presence of the Chief Executive Officer. During this meeting, the non-executive Directors discussed the following topics: the evaluation of the Chief Executive Officer's performance, the postponement of the statutory age limit for holding the position of Chief Executive Officer, the appropriateness of an early renewal of Patrick Berard's term of office as Chief Executive Officer and the terms and conditions of his compensation.

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	12	100%	6	100%	6	100%	7	100%
François Henrot	12	100%	–	–	5	86%	6	86%
Marcus Alexanderson	12	100%	–	–	6	100%	7	100%
François Auque	11	92%	6	100%	–	–	–	–
Patrick Berard	12	100%	–	–	–	–	–	–
Julien Bonnel	12	100%	–	–	–	–	7	100%
Thomas Farrell(1)	2	40%	3	100%	3	100%	–	–
Fritz Froehlich(2)	4	100%	3	100%	–	–	–	–
Elen Phillips	11	92%	6	100%	6	100%	–	–
Maria Richter	12	100%	6	100%	–	–	7	100%
Agnès Touraine	12	100%	–	–	–	–	7	100%
Herna Verhagen	11	92%	–	–	6	100%	–	–
Average rate		**96%**		**100%**		**97%**		**98%**

(1) Thomas Farrell resigned as a director effective July 19, 2019.

(2) Fritz Froehlich's term of office as director expired at the end of the Shareholders' Meeting of 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, 2019, 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 (1)	INDEPENDENCE RATE	NUMBER OF MEETINGS HELD IN 2019	AVERAGE ATTENDANCE RATE
François Auque	4	100%	6	100%

(1) The number of members has been increased to 5 and the number of women to 3, as a result of the co-option of Brigitte Cantaloube by the Board of Directors of February 12, 2020.

Members of the Audit and Risk Committee

As at December 31, 2019, the Audit and Risk Committee was made up of the following members:

- François Auque (Chairman and Independent Director);
- Ian Meakins (Independent Director);
- Elen Phillips (Independent Director); and
- Maria Richter (Independent Director).

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

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

The independence criteria of the Directors are set out in paragraph 3.1.1.3 "Rules governing the membership and operation of the Board of Directors" of this universal registration document. Within the Audit and Risk Committee, at December 31, 2019, 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, 2019

The Audit and Risk Committee met on 6 occasions in the course of the 2019 financial year, in particular prior to the meetings of the Board of Directors called to approve the financial statements and the revenue, and reported on its work to the Board of Directors.

The attendance rate at the meetings of the Audit and Risk Committee amounted to 100% for the 2019 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 2019, its work related to, in particular the review of:

- The financial statements for the financial year ended on December 31, 2018, the summary half-year financial statements as at June 30, 2019 and the quarterly revenue (1st and 3rd quarters);
- The proper application of the accounting principles;
- The proper operation of Rexel's internal control bodies (see in particular Chapter 2 "Risk factors and internal control" of this universal 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, 2018, the limited review of the summary half-year financial statements as at June 30, 2019 and of the procedures followed for the purpose of the summary of quarterly financial information as at March 31, 2019 and September 30, 2019. 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

CHAIRWOMAN	NUMBER OF MEMBERS	INDEPENDENCE RATE	NUMBER OF MEETINGS HELD IN 2019	AVERAGE ATTENDANCE RATE
Herna Verhagen	5	80%	6	97%

Members of the Nomination Committee

As at December 31, 2019, the Nomination Committee was made up of the following members:

- Herna Verhagen (Chairwoman and Independent Director);
- Marcus Alexanderson (non-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 universal registration document. At December 31, 2019, 4 out of 5 members of the Nomination Committee were considered as independent, *i.e.*, an independence rate of 80%.

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.

Operations

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, 2019

The Nomination Committee met on 6 occasions during the 2019 financial year.

The attendance rate at the meetings of the Nomination Committee for the 2019 financial year was 97% for the Nomination Committee.

It reported on its duties to the Board of Directors.

In 2019, 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 and of Committees, the appointment of a new Director;
- 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 adoption of the PACTE law.

3.1.2.3 Compensation Committee

CHAIRWOMAN	NUMBER OF MEMBERS	INDEPENDENCE RATE	NUMBER OF MEETINGS HELD IN 2019	AVERAGE ATTENDANCE RATE
Agnès Touraine	6	80% (1)	7	98%

(1) Excluding the Director representing the employees.

Members of the Compensation Committee

As at December 31, 2019, 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 universal registration document. At December 31, 2019, 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, 2019, 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' compensation;
- 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, 2019

The Compensation Committee met on 7 occasions in the course of 2019.

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

It reported on its duties to the Board of Directors.

In 2019, its works related to, in particular:

- The variable compensation in respect of the financial year ended December 31, 2018 of the Chief Executive Officer;
- The compensation in respect of the financial year ended December 31, 2018 of the corporate officers;
- The allocation of performance shares;
- Directors' compensation;
- The implementation of the regulatory updates, in particular the freezing of the rights concerning the supplemental professional retirement scheme that benefited to the Chief Executive Officer;
- The follow-up of the regulatory updates, in particular the adoption of the PACTE Law; and
- The analysis of the reports of agencies in voting council.

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 universal 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 universal 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 universal 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.

As part of the succession plan approved by the Board of Directors, it is envisaged that Patrick Berard's term of office as Chief Executive Officer will be renewed in advance at the close of the Shareholders' Meeting of April 23, 2020, subject to the approval by said Shareholders' Meeting of the amendment to the Company's by-laws in order to raise the age limit for holding office as Chief Executive Officer from 68 to 70 years of age.

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 universal 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 universal registration document 8 members, including 3 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
Roger Little	Chief Executive Officer Canada

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

3.1.5 Non-discrimination and diversity policy within management bodies

Rexel is committed to non-discrimination and diversity within the Board of Directors, the Executive Committee, positions of greater responsibility within its organization and more generally within the Group.

Its ambition is based on the search, management and retention of talents guaranteeing dynamic career development and personal fulfillment.

Its belief is that a mixed team contributes to sustainable performance.

Its transformation culture is based on an inclusive management style that supports the commitment of its teams, while respecting the differences of each individual.

Thus, in order to comply with the guidelines of the AFEP-MEDEF Code and the AMF in terms of the diversity of its members, particularly in terms of the representation of women and men, the Executive Management and Human Resources have set up action plans with monitoring indicators.

The main results are as follows:

- **Hiring and promoting talented women to positions of greater responsibility:**

  The number of women in the population *Group Senior Executives* (Top 150) has gradually and significantly increased to 17% in 2020 compared to 15% in 2019 and 12% in 2018.

  In 2019, 82 non-manager women were promoted to managers, *i.e.*, 1.7% of non-manager women, and 320 men, *i.e.*, 2% of non-manager men.

  Furthermore, the composition of the Board of Directors has evolved to achieve equal representation of men and women, by deciding, upon advice of the Nomination Committee, to co-opt a woman, Brigitte Cantaloube to replace Thomas Farrell, who resigned on 19 July 2019.

- **Guaranteeing / ensuring access to training for women:**

  The Group Advanced Leadership program, designed to provide employees with the tools and keys to success to increase their visibility and leadership, has welcomed 27% women since its launch in 2018.

  More generally, in 2019, 22.5% of employees who received training were women, although they represented 22.9% of the total workforce.

- **Achieving equal compensation for men and women:**

  Rexel is aiming at achieving equal pay within the organization in 5 years.

  In 2019, 79.8% of women on open-ended contracts with at least one year’s length of service benefited from an increase, compared with 75% of men on open-ended contracts with at least one year’s length of service.

For more information, Rexel’s performance on gender equality is described in the extra-financial performance declaration (chapter 4, section 4.3.4.1 Gender equality).

3.1.6 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.

3.1.7 Conflicts of interests

Directors who have a conflict of interests 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 interests are submitted to a debate within the Board of Directors.

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

As of the date of this universal 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.

3.1.8 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 policy applicable to corporate officers for the financial year 2020 subject to shareholders' approval (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 compensation policy applicable to corporate officers for the financial year 2020.

3.2.1.1 General principles of the 2020 compensation policy

The compensation policy is set by the Board of Directors following the recommendation of the Compensation Committee. When the Board of Directors decides on an item or undertaking in favor of its Chairman or Chief Executive Officer, the interested parties may not take part in the deliberations or vote on the relevant item or undertaking.

The compensation policy covers non-executive corporate officers, *i.e.*, the directors.

It also covers executive corporate officers, who are, in accordance with the governance structure in place:

- the Chairman of the Board of Directors (non-executive corporate officer); and

- the Chief Executive Officer (executive corporate officer).

The policy submitted to the shareholders' meeting describes all items of compensation. It was established in compliance with all of the AFEP-MEDEF recommendations.

In addition, it incorporates the legislative and regulatory changes that marked the year 2019 and apply to companies listed on the French financial market. The compensation policy for corporate officers thus aims to take into account the company's best interest, market practices, the performance of its executives and to promote the Group's performance and competitiveness.

Thus, all compensation and benefits of all kinds for corporate officers are analyzed in an exhaustive manner, in line with the Group's strategy. The compensation policy takes into account the Group's need to attract, motivate and retain high-performing and experienced managers in an environment marked by significant economic and financial, but also societal and environmental challenges and by strong competitiveness. It also takes into account the specific nature of the Group's activities. It is defined in accordance with the terms and conditions of compensation and employment of the Group's employees (in particular, the compensation structure, assessment criteria or changes in compensation depending on the business, geographical area or category of employees) as well as market practices observed in companies in the same business sector. It also takes into account the expectations of shareholders and other stakeholders, particularly in terms of social and environmental responsibility, transparency and performance.

The compensation items allocated to corporate officers are thus comprised of a fixed portion, which helps to retain and motivate managers, and a variable portion based on financial criteria, established on the basis of the budget and performance indicators analyzed by Rexel and non-financial criteria, in particular with respect to social, societal and environmental matters. The Board of Directors thus ensures that the proportion of variable compensation is sufficiently significant in relation to fixed compensation. Thus, the compensation policy implemented is designed to maintain consistency between the total compensation of corporate officers and the development of the Group from both a financial and a non-financial point of view.

The 2020 compensation policy is identical to the 2019 compensation policy for directors and the Chairman of the Board. It would be revised for the Chief Executive Officer, subject to the early renewal of his term of office as Chief Executive Officer, as specifically described in paragraph 3.2.1.4. The compensation policies for the Chairman of the Board of Directors and the Chief Executive Officer are defined for the entirety of their terms of office and cannot be reviewed during the course thereof.

Furthermore, the Board of Directors analyzes and takes into account the votes of the last Shareholders' Meeting.

Below are the votes relating to the 2019 compensation policy and the votes relating to the compensation elements paid in 2018 at the General Meeting of May 23, 2019:

RESOLUTION	% VOTE	FAVORABLE OPINION / UNFAVORABLE OPINION
#6	98.90%	favorable opinion
Approval of the principles and criteria of determination, distribution and allocation of the fixed, variable and exceptional items of the total compensation and benefits of all kinds attributable to the Chairman of the Board of Directors.		
#7	97.44%	favorable opinion
Approval of the principles and criteria of determination, distribution and allocation of the fixed, variable and exceptional items of the total compensation and benefits of all kinds attributable to the Chief Executive Officer.		
#8	99.02%	favorable opinion
Approval of the fixed, variable and exceptional items making up the total compensation and benefits of any kind paid or granted for the financial year ended December 31, 2018 to the non-executive corporate officers (Chairman of the Board of Directors).		
#9	97.89%	favorable opinion
Approval of the fixed, variable and exceptional items making up the total compensation and benefits of any kind paid or granted for the financial year ended December 31, 2018 to the executive corporate officers (Chief Executive Officer).		

The compensation policy applicable to the Directors, the Chairman of the Board of Directors and the Chief Executive Officer is determined by the Board of Directors in the following manner, in order to preserve the company's corporate interest and contribute to its business strategy and sustainability.

Non-executive corporate officers (the directors)

The compensation policy determined by the Board of Directors for directors aims to attract directors with a variety of profiles and skills, who participate in the work of the Committees, are concerned about their independence and contribute to the proper operation of the Board.

Thus, the levels of compensation, defined in the compensation policy, must make it possible to attract and retain directors who, through their contribution to the work of the Board and their involvement, are capable of contributing to the development of the company's business strategy, overseeing its implementation and ensuring its long-term sustainability. These compensation levels remain reasonable, consistent with Rexel's market practices. The variable portion depends exclusively on the level of attendance of the directors in the meetings of the specialized committees.

The executive corporate officers (the Chairman of the Board of Directors and the Chief Executive Officer)

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

The compensation policy determined by the Board of Directors for executive corporate officers (Chief Executive Officer) aims at attracting, retaining and motivating efficient executives who will develop the group's performance and competitiveness in the medium- and long-term, by aligning their interest with that of the shareholders, and in order to preserve the company's best interest and contribute to its conservation and its commercial strategy. This compensation policy is determined by taking into account market practice, the executives' performance as well as the performance of 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 measures the various items of the compensation of executive corporate officers. Studies carried out annually by an independent consulting firm (Willis Towers Watson) on a panel of French and European companies in related sectors and of comparable size in terms of sales, headcount and market capitalization enable the Board of Directors to assess the competitiveness of executives' compensation.

The Board of Directors intends to position the fixed annual compensation of executive corporate officers at the median of the reference market and to propose for the Chief Executive Officer a more dynamic short-term target variable compensation and long-term target variable compensation, both of which are integrally subject to demanding performance conditions. The Board of Directors examines the balance of the various components of compensation. It is attentive to a consistent trend in the comparison between the compensation of the Chairman of the Board of Directors and the Chief Executive Officer on the one hand and the average and median compensation of the company on the other.

The compensation policy would apply to newly appointed corporate officers or those whose term of office is renewed.

In accordance with the second paragraph of III Article L.225-37-2 of the French Commercial Code, the Board of Directors may, in exceptional circumstances, depart from the application of the compensation policy described herein, provided that such departure is temporary, in accordance with the best interest of the Company and necessary to ensure the Group's continued existence or viability. In such circumstances, the derogatory compensation policy shall be defined by the Board of Directors, on the proposal of the Compensation Committee, taking into account the best interest of the Group and the particular situation it is going through. In order to best address these circumstances, the Board of Directors may waive all elements of compensation and/or benefits of any kind making up the compensation policy for corporate officers.

3.2.1.2 Compensation policy applicable to Directors for the financial year 2020

The shareholders' meeting of Rexel may allocate directors' fees, newly indicated as "compensation" as from this report pursuant to the new provisions of article L.225-45 *et seq.* of the French Commercial Code. The provisions of this compensation policy would apply, under the same terms and conditions, to directors newly appointed or whose term of office would be renewed during the 2020 financial year.

Directors are appointed for a maximum term of 4 years. The term of office of each of the Directors in office on December 31, 2019 is specified in paragraph 3.1.1.1 "Composition of the Board of Directors" of this universal registration document. Each director may be removed from office at any time by the Company's ordinary general meeting under the conditions set forth in article L. 225-18 of the French Commercial Code and article 14.2 of the Company's by-laws.

Global envelope

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 of the compensation to be paid in respect of 2020

In connection with the global envelope for compensation for activities, the Board of Directors decided to renew for 2020 the rules for the distribution of compensation defined for 2019, within the limit of the unchanged envelope of EUR 1,315,000, *i.e.*:

- fixed portion: €40,000;(1)
- variable portion: €8,000 per Committee meeting, up to a maximum amount of €40,000 per member;(2)
- for the members serving as Chairman of a Committee: an additional amount of €15,000 for the chairmanship of the Nomination Committee and an additional €15,000 for the chairmanship of the Compensation Committee and an amount of €25,000 for the chairmanship of the Audit and Risk Committee;
- for the Deputy Chairman and Senior Independent Director of the Board of Directors: a fixed portion of €100,000, the variable portion remaining identical to that mentioned above. The Deputy Chairman and Senior Independent Director of the Board of Directors is not entitled to compensation 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.

It is restated that the directors must comply with an obligation to hold shares of the Company over their term of office, *i.e.*, 4 years (of an amount equivalent to the theoretical fixed portion of the annual attendance fees). This share retention obligation does not apply to the director representing the employees.

Summary table of directors' compensation policy for 2020:

STATUS	FIXED PORTION	COMMITTEE CHAIRMANSHIP	DEPUTY CHAIRMAN AND SENIOR INDEPENDENT DIRECTOR	VARIABLE PORTION	TOTAL	MAXIMUM PERCENTAGE OF VARIABLE PORTION IN RESPECT OF THE WHOLE COMPENSATION
Director	40,000	–	–	40,000	80,000	50%
Director and Chairman of the Audit and Risk Committee	40,000	25,000	–	40,000	105,000	38%
Director and Chairman of Compensation / Nomination	40,000	15,000	–	40,000	95,000	42%
Deputy Chairman and senior independent director	–	–	100,000	40,000	140,000	29%

This table allows to assess the importance of the variable portion as a proportion of total compensation, as well as the respective importance of the fixed and variable items making up the total compensation and benefits of any kind that may be granted to directors.

Directors are not eligible for the free share plan.

(1) The Chairman and 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.

3.2.1.3 Compensation policy applicable to the Chairman of the Board of Directors for the financial year 2020

The term of office of the Chairman of the Board of Directors is specified in paragraph 3.1.1.1 "Composition of the Board of Directors" of this universal registration document. The Chairman of the Board of Directors may be dismissed at any time by the Board of Directors, under the conditions provided for in Article L.225-47 of the French Commercial Code.

Fixed compensation

The Chairman of the Board of Directors benefits from a fixed annual compensation, excluding any other compensation item. The fixed compensation therefore represents 100% of the total compensation of the Chairman of the Board of Directors.

This fixed annual portion 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. The amount of this annual 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 market studies referred to above).

The Board of Directors aims to position the annual fixed compensation of the Chairman of the Board of Directors at the median of the reference market.

The amount of the fixed compensation allocated to the Chairman of the Board of Directors is €500,000. This amount has not changed since the appointment of Ian Meakins as Chairman of the Board of Directors.

The compensation policy would apply under the same terms and conditions to the Chairman of the Board of Directors newly appointed or reappointed.

Other compensation

The Chairman of the Board of Directors does not benefit from any other compensation item.

3.2.1.4 Compensation policy applicable to the Chief Executive Officer for the financial year 2020

As part of the succession plan decided by the Board of Directors, it is envisaged that Patrick Berard's term of office as Chief Executive Officer be renewed in advance at the end of the Shareholders' Meeting, subject to the approval by said Shareholders' Meeting of the amendment to the Company's by-laws in order to raise the age limit for holding office as Chief Executive Officer from 68 to 70 years of age.

Consequently, the following are described below (i) the compensation policy that will apply from January 1, 2020 until December 31, 2020 or, in the event of early renewal of the term of office of Patrick Berard as Chief Executive Officer, until the date of such renewal and (ii) the compensation policy that will apply, as the case may be, from the date of early renewal of the term of office of Patrick Berard as Chief Executive Officer until December 31, 2020.

The compensation policy is applicable for the entire duration of the corporate office. Consequently, in the event of early renewal of Patrick Berard's term of office as Chief Executive Officer, the new compensation policy will apply until December 31, 2020.

The term of office of the Chief Executive Officer is specified in paragraph 3.1.3 "Executive Management" of this universal registration document. The Chief Executive Officer may be removed from office at any time by Board of Directors under the conditions set forth in article L. 225-55 of the French Commercial Code and article 19 of the Company's by-laws.

In addition to his duties as Chief Executive Officer of the Company, Patrick Berard also holds an employment contract for an indefinite term with Rexel Développement SAS, which has been suspended since July 1, 2016 and for the entire duration of his term of office. The employment agreement held by Patrick Berard may be terminated by the employee in the event of resignation or retirement, or at the initiative of Rexel Développement SAS (in particular by way of dismissal), or in the event of termination agreement, under the conditions provided for by law and the applicable collective bargaining agreement, subject to a notice period of 6 months. The compensation due in this respect is described in the "Special situation" section of paragraph 3.2.1.4.

In order to assess the respective importance of the fixed, variable and exceptional components making up the total compensation and benefits of any kind that may be granted to the Chief Executive Officer in respect of his term of office, please refer to section 3.2.1.6 "Summary tables of the compensation policy for the financial year 2020 - *(Say on Pay Ex-ante)*" of the universal registration document.

Fixed compensation

The compensation policy provides for the allocation of a fixed annual remuneration to the Chief Executive Officer.

This fixed annual compensation is determined by the Board of Directors at the beginning and for the whole term of office of the Chief Executive Officer. The compensation policy would apply under the same terms and conditions to a Chairman of the Board of Directors newly appointed or reappointed.

The amount of this annual 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 market studies referred to above).

The Board of Directors intends to position the fixed annual compensation of the corporate officers at the median of the reference market and to propose for the Chief Executive Officer a more dynamic short-term target variable compensation and long-term target variable compensation, both of which are integrally subject to demanding performance conditions. The Council shall examine the balance of these items.

In accordance with the compensation policy implemented when the Chief Executive Officer took office on July 1, 2016, the fixed compensation from January 1, 2020 until December 31, 2020 or, in the event of early renewal of Patrick Berard's term of office as Chief Executive Officer, 650,000 until the date of said renewal, *i.e.*, until April 23, 2020, it being specified that, in the event of early renewal of Patrick Berard's term of office as Chief Executive Officer, this amount will be adjusted to *prorata temporis* for the period from January 1 to April 23, 2020.

The fixed compensation would represent 45% of the total compensation *(fixed compensation + target variable compensation)* per year.

As part of the compensation policy that will apply, if applicable, from the date of early renewal of Patrick Berard's term of office as Chief Executive Officer until December 31, 2020, the Board of Directors has set the compensation at 700,000 euros, this amount will be adjusted *prorata temporis* for the period from April 24, 2020 to December 31, 2020.

The fixed compensation would represent 43% of the total compensation *(fixed compensation + target variable compensation)* per year.

The increase in the fixed compensation in the event of early renewal of the term of office as Chief Executive Officer is in line with the constant financial performance over the last fourteen quarters, since the appointment of Patrick Berard as Chief Executive Officer. Moreover, this financial performance was accompanied by a transformation of the Group that favored the alignment of long-term interests.

Finally, the fixed compensation of the Chief Executive Officer has not been reviewed since his appointment on July 1, 2016. The increase proposed by the Board of Directors from EUR 650,000 to EUR 700,000 would represent a 7.7% increase in fixed compensation. This is equivalent to an annual increase of 1.9% from the time Patrick Berard took office as Chief Executive Officer on July 1, 2016 until April 23, 2020. This increase is consistent with, or even lower than, the increases enjoyed by the employees of the Group's French entities during the same period.

In addition, this fixed compensation remains below the practices of other companies comparable to the Rexel Group, being in the first quartile of the compensation observed by the independent consulting firm (Willis Towers Watson) on a panel of French and European companies in similar sectors and of comparable size.

The fixed compensation thus increased is set for the entire duration of Patrick Berard's term of office as Chief Executive Officer.

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 compensation policy does not provide for a mechanism to request the return of all or part of the variable compensation, it being specified, however, that the variable compensation due for a financial year may only be paid after the approval of the shareholders' meeting convened to approve the accounts for that financial year.

Under the compensation policy implemented when the Chief Executive Officer took office on July 1, 2016, the target variable compensation from January 1, 2020 until December 31, 2020 or, in the event of early renewal of the term of office of Patrick Berard's Chief Executive Officer, until the date of such renewal, *i.e.*, until April 23, 2020, is set at 120% of the annual fixed compensation.

The variable compensation would represent 55% of the total compensation *(fixed compensation + target variable compensation)* per year.

In the event of outperformance, the variable compensation is capped at 165% of the fixed compensation. Quantitative targets may achieve a maximum result of 150% and qualitative targets can achieve a maximum result of 100%.

As part of the compensation policy that will apply, where applicable, from the date of early renewal of Patrick Berard's term of office as Chief Executive Officer until December 31, 2020, the Board of Directors has set the variable compensation at 130% of the annual fixed compensation. The increase from 120% to 130% of the target variable compensation is consistent with the compensation policy that favors variable compensation. Variable compensation would only be effectively paid if demanding objectives defined by the Board of Directors are achieved.

The variable compensation would represent 57% of the total compensation *(fixed compensation + target variable compensation)* per year.

This variable target compensation is paid if demanding criteria set by the Board of Directors are met.

In the event of outperformance, the variable compensation is capped at 179% of the fixed compensation. Quantitative targets can achieve a maximum result of 150% and qualitative targets can achieve a maximum result of 100%.

The criteria used by the Board of Directors to assess the performance of variable compensation are, for the period from January 1 to December 31, 2020:

- on the one hand, financial criteria according to and based on Rexel's results and the aggregates that the Group uses in the context of the analysis of its financial situation (the financial portion represents 75% of the annual variable compensation target). These criteria are growth in gross margin in volume terms (40%), growth in adjusted EBITA in volume terms (40%) and average operating working capital requirement (20%). The gross margin volume criterion was retained for 2020, replacing the criterion linked to the sales volume growth. This choice is consistent with the Group's strategic plan to increase the Group's profitability; and
- on the other hand, non-financial criteria which represent 25% of the annual variable target compensation. These criteria are linked to the Group's continued transformation, particularly its digital transformation. These criteria also relate to compliance with a CSR (Corporate Societal Responsibility) policy.

These criteria are specified in 3.2.1.6 "Summary tables of the compensation policy for the financial year 2020 - *(Say on Pay Ex-ante)*".

The combination of demanding financial criteria and non-financial criteria favoring the Group's development and competitiveness in a responsible and sustainable environment, is part of the compensation policy, aligning the interests of managers with those of shareholders, in line with the company's best interest and its commitments in terms of Corporate Societal Responsibility. The combination of these criteria thus contributes to the company's business strategy and sustainability.

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 achieved shall be communicated very precisely *ex-post* in the universal registration document. This *ex-post* communication is justified by the desire to safeguard the company's interests by not communicating *ex-ante* indications on its strategy that could be exploited by its competitors. In respect of non-financial criteria, they are also described in order to preserve the Rexel Group's interest in a highly competitive environment. Their rate of achievement is specified *ex-post*.

In accordance with the provisions of Article L.225-100 of the French Commercial Code, the payment of variable compensation items can only be made subject to the approval of the compensation items of the relevant person by a shareholders' meeting.

Long-term variable compensation

In order to involve the senior executives in the Group'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, in line with the Medium Term Plan, and in line with the shareholders' interest: average EBITA growth rate (30%) and yearly average sales growth rate (30%), average free cash flow before interest and taxes/EBITDA ratio (20%) and the relative 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 universal registration document. This *ex-post* disclosure is justified by the willingness to preserve the Rexel Group's interests without disclosing *ex-ante* any sensitive indication on its long-term strategy in a highly competitive environment. The implementation of demanding financial criteria makes it possible to ensure the compensation of executives, to retain them over the long-term in line with the Group's performance, while respecting the corporate interest and contributing to the company's commercial strategy and sustainability.

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

As a result, the vesting period for the shares is 3 years, with no retention period.

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.

In accordance with the compensation policy put in place, the cap of 100%, with respect to the annual allocation of performance shares, of the annual fixed and variable compensation from January 1, 2020 until December 31, 2020 or, in the event of early renewal of the term of office of Patrick Berard's Chief Executive Officer, until the date of such renewal, *i.e.*, until April 23, 2020, would be equal to €1,430,000. In the event of early renewal of the term of office of Patrick Berard's Chief Executive Officer, this amount will be adjusted *prorata temporis* for the period from January 1, 2020 to April 23, 2020.

In accordance with the compensation policy that will apply, as the case may be, from the date of early renewal of Patrick Berard's term of office as Chief Executive Officer until December 31, 2020, the ceiling of 100%, with respect to the annual allocation of performance shares of the annual fixed and variable compensation would be equal to €1,555,000.

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 regulations of the performance share allotment plans provide for the loss of unvested shares in the event of a departure from the Group (except in the event of retirement, death or disability).

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, the choice of which must contribute to the achievement of the objectives of the compensation policy, are detailed in paragraph 3.2.1.6 "Summary tables of the remuneration policy for the financial year 2020 - *(Say on Pay Ex-ante)*" of this universal registration document.

The Board of Directors is committed to ensuring that the performance criteria adopted contribute to the stability of the Chief Executive Officer and reflect the Group's performance objectives and strategy in the short, medium and long-term. The Board has thus ensured that these performance criteria are demanding and correspond to the Group's key growth and profitability factors in order to maintain a balance between short- and long-term performance and the promotion of the Group's development for all stakeholders.

(1) *i.e.* a maximum of 0.14% of the share capital over a period of 26 months, based on the eighteenth resolution of the Shareholders' Meeting of April 23, 2020, which provides for a maximum ceiling of 1.4%.

In this context, the Board of Directors will consider, in the course of 2020, the opportunity to include in the performance criteria one or more CSR/ESG [1] criteria.

Retirement Plan

Former 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.

Only a few executives benefited from the upholding of the plan (see below).

In accordance with the applicable laws and regulations (Law n°2019-486 of May 22, 2019 relating to the growth and transformation of companies, known as the "PACTE Law", Order No. 2019-697 of July 3, 2019 relating to supplementary occupational retirement schemes), and following the decision of the Board of Directors, at its meeting of December 17, 2019, rights were frozen, consisting of the interruption at December 31, 2019 of the acquisition of new contingent rights under the plan.

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. This yearly system may be terminated upon each new calendar year.

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, and more favorable to the interests of the shareholders and the best interest of the company, taking into account in particular the payments made by the beneficiary.

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 = €41,136 in 2020), • 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). 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

(1) ESG: Environmental, social and governance.

used for the financial year ended December 31, 2019 and detailed in paragraph 3.2.2.3 "Compensation and other benefits paid or allocated to the Chief Executive Officer, Patrick Berard" of this universal registration document). This scheme complies with the guidelines of the AFEP-MEDEF Code.

In accordance with the applicable laws and regulations (Law n°2019-486 of May 22, 2019, known as the "PACTE Law"), new contingent rights under the scheme from December 31, 2019 were frozen under the scheme from which Patrick Berard benefited. Periods of employment after December 31, 2019 will therefore not be taken into account for the assessment of seniority used to calculate the amount of the additional pension. On the other hand, end-of-career compensation will be taken into account, in accordance with the terms of the plan's regulations and Order No. 2019-697 of July 3, 2019 relating to supplementary occupational retirement schemes.

Patrick Berard does not benefit from the collective medium-term savings scheme (Article 82 of the French General Tax Code).

Other exceptional compensation

The Board of Directors considers that, for the best interest of the Group and of the stakeholders, it should not be excluded as a principle that exceptional compensation be allocated to executive corporate officers in very specific circumstances, as provided for by the AFEP-MEDEF Code (article 25.3.4), 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 and would only be considered if it contributes directly or indirectly to the objectives of the compensation policy.

In accordance with the provisions of Article L.225-100 of the French Commercial Code, the payment of exceptional compensation items can only be made subject to the approval of the compensation items of the relevant person by a shareholders' meeting.

Patrick Berard has not received any exceptional compensation since the beginning of his term of office as Chief Executive Officer.

Recruitement allowances

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 25.4 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. In any event this indemnity would be capped at two thirds 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 a recruitment indemnity can only be made subject to the approval of the compensation items of the relevant person by a Shareholders' Meeting.

It is reminded that Patrick Berard did not receive any indemnity for taking office when he was appointed Chief Executive Officer.

Activity-based compensation

Further to the decision of the Board of Directors of February 10, 2016, no intragroup activity compensation is paid. Furthermore, no activity compensation shall be paid to an executive corporate officer who carries out the duties of director of the Rexel Group.

It is reminded that Patrick Berard has not received any compensation for his activity within the meaning of Article L.225-45 of the French Commercial Code since his appointment as Chief Executive Officer.

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.	Contributions applicable based on the GSC set of criteria.

It is reminded that Patrick Berard is not eligible to unemployment GSC coverage.

Multi-year compensation

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

As a consequence, Patrick Berard has not received any multi-year compensation since his appointment as Chief Executive Officer.

Severance and/or non-compete indemnity

The compensation policy of executive corporate officers determined by the Board of Directors provides, under certain conditions, the payment of severance and/or non-compete compensatory allowance.

In order to protect the interests of the shareholders and the competitiveness of the Group, the Board of Directors, after receiving a favorable opinion from the Compensation Committee, may provide for the payment of a severance indemnity and/or a non-compete compensatory allowance, within the limits provided for in Article R.225-29-1 III of the French Commercial Code and the recommendations provided for in Article 24 of the AFEP-MEDEF Code in force.

Pursuant to the recommendations referred to in article 25.5 of the AFEP-MEDEF Code, the compensation (severance and/or non-competition compensation) would be capped at an amount not exceeding 24 months of the monthly reference compensation of the relevant executive (compensation defined as the last annual fixed and variable compensation received, excluding any exceptional bonus, divided by 12).

The severance indemnity is not applicable in the event of resignation, termination for gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or leave or compulsory retirement leave. The position adopted by the Board of Directors is more restrictive than the guidelines referred to in article 24.5.1 of the AFEP-MEDEF Code that provides for the payment of indemnities in case of forced departure "independent of the form of such departure".

In addition, in accordance with the provisions of Article R.225-29-1, III, of the French Commercial Code, the payment of a non-compete indemnity is excluded if the Chief Executive Officer exercises his retirement rights after the termination of his duties in the Company.

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, set forth below:

- the payment of 60% of the indemnity would be dependent on the level of EBITA of the Rexel Group. This payment would be due at 100% if the level of EBITA, calculated on the basis of the audited consolidated financial statements of Rexel for the last two financial years ended prior to the date of termination of the corporate office reached in average 60% of the budgeted values for these two financial years on average; and

- the payment of 40% of the indemnity would be dependent on the level of ATWC (average trade working capital requirement) of the Rexel Group. This payment would be due at 100% if the level of the ATWC, calculated on the basis of the audited consolidated financial statements of Rexel for the last two financial years preceding the date of termination of the corporate office, reached a maximum of average 125% of the budgeted performance for these two financial years.

With respect to the non-compete allowance (1), the Board of Directors reserves the right to waive the application of this clause in the event of the executive's departure (2).

The Board of Directors may decide that an executive will not qualify for severance indemnities and/or non-compete compensatory allowance 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 severance and/or non-compete indemnities in respect of his corporate office in consideration of his career and profile.

Specific situation

Prior to his appointment as Chief Executive Officer, Patrick Berard, who joined the Rexel Group in 2003, has had a long career as an employee justifying the company's compliance with the applicable rules regarding the termination of employment contracts. In view of Patrick Berard's seniority and age at the time of his appointment as Chief Executive Officer, it was therefore decided to maintain and suspend his employment contract entered into with Rexel Développement SAS. In this context, the Board of Directors has decided that Patrick Berard will not receive any severance or non-compete indemnity in respect of his corporate office.

The methods of termination of the employment contract (except in cases of resignation and dismissal for serious or gross misconduct) involve the payment of a legal or contractual indemnity to the employee, in application of the French Labor Code.

In the event of dismissal of Patrick Berard, for whatever reason (with the exception of dismissal for serious or gross misconduct), Patrick Berard will receive a severance indemnity of a gross amount equivalent to 18 months of his monthly reference compensation. The monthly reference compensation is the gross annual compensation applicable prior to the effective redundancy date, plus the gross average of the last two bonus payments received (with the exception of any exceptional bonus), divided by 12 months. This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as any contractual indemnity due pursuant to a non-compete clause.

In the event of termination of his employment contract for any reason whatsoever, Patrick Berard may also receive a non-compete compensation indemnity equal to six months' gross compensation corresponding to the last monthly salary before termination, increased by the average bonus based on the last two years. The non-compete obligation incumbent upon Patrick Berard as well as the non-compete compensatory allowance to which he may be entitled may, however, be waived by Rexel Développement SAS, provided that Patrick Berard is informed thereof within four weeks following the date of termination of his employment agreement.

It is recalled that any severance and/or non-compete indemnity would be calculated in the context of his employment contract, without taking into account his seniority or the fixed or variable compensation received in respect of his duties as a corporate officer.

In addition, the payment of a severance indemnity and/or a non-compete compensatory allowance would be equal to a maximum of 18 months of reference compensation, which is less than the 24-month cap provided for in the compensation policy and in accordance with the recommendations set forth in articles 24.6 and 25.5 of the AFEP-MEDEF Code. Finally, it is specified that Patrick Berard would not benefit from the non-compete indemnity if he exercised his retirement rights, in accordance with legal provisions.

(1) For a period limited to 12 months.

(2) The Board of Directors has the possibility to assess the interest for the Group to activate the non-compete clause or to waive it depending on the effective risk of competition when the executive leaves (in particular in the event that the executive could continue to carry out missions or duties with competitors).

3.2.1.5 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.

It is reminded that when the Board of Directors decides on an item or undertaking in favor of its Chairman or Chief Executive Officer, the interested parties may not take part in the deliberations or vote on the relevant item or undertaking.

3.2.1.6 Summary tables of the compensation policy for the financial year 2020 - *(Say on Pay Ex-ante)*

At its meeting of February 12, 2020, the Board of Directors decided on the following items concerning the compensation of corporate officers for 2020.

Directors

In accordance with the compensation policy that is determined for the duration of the term of office, the compensation of the directors has been unchanged for the 2020 financial year and is composed of the following items:

DESCRIPTION	AMOUNT
Fixed annual compensation	The annual gross fixed compensation of directors was maintained at €40,000. This fixed compensation is determined for the whole term of office. For the Deputy Chairman and Senior Independent Director of the Board of Directors: a fixed portion of €100,000.
Variable annual compensation	The variable compensation is maintained at €8,000 per Committee meeting, up to a maximum amount of €40,000 per member. For the Deputy Chairman and Senior Independent Director of the Board of Directors: the fixed portion remains identical, *i.e.*, €40,000.
Deferred variable compensation	Directors do not benefit from any deferred variable compensation.
Multi-annual variable compensation	Directors do not benefit from any multi-annual variable compensation.
Exceptional compensation	Directors do not benefit from any exceptional variable compensation.
Benefits of any kind	Directors do not benefit from any benefit in kind.
Long-term compensation: performance share allocation	Directors do not benefit from any long-term compensation.
Severance indemnity	Directors do not benefit from any severance indemnity.
Non-compete indemnity	Directors do not benefit from any non-compete indemnity.
Supplemental retirement scheme	Directors do not benefit from any supplemental retirement scheme
Compensation as Committee Chairman	The directors who chair the Audit and Risks, Nomination and Compensation Committees receive additional annual compensation of €25,000, €15,000 and €15,000 respectively. The Deputy Chairman and Senior Independent Director of the Board of Directors is not entitled to compensation in connection with the chairmanship of a Committee.
Travel Allowance	Directors coming from a different continent to attend the Board of Directors meetings are entitled to a fixed travel allowance of €2,500 per stay.

Ian Meakins, Chairman of the Board of Directors

DESCRIPTION	AMOUNT
Fixed annual compensation	Ian Meakins' gross annual fixed salary is maintained at €500,000, unchanged since taking office on October 1, 2016. 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: performance share allocation	Ian Meakins does not benefit from any other long-term compensation.
Severance indemnity	Ian Meakins does not benefit from any severance indemnity.
Non-compete indemnity	Ian Meakins does not benefit from any non-compete indemnity.
Supplemental retirement scheme	Ian Meakins does not benefit from any supplemental retirement scheme.

Patrick Berard, Chief Executive Officer

i) Compensation policy applicable from January 1, 2020 until December 31, 2020 or, in the event of early renewal of the term of office of Patrick Berard's Chief Executive Officer, until the date of such renewal:

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. The fixed compensation adjusted *prorata temporis* for the period from January 1, 2020 to April 23, 2020, in the event of early renewal at the end of the Shareholders' Meeting, would be €201,000.

VARIABLE ANNUAL COMPENSATION

The target variable annual compensation of Patrick Berard was maintained at 120% of his gross fixed annual compensation.

The 2020 variable compensation is based for 75% on quantitative criteria and for 25% on qualitative criteria. The quantitative criteria can reach a maximum result of 150%, if the financial results exceed 100% of the quantitative criteria set. The individual portion of the variable compensation is capped at 100% of achievement. Maximum achievement of variable compensation thus cannot exceed 165% of fixed compensation.

The quantitative criteria are: adjuted gross margin volume growth (40%), adjusted EBITA volume growth (40%) and average trade working capital requirement (20%).

DESCRIPTION	AMOUNT
The annual variable compensation is made up of two parts: • Quantitative objectives: – Target portion: 75% of target annual variable compensation *75% x 780,000 = €585,000* – Maximum share 75%x 150%= 112.5% of the target variable annual compensation *150% x 585,000 = €877,500* • Qualitative objectives: – Target portion: 25% of target annual variable compensation *25% x 780,000 = €195,000* – Maximum share 25% x 100% = 25% of target annual variable compensation *100% x 195,000 = €195,000*	The target variable compensation is unchanged since July 1, 2016, set at 120% of the annual gross fixed compensation for the term of office. Target value: 120% of the fixed compensation *120% x 650,000 = €780,000* Target value: 165% of the fixed compensation *(877,500 + 195,000) / 650,000 = 165%*

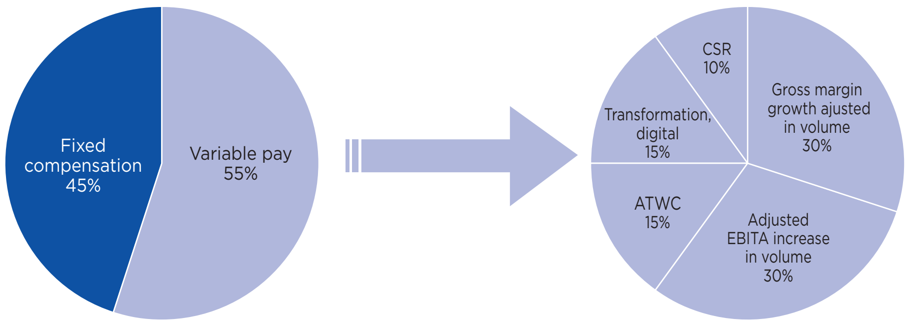
Performance criteria

Quantitative targets (1)				
FINANCIAL CRITERIA	WEIGHT	MINIMUM	TARGET	MAXIMUM
Gross margin growth ajusted in volume	40%	Payment of the 1st euro upon achievement of the gross margin growth in volume target made within the prior financial year	100% payout if result reaches 100% of target	Payment capped at 150% if result reaches 150% of target
EBITA growth adjusted in volume	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%
ATWC	20%	50% payout if result reaches 95% of target	100% payout if result reaches 100% of target	Payment capped at 150% payout if result reaches 105% of target
Total	**100%**	Calculation on a linear basis between the points		

Qualitative objectives		
NON-FINANCIAL CRITERIA	WEIGHT	DESCRIPTION
Transformation, in particular digital transformation	60%	Allow faster access to digital applications. Stimulate the adoption of digitalized work methods and accelerate the transformation. Identifying talents and developing the required skills.
Corporate Societal Responsibility of the Company	40%	Participate in the support of Group employees. Build a human resources policy focused on employability, integration and diversity. Participate in sustainable development and reduce the carbon impact on the environment.
Total	**100%**	

(1) 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 *ex-post* in this universal registration document. This *ex-post* disclosure is justified by the desire to protect the Group's interests by not disclosing *ex-ante* indications on its strategy that could be exploited by its competitors.

Assuming that all of the objectives detailed above are achieved, the maximum fixed and variable annual compensation for the period from January 1, 2020 to December 31, 2020 or, in application of the applicable compensation policy, would be as follows:



2020 FIXED COMPENSATION IN €	TARGET 2020 VARIABLE COMPENSATION AS A PERCENTAGE OF FIXED COMPENSATION	VARIABLE COMPENSATION 2020 TARGET IN €	FIXED AND VARIABLE COMPENSATION 2020 TARGET IN €	FINANCIAL PART OF TARGET VARIABLE COMPENSATION IN % AND IN €	INDIVIDUAL PORTION OF TARGET VARIABLE COMPENSATION IN % AND IN €	MAXIMUM ACHIEVEMENT OF THE FINANCIAL PORTION	MAXIMUM ACHIEVEMENT OF THE INDIVIDUAL PORTION	MAXIMUM ACHIEVEMENT OF VARIABLE COMPENSATION 2020 AS A % OF TARGET AND IN €	MAXIMUM ACHIEVEMENT OF VARIABLE COMPENSATION 2020 AS A % OF FIXED COMPENSATION AND IN €
				75%	25%	(75% x 150%) = 112.5%	(25% x 100%) = 25%	137.5%	165%
650,000(1)	120%	780,000	1,430,000	585,000	195,000	877,500	195,000	1,072,500	1,072,500
201,233(2)	120%	241,479	442,712	181,110	60,370	271,664	60,370	332,034	332,034

(1) For the period from January 1 to December 31, 2020.

(2) For the period from January 1 to April 23, 2020.

EXCEPTIONAL COMPENSATION
The compensation policy provides for the possibility of paying exceptional compensation under the restrictive conditions described in section 3.2.1.4 "Exceptional compensation" of this universal registration document.

BENEFITS OF ANY KIND
Patrick Berard receives benefits in kind consisting of a company car *inter alia* (in accordance with the policy applicable to Rexel's managers).

LONG-TERM VARIABLE COMPENSATION

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 criteria of three years. As a result, the vesting period is 3 years, with no further retention period.

Furthermore, the allotment is limited by two specific caps in value and in number of shares:

- the annual value of the performance shares granted to the Chief Executive Officer in respect of a financial year may not exceed 100% of his annual fixed and variable target compensation for that financial year (as defined in section "Long-term variable compensation" of paragraph 3.2.1.6 "Summary tables of the compensation policy for the financial year 2020 - (*Say on Pay Ex-ante*)" of this universal 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.

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/her duties.

DESCRIPTION	AMOUNT
Allotments of shares fully subject to demanding performance conditions assessed over a period of 3 years (corresponding to the vesting period) and condition of presence, without additional retention period.	Maximum number of shares that may be allocated: 10% of the total amount allocated to all beneficiaries (within the overall limit of the percentage of share capital authorized by the General Meeting of April 23, 2020)(1). Maximum value of the shares at grant: 100% of the annual target fixed and variable compensation of Patrick Berard, *i.e.* €1,430,000 in accordance with the compensation policy that will apply from January 1, 2020 until December 31, 2020 or, in the event of early renewal of the term of office of Patrick Berard's Chief Executive Officer, until the date of such renewal.

Performance criteria

CRITERIA	WEIGHT	TRIGGERING THRESHOLD	TARGET	MAXIMUM	COMMENTS
Annual average of EBITA growth rates 2019-2022 (Medium Term Plan)	30%	50% of shares vest if the average performance reaches 75%	100% of shares vest if the target is reached	150% of shares vest if the average performance reaches at least 125% of target	Calculation on a linear basis between the points
Annual average of organic sales growth rates 2019-2022 (Medium Term Plan)	30%	50% of shares vest if the average performance reaches 75%	100% of shares vest if the target is reached	150% of shares vest if the average performance reaches at least 125% of target	Calculation on a linear basis between the points
Average free cash flow before interest and taxes/ EBITDA ratio between 2020, 2021 and 2022 (Medium Term Plan)	20%	50% of shares vest if the average performance reaches 90%	100% of shares vest if the target is reached	150% of shares vest if the average performance reaches at least 120% of target	Calculation on a linear basis between the points
Relative performance of the Rexel share compared to the SBF 120 GR(2) index	20%	Vesting equal to 50% if the performance of the Rexel share is equal to the performance of the SBF 120 GR index by 5%	Vesting equal to 100% if the performance of the Rexel share outperforms the SBF 120 GR index by 5%	Vesting equal to 150% if the performance of the Rexel share outperforms 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 allotment			

(1) *i.e.* a maximum of 0.14% of the share capital over a period of 26 months, for a maximum ceiling of 1.4%, in the event of approval by the Shareholders' Meeting of April 23, 2020.

(2) The relative performance criterion of the Rexel share compared to the SBF 120 GR index has replaced the previously determined TSR criterion 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). The SBF 120 GR index, which Rexel is 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 practices.

SEVERANCE INDEMNITY AND/OR NON-COMPETE COMPENSATORY ALLOWANCE
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 contract of Patrick Berard, suspended during the performance of his duties as Chief Executive Officer, provides, under certain conditions, in the event of termination at the initiative of the employer [(1)], for the payment of severance and/or non-compete indemnities, up to a total amount corresponding to 18 months of the monthly reference compensation (*i.e.*, the last fixed annual compensation plus the average amount of the last two bonuses received, divided by 12)[(2)]. 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 vesting period of the corporate office (without considering his seniority or fixed or variable compensation received as a corporate officer). It is specified that the payment of a severance indemnity and/or the payment of a non-compete compensatory allowance would be less than the 24-month cap provided for in the compensation policy and the guidelines referred to in article 25.5 of the AFEP-MEDEF Code. The payment of a non-compete indemnity would be precluded if Patrick Berard were to exercise his retirement rights
SUPPLEMENTAL RETIREMENT SCHEME
Patrick Berard was maintained in the defined-benefit retirement plan in view of his seniority within the Group and his career (Patrick Berard joined Rexel in 2003). The benefit of the defined-benefit retirement scheme in respect of the corporate office of Patrick Berard is subject to performance criteria. This scheme complies with the guidelines of the AFEP-MEDEF Code. In accordance with the applicable laws and regulations (Law n° 2019-486 of May 22, 2019 relating to the growth and transformation of companies, known as the "PACTE Law" and Order No. 2019-697 of July 3, 2019 relating to supplementary occupational retirement schemes), and following the decision of the Board of Directors, at its meeting of December 17, 2019, rights were frozen, consisting of the interruption at December 31, 2019 of the acquisition of new contingent rights under the plan. Periods of employment after December 31, 2019 will therefore not be taken into account for the assessment of seniority used to calculate the amount of the additional pension. On the other hand, end-of-career compensation will be taken into account, in accordance with the terms of the plan's regulations and Order No. 2019-697 of July 3, 2019. It is restated that Patrick Berard is not eligible for the medium-term savings scheme (Article 82 of the French General Tax Code), as an exception to the compensation policy applicable to the Chief Executive Officer.

(1) Except in cases of gross or serious misconduct or retirement.

(2) This amount also includes any statutory or contractual indemnity.

Any allocation of shares to Chief Executive Officer Patrick Berard will be subject to the achievement of demanding performance objectives adapted to Rexel's current environment. These objectives will be determined in accordance with Rexel's Medium-Term Plan (MTP [(1)]), as approved by the Board of Directors, the MTP specifying the Group's objectives for the next three years.

The performance levels relating to the internal performance criteria will be assessed at the end of the three-year period and will correspond to the average annual performance (annualization of MTP targets). The performance level relating to the Rexel share will be also assessed after the three-year period.

These demanding targets have resulted in very moderate levels of vesting for the latest plans delivered: respectively 35.2% for the April 2013 plan, 36% for the May 2014 Transition 2+2 plan, 31.0% for the May 2014 Key Managers plan, 18.0% for the July 2015 Key Managers 3+2 plan and 45% for the June 23, 2016 (3+2) plans.

The expected level of achievement and the performance reached will be disclosed *ex-post* in detail in this universal registration document. An *ex-ante* disclosure of objectives would not allow the company's interests to be safeguarded by communicating indications of its long-term strategy in a highly competitive environment. The main financial criteria (sales and EBITA growth) over three years are intended to be more stringent than the annual guidelines.

The performance criteria used for the short-term and long-term variable compensation may be partly of the same nature (in some cases, they are key indicators for assessing Rexel's financial performance). However, the compensated performance may vary to the extent that the target short-term variable compensation includes 25% of non-financial criteria and the long-term compensation includes 20% of the relative performance of the Rexel share compared to the SBF 120 GR index. In addition, the financial criteria for short-term variable compensation are based on annual objectives, whereas the objectives for long-term compensation are those of the three-year Medium-Term Plan (recognizing sustainable growth).

(1) 2019 Medium Term Plan for 2020 allocation.

More generally, performance shares are granted to a significant number of employees (between 800 and 1,000 on average per year) and it is important that these key financial criteria measuring the Group's performance can also be used for these plans.

ii) Compensation policy applicable from the date of early renewal of the term of office of Patrick Berard as Chief Executive Officer, until December 31, 2020:

The new compensation policy submitted to the approval of shareholder is similar to the previous applicable compensation policy, except for the changes in the fixed and variable components.

FIXED ANNUAL COMPENSATION

DESCRIPTION	AMOUNT
Fixed annual compensation	The fixed annual compensation is set at €700,000. The amount of the fixed compensation adjusted to *prorata temporis* for the period from April 24, 2020 to December 31, 2020, would be €483,000, in the event of early renewal.

VARIABLE ANNUAL COMPENSATION

The target variable annual compensation of Patrick Berard is determined at 130% of his gross fixed annual compensation.

The 2020 variable compensation is based for 75% on quantitative criteria and for 25% on qualitative criteria. The quantitative criteria can reach a maximum result of 150%, if the financial results exceed 100% of the quantitative criteria set. The individual portion of the variable compensation is capped at 100% of achievement. Maximum achievement of variable compensation thus cannot exceed 165% of fixed compensation.

The quantitative criteria are: adjusted gross margin volume growth (40%), adjusted EBITA volume growth (40%) and average trade working capital requirement (20%).

DESCRIPTION	AMOUNT
The annual variable compensation is made up of two parts: • Quantitative objectives: – Target portion: 75% of target annual variable compensation *75% x 910,000 = €682,500* – Maximum share 75%x 150%= 112.5% of the target variable annual compensation *150% x 682,500 = €1,023,750* • Qualitative objectives: – Target portion: 25% of target annual variable compensation *25% x 910,000 = €227,500* – Maximum share 25% x 100% = 25% of target annual variable compensation *100% x 227,500 = €227,500*	The target variable compensation is set at 130% of the fixed compensation for the duration of the term of office. Target value: 130% of the fixed compensation *130% x 700,000 = €910,000* Target value: 179% of the fixed compensation *(1,023,750 + 227,500) / 700,000 = 179%*

Performance criteria

Quantitative objectives

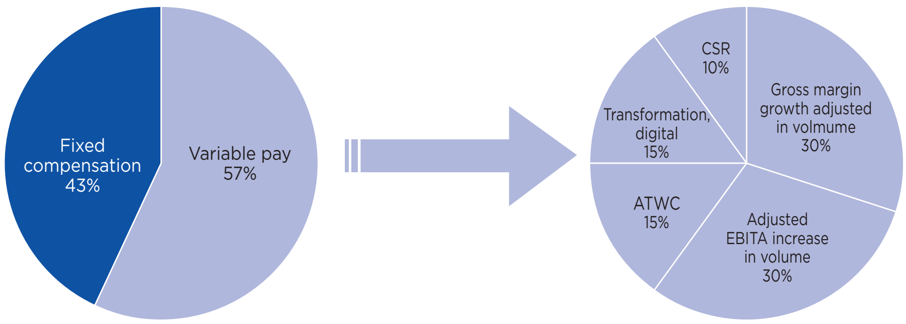
FINANCIAL CRITERIA (1)	WEIGHT	MINIMUM	TARGET	MAXIMUM
Gross margin growth adjusted in volume	40%	Payment of the 1st euro upon achievement of the gross margin growth in volume target made within the prior financial year	100% payout if result reaches 100% of target	Payment capped at 150% if result reaches 150% of target
EBITA growth adjusted in volume	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%
ATWC	20%	50% payout if result reaches 95% of target	100% payout if result reaches 100% of target	Payment capped at 150% if result reaches 105% of target
Total	**100%**	Calculation on a linear basis between the points		

(1) 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 *ex-post* in this universal registration document. This *ex-post* disclosure is justified by the desire to protect the Group's interests by not disclosing *ex-ante* indications on its strategy that could be exploited by its competitors.

Qualitative objectives

NON-FINANCIAL CRITERIA	WEIGHT	DESCRIPTION
Transformation, in particular digital transformation	60%	Allow faster access to digital applications. Stimulate the adoption of digitalized work methods and accelerate the transformation. Identifying talents and developing the required skills.
Corporate Societal Responsibility	40%	Participate in the support of Group employees. Build a human resources policy focused on employability, integration and diversity. Participate in sustainable development and reduce the carbon impact on the environment.
Total	**100%**	

Assuming that all of the targets detailed above are achieved, the maximum fixed and variable annual compensation for the period from January 1, 2020 to December 31, 2020 or, in application of the new compensation policy that will be submitted to the approval of the Shareholders' Meeting of April 23, 2020, would break down as follows:



FIXED 2020 COMPENSATION IN €	2020 VARIABLE COMPENSATION TARGET IN % OF THE FIXED COMPENSATION	2020 TARGET VARIABLE COMPENSATION IN €	FIXED AND VARIABLE 2020 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 2020 VARIABLE COMPENSATION IN % OF THE TARGET AND IN €	MAXIMUM ACHIEVEMENT OF THE 2020 VARIABLE COMPENSATION IN % OF THE FIXED COMPENSATION AND IN €
				75%	25%	(75% x 150%) = 112.5%	(25% x 100%) = 25%	137.50%	179%
700,000(1)	130%	910,000	1,610,000	682,500	227,500	1,023,750	227,500	1,251,250	1,251,250
483,288(2)	130%	628,274	1,111,562	471,205	157,068	706,808	157,068	863,877	863,877

(1) On an annual theorical basis.

(2) For the period from April 24 to December 31, 2020.

EXCEPTIONAL COMPENSATION

The compensation policy provides for the possibility of paying exceptional compensation under the restrictive conditions described in section "Exceptional compensation" of paragraph 3.2.1.4 "Compensation policy applicable to the Chief Executive Officer for the financial year 2020" of this universal registration document.

VALUATION OF BENEFITS OF ANY KIND

Patrick Berard receives benefits in kind consisting of a company car *inter alia* (in accordance with the policy applicable to Rexel's managers).

LONG-TERM VARIABLE COMPENSATION

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 criteria of three years. As a result, the vesting period is 3 years, with no further retention period.

Furthermore, the allotment is limited by two specific caps in value and in number of shares:

- the annual value of the performance shares granted to the Chief Executive Officer in respect of a financial year may not exceed 100% of his annual fixed and variable target compensation for that financial year (as defined in section "Long-term variable compensation" of paragraph 3.2.1.6 "Summary tables of the compensation policy for the financial year 2020 - (*Say on Pay Ex-ante*)"of this universal 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.

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/her duties.

DESCRIPTION	AMOUNT
Allotments of shares fully subject to demanding performance conditions assessed over a period of 3 years (corresponding to the vesting period) and condition of presence, without additional retention period.	Maximum number of shares that may be allocated: 10% of the total amount allocated to all beneficiaries (within the overall limit of the percentage of share capital authorized by the General Meeting of April 23, 2020) [(1)]. Maximum value of shares upon allocation: 100% of Patrick Berard's annual target fixed and variable compensation, *i.e.*, €1,555,000 in accordance with the compensation policy that will apply, as the case may be, from the date of early renewal of Patrick Berard's term of office as Chief Executive Officer until December 31, 2020.

Performance criteria

CRITERIA	WEIGHT	TRIGGER	TARGET	MAXIMUM	COMMENTS
Annual average of EBITA growth rates 2019-2022 (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 2019-2022 (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, 2021, and 2022 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, for a maximum ceiling of 1.4% 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 criterion 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). The SBF 120 GR index, which Rexel is 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 practices.

NON-COMPETE INDEMNITY / SEVERANCE 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 contract of Patrick Berard, suspended during the performance of his duties as Chief Executive Officer, provides, under certain conditions, in the event of termination at the initiative of the employer [(1)], for the payment of severance and/or non-compete indemnities, up to a total amount corresponding to 18 months of the monthly reference compensation (*i.e.*, the last fixed annual compensation plus the average amount of the last two bonuses received, divided by 12)[(2)]. 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 vesting period of the corporate office (without considering his seniority or fixed or variable compensation received as a corporate officer). It is specified that the payment of a severance indemnity and/or the payment of a non-compete compensatory allowance would be less than the 24-month cap provided for in the compensation policy and the guidelines referred to in article 25.5 of the AFEP-MEDEF Code. The payment of a non-compete indemnity would be precluded if Patrick Berard exercises his retirement rights.
SUPPLEMENTAL RETIREMENT SCHEME
Patrick Berard was maintained in the defined-benefit retirement plan in view of his seniority within the Group and his career (Patrick Berard joined Rexel in 2003). The benefit of the defined-benefit retirement scheme in respect of the corporate office of Patrick Berard is subject to performance criteria. This scheme complies with the guidelines of the AFEP-MEDEF Code. In accordance with the applicable laws and regulations (Law n°2019-486 of May 22, 2019 relating to the growth and transformation of companies, known as the "PACTE Law" and Order No. 2019-697 of July 3, 2019 relating to supplementary occupational retirement schemes), and following the decision of the Board of Directors, at its meeting of December 17, 2019, rights were frozen, consisting of the interruption at December 31, 2019 of the acquisition of new contingent rights under the plan. Periods of employment after December 31, 2019 will therefore not be taken into account for the assessment of seniority used to calculate the amount of the additional pension. On the other hand, end-of-career compensation will be taken into account, in accordance with the terms of the plan's regulations and Order No. 2019-697 of July 3, 2019. It is restated that Patrick Berard is not eligible for the medium-term savings scheme (Article 82 of the French General Tax Code), as an exception to the compensation policy applicable to the Chief Executive Officer.

(1) Except in cases of gross or serious misconduct or retirement.

(2) This amount also includes any statutory or contractual indemnity.

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 and 45% for the June 23, 2016 (3+2) and (4+0) plans.

The expected level of achievement and the performance achieved will be disclosed in a precisely manner *ex-post* in this universal 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

(1) 2019 Medium Term Plan for 2020 allocation.

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 2020 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 800 and 1,000 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 Compensation of corporate officers for the 2019 financial year (Articles L.225-37-3 I and L.225-100 II of the French Commercial Code)

The information relating to the compensation paid or allocated to the corporate officers for fiscal year 2019 presented in this section is the information required by Article L.225-37-3 I of the French Commercial Code and submitted to the vote of the shareholders in accordance with Article L.225-100 II of the French Commercial Code.

Compensation and other benefits paid during 2019 or granted in respect of 2019 are in accordance with the remuneration policy approved by the Company's Shareholders' Meeting in 2019.

Moreover, the performance measurement of the financial criteria is based on the Group's results as publicly disclosed and audited. The measurement of the performance of non-financial criteria is the result of a rigorous assessment by the Board of Directors, the details of which are described within certain limits imposed by the protection of information deemed confidential in a competitive environment.

In all cases, performance levels are determined on the basis of factual and objective criteria, in line with the Group's performance and consistent with its corporate interest.

3.2.2.1 Compensation and other benefits paid or allocated to directors

Allocation rules and amount of compensation paid during the year 2019 or allocated in respect of financial year 2019

In the scope of the budget authorized by the Shareholders' Meeting and upon the recommendation of the Nomination and Compensation Committee, the Board of Directors has decided to allocate the compensation for financial year 2019 as follows:

- Fixed portion: €40,000;[(1)]
- variable portion: €8,000 per Committee meeting, up to a maximum amount of €40,000 per member;[(2)]
- for the members serving as Chairman of a Committee: an additional amount of €15,000 for the chairmanship of the Nomination Committee and an additional €15,000 for the chairmanship of the Compensation Committee and an amount of €25,000 for the chairmanship of the Audit and Risk Committee;
- for the Deputy Chairman and Senior Independent Director of the Board of Directors: a fixed portion of €100,000, the variable portion remaining identical to that mentioned above. The Deputy Chairman and Senior Independent Director of the Board of Directors is not entitled to compensation 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.

In addition, the Board of Directors wished, in view of 2019 François Auque's specific situation, and more specifically with a view to his eligibility for the position of director, to subject his compensation of the observer to the same compensation policy as that applicable to directors.

(1) The Chairman and 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.

3

On the recommendation of the Compensation Committee, the Board of Directors' meeting of February 12, 2020 set the compensation of the directors and former observer as follows:

	YEAR ENDED DECEMBER 31,									
	2019					2018				
	FIXED PORTION	VARIABLE PORTION	RELATIVE VARIABLE/ FIXED PROPORTION	TRAVEL ALLOWANCE	TOTAL	FIXED PORTION	VARIABLE PORTION	RELATIVE VARIABLE/ FIXED PROPORTION	TRAVEL ALLOWANCE	TOTAL
DIRECTORS										
Ian Meakins	–	–	–	–	–	–	–	–	–	–
François Henrot (1)	100,000	40,000	40%	0	140,000	100,000	40,000	40%	–	140,000
François Auque (2)	39,500	24,000	61%	–	66,000	–	–	–	–	–
Marcus Alexanderson	40,000	40,000	100%	2,500	82,500	40,000	40,000	100%	–	80,000
Patrick Berard	–	–	–	–	–	–	–	–	–	–
Julien Bonnel (3)	40,000	40,000	100%	2,500	82,500	40,000	30,000	75%	–	70,000
Elen Phillips	40,000	40,000	100%	15,000	95,000	40,000	40,000	100%	15,000	95,000
Maria Richter	40,000	40,000	100%	15,000	95,000	40,000	40,000	100%	17,500	97,500
Agnès Touraine	55,000	40,000	73%	2,500	97,500	55,000	35,000	64%	–	90,000
Herna Verhagen	55,000	40,000	73%	–	95,000	55,000	40,000	73%	–	95,000
FORMER OBSERVER										
François Auque (2)	15,700	24,000	153%	–	39,700	7,600	5,000	66%	–	12,600
FORMER DIRECTORS										
Fritz Froehlich (4)	25,850	39,000	151%	–	64,850	80,000	25,000	31%	–	105,000
Thomas Farrell (5)	22,100	40,000	181%	5,000	67,100	40,000	40,000	100%	15,000	95,000
Total					**925,150**					**880,100**

(1) Including the compensation as Deputy Chairman of the Board of Directors.

(2) François Auque was appointed Director and Chairman of the Audit and Risk Committee by the Shareholders' Meeting of May 23, 2019, and was a member of the Board of Directors as Observer from January 1 to May 23, 2019.

(3) The entire compensation allocated to Julien Bonnel as Director representing the employees is paid to the designated trade union. Julien Bonnel also receives compensation as employee of Rexel France SAS.

(4) Fritz Froehlich's term of office as a Director expired at the close of the Combined General Meeting of May 23, 2019. Additional compensation of €15,000 was paid to Fritz Froehlich in view of the additional work he carried out during the financial year ended December 31, 2018 (IFRS 16 accounting regulations, integration of François Auque in anticipation of his appointment as Director and Chairman of the Audit and Risk Committee, restructuring of certain Group entities).

(5) Thomas Farrell resigned on July 19, 2019 from his directorship.

Summary table of compensation paid to directors and to the observer for the last three financial years (in euros)

	YEAR ENDED DECEMBER 31,		
	2019	**2018**	**2017**
DIRECTORS			
Ian Meakins	–	–	–
François Henrot (1)	140,000	140,000	140,000
François Auque (2)	66,000	–	–
Marcus Alexanderson	82,500	80,000	50,200
Patrick Berard	–	–	–
Julien Bonnel (3)	–	70,000	14,900
Elen Phillips	95,000	95,000	87,500
Maria Richter	95,000	97,500	97,500
Agnès Touraine	97,500	90,000	72,100
Herna Verhagen	95,000	95,000	71,500
FORMER OBSERVER			
François Auque	39,700	12,600	–
FORMER DIRECTORS			
Fritz Froehlich (4)	64,850	105,000	105,000
Thomas Farrell (5)	67,100	95,000	95,000
Total	**925,150**	**880,100**	**733,700**

(1) Including the compensation as Deputy Chairman of the Board of Directors.

(2) François Auque was appointed Director and Chairman of the Audit and Risks Committee by the Shareholders' Meeting of May 23, 2019, and was a member of the Board of Directors as Observer from January 1 to May 23, 2019.

(3) The entire compensation allocated to Julien Bonnel as Director representing the employees is paid to the designated trade union. Julien Bonnel also receives compensation as employee of Rexel France SAS.

(4) Fritz Froehlich's term of office as a Director expired at the close of the Combined General Meeting of May 23, 2019. Additional compensation of €15,000 was paid to Fritz Froehlich in view of the additional work he carried out during the financial year ended December 31, 2018 (IFRS 16 accounting regulations, integration of François Auque in anticipation of his appointment as Director and Chairman of the Audit and Risk Committee, restructuring of certain Group entities).

(5) Thomas Farrell resigned on July 19, 2019 from his directorship.

Payment of directors' compensation would be suspended in the event of non-compliance with the parity rules.

The compensation policy does not provide for a mechanism to request the return of all or part of the variable compensation of directors.

3.2.2.2 Compensation and other benefits paid or allocated to Ian Meakins, Chairman of the Board of Directors

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

(in €)	**2019**	**2018**
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 €)	2019 COMPENSATION ALLOCATED IN RESPECT OF THE FINANCIAL YEAR	2019 COMPENSATION PAID DURING THE FINANCIAL YEAR	2018 COMPENSATION ALLOCATED IN RESPECT OF THE FINANCIAL YEAR	2018 COMPENSATION PAID DURING THE FINANCIAL YEAR
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, 2019, 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.

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

3.2.2.3 Compensation and other benefits paid or allocated to Patrick Berard, Chief Executive Officer

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

(in €)	2019	2018
PATRICK BERARD		
Compensation allocated in respect of the financial year	1,312,927	1,434,022
Valuation of the options allocated during the financial year	N/A	N/A
Valuation of the performance shares allocated during the year(1)	859,000	1,052,000
Total	**2,171,927**	**2,486,022**

(1) Valuation based on the IFRS 2 fair value used for the consolidated financial statements (€8.59 for 2019 and €10.52 for 2018).

Gross compensation over the last two financial years summary table

	2019		2018	
(in €)	COMPENSATION ALLOCATED IN RESPECT OF THE FINANCIAL YEAR	COMPENSATION PAID DURING THE FINANCIAL YEAR	COMPENSATION ALLOCATED IN RESPECT OF THE FINANCIAL YEAR	COMPENSATION PAID DURING THE FINANCIAL YEAR
PATRICK BERARD				
Fixed compensation	650,000	650,000	650,000	650,000
Variable compensation	656,565[(1)]	777,660[(2)]	777,660	973,440
Attendance fees	N/A	N/A	N/A	N/A
Benefits in kind	6,362	6,362	6,362	6,362
Total	**1,312,927**	**1,434,022**	**1,434,022**	**1,629,802**

(1) Payment subject to the prior approval of the Shareholders' Meeting of April 23, 2020.

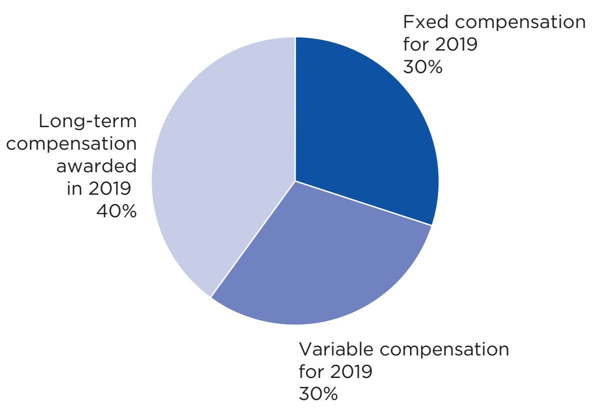
(2) Payment approved by the Shareholders' Meeting of May 23, 2019.

For the financial year ended December 31, 2019, 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. 70% of the compensation of the Chief Executive Officer is subject to performance conditions (mainly financial).



For the visibility of the graph above, 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 determined at €650,000.

Annual variable compensation

The annual variable target-based compensation has been determined at 120% of the annual fixed compensation.

The variable compensation for 2019 was based for 75% on quantitative criteria and for 25% on qualitative criteria. The quantitative targets determined for 2019 were sales growth in volume (40%), adjusted EBITA increase in volume (40%) and ATWC (20%). The targets to be achieved were those of the 2018 Budget.

The quantitative targets were capped at a maximum of 150%, if they exceed 100% of the quantitative targets. The qualitative targets are capped at 100% of achievement.

Therefore, the maximum variable compensation represented 165% of the fixed compensation.

The Board of Directors of February 12, 2020 carried out in the assessment of the performance of the Chief Executive Officer and determined a global performance of 84.18% of the target variable compensation, *i.e.* a gross amount of €656,565 to be paid in consideration of the 2019 financial year. Thus, the variable compensation determined by the Board of Directors for the Chief Executive Officer represents 101.01% of his fixed compensation.

In accordance with the provisions of Article L.225-100 of the French Commercial Code, the payment of the 2019 variable compensation will be subject to the approval of the Combined Shareholders' Meeting of April 23, 2020.

The achievement levels for the 2019 criteria referred to above are as follows:

2019 FIXED COMPENSATION IN €	2019 TARGET VARIABLE COMPENSATION IN PERCENTAGE OF THE FIXED COMPENSATION	2019 TARGET VARIABLE COMPENSATION IN €	QUANTITATIVE PART OF THE TARGET VARIABLE COMPENSATION (%)	QUALITATIVE PART OF THE TARGET VARIABLE COMPENSATION (%)	2019 RESULT QUALITATIVE PART	2019 RESULT QUALITATIVE PART	ACHIEVEMENT OF THE 2019 QUANTITATIVE PART	ACHIEVEMENT OF THE 2019 QUALITATIVE PART	TOTAL ACHIEVEMENT AS A PERCENTAGE OF THE TARGET VARIABLE COMPENSATION	AMOUNT IN € TO BE PAID IN RESPECT OF 2019 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%	80.9%	94%	60.68%	23.50%	84.18%	656,565

Details concerning the achievement of the 2019 quantitative targets:

						2019 ACHIEVEMENT		
2019 CRITERIA	WEIGHT	2019 TARGET(1)	TRIGGER	TARGET	MAXIMUM	PERFORMANCE LEVEL IN % OF OBJECTIVES (2)	PAYMENT LEVEL PRIOR TO WEIGHTING	PAYMENT LEVEL AFTER WEIGHTING
Sales growth in volume	40%	€367.4M	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 result reaches 150% of target	48.8%	48.8%	19.5%
Adjusted EBITA increase in volume	40%	+€38.7M	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% if result reaches 150% of target	84.2%	92.1%	36.8%
ATWC	20%	15%	50% payout if result reaches 95% of target	100% payout if result reaches 100% of target	Payment capped at 150% if result reaches 105% of target	102.3%	122.5%	24.5%
	100%		Calculation on a linear basis between the points					**80.90%**

(1) Adjusted 2019 targets (on a constant scope).

(2) Performance is assessed in comparison to targets based on standard exchange rates.

Details regarding 2019 qualitative targets:

	WEIGHTING	ACHIEVEMENT	WEIGHTED PERFORMANCE
Digital transformation in particular	60%	90%	54%
Corporate Societal Responsibility	40%	100%	40%
Total			**94%**

The Board of Directors has assessed the performance of the Chief Executive Officer, Patrick Berard, for financial year 2019, with respect to his qualitative objectives at 94%. As disclosed *ex-ante*, these qualitative objectives were divided into two main areas: transformation, digital in particular, and Corporate Societal Responsibility.

During financial year 2019, the predictive analysis capabilities of the sales forces have been strengthened, countries have been equipped to successfully complete their digital transformation and employee skills have been enhanced in line with the needs related to this transformation. Having noted these achievements and compared their level of progress with the Group's strategic plan, the Board of Directors decided that the objectives set for the Chief Executive Officer, with regard to the transformation, digital in particular, had been achieved to the extent of 90%. This assessment is justified in particular by the increase in Web and EDI sales: they represented 16% of Group sales in 2018; in 2019 they represented 18% of Group sales, in line with the strategic plan. In a highly competitive environment, where the transformation plan, particularly the digital transformation plan, would be a major competitive advantage, the choice was made not to communicate the other factual and quantified achievements that justify the 90% assessment.

The Board of Directors assessed, by comparing the 2019 achievements with the targets set *ex-ante* in 2018, that the Corporate Societal Responsibility objectives had been 100% achieved.

This assessment is justified by the achievement carried out during the fiscal year 2019 in terms of mobility and training.

During the financial year 2019, mandatory training campaigns provided to all of the Group's employees as well as communications by the Chief Executive Officer highlighted the importance of business ethics within the Rexel Group in accordance with the objectives set at the beginning of the financial year.

Target figures relating to inclusion, relating to the number of work-study programs, have been achieved: in France, the number of work-study programs sharing their time between the company and the university has doubled from 150 to more than 300 in 2019, exceeding the targets set. It is restated here that the individual share is capped at 100% and that the observation of an outperformance does not allow an evaluation higher than 100%.

The compensation policy does not provide for a mechanism to request the return of all or part of the variable compensation of the Chief Executive Officer.

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 2019).

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, 2019.

No option of subscription or purchase of shares has been exercised during the financial year ended December 31, 2019.

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, 2019, is detailed below:

BENEFICIARIES	DATE OF ALLOTMENT	PLAN NAME	NUMBER OF SHARES	VALUE OF ALLOCATED SHARES(1)	VESTING DATE	TRANSFERABILITY DATE
Patrick Berard	May 23, 2019	3+0	100,000	€859,000	May 23, 2022	May 24, 2022

(1) Valuation carried out based on the IFRS2 fair value used for the consolidated financial statements (€8.59 in 2019).

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, 2019 are detailed in paragraph 3.7.2.6 "Allotment of free shares" of this universal registration document.

History of the last performance shares allocated, acquired or transferable during the financial year ended December 31, 2019 for Patrick Berard

GRANT DATE	MAY 23, 2019	MAY 24, 2018	MAY 23, 2017	JUNE 23, 2016
Number of shares allotted[1]	**100,000**	**100,000**	**100,000**	**85,000**
Adjustment of number of shares in 2016[2]	*N/A*	*N/A*	*N/A*	*87,876*
Adjustment of number of shares in 2019[3]	*103,442*	*103,442*	*103,442*	*87,876*
Vesting date	May 23, 2022	May 24, 2021	May 23, 2020	June 23, 2019
Performance rate	N/A	N/A	N/A	45%
Number of shares irrevocably vested	0	0	0	39,545(4)
Transferability Date	May 24, 2022	May 25, 2021	May 24, 2022	June 24, 2021
Number of lost shares at December 31, 2019	0	0	0	48,331

(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.

(3) 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, 2019, upon delegation from the Board of Directors' meeting of May 23, 2019. This decision aims at preserving the rights of the beneficiaries and follows the distribution to the shareholders of an amount of €0.347 per share, fully deducted from the issue premium.

(4) The 45% performance is explained by organic sales growth, which exceeded the targets set by the medium-term plan - MTP (150% achievement rate for a target weighted at 30%). However, the other objectives (EBITA growth in volume, cash conversion rate, and share price performance) did not meet the targets set by the MTP. They are below the trigger thresholds, resulting in a 0% achievement rate for these three objectives.

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 3.2.2.3 "Compensation and other benefits paid or allocated to Chief Executive Officer Patrick Berard" of this universal 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, 2020 acknowledged the achievement of the performance criteria for the 2019 financial year (the level of the variable compensation for 2019 having reached a performance of 84.18%). 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 benefits to the Chief Executive Officer

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). This regime was frozen as at December 31, 2019.

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.

Also, it is restated that in accordance with the applicable laws and regulations (Law n°2019-486 of May 22, 2019 relating to the growth and transformation of companies, known as the "PACTE Law" and Order No. 2019-697 of July 3, 2019 relating to supplementary occupational retirement schemes), and following the decision of the Board of Directors, at its meeting of December 17, 2019, rights were frozen, consisting of the interruption at December 31, 2019 of the acquisition of new contingent rights under the plan. On the other hand, end-of-career compensation will be taken into account, in accordance with the terms of the plan's regulations and of the order.

The main characteristics of these schemes are as follows:

	REGIME 1	REGIME 2
Effective date	• May 31, 2005 • Rights frozen as of June 30, 2009	• July 1, 2009 • Rights frozen as of December 31, 2019
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
Applicable limits	• Retirement pension under this plan and other supplemental retirement 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 retirement schemes of Rexel (including Regime 1) limited to 25% of the reference compensation • Retirement pension under this plan and other supplemental retirement 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

	REGIME 1	REGIME 2
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 former article L.225-42-1 of the French Commercial Code and has been approved 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 €7.1 million as of December 31, 2019 reduced by the value of a plan asset in an insurance company.

As of December 31, 2019, the value of this plan asset was estimated approximately at €2.6 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 upon the departure of Chief Executive Officer Patrick Berard.

It is also indicated that at the closing of the 2019 financial year, the yearly amount of the retirement of the Chief Executive Officer under this scheme was estimated at €220,571. 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.

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 a severance and/or non-compete indemnity 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).

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).

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.

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) Rights frozen as of December 31, 2019	No – No indemnities provided for in respect of the corporate office	No – No indemnities provided for in respect of the corporate office

3.2.2.4 Summary tables concerning compensation paid or allocated to the corporate officers

Summary table of compensation, options and shares allocated to each corporate officer

A summary of all of the compensation items due to the managing corporate officers by the companies of the Rexel Group in respect of the financial years ended December 31, 2019 and December 31, 2018 is shown in the table below:

	FINANCIAL YEAR ENDED DECEMBER 31,	
	2019	**2018**
IAN MEAKINS		
Compensation allocated 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 paid in respect of the financial year[1]	€1,312,927	€1,434,022
Valuation of the options allocated during the financial year	N/A	N/A
Valuation of the performance shares allocated during the year[2]	€859,000	€1,052,000
Total	**€2,171,927**	**€2,486,022**

(1) See paragraph 3.2.2 "Compensation of corporate officers for the financial year 2019 (articles L.225-37-3 I and L.225-100 II of the French Commercial Code)" of this universal registration document.

(2) Valuation based on the IFRS2 fair value determined for the consolidated financial statements (€8.59 for 2019 and €10.52 for 2018).

Summary table of the compensation of each corporate officer

	FINANCIAL YEAR ENDED DECEMBER 31,			
	2019		**2018**	
	ALLOCATED IN RESPECT OF THE FINANCIAL YEAR	PAID DURING THE FINANCIAL YEAR	ALLOCATED IN RESPECT OF THE FINANCIAL YEAR	PAID DURING THE FINANCIAL YEAR
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	€656,565 [1]	€777,660 [2]	€777,660 [1]	€973,440 [3]
Exceptional compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	€6,362	€6,362	€6,362	€6,362
Total	**€1,312,927**	**€1,434,022**	**€1,434,022**	**€1,629,802**

(1) Variable compensation due in respect of the financial year ended December 31, 2019 and paid during the financial year ended December 31, 2020 after prior approval of the Shareholders' Meeting of April 23, 2020.

(2) 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.

(3) Variable compensation due in respect of the financial year ended December 31, 2017 and paid during the financial year ended December 31, 2018.

3.2.2.5 Equity ratio (article L.225-37-3 of the French Commercial Code)

Pursuant to the provisions of Article L.225-37-3 of the French Commercial Code, this report presents information on the ratios between the level of compensation of the Chairman of the Board of Directors, the Chief Executive Officer and each Chief Operating Officer and, on the one hand, the average compensation on a full-time equivalent basis of employees and, on the other hand, the median compensation on a full-time equivalent basis of employees.

As Rexel SA does not have any employees, it was not possible to select it for the determination of the equity ratio. As a result, the scope of consolidation consists of the two entities Rexel France SAS and Rexel Développement SAS representing approximately 5,000 employees, *i.e.*, more than 80% of the employees present on French territory in line with provisions of Article 26.2 of the AFEP-MEDEF Code. This sample is considered to be representative of the Group's entire population. Indeed, based on the information available through the Group's social reporting tool ("Enablon"), the Group's median and average salaries would be close to the median and average salaries of the sample selected. This constant is consistent with the Group's geographic positioning, with more than 80% of the workforce concentrated in the following countries: United States, France, United Kingdom, Canada, Germany, Australia, Sweden, Switzerland and Austria, where observed wages are consistent with or even higher than those observed in France.

The scope of consolidation includes only employees with French open-ended employment contracts, present over two full financial years, for all financial years under consideration.

In addition, the various ratios have been calculated on the basis of the compensation paid for the corresponding financial year. This compensation takes into account bonuses paid as well as performance shares delivered during the relevant financial year. It is specified that the pension elements have not been taken into consideration.

The calculation of the equity ratio will be subject to the adjustments recommended by the potential recommendations of the AFEP-MEDEF Code and will take into account, where applicable, any applicable legislative or regulatory changes.

	FINANCIAL YEAR				
	2019	**2018**	**2017**	**2016**	**2015**
IAN MEAKINS (1) *Compensation Paid During Financial Years*					
Ratio | average compensation	12	11	11	12	12
Ratio | median compensation	15	14	14	14	15
PATRICK BERARD (2) *Compensation Paid During Financial Years*					
Ratio | average compensation	44	39	24	18	53 (3)
Ratio | median compensation	54	49	29	22	64 (1)

(1) Ian Meakins was appointed as Chairman of the Board of Directors as of July 1, 2016.

(2) Patrick Berard was appointed as Chief Executive Officer as of July 1, 2016.

(3) Rudy Provoost's term of office as Chief Executive Officer ended on June 30, 2016.

As a result, the ratio has been relatively stable over the last 5 years. The volatility observed is explained by the levels of performance achieved for the variable compensation paid, both short-term and long-term variable compensation. The ratios in 2015 were significantly higher. The ratio levels in 2017 are explained by the performance levels of the long-term plan awarded in 2014 and delivered in 2017 being low, as well as the variable compensation for 2017 which relates to a prorated 2016 fiscal year, as Patrick Berard was appointed in July 2016.

3.2.3 Fixed, variable and exceptional items making up total compensation and benefits of any kind paid during financial year 2019 or allocated in respect of financial year 2019 and subject to shareholders' approval (Article L.225-100 III of the French Commercial Code)

The fixed, variable and exceptional items making up the total compensation and benefits of any kind paid during fiscal year 2019 or allocated for financial year 2019 to the Chairman of the Board of Directors and the Chief Executive Officer, subject to shareholder approval in accordance with Article L.225-100 III of the French Commercial Code, are presented below.

Fixed, variable and exceptional items making up the total compensation and benefits of any kind paid during financial year 2019 or awarded in respect of financial year 2019 to Ian Meakins, Chairman of the Board of Directors, submitted for approval by the shareholders at the General Meeting (10th resolution):

Ian Meakins (Non-executive Chairman of the Board of Directors) for the financial year ended December 31, 2019

	AMOUNT OR ACCOUNTING VALUATION		
COMPENSATION ITEMS PAID OR ALLOCATED SUBMITTED TO THE VOTE	AMOUNT ALLOCATED IN RESPECT OF FINANCIAL YEAR 2019	AMOUNT PAID DURING FINANCIAL YEAR 2019	PRESENTATION
Fixed annual compensation	€500,000	€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 12, 2019 set the gross fixed annual compensation of Ian Meakins in respect of the financial year ended on December 31, 2019 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 3.2.2.4 "Summary tables relating to compensation paid or allocated to the corporate officers" of this universal 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.

Fixed, variable and exceptional items making up the total compensation and benefits of all kinds paid during financial year 2019 or allocated in respect of financial year ended December 31, 2019, to Patrick Berard as Chief Executive officer, submitted to the shareholders' approval at the Shareholders' Meeting (11th resolution):

Patrick Berard (Chief Executive Officer) for the financial year ended December 31, 2019

COMPENSATION ITEMS PAID OR ALLOCATED SUBMITTED TO THE VOTE	AMOUNT OR ACCOUNTING VALUATION: AMOUNT ALLOCATED IN RESPECT OF FINANCIAL YEAR 2019	AMOUNT OR ACCOUNTING VALUATION: AMOUNT PAID DURING FINANCIAL YEAR 2019	PRESENTATION
Fixed annual compensation	€650,000	€650,000	The gross fixed annual compensation in respect of the financial year ended on December 31, 2019 determined by the Board of Directors 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 3.2.2.4 "Summary tables relating to compensation paid or allocated to the corporate officers" of this universal registration document.
Variable annual compensation	€656,565	€777,660	The gross variable annual compensation in respect of the financial year ended on December 31, 2019 determined by the Board of Directors of February 12, 2020, amounts to €656,565. The variable compensation was based for 75% on quantitative criteria (sales growth in volume, adjusted EBITA increase in volume, and ATWC) and for 25% on qualitative criteria. Quantitative performance stood at 80.90% and qualitative performance stood at 94%. This amount thus corresponds to 84.2% of the target variable compensation (the target variable compensation was determined at 120% of the fixed annual compensation), *i.e.* 101.01% of the fixed compensation for the relevant period. For details on the calculation of the variable compensation for 2019, please see paragraph 3.2.2.3 "Compensation and other benefits paid or allocated to the Chief Executive Officer, Patrick Berard" of this universal registration document. In accordance with the provisions of article No. L.225-100 of the French Commercial Code, the payment of the 2019 variable compensation will be subject to the approval of the Shareholders' Meeting of April 23, 2020. The gross variable annual compensation paid during financial year 2019, allocated in respect of financial year 2018 (€777,660), was approved by a vote of the Shareholders' Meeting of May 23, 2019.
Pluriannual variable compensation	Not applicable		Patrick Berard does not benefit from any pluri-annual variable compensation.
Exceptional compensation	Not applicable		Patrick Berard does not benefit from any exceptional compensation in respect of his corporate office.
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 3.2.2.3 "Compensation and other benefits paid or allocated to the Chief Executive Officer, Patrick Berard" of this universal registration document.

Patrick Berard (Chief Executive Officer) for the financial year ended December 31, 2019

COMPENSATION ITEMS PAID OR ALLOCATED SUBMITTED TO THE VOTE	AMOUNT OR ACCOUNTING VALUATION: AMOUNT ALLOCATED IN RESPECT OF FINANCIAL YEAR 2019	AMOUNT OR ACCOUNTING VALUATION: AMOUNT PAID DURING FINANCIAL YEAR 2019	PRESENTATION
Valuation of the long-term compensation: allocation of performance shares	€859,000 *(valuation based on the IFRS2 fair value determined for the consolidated financial statements, i.e., €8.59 for 2019)*		In accordance with authorization granted by Rexel's Shareholders' of May 24, 2018, the Board of Directors, at its meeting of May 23, 2019, decided to allot Rexel performance shares. Accordingly, 100,000 shares, fully subject to performance criteria, were allotted to Patrick Berard in 2019. 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 paragraph 3.2.1.4 "Compensation policy applicable to the Chief Executive Officer for financial year 2020" of this universal registration document.
Severance indemnities	Not applicable		Patrick Berard does not benefit from any severance indemnities in respect of his corporate office.
Non-compete indemnity	Not applicable		Patrick Berard does not benefit from any non-compete indemnity in respect of his corporate office.
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, 2020, acknowledged the achievement of the performance criteria for the 2019 financial year (the payment level of the variable compensation for 2019 having reached 84.2%). 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 3.2.2.3 "Compensation and other benefits paid or allocated to the Chief Executive Officer, Patrick Berard" of this universal registration document).

3.3 Ordinary agreements and Related party transactions

3.3.1 Ordinary agreements

Rexel has set up an internal control procedure with respect to ordinary course agreements and regulated agreements.

This procedures has been established in accordance with applicable regulations as resulting from the law n° 2019-486 to favour the growth and the transformation of enterprises of May 22, 2019 (so-called *Loi PACTE*) as well as marketplace recommendations, in particular the recommendation from the French *Autorité des marchés financiers* n° 2012-05 of July 2, 2012, as amended on October 5, 2018.

In a joint-stock company with a Board of Directors, agreements referred to under article L.225-38 of the French Commercial Code, so-called "regulated agreements" are submitted to a specific procedure and must be submitted to the prior approval of the Board of Directors and covered by a special report from the auditors with a view to submit them to the approval of the Shareholders' Meeting.

Agreements relating to ordinary course transactions and entered into under normal conditions as well as intragroup transactions between two companies, one company holding directly or indirectly 100% of the share capital of the other company, are excluded from this control procedure.

The internal procedure thus describes:

1) the relevant parties as well as the criteria to be considered to qualify an ordinary course transaction and a transaction entered into under normal conditions;
2) the procedure to identify the agreements, which relies on an assessment conducted by the General Secretary and the Legal Department of Rexel with the support of the relevant teams and a review of ordinary course transactions entered into under normal conditions at least once per year; and
3) the specific procedures to be applied depending on whether the agreement is an ordinary course transaction entered into normal conditions, submitted to an annual review of the Board of Directors, or a regulated agreement, submitted to the prior approval of the Board of Directors and the approval of the Shareholders' Meeting as well as an annual review.

3.3.2 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, 2019, 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 25 of the consolidated financial statements of the Company for the year ended December 31, 2019 which are set out in section 5.2 "Consolidated Financial Statements" of this universal registration document.

3.3.2.1 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. Such renewal was approved by 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 was approved by the Shareholders' Meeting of May 23, 2019.

At the closing of the 2019 financial year, the yearly amount of the retirement of the Chief Executive Officer under the plan was estimated at €220,571. This estimation has been made 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, 2019.

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

In accordance with the applicable laws and regulations (Law n°2019-486 of May 22, 2019, known as the "PACTE Law"), new contingent rights under the scheme from December 31, 2019 were frozen under the scheme from which Patrick Berard benefited. Periods of employment after December 31, 2019 will therefore not be taken into account for the assessment of seniority used to calculate the amount of the additional pension. On the other hand, end-of-career compensation will be taken into account, in accordance with the terms of the plan's regulations and Order No. 2019-697 of July 3, 2019 relating to supplementary occupational retirement schemes.

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).

3.3.2.2 Relations within the Rexel Group

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

- 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.

3.3.3 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 controlled by Rexel within the meaning of Article L.233-3 of the French Commercial Code, 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 universal registration document).

3.3.4 Special reports of the Statutory Auditors in relation to the related party agreements

3.3.4.1 Special report of the Statutory Auditors in relation to the related party agreements for 2019

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.

Rexel S.A.
13, boulevard du Fort de Vaux - CS 60002 - 75838 Paris Cedex 17
Share capital: €1,520,510,065

Statutory Auditors' Report on related party agreements and commitments

Shareholders' Meeting for the approval of the financial statements for the year ended December 31, 2019

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' MEETIN

Agreements and commitments authorized 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 2019 that have been preauthorized by your Board of Directors.

Amendment of the defined pension liabilities granted to the benefit of Patrick Berard in his capacity as Chief Executive Officer of Rexel S.A.

Related part

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

The Board of Directors of May 24, 2018 authorized 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.

The Board of Directors decided on December, 17 2019 the “freezing” of the pension liabilities granted to the benefit of Patrick Berard in his capacity as Chief Executive Officer of Rexel S.A, in accordance with Order n° 2019-697 dated July 3, 2019 relating to occupational supplementary pension schemes. Indeed, this Order provides that, as of January 1, 2020, no new additional rights may be acquired within a defined benefit pension scheme that makes the constitution of benefit rights conditional upon the completion of the beneficiary’s career within the Company.

Conditions

In accordance with the legal and regulatory requirements applicable, the said pension liabilities will therefore be maintained for the benefit of Patrick Berard but will be “frozen” as of December 31, 2019, so that no additional rights may be acquired under this plan as of January 1, 2020. Periods of employment after December 31, 2019 will therefore not be taken into account for the assessment of seniority. Nevertheless, the compensation paid as from this date may be taken into account for the calculation of the reference compensation serving as a basis for the calculation of benefits, in accordance with article 2 of the aforementioned Order dated July 3, 2019.

At the closing of the 2019 financial year, the yearly amount of the retirement of the Chief Executive Officer under this scheme was estimated at €220,571. This estimation was based on the length of service acquired as at the closing date 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 day after the closing of the financial year.

This commitment was not executed for the financial year ended December 31, 2019.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS’ MEETING

We inform you that we have not been advised of any agreements which were already approved by the Shareholders’ meetings in previous years, and which were applicable during the year.

Paris La Défense and Neuilly-sur-Seine, February 13, 2020

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

3.3.4.2 Special reports of the Statutory Auditors in relation to the related party agreements for 2018 and 2017

The special reports of the Statutory Auditors of Rexel in relation to the related party agreements for the financial year ended December 31, 2018, and December 31, 2017, are set out in the Registration document filed with the *Autorité des marchés financiers* on April 3, 2019 under number D.19-0264, and in the Registration document filed with the *Autorité des marchés financiers* on April 4, 2018, under number D.18-0263.

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 and on February 12, 2020, 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/en).

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.com/en) 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 21.1) 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 considers that independently from its 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 2019, the Board of Directors has met 12 times, the Audit and Risk Committee 6 times, the Nomination Committee met on 6 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 22) 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 co-option 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.

In order to comply with the new legislative and regulatory requirements relating to the composition of the Board of Directors resulting from law No. 2019-486 of May 22, 2019, it will be proposed to the Shareholders' Meeting to amend Articles 14.7.1 and 14.7.2 of the by-laws.

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.

In order to allow the Board of Directors to take certain decisions by means of written consultation, as permitted by law No. 2019-744 of July 19, 2019, it will be proposed to the Shareholders' Meeting to amend Article 17 of the by-laws.

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 legislation 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. As part of the succession plan reviewed and approved by the Board of Directors, the Shareholders' Meeting will be asked to amend Article 19 of the by-laws to extend the age limit for the Chief Executive Officer to 70 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-à-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.

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)

3

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 universal registration document, to the best knowledge of Rexel, there are no agreements entered into among shareholders. Furthermore, provisions of the senior credit agreement and of the bonds likely to have an impact in case of change of control of Rexel are described in note 22.1 of the Notes to the consolidated financial statements of the Company for the financial year ended December 31, 2019, set out in paragraph 5.2.1 "Consolidated Financial Statements" as of December 31, 2019 of this universal 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.

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)

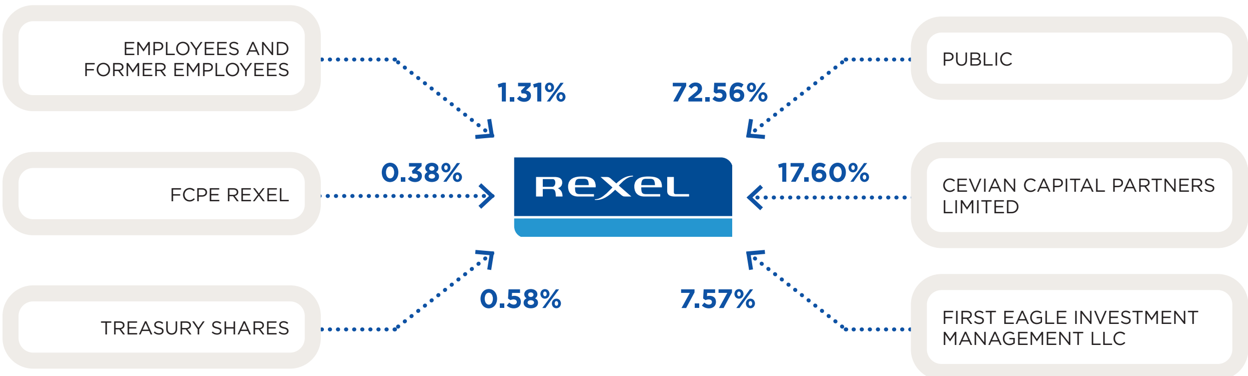
Rexel's share capital may be increased or reduced in all ways and by all manners authorized by law.

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, 2019:



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, 2019, 2018 and 2017.

Each Rexel share gives right to one vote.

	AT DECEMBER 31,											
	2019				2018				2017			
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	17.60%	17.70%	53,521,593	53,521,593	17.61%	17.73%	47,400,225	47,400,225	15.63%	15.69%
First Eagle Investment Management LLC(4)	23,023,337	23,023,337	7.57%	7.61%	23,023,337	23,023,337	7.57%	7.63%	23,023,337	23,023,337	7.59%	7, 62%
Employees and former employees	3,991,610	3,991,610	1.31%	1.32%	3,978,149	3,978,149	1.31%	1.32%	3,865,410	3,865,410	1.27%	1.28%
FCPE Rexel	1,154,749	1,154,749	0.38%	0.38%	1,185,495	1,185,495	0.39%	0.39%	1,227,986	1,227,986	0.40%	0.41%
Public	220,661,812	220,661,812	72.56%	72.98%	220,171,605	220,171,605	72.43%	72.93%	226,536,850	226,536,850	74.68%	75.00%
Treasury shares	1,748,912	1,748,912	0.58%	0.00%	2,108,720	2,108,720	0.69%	0.00%	1,289,369	1,289,369	0.43%	0%
TOTAL	**304,102,013**	**304,102,013**	**100%**	**100%**	**303,988,899**	**303,988,899**	**100%**	**100%**	**303,343,177**	**303,343,177**	**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 universal registration document.

3.7.2.2 Shareholding threshold disclosures

During the financial year ended December 31, 2019 and as of the date of this universal 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
BlackRock Inc.	February 26, 2020	5%	Down	4.96%	15,079,940
BlackRock Inc.	February 3, 2020	5%	Up	5.03%	15,288,274
BlackRock Inc.	January 24, 2020	5%	Down	4.91%	14,927,341
BlackRock Inc.	January 21, 2020	5%	Up	5.22%	15,875,831
BlackRock Inc.	January 20, 2020	5%	Down	4.89%	14,858,290
BlackRock Inc.	January 17, 2020	5%	Up	5.05%	15,354,879
Millennium Partners, L.P.	January 9, 2020	2.5%	Down	2.47%	7,498,242
Millennium Partners, L.P.	January 9, 2020	2.5%	Up	2.50%	7,611,666
Parvus Asset Management Europe Limited	November 25, 2019	2.5%	Down	2.22%	6,761,043
Millennium Partners, L.P.	November 20, 2019	2.5%	Down	2.49%	7,571,778
Millennium Partners, L.P.	November 13, 2019	2.5%	Up	2.52%	7,671,517
BlackRock Inc.	May 30, 2019	5%	Down	2.71%	8,243,209
BlackRock Inc.	May 27, 2019	5%	Up	5.04%	15,329,266
BlackRock Inc.	May 24, 2019	5%	Down	4.95%	15,054,233
BlackRock Inc.	May 14, 2019	5%	Up	5.08%	15,445,772
BlackRock Inc.	May 13, 2019	5%	Down	4.97%	15,118,153
BlackRock Inc.	May 10, 2019	5%	Up	5.10%	15,498,479
BlackRock Inc.	May 9, 2019	5%	Down	4.98%	15,141,904
BlackRock Inc.	May 7, 2019	5%	Up	5.11%	15,549,015
BlackRock Inc.	May 3, 2019	5%	Down	4.99%	15,167,369
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

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, 2019, more than 5% of the share capital and/or voting rights of Rexel.

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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, 2019, 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
François Auque	1,000	NS
Patrick Berard (Chief Executive Officer)	412,551	0.14%
Julien Bonnel (Director representing the employees)(1)	1,515	NS
Elen Phillips	5,000	NS
Maria Richter	4,500	NS
Agnès Touraine	1,112	NS
Herna Verhagen	1,000	NS

(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, 2019, the following transactions disclosures were made:

	DATE OF THE TRANSACTION	NATURE OF THE TRANSACTION	NUMBER OF SHARES	PRICE BY SHARE	TOTAL AMOUNT
DIRECTORS					
Patrick Berard	June 24, 2019	Delivery of performance shares	39,545	–	–
Serrie Meakins, person related to Ian Meakins (spouse)	March 4, 2019	Purchase	51,910	€11.19	€581,056.68

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, 2019, the number of shares held by employees in the context of the employee shareholding plans, directly or through employee investment funds (FCPE), was 1,607,419 shares, *i.e.* 0.53% 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, 2015

Free share plans created on July 28, 2015

Pursuant to the authorization granted by Rexel's Extraordinary Shareholders' Meeting held on July 27, 2015, the Board of Directors at its meeting of July 28, 2015, decided to grant 1,798,393 Rexel free shares under two plans.

On July 28, 2015, in the context of the authorization granted to the Board of Directors to carry out the allocation of free shares, the Board of Directors decided that the Chief Executive Officer and the Deputy Chief Executive Officer, who are beneficiaries of an allotment of free shares, shall retain 20% of the vested shares in the registered form until the end of their term of office.

The table below summarizes the free shares allotments carried out during the financial year ended December 31, 2015:

PLAN	KEY MANAGERS 3+2	KEY MANAGERS 4+0
Shareholders' Meeting	July 27, 2015	
Board of Directors	July 28, 2015	
Number of beneficiaries	172	419
Initial number of free shares allocated	795,775	1,002,618
Corporate officers		
• Rudy Provoost(1)	120,000(2)	–
• Catherine Guillouard(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, 2018	–	116,188
Adjusted number of shares(6)	–	120,341
Number of canceled or expired shares(7)	–	7,227
Number of vested shares at December 31, 2019	–	113,114
Number of valid shares at December 31, 2019	–	–

(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 cancelled 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) The number of performance shares still in the vesting period as of July 5, 2019 was adjusted by decision of the Chief Executive Officer on July 5, 2019 (upon delegation of powers granted by the Board of Directors on May 23, 2019). This decision aims to protect the rights of the beneficiaries and follows the distribution to shareholders of €0.347 per share, fully deducted from the share premium.

(7) Condition of presence not met or condition of performance not achieved.

On December 31, 2019, there were no shares allotted and undelivered.

During the financial year ended December 31, 2019, the Board of Directors' meeting of July 29, 2019 acknowledged the delivery of 113,114 ordinary shares of the Company, acquired on July 28, 2019 under the "Rexel 4+0 Plan" of July 28, 2015.

During the financial year ended December 31, 2019, the beneficiaries who have permanently vested shares under the "Plan Rexel 4+0" of July 28, 2015, provided a condition of presence of four years as well as the following performance criteria:

PERFORMANCE OF THE KEY MANAGERS PERFORMANCE SHARES PLANS GRANTED IN 2016	WEIGHT	OBJECTIVE	TRIGGER	TARGET	MAXIMUM	% ACHIEVEMENT (NOT WEIGHTED)	% PERFORMANCE SHARES ACQUIRED (WEIGHTED)
2014-2017 average adjusted EBITA margin	40%	5.1% to 5.2%	25% of shares vest if the average reaches at least the target minus 10bps	100% of shares vest if the target is reached	150% of shares vest if the performance reaches at least the target plus 30 bps	0.0%	0.0%
2015, 2016 and 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%

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, 2018	443,016	804,726
Adjusted number of shares(5)	–	816,101
Number of canceled or expired shares(6)	255,838	480,794
Number of vested shares at December 31, 2019	187,178	–
Number of valid shares at December 31, 2019	–	335,307

(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) The number of performance shares still in the vesting period was adjusted for all beneficiaries of these plans by decision of the Chief Executive Officer on July 5, 2019 (on the basis of a delegation of authority granted by the Board of Directors on May 23, 2019). This decision is intended to protect the rights of all beneficiaries and follows the distribution to shareholders of €0.347 per share, fully deducted from additional paid-in capital.

(6) Condition of presence not met or condition of performance not achieved.

The shares allocated and not yet delivered at December 31, 2019 may result in the creation of 335,307 new shares and therefore give rise to a dilution of 0.11%.

During the financial year ended December 31, 2019, the Board of Directors of June 24, 2019 has acknowledged the delivery of 187,178 ordinary shares of the Company, vested on June 23, 2019 under the "2016 Free Shares" plan of June 23, 2016.

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, 2019 which are set out in section 5.2.1 "Consolidated Financial Statements as of December 31, 2019" of this universal registration document).

During the financial year ended December 31, 2019, the beneficiaries who have permanently vested shares under the 3+2 plan providing for a condition of presence and the following performance conditions:

PERFORMANCE OF THE KEY MANAGERS PERFORMANCE SHARES PLANS GRANTED IN 2016	WEIGHT	OBJECTIVE	TRIGGER	TARGET	MAXIMUM	% ACHIEVEMENT (NOT WEIGHTED)	% PERFORMANCE SHARES ACQUIRED (WEIGHTED)
2015-2018 average of adjusted EBITA margin growth in value	30%	+3.9%	75% of shares vest if the target achieved at 75%	100% of shares vest if the target is reached	150% of shares vest if target reached at 125%	11.40%	0.0%
2015-2018 average growth of organic sales	30%	+1.13%	75% of shares vest if target achieved at 75%	100% of shares vest if the target is reached	150% of shares vest if target reached at 125%	129.20%	45.00%
2016-2018 Average ratio of free cash flow before interest and taxes to EBITDA	20%	73.8%	50% of shares vest if target achieved at 90%	100% of shares vest if the target is reached	150% of shares vest if achievement reaches or exceeds 120%	84.30%	0.0%
TSR ranking of Rexel compared to a panel of companies (Companies of Stoxx Europe TMI "Electronic & Electrical Equipment") after a reference period of 3 years	20%	70th percentile	50% of shares vest if the Rexel's TSR ranking is in the median of the TSR of the panel	100% of shares vest if the Rexel's TSR performance reaches the 70th percentile of the panel	150% of shares vest if the Rexel's TSR performance reaches the 90th percentile of the panel	0.0%	0.0%
							45%

During the financial year ended December 31, 2019, the shares definitively vested by the corporate officers are as follows:

BENEFICIARIES	NUMBER OF SHARES PERMANENTLY VESTED
Patrick Berard	39,545[1]

(1) Amount of shares delivered after acknowledgement of a performance of 45% of the plan.
- Number of shares outstanding at December 31, 2018: 87,876
- Number of shares expired or cancelled: (48,331)
- Number of shares delivered: 39,545.

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 (1)	–
Ten first employees(2)	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, 2018	567,725	1,014,100
Adjusted number of shares(3)	585,970	1,044,798
Number of cancelled or expired shares(4)	39,425	126,025
Number of vested shares at December 31, 2019	–	–
Number of valid shares at December 31, 2019	546,545	918,773

(1) Adjusted amount: 103,442. The number of performance shares still under vesting on July 5, 2019 has been adjusted by decision of the Chief Executive Officer dated July 5, 2019 (upon delegation of power granted by the Board of Directors on May 23, 2019). This decision is to protect the rights of beneficiaries and is due to the payment of an amount of €0.347 per share to the shareholders integrally deducted from the "Issue premium" account.

(2) Given the number of shares allocated to employees, the ten first allocations have been indicated.

(3) The number of performance shares still in the vesting period was adjusted for all beneficiaries of these plans by decision of the Chief Executive Officer on July 5, 2019 (on the basis of a delegation of authority granted by the Board of Directors on May 23, 2019). This decision is intended to protect the rights of all beneficiaries and follows the distribution to shareholders of €0.347 per share, fully deducted from additional paid-in capital.

(4) Condition of presence not met or condition of performance not achieved.

The shares allotted and not yet delivered as at December 31, 2019 may result in the creation of 1,465,318 new shares and therefore entail a dilution of 0.48%.

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, 2019 which are set out in section 5.2.1 "Consolidated Financial Statements as of December 31, 2019" of this universal registration document).

No shares were vested during the financial year ended December 31, 2019.

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 universal 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 (2)	100,000 (2)	–	–
Top ten employees(3)	321,300		
Final vesting date		May 24, 2021	
Date of transferability of shares		May 25, 2021	
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
Number of Performance shares adjusted (4)	978,449	523,665	–
Number of Restricted shares adjusted (4)	–	294,770	68,500
Number of shares cancelled or expired(5)	74,175	82,202	2,500
Number of shares permanently vested at December 31, 2019	–	–	–
Number of valid performance shares at December 31, 2019	904,274	469,463	–
Number of valid Restricted shares at December 31, 2019	–	266,770	68,376

(1) As the conditions applied to Restricted shares are different from those for performance shares, the allocation of the allotment is made by type of shares.

(2) Adjusted amount: 103,442. The number of performance shares still in the vesting period as of July 5, 2019 was adjusted by decision of the Chief Executive Officer on July 5, 2019 (on delegation of powers granted by the Board of Directors on May 23, 2019). This decision was intended to protect the rights of the beneficiaries and followed the distribution to shareholders of €0.347 per share, fully deducted from the share premium.

(3) Given the number of shares allocated to employees, the first ten allocations were retained.

(4) The number of performance and attendance shares still in the vesting period was adjusted for all beneficiaries of these plans, by decision of the Chief Executive Officer on July 5, 2019 by delegation of the Board of Directors on May 23, 2019. This decision aims to protect the rights of all beneficiaries and follows the distribution to shareholders of €0.347 per share, fully deducted from the share premium.

(5) Condition of presence not met or performance condition not met.

Free shares allocated and not yet delivered at December 31, 2019, may result in the creation of 1,708,833 new shares and a dilution of 0.56%.

The valuation of the shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the vesting period (see note 19 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2019 which are set out in section 5.2.1 "Consolidated Financial Statements as of December 31, 2019" of this universal registration document).

During the financial year ended on December 31, 2019, 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 universal 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.

Free shares granted in the financial year ended December 31, 2019

Free shares allotment plans set up on May 23, 2019

The Extraordinary Shareholders' Meeting held on May 24, 2018 authorized the Board of Directors to allot free shares. The Board of Directors of May 23, 2019 decided to allot 2,082,522 free shares of Rexel in connection with three plans.

On May 23, 2019, 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, 2019:

PLAN	REXEL 2019 PERFORMANCE SHARES 3+0	REXEL 2019 PERFORMANCE AND RESTRICTED SHARES 3+0	REXEL 2019 RESTRICTED SHARES 3+0
Shareholders' Meeting		May 24, 2018	
Board of Directors		May 23, 2019	
Number of beneficiaries	79	693	267
Initial number of Performance shares allocated	1,016,875	585,647	–
Initial number of Restricted shares allocated[(1)]	–	346,500	133,500
Corporate officer • Patrick Berard	100,000 [(2)]	–	–
Top ten employees[(3)]	330,100		
Final vesting date		May 23, 2022	
Date of transferability of shares		May 23, 2022	
Number of Performance shares adjusted [(4)]	1,050,915	605,578	–
Number of Restricted shares adjusted [(4)]	–	358,650	138,198
Number of free shares cancelled or expired [(5)]	29,000	24,250	3,000
Number of free shares irrevocably vested at December 31, 2018	–	–	–
Number of valid Performance shares at December 31, 2019	1,021,915	590,328	–
Number of valid Restricted shares at December 31, 2019	–	349,650	135,198

(1) As the conditions applied to attendance shares are different from those applied to performance shares, the allocation of the grant is made by type of share.

(2) Adjusted amount: 103,442. The number of performance shares still in the vesting period as of July 5, 2019 was adjusted by decision of the Chief Executive Officer on July 5, 2019 (on delegation of powers granted by the Board of Directors on May 23, 2019). This decision was intended to protect the rights of the beneficiaries and followed the distribution to shareholders of €0.347 per share, fully deducted from the share premium.

(3) Given the number of shares allocated to employees, the first ten allocations were retained.

(4) The number of performance and attendance shares still in the vesting period was adjusted for all beneficiaries of these plans, by decision of the Chief Executive Officer on July 5, 2019 by delegation of the Board of Directors on May 23, 2019. This decision aims to protect the rights of all beneficiaries and follows the distribution to shareholders of €0.347 per share, fully deducted from the share premium.

(5) Condition of presence not met or performance condition not met.

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, 2019:

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	€859,000	May 23, 2022	May 24, 2022	-2
TEN TOP EMPLOYEES						
Employee #1	Rexel 3+0 Performance Shares	50,000	€429,500	May 23, 2022	May 24, 2022	-2
Employee #2	Rexel 3+0 Performance Shares	50,000	€429,500	May 23, 2022	May 24, 2022	-2
Employee #3	Rexel 3+0 Performance Shares	45,000	€386,550	May 23, 2022	May 24, 2022	-2
Employee #4	Rexel 3+0 Performance Shares	40,000	€343,600	May 23, 2022	May 24, 2022	-2
Employee #5	Rexel 3+0 Performance Shares	35,000	€300,650	May 23, 2022	May 24, 2022	-2
Employee #6	Rexel 3+0 Performance Shares	35,000	€300,650	May 23, 2022	May 24, 2022	-2
Employee #7	Rexel 3+0 Performance Shares	19,800	€170,082	May 23, 2022	May 24, 2022	-2
Employee #8	Rexel 3+0 Performance Shares	19,800	€170,082	May 23, 2022	May 24, 2022	-2
Employee #9	Rexel 3+0 Performance Shares	18,000	€154,620	May 23, 2022	May 24, 2022	-2
Employee #10	Rexel 3+0 Performance Shares	17,500	€150,325	May 23, 2022	May 24, 2022	-2

(1) The value of the allocated shares is based on the fair value, *i.e.* €8.59 for the Rexel 3+0 Performance Share Plan.
(2) Please see table summarizing the performance criteria set for the 2019 plans.

Free shares allocated and not yet delivered at December 31, 2019, may result in the creation of 2,097,091 new shares and a dilution of 0.69%.

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, 2019 which are set out in section 5.2.1 "Consolidated Financial Statements as of December 31, 2019" of this universal 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 2018-2021	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 2018-2021	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 2019, 2020 and 2021 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 SB 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 (2019-2022).

During the financial year ended on December 31, 2019, no share was permanently vested.

For information purposes, the performance of the May 23, 2019 plans will be known during the financial year ending December 31, 2022 (*i.e.*, subsequent to the publication of this universal 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 5,606,599 new shares, representing 1.84% of the share capital and voting rights of Rexel at December 31, 2019.

3.7.3 Shareholders' voting rights

Each share of Rexel entitles the holder to one vote. Consequently, as of the date of this universal 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 universal 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 Share capital subscribed and authorized but non-issued

As at December 31, 2019, Rexel's share capital amounted to €1,520,510,065 divided into 304,102,013 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 €1,519,944,495 divided into 303,988,899 shares of €5 nominal value each as at December 31, 2018.

The Combined Shareholders' Meetings held on May 24, 2018 and May 23, 2019 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, 2020, the Board of Directors decided to submit to the approval of the Shareholders' Meeting of April 23, 2020 certain projects of delegations and authorizations under the terms described below.

CURRENT AUTHORIZATIONS					PROPOSED AUTHORIZATIONS TO THE SHAREHOLDERS' MEETING TO BE HELD ON APRIL 23, 2020		
TYPE OF DELEGATION	DATE OF THE SHAREHOLDERS' MEETING (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
Share capital increase							
Issuance with upholding of preferential subscription rights	May 23, 2019 (resolution 15)	26 months (July 22, 2021)	Equity securities: €720,000,000 (*i.e.*, 144,000,000 shares) This cap is common to the 16th to 20th resolutions Debt securities: €1,000,000,000 This cap is common to the 16th to 20th resolutions	N/A	N/A	N/A	N/A

CURRENT AUTHORIZATIONS					PROPOSED AUTHORIZATIONS TO THE SHAREHOLDERS' MEETING TO BE HELD ON APRIL 23, 2020		
TYPE OF DELEGATION	DATE OF THE SHAREHOLDERS' MEETING (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, 2019 (resolution 16)	26 months (July 22, 2021)	Equity securities: €140,000,000 (*i.e.*, 28,000,000 shares) This cap is common to the 17th to 20th resolutions This maximum to be deducted from the maximum provided for by the 18th resolution Debt securities: €1,000,000,000 This maximum to be deducted from the maximum provided for by the 18th resolution The issue price is determined in accordance with the legal provisions applicable on the issue date (to date, the weighted average of the company's share price during the last three trading sessions prior to the opening of the offer to the public, possibly reduced by a 10% discount).	N/A	N/A	N/A	N/A

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CURRENT AUTHORIZATIONS					PROPOSED AUTHORIZATIONS TO THE SHAREHOLDERS' MEETING TO BE HELD ON APRIL 23, 2020		
TYPE OF DELEGATION	DATE OF THE SHAREHOLDERS' MEETING (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
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, 2019 (resolution 17)	26 months (July 22, 2021)	Equity securities: €140,000,000 (*i.e.*, 28,000,000 shares) This maximum is to be deducted from the caps provided for by resolutions 15 and 16 Debt securities: €1,000,000,000 This maximum to be deducted from the maximum provided for by the 15th resolution The issue price is determined in accordance with the legal provisions applicable on the issue date (to date, the weighted average of the company's share price during the last three trading sessions prior to the opening of the offer to the public, possibly reduced by a 10% discount).	N/A	N/A	N/A	N/A
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, 2019 (resolution 18)	26 months (July 22, 2021)	15% of initial issuance 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	N/A	N/A	N/A	N/A

CURRENT AUTHORIZATIONS					PROPOSED AUTHORIZATIONS TO THE SHAREHOLDERS' MEETING TO BE HELD ON APRIL 23, 2020		
TYPE OF DELEGATION	DATE OF THE SHAREHOLDERS' MEETING (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
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, 2019 (resolution 19)	26 months (July 22, 2021)	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 The issue price 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%	N/A	N/A	N/A	N/A
Issuance of up to 10% of the share capital in consideration for contributions in kind	May 23, 2019 (resolution 20)	26 months (July 22, 2021)	10% of the share capital as at the date of the decision of the Board of Directors This maximum is to be deducted from the caps provided for by resolutions 15 and 16	N/A	N/A	N/A	N/A
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	May 23, 2019 (resolution 21)	26 months (July 22, 2021)	€200,000,000 (*i.e.*, 40,000,000 shares) This maximum not to be deducted from any cap	N/A	N/A	N/A	N/A
Employee shareholding, allocation of share subscription or purchase options, free share allocations							
Performance share allotments	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	Allocation on May 24, 2018 of 1,900,032 shares *i.e.* 9,500,160 euros Allocation on May 23, 2019 of 2,082,522 shares *i.e.* 10,412,610 euros	18	26 months	1.4% of the share capital on the day of the decision of the Board of Directors

CURRENT AUTHORIZATIONS					PROPOSED AUTHORIZATIONS TO THE SHAREHOLDERS' MEETING TO BE HELD ON APRIL 23, 2020		
TYPE OF DELEGATION	DATE OF THE SHAREHOLDERS' MEETING (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
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	19	26 months	0.3% of the share capital as at the date of the decision of the Board of Directors
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 €720 million maximum provided for by resolution 22 of the Shareholders' Meeting of May 23, 2017 This maximum to be deducted from the 2% maximum provided for by resolutions 19 and 20 The issue price will be determined in accordance with the conditions set out in Articles L.3332-19 *et seq.* of the French Labor Code. The maximum discount is set at 20% of the average of the opening prices during the twenty trading days preceding the date of the Board of Directors' decision setting the opening date for subscriptions.	N/A	20	26 months	2% of the share capital as at the date of the decision of the Board of Directors This maximum to be deducted from the joint 2% maximum provided for by resolutions 19 and 20 of the Shareholders' Meeting of May 24, 2018 This maximum to be deducted from the €720 million maximum provided for by resolution 15 of the Shareholders' Meeting of May 23, 2019 The issue price will be determined in accordance with the conditions set out in Articles L.3332-19 *et seq.* of the French Labor Code. The maximum discount is set at 20% of the average of the opening prices during the twenty trading days preceding the date of the Board of Directors' decision setting the opening date for subscriptions.

	CURRENT AUTHORIZATIONS				PROPOSED AUTHORIZATIONS TO THE SHAREHOLDERS' MEETING TO BE HELD ON APRIL 23, 2020		
TYPE OF DELEGATION	DATE OF THE SHAREHOLDERS' MEETING (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
Issuance with cancellation of the preferential subscription right reserved for certain categories of beneficiaries in order to allow employee shareholding transactions The categories of beneficiaries are (a) employees and corporate officers of non-French companies related to the Company, (b) mutual funds or other employee shareholding entities invested in the Company's shares, (c) banking institutions or their subsidiaries that intervene for the purposes of setting up an employee shareholding plan and/or (d) financial institutions mandated in connection with a "Share Incentive Plan".	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 maximum to be deducted from the €720 million maximum provided for by resolution 22 of the Shareholders' Meeting of May 23, 2017 This maximum to be deducted from the 2% maximum provided for by resolutions 19 and 20	N/A	21	18 months	1% of the share capital as at the date of the decision of the Board of Directors This maximum to be deducted from the joint 2% maximum provided for by resolutions 19 and 20 of the Shareholders' Meeting of May 24, 2018 This maximum to be deducted from the €720 million maximum provided for by resolution 15 of the Shareholders' Meeting of May 23, 2019
Decrease in the share capital by cancelling shares							
Decrease in the share capital by cancelling shares	May 23, 2019 (resolution 14)	18 months (November 22, 2020)	10% of the share capital on the date of cancellation by 24-month period	N/A	17	18 months	10% of the share capital on the date of cancellation by 24-month period
Repurchase by Rexel of its own shares							
Share repurchase	May 23, 2019 (resolution 13)	18 months (November 22, 2020)	10% of share capital as at the completion date Maximum total amount: €250,000,000 Maximum repurchase price: €30	Use in the context of the liquidity agreement entered into with Natixis and Oddo for market-making purposes: • acquisition of 5,634,613 shares at an average price of €10.47; and • sale of 5,807,243 shares at an average price of € 10.55	16	18 months	10% of share capital as at the completion date Maximum total amount: €250,000,000 Maximum repurchase price: €30

3.8.2 Securities not representative of share capital

As of the date of this universal 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 23, 2019

Characteristics of the share repurchase plan

The Combined Shareholders' Meeting of May 23, 2019, 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 22, 2020

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 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, 2019, Rexel held 1,748,912 shares of €5 nominal value each, among which 628,909 under the liquidity agreement entered into with Oddo and Natixis and 1,120,003 shares previously acquired and held for the attribution to employees.

In connection with this liquidity agreement, Rexel has purchased 5,634,613 shares (representing 1.85% of the share capital of Rexel) during the 2019 financial year at an average price of €10.47 and for a total amount of €58,991,187.50. These shares have been acquired for market-making purposes in the scope of a liquidity agreement entered into with Oddo and Natixis. Furthermore, in connection with this liquidity agreement, Rexel has sold 5,807,243 shares for an average price of €10.55.

In total, transactions carried out by Rexel on its own shares for the year ended December 31, 2019, 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, 2018	2,108,720
• Share purchases	5,634,613
• Share disposals	(5,807,243)
• Share transfers	(187,178)
• Shares cancelled	0
• Number of treasury shares held at December 31, 2019	1,748,912
Percentage of capital directly or indirectly held by Rexel as of December 31, 2019	0.58%
Book value of the treasury shares	€21,602,905
Market value of the treasury shares as at December 31, 2019	€20,715,863
Details of transactions carried out by Rexel in 2019, by objective:	
• Liquidity agreement	
Share purchases	5,634,613
Share disposals	5,807,243
Number of treasury shares held at December 31, 2019	628,909
• Cancellation of shares	
Number of cancelled shares	0
Number of treasury shares held at December 31, 2019	0
• Allocation to employees	
Share purchases	0
Share transfers	(187,178)
Number of treasury shares held at December 31, 2019	1,120,003

Rexel did not hold open buy or sell positions on derivative instruments as of December 31, 2019.

The costs incurred by Rexel, under the liquidity agreement, within the context of the implementation of the share repurchase plan amount to €32,244.01 (Oddo) for the financial year ended on December 31, 2019.

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, 2020, the Board of Directors decided to submit a resolution to the Shareholders' Meeting of April 23, 2020 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 financier*s 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 2020

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 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 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 2020 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, 2019 and having deducted the 1,748,912 shares held at this date, the maximum number of shares that may be purchased amounts to 28,661,289.

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 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 October 22, 2021.

Breakdown by objectives of the shares held by Rexel

As at December 31, 2019:

- 1,120,003 shares of €5 nominal value each were allocated to the implementation of all share subscription option plans and free share allocation plans of Rexel; and
- 628,909 of €5 nominal value each 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 2019 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 universal 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 universal 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, 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
July 29, 2019	Share capital increase further to the final vesting of free shares	113,114	565,570	N/A	1,520,510,065	304,102,013	5

3.8.6 Pledges, guarantees and security interests

As of the date of this universal 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 22.1.1 of the Notes to the consolidated financial statements of Rexel for the financial year ended December 31, 2019, set out in paragraph 5.2.1 "Consolidated Financial Statements as of December 31, 2019" of this universal registration document);
- The 2018 and 2019 Senior Bonds (see note 22.1.2 of the Notes to the consolidated financial statements of Rexel for the financial year ended December 31, 2019, set out in paragraph 5.2.1 "Consolidated Financial Statements as of December 31, 2019" of this universal 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 22.1.1 of the Notes to the consolidated financial statements of Rexel for the financial year ended December 31, 2019, set out in paragraph 5.2.1 "Consolidated Financial Statements as of December 31, 2019" of this universal registration document); and
- The securitization programs (see note 22.1.3 of the Notes to the consolidated financial statements of Rexel for the financial year ended December 2019, set out in paragraph 5.2.1 "Consolidated financial statements as of December 31, 2019" of this universal registration document).

4

CORPORATE RESPONSIBILITY

4

CORPORATE RESPONSIBILITY 181

All of Chapter 4 “Corporate responsibility”, with the exception of Section 4.7 “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 omnichannel 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.

(1) IEA 2018 report, Energy Efficiency 2018.

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 1.3 “Business and strategy” and summarized in pages 186 and 187 of this universal registration document.

4.1.2 Creating a responsible value chain

4.1.2.1 Sustainable development strategy

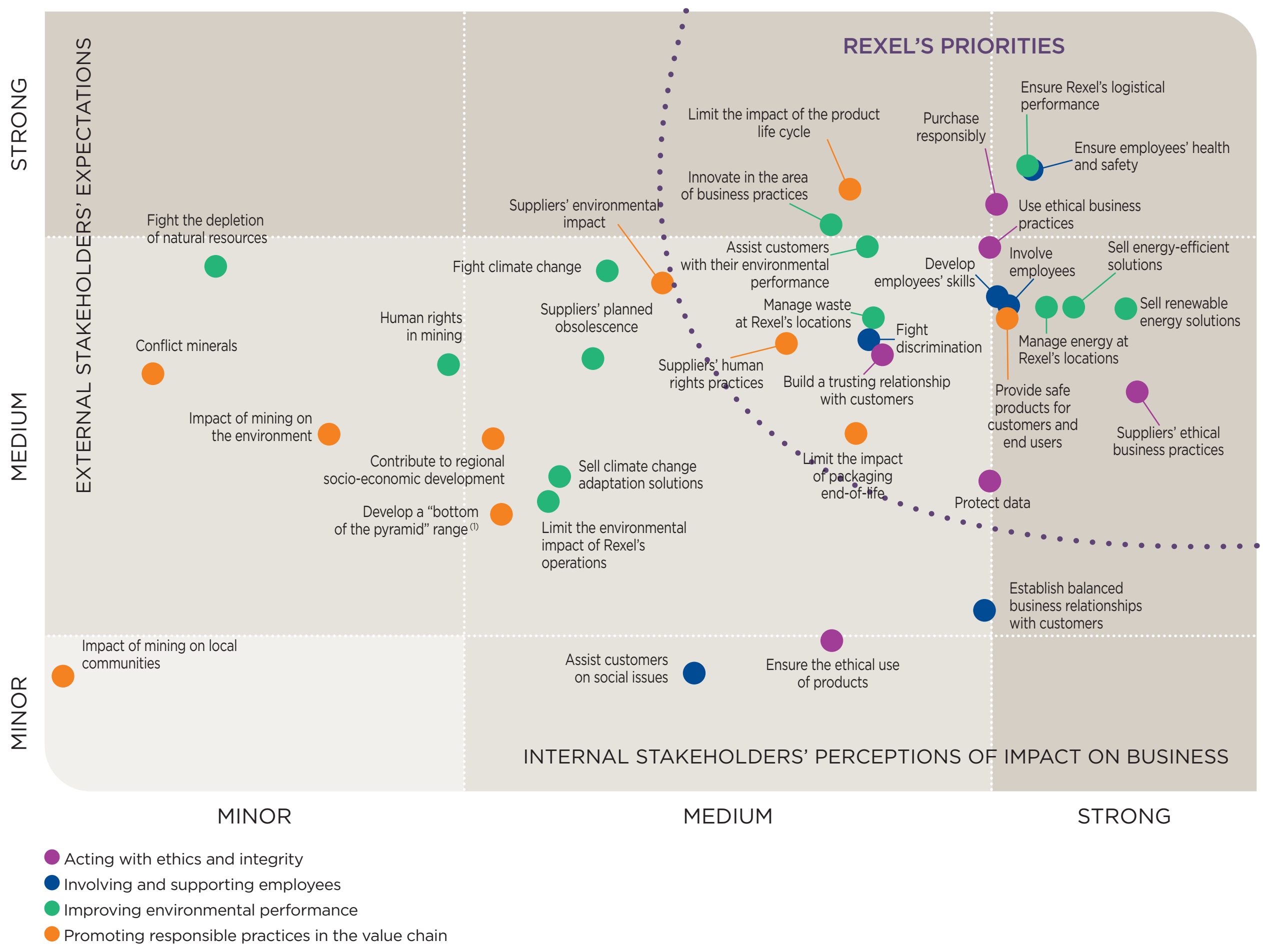
Using its leadership and proximity to all stakeholders, the Rexel Group conducts its activities in a sustainable and responsible manner.

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 2019, the Rexel Group renewed the study to identify the environmental and social impacts of its activities throughout its value chain. This study led the Group to question its key stakeholders (customers, suppliers, experts, NGOs, employee representatives, experts, Group entity directors) on priority issues and to conduct an internal review of the impact of those issues on its activities.

Materiality matrix



(1) Range of services appropriate for low income populations.

The materiality analysis enabled the Group to redefine its sustainable development strategy, by both aligning it with its strategic priorities and rooting it in its daily business. 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.

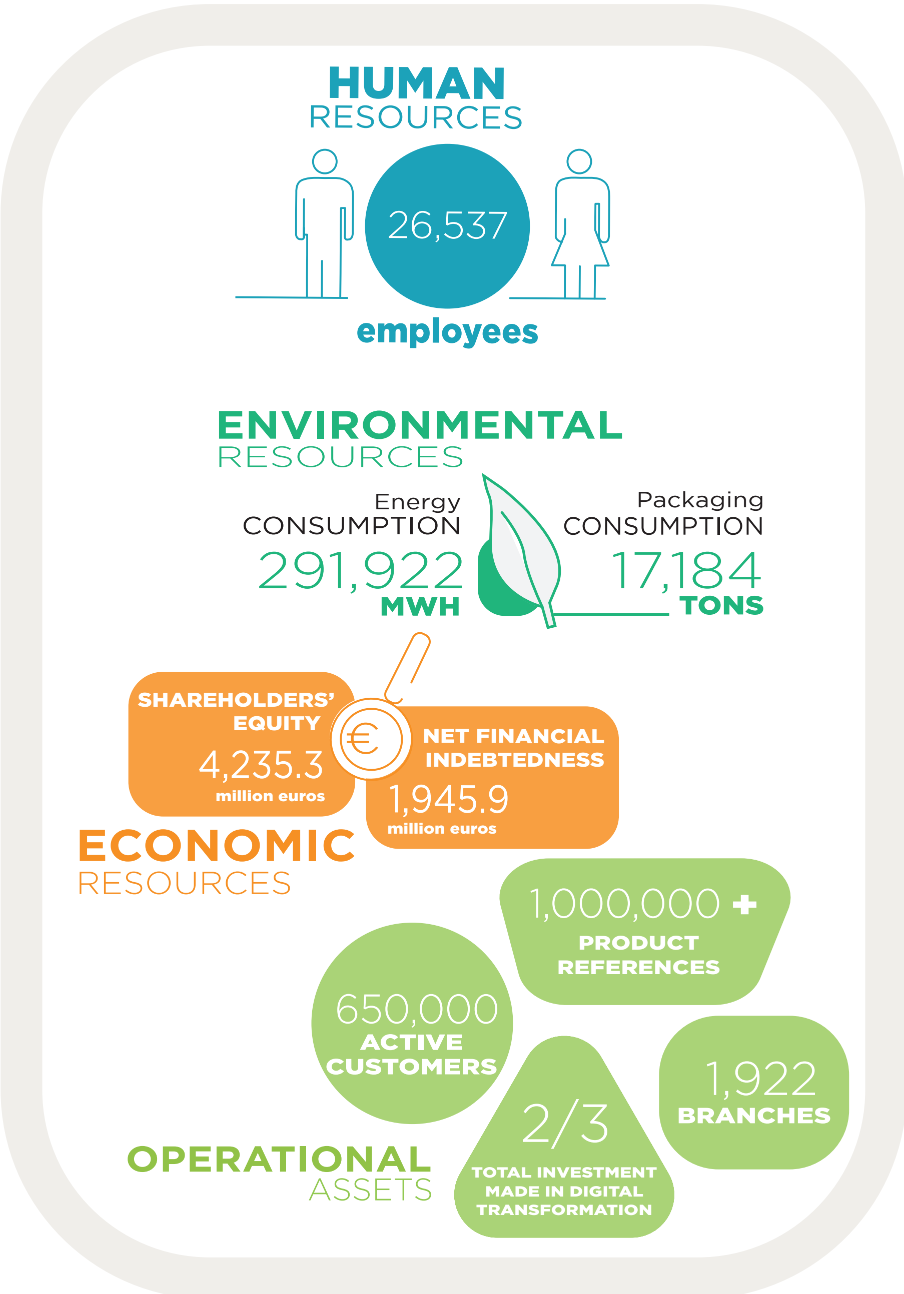
REXEL'S BUSINESS MODEL

CREATING SUSTAINABLE VALUE FOR THE WORLD OF ENERGY

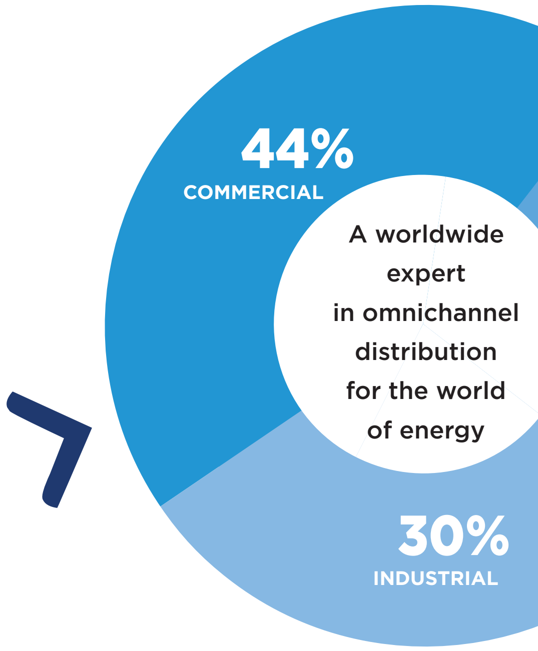
Rexel has made sustainable development challenges the engine of its growth and intends to play a catalytic role thanks to its unique position in the energy value chain.

Acting ethically in every situation, valuing and developing the skills of its 26,537 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**



REXEL'S MARK



Rexel is one of the world's leading distributors of low and ultra-low voltage electrical products. The Group operates in 26 countries, spread mainly over three geographical regions: Europe, North America and Asia-Pacific.

The product range is enhanced by Rexel's expertise in logistics, technical support, financing and training.

Rexel's sustainable development strategy is one of the major tools the Group uses to meet its profitable growth and value creation objectives.

KETS

GROUP **VALUE CREATION**

SOCIAL VALUE

4,588 recruitments, including **85%** permanent contracts

85 % of employees* are proud to work for Rexel

6.1 work accident frequency rate

37,602 hours of safety training

80% of employees trained (316,506 training hours)

ENVIRONMENTAL VALUE

€1,611 millions of sales of energy efficiency and renewable energy products and solutions

66.7% recovery rate

38.5% Greenhouse Gas emissions (Scopes 1 & 2, vs. 2010)

ECONOMIC VALUE

€2.4 Bn online sales

€13,742.3 million in sales

43% of recurring net income paid out as dividends

SOCIETAL VALUE

52% of direct purchases assessed using CSR criteria

165,000 people positively affected by the Rexel Foundation

CDP Climate **A** list

A CSR performance recognized by the DJSI, FTSE4Good, EcoVadis, VigeoEiris

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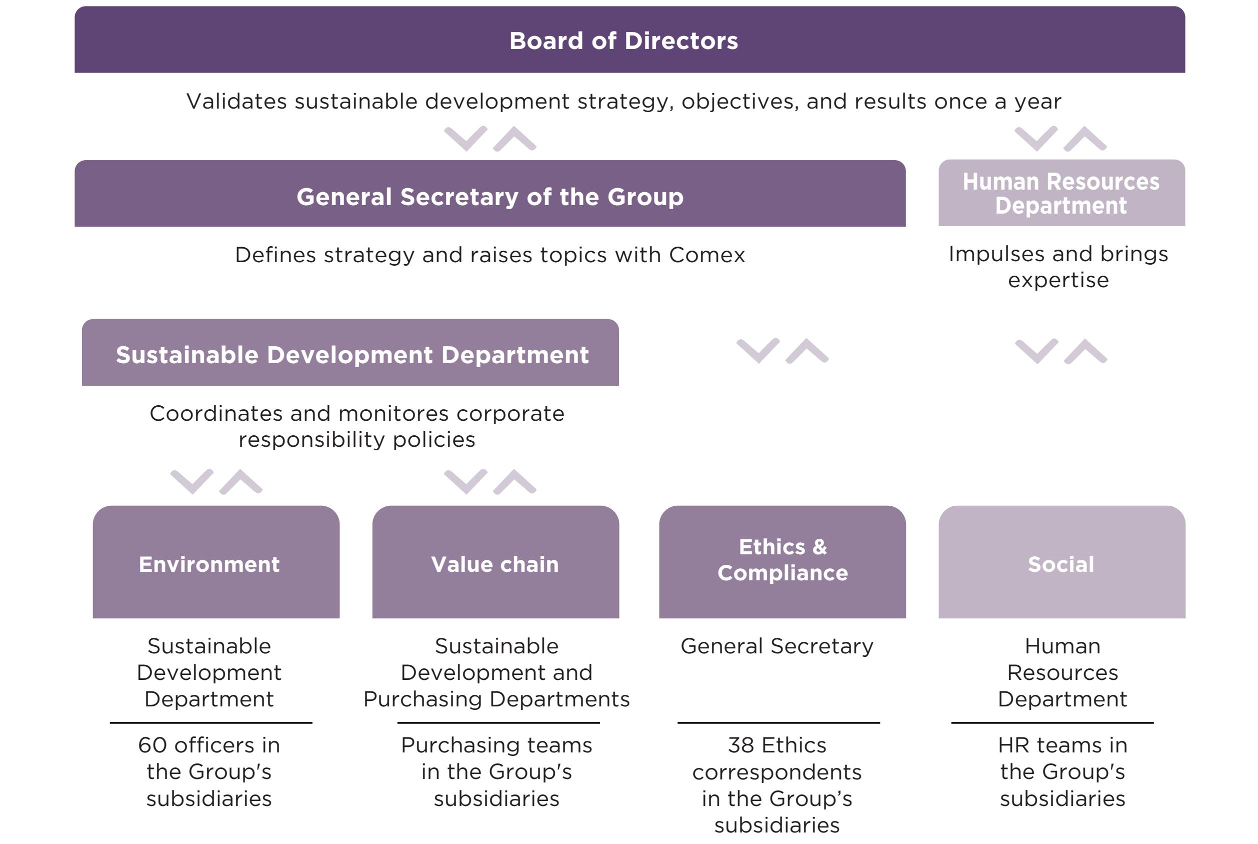
* Employees who participated in the Satisfaxion 2018 engagement survey.

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 Stakeholders

For Rexel, societal responsibility involves taking the expectations of stakeholders 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 its partners 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, 2019, near 14,801 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.

Action plans have been put in place based on these results. Some subsidiaries have launched new local surveys to monitor their progress.

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 omni-channel model and numerous points of contact enable it to maintain a close relationship with its professional customers.

Rexel's subsidiaries are constantly listening to customers. They solicit their feedback and assess their satisfaction through questionnaires and surveys. In 2019, 18 countries have regularly recorded their customers' satisfaction rate using a common indicator, the Net Promoter Score. Surveys are also occasionally conducted in the other countries of the Group.

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)*, so that it can interact with its stakeholders and facilitate the exchange of experiences.

The Rexel Group has actively participated in the ZEN 2050 initiative, which proposes a trajectory for a carbon-neutral France by 2050. This initiative, led by EpE and bringing together twenty-five major companies, resulted in the publication "Zero Net Emission 2050, Imagine and Build a Carbon Neutral France" in May 2019 and was widely disseminated to both citizens and public authorities.

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 total amount of Rexel Group donations including funds paid by the Rexel Foundation, totaled €945,828 in 2019 and €1,155,593 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 line with the commitment made in 2018, 269 work-study students were recruited in 2019 compared to 211 in 2018, mainly in France, Switzerland and Germany. In 2019, close to 480 trainees (year 10 pupils) from priority neighborhoods were welcomed into Rexel's premises, whether it be agencies or headquarters.

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. After a five-year period of experimentation, more than 100,000 young people have benefited from this initiative in the 24 territories participating in the project. For the school year 2018-2019, the program reached 44,600 people, including 38,600 pupils (and about 3,000 employees and 3,000 teachers).

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.

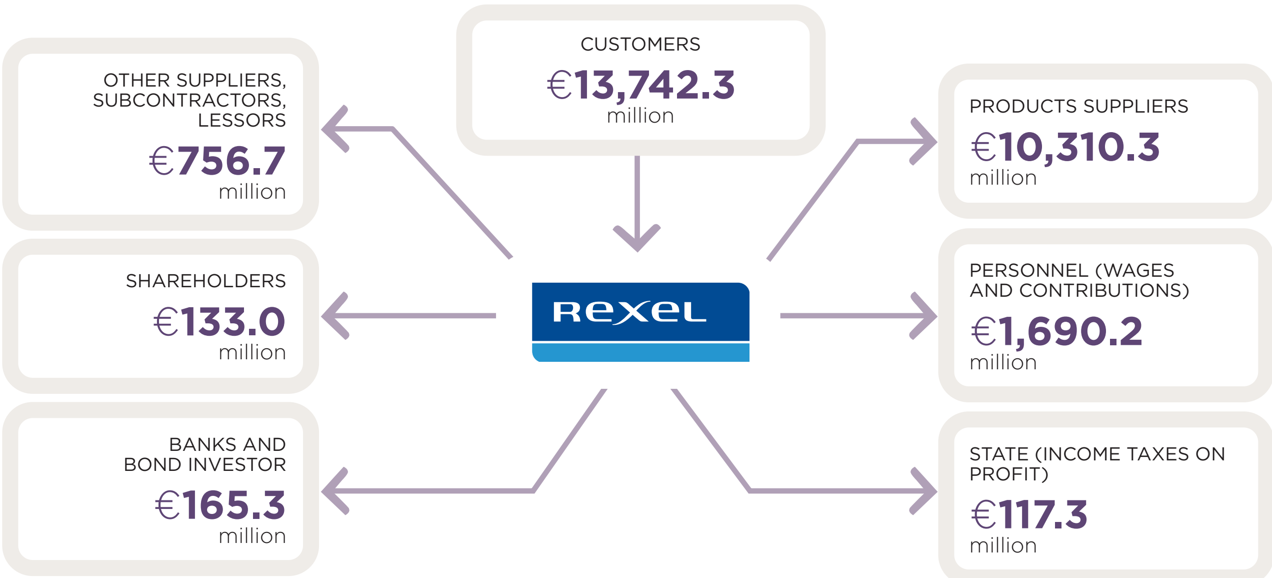
State and local authorities

Through its global and local presence (more than 1,922 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.

For the financial year ended December 31, 2019, the Rexel Group paid €117.3 million in corporate income tax in the countries in which it operates (compared to €157.0 million for the financial year ended December 31, 2018).

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 Climate Change Leaders;
- Ethibel Sustainability Index Excellence Europe; and
- Euronext, Vigeo Eiris Europe 120 Index and Eurozone 120 Index.

2019, a year of confirmation

The Rexel Group continues its progress in the main non-financial performance ratings. Thus, it reached the first position of the Vigeo Eiris rating, out of 268 companies of the Specialized Retail sector. The Group also moved up one place on the Dow Jones Sustainability Index (DJSI) Europe, ranking first among European companies and among the top four global companies in the sector.

In 2019, Rexel received an A rating by the CDP for the second consecutive year. This is a tribute to the Group's efforts to proactively contribute to 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 universal 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 universal 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, analyzing and assessing 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, either potential or occurred in the past, related to the environmental and social consequences of the company's activity, human rights, or the fight against corruption and tax evasion, that may:

- have significant consequences for employees, shareholders, business partners, other external stakeholders, or the environment throughout the company's value chain; and
- affect desired and/or expected Rexel Group results.

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, the internal Audit, risks and internal control 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.

  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 assessment and 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, the Group’s internal Audit, risks and internal control Director and the General Secretary of the Group, assesses and ranks non-financial risks according to their level of materiality, based on probability of occurrence and the severity of potential impacts.

  The 15 risks are classified according to the importance of Rexel’s residual exposure to these risks, presented on a Low/Medium/High scale. This exposure was calculated taking into account:

  - The potential impact of these risks on the Group’s stakeholders, on the environment and on the Group’s activities;
  - Their probability of occurrence; and
  - The Group’s level of control to reduce their impact or occurrence.

  Rexel’s policies and management measures, key performance indicators and exposure are specified for each of the non-financial risks set out below.

Main non-financial risk factors

THEME	POLICIES AND MANAGEMENT MEASURES	KPIs	VIGILANCE PLAN	EVALUATION	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	Low	Sections 3.1.1 “Board of Directors”, 3.1.1.2 “A membership of the Board of Directors based on skills and diversity, 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	Medium	Section 4.2.1 “Making business ethics the foundation of the Group’s business activity”

THEME	POLICIES AND MANAGEMENT MEASURES	KPIs	VIGILANCE PLAN	EVALUATION	REFERENCE
Non-ethical behaviour and practices in the conduct of its business Non-ethical behaviour or pratices of the companies (including tax fraud) 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 including in tax matters	• Annual number of ethic queries	Yes	Low	Sections 4.1.2.2 "Stakeholders" and 4.2.1 "Making business ethics the foundation of the Group's business activity"
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	Low	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	Medium	Section 4.3.2 "Attracting and retaining talent"
Risk of skills obsolescence in a rapidly changing environment The omnichannel model, digitalization, 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	Medium	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	Medium	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	Low	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	Low	Section 4.4.2 "Committing to the climate"

THEME	POLICIES AND MANAGEMENT MEASURES	KPIs	VIGILANCE PLAN	EVALUATION	REFERENCE
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 packaging purchased	Yes	Low	Section 4.4.4 "Managing resources in a sustainable manner"
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 • Whistleblowing alerts • Internal control • Evaluation process of suppliers' CSR performance	• % of direct purchase evaluated • Annual number of whistleblowing alerts on suppliers and subcontractors practices	Yes	Medium	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	Medium	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 • Whistleblowing alerts • Evaluation process of suppliers' CSR performance	• % of concerned subsidiaries with REACh/RoHS process • Annual number of whistleblowing alerts on products' compliance	Yes	Low	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 • Whistleblowing alerts • Evaluation process of suppliers' CSR performance	• % of concerned subsidiaries with REACh/RoHS process • Annual number of whistleblowing alerts on products' compliance	Yes	Low	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 • Whistleblowing alerts • Evaluation process of suppliers' CSR performance	• Annual number of whistleblowing alerts on products	Yes	Low	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"

The policies and measures implemented by the Rexel Group to manage its main non-financial risks are monitored each year through the key indicators presented in table above. The results and developments are presented in Section 4.6 "Summary of indicators".

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 90% of employees most exposed to business ethics prior to the end of 2020.

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 continues to deploy and update 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. On a regular basis, new business ethics controls are 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.

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

There is a 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, who are local relays, 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 2019 by all Ethics Officers according to their type, author, subject, and geographical area.

43 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 IN 2019 (1)	NUMBER OF QUERIES RECEIVED BY ETHICS OFFICERS IN 2018
Type of query	Information	7	27
	Complaint	35	36
	Legal dispute	1	0
	Other	0	0
Source of query	Customers	4	5
	Rexel employees	28	49
	Suppliers	1	4
	Local authorities	0	0
	Employee representatives / trade unions	0	0
	Anonymous	5	4
	Other	5	1
Subject of query	Customer relations	2	6
	Supplier relations	0	0
	Relations between employees	10	12
	Discrimination	5	7
	Working conditions	17	12
	Anti-corruption	1	1
	Tax evasion	0	0
	Anti-fraud and anti-theft	4	25
	Environmental protection	4	0
Type of measures implemented	Preventive	17	16
	Corrective	22	18
Region	Europe	3	1
	North America	35	31
	Asia-Pacific	5	31

(1) There are still cases under investigation or resolution.

Anti-corruption program

In connection with its program to detect and prevent corruption, Rexel's Anti-Corruption Code of Conduct applies to all of the Group. 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. It defines in particular 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.

Fight against tax evasion[1]

Each year, through the internal control self-assessment campaign, the Group's Financial Department ensures that the organization and controls (defined in its Internal Control Guidelines Manual) are in place and operating adequately, particularly in terms of compliance with tax legislation and the fight against fraud. The internal Audit Department also carries out missions of control of key financial processes, including tax, and issues a report on their effectiveness to the Audit Committee.

In accordance with applicable legislation, each legal entity complies with its tax reporting and settlement obligations. Intra-group transactions are governed by a transfer pricing policy based on OECD principles and recommendations.

In order to ensure tax compliance, the Tax Department regularly provides advice and support to operational teams in tax matters. It also monitors and assesses the impact of changes in tax regulations on the Group's activities. In order to ensure tax compliance, the Tax Department regularly provides advice and support to operational teams in tax matters. It also monitors and assesses the impact 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 laws and regulations 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 operation.

(1) Article L.225-102-1-III of the French Commercial Code.

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 language spoken by the Group's employees. Special classroom trainings are also offered to employees who are most exposed to certain risks. In 2019, Rexel also expanded the video training program relating to compliance, that is shown to all employees.

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**

	COMPETITION LAW TRAINING 2019	ANTI-CORRUPTION TRAINING 2019
Percentage of employees considered sensitive who completed training (1)	72%	81%

(1) All employees excluding Distribution Centers employees.

4.2.2 Deploying the personal data protection program

As regards the Group's subsidiaries operating in the European Economic Area (EEA), the General Data Protection Regulation (GDPR), which entered into force in 2018, has standardized the rules applicable to personal data protection within the European Union. The GDPR has defined 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 has taken 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.

Initial strategy

As of 2018, Rexel has launched a GDPR compliance initiative for its subsidiaries operating in the 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.

A global roadmap recently extended to the United States

Rexel's action plan is the result of the efforts of a cross-functional working group.

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. In 2019, a cross-functional working group carried out the analysis and determined the roadmap to be rolled out in Rexel's subsidiaries in the United States in consideration of local regulations relating to data protection, in particular of the California Consumer Privacy Act.

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, 2019, 94% 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 (compared to 80% at December 31, 2018).

Actions

Policies and procedures

The Group has 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, with the objective of reaching an integration rate (12 months) of 80% in 2020;
- increase the number of training hours per trained employee (excluding safety training), with the objective of reaching 17 hours per employee trained in 2021; and
- improve the engagement score, with the objective of reaching an engagement score for employees of at least 80% upon the next survey.

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, 2019, the Group had 26,537 employees, compared to 26,807 as of December 31, 2018. Among these employees, 25,785 were on permanent contracts (compared to 26,132 in 2018).

Breakdown of employees by region

NUMBER OF EMPLOYEES	REGISTERED WORKFORCE (NUMBER OF EMPLOYEES) AT DECEMBER 31 2019	2018
Total workforce	26,537	26,807
BY REGION		
Europe	15,613	15,686
North America	8,397	8,451
Asia-Pacific	2,527	2,670

Breakdown of employees by gender and status at December 31, 2019

	MANAGERS				NON-MANAGERS			
	WOMEN		MEN		WOMEN		MEN	
Rexel Group	**1,131**	**(21%)***	**4,265**	**(79%)***	**4,942**	**(23.4%)****	**16,199**	**(76.6%)****
Europe	522	(17.9%)*	2,402	(82.1%)*	2,960	(23.3%)**	9,729	(76.7%)**
North America	514	(26.6%)*	1,417	(73.4%)*	1,379	(21.3%)**	5,087	(78.7%)**
Asia-Pacific	95	(17.6%)*	446	(82.4%)*	603	(30.4%)**	1,383	(69.6%)**
Total by status	**5,396**				**21,141**			

* 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. The Group constantly reviews and improves its structures and processes to anticipate future needs.

In 2019, the Rexel Group hired 4,588 employees, all types of contracts and statuses combined, compared to 4,852 new hires in 2018. Together, these hires accounted for 17.3% of the Rexel Group's total workforce (compared to 18.1% in 2018).

Performance

Number and characteristics of recruitments

	2019	2018
Number of recruitments	**4,588**	**4,852**
Of which:		
• Permanent employees	3,887	4,232
• Fixed-term employees	701	620
• Managers (permanent)	498	654
• Non-managers (permanent)	3,389	3,578
• Women (permanent)	889	955
• Men (permanent)	2,998	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.

Furthermore, in 2019, Rexel has undertaken to complete this initiative thanks to an online process (onboarding) to prepare for the arrival of new employees on the SuccessFactors tool.

The new employee integration rate (defined as the rate of new permanent hires present in the Group three months after their recruitment) was 90.1% in 2019, compared to 92.3% in 2018. The medium-term integration rate (defined as the rate of new hires still present within the Rexel Group one year after their recruitment) was 71.6%, compared to 74.1% in 2018. This rate decreased following, in particular reorganizations that led to the departure of employees.

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 2019, most entities organized annual individual performance interview sessions in which a total of 82.8% of employees took part (82.3% in 2018).

Performance reviews

	2019	2018
Number of employees who received a performance review	21,978	22,070
% of employees reviewed in relation to the total workforce	82.8%	82.3%

Feedback culture

In 2019, Rexel implemented a continuous performance process which aims to simplify regular exchanges between managers and their employees through the feedback culture. The objective is to strengthen the moments of regular exchanges between managers and their employees.

Mobility policy

Functional and geographical mobility is a major component of the human resources strategy and a lever for talent retention. Mobility promotion at Rexel, coupled with skills management, offers employees opportunities for growth. These opportunities are available on a Group job board. In 2019, nearly 1,200 offers were published on this portal.

Performance

A total of 3,049 employees on open-ended contracts had mobility in 2019 (2,416 in 2018), representing 11.8% of the workforce on open-ended contracts (9.2% in 2018).

Of the 3,049 employees who had mobility in 2019, 1,761 employees were involved in vertical mobility (promotion), around 6.8% of Rexel Group employees on open-ended contracts (1,199 in 2018, or 4.6% of the workforce). Of the promoted employees, 22.8% were non-managers who became managers (38.2% in 2018).

Of the 3,049 employees who had mobility in 2019, 1,288 employees were involved in horizontal mobility, around 5% of Rexel Group employees on open-ended contracts (1,217 in 2018, or 4.7% 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.

The program launched in 2019 was about transformation, employees and digital.

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's. In Australia, the Branch

Manager Boot Camp program presents all the tools needed for all branch managers in order to allow them to better exercise their responsibilities.

Performance

4,300 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 2019 (6,058 in 2018), 20.3% of people trained (compared to 24.7% in 2018).

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 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 4.7% in 2019, compared to 5.2 % in 2018.

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 universal 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 2019, the entry rate into the Rexel Group was 15.1% (16.2% in 2018).

In 2019, the departure rate for Rexel Group employees was 17.7% (same as 2018).

This means that for 2019, the Rexel Group turnover rate was 16.4% (16.9% in 2018).

Employee turnover rate of the Rexel Group at December 31

	2019	2018
Staff turnover rate	16.4%	16.9%

Recruitment

During 2019, the 4,588 hires in open-ended contracts and fix-term contracts (4,852 in 2018) represented 17.3% (18.1% in 2018) of the total Group workforce (see section 4.3.2.1 "Attracting talent" of this universal registration document).

Departures

During the 2019 financial year, 4,566 employees on open-ended contracts left the Rexel Group (compared to 4,621 for 2018).

The reasons for the departures are detailed below.

Reasons for the departure of permanent employees in 2019

	NUMBER	AS A PERCENTAGE OF DEPARTURES
Number of departures	**4,566**	**17.7% of all permanent employees**
Of which:		
• Resignations	2,457	53.8%
• Redundancies (economic layoffs)	663	14.5%
• Dismissals for other reasons	709	15.5%
• Retirements or early retirements	253	5.5%
• Cessation and/or sale of activity	164	3.6%
• Other reasons	320	7%

Collective procedures

In 2019, economic redundancies within the Rexel Group affected 663 employees, compared to 619 in 2018.

Among these departures, some are linked to the reorganizations carried out in Germany and Spain in 2018. In 2019, the most significant reorganizations took place in the United States and the United Kingdom.

Alternatives to dismissals have been put in place, such as internal and/or external redeployment solutions notably in the 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.

58.2% of Rexel Group employees on open-ended contracts are eligible for individual variable compensation (58.3% in 2018). This mainly affects sales functions and employees with managerial responsibilities.

Finally, 68.7% of Rexel Group employees are members of a profit-sharing *(interessement or a participation)* plan calculated on the basis of collective results (63.2% in 2018).

Performance

Salaries and expenses totaled €1,690.2 million in 2019, compared to €1,631.4 million in 2018.

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, 2019, the number of shares held by employees and former employees under employee share ownership plans represented 0.53% of Rexel's share capital and voting rights (0.56% at December 31, 2018).

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, medical assistance, legal assistance services or support for assisting employees.

4.3.3 Deepening engagement, improving skills

4.3.3.1 Employees engagement

Engagement surveys

Actions

In 2019, Rexel made available to its subsidiaries the tool Satisfaxion Pulse, that enables surveys to be launched to employees. This tool has notably enabled the Canadian and Swedish subsidiaries to measure employee engagement after the implementation of action plans identified thanks to the latest Satisfaxion 2018 global survey.

In 2018, Rexel conducted its sixth global internal engagement survey "Satisfaxion". This barometer recorded a participation rate of 71% (compared to 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 confirmed the importance given to team spirit rooted in the Group's culture and identity. 90% of respondents also believed 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.

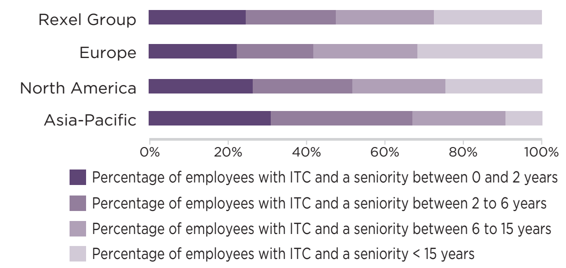
Results reporting was conducted among teams in all subsidiaries. In order to improve the comprehension of certain subjects, workshops involving employees were organized in some subsidiaries. In 2019, Rexel subsidiaries conducted action plans following the result of this survey.

Seniority

The engagement of Rexel employees is also reflected in their average seniority (11 years) and the variety of profiles.

Performance

Breakdown of permanent employees by seniority



There have been significant variations in seniority depending on geographical areas: renewal of employees is much faster in the Asia-Pacific region (67.2% 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 31.7% 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 2019, 1,054 new modules were deployed.

In 2019, 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 2019, 25,682 people had access to the Rexel Academy, a penetration rate of 87%.

Performance

The total number of people who received training (excluding security training) was 21,232 in 2019, representing 80% of the total workforce, compared to 24,518 in 2018 (91.5%).

The number of hours of training provided (excluding security training) was 316,506 hours as of December 31, 2019 (399,514 hours as of December 31, 2018). The average number of training hours (excluding safety training) taken by employees (trained) in 2019 was 15 (16 in 2018). The Group's ambition is to increase this number of hours at over 17 hours per trained employee in 2021.

In 2019, 133,869 hours of training were held online, compared to 189,930 hours in 2018.

In 2019, 20.3% of the 21,232 people who received training were managers (24.7% in 2018) and 79.7% occupied non-managerial positions (75.3% in 2018).

Total number of training hours (excluding safety training)

	2019		2018	
	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	21,232	316,506	24,518	399,514
Europe	12,823	158,879	13,675	132,014
North America	5,961	127,938	8,607	214,436
Asia-Pacific	2,448	29,689	2,236	53,065

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 universal registration document).

Strategy

Employee representation

The representation of Rexel Group employees is such that:

- 423 employees are involved in representative bodies (429 in 2018), representing 1.6% of the total number of employees with open-ended contracts in the Rexel Group (same as 2018); and
- 115 employees are appointed by a trade union organization as representatives (104 in 2018), representing approximately 0.4% of the total number of employees with open-ended contracts in the Rexel Group (same as 2018).

European Works Council

Established in December 2005, the European Works Council is a discussion and information platform that represents the 14,801 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. In 2019, the European Works Council dealt in particular with IT security within the Group and more specifically with data loss prevention and anti-phishing policy. The European Works Council was also consulted on the Hungarian subsidiary disposal plan in the context of the sale by the Group of its Gexpro Services activity.

Collective agreements

In 2019, 41 agreements were negotiated and signed between the employee representatives and entities of the Rexel Group. In total, 43.2% 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 gender equality at work.

Out of all the agreements, eight were related to health and/or safety.

Profit-sharing and employee shareholding agreements in France

As of December 31, 2019, the employees of Rexel France, Rexel Development, Conectis, Dismo, and Esabora 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 respect the provisions of the French Labor Code.

Social movements

In 2019, the total number of strike hours was 496 hours, all of them 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 target key risks to which Rexel is exposed as a result of its activity.

In 2019, occupational health and safety initiatives were implemented locally. In Austria, videos relating to good security practices were shared with employees. In Belgium, a specific communication to prevent work accidents was deployed.

Some countries have chosen to engage in the OHSAS 18001 occupational health and safety certification process. Subsidiaries based in Hungary, Finland, Spain, Portugal and the United Kingdom have implemented this health and security risk management method. The Austrian-based subsidiary is also ISO 45001 certified in this area.

These initiatives offer employees a safe work environment. 92% of Satisfaxion 2018 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 such as: the right to disconnect, promotion of physical activity and stress management.

Accordingly, in the main French subsidiary Rexel France, a program against dependence (tobacco, alcohol, etc.) is available for employees who want to take advantage of it. Financial assistance is being offered. Employees can see specialty doctors. A program for family caregiver employees is also available.

The French subsidiary offers employees dealing with the illness or with 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 absenteeism. The plan also includes social support for employees in difficulty (housing, over-indebtedness, divorce, or occupational health). Health and well-being forums with workshops on nutrition, sleep, sport, warming-up have also been set up to promote the well-being of Rexel France employees.

In Australia, a dedicated health portal also promotes a healthier lifestyle through tips and dedicated articles.

In the United Kingdom, a program dedicated to the mental health of employees was established in 2019. It mainly consists of training sessions for managers, with the aim of detecting warning signs linked to stress and the deterioration of mental health.

Finally, a teleworking device was set up at Rexel's headquarters in 2019.

Performance

At the Rexel Group level, several indicators are monitored and analyzed to help define appropriate action plans.

Number of accidents

	2019	2018
Number of accidents leading to death	0	0
Number of accidents leading to time off work	282	267
Number of accidents not leading to time off work	830	861

In 2019, 1,112 work accidents were identified within the Rexel Group (1,128 in 2018): none resulted in death, 282 resulted in work stoppage (267 in 2018), and 830 did not lead to a work stoppage (861 in 2018).

The number of workdays lost as a result of work accidents was 6,690 in 2019, compared to 6,499 in 2018.

Most of the work-related accidents that resulted in work stoppage involved the logistics function (144 accidents, or 51%) and the commercial/sales function (106 accidents, or 37.6%).

Frequency rate of work accidents

	2019	2018
Frequency rate of work accidents	6.1	5.72

The Rexel Group accident frequency rate, calculated as the number of work accidents resulting in lost time per million hours worked, was 6.1 in 2019.

Severity rate of work accidents

	2019	2018
Severity rate of work accidents	0.15	0.14

The Rexel Group accidents severity rate, defined as the number of workdays lost due to temporary disability per 1,000 hours worked, was 0.15 in 2019.

Safety training

The share of people who received safety training was 58% of the total workforce in 2019 (15,386 employees).

Professional illnesses

In 2019, 7 occupational diseases 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.

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 2019, the average monthly number of temporary workers working as full-time equivalents was 855, or 3.3% of the total monthly average workforce (4% in 2018).

Organization of working time

PART-TIME EMPLOYMENT AND OVERTIME HOURS	2019	2018
Percentage of part-time employees	3.5%	3.5%
Percentage of overtime hours / total working hours	1.3%	1.4%
Number of overtime hours	602,674	644,016

The number of people employed part-time within the Rexel Group was 929 as of December 31, 2019 (935 in 2018), or 3.5% of the total workforce (same as 2018).

4

Overtime

To manage the working time of its employees, the Rexel Group rarely relies on overtime: 602,674 overtime hours were worked in 2019 by all Rexel Group employees, or 1.3% of the annual number of hours worked (compared with 644,016 overtime hours, or 1.4% of the total annual number of hours worked in 2018).

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 women and men 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 2019. This section contains modules that promote diversity and showcase employee testimonials.

4.3.4.1 Gender equality

Strategy and actions

Rexel strives to respect equality between men and women in comparable situations in career development, training and compensation.

In honor of International Women's Day on March 8, 2019, Rexel launched a new initiative asking employees around the Group the question "What do you want for women at Rexel?". The question stimulated both discussion and reflection around gender equality in the workplace and around the importance of inclusion at Rexel. Four main themes emerged which were transformed into four commitments around the culture of inclusion: to provide an environment in which employees feel empowered, to focus on supporting a healthy culture to ensure employees are engaged, energized and happy, to recognize the importance of having women leaders and are committed to growing this number and to offer equal opportunities based on skills.

These commitments were communicated through a video during the 2019 General Assembly and across local intranets around the Group. Specific initiatives have been adopted on this basis regarding the governing bodies (see chapter 3 section 3.1.5 "Non discrimination and diversity policies in the governing bodies" of this universal registration document).

Gender equality is also reflected in locally led actions to reduce disparities and promote this equality.

In 2019, Rexel France and Rexel headquarters made commitments through agreements on professional gender equality. These agreements provide in particular for concrete measures aimed at increasing the share of women within the Group, enabling them to build a professional career, gaining managerial positions, raising awareness on the themes of diversity, inclusion and parenthood, to take into account the latter to correct possible imbalances in compensation and to provide the adaptation of working conditions in cases of pregnancy. Professional mix is encouraged during the recruitment process and, upstream, during the vocational orientation of the youngest.

In addition, more than 50 female employees of Rexel France are involved in the "Capital Filles" association, which aims at strengthen the autonomy and the confidence of young girls from priority neighborhoods and rural areas, as well as to support them in their educational choices and their discovery of the company.

Other initiatives have been adopted by the Rexel Group's subsidiaries: promotion of balance between working time and family life, adoption of a charter on equality, promotion of equal pay. As such, the Swiss subsidiary obtained a certificate which ensures that it respects the principle of equal pay for work of equal value.

<u>Performance</u>

As of December 31, 2019, women accounted for 22.9% of the total workforce (22.8% in 2018). This percentage is in line with market realities and the low percentage of women in the specialized distribution sector.

The 2019 indicators show insignificant differences for the following data:

- Mobility and promotion

  In the year 2019, 10.8% of women experienced job mobility, compared to 12.1% of men (respectively 9.3% and 9.2% in 2018).

  82 (1.7%) of non-manager women were promoted to managers (110 or 2.2% in 2018). For men, the rate was a little bit higher due to their proportion in the workforce: 320 men, or 2% of non-manager men (348, or 2.1% in 2018).

- Salary increases

  79.8% of women with open-ended contracts with at least one year of seniority received a raise in 2019, compared to 75% of men with open-ended contracts with at least one year of seniority.

- Training

  In 2019, 22.5% of the employees who received training were women, whereas they accounted for 22.9% of the total workforce and 77.5% of the employees who received training were men, whereas they represented 77.1% the total workforce of the Rexel Group. In addition, 27% of the participants in all the sessions of the Group Advanced Leadership Program were women (see Section 4.3.2.2 “Developing talent” in this universal registration document).

Breakdown of employees and training per gender (excluding safety training)

- Recruitment

  Of the employees with open-ended contracts hired in 2019, 22.9% were women and 77.1% were men (respectively, 22.6% and 77.4% in 2018).

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, the agreement for the professional integration of people with disabilities for the period 2017-2020 taken by Rexel France includes the following measures:

- A communication and information plan for employees and managers. The HR teams took special training courses in 2019. A disability awareness campaign was launched with the creation of posters and a newsletter distributed internally. An employee video also shows living together on a day-to-day basis;
- 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 2019.

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 2019, the Rexel Group employed 409 employees who reported a disability (441 in 2018), or around 1.5% of its total workforce (1.6% in 2018).

Employees who declared themselves to be disabled in 2019 accounted for 1.6% of all hires with open-ended contracts as of December 31, 2019 (1.1% in 2018).

4.3.4.3 Generational diversity

Intergenerational diversity is an issue for Rexel. 31.3% of the Group’s workforce are seniors (employees over 50). This issue is addressed through the implementation of proactive career management and skills policies (see Section 4.3.3 “Deepening engagement, improving skills” of this universal registration document). Seniors accounted for 13.6% of permanent hires in 2019 (9.3% in 2018) and young graduates accounted for 5.8% (4.7% in 2018).

Rexel is increasing the inclusion of young people in particular through a proactive policy to recruit work-study students (269 work-study students recruited in 2019 compared to 211 in 2018, mainly in France, Switzerland and Germany). 94% of them will recommend Rexel accordingly to a 2019 external survey "Happy trainees" carried in France.

In 2019, nearly 480 trainees (year 10 pupils) from priority neighborhoods were welcomed into Rexel's premises, whether it be branches or headquarters.

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.

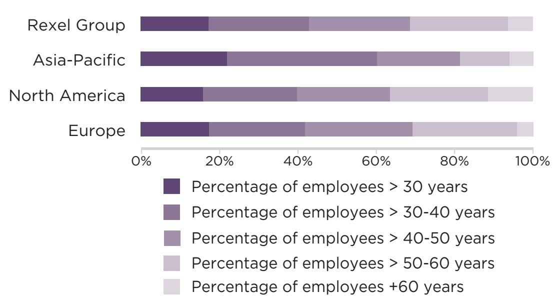
Performance

As of December 31, 2019, the average age of all Rexel Group employees was 43, same as of December 31, 2018.

The most represented age group is the 40s-50s (6,826 people), followed by the 50-60 age group (6,594 people).

Seniors (defined as employees over 50) accounted for 31.3% of the total workforce (31.3% in 2018) and under 30s accounted for 174% (16.8% in 2018).

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 2018 and 2019.

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 leads to adapt the 2018 absenteeism rate;
- 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 limit the rise in global temperatures below 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 undertaking innovative programs for managing energy and reducing greenhouse gas emissions throughout its value chain. Since 93% of the greenhouse gas emissions occur during the use of products stage, Rexel contributes to the fight against climate change through its expertise in selecting the most efficient solutions.

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

About 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 35% in Rexel operations by 2030 (compared to 2016).

Reduce by 45% of the carbon intensity[2] of the products and services sold by the Group by 2030 (compared to 2016).

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

(1) United Nations Environment Program estimate (https://www.unenvironment.org/es/node/6295).

(2) Greenhouse gas emissions related to the use of products and services sold by the Group, per euro of sales.

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.

Performance

At the end of 2019, the Environmental Charter was on display in 96% of the Rexel Group's sites (94% in 2018).

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 universal registration document, the number of Rexel Group sites where an EMS is applied is stable (45% of the Group's sites) compared to 2018.

At the end of 2019, 24% of sites obtained ISO 14001 certification, as in 2018.

In addition, certain subsidiaries have also agreed to implement energy management systems that are compliant with ISO 50001. These subsidiaries represent approximately 15% of the Group's sites and 8% of the Group's energy consumption.

Since 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 2019, they have been invited to participate, 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, presentations of the Group strategy and of the tools made available, sharing of good practice among subsidiaries, the fruits of the Rexel Foundation's work, were part of this two-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 *via* 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 universal 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 2019, 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 linked to its operations 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: an environmental audit procedure (due diligence) is systematically implemented.

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 well below +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-degree target

In 2019, the Rexel Group set itself two new ambitious targets to reduce greenhouse gas emissions, since the 2020 objectives have been achieved as early as 2017. In line with the Paris Climate Agreement and validated by the Science Based Targets initiative (SBTi), these new objectives aim to contribute to limiting global warming to below +2°C by 2100.

Rexel is first committed to reducing its greenhouse gas emissions related to energy consumption in its operations (scopes 1 and 2) by 35% by 2030, compared to 2016. While the ambition is high, Rexel can rely on the continuous improvement of its operational performance: between 2010 and 2019, Rexel reduced its emissions by 38.5%, thus validating its previous 2020 climate objective.

In addition, Rexel is committed to reducing greenhouse gas emissions related to the consumption of products sold by 45% per euro of sales (scope 3) by 2030, compared to 2016. This source of GHG emissions is by far the most important in the electricity value chain with 93% of emissions. Rexel's unique position should enable it to direct the sector's growth towards an ambitious low carbon energy transition. Between 2010 and 2019, Rexel more than doubled its sales of energy efficiency and renewable energy solutions, exceeding its 2020 target.

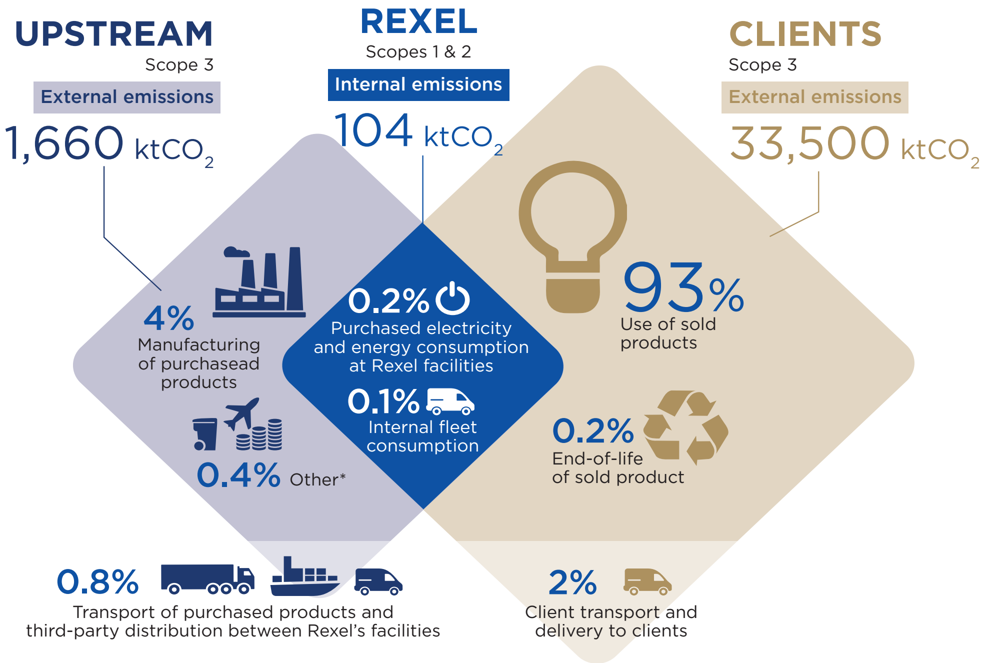
Strategy and actions

These objectives have been recognized by the Science Based Targets initiative (SBTi) as helping to limit global warming to well below +2°C. This international initiative is a collaboration between the United Nations Global Compact, the World Wildlife Fund (WWF), the CDP and the World Resources Institute (WRI). SBTi defines and promotes best practices for setting objectives using a scientific approach and independently evaluates companies' objectives.

The development of the climate objectives for 2030, in line with the recommendations of the Science Based Targets initiative, required work involving many internal and external stakeholders. Workshops bringing together suppliers, customers, experts and employees were organized in 2018 to develop a first action plan. A study was then carried out in 2019 to evaluate the effectiveness, obstacles and opportunities related to the proposed solutions and, finally, to define the two objectives by 2030.

4.4.2.2 Reduce greenhouse gas emissions across the value chain

Rexel assesses each year its greenhouse gas emissions throughout its value chain. Analysis of the greenhouse gas emission assessment 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

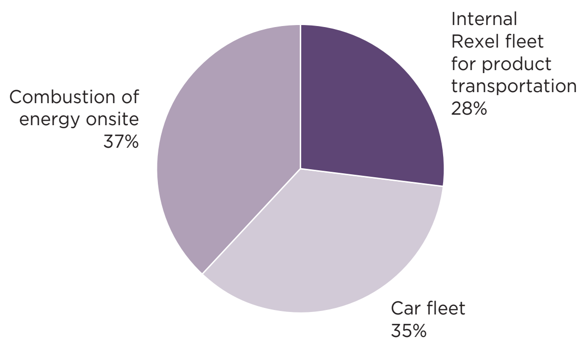
In 2019, direct greenhouse gas emissions represented 71,429 tons of CO_2 equivalent, a figure obtained over a scope representing 100% of Group revenues. These emissions are down 0.5% compared to the previous year, on a constant scope.

Direct greenhouse gas emissions from on-site primary energy combustion are estimated at 26,742 tons of CO_2 equivalent in 2019. These emissions decreased by 2.6% compared to 2018, on a constant scope.

Greenhouse gas emissions from freight shipping totaled 19,870 tons of CO_2 equivalent. These emissions increased by 3.5% compared to 2018, 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 24,818 tons of CO_2 equivalent. These emissions decreased by 1.1% compared to 2018, on a constant scope.

Scope 1 direct GHG emissions by source (2019)



Scope 2

Indirect (Scope 2) emissions are related to the production of electricity, steam, and heat consumed by the Group's sites. More than 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 2019 totaled 32,815 tons of CO_2 equivalent, a value obtained over a scope representing 100% of the Rexel Group's revenues.

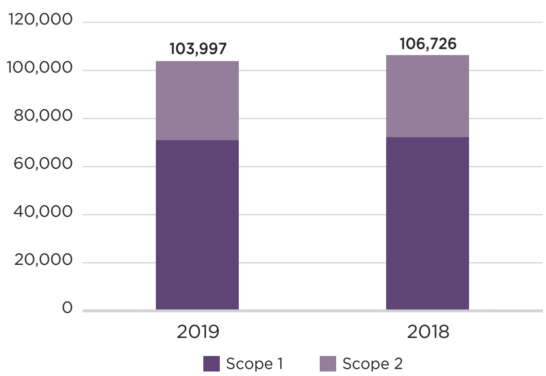
Emissions related to electricity consumption has accounted for 31,897 tons of CO_2 equivalent and decreased by 7.1% from 2018 to 2019, on a constant scope. Electricity consumption decreased by nearly 3% at the same time.

Greenhouse gas emissions related to heat production has accounted for 925 tons of CO_2 equivalent and increased by 4.9% between 2018 and 2019 while heat consumption increased by 7.5%, on a constant scope. This increase is not significant in comparison with the weight of other energies in the Group's overall consumption.

Internal emissions (Scopes 1 and 2)

Total Scopes 1 and 2 emissions decreased by 2.6% on a constant scope between 2018 and 2019. These results are explained in particular by the continuous improvement of the energy performance of the Group's sites and fleet of cars.

Evolution of GHG emissions (Scope 1 + Scope 2), constant scope (tCO_2e)



Scope 3

In 2019, Rexel updated its evaluation of the indirect greenhouse gas emissions (Scope 3). Based on a robust and audited methodology, this heavy work offers the best estimate available. It may not however accurately reflect the actual emissions in Scope 3.

These emissions are estimated at 35.2 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 32.9 $MtCO_2e$ 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 1.3 $MtCO_2e$; 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 universal registration document.

Beyond the satisfaction of the needs of customers and end-users, promoting energy efficiency solutions contributes to the Rexel's climate goals, under the Science Based Targets initiative in particular.

4.4.3 Setting an example

To reduce its environmental footprint and remain exemplary, the Group's structured 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 and energy steering 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

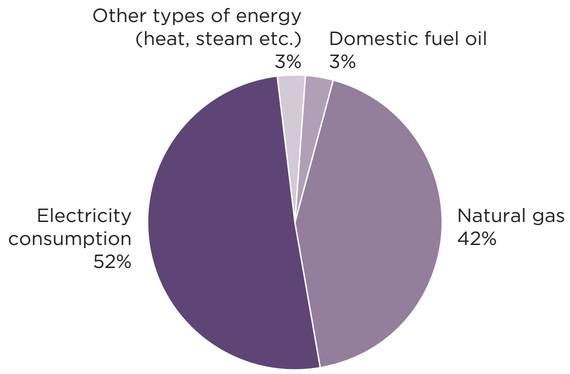
In 2019, total on-site energy consumption was 291,922 MWh, a value obtained over a scope representing 100% of the Rexel Group's revenues. It represents a decrease of 2.2% compared with the previous year, on a constant scope, thanks in particular to the measures taken to control energy consumption and reduce operating costs.

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.

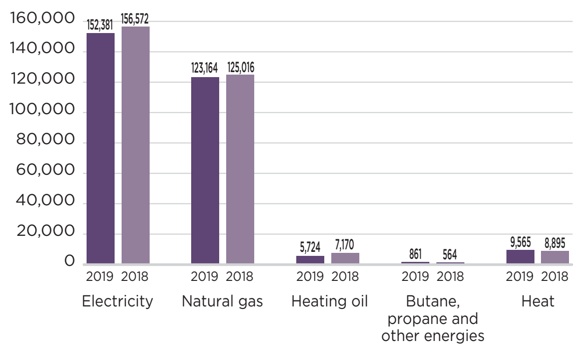
Therefore, in France, the Laval branch equipped itself with an 800 m² photovoltaic roof, giving it a capacity of 17 kW for self-consumption and 100 kW for resale on the electricity grid.

In 2019, 14.2% of electricity consumption on-site came from contracts with suppliers that use certified renewable sources.

■ On-site energy consumption by type of energy (2019)



■ 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 centers in each country and a flexible structure that allows it to optimize its supplies to meet customer needs. In addition, the Rexel'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.

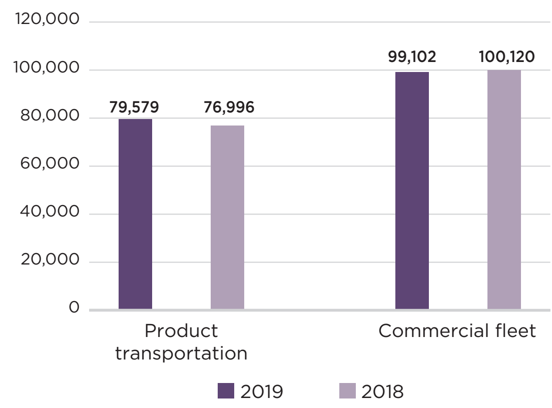
In addition, the Group is proposing that some urban customers hand over to them to optimize global logistics. This service will optimize logistics and provide a number of benefits across the country: reduction in kilometers travelled and greenhouse gas emissions, reduced road congestion or improved air quality.

Performance

In 2019, the Rexel Group's internal fleet for the shipment of goods consisted of 982 trucks and 778 vans in total, an increase by 2% in the number of vehicles compared to 2018 (906 trucks and 819 vans) on a constant scope.

In 2019, that fleet consumed 4.93 million liters of diesel and 2.90 million liters of gasoline, for total energy consumption of 80,101 MWh. On a constant scope, between 2018 and 2019, energy consumption increased by 3.4%.

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 2019, the Rexel Group fleet consisted of 5,328 cars (excluding commercial vehicles) and consumed nearly 7.22 million liters of diesel and 2.40 million liters of gasoline. This represents an energy consumption of 99,277 MWh. On a constant scope, between 2018 and 2019, energy consumption decreased by 1.0%.

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:

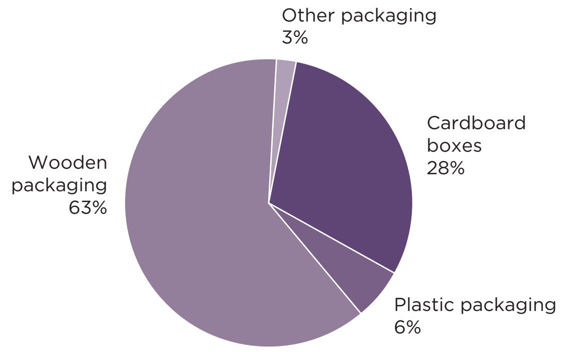
- Put in place a selective sorting system for paper, cardboard, plastic, and wood waste for recycling or recovery;
- Ensure that hazardous waste (such as batteries and computer and electrical equipment) are sent for environmentally sound processing and recycling; and
- Contribute, in accordance with 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 and metal boxes between logistics centers and branches helps to streamline packaging and limit the use of plastic films.

To deploy these actions more quickly and efficiently, a dedicated working group was launched in 2019. Bringing together operational logistics managers and experts on environmental issues, from several Group subsidiaries, its objective is to define a method for the financial and environmental characterization of packaging flows, making it possible to launch targeted reduction actions. The working group's work will be pursued in 2020.

Packaging material consumption by type of material (2019)

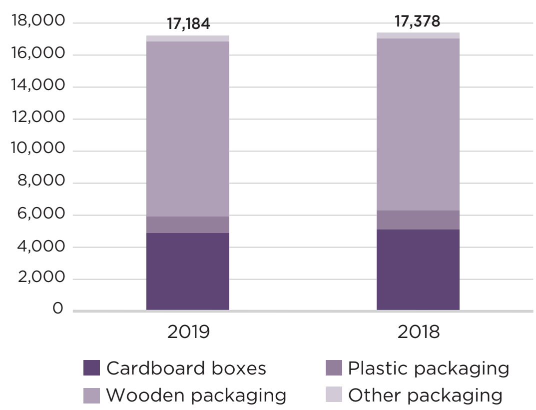


Performance

The total quantity of packaging (cardboard, plastic, wood, and other types) consumed by the Rexel Group in 2019 is, based on a scope representing 99.8% of Rexel Group revenues, estimated at 17,184 tons. This volume decreased by 1.1% compared to 2018, on a constant scope.

The change in distribution and logistics models tends to lead to an increase in the consumption of packaging materials. Rexel Group seeks to better know these flows to control them. The current working group will allow innovative solutions to be found for a sustainable reduction in the consumption of packaging materials.

Evolution of packaging material consumption (tons), constant scope



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

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and reduction of the number of catalogs and business documents printed.

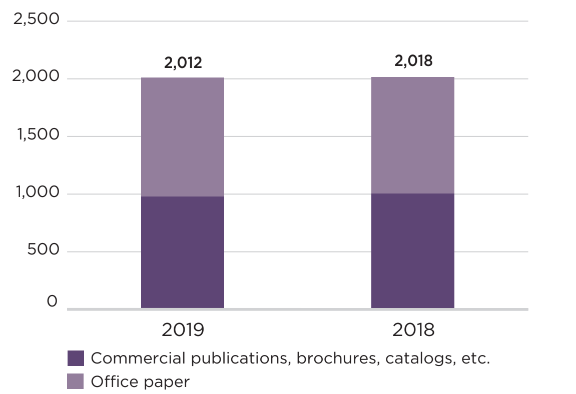
The digitization of catalogs and brochures and the dematerialization of ordering, delivery, and billing processes have also contributed to this reduction in consumption.

Performance

For the printing of its brochures and catalogs, the Rexel Group consumed approximately 1,036 tons of paper in 2019. The consumption of other paper (office paper, billing, etc.) totaled nearly 976 tons. Total paper consumption therefore decreased by 0.3% between 2018 and 2019, on a constant scope. These figures were calculated on the basis of a scope representing 99.8% of the Rexel Group's revenues.

64% 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 31,418 tons in 2019, all materials combined (excluding WEEE and batteries), based on a scope representing 99.8% of the Rexel Group's revenue.

On a constant scope, an increase of 7.7% in waste generated was recognized from 2018.

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 20,973 tons in 2019 (19,999 tons in 2018), or 66.7% of the total waste generated (68.7% in 2018). On a constant scope, there is an increase of 4.9% of total recovered waste compared to 2018.

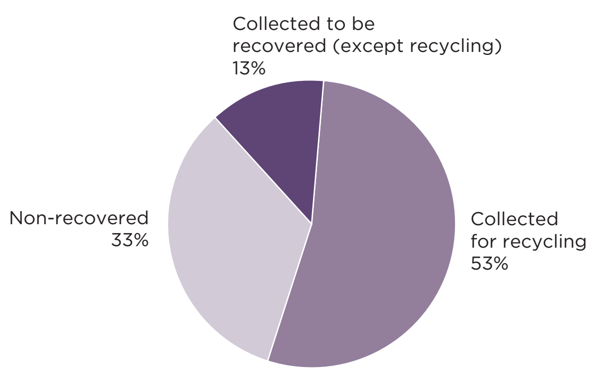
The decrease in the recovery rate is most often explained by the greater difficulty for the Group's sites to find appropriate recovery facilities, in an international context that is tense on these issues

Special waste

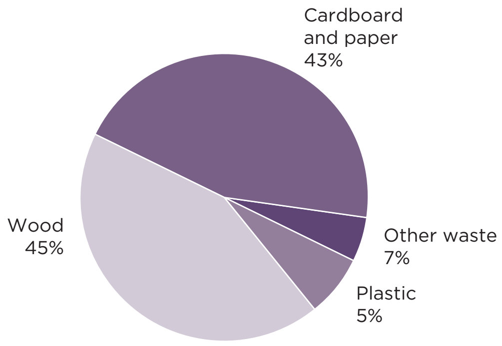
The Group has set up a management and recovery system for waste from electrical and electronic equipment (WEEE) in its European subsidiaries and branches in accordance with the European Directive. About 1,386 tons of this waste was sent for recycling, down 17% compared to 2018. Outside Europe, a number 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 Ecosystem in place in 2016 and renewed in 2019. 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 (2019)



■ **Waste recycled by type (2019)**



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 sustainable development 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 4.6 "Summary of indicators" of this universal registration document.

4.4.6 Methodological note

4.4.6.1 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 universal 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 2019, 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 English and French. 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 2019.

Consequently, in 2019, 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. This year, only one entity has been excluded from certain indicators due to the difficulties in obtaining reliable data. Its revenue is under 1% of the Group's revenue.

These exclusions are taken into account in the calculation of the coverage scopes. The coverage scopes are indicated for each indicator in the text and summary table in section 4.6 "Summary of indicators" of this universal 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 2018 data close

Some 2018 data required corrections applied retroactively.

INDICATOR	RESTATEMENT
Energy consumption	The 2018 data was revised upwards following amendments applied *a posteriori* to the figures of the American entity in terms of electricity.
Water consumption	The 2018 data was revised upwards following amendments applied *a posteriori* to the figures of American, Australian and Norwegian entities.
Paper consumption	The 2018 data was revised upwards following amendments applied *a posteriori* to the figures of one French entity.
Total quantity of packaging purchased	The 2018 data was revised upwards following amendments applied *a posteriori* to the figures of Italian, Norwegian, Belgian, Austrian entities and one French entity.
Scope 2 indirect emissions	The 2018 data was revised upwards following amendments applied *a posteriori* to the figures relating to the electricity consumption of the American entity.

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 Rexel. Thus, the 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 2019, 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 2019, the values applied are those values of 2019, whereas in 2018, the factors used were those factors of 2016.

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 2018 and 2019 are presented with comparable structures and exchange rates.

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 development and supporting their activity through its omni-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 respond 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 rejection of forced labor and child labor, wage and benefit, health and safety, non-discrimination, respect and dignity, and freedom of speech and association. In line 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 2018, this system has been a key element of Rexel's response to the due diligence law, as specified in Section 4.7.2.2 "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 universal 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. The Group has set itself a goal to cover 80% of its direct purchase volume in value by 2020.

Beyond the self-assessment, suppliers must provide evidence that long-term procedures are being implemented and that results are being monitored for all criteria 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.

On-site audits

In addition to this platform, Rexel carries out on-site audits for certain suppliers located in risk-prone countries.

Actions

On-site audits

As part of the vigilance plan, Rexel incorporates additional controls relating to social, environmental and Human Rights performance. 17 on-site audits were carried out in 2019, at suppliers mainly located in Asia, but also in Europe.

Following these audits, progress plans are 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.

Conflict minerals

Rexel is committed to responsible sourcing and wishes to avoid fuelling armed conflict through its purchasing practices or those of its suppliers. The Group requires its suppliers to ensure the compliance of their logistics chains and, in particular, the absence of conflict minerals in their supplies.

In 2019, Rexel formalized this commitment in its Declaration on conflict minerals, available on its website www.rexel.com/en.

Performance

Since the beginning of the process, more than 330 suppliers representing 67% of direct Group's purchases have received a questionnaire to assess their performance in terms of sustainable development.

As at December 31, 2019, 167 single suppliers, representing 52.4% of direct Rexel Group's purchases (in value), responded to the questionnaire.

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 7,000 installations in France by 20,000 installers and nearly 160,000 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 2019, Rexel achieved revenue of nearly 1.31 billion euros from sales of energy-efficient solutions, 240 million euros from sales of photovoltaic products and services, and 60.7 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 omni-channel model. The range of points of contact continues to grow and now includes branches, call centers, outside sales reps, technical expertise 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.

The Group offers, for example, a product visual recognition 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 availability in a few seconds.

The extensiveness of the Group's distribution network is also a real competitive advantage. Its 1,922 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. 49 logistics centers 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.

Rexel's subsidiaries are constantly listening to customers. They solicit their feedback and assess their satisfaction through questionnaires and surveys. In 2019, 18 countries regularly measure their customers' satisfaction rate using a common indicator, the Net Promoter Score. Surveys are also occasionally conducted in the other countries of the Group.

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, Rexel retained its Gold level and ranks in the top 5% of companies assessed by EcoVadis worldwide, in all business sectors and the top 1% of its sector of activity.

4.5.3 Fighting for energy progress

Since 2013, Rexel has been committed through its Foundation for energy progress 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

Since its creation, the Rexel Foundation has had 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.

More recently, in 2018, The Rexel Foundation has added a fourth mission by deciding to act as an "operating" Foundation in order to struggle against energy precariousness in Roubaix.

Actions

Inclusion of people experiencing fuel poverty in Roubaix

In 2018, the Foundation decided to take direct action on fuel poverty through a new collaborative approach that puts forward the voices of vulnerable people. For 16 months now, local non-profit organizations, local authorities, business partners and employees have been meeting regularly in Roubaix, around residents of the city in fuel poverty. Collaborative workshops involving residents, local actors and experts allow us to think together on these life paths, in order to collectively find solutions to leave energy precariousness.

This initiative was presented to all fuel poverty experts on November 28, 2019 during the Rexel Foundation's 5th Innovation Day, which brought together more than 100 people. This approach was summarized in a booklet and the methodology was documented. These documents are available on the Rexel Foundation website in open source to strengthen the social impact of the project and transfer it to other territories.

Social entrepreneurship project in India

In 2019, the Rexel Foundation decided to maintain its support to 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 one photovoltaic micro-powerplant. They receive training in communication and teamwork before they are connected to the world of work through a network of partners and local actors.

Also in India, the Rexel Foundation decided to support the association *"Un enfant par la main"* to help reopen 4 social centers for children destroyed during the 2018 floods in Tamil Nadu. This support will include the electrification of these schools with solar panels.

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.

For instance, in cooperation with the Rexel Foundation, Rexel France teams decided to support the "Café joyeux" project to open a new café employing people with disabilities in Versailles.

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 945,828 euros in 2019 and 1,155,553 euros in 2018.

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 Summary of indicators

ETHICS

INDICATOR	2019	SCOPE	CONSTANT SCOPE 2019	CONSTANT SCOPE 2018	CONSTANT SCOPE VARIATION	CONSTANT SCOPE SCOPE
Queries received by ethics officers						
Number of queries received by ethics officers	43	100%	43	63		100%
Training						
Business ethics training penetration rate within Rexel						
Competition law training	72	100%				
Anti-corruption training	81	100%				
Personal data protection training penetration rate within Rexel European subsidiairies	94	100%	94	80		100%

SOCIAL			CONSTANT SCOPE		
INDICATOR	2019	SCOPE	2019	2018	VARIATION
Total Headcount					
Total Headcount	*26,537*	*100%*	*26,537*	*26,807*	*-1%*
ATTRACTING AND RETAINING TALENT					
Attracting talent					
Total external hires	***4,588***	***100%***	***4,588***	***4,852***	***-5%***
Number of external hires on fixed-term contract	*3,887*	*100%*	*3,887*	*4,232*	*-8%*
Number of external hires on permanent contract	*701*	*100%*	*701*	*620*	*13%*
Number of external hired managers on permanent contract	*498*	*100%*	*498*	*654*	*-24%*
Number of external hired non- managers on permanent contract	*3,389*	*100%*	*3,389*	*3,578*	*-5%*
Number of external hires of women on permanent contracts	*889*	*100%*	*889*	*955*	*-7%*
Number of external hires of men on permanent contracts	*2,998*	*100%*	*2,998*	*3,277*	*-9%*
Retaining talent and reducing absenteeism					
% of mobilities over total headcount	*11.8*	*100%*	*11.8*	*9.2*	*28%*
Absenteeism rate	*4.7*	*100%*	*4.7*	*5.2*	*-10%*
Performance review					
% of annual review completed (over total headcount)	*82.8*	*100%*	*82.8*	*82.3*	*1%*
EMPLOYMENT DYNAMICS					
Reasons for the departure of permanent employees in 2019					
Total number of departures	***4,566***	***100%***	***4,566***	***4,621***	***-1%***
Number of redundancies (layoffs) of permanent employees	*663*	*100%*	*663*	*619*	*7%*
Number of dismissals for other reasons of permanent employees	*709*	*100%*	*709*	*536*	*32%*
Number of retirements and pre-retirements of permanent employees	*253*	*100%*	*253*	*290*	*-13%*
Number of departures of permanent employees due to the sale of business	*164*	*100%*	*164*	*73*	*125%*
Number of other departures of permanent employees	*320*	*100%*	*320*	*373*	*-14%*
Number of resignations of permanent employees	*2,457*	*100%*	*2,457*	*2,730*	*-10%*
% Rate of successful integrations (3 months)	*90.1*	*100%*	*90.1*	*92.3*	*-2%*
% Stability index of new employees (12 months)	*71.6*	*100%*	*71.6*	*74.1*	*-3%*
Turnover					
% Turnover	*16.4*	*100%*	*16.4*	*16.9*	*-3%*
Compensation					
% of employees (with ITC) eligible to an individual variable part in their compensation	*58.2*	*100%*	*58.2*	*58.3*	*0%*

SOCIAL

INDICATOR	2019	SCOPE	CONSTANT SCOPE 2019	CONSTANT SCOPE 2018	VARIATION
DEEPENING ENGAGEMENT, IMPROVING SKILLS					
Development and training					
Number of employee trained (including those trained in safety, ethics and compliance) during the year	25,484	100%	25,484	26,473	-4%
Number of employees trained during the year (excluding those trained in safety)	21,232	100%	21,232	24,518	-13%
Percentage of employees trained during the year/Total headcount (excluding those trained in safety)	80.	100%	80	91.5	-13%
Total number of training hours (excluding those training hours related to safety)	316,506	100%	316,506	399,514	-21%
Among them, number of on-line training hours	133,869	100%	133,869	189,930	-30%
Among them, number of physical training hours	186,636	100%	186,636	209,585	-11%
Average hours of training per employee trained during the year (excluding training in H&S)	15	100%	15	16	-6%
SUPPORTING DIVERSITY, INCLUSION, AND EQUAL OPPORTUNITY					
Woman representation					
Number of Females	6,073	100%	6,073	6,099	0%
% of Females / Total employees	22.9	100%	22.9	22.8	1%
Promotion per gender					
% of Male non manager becoming manager	2	100%	2	2.1	-8%
% of Female non manager becoming managers	1.7	100%	1.7	2.2	-26%
Recruitment per gender					
% of Females recruited on permanent contracts / total of external hires on permanent contracts	22.9	100%	22.9	22.6	1%
% of Males recruited on permanent contracts / total of external hires on permanent contracts	77.1	100%	77.1	77.4	0%
Salary increases					
% of Females with a raise of their basic salary (with permanent contract and at least 1 year of seniority)	79.8	100%	79.8	77.2	3%
% of Males with a raise of their basic salary (with permanent contract and at least 1 year of seniority)	75	100%	75	71.5	5%
Generational diversity					
Average age of employees (permanent and fix-term	43	100%	43	43.3	-1%
% of employees < 30 years / total headcount	17.4	100%	17.4	16.8	4%
% of employees > 50 years / total headcount	31.3	100%	31.3	31.3	0%
% of employees > 60 years (senior) / total headcount	6.4	100%	6.4	6.8	-6%

ENVIRONMENT

INDICATOR	UNIT	2019	SCOPE	CONSTANT SCOPE 2019	CONSTANT SCOPE 2018	CONSTANT SCOPE VARIATION	CONSTANT SCOPE SCOPE
CONSUMPTION OF RESOURCES							
On-site energy consumption	**MWh**	**291,922**	**100.0%**	**291,695**	**298,218**	**-2.2%**	**99.8%**
Of which electricity consumption	*MWh*	*152,461*	*100.0%*	*152,381*	*156,572*	*-2.7%*	*99.8%*
Of which natural gas consumption	*MWh*	*123,164*	*100.0%*	*123,164*	*125,016*	*-1.5%*	*99.8%*
Of which domestic fuel oil consumption	*MWh*	*5,871*	*100.0%*	*5,724*	*7,170*	*-20.2%*	*99.8%*
Of which butane, propane and other energies consumption	*MWh*	*861*	*100.0%*	*861*	*564*	*52.6%*	*99.8%*
Of which heat consumption	*MWh*	*9,565*	*100.0%*	*9,565*	*8,895*	*7.5%*	*99.8%*
Energy consumption from internal fleet	**MWh**	**179,378**	**100.0%**	**178,681**	**177,116**	**0.9%**	**99.8%**
Of which transportation of products by the internal fleet	*MWh*	*80,101*	*100.0%*	*79,579*	*76,996*	*3.4%*	*99.8%*
Of which commercial fleet	*MWh*	*99,277*	*100.0%*	*99,102*	*100,120*	*-1.0%*	*99.8%*
Water consumption	**m^3**	**560,908**	**99.8%**	**414,705**	**424,473**	**-2.3%**	**97.0%**
Packaging consumption	**Tons**	**17,184**	**99.8%**	**17,184**	**17,378**	**-1.1%**	**99.8%**
Of which cardboard	*Tons*	*4,796*	*99.8%*	*4,796*	*5,130*	*-6.5%*	*99.8%*
Of which plastics	*Tons*	*1,043*	*99.8%*	*1,042*	*1,036*	*0.6%*	*99.8%*
Of which reusable plastic boxes	*Tons*	*77*	*99.8%*	*71*	*0*	*-*	*99.8%*
Of which wood	*Tons*	*10,846*	*99.8%*	*10,844*	*10,809*	*0.3%*	*99.8%*
Of which other packaging	*Tons*	*431*	*99.8%*	*431*	*403*	*7.0%*	*99.8%*
Paper consumption	**Tons**	**2,012**	**99.8%**	**2,012**	**2,018**	**-0.3%**	**99.8%**
Of which commercial paper	*Tons*	*1,036*	*99.8%*	*1,036*	*1,003*	*3.3%*	*99.8%*
WASTE							
Waste generated	**Tons**	**31,418**	**99.8%**	**31,345**	**29,103**	**7.7%**	**97.0%**
Of which waste recovered	*Tons*	*20,973*	*99.8%*	*20,973*	*19,999*	*4.9%*	*97.0%*
Recovery rate	%	66.7%	99.8%	66.9%	68.7%	-1.8 pts	97.0%
GREENHOUSE GAS EMISSIONS							
Scope 1 direct emissions	**tCO_2e**	**71,429**	**100.0%**	**71,216**	**71,543**	**-0.5%**	**99.8%**
Emissions related to on-site energy combustion	tCO_2e	26,742	100.0%	26,701	27,412	-2.6%	99.8%
Emissions related to the transportation of products by the internal fleet	tCO_2e	19,870	100.0%	19,739	19,081	3.5%	99.8%
Emissions related to business travel by company cars	tCO_2e	24,818	100.0%	24,776	25,051	-1.1%	99.8%
Scope 2 indirect emissions	**tCO_2e**	**32,815**	**100.0%**	**32,781**	**35,183**	**-6.8%**	**99.8%**
Emissions related to the production of purchased and consumed electricity	tCO_2e	31,897	100.0%	31,864	34,301	-7.1%	99.8%
Emissions related to the production of purchased and consumed heat	tCO_2e	925	100.0%	925	882	4.9%	99.8%
Scope 3 indirect emissions (estimate)	**$MtCO_2e$**	**35.2**	**100.0%**	**35.2**	**38.5**	**-9%**	**100%**

ENVIRONMENT							
				CONSTANT SCOPE			
INDICATOR	UNIT	2019	SCOPE	2019	2018	VARIATION	SCOPE
ENVIRONMENTAL MANAGEMENT SYSTEM							
Sites covered by environmental management systems	%	24%	100.0%	24%	24%	0 pts	100.0%
Sites covered by energy management systems	%	15%	100.0%	15%	17%	-2 pts	100.0%

VALUE CHAIN							
				CONSTANT SCOPE			
INDICATOR	UNIT	2019	SCOPE	2019	2018	VARIATION	SCOPE
SUPPLIERS EVALUATION							
Direct purchases evaluated on sustainable development critera	%	52.4%	100%	–	–	–	–
PRODUCT SAFETY							
European subsidiaries having implemented a management system for REACh and RoHS	%	100%	100%	–	–	–	–
SALES OF ENERGY EFFICIENCY AND RENEWABLE ENERGY SOLUTIONS							
Sales of energy efficiency solutions	Euros million	1,309.9	100.0%	1,309.9	1,287.3	1.8%	100.0%
Sales of photovoltaic solutions	Euros million	240.4	100.0%	240.4	207.8	15.7%	100.0%
Sales from the wind turbine market	Euros million	60.7	100.0%	60.7	61.3	-1.0%	100.0%

4.7 Vigilance plan

4.7.1 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 4.7.2.1 "Risk mapping for identification, analysis and prioritization" of this universal 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 4.7.2.2 “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 universal registration document);

3. Appropriate actions to mitigate risks or prevent serious harm (Section 4.7.2.3 “Appropriate actions to mitigate risks or prevent serious harm” of this universal 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 4.7.2.4 “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 universal registration document); and
5. A system for monitoring the measures implemented and assessing their effectiveness (Section 4.7.2.5 “System for monitoring the measures implemented and assessing their effectiveness” of this universal registration document).

To comply with the 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 General Secretary, the Group Purchasing and Supplier Relationship Department, the Group Human Resources Department, the Group Finance Department, and external experts.

4.7.2 Measures of the vigilance plan

4.7.2.1 Risk mapping for identification, analysis and prioritization

Rexel has implemented a process to identify and assess its major risks related to human rights and fundamental freedoms, health and safety, and the environment. The methodology is 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. 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 universal registration document.

4.7.2.2 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 universal registration document). The Internal Control Guidelines, which were revised in 2016, incorporate controls related to ethics, employee health and safety, and compliance with environmental, Human Rights laws and Fundamental Freedoms. 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’ performance in terms of sustainable development.

A second campaign was launched in 2018: in the second half of the year, the questionnaire was sent to over 250 suppliers representing nearly 60% of the Rexel Group’s direct purchases.

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

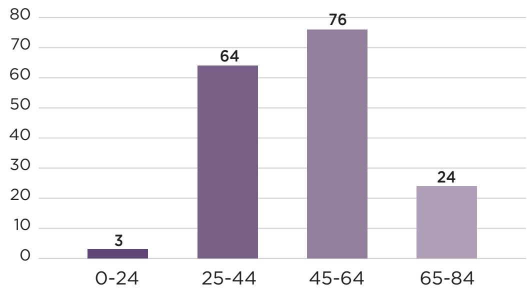
The Group’s objective is to evaluate the CSR performance of 80% of its volume of direct purchases (in value) by 2020.

Results

Since the beginning of the process, more than 330 suppliers representing 67% of direct Group's purchases have received a questionnaire to assess their performance in terms of sustainable development.

As at December 31, 2019, 167 single suppliers, representing 52.4% of direct Rexel Group's purchases (in value), responded to the questionnaire.

The results 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 part of the vigilance plan, Rexel incorporates additional controls relating to social, environmental and Human Rights performance. 17 on-site audits were carried out in 2019, at suppliers mainly located in Asia, and also in Europe.

Following these audits, progress plans are 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.

4.7.2.3 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.

4.7.2.4 Whistleblowing and reporting mechanism for the existence or emergence of risks prepared in consultation with the representative trade union organizations within the Group

Rexel has whistleblowing procedures for employees, external and temporary workers, suppliers, customers, and stakeholders in all countries. It 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, who are local relays, 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 2019 by all Ethics Officers according to their type, author, subject, and geographical area.

43 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 2019 (1)	NUMBER OF QUERIES RECEIVED BY ETHICS OFFICERS 2018
Type of query	Information	7	27
	Complaint	35	36
	Legal dispute	1	0
	Other	0	0
Source of query	Customers	4	5
	Rexel employees	28	49
	Suppliers	1	4
	Local authorities	0	0
	Employee representatives / trade unions	0	0
	Anonymous	5	4
	Other	5	1
Subject of query	Customer relations	2	6
	Supplier relations	0	0
	Relations between employees	10	12
	Discrimination	5	7
	Working conditions	17	12
	Anti-corruption	1	1
	Tax evasion	0	0
	Anti-fraud and anti-theft	4	25
	Environmental protection	4	0
Type of measures implemented	Preventive	17	16
	Corrective	22	18
Region	Europe	3	1
	North America	35	31
	Asia-Pacific	5	31

(1) There are still cases under investigation or resolution.

4.7.2.5 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. The Steering Committee assesses the relevance of the risk mitigation actions and put in place the action plans, including:

- 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 4.7.2.2 "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 universal registration document).
- 2018 update to the whistleblowing mechanism (see Section 4.7.2.4 "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 universal registration document).
- Review of suppliers and subcontractors audits' perimeter to incorporate sustainable development criteria (see Section 4.7.2.4 "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 universal 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

  Rexel continues to strengthen 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

  The Group has 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.

4.8 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 non-financial information statement [(1)] included in the management report [(2)]

For the year ended December 31, 2019

To the annual general meeting,

In our capacity as Statutory Auditor of the 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 information statement[(1)] for the year ended… (hereinafter the "Statement"), included in the management report[(2)] 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 upon request from the entity's head office[(3)].

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.

(1) Consolidated non-financial information statement, where applicable.

(2) Group management report, where applicable.

(3) When ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information is mentioned in the report by the independent third party or when requested by the entity.

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 the consolidated entities' activities, the description of the social and environmental risks associated with its 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 all the consolidated entities' activities, including where relevant and proportionate, the risks associated with its their business relationships and products or services, as well as its 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 and covers between 31% and 35% 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 resources

Our work was carried out by a team of 5 people between the beginning of November and mid-February 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 the departments of sustainable development, human resources and compliance, health and safety, environment and procurement.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial information 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.

Neuilly-sur-Seine, February 13, 2020

One of the Statutory Auditors

PricewaterhouseCoopers Audit

French original signed

Amélie Wattel	Pascal Baranger
Partner	Sustainable Development Director

Appendix: List of the information we considered most important

Key performance indicators and other quantitative results:

- **Social scope:**
  - Mobility rate;
  - Share of evaluated employees;
  - Percentage of women on the Executive Committee;
  - Workplace accident frequency rate;
  - Workplace accident gravity rate;
  - Number and percentage of trained employees (excluding security);
  - Average number of training hours per employee;
  - Headcount rotation rate;
  - Percentage of females recruited;
  - Share of young graduates recruited;
  - Percentage of handicapped employees in the company;
  - Number of annual evaluations carried out and the percentage of employees concerned;
  - Annual number of ethical referrals;
  - New employee integration rate.
- **Environmental Scope:**
  - Deployment of environmental and energy management systems (ISO14001, ISO50001);
  - Greenhouse gas emissions scopes 1, 2 and 3;
  - Water and energy consumption (including electricity and gas);
  - Volume of waste produced and methods of treatment;
  - Volume of packaging purchased.
- **Societal Scope:**
  - Ethical referral resolution rate;
  - Annual number of ethical alerts concerning suppliers and sub-contractors;
  - GDPR training coverage rate;
  - Annual number of ethical alerts concerning product conformity;
  - Percentage of subsidiaries concerned by REACH/RoHS.
- **Qualitative information (actions and results):**
  - The auto-evaluation campaign deployed across all entities and subsidiaries;
  - The Rexel Academy, Group Advanced Leadership, Branch Manager Bootcamp and personal data protection training programs;
  - The fight against dependence program;
  - The system favouring employee family aides;
  - The « Satisfaction Pulse » Tool
  - Implementation of the « Male-Female Equality" Agreement;
  - The internal social network for the sharing of sustainable development information;
  - The study carried out to define the 2030 climate objectives;
  - The « At Rexel it's 100% » program;
  - The approach for analysing the CSR performance of suppliers;
  - The evaluation questionnaire addressed to suppliers at the request of clients;
  - Security training and awareness provided to installers;
  - The net promotor score.

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5

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5.1 ACTIVITY REPORT

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, 2018, 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 228 to 244, in pages 246 to 315, and 317 to 338, respectively, of the French version of the Registration document filed with the *Autorité des marchés financiers* on April 3, 2019, under number D.19-0264; and
- 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 197 to 212, in pages 213 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.

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”).

IFRS 16 “Leases” has been applied for the first time in 2019 with comparative information presented for previous year (see paragraphs 1.1.4, 1.2.1, 2.1 and 2.2).

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

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. The Group principally operates in three geographic areas: Europe, North America and Asia-Pacific. This geographic segmentation is based on the Group’s financial reporting structure.

In 2019, the Group recorded consolidated sales of €13.742.3 million, of which €7.331.5 million were generated in Europe (53% of sales), €5.233.0 million in North America (38% of sales) and €1.177.9 million in Asia-Pacific (9% of sales).

The Group’s activities in Europe (53% of Group sales) are in France (which accounts for 38% of Group sales in this region), the United Kingdom, Germany, Sweden, Switzerland, Belgium, Austria, the Netherlands, Norway, Finland, Spain, Ireland, Italy, Slovenia, Portugal, Russia and Luxembourg.

The Group’s activities in North America (38% of Group sales) are in the United States and Canada. The United States account for 79% of Group sales in this region, and Canada for 21%.

The Group’s activities in Asia-Pacific (9% of Group sales) are in Australia, China, New Zealand, India and Middle East. Australia accounts for 42% of Group sales in this region and China for 41%.

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 EBITA and cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters.

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. Currency exchange rates may also fluctuate significantly. In addition, the number of working days in each period also has an impact on the Group's consolidated sales. Lastly, the Group is exposed to fluctuations in copper price. For these reasons, a comparison of the Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Group's consolidated results presented below, financial information is also restated to give effect to the following adjustments.

Excluding the effects of acquisitions and disposals

The Group adjusts its results to exclude the effects of acquisitions and disposals. Generally, the Group includes the results of an acquired company in its consolidated financial statements at the date of the acquisition and ceases to include the results of a divested company at the date of its disposal. To neutralize the effects of acquisitions and disposals on the analysis of its operations, the Group compares the results of the current year against the results of the preceding financial year, as if the preceding financial year had the same scope of consolidation for the same periods as the current year.

Excluding the effects of exchange rate fluctuations

Fluctuations in currency rates against the euro affect the value of the Group's sales, expenses and other balance sheet items as well as the income statement. By contrast, the Group has relatively low exposure to currency transaction risk, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Group restates its comparative period results at the current year's exchange rates.

Excluding the non-recurring effect related to changes in copper price

To analyze the financial performance on a constant adjusted basis, the estimated non-recurring effect related to changes in copper-based cable prices, as described in paragraph 1.1.1.3 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 and actual number of working days 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.

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- 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

On January 1, 2019, Rexel has initially adopted the new accounting standards IFRS 16 "Leases" with retrospective application effective on January 1, 2019. Prior year comparative information was restated accordingly and presented together with a reconciliation of reported figures.

This new standard supersedes IAS 17 "Leases". Under IAS 17, payments made under operating leases were recognized as rent expense in the income statement on a straight-line basis over the term of the lease. Upon adoption of IFRS 16, in the balance sheet, the Group recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In the income statement, right-of-use assets are depreciated on the straight-line over the shorter of its estimated useful life and the lease term, and interest expenses are recognized on lease liabilities.

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)	**2019**	**2018**
Operating income before other income and other expenses	**663.2**	**584.7**
Effect of IFRS 16 adoption	–	32.2
Operating income before other income and other expenses restated for IFRS 16	**663.2**	**617.0**
Changes in scope of consolidation	–	0.5
Foreign exchange effects	–	10.7
Non-recurring effect related to copper	7.6	8.1
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	14.3	15.7
Adjusted EBITA on a constant basis	**685.1**	**652.0**

5.1.1.2 Comparison of financial results as of December 31, 2019 and as of December 31, 2018

5.1.1.2.1 Rexel Group's consolidated financial results

The following table sets out Rexel's consolidated income statement for 2019 and 2018, in millions of euros and as a percentage of sales. Rexel has adopted the new accounting standard IFRS 16 "Leases" with retrospective application, effective on January 1, 2019. Prior year comparative figures have been restated accordingly.

In addition, the table below sets out the net effect of acquisitions and disposals and the effect of exchange rate fluctuation on prior year comparative figures. This table also presents comparable data adjusted for copper price fluctuation according to paragraph 1.1.4

	YEAR ENDED DECEMBER 31, 2019		YEAR ENDED DECEMBER 31, 2018				Δ %	
	Reported	Adjusted for copper	Reported	Effect of IFRS 16 adoption	Restated for IFRS 16	2018 comparable adjusted for copper	Restated for IFRS 16	Comparable adjusted for copper
	①	②	③	④	⑤ = ③ + ④	⑥	①/⑤	②/⑥
Sales	**13.742.3**	**13.742.3**	**13.365.7**	**-**	**13.365.7**	**13.554.2**	**2.8%**	**1.4%**
Same-day basis								*1.4%*
Gross profit	3.432.0	3.439.8	3.286.9	-	3.286.9	3.344.1	4.4%	2.9%
as a % of sales	*25.0%*	*25.0%*			*24.6%*	*24.7%*		
Operating expenses	(2.472.9)	(2.473.0)	(2.586.5)	196.9	(2.389.6)	(2.424.4)	3.5%	2.0%
Depreciation	(281.6)	(281.6)	(100.1)	(164.6)	(264.7)	(267.7)	6.4%	5.2%
Distribution and administrative expenses [1]	(2.754.6)	(2.754.6)	(2.686.5)	32.2	(2.654.3)	(2.692.1)	3.8%	2.3%
as a % of sales	*(20.0)%*	*(20.0)%*			*(19.9)%*	*(19.9)%*		
EBITA	**677.5**	**685.1**	**600.4**	**32.2**	**632.6**	**652.0**	**7.1%**	**5.1%**
as a % of sales	***4.9%***	***5.0%***			***4.7%***	***4.8%***		
Amortization of intangible assets [2]	(14.3)	-	(15.7)	-	(15.7)	-	(8.8)%	-
Operating income before other income and expenses	**663.2**	**-**	**584.7**	**32.2**	**617.0**	**-**	**7.5%**	**-**
Other income and expenses	(176.8)	-	(174.9)	(6.3)	(181.2)	-	(2.4)%	-
Operating income	**486.4**	**-**	**409.8**	**26.0**	**435.8**	**-**	**11.6%**	**-**
Net financial expenses	(165.3)	-	(100.6)	(44.3)	(144.9)	-	14.1%	-
Pre tax income	**321.1**	**-**	**309.3**	**(18.4)**	**290.9**	**-**	**10.4%**	**-**
Income taxes	(117.3)	-	(157.0)	1.7	(155.3)	-	(24.5)%	-
Net income	**203.8**	**-**	**152.3**	**(16.6)**	**135.6**	**-**	**50.3%**	**-**
Effective tax rate	*37%*	-	-	-	*53%*	-	-	-

(1) Of which depreciation and amortization.

(2) Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions.

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Sales

In 2019, Rexel's consolidated sales amounted to €13.742.3 million, as compared to €13.365.7 million in 2018.

On a reported basis, sales were up 2.8% year-on-year, including a positive foreign exchange currency impact of 1.8% and a negative net effect from divestments of 0.4%.

- The positive impact of currency amounted to €237.3 million, mainly due to the appreciation of the US dollar against the euro.
- The negative net effect from the change in structure amounted to €48.8 million, resulting from the divestment in 2019 of the retail business in China.

On a constant and same-day basis, sales increased by 1.4%, including a negative impact of 0.3 percentage point due to change in copper-based cable prices. By geography, North America increased by 3.9% and Asia-Pacific by 1.2% while Europe slightly decreased by 0.2%. Excluding the effect of Spain and Germany restructurations occurred in 2018, sales increased by 2.4% as compared to 2018.

On a constant and actual number of working days basis, sales increased by 1.4%.

The table below summarizes the impact on sales evolution of the number of working days, changes in scope and in currency effects:

	Q1	Q2	Q3	Q4	YEAR ENDED DECEMBER 31, 2019
Growth on a constant and same-days basis	3.1%	2.4%	0.9%	(0.5)%	1.4%
Number of working days effect	(1.0)%	(0.6)%	1.0%	0.3%	(0.0)%
Growth on a constant and actual-day basis	***2.1%***	***1.8%***	***1.9%***	***(0.2)%***	***1.4%***
Changes in scope effect	(0.4)%	(0.3)%	(0.3)%	(0.4)%	(0.4)%
Foreign exchange effect	2.4%	1.8%	1.7%	1.3%	1.8%
Total scope and currency effect	***2.0%***	***1.5%***	***1.3%***	***0.8%***	***1.4%***
Growth on a reported basis [(1)]	**4.2%**	**3.3%**	**3.3%**	**0.7%**	**2.8%**

(1) Growth on a constant basis and actual number of working days compounded by the scope and currency effects.

Gross profit

In 2019, gross profit amounted to €3.432.0 million, up 4.4%, on a reported basis, as compared to €3.286.9 million in 2018.

On a constant basis, adjusted gross profit increased by 2.9% and adjusted gross margin increased by 36 basis points to 25.0% of sales, reflecting improvement in Europe and in North America while it decreased in Asia-Pacific.

Distribution & administrative expenses

In 2019, distribution and administrative expenses amounted to €2.754.6 million, a 3.8% increased on a reported basis (restated for IFRS 16 adoption), as compared to €2.654.3 million in 2018.

On a constant basis, adjusted distribution and administrative expenses increased by 2.3%, and deteriorated by 18 basis points, representing 20.0% of sales in 2019 as compared to 19.9% of sales in 2018, coming from Europe.

EBITA

In 2019, as a result, EBITA stood at €677.5 million, increasing by 7.1%, on a reported basis (restated for IFRS 16 adoption), as compared to €632.6 million in 2018, including a positive foreign exchange currency impact of €10.7 million and a positive net effect from divestments of €0.5 million.

On a constant basis, adjusted EBITA increased by 5.1% to €685.1 million and adjusted EBITA margin stood at 5.0% of sales, up 18 basis points year on year.

Other income and expenses

In 2019, other income and expenses represented a net expense of €176.8 million, consisting mainly of:

- €118.0 million goodwill and other intangible assets with indefinite life impairment, of which €58.9 million allocated to Norway, €22.0 million to New Zealand, €21.3 million to the UK, €9.3 million to Finland and €6.6 million to Middle East;
- €32.6 million restructuring plans mostly incurred in connection with the:
  - Turn-around of the UK operations including footprint reduction, closing of the national distribution center, optimization of the product offering plan and change in management team;
  - Finalization of the transformation plan in Germany;
  - Reduction in work force in some region in the USA where lower growth is expected.
- €24.0 million other non-recurring expenses including: (i) professional fees relating to business transformation and development projects, acquisition and divestment projects, forensic & legal investigations, (ii) senior executives employment contract termination costs and (iii) a settlement loss in connection with the wind-up of a multi-employee defined pension scheme in the USA.
- €17.2 million fair value adjustments of assets held for sale in connection with the expected divestments from the US non-core Gexpro Services business (distribution of C-parts products to OEM industries) and the Spanish export business.

Partly offset by €19.5 million disposal gains consisting mainly in a €6.5 million gain as a result of the divestment in a joint-venture in China (Rexel Hailongxing), €7.0 million building disposal gains and €5.6 million exchange gain related to the liquidation of a dormant affiliate in Czech Republic.

In 2018, other income and expenses represented a net expense of €181.2 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.
- €25.4 million impairment charge of assets held for sale in connection with the divestment of retail and commercial businesses in China, effective in early 2019.

Net Financial expenses

Net financial expenses increased from €144.9 million in 2018 to €165.3 million in 2019 including interest on lease liabilities of respectively €45.3 million and €45.5 million. In 2019, a €20.8 million extinction loss was recognized as a result of the early repayment of the 3.5% €650 million senior notes due 2023 along with the issuance of the 2.75% €600 million senior notes due 2026. Excluding this impact, net financial expenses remained stable year on year. Effective interest rate of the gross financial debt decreased by 18 basis points, at 2.6% in 2019 compared to 2.8%, in 2018 resulting in an improvement by €4.0 million on interest on borrowings offset by non-recurring items (exchange gains and losses).

Tax expense

In 2019 income tax expense decreased to €117.3 million from €155.3 million in 2018. In 2019, income tax expense includes a €29.5 million one-off gain as a result of the release of the tax exposure reserve on disputed interest expense tax deductibility following the decision of the Appeal Court in 2019 favorable to Rexel. Also, in 2018, Rexel recognized the unfavorable one-off impact of a €13.5 million tax reassessment in Finland. Excluding these two one-offs, income tax expense increased slightly in 2019 as compared to 2018, reflecting improvement in pre-tax income. As a result, effective tax rate was 36.5% in 2019 as compared to 53.4% in 2018.

Net income

As a result of the above items, net income was up 50.3% at €203.8 million in 2019, as compared to €135.6 million in of 2018.

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5.1.1.2.2 Europe (53% of Group sales)

	YEAR ENDED DECEMBER 31, 2019		YEAR ENDED DECEMBER 31, 2018				Δ %	
	Reported	**Adjusted for copper**	**Reported**	**Effect of IFRS 16 adoption**	**Restated for IFRS 16**	**2018 comparable adjusted for copper**	**Restated for IFRS 16**	**Comparable adjusted for copper**
	①	②	③	④	⑤ = ③ + ④	⑥	①/⑤	②/⑥
Sales	**7,331.5**	**7,331.5**	**7,350.0**		**7,350.0**	**7,351.6**	**(0.3)%**	**(0.3)%**
Same-day basis								*(0.2)%*
Gross profit	1,999.7	2,004.0	1,961.1		1,961.1	1,967.7	2.0%	1.8%
as a % of sales	*27.3%*	*27.3%*	*26.7%*		*26.7%*	*26.8%*		
Operating expenses	(1,397.2)	(1,397.3)	(1,493.0)	112.2	(1,380.9)	(1,381.6)	1.2%	1.1%
Depreciation	(156.8)	(156.8)	(58.7)	(94.5)	(153.2)	(153.3)	2.4%	2.3%
Distribution and administrative expenses	(1,554.0)	(1,554.1)	(1,551.7)	17.7	(1,534.0)	(1,534.9)	1.3%	1.3%
as a % of sales	*(21.2)%*	*(21.2)%*	*(21.1)%*		*(20.9)%*	*(20.9)%*		
EBITA	**445.7**	**449.9**	**409.3**	**17.7**	**427.0**	**432.9**	**4.4%**	**3.9%**
as a % of sales	*6.1%*	*6.1%*	*5.6%*		*5.8%*	*5.9%*		

Sales

In 2019, sales in Europe amounted to €7.331.5 million, a 0.3% decrease on a reported basis, as compared to €7.350.0 million in 2018.

Exchange rate variations accounted for an increase of €1.6 million, mainly due to the appreciation of the swiss franc against euro partly offset by the depreciation on the Swedish krona against euro.

On a constant and same-day basis, sales decreased by 0.2% as compared to 2018, including the negative impact of 0.3 percentage point due to the lower copper-based cable prices.

On a constant and actual number of working days basis, sales decreased by 0.3%, impacted by an unfavorable calendar impact of 0.1 percentage point. Excluding the effect of Spain and Germany restructurations occurred in 2018, sales increased by 1.6% as compared to 2018.

In **France,** sales amounted to €2.797.0 million in 2019, an increase of 3.3% as compared to 2018 on a constant and same-day basis, supported by good momentum in commercial projects and digital adaptation, a dynamic residential end-market and steady growth in specialty businesses (eg: Heating, Ventilation and Air Conditioning "HVAC") resulting in market share gains.

In **the United Kingdom,** sales amounted to €736.5 million in 2019, a decrease of 8.4% from 2018 on a constant and same-day basis, mainly due to increased business selectivity (accounting for 7.0 percentage points of the overall decrease) and the effect of 57 branch closures in 2018 and 2019. This effect represented 2.2 percentage points in an environment of market deterioration.

In **Germany,** sales stood at €639.1 million in 2019, a 16.8% decrease from 2018 on a constant and same-day basis, reflecting the transformation of the country's business to refocus on profitable activities (industrial segment on a national basis and C&I in the southern part of the country). Excluding the impact of the 17 branch closures occurred in 2018, sales were down 2.5%.

In **Scandinavia** sales amounted to €953.8 million in 2019, an increase of 1.6% from 2018 on a constant and same-day basis, with a positive momentum in Sweden up 3.7%, mainly driven by large C&I customers and utilities who started to slowing down in the fourth quarter of 2019. Sales in Norway decreased by 2.1% mainly due to a difficult environment in the industrial end-market and increased in Finland by 0.7%.

In **Belgium** and in the **Netherlands**, sales amounted respectively to €434.5 million and €323.9 million in 2019, an increase from 2018 of respectively 6.5% and 12.8% on a constant and same-day basis. Sales increase in Belgium are mainly driven by photovoltaic equipment (which accounted for 1.5 percentage points) and good momentum in commercial and residential on top of the acquisition of a branch in the Courtrai area in 2018 contributing for 1.3 percentage points.

In **Switzerland** and **Austria,** sales amounted respectively to €484.5 million and €374.2 million in 2019. Sales in Switzerland increased by 1.8% from 2018, on a constant and same-day basis, driven by building installation equipment and industry automation. Sales in Austria increased by 2.0% from 2018, on a constant and same-day basis.

Gross profit

On a constant basis, adjusted gross profit increased by 1.8% and adjusted gross margin increased by 57 basis points to 27.3% of sales due to the reprofiling of the operations in Germany and Spain and business selectivity in the UK as well as strong focus on margins in France.

Distribution & administrative expenses

On a constant basis, adjusted distribution and administrative expenses increased by 1.3% in 2019, representing 21.2% of sales in 2019, a 32 basis points deterioration as compared to 2018. This increase in adjusted distribution and administrative expenses as a percentage of sales reflects sales volume growth, inflation on salaries and benefits and some additional consulting fees related to action plans to implement analytical systems according to digital transformation policies of the Group, as well as some overrun in delivery expenses especially in the Germany.

EBITA

In 2019, as a result, on a reported basis (restated for IFRS 16 adoption), EBITA amounted to €445.7 million, up 4.4% as compared to €427.0 million in 2018, including a positive foreign exchange currency impact of €0.5 million.

On a constant basis, adjusted EBITA increased by 3.9% from 2018 and adjusted EBITA margin increased by 25 basis points to 6.1% of sales.

5.1.1.2.3 North America (38% of Group sales)

	YEAR ENDED DECEMBER 31, 2019		YEAR ENDED DECEMBER 31, 2018				Δ %	
	Reported	Adjusted for copper	Reported	Effect of IFRS 16 adoption	Restated for IFRS 16	2018 comparable adjusted for copper	Restated for IFRS 16	Comparable adjusted for copper
	①	②	③	④	⑤ = ③ + ④	⑥	①/⑤	②/⑥
Sales	**5,233.0**	**5,233.0**	**4,801.3**		**4,801.3**	**5,038.0**	**9.0%**	**3.9%**
Same-day basis								*3.9%*
Gross profit	1,218.2	1,221.6	1,105.3		1,105.3	1,162.8	10.2%	5.1%
as a % of sales	*23.3%*	*23.3%*	*23.0%*		*23.0%*	*23.1%*		
Operating expenses	(908.6)	(908.6)	(885.9)	60.6	(825.3)	(866.3)	10.1%	4.9%
Depreciation	(83.0)	(83.0)	(22.3)	(49.2)	(71.5)	(75.0)	16.2%	10.6%
Distribution and administrative expenses	(991.6)	(991.6)	(908.1)	11.4	(896.8)	(941.3)	10.6%	5.3%
as a % of sales	*(18.9)%*	*(18.9)%*	*(18.9)%*		*(18.7)%*	*(18.7)%*		
EBITA	**226.6**	**230.0**	**197.1**	**11.4**	**208.5**	**221.5**	**8.7%**	**3.8%**
as a % of sales	*4.3%*	*4.4%*	*4.1%*		*4.3%*	*4.4%*		

Sales

In 2019, sales in North America amounted to €5.233.0 million, up 9.0%, on a reported basis, as compared to €4.801.3 million in 2018.

Exchange rate variations accounted for an increase of €236.7 million, mainly due to the appreciation of US dollar against the euro.

On a constant and same-day basis, sales increased by 3.9% as compared to 2018, including the negative impact of 0.5 percentage point due to the lower copper-based cable prices.

In **the United States,** sales stood at €4.135.1 million in 2019, a 3.7% increase from 2018 on a constant and same-day basis, driven by commercial and residential end-markets. This increase also reflected the favorable impact of investment in sales representatives, branch openings (which accounted for 1.1 percentage points) and refurbishment of existing branches. Although sales showed an overall positive sales performance over the year, industrial and commercial activities started to slow down from the third quarter of 2019 and were negative in the fourth quarter (-2.7%).

In **Canada,** sales amounted to €1.097.8 million in 2019, up 4.4% from 2018 on a constant and same-day basis sustained by a good performance on commercial projects with large & medium contractors. Industrial specialty business was also well oriented with system integrators.

Gross profit

On a constant basis, adjusted gross profit increased by 5.1% and adjusted gross margin is 26 basis points higher at 23.3% of sales compared to 2018, thanks to pricing initiatives in the US partly offset by channel mix evolution (higher direct sales with lower margins versus warehouse sales as compared to last year) in Canada .

Distribution & administrative expenses

On a constant basis, adjusted distribution and administrative expenses increased by 5.3%, representing 18.9% of sales in 2019, a 26 basis points deterioration as compared to the 18.7% in 2018, impacted by cost inflation and investments in the branch network and in workforce (despite some initiatives to reduce headcounts in the second semester in certain regions), as well as, by a lower growth sales in the second half of the year.

EBITA

In 2019, as a result, EBITA amounted to €226.6 million, up 8.7%, on a reported basis (restated for IFRS 16 adoption), as compared to €208.5 million in 2018, including a positive foreign exchange currency impact of €10.2 million.

On a constant basis, adjusted EBITA increased by 3.8% from 2018 and adjusted EBITA margin were stable at 4.4% of sales.

5.1.1.2.4 Asia-Pacific (9% of Group sales)

	YEAR ENDED DECEMBER 31, 2019		YEAR ENDED DECEMBER 31, 2018				Δ %	
	Reported	Adjusted for copper	Reported	Effect of IFRS 16 adoption	Restated for IFRS 16	2018 comparable adjusted for copper	Restated for IFRS 16	Comparable adjusted for copper
	①	②	③	④	⑤ = ③ + ④	⑥	①/⑤	②/⑥
Sales	**1,177.9**	**1,177.9**	**1,214.4**		**1,214.4**	**1,164.6**	**(3.0)%**	**1.1%**
Same-day basis								*1.2%*
Gross profit	214.2	214.2	220.0		220.0	212.9	(2.6)%	0.6%
as a % of sales	*18.2%*	*18.2%*	*18.1%*		*18.1%*	*18.3%*		
Operating expenses	(159.8)	(159.8)	(188.4)	22.0	(166.4)	(159.4)	(4.0)%	0.2%
Depreciation	(26.8)	(26.8)	(6.9)	(19.3)	(26.2)	(25.5)	2.6%	5.2%
Distribution and administrative expenses	(186.7)	(186.7)	(195.3)	2.7	(192.6)	(185.0)	(3.1)%	0.9%
as a % of sales	*(15.8)%*	*(15.8)%*	*(16.1)%*		*(15.9)%*	*(15.9)%*		
EBITA	**27.5**	**27.5**	**24.7**	**2.7**	**27.4**	**27.9**	**0.5%**	**(1.4)%**
as a % of sales	*2.3%*	*2.3%*	*2.0%*		*2.3%*	*2.4%*		

Sales

In 2019, sales in Asia-Pacific amounted to €1.177.9 million, down 3.0%, on a reported basis, as compared to €1.214.4 million in 2018.

Exchange rate variations accounted for a decrease of €1.0 million, mainly due to the depreciation of Australian dollar against the euro.

The negative net effect of change in structure of €48.8 million was associated to the divestment in 2019 of the retail business in China.

On a constant and same-day basis, sales increased by 1.2% as compared to 2018, including the positive impact of 0.3 percentage point due to the higher copper-based cable prices.

In **Australia,** sales amounted to €492.8 million in 2019, a 0.2% increase from 2018, on a constant and same-day basis, impacted by the disposal of industrial automation business occurred in April 2018. Excluding this effect, sales in Australia were up 3.1% mainly driven by positive performance in industrial business, thanks to infrastructure and mining spendings (capital expenditures, maintenance and repair). In the fourth quarter sales were driven by a strong performance on residential end-market.

In **New Zealand,** Sales amounted to €113.6 million in 2019, a 1.4% decrease compared to 2018 mainly due to difficult industrial and commercial end-markets environment.

In **China,** sales amounted to €480.5 million in 2019, a 6.6% increase compared to 2018, on a constant and same-day basis, mainly driven by a large contract which contributed for €50.7 million in 2019 while the industrial business was impacted by the trade war with the United States.

In addition, Asia-Pacific sales performance 2019 as compared to 2018 was impacted by a large non-recurring project in the Middle East which had a significative contribution of €28.6 million in 2018.

Gross profit

On a constant basis, adjusted gross profit increased by 0.6% and adjusted gross margin was 18.2% of sales, a 9 basis-point decrease as compared to 2018, mainly impacted by a lower commercial margin in China due to the increasing weight in the overall sales of the OEM business and system integration with lower margin.

Distribution & administrative expenses

On a constant basis, adjusted distribution and administrative expenses increased by 0.9% from 2018, representing 15.8% of sales in 2019, a 3 basis-point improvement as compared to 2018, reflecting investments for growth in China, partly offset by savings in pacific mainly due to headcount reduction.

EBITA

In 2019, as a result, EBITA amounted to €27.5 million, up 0.5%, on a reported basis (restated for IFRS 16 adoption), as compared to €27.4 million in 2018, including a positive change of structure impact of €0.5 million.

On a constant basis, adjusted EBITA decreased by 1.4% from 2018 and adjusted EBITA margin decreased by 6 basis points to 2.3% of sales, impacted by the disposal of industrial automation business in Australia in 2018.

5.1.1.2.5 Other operations

	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018			Δ %
	Reported	**Reported**	**Effect of IFRS 16 adoption**	**Restated for IFRS 16**	**Restated for IFRS 16**
	①	②	③	④ = ② + ③	①/④
Sales	**-**	**-**	**-**	**-**	**-**
Gross profit	–	0,6	–	0,6	–
Operating expenses	(7.3)	(19.2)	2.1	(17.0)	(56.9)%
Depreciation	(15.0)	(12.2)	(1.7)	(13.9)	7.7%
Distribution and administrative expenses	(22.3)	(31.4)	0.4	(30.9)	(27.9)%
EBITA	**(22.3)**	**(30.7)**	**0.4**	**(30.3)**	**26.4%**

This segment mostly includes unallocated corporate-hosted expenses. In 2019, EBITA was negative by €22.3 million compared to €30.3 million in 2018, mainly due to higher reallocation of corporate hosted expenses to operations and lower corporate overheads. On a like for like basis, corporate hosted expenses remained even.

5.1.2 Liquidity and capital resources

5.1.2.1 Cash flow

The following table sets out Rexel's cash flow statement for 2019 and 2018 together with a reconciliation of free cash flow before and after interest and income tax paid. Following the adoption of IFRS 16, January 1, 2019, prior year figures have been restated accordingly and items in reconciliation are presented separately.

(in millions of euros)	YEAR ENDED DECEMBER 31, 2019 Reported	YEAR ENDED DECEMBER 31, 2018 Reported	IFRS 16 impact	Restated for IFRS 16	Change
Operating cash flow before interest and taxes	823.3	612.6	155.8	768.4	54.9
Financial interest on borrowings paid [(1)]	(82.3)	(85.3)	1.0	(84.3)	2.0
Income tax paid	(118.2)	(80.7)	–	(80.7)	(37.5)
Operating cash flow before change in working capital	**622.7**	**446.5**	**156.8**	**603.4**	**19.4**
Change in working capital requirements	(70.0)	(161.8)	1.9	(159.9)	89.9
Net cash flow from operating activities	**552.7**	**284.7**	**158.7**	**443.4**	**109.3**
Net cash flow from investing activities	**(118.2)**	**(95.5)**	**3.2**	**(92.3)**	**(25.9)**
o.w. Operating capital expenditures [(2)]	*(116.5)*	*(93.8)*	*3.2*	*(90.6)*	*(25.9)*
Net cash flow from financing activities [(3)]	**(456.3)**	**(158.2)**	**(161.9)**	**(320.0)**	**(136.3)**
Net cash flow	**(21.9)**	**31.1**	**0.1**	**31.1**	**(53.0)**
Operating cash flow	823.3	612.6	155.8	768.4	54.9
Repayment of lease liabilities	(175.2)	–	(166.5)	(166.5)	(8.7)
Change in working capital requirements	(70.0)	(161.8)	1.9	(159.9)	89.9
Operating capital expenditures	(116.5)	(93.8)	3.2	(90.6)	(25.9)
Free cash flow before interest and taxes	**461.6**	**357.0**	**(5.7)**	**351.3**	**110.3**
Financial interest on borrowings paid	(82.3)	(85.3)	1.0	(84.3)	2.0
Income tax paid	(118.2)	(80.7)	–	(80.7)	(37.5)
Free cash flow after interest and taxes	**261.1**	**191.0**	**(4.7)**	**186.3**	**74.8**
Total Free cash flow after interest and taxes	**261.1**	**191.0**	**(4.7)**	**186.3**	**74.8**

	DECEMBER 31, 2019	2018
Working capital requirement as a % of sales [(4)] at:		
Constant basis	11.0%	11.3%

(1) Excluding interest on lease liabilities.
(2) Net of disposals.
(3) Including lease liabilities repayment.
(4) Working capital requirements, end of period, divided by last 12-month sales.

5.1.2.1.1 Effect of IFRS 16 adoption

As a result of IFRS 16 adoption, operating cash flow increased by €156.8 million, representing mostly repayment for the principal portion of recognized lease liabilities that were previously included under the line item "Cash Flow from operating activities" and presented under the line item "Cash Flow from financing activities" under IFRS 16.

The Group elected for including lease payments as a reduction of free cash flow which is a measure commonly used by the Group to measure its cash performance. Free cash flow slightly deteriorated by €4.7 million when adopting IFRS 16 as finance lease obligation repayments, previously presented as part of financing activities are now embedded in lease payments as a reduction of operating free cash flow.

5.1.2.1.2 Cash flow from operating activities

Rexel's net cash flow from operating activities was an inflow of €552.7 million in 2019 compared to €443.4 million in 2018.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements increased from €768.4 million in 2018 to €823.3 million in 2019 coming mostly from EBITA improvement of €44.9 million from €632.6 million in 2018 to €677.5 million in 2019.

Interest and taxes

Net interest paid slightly decreased from €84.3 million in 2018 to €82.3 million in 2019 reflecting lower effective interest rate in 2019 as compared to 2018 as a result of the refinancing of the 3.50% €650 million senior notes due 2023 by the issuance of the 2.75% €600 million notes due 2026.

Income tax paid increased by €37.5 million from €80.7 million in to €118.2 million in 2019 as a result of an unfavorable base effect. In 2018, Rexel benefited from a one-off tax refund associated with prior year French tax on dividends which was declared unconstitutional as well as the refund of over payment of corporate income tax installments in France and USA.

Change in working capital requirements

Change in working capital requirements accounted for an outflow of €70.0 million in 2019 as compared to €159.9 million in 2018. Net inventories contributed for a €62.7 million cash outflow in 2019 to change in working capital requirements (€130.3 million in 2018) driven by the sales growth compensated by initiatives to optimize the stock turn. Also, trade receivables contributed for €18.7 million inflow in 2019 and for €28.7million outflow in 2018 as a result of better collections in 2019.

Working capital requirements as of December 31, 2019

As a percentage of sales over the last 12 months, on a constant basis, working capital requirements improved by 22 basis points from 11.3% of sales as of December 31, 2018 as compared to 11.0% as of December 31, 2019. This increase was primarily associated with sales outstanding as a percentage of total sales which decreased to 14.9% as of December 31, 2019 from 15.6% as of December 31, 2018 as a result of better collections and sales slowdown in the last two months of 2019.

5.1.2.1.3 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 €118.2 million outflow in 2019, as compared €92.3 million in 2018.

(in millions of euros)	YEAR ENDED DECEMBER 31, 2019	2018[1]
Acquisitions of operating fixed assets	(125.5)	(118.8)
Proceed from disposal of operating fixed assets	7.9	23.9
Net change in debts and receivables on fixed assets	1.2	4.3
Net cash flow from capital expenditures	**(116.5)**	**(90.6)**
Acquisition of subsidiaries, net of cash acquired	(4.2)	(2.7)
Proceeds from disposal of subsidiaries, net of cash disposed of	6.5	0.0
Net cash flow from financial investments	**2.3**	**(2.7)**
Net change in long-term investments	**(4.0)**	**1.0**
Net cash flow from investing activities	**(118.2)**	**(92.3)**

(1) Restated for IFRS 16.

Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €116.5 million in 2019, as compared to €90.6 million in 2018.

In 2019, gross capital expenditures stood at €125.5 million (€118.8 million in 2018), mainly in information technology and digital projects. IT and Digital projects represented 62% of the total gross capex in 2019 (54% in 2018). Disposals of fixed assets were €7.9 million (€23.9 million in 2018, including the disposal of Rockwell automation business in Australia).

5.1.2.1.4 Cash flow from financing activities

In 2019, net cash flow from financing activities represented a net cash outflow of €456.3 million, mainly resulting from the:

- Repayment of the €650 million senior notes due 2023 for a total amount of €666.9 million including a redemption premium of €16.9 million;
- €175.2 million lease liabilities repayment.
- Dividend distribution of €133.0 million.
- €71.6 million decrease in assigned receivables associated with securitization programs.

Partly offset by the:

- €600 million issuance of senior notes due 2026 with coupons of 2.75% for an amount net of transaction costs of €594 million.

In 2018, cash flow from financing activities represented a net cash outflow of €320.0 million, resulting mainly from the:

- €166.5 million lease liabilities repayment.
- Dividend distribution of €126.8 million.
- Purchase of Treasury Shares for €10.2 million.
- Decrease of 9.6 million in credit facilities and Commercial paper.
- Decrease of €6.9 million in assigned receivables associated with securitization programs.

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 multilateral credit lines. At December 31, 2019, Rexel's consolidated net debt amounted to €1.945.9 million, consisting of the following items (Rexel does not consider lease liabilities as part as its net debt):

	AS OF DECEMBER 31,					
	2019			2018[(1)]		
(in millions of euros)	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Senior notes	–	1,413.4	1,413.4	–	1,456.2	1,456.2
Securization	620.0	332.9	952.9	517.0	484.2	1,001.2
Bank loans	13.0	0.9	13.9	7.7	0.9	8.6
Commercial paper	50.0	–	50.0	40.0	–	40.0
Bank overdrafts and other credit facilities	65.5	–	65.5	84.1	–	84.1
Accrued interest	4.6	–	4.6	5.0	–	5.0
Less transaction costs	(4.2)	(14.1)	(18.4)	(4.4)	(16.3)	(20.7)
Total financial debt and accured interest	**748.8**	**1,733.1**	**2,481.8**	**649.5**	**1,925.0**	**2,574.4**
Cash and cash equivalents			(514.3)			(544.9)
Accrued interest receivables			(2.0)			(2.2)
Debt hedge derivatives			(19.6)			(12.7)
Net financial debt			**1,945.9**			**2,014.7**

(1) Restated for the adoption of IFRS 16. "Lease" : finance lease obligation of €15.7 million recognized previously under IAS17 were derecognized from net financial debt. Lease liabilities recognized under IFRS 16 are recognized separately from net financial debt.

At December 31, 2019, the Group's liquidity amounted to €1.284.5 million (€1.305.7 million at December 31, 2018).

(in millions of euros)	AS OF DECEMBER 31, 2019	2018
Cash and cash equivalents	514.3	544.9
Bank overdrafts	(65.5)	(84.1)
Commercial paper	(50.0)	(40.0)
Undrawn Senior credit agreement	850.0	850.0
Bilateral facilities	35.6	34.9
Liquidity	**1,284.5**	**1,305.7**

At December 31, 2019, Rexel's ratings by the financial rating agencies were as follows unchanged as compared to December 31, 2018:

DECEMBER 31, 2019		
Rating agency	Moody's	Standard & Poor's
Long-terme debt	Ba2	BB-
Outlook	Stable	Stable
Short-term debt	NP	B

Senior Credit Facility Agreement

Under the Senior Credit Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as at June 30 and December 31 of each year. The indebtedness ratio, as calculated under the terms of the senior credit agreement, stood at 2.47x as of December 31, 2019 (as compared to 2.67x as December 2018).

The leverage ratio was calculated as if the new standard IFRS 16 had not been applied and consistently with the principles used prior to the adoption of IFRS 16 to neutralize the impact on the covenant of the change in accounting policies in accordance with the Senior Credit Facilities Agreement terms and conditions.

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 2019 forecast and achievements

For 2019, 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 3, 2019 under number D.19-0264:

- 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).

Upon presentation of the results of the second quarter and of the first half of 2019 on July 30, 2019, the Rexel Group confirmed its 2019 full-year targets, as detailed above.

Upon presentation of the results of the third quarter and of the nine months of the year 2019, on October 17, 2019, Rexel confirmed once again its 2019 full-year targets.

On February 13, 2020, Rexel published its 2019 full year results, in line with its objectives:

- A same-day sales growth of 1.4%, including a positive copper contribution of 0.3%. In 2019, sales stood at 13,742.3 million euros;
- A growth in adjusted EBITA of 5.1%; the adjusted EBITA stood at 685.1 million euros; and

- The improvement of indebtedness ratio, at 2.47 EBITDA in 2019 compared to 2.67 at the end of 2018, improving by 20 bps.

5.1.3.2 Rexel 2020 profit forecasts

The benefits from initial digital investments strengthen Rexel's conviction that its evolution towards a data-driven company will reinforce its positioning and contribute to market share gains and margin improvement.

Rexel's priority will be to improve adjusted EBITA margin and free cash flow generation notwithstanding the challenging environment, while continuing to invest in digital transformation.

In an environment of low sales growth and with a more challenging base effect in H1, Rexel targets for 2020, at comparable scope of consolidation and exchange rates:

- Adjusted EBITA growth of between 2% and 5%;
- Free Cash Flow conversion of circa 65%;
- Further improvement of the indebtedness ratio (Net Debt/EBITDA after Leases).

The above forecasts were prepared on the basis of the accounting principles adopted by the Group to prepare its consolidated financial statements for the financial year ended December 31, 2019. Furthermore, these forecasts, and the underlying assumptions, were also established in application of the provisions of Delegated Regulation (EU) No 2019/980 and the ESMA recommendations relating to forecasts.The foregoing forecasts are based on data, assumptions and estimates deemed reasonable by the management of the Group. These data, assumptions and estimates may change due to uncertainties related, among other things, to the economic, financial, accounting, competitive and regulatory environment, or to other factors currently unknown to the Group on the date of recording of this Universal registration document, and in particular, the uncertainty surrounding the potential effects of the coronavirus epidemic on the business. In addition, the occurrence of some of the risks described in Chapter 2 "Risk factors" could have an impact on the Group's ability to achieve these objectives. The Group can give no assurance and provides no guarantee that the forecasts mentioned above will be achieved.

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 their payment date 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, 2019, the Board of Directors will submit a proposal to the Shareholders' Meeting to be held on April 23, 2020, to distribute an amount of 0.48 per share, deducted from premium, payable 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
2019	€145,129,488 (*)	0.48 (*)
2018	€132,965,266 (*)	0.44 (*)
2017	€126,851,362.26	0.42

(*) 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

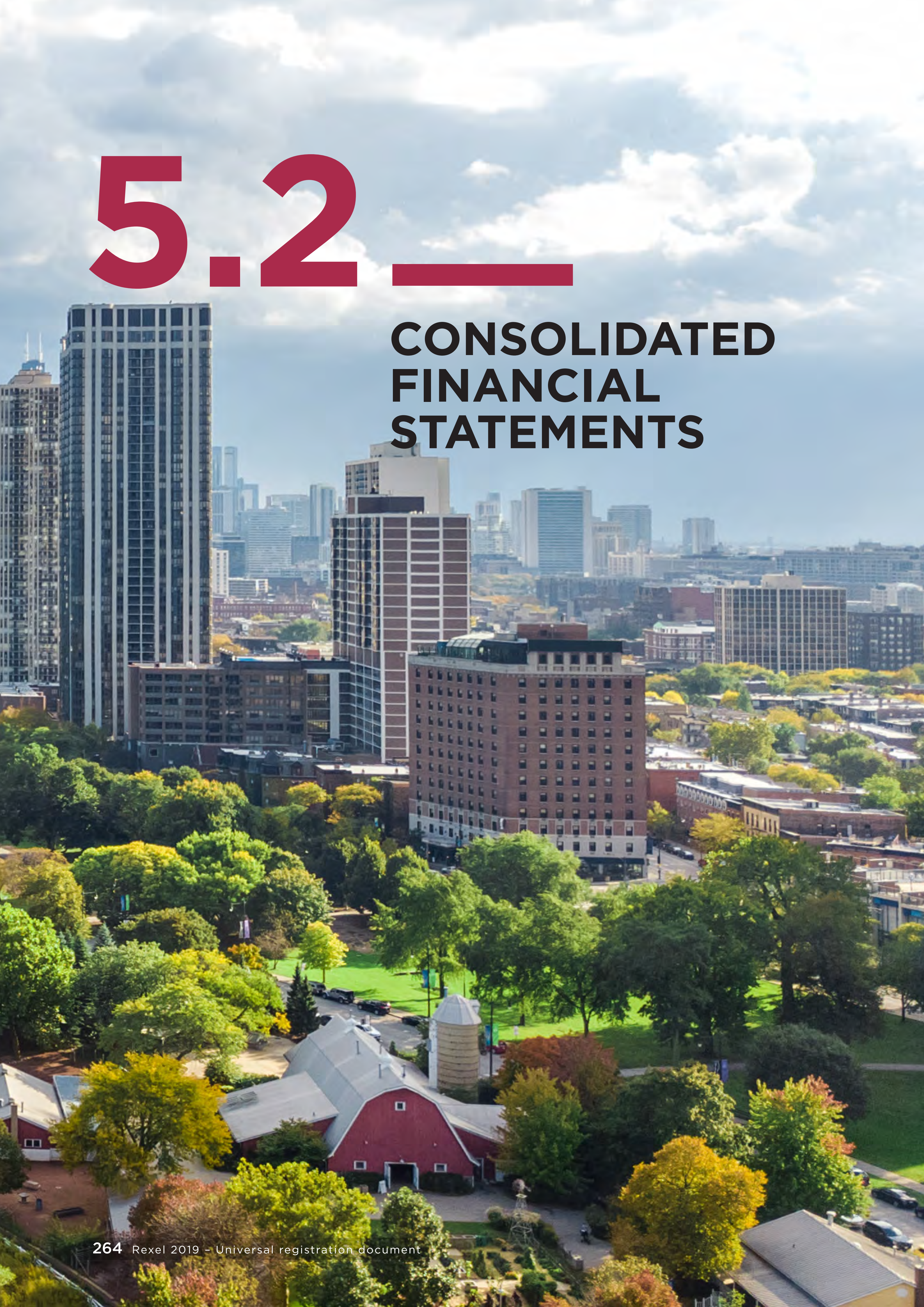
To Rexel's knowledge, and with the exception of the items described in this universal registration document, there has been no other significant change in the Rexel Group's financial or commercial position since the end of the financial year ended December 31, 2019.

5.1.6 Information on payment terms granted to suppliers and customers of Rexel (end of the 2019 financial year)

Invoices received or issued, unpaid or overdue as at December 31, 2019 (article D.441-4 I of the French Commercial Code)

	ARTICLE D.441-4 I. 1°: INVOICES RECEIVED, UNPAID AS OF DECEMBER 31, 2019	ARTICLE D.441-4 I. 2°: INVOICES ISSUED, UNPAID AS OF DECEMBER 31, 2019
(A) Overdue invoices		
Number of invoices concerned	7	0
Total amount of invoices concerned (including taxes) (in thousands of euros)	74	
Percentage of total purchases for the year (excluding taxes)	0.29%	
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

5



5.2

CONSOLIDATED FINANCIAL STATEMENTS

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, 2018, set out on pages 246 to 315 of the French version of the Registration document for the financial year ended December 31, 2018, filed with the AMF on April 3, 2019, under number D.19-0264; and
- the consolidated financial statements and the audit report for the financial year ended December 31, 2017 set out on pages 213 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.

5.2 Consolidated financial statements

5.2.1 Consolidated financial statements as of December 31, 2019

Consolidated Statement of Profit or Loss

(in millions of euros)	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2019	2018[1]
Sales	5	13,742.3	13,365.7
Cost of goods sold		(10,310.3)	(10,078.7)
Gross profit		**3,432.0**	**3,286.9**
Distribution and administrative expenses	6	(2,768.8)	(2,670.0)
Operating income before other income and expenses		**663.2**	**617.0**
Other income	8	26.9	15.5
Other expenses	8	(203.7)	(196.7)
Operating income		**486.4**	**435.8**
Financial income		2.7	3.3
Interest expense on borrowings		(71.8)	(75.9)
Non-recurring redemption costs		(20.8)	–
Other financial expenses		(75.4)	(72.2)
Net financial expenses	9	**(165.3)**	**(144.9)**
Net income before income tax		**321.1**	**290.9**
Income tax	10	(117.3)	(155.3)
Net income		**203.8**	**135.6**
Portion attributable:			
to the equity holders of the parent		204.4	134.0
to non-controlling interests		(0.6)	1.6
Earnings per share:			
Basic earnings per share (in euros)	19	0.68	0.44
Fully diluted earnings per share (in euros)	19	0.68	0.44

(1) Restated for changes in accounting policies following the adoption of IFRS 16 "Leases" (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, 2019	2018(1)
Net income		**203.8**	**135.6**
Items to be reclassified to profit or loss in subsequent periods			
Net gain / (loss) on net investment hedges		(15.2)	(18.7)
Income tax		5.2	6.4
Sub-total		**(10.0)**	**(12.3)**
Foreign currency translation adjustment		87.6	35.4
Income tax		(5.6)	(10.7)
Sub-total		**82.0**	**24.7**
Net gain / (loss) on cash flow hedges		(9.6)	(1.2)
Income tax		3.1	0.5
Sub-total		**(6.5)**	**(0.8)**
Items not to be reclassified to profit or loss in subsequent periods			
Net gain/ (loss) on remeasurements of net defined benefit liability	21.3	(50.3)	41.7
Income tax		4.1	(3.6)
Sub-total		**(46.2)**	**38.1**
Other comprehensive income / (loss) for the period, net of tax		**19.3**	**49.7**
Total comprehensive income / (loss) for the period, net of tax		**223.1**	**185.3**
Portion attributable:			
to the equity holders of the parent		223.7	183.6
to non-controlling interests		(0.5)	1.7

(1) Restated for changes in accounting policies following the adoption of IFRS 16 “Leases” (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	AS OF DECEMBER 31, 2019	AS OF DECEMBER 31, 2018(1)	AS OF JANUARY, 1 2018(1)
ASSETS				
Goodwill	11.1	3,785.5	3,871.1	3,914.9
Intangible assets	11.1	1,027.5	1,037.9	1,049.7
Property, plant and equipment	11.2	273.3	266.6	254.4
Right-of-use assets	11.3	898.2	833.4	830.5
Long-term investments	11.4	49.2	42.6	38.0
Deferred tax assets	10.2	60.1	88.1	99.4
Total non-current assets		**6,093.8**	**6,139.7**	**6,186.8**
Inventories	12.1	1,696.9	1,674.2	1,544.9
Trade accounts receivable	12.2	2,059.3	2,091.5	2,074.4
Current tax assets		7.9	14.4	48.1
Other accounts receivable	12.3	533.1	506.2	501.2
Assets held for sale	13	169.4	42.5	–
Cash and cash equivalents	14	514.3	544.9	563.6
Total current assets		**4,980.9**	**4,873.7**	**4,732.2**
Total assets		**11,074.8**	**11,013.3**	**10,919.0**
EQUITY				
Share capital	16	1,520.5	1,519.9	1,516.7
Share premium	16	1,451.2	1,554.0	1,559.2
Reserves and retained earnings		1,258.4	1,068.5	1,011.1
Total equity attributable to equity holders of the parent		**4,230.1**	**4,142.5**	**4,087.0**
Non-controlling interests		5.2	3.9	2.2
Total equity		**4,235.3**	**4,146.4**	**4,089.1**
LIABILITIES				
Interest bearing debt (non-current part)	22.1	1,733.1	1,925.0	2,436.2
Lease liabilities (non-current part)	11.3	846.5	783.9	762.6
Net employee defined benefit liabilities	21.2	312.1	266.2	319.9
Deferred tax liabilities	10.2	184.6	208.6	158.6
Provisions and other non-current liabilities	20	40.8	54.5	49.0
Total non-current liabilities		**3,117.1**	**3,238.1**	**3,726.3**
Interest bearing debt (current part)	22.1	744.2	644.4	149.4
Accrued interest	22.1	4.6	5.0	6.3
Lease liabilities (current part)	11.3	163.5	160.6	162.6
Trade accounts payable		2,021.7	2,024.1	2,034.1
Income tax payable		14.1	26.8	34.8
Other current liabilities	24	738.9	728.9	716.5
Liabilities directly associated with the assets held for sale	13	35.3	38.9	–
Total current liabilities		**3,722.4**	**3,628.8**	**3,103.5**
Total liabilities		**6,839.4**	**6,867.0**	**6,829.8**
Total equity and liabilities		**11,074.8**	**11,013.3**	**10,919.0**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 “Leases” (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, 2019	2018(1)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income		486.3	435.8
Depreciation, amortization and impairment of assets and assets write off	6-8	433.1	380.4
Employee benefits		(24.5)	(18.5)
Change in other provisions		(15.4)	8.7
Other non-cash operating items		(10.6)	7.2
Interest on lease liabilities	11.3	(45.5)	(45.3)
Financial interest paid on borrowings		(82.3)	(84.3)
Income tax paid		(118.2)	(80.7)
Operating cash flows before change in working capital requirements		**622.7**	**603.4**
Change in inventories		(62.7)	(130.3)
Change in trade receivables		18.7	(28.7)
Change in trade payables		(3.8)	14.2
Change in other working capital items		(22.3)	(15.1)
Change in working capital requirements		**(70.0)**	**(159.9)**
Net cash from operating activities		**552.7**	**443.4**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of tangible and intangible assets		(124.3)	(114.5)
Proceeds from disposal of tangible and intangible assets		7.9	23.9
Acquisitions of subsidiaries, net of cash acquired		(4.2)	(2.7)
Proceeds from disposal of subsidiaries, net of cash disposed of		6.5	0.0
Change in long-term investments		(4.0)	1.0
Net cash from investing activities		**(118.2)**	**(92.3)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Disposal / (Purchase) of treasury shares		2.2	(10.2)
Issuance of senior notes net of transaction costs	22.2	594.4	–
Repayment of senior notes	22.2	(666.9)	–
Net change in credit facilities, commercial papers, other financial borrowings	22.2	(6.4)	(9.6)
Net change in securitization	22.2	(71.6)	(6.9)
Repayment of lease liabilities	11.3	(175.2)	(166.5)
Dividends paid	17	(133.0)	(126.8)
Net cash from financing activities		**(456.3)**	**(320.0)**
Net (decrease) / increase in cash and cash equivalents		**(21.9)**	**31.1**
Cash and cash equivalents at the beginning of the period		544.9	563.6
Effect of exchange rate changes on cash and cash equivalents		(3.0)	(20.6)
Cash and cash equivalent reclassified to assets held for sale	13	(5.6)	(29.3)
Cash and cash equivalents at the end of the period		**514.3**	**544.9**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 “Leases” (see note 3.2.1).

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

Consolidated Statement of Changes in Equity

(in millions of euros)	NOTE	SHARE CAPITAL	SHARE PREMIUM	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, 2018										
Balance at January 1, 2018 (as reported)		**1,516.7**	**1,559.2**	**1,287.0**	**(19.7)**	**2.6**	**(190.5)**	**4,155.4**	**2.2**	**4,157.6**
Effect of changes in accounting following the adoption of IFRS 16	3.2.1	-	-	(68.5)	-	-	-	(68.5)	(0.0)	(68.5)
Balance at January 1, 2018 (Restated)		**1,516.7**	**1,559.2**	**1,218.5**	**(19.7)**	**2.6**	**(190.5)**	**4,087.0**	**2.2**	**4,089.1**
Net income (restated)		-	-	134.0	-	-	-	134.0	1.6	135.6
Other comprehensive income (restated)		-	-	-	12.3	(0.8)	38.1	49.6	0.1	49.7
Total comprehensive income for the period (restated)		**-**	**-**	**134.0**	**12.3**	**(0.8)**	**38.1**	**183.6**	**1.7**	**185.3**
Cash dividends	17	-	-	(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 (Restated)		**1,519.9**	**1,554.0**	**1,226.4**	**(7.4)**	**1.8**	**(152.4)**	**4,142.5**	**3.9**	**4,146.4**
FOR THE YEAR ENDED DECEMBER 31, 2019										
Balance at January 1, 2019 (Restated)		**1,519.9**	**1,554.0**	**1,226.4**	**(7.4)**	**1.8**	**(152.4)**	**4,142.5**	**3.9**	**4,146.4**
Net income		-	-	204.4	-	-	-	204.4	(0.6)	203.8
Other comprehensive income		-	-	-	71.9	(6.5)	(46.2)	19.2	0.1	19.3
Total comprehensive income for the period		**-**	**-**	**204.4**	**71.9**	**(6.5)**	**(46.2)**	**223.7**	**(0.5)**	**223.1**
Cash dividends	17	-	(104.9)	(28.0)	-	-	-	(133.0)	-	(133.0)
Allocation of free shares and free shares cancelled		0.6	2.1	(2.7)	-	-	-	(0.0)	-	(0.0)
Share-based payments	7	-	-	7.3	-	-	-	7.3	-	7.3
Acquisition of non-controlling interests		-	-	(5.0)	-	-	-	(5.0)	2.7	(2.3)
Disposal of subsidiaries		-	-	-	(7.4)	-	-	(7.4)	(0.9)	(8.3)
Disposal / (Purchase) of treasury shares		-	-	2.1	-	-	-	2.1	-	2.1
Balance at December 31, 2019		**1,520.5**	**1,451.2**	**1,404.4**	**57.1**	**(4.7)**	**(198.6)**	**4,230.1**	**5.2**	**4,235.3**

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

Accompanying Notes

1. General information

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (hereafter referred to as "the Group" or "Rexel").

The Group is mainly involved in the business of the distribution of low and ultra-low voltage electrical products to professional customers. It serves the needs of a large variety of customers and markets in the fields of construction, industry, and services. The product offering covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown goods. The principal markets in which the Group operates are in Europe, North America (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, 2019 and were authorized for issue by the Board of Directors on February 12, 2020.

2. Significant events

In 2019, Rexel refinanced the 3.50% €650 million senior notes due 2023 through the issuance of a 2.75% €600 million senior notes due 2026, thus allowing to extend the maturity of its borrowings while optimizing its overall cost. A financial loss of €20.8 million has been recognized related to this refinancing (see note 22.1.2).

On December 30, 2019, the Group entered into a stock and asset purchase agreement to divest from its non-core Gexpro Services business. Gexpro Services operates primarily in the USA and to a lesser extent in Hungary and provides integrated customized supply chain solutions centered around C-Part products (fasteners, fabrication, mechanical and electrical) primarily to high specification OEM industries. As of December 31, 2019, assets and liabilities related to these operations have been reclassified as assets and liabilities held for sale. The sale of these assets is expected to close in the first quarter of 2020 (see note 13.1).

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, 2019 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, 2019.

The new standards IFRS 16 "Leases" has been applied for the first time in 2019. 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 11.1);
- Employee benefits (notes 3.15 and 21);

- Provisions and contingent liabilities (notes 3.17, 20, and 27);
- Supplier rebates (see notes 3.19 and 12.3);
- Lease contracts (see notes 3.7 and 11.3);
- Recognition of deferred tax assets (notes 3.22 and 10);
- Measurement of share-based payments (notes 3.16 and 18).

3.2.1 Changes in accounting policies - amended IFRS standards

The Group has initially adopted IFRS 16 "Leases" from January 1, 2019 onwards.

Several other amendments and interpretations are effective from January 1, 2019 onwards, among which IFRIC 23 "Uncertainty over Income Tax Treatment", they do not have a material effect on the Group's financial statements.

3.2.1.1. IFRS 16 "Leases"

IFRS 16 "Leases" supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement Contains a Lease", SIC 15 "Operating Leases-Incentives" and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

IFRS 16 introduces a uniform lessee accounting model. Applying that model, a lessee is required to recognize a right-of-use asset representing the lessee's right to use the underlying asset and a lease liability representing the lessee's obligation to make future lease payments (see note 3.7).

The Group entered into lease arrangements for most of its properties including branch network, logistic centers and administrative buildings as well other equipments, including vehicles.

The Group adopted IFRS 16 using the full retrospective method of adoption, with the date of initial application of January 1, 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Effect of adoption of IFRS 16 "Leases"

The impacts of adopting IFRS 16 "Leases" on balance sheet as of January 1, 2018 were as follows:

	AS OF JANUARY 1, 2018		
(in millions of euros)	AS REPORTED	RESTATEMENTS	IFRS 16 RESTATED
ASSETS			
Goodwill	3,914.9	–	3,914.9
Intangible assets	1,049.7	–	1,049.7
Property, plant and equipment	272.0	(17.6) (1)	254.4
Right-of-use assets	–	830.5 (2)	830.5
Long-term investments	38.0	0.0	38.0
Deferred tax assets	96.6	2.8 (3)	99.4
Total non-current assets	**5,371.2**	**815.6**	**6,186.8**
Inventories	1,544.9	–	1,544.9
Trade accounts receivable	2,074.4	(0.0)	2,074.4
Current tax assets	48.1	–	48.1
Other accounts receivable	512.7	(11.5) (4)	501.2
Cash and cash equivalents	563.6	(0.0)	563.6
Total current assets	**4,743.7**	**(11.5)**	**4,732.2**
Total assets	**10,114.9**	**804.1**	**10,919.0**
Total equity	**4,157.6**	**(68.5)**	**4,089.1**
LIABILITIES			
Interest bearing debt (non-current part)	2,450.5	(14.3) (5)	2,436.2
Lease liabilities (non-current part)	–	762.6 (6)	762.6
Net employee defined benefit liabilities	319.9	–	319.9
Deferred tax liabilities	172.8	(14.2) (3)	158.6
Provision and other non-current liabilities	56.3	(7.3) (7)	49.0
Total non-current liabilities	**2,999.6**	**726.7**	**3,726.3**
Interest bearing debt (current part)	155.5	(6.2) (5)	149.4
Accrued interest	6.3	(0.0)	6.3
Lease liabilities (current part)	–	162.6 (6)	162.6
Trade accounts payable	2,034.8	(0.7)	2,034.1
Income tax payable	34.8	–	34.8
Other current liabilities	726.3	(9.9) (4)	716.5
Total current liabilities	**2,957.7**	**145.8**	**3,103.5**
Total liabilities	**5,957.3**	**872.6**	**6,829.8**
Total equity and liabilities	**10,114.9**	**804.1**	**10,919.0**

(1) Derecognition under IFRS 16 of lease assets, previously recognized under finance lease.

(2) Right-of-use assets net of impairment were recognized and presented separately.

(3) Decrease of deferred tax liabilities net of deferred tax assets by €17.0 million due to the deferred tax impact of the changes in assets and liabilities.

(4) Prepayments of €11.5 million and trade and other payables of €9.9 million related to previous operating leases were derecognized.

(5) Derecognition under IFRS 16 of finance lease obligations, previously recognized under Interest bearing debt for €20.5 million.

(6) Lease liabilities of €925.2 million were recognized and presented separately.

(7) Derecognition under IFRS 16 of onerous operating leases.

The impacts of IFRS 16 "Leases" on the balance sheet as of December 31, 2018 were as follows:

	AS OF DECEMBER 31, 2018		
(in millions of euros)	AS REPORTED	RESTATEMENTS	IFRS 16 RESTATED
ASSETS			
Goodwill	3,871.1	–	3,871.1
Intangible assets	1,038.8	(1.0)	1,037.9
Property, plant and equipment	281.1	(14.5) (1)	266.6
Right-of-use assets	–	833.4 (2)	833.4
Long-term investments	42.6	–	42.6
Deferred tax assets	85.8	2.3 (3)	88.1
Total non-current assets	**5,319.4**	**820.2**	**6,139.7**
Inventories	1,674.2	–	1,674.2
Trade accounts receivable	2,091.5	–	2,091.5
Current tax assets	14.4	–	14.4
Other accounts receivable	519.0	(12.8) (4)	506.2
Assets held for sale	41.9	0.6 (2)	42.5
Cash and cash equivalents	544.9	–	544.9
Total current assets	**4,885.9**	**(12.2)**	**4,873.7**
Total assets	**10,205.3**	**808.0**	**11,013.3**
Total equity	**4,232.2**	**(85.9)**	**4,146.4**
LIABILITIES			
Interest bearing debt (non-current part)	1,936.2	(11.2) (5)	1,925.0
Lease liabilities (non-current part)	–	783.9 (6)	783.9
Net employee defined benefit liabilities	266.2	–	266.2
Deferred tax liabilities	225.2	(16.6) (3)	208.6
Provision and other non-current liabilities	63.2	(8.7) (7)	54.5
Total non-current liabilities	**2,490.7**	**747.4**	**3,238.1**
Interest bearing debt (current part)	649.0	(4.5) (5)	644.4
Accrued interest	5.0	–	5.0
Lease liabilities (current part)	–	160.6 (6)	160.6
Trade accounts payable	2,024.6	(0.4)	2,024.1
Income tax payable	26.8	–	26.8
Other current liabilities	738.8	(9.9) (4)	728.9
Liabilities related to assets held for sale	38.3	0.6 (6)	38.9
Total current liabilities	**3,482.4**	**146.4**	**3,628.8**
Total liabilities	**5,973.1**	**893.9**	**6,867.0**
Total equity and liabilities	**10,205.3**	**808.0**	**11,013.3**

(1) Derecognition under IFRS 16 of lease assets, previously recognized under finance lease.

(2) Right-of-use assets net of impairment of €834.0 million were recognized and presented separately or included under Assets held for sale where appropriate.

(3) Decrease of deferred tax liabilities net of deferred tax assets by €18.9 million due to the deferred tax impact of the changes in assets and liabilities.

(4) Prepayments of €12.8 million and trade and other payables of €9.9 million related to previous operating leases were derecognized.

(5) Derecognition under IFRS 16 of finance lease obligations, previously recognized under Interest bearing debt for €15.7 million.

(6) Lease liabilities of €945.1 million were recognized and presented separately under Lease Liabilities or included under Liabilities related to assets held for sale where appropriate.

(7) Derecognition under IFRS 16 of onerous operating leases.

The impacts of IFRS 16 "Leases" on the income statement for the year ended December 31, 2018 were as follows:

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2018 AS REPORTED	RESTATEMENTS	IFRS 16 RESTATED
Sales	13,365.7	–	13,365.7
Cost of goods sold	(10,078.7)	–	(10,078.7)
Gross profit	**3,286.9**	**–**	**3,286.9**
Distribution and administrative expenses	(2,702.2)	32.2 (1)	(2,670.0)
Operating income before other income and expenses	**584.7**	**32.2**	**617.0**
Other income and expenses	(174.9)	(6.2) (2)	(181.2)
Operating income	**409.8**	**26.0**	**435.8**
Net financial expenses	(100.6)	(44.3) (3)	(144.9)
Net income before income tax	**309.2**	**(18.3)**	**290.9**
Income tax	(157.0)	1.6 (4)	(155.3)
Net income	**152.3**	**(16.7)**	**135.6**
Basic earning per share (in euros)	**0.50**	**(0.06)**	**0.44**
Fully diluted earnings per share (in euros)	**0.50**	**(0.06)**	**0.44**

(1) Effect of rent expenses derecognition of €196.9 million less depreciation of right-of-use assets of €164.6 million.

(2) Effect of impairment of right-of-use assets of €12.3 million less derecognition of provisions for onerous leases of €6.1 million.

(3) Effect of interest expense on lease liabilities under IFRS 16.

(4) Effect of the above adjustments on income tax expense.

There is no material impact on other comprehensive income.

The Impact on the cash flow statement for the year ended December 31, 2018:

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2018 AS REPORTED	RESTATEMENTS	IFRS 16 RESTATED
Net cash from operating activities	**284.7**	**158.7**	**443.4**
Net cash from investing activities	**(95.5)**	**3.2**	**(92.3)**
Net cash from financing activities	**(158.2)**	**(161.9)**	**(320.0)**
Net (decrease) / increase in cash and cash equivalents	**31.1**	**–**	**31.1**

Cash flow from operating activities improved by €158.7 million and cash flow from financing activities deteriorated by €161.9 million, representing mainly the repayments for the principal portion of recognized lease liabilities.

3.2.1.2. Other new standards and interpretations effective from January 1, 2019

The following interpretations and amendments are applicable for annual periods beginning on or after January 1, 2019 and did not have a significant impact on the consolidated financial statements of the Group. All other pronouncements from the IAS Board or IFRS Interpretation Committee do not apply to the Group.

- IFRIC Interpretation 23 "Uncertainty over Income Tax Treatment"

  The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 "Income Taxes". It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain 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.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements. The Group determined, based on its tax compliance study, its internal control and processes, that it is probable that its tax treatments will be accepted by the taxation authorities.

• Amendments to IAS 19 “Employee Benefits”:

The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability.

• 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.

3.2.2 New and amended accounting standards and interpretations endorsed by the European Union with effect in future periods

The following standards, amendments and interpretations issued by IASB and IFRS Interpretation Committee have been endorsed by the European Union but are not yet effective at the reporting date:

• Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material”

In October 2018, the IASB issued amendments to IAS 1 and IAS 8 to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments are applied prospectively for annual periods beginning on or after January 1, 2020, with earlier application permitted and are not expected to have a significant impact on the Group’s consolidated financial statements.

• Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments: Disclosures”

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 to address issues in relation to the IBOR reform and its potential impacts on hedge accounting requirements in the period before the replacement of an interest rate benchmark with an alternative interest rate. The amendments:

– modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash specify that flows and cash flows from the hedging instrument are based on will not be altered as a result of interest rate benchmark reform;

– are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform;

– are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and

– require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

The amendments are effective for annual periods beginning on or after January 1, 2020 and must be applied retrospectively. The Group has decided to early adopt the amendments as permitted.

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.

• Amendments to IFRS 3 "Business Combinations": Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 "Business Combinations" to help entities determine whether an acquired set of activities and assets is a business or not.

They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020, with early application permitted. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

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, 2019. 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

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

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 Lease contracts

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. It applies a single recognition and measurement model for all leases except for short-term leases and leases of low-value assets. The Group recognizes right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payments.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (*i.e.* the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment (see note 3.8)

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees if any. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification (a change in the lease term, in the in-substance fixed lease payments or in the assessment to purchase the underlying asset).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (*i.e.* those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets recognition exemption to leases of office equipment (including copiers, printers, lap-tops) that are individually considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as part of the distribution and administrative expenses on a straight-line basis over the lease term.

Lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its lease agreements, to extend the lease term of properties part of its branch network. The Group considers all relevant factors that create an economic incentive for it to exercise the renewal on a site by site basis among which: the cost of relocation including the effect of potential business disruptions on operations resulting from a lease termination, the attractiveness of the location, and the investments in leasehold improvements. Typically, the Group considers renewal options in determining the lease term at inception of the lease. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (*i.e.* adverse changes in the attractiveness of the location or business strategy change).

Following the decision reached by the IFRS IC of the decision on the lease term of a cancellable or renewable lease and issued on December 16, 2019, the Group is currently reviewing lease agreements that are potentially concerned and collecting necessary information to assess impacts which may arise on the term of these leases and the related effects on the right-of-use assets and lease liabilities.

Discount rate

The Group uses the IBR to measure the lease liability as the implicit interest rate of lease agreements is not readily available. The incremental borrowing rate is determined by reference to the 7-year currency swap applicable to each of the Group's entities in their own functional currencies after adding back the Group's credit spread. The Group credit spread is derived from the cost of issuing senior notes which is the primary source of funding of the Group.

Income tax

The Group elected for the recognition of deferred tax calculated on the right-of-use assets and the lease liabilities.

3.8 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. Fair value less costs to sell is based on available data derived from sale transactions on an arm's length basis for similar assets on observable market prices less incremental costs of disposing of the asset. Value-in-use is calculated based on a discounted cash flow model. These cash flows are derived from the budget for the next three years and then extrapolated for two additional years. Value-in-use calculation is most relevant to goodwill and other intangible assets with indefinite useful life recognized by the Group such as distribution network and strategic supplier relationships. It may also apply to right-of-use assets and other fixed assets once goodwill and other intangibles have been fully impaired.

3.9 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.

3.10 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 3.12).

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.

3.11 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 3.12).

3.12 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.

3.13 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 15) and the summary of financial liabilities (note 24).

3.14 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.

3.15 Employee benefits

3.15.1 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.

3.15.2 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.

3.16 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.

3.17 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 3.20). 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.

3.18 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.

3.19 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.

3.20 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.

3.21 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 3.12).

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.

3.22 Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or in equity, in which case it is recognized respectively in other comprehensive income or in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: (i) goodwill not deductible for tax purposes, (ii) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and (iii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available to recover this asset. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Practically, this is achieved through a valuation allowance recognized against deferred tax assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income tax levied by the same tax jurisdiction and the Group intends to settle its current tax assets and liabilities on a net basis.

Information as to the calculation of income tax on the profit for the periods presented is included in note 10.

3.23 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.

3.24 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 2018 and 2019, the Group did not proceed to any significant business combination.

5. Segment reporting

The reportable segments are Europe, North America and Asia-Pacific.

Information by geographic segment for the year ended December 31, 2019 and 2018

	2019					
(in millions of euros)	EUROPE	NORTH AMERICA	ASIA-PACIFIC	**TOTAL OPERATING SEGMENTS**	CORPORATE HOLDINGS AND OTHER RECONCILING ITEMS	**TOTAL GROUP**
FOR THE YEAR ENDED DECEMBER 31,						
Warehouse sales	6,904.1	3,380.7	1,048.6	**11,333.4**	–	**11,333.4**
Direct sales	641.9	1,888.5	130.5	**2,660.9**	–	**2,660.9**
Rebates, discount and services	(214.5)	(36.2)	(1.3)	**(252.0)**	–	**(252.0)**
Sales to external customers	**7,331.5**	**5,233.0**	**1,177.9**	**13,742.3**	**–**	**13,742.3**
EBITA [(1)]	445.7	226.6	27.5	**699.8**	(22.3)	**677.5**
Goodwill impairment	(80.2)	–	(17.8)	**(98.0)**	–	**(98.0)**
AS OF DECEMBER 31,						
Working capital	694.9	709.5	138.3	**1,542.7**	(16.4)	**1,526.4**
Goodwill	2,263.6	1,402.2	119.7	**3,785.5**	–	**3,785.5**

	2018 [(2)]					
(in millions of euros)	EUROPE	NORTH AMERICA	ASIA-PACIFIC	**TOTAL OPERATING SEGMENTS**	CORPORATE HOLDINGS AND OTHER RECONCILING ITEMS	**TOTAL GROUP**
FOR THE YEAR ENDED DECEMBER 31,						
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)]	427.0	208.5	27.4	**662.9**	(30.3)	**632.6**
Goodwill impairment	(56.3)	–	–	**(56.3)**	–	**(56.3)**
AS OF DECEMBER 31,						
Working capital	655.6	727.2	136.6	**1,519.4**	(3.1)	**1,516.3**
Goodwill	2,324.0	1,408.0	139.0	**3,871.1**	–	**3,871.1**

(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 16 "Leases" (see note 3.2.1).

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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, 2019	2018[(1)]
EBITA	**677.5**	**632.6**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(14.3)	(15.7)
Other income and other expenses	(176.8)	(181.2)
Net financial expenses	(165.3)	(144.9)
Net income before tax	**321.1**	**290.9**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 "Leases" (see note 3.2.1).

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, 2019	2018[(1)]
Working capital	1,526.4	1,516.3
Goodwill	3,785.5	3,871.1
Total allocated assets & liabilities	**5,311.9**	**5,387.4**
Liabilities included in allocated working capital	2,757.7	2,752.0
Accrued interest receivable	2.0	2.2
Other non-current assets	2,248.1	2,180.5
Deferred tax assets	60.1	88.1
Current tax assets	7.9	14.4
Assets classified as held for sale	169.4	42.5
Derivatives	3.3	1.5
Cash and cash equivalents	514.3	544.9
Group consolidated total assets	**11,074.8**	**11,013.3**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 "Leases" (see note 3.2.1).

6. Distribution & administrative expenses

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2019	2018[(1)]
Personnel costs (salaries & benefits)	1,690.2	1,631.3
Delivery costs	247.8	242.7
Other external costs	402.2	386.2
Depreciation expense[(2)]	281.6	264.7
Building and occupancy costs	106.7	103.0
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	14.3	15.7
Bad debt expense.	26.1	26.4
Total distribution and administrative expenses	**2,768.8**	**2,670.0**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 "Leases" (see note 3.2.1).

(2) Including depreciation expense of right-of-use assets for €178.3 million (€170.9 million for the year ended December 31, 2018) (see note 11.3).

7. Salaries & benefits

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2019	2018
Salaries and social security charges	1,622.2	1,562.5
Share-based payments	7.3	9.1
Pension and other post-retirement benefits-defined benefit plans	12.7	14.0
Other employee expenses	48.1	45.7
Total employee expenses	**1,690.2**	**1,631.3**

The table below sets forth average number of employees by geographic segment:

	FOR THE YEAR ENDED DECEMBER 31, 2019	2018
Europe	15,254	15,723
North America	8,692	8,451
Asia-Pacific	2,525	2,671
Total operating segments	**26,471**	**26,844**
Corporate Holdings	160	171
Group average number of employees	**26,631**	**27,015**

8. Other income & other expenses

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2019	2018 (1)
Gains on disposal of fixed assets	7.0	5.2
Gain on disposal of investments in consolidated companies (2)	12.5	–
Gain on lease terminations	5.5	0.5
Release of unused provisions	0.2	9.0
Gains on earn-out	–	0.3
Other operating income	1.6	0.5
Total other income	**26.9**	**15.5**
Restructuring costs (3)	(32.6)	(76.5)
Impairment of intangible assets with indefinite useful life (4)	(118.0)	(61.9)
Fair value adjustments of assets held for sale (5)	(17.2)	(25.4)
Loss on lease terminations	(0.6)	(0.1)
Losses on non-current assets disposed of	(6.5)	(1.5)
Impairment of other assets	(2.0)	(15.3)
Litigations	(2.7)	(4.0)
Other operating expenses (6)	(24.0)	(12.0)
Total other expenses	**(203.7)**	**(196.7)**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 “Leases” (see note 3.2.1).

(2) Consisting in (i) a €6.5 million disposal gain related to the sale to the minority shareholder of the 65% Group’s interest in Rexel Hailongxing Electrical Equipment Ltd, a joint venture operating in Beijing (China) for a consideration of €5.5 million and (ii) a €5.6 million exchange gain recognized as a result of the accumulated foreign currency transaction adjustment recycled into profit and loss following the completion of the liquidation and deregistration process of Rexel CZ, a dormant affiliate incorporated in Czech Republic, which business assets were sold in 2014.

(3) Mainly incurred (i) as part of the turn-around of UK operations including footprint reduction, closing of the national distribution center, optimization of the product offering plan and change in management team (ii) the finalization of the transformation plan in Germany initiated in 2018 and (iii) the reduction in work force in the USA to support lower growth and activity levels (in 2018, restructuring costs mainly included branch and logistic center closures and headquarters downsizing mainly in Germany, Spain and in the United Kingdom).

(4) Consisting in goodwill, distribution network and other intangible assets impairment losses of €98.0 million, €17.5 million and €2.5 million respectively, allocated to Norway (€58.9 million), the United Kingdom (€21.4 million), New Zealand (€21.8 million), Finland (€9.3 million), and Middle East (€6.6 million). In 2018, impairment losses were allocated to Norway (€29.2 million), Finland (€26.9 million) and Spain (€5.8 million) (see note 11.1).

(5) Of which fair value adjustments of assets held for sale of €10.9 million related to the expected sale of Gexpro Services in the US and €6.3 million to Spanish export business (€25.4 million related to non-core Chinese businesses classified as assets held for sale in 2018 and disposed of in early 2019) (see note 13).

(6) In 2019, includes (i) €10.4 million of non-recurring professional fees relating to business transformation and development projects, acquisition and divestment projects, forensic & legal investigations (ii) senior executives employment contract termination costs, (iii) a settlement loss in connection with the wind up of a multi-employer defined pension scheme in the USA (in 2018, including (i) the impact of the equalization of Guaranteed Minimum Pension (GMP) associated with a pension scheme in the United Kingdom and (ii) the effect of senior executives employment contract termination).

9. Net financial expenses

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2019	2018(1)
Interest income on cash and cash equivalents	1.5	1.3
Interest income on receivables and loans	1.3	2.0
Financial income	**2.7**	**3.3**
Interest expense on financial debt (stated at amortized cost)	(77.6)	(80.3)
Interest gain / (expense) on interest rate derivatives	7.8	7.7
Change in fair value of interest rate derivatives through profit and loss	(2.0)	(3.3)
Financial expense on borrowings	**(71.8)**	**(75.9)**
Non-recurring redemption costs (2)	**(20.8)**	**-**
Foreign exchange gain (loss)	*(1.2)*	*1.3*
Change in fair value of exchange rate derivatives through profit and loss	*0.8*	*(0.1)*
Net foreign exchange gain (loss)	(0.4)	1.3
Net financial expense on employee benefit obligations	(9.6)	(8.4)
Interest on lease liabilities	(45.5)	(45.3)
Others	(19.9)	(19.8)
Other financial expenses	**(75.4)**	**(72.2)**
Net financial expenses	**(165.3)**	**(144.9)**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 “Leases” (see note 3.2.1).

(2) Non-recurring costs related to the early redemption of the 3.50% €650 million senior notes due 2023 (see note 22.1.2).

10. Income tax

Rexel and its French subsidiaries have formed a tax group from January 1, 2005. Rexel uses tax consolidation in other countries where similar options exist.

10.1 Income tax expense

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2019	2018(1)
Current tax	(109.0)	(110.0)
Deferred tax	(7.4)	(45.9)
Prior year adjustments on current tax or deferred tax	(0.9)	0.6
Total income tax expense	**(117.3)**	**(155.3)**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 “Leases” (see note 3.2.1).

10.2 Deferred tax assets and liabilities

Changes in net deferred tax assets / (liabilities) are as follows:

(in millions of euros)	2019	2018(1)
Net deferred tax at the beginning of the year	**(120.6)**	**(59.2)**
Deferred tax income (expense)	(6.0)	(48.6)
Other comprenhensive income	6.8	(7.3)
Change in consolidation scope	0.0	0.2
Currency translation adjustment	(0.9)	(5.2)
Other changes	(4.0)	(0.4)
Net deferred tax at the end of the year	**(124.5)**	**(120.6)**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 “Leases” (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, 2019	2018[(1)]
Intangible assets	(316.7)	(306.6)
Property, plant and equipment	(8.3)	(9.0)
Right-of-use assets	29.4	24.7
Financial assets	11.3	20.2
Trade accounts receivable	10.4	12.9
Inventories	22.5	20.1
Employee benefits	86.4	78.6
Provisions	8.5	7.0
Financing fees	(0.1)	2.4
Other items	(8.8)	(15.2)
Tax losses carried forward	206.9	233.3
Deferred tax assets / (liabilities), net	**41.6**	**68.3**
Valuation allowance on deferred tax assets	(166.1)	(188.9)
Net deferred tax assets / (liabilities)	**(124.5)**	**(120.6)**
of which deferred tax assets	60.1	88.1
of which deferred tax liabilities	(184.6)	(208.6)

(1) Restated for changes in accounting policies following the adoption of IFRS 16 "Leases" (see note 3.2.1).

A valuation allowance on deferred tax assets of €166.1 million was recognized as of December 31, 2019 (€188.9 million as of December 31, 2018 restated), 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, 2019, 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 China and Italy. The expiry date of such tax losses carried forward is as follows:

(in millions of euros)	AS OF DECEMBER 31, 2019	2018
One year	0.7	–
Two years	0.5	0.3
Three years	0.1	2.1
Four years	2.2	3.9
Five years	2.0	5.2
Thereafter	785.7	757.6
Total tax losses carried forward (tax basis) subject to a valuation allowance	**791.2**	**769.1**

10.3 Effective tax rate

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2019		2018[(1)]	
Income before tax and before share of profit in associates	321.1		290.9	
French legal tax rate		*34.4%*		*34.4%*
Income tax calculated at the legal tax rate	(110.6)		(100.2)	
Differences of tax rates between French and foreign jurisdictions	15.0	(4.7%)	15.8	(5.4%)
Changes in tax rates	(0.0)	0.0%	1.1	(0.4%)
(Current year losses unrecognized), prior year losses recognized [(2)]	(14.8)	4.6%	(31.2)	10.7%
(Non-deductible expenses), tax exempt revenues [(3)]	(29.3)	9.1%	(21.0)	7.2%
Others [(4)]	22.5	(7.0%)	(19.8)	6.8%
Actual income tax expense	**(117.3)**	**36.5 %**	**(155.3)**	**53.4%**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 "Leases" (see note 3.2.1).

(2) Including unrecognized tax loss carried forward in Germany of €5.3 million (€18.1 million in 2018) and Spain of €2.5 million (€5.8 million in 2018).

(3) Of which €21.5 million of tax effect of non-deductible goodwill impairment loss (€13.6 million in 2018).

(4) Including in 2019 (i) the release of a €29.5 million reserve on disputed interest expenses tax deductibility following the decision of the Appeal Court in 2019 favorable for Rexel (see note 27.1) and (ii) a tax levy calculated on added value in France (CVAE) for €7.0 million (€6.6 million in 2018). In 2018 other effects also included a €13.5 million tax expense related to Hagemeyer Finance BV Finnish branch tax reassessment (see note 27.1).

11. Long-term assets

11.1 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, 2018 (1)	**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 (1)	**185.6**	**650.4**	**732.2**	**1,568.3**	**4,478.4**
Change in consolidation scope	–	–	(13.5)	**(13.5)**	**(31.7)**
Additions	–	–	57.1	**57.1**	**-**
Disposals	–	–	(13.5)	**(13.5)**	**-**
Currency translation adjustment	–	12.1	9.6	**21.7**	**71.1**
Other changes	–	–	(14.8)	**(14.8)**	**(54.5)**
Gross carrying amount as of December 31, 2019	**185.6**	**662.5**	**757.1**	**1,605.2**	**4,463.3**
Accumulated amortization and depreciation as of January 1, 2018 (1)	**-**	**(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)	(1.0)	**(6.6)**	**(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 (1)	**-**	**(11.4)**	**(519.0)**	**(530.4)**	**(607.4)**
Change in consolidation scope	–	–	11.5	**11.5**	**31.3**
Amortization expense	–	–	(62.4)	**(62.4)**	**-**
Impairment losses	–	(17.5)	(2.5)	**(20.0)**	**(98.0)**
Release	–	–	10.6	**10.6**	**-**
Currency translation adjustment	–	(0.2)	(5.6)	**(5.8)**	**(3.7)**
Other changes	–	–	18.9	**18.9**	**-**
Accumulated amortization and depreciation as of December 31, 2019	**-**	**(29.1)**	**(548.6)**	**(577.7)**	**(677.8)**
Carrying amount as of January 1, 2018 (1)	185.6	641.8	222.3	1,049.7	3,914.9
Carrying amount as of December 31, 2018 (1)	185.6	639.0	213.3	1,037.9	3,871.1
Carrying amount as of December 31, 2019	185.6	633.4	208.5	1,027.5	3,785.5

(1) Restated for changes in accounting policies following the adoption of IFRS 16 “Leases” (see note 3.2.1).

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 €135.0 million as of December 31, 2019 (€126.0 million as of December 31, 2018 restated) and customer relationships for €21.0 million as of December 31, 2019 (€34.7 million as of December 31, 2018).

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, 2019			2018		
CGU	GEOGRAPHIC SEGMENT	GOODWILL	INTANGIBLE ASSETS	TOTAL	GOODWILL	INTANGIBLE ASSETS	TOTAL
France	Europe	1,066.8	169.4	1,236.2	1,065.6	169.4	1,235.0
United States	North America	936.5	152.6	1,089.0	972.4	149.7	1,122.1
Canada	North America	465.7	69.4	535.1	435.7	64.9	500.6
Switzerland	Europe	276.2	38.8	315.0	266.0	37.4	303.4
United Kingdom	Europe	181.3	60.1	241.5	193.4	57.2	250.6
Sweden	Europe	177.2	18.0	195.2	180.5	18.3	198.8
Germany	Europe	98.2	51.7	149.9	98.2	51.7	149.9
Australia	Asia-Pacific	102.8	24.3	127.1	101.4	23.9	125.3
Austria	Europe	89.8	13.0	102.8	88.5	13.0	101.5
Belgium	Europe	79.4	–	79.4	79.3	–	79.3
Norway	Europe	70.3	12.6	82.9	128.1	12.5	140.5
Other		241.4	209.2	450.6	262.1	226.6	488.7
	Total	**3,785.5**	**819.0**	**4,604.6**	**3,871.1**	**824.7**	**4,695.8**

Impairment

The Group performs impairment tests of goodwill and other intangible assets (including distribution networks) 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 2019 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:

	2019			2018		
CGU	DISCOUNT RATE (WACC)	LONG TERM GROWTH RATE (G)	WACC - (G)	DISCOUNT RATE (WACC)	LONG TERM GROWTH RATE (G)	WACC - (G)
France	7.9%	1.8%	6.2%	7.3%	1.8%	5.6%
United States	8.4%	2.3%	6.2%	8.5%	2.3%	6.3%
Canada	8.3%	2.0%	6.3%	8.5%	2.3%	6.3%
Switzerland	7.5%	1.8%	5.8%	7.2%	1.0%	6.2%
United Kingdom	8.1%	1.8%	6.4%	7.6%	1.8%	5.9%
Sweden	7.6%	1.8%	5.9%	7.6%	1.8%	5.9%
Germany	7.0%	1.8%	5.3%	6.8%	1.8%	5.1%
Australia	8.9%	2.5%	6.4%	8.8%	2.5%	6.3%
Austria	7.5%	1.8%	5.8%	7.7%	1.8%	6.0%
Belgium	7.4%	1.8%	5.7%	7.2%	1.8%	5.5%
Norway	7.8%	1.8%	6.1%	7.7%	1.8%	6.0%
Other	7.4% to 16.6%	1.8% to 3.0%	5.6% to 13.6 %	5.8% to 15.7%	1.0% to 5.0%	4.8% to 10.7%

Impairment losses

Following lower than expected 2019 performance in Norway, Finland, New Zealand, Middle East and in the United Kingdom, the Group adjusted downwards its prospects, including, the normative EBITA margin factored in the terminal value where appropriate, resulting in a €98.0 million goodwill impairment loss of which €58.9 million allocated to Norway, €21.4 million to the United Kingdom, €11.1 million to New Zealand and €6.6 million to Middle East. In addition, impairment losses on distribution network and other intangible assets with indefinite useful life were recognized for €20.0 million of which €10.7 million in New Zealand and €9.3 million in Finland. As a result, the carrying value of goodwill and distribution network in Norway was reduced to €82.9 million, to €241.5 million in the United Kingdom and was nil for New Zealand and Middle East as of December 31, 2019.

In 2018, the Group recognized a goodwill impairment expense of €56.3 million, 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.

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:

CGU	GOODWILL & INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE	EBITA MARGIN (-50 BPS)	DISCOUNT RATE (+50 BPS)	LONG TERM GROWTH RATE (-50 BPS)
France	1,236.2	–	–	–
United States	1,089.0	–	–	–
Canada	535.1	(44.3)	(43.6)	(31.6)
Switzerland	315.0	–	–	–
United Kingdom	241.5	(36.3)	(23.2)	(17.4)
Sweden	195.2	–	–	–
Germany	149.9	(37.3)	(17.9)	(14.5)
Australia	127.1	(19.1)	(12.4)	(9.0)
Austria	102.8	–	–	–
Belgium	79.4	–	–	–
Norway	82.9	(11.6)	(9.0)	(7.0)
Other	450.6	(1.4)	(0.6)	(0.4)
Total	**4,604.6**	**(150.0)**	**(106.7)**	**(79.9)**

11.2 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, 2018 (1)	**188.3**	**612.1**	**34.8**	**835.2**
Change in consolidation scope	–	0.1	–	**0.1**
Additions	2.4	57.9	6.2	**66.5**
Disposals	(5.2)	(26.4)	(2.8)	**(34.5)**
Currency translation adjustment	0.7	1.4	0.1	**2.2**
Other changes	–	(1.5)	(0.1)	**(1.6)**
Gross carrying amount as of December 31, 2018 (1)	**186.3**	**643.6**	**38.2**	**868.0**
Change in consolidation scope	(3.2)	(8.1)	–	**(11.3)**
Additions	2.4	56.8	9.2	**68.4**
Disposals	(7.3)	(35.4)	(1.6)	**(44.3)**
Currency translation adjustment	3.7	7.2	0.3	**11.2**
Other changes	0.2	4.6	(10.0)	**(5.3)**
Gross carrying amount as of December 31, 2019	**181.9**	**668.7**	**36.1**	**886.7**
Accumulated amortization and depreciation as of January 1, 2018 (1)	**(102.5)**	**(457.3)**	**(21.0)**	**(580.9)**
Change in consolidation scope	–	(0.1)	–	**(0.1)**
Depreciation expense	(5.8)	(41.6)	(2.4)	**(49.9)**
Impairment losses	(0.2)	(0.2)	–	**(0.4)**
Release	3.6	25.6	0.3	**29.4**
Currency translation adjustment	(0.4)	(0.6)	–	**(0.9)**
Other changes	–	1.4	–	**1.4**
Accumulated amortization and depreciation as of December 31, 2018 (1)	**(105.4)**	**(472.9)**	**(23.1)**	**(601.4)**
Change in consolidation scope	2.7	6.7	–	**9.4**
Depreciation expense	(5.4)	(47.4)	(2.4)	**(55.2)**
Impairment losses	–	(0.1)	–	**(0.1)**
Release	3.6	35.1	1.1	**39.8**
Currency translation adjustment	(2.1)	(4.8)	–	**(6.9)**
Other changes	–	1.1	(0.0)	**1.0**
Accumulated depreciation and amortization as of December 31, 2019	**(106.5)**	**(482.3)**	**(24.5)**	**(613.4)**
Carrying amount as of January 1, 2018 (1)	**85.8**	**154.8**	**13.8**	**254.4**
Carrying amount as of December 31, 2018 (1)	**80.9**	**170.7**	**15.0**	**266.6**
Carrying amount as of December 31, 2019	**75.4**	**186.4**	**11.6**	**273.3**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 “Leases” (see note 3.2.1).

11.3 Leases

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period.

(in millions of euros)	PROPERTIES	OTHER EQUIPMENTS	TOTAL RIGHT-OF-USE
As of January 1, 2018	**763.9**	**66.6**	**830.5**
Additions	148.7	32.5	**181.2**
Depreciation expenses and impairment	(148.4)	(33.8)	**(182.3)**
Currency translation adjustment	3.0	0.9	**3.9**
As of December 31, 2018	**767.2**	**66.2**	**833.4**
Additions	200.0	38.3	**238.2**
Depreciation expenses and impairment	(145.1)	(35.0)	**(180.1)**
Currency translation adjustment	10.8	0.9	**11.7**
Change in consolidation scope	(4.9)	(0.0)	**(5.0)**
As of December 31, 2019	**827.9**	**70.3**	**898.2**

Set out below are the carrying amounts of lease liabilities recognized and the movements during the period.

	As of December 31, 2019			**As of December 31, 2018**		
(in millions of euros)	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Properties	133.9	802.4	936.3	133.5	743.7	877.2
Other equipments	29.7	44.1	73.7	27.1	40.2	67.3
Total lease liabilities	**163.5**	**846.5**	**1,010.0**	**160.6**	**783.9**	**944.5**

(in millions of euros)	TOTAL LEASE LIABITIES
As of January 1, 2018	**925.1**
Additions	**180.9**
Interest expenses	**45.3**
Payments	**(211.8)**
Currency translation adjustment	**5.0**
As of December 31, 2018	**944.5**
Additions	**233.1**
Interest expenses	**45.5**
Payments	**(220.7)**
Currency translation adjustment	**13.5**
Change in scope	**(5.9)**
As of December 31, 2019	**1,010.0**

The lease debt maturity breaks down was as follow:

	AS OF DECEMBER 31,	
(in millions of euros)	**2019**	**2018**
DUE WITHIN		
One year	163.5	160.6
Two years	146.8	139.7
Three years	125.1	123.2
Four years	107.7	102.7
Five years	92.1	86.3
Thereafter	374.8	331.9
Total lease liabilities	**1,010.0**	**944.5**

Set out below, are the amounts recognized in profit or loss for the year ended December 31, 2019 and for the year ended December 31, 2018:

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2019	2018
Depreciation of right-of-use assets	(178.3)	(170.9)
Interest on lease liabilities	(45.5)	(45.3)
Rent on short term and low-value assets leases	(15.5)	(15.4)
Impairment of assets	(1.8)	(11.3)
Net gain on lease termination	4.9	0.4
Total amount recognized in P&L	**(236.2)**	**(242.5)**

11.4 Long-term investments

(in millions of euros)	AS OF DECEMBER 31, 2019	2018
Deposits	29.0	24.7
Derivatives	19.9	17.7
Loans	0.1	0.1
Other long-term investments	0.3	0.2
Long-term investments	**49.2**	**42.6**

12. Current assets

12.1 Inventories

(in millions of euros)	AS OF DECEMBER 31, 2019	2018
Cost	1,772.7	1,753.2
Allowance	(75.8)	(79.0)
Inventories	**1,696.9**	**1,674.2**

Changes in impairment losses

(in millions of euros)	2019	2018
Allowance for inventories as of January 1,	**(79.0)**	**(77.8)**
Change in consolidation scope	5.1	(0.4)
Net change in allowance	(5.1)	(7.0)
Currency translation adjustment	(1.4)	(0.5)
Other changes	4.5	6.7
Allowance for inventories as of December 31,	**(75.8)**	**(79.0)**

12.2 Trade accounts receivable

(in millions of euros)	AS OF DECEMBER 31, 2019	2018
Nominal value	2,157.3	2,205.3
Impairment losses	(98.0)	(113.8)
Trade accounts receivable	**2,059.3**	**2,091.5**

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, 2019 (€250.0 million as of December 31, 2018).

The Group has implemented credit insurance programs in certain significant countries. Trade accounts receivable covered by these programs amounted to €832.4 million as of December 31, 2019 (€820.1 million as of December 31, 2018).

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 €213.4 million as of December 31, 2019 (€225.6 million as of December 31, 2018).

Changes in impairment losses:

(in millions of euros)	2019	2018
Impairment losses on trade accounts receivable as of January 1,	**(113.8)**	**(118.1)**
Change in consolidation scope	0.7	(0.1)
Net allowance (1)	(22.0)	4.5
Currency translation adjustment	(0.8)	(0.2)
Impairment losses on trade accounts receivable classified as held for sale	37.9	-
Impairment losses on trade accounts receivable as of December 31,	**(98.0)**	**(113.8)**

(1) Of which receivables written-off for €25.6 million in 2019 (€25.5 million in 2018).

As of December 31, 2019, trade receivables were subject to impairment losses estimated on an individual basis following the assessment of the customer default risk for €89.1 million (€88.4 million as of December 31, 2018).

In accordance with the accounting principle stated in note 3.10, all receivables are subject to an impairment loss estimated on ageing-based matrix for €23.9 million as of December 31, 2019 (€26.5 million as of December 31, 2018).

Ageing of receivables is detailed as follows:

(in millions of euros)	AS OF DECEMBER 31, 2019	AS OF DECEMBER 31, 2018
Non due	1,727.0	1,739.7
From 1 to 30 days	255.5	273.2
From 31 to 60 days	72.0	73.7
From 61 to 90 days	30.0	31.1
From 91 to 180 days	34.9	37.5
Above 180 days	37.7	50.2
Total	**2,157.3**	**2,205.3**

12.3 Other accounts receivable

(in millions of euros)	AS OF DECEMBER 31, 2019	AS OF DECEMBER 31, 2018[1]
Suppliers' rebates and services [2]	316.1	297.8
VAT receivable and other sales taxes	23.6	16.3
Prepaid expenses	36.9	26.8
Derivatives	3.3	1.5
Other receivables	153.3	163.8
Total other accounts receivable	**533.1**	**506.2**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 "Leases" (see note 3.2.1).

(2) Suppliers' rebates and services income recognized for the year ended December 31, 2019 were €883.5 million (€874.6 million for the year ended December 31, 2018).

13. 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.

Assets and liabilities associated with activities classified as held for sale are as follows:

			AS OF DECEMBER 31,	
			2019	2018
(in millions of euros)	GEXPRO SERVICES	SPANISH EXPORT BUSINESS	TOTAL	TOTAL
Assets				
Non-current assets	52.2	–	52.2	1.3
Current assets	103.2	8.5	111.6	11.9
Cash and cash equivalents	0.9	4.7	5.6	29.3
Total assets	**156.2**	**13.2**	**169.4**	**42.5**
Liabilities				
Interest bearing debt	6.0	0.3	6.3	19.9
Currents liabilities	26.9	2.1	29.0	19.0
Total liabilities	**32.9**	**2.4**	**35.3**	**38.9**
Net assets held for sale	**123.3**	**10.8**	**134.1**	**3.6**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 "Leases" (see note 3.2.1).

13.1 Assets held for sale as of December 31, 2019

Gexpro Services

On December 30, 2019, the Group entered into a stock and asset purchase agreement with the US-based private investment firm "LKCM Headwater Investments" to dispose its non-core Gexpro Services business. Gexpro Services, which was acquired by Rexel as part of the GE Supply acquisition in August 2006, provides integrated customized supply chain solutions centered around C-Part products (fasteners, fabrication, mechanical and electrical) primarily to high specification OEM industries. The agreement provides for certain conditions precedent to closing of the said transactions, which are expected to take place in the first quarter of 2020. As of December 31, 2019, 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 €10.9 million was recognized on goodwill.

The sale of these assets is expected to close in the first quarter of 2020.

As of December 31, 2019, accumulated foreign currency translation adjustment recognized in equity was €4.0 million. Foreign currency translation adjustment will be recycled to income statement at completion date of the transaction.

Spanish Export Business

In 2019, the Group initiated a management buy-out transaction to divest from its 100% shareholding interest in Suministros Eléctricos Erka S.L.U., a non-core affiliate incorporated in Spain specialized in doing export business of electrical equipment. On February 6, 2020, Rexel entered into a put option with the entity's management which is expected to be exercised in the first quarter of 2020. As the sale was deemed highly probable as of December 31, 2019, 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 €6.3 million was recognized.

13.2 Assets held for sale as of December 31, 2018

LuckyWell and Maxqueen

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. As of December 31, 2018, the group of assets to be disposed of had 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. These transactions were closed down in 2019 and a €0.4 million gain was recognized as part of the accumulated foreign currency transaction adjustment recycled into profit and loss.

14. Cash and cash equivalents

	AS OF DECEMBER 31,	
(in millions of euros)	**2019**	**2018**
Cash at bank	513.3	543.9
Cash in hand	1.0	0.9
Cash and cash equivalents	**514.3**	**544.9**

15. Summary of financial assets

				AS OF DECEMBER 31,			
				2019		2018[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	19.4	19.4	13.3	13.3
Hedging derivatives [2]		FV OCI	2	0.5	0.5	4.3	4.3
Other derivative instruments not eligible to hedge accounting		FV P&L	2	–	–	0.0	0.0
Deposits		AC		29.0	29.0	24.7	24.7
Loans		AC		0.1	0.1	0.1	0.1
Others [3]		N/A		0.2	N/A	0.2	N/A
Total long-term investments	11.4			**49.2**	**–**	**42.6**	**–**
Trade accounts receivable	12.2	AC		**2,059.3**	**2,059.3**	**2,091.5**	**2,091.5**
Supplier rebates receivable		AC		316.1	316.1	370.0	370.0
VAT and other receivable [3]		N/A		23.6	N/A	16.3	N/A
Other accounts receivable		AC		153.3	153.3	91.6	91.6
Other derivative instruments eligible to hedge accounting		FV OCI	2	0.2	0.2	0.9	0.9
Other derivative instruments not eligible to hedge accounting		FV P&L	2	3.1	3.1	0.6	0.6
Prepaid expenses [3]		N/A		36.9	N/A	26.8	N/A
Total other current assets	12.3			**533.1**	**–**	**506.2**	**–**
Cash		FV P&L		514.3	514.3	544.9	544.9
Cash and cash equivalents	14			**514.3**	**–**	**544.9**	**–**

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 3.13.

(1) Restated for changes in accounting policies following the adoption of IFRS 16 “Leases” (see note 3.2.1).

(2) Specific accounting treatment for hedging.

(3) Not a financial instrument under IFRS 9.

16. Share capital and premium

16.1 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, 2018	**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 (1)	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**
Issuance of shares in connection with free shares plans (2)	113,114	0.6	–
Allocation of free shares	–	–	(10.4)
Free shares cancelled	–	–	12.6
Cash dividends	–	–	(104.9)
As of December 31, 2019	**304,102,013**	**1,520.5**	**1,451.2**

(1) Issuance of 33,145 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 113.114 shares in connection with the 2015 bonus shares plan ("4+0 Plan").

16.2 Capital Management and treasury shares

The Shareholders' Meeting of May 23, 2019 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, 2020).

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 €14.9 million as of December 31, 2019 (€14.2 million as of December 31, 2018).

Rexel also repurchased in previous years treasury shares to serve its free share plans (1,120,003 shares held as of December 31, 2019).

As of December 31, 2019, Rexel held in aggregate 1,748,912 treasury shares (2,108,720 as of December 31, 2018) valued at an average price of €12.35 per share (€11.85 per share as of December 31, 2018) that were recognized as a reduction in shareholders' equity, for a total of €21.6 million (€25.0 million as of December 31, 2018).

Net capital gains realized on the sale of treasury shares in 2019 amounted to €0.8 million net of tax and were recognized as increase in shareholders' equity (net capital losses of €1.1 million in 2018).

17. Dividends

	FOR THE YEAR ENDED DECEMBER 31, 2019	2018
Dividends per share	€0.44	€0.42
Dividends paid in cash (in millions of euros)	**133.0**	**126.8**

18. Share based payments

18.1 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 2019

On May 23, 2019, Rexel entered into three free share plans for top executive managers amounting to a maximum of 2,082,522 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares depending on three years after the grant date (May 24, 2022) with no subsequent restrictions.

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) 2018/2021 average growth of EBITA in value (ii) 2018/2021 average Organic Sales Growth (iii) average free cash flow before interest and tax to EBITDA between 2019 to 2021 (iv) Rexel share market performance compared to peers			
Delivery date	May 24, 2022	May 24, 2022	May 24, 2022	
Share fair value at grant date May 23, 2019 [(1)]	*8.59*	*8.83*	*9.23*	***8.74***
Maximum number of shares granted on May 23, 2019	**1,016,875**	**932,147**	**133,500**	**2,082,522**
2019 adjustment (see note 18.2)	34,040	32,081	4,698	**70,819**
Number of shares cancelled	(29,000)	(24,250)	(3,000)	**(56,250)**
Total maximum number of shares granted as of December 31, 2019	**1,021,915**	**939,978**	**135,198**	**2,097,091**

(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.

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)**
Maximum number of shares granted on December 31, 2018	**948,325**	**793,319**	**68,500**	**1,810,144**
2019 adjustment (see note 18.2)	30,124	25,116	2,376	**57,616**
Number of shares cancelled	(74,175)	(82,202)	(2,500)	**(158,877)**
Total maximum number of shares granted as of December 31, 2019	**904,274**	**736,233**	**68,376**	**1,708,883**

(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.

Plans issued in 2017

On May 23, 2017, Rexel entered into free share plans for top executive 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:	Four year service condition from grant date and performance conditions based on:	**TOTAL**
	(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		
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**
2019 adjustment (see note 18.2)	18,245	30,698	**48,943**
Number of shares cancelled	(39,425)	(126,025)	**(165,450)**
Total maximum number of shares granted as of December 31, 2019	**546,545**	**918,773**	**1,465,318**

(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.

Plans issued in 2016

On June 23, 2016, Rexel entered into free share plans for top executive managers amounting to a maximum of 1,820,625 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares depending on their country of residence:

- either three years after the grant date (June 24, 2019), these being restricted for an additional two-year period (until June 24, 2021), the so-called "3+2 Plan",
- or four years after the grant date (June 24, 2020) with no subsequent restrictions, the so-called "4+0 Plan".

The actual delivery of these bonus shares is subject to service, performance and market conditions as described below:

Vesting conditions	Three year service condition from grant date and performance conditions based on: (i) 2015/2018 average growth of EBITA in value (ii) 2015/2018 average Organic Sales Growth (iii) average free cash flow before interest and tax to EBITDA between 2016 to 2018 (iv) Rexel share market performance compared to peers	Four year service condition from grant date and performance conditions based on:	**TOTAL**
Plan	3+2	4+0	
Delivery date	June 24, 2019	June 24, 2020	
Share fair value at grant date June 23, 2016 (1)	*10.91*	*10.50*	***10.64***
Maximum number of shares granted on June 23, 2016	**741,500**	**1,079,125**	**1,820,625**
2016 adjustment (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**
2019 adjustment (see note 18.2)	–	11,375	**11,375**
Number of shares cancelled	(255,838)	(480,794)	**(736,632)**
Number of shares delivered	(187,178)	–	**(187,178)**
Total maximum number of shares granted as of December 31, 2019	**-**	**335,307**	**335,307**

(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 for top executive managers amounting to a maximum of 1,798,393 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares depending on their country of residence:

- either three years after the grant date (July 29, 2018), these being restricted for an additional two-year period (until July 29, 2020), the so-called "3+2 Plan",
- or four years after the grant date (July 29, 2019) with no subsequent restrictions, the so-called "4+0 Plan".

The 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**
2016 Adjustment (2)	26,760	32,913	**59,673**
Number of shares cancelled	(749,112)	(919,343)	**(1,668,455)**
Number of shares delivered	(73,423)	–	**(73,423)**
Total maximum number of shares granted as of December 31, 2018	**-**	**116,188**	**116,188**
2019 adjustment (see note 18.2)	–	4,153	**4,153**
Number of shares cancelled	–	(7,227)	**(7,227)**
Number of shares delivered	–	(113,114)	**(113,114)**
Total maximum number of shares granted as of December 31, 2019	**-**	**-**	**-**

(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.

18.2 Adjustments of rights under existing free share plans

Following the distribution of dividends by deduction of share premium on July 5, 2019 and in accordance with provisions contained in free share plans issued by Rexel, rights granted under such alive plans were adjusted to allow holders to invest the same amount of money as planned at the grant date. This adjustment resulted in an increase by 192,906 in the number of free shares granted for the plans issued from 2015 to 2019.

The adjustment ratio was set to 0.96673 and was calculated based on the average opening Rexel share price over the 20 trading days prior to the distribution record date of July 2, 2019.

As this adjustment was made in accordance with the provisions of the plans to put back holders of these rights to the position that they would have been had there have not been a distribution of share premium, no incremental share based payment expense was recognized as a result of this adjustment.

18.3 Share-based payment expenses

Expenses related to free share plans accounted for in "Distribution and administrative expenses" are summarized as follows:

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2019**	**2018**
Plans issued in 2013	–	(0.1)
Plans issued in 2014	–	(0.2)
Plans issued in 2015	0.1	(0.4)
Plans issued in 2016	0.0	1.0
Plans issued in 2017	3.6	5.1
Plans issued in 2018	1.2	3.4
Plans issued in 2019	2.0	–
Expense related to employee share purchase plan	0.4	0.4
Total free share plans expense	**7.3**	**9.1**

19. 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,	
	2019	**2018**(1)
Net income attributed to ordinary shareholders (in millions of euros)	***204.4***	***134.0***
Weighted average number of ordinary shares (in thousands)	302,049	301,846
Non-dilutive potential shares (in thousands)	–	248
Weighted average number of issued common shares adjusted for non-dilutive potential shares (in thousands)	***302,049***	***302,094***
Basic earning per share (in euros)	**0.68**	**0.44**
Dilutive potential shares (in thousands)	728	406
• of which bonus shares (in thousands) (2)	728	406
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	***302,777***	***302,500***
Fully diluted earnings per share (in euros)	**0.68**	**0.44**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 "Leases" (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.

20. Provisions and other non-current liabilities

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2019	2018 (1)
Provisions	26.2	44.5
Derivatives	7.3	2.4
Other non-current liabilities (2)	7.3	7.5
Provisions and other non-current liabilities	**40.8**	**54.5**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 "Leases" (see note 3.2.1).

(2) Including employee profit sharing related payables in France in the amount of €7.3 million (€7.5 million at December 31, 2018).

The variation in provisions is detailed in the table below:

(in millions of euros)	RESTRUCTURING (2)	OTHER LITIGATION & CLAIMS (3)	LEASE ASSETS RESTAURATION (4)	**TOTAL PROVISIONS**
As of January 1, 2018 (1)	**14.4**	**21.1**	**3.3**	**38.8**
Increase	25.4	6.6	0.1	**32.0**
Use	(11.5)	(3.1)	–	**(14.5)**
Release	(0.3)	(9.4)	–	**(9.7)**
Other changes	(2.0)	(0.2)	–	**(2.1)**
As of December 31, 2018 (1)	**26.0**	**15.1**	**3.4**	**44.5**
Increase	8.3	6.2	–	**14.5**
Use	(24.5)	(3.1)	(1.8)	**(29.5)**
Release	(0.1)	(1.1)	–	**(1.1)**
Currency translation adjustment	0.1	0.0	0.1	**0.3**
Other changes	(0.8)	(2.5)	0.7	**(2.5)**
As of December 31, 2019	**9.1**	**14.6**	**2.4**	**26.2**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 "Leases" (see note 3.2.1).

(2) 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, 2019, mainly concerned Europe for €6.8 million (€23.1 million in 2018), Asia-Pacific for €2.1 million (€1.0 million in 2018) and North America for €0.3 million (€1.7 million in 2018).

(3) Other litigations and claims amounted to €14.6 million (€15.1 million in 2018), of which €2.7 million relating to litigation with French social security authorities (€2.6 million in 2018), €2.8 million to employee claims (€3.7 million in 2018) and €1.7 million to trade disputes (€1.8 million in 2018).

(4) Provisions for lease assets restauration incurred mainly in the United Kingdom for €2.0 million (€3.0 million in 2018).

21. Post-employment and long-term benefits

21.1 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 2019 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 in 2017. The 2019 valuation is a roll-forward based on this full valuation.

21.2 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, 2018	**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**
Service cost	–	2.1	6.1	5.6	13.7
Interest cost	13.9	8.8	2.3	3.9	28.9
Benefit payments	(16.6)	(13.4)	(12.3)	(9.7)	(51.9)
Employee contributions	0.0	0.4	4.1	0.4	4.9
Currency translation adjustment	25.6	15.6	9.0	0.5	50.7
Remeasurements					
Effect of change in demographic assumptions	*–*	*0.0*	*2.0*	*(0.3)*	*1.7*
Effect of change in financial assumptions	*62.4*	*24.2*	*5.9*	*19.5*	*112.0*
Effect of experience adjustments	*(0.4)*	*(0.2)*	*4.9*	*(3.4)*	*0.9*
As of December 31, 2019	**546.3**	**258.7**	**250.2**	**210.1**	**1,265.3**

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, 2018	**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**
Employer contributions	13.9	6.8	8.0	8.4	37.1
Employee contributions	–	0.4	4.1	0.4	4.9
Interest income	8.4	6.8	2.5	1.7	19.4
Benefit payments	(16.6)	(13.4)	(12.3)	(9.7)	(52.0)
Currency translation adjustment	19.4	11.8	8.9	0.2	40.2
Return on plan assets excluding interest income (OCI) [(1)]	32.2	12.3	11.7	9.0	65.3
As of December 31, 2019	**411.4**	**193.2**	**247.5**	**101.0**	**953.1**

(1) Of which €3.6 million of asset ceiling on the Switzerland plan (€(14.2) million in 2018).

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, 2018	**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)
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**
Service cost	–	2.1	6.1	5.6	13.7
Interest cost	5.4	2.0	(0.2)	2.2	9.4
Employer contributions	(13.9)	(6.8)	(8.0)	(8.4)	(37.1)
Currency translation adjustment	6.2	3.8	0.1	0.3	10.4
Remeasurements	29.8	11.7	1.2	6.8	49.4
As of December 31, 2019	**134.9**	**65.5**	**2.7**	**109.1**	**312.1**

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, 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**
For the year ended December 31, 2019					
Defined benefit obligations	**546.3**	**258.7**	**250.2**	**210.1**	**1,265.3**
of which Funded schemes	*545.9*	*236.6*	*247.5*	*125.1*	*1,155.2*
of which Unfunded schemes	*0.4*	*22.1*	*2.6*	*85.0*	*110.1*
Fair value of plan assets	(411.4)	(193.2)	(247.5)	(101.0)	(953.1)
Recognized net liability for defined benefit obligations	**134.9**	**65.5**	**2.7**	**109.0**	**312.1**

21.3 Remeasurements 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	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)**
Return on plan assets excluding interest income and asset ceiling	(32.2)	(12.3)	(11.9)	(9.0)	(65.4)
Effect of change in demographic assumptions	–	–	2.1	(0.3)	1.8
Effect of change in financial assumptions	62.4	24.2	5.8	19.1	111.5
Effect of experience adjustments	(0.4)	(0.2)	5.9	(2.9)	2.4
OCI recognized for the year ended December 31, 2019	**29.8**	**11.6**	**2.0**	**6.9**	**50.3**

21.4 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]	–	2.4	6.4	5.5	14.3
Past service costs [3]	3.3	–	–	(0.3)	3.0
Net Interest expense [2]	4.3	2.0	0.0	2.0	8.4
Other [1]	–	–	–	(0.1)	(0.1)
Expense recognized for the year ended December 31, 2018	**7.6**	**4.3**	**6.4**	**7.2**	**25.6**
Service costs [1]	–	2.1	6.1	5.6	13.7
Past service costs [1]	–	–	–	(0.1)	(0.0)
Net Interest expense [2]	5.4	2.0	(0.0)	2.2	9.6
Other [1]	–	0.1	(1.0)	(0.2)	(1.0)
Expense recognized for the year ended December 31, 2019	**5.5**	**4.2**	**5.1**	**7.6**	**22.3**

(1) Recognized as personnel costs (see note 7).
(2) Recognized as net financial expenses (see note 9).
(3) Recognized as other expenses (Impact of the equalization of Guaranteed Minimum Pension in the UK (see note 8)) and as personal costs.

There have been no significant plan amendments or settlements for the years ended December 31, 2019 and December 31, 2018.

21.5 Plan asset allocation

	PLAN ASSETS CLASS		
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND
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**
Cash and cash equivalents	5.0	0.9	11.9
Equity instruments (quoted in an active market)	12.3	84.2	91.6
Debt instruments (quoted in an active market)	73.8	105.0	96.5
Real estate	–	–	57.2
Investment funds	315.9	–	–
Asset held by insurance company	4.1	3.1	3.1
Other	0.4	–	5.1
As of December 31, 2019	**411.4**	**193.2**	**265.4**

21.6 Actuarial assumptions

The main actuarial assumptions are as follows:

	UNITED KINGDOM		CANADA		SWITZERLAND	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Average plan duration (in years)	17	17	12	12	15	15
Discount rate (in%)	2.00	3.00	3.10	3.90	0.25	1.00
Future salary increases (in %)	N/A	N/A	3.00	3.00	0.75	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.

21.7 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

(in millions of euros)	SENSITIVITY TO A 50 BASIS POINTS DECREASE IN DISCOUNT RATE				
	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Service cost	–	0.1	0.5	0.3	1.0
Defined Benefit Obligation	49.4	16.7	20.6	14.6	101.2

(in millions of euros)	SENSITIVITY TO A 10% DOWNTURN IN FINANCIAL MARKET				
	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Plan assets	(1.2)	(8.4)	(9.2)	(0.5)	(19.3)

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.

21.8 Expected cash flows

(in millions of euros)	EXPECTED CASH FLOW				
	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Expected benefit payments for 2020	16.3	13.4	12.6	8.4	50.7
Expected benefit payments for 2021	16.1	13.7	7.6	14.8	52.3
Expected benefit payments for 2022	17.3	13.9	8.0	8.2	47.5
Expected benefit payments for 2023	18.0	14.2	8.3	9.0	49.6
Expected benefit payments for 2024 and after	122.5	89.5	51.1	65.8	328.9
Expected benefit contributions for 2020	14.8	7.0	8.1	7.9	37.8

22. Financial liabilities

This note provides information on financial liabilities as of December 31, 2019. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interests less transaction costs.

22.1 Net financial debt

As of December 31, 2019, Rexel's consolidated net debt stood at €1,945.9 million, consisting of the following items:

	AS OF DECEMBER 31,					
	2019			2018[1]		
(in millions of euros)	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Senior notes	–	1,413.4	1,413.4	–	1,456.2	1,456.2
Securitization	620.0	332.9	952.9	517.0	484.2	1,001.2
Bank loans	13.0	0.9	13.9	7.7	0.9	8.6
Commercial paper	50.0	–	50.0	40.0	–	40.0
Bank overdrafts and other credit facilities	65.5	–	65.5	84.1	–	84.1
Accrued interests [2]	4.6	–	4.6	5.0	–	5.0
Less transaction costs	(4.2)	(14.1)	(18.4)	(4.4)	(16.3)	(20.7)
Total financial debt and accrued interest	***748.8***	***1,733.1***	***2,481.8***	***649.5***	***1,925.0***	***2,574.4***
Cash and cash equivalents			(514.3)			(544.9)
Accrued interest receivable			(2.0)			(2.2)
Debt hedge derivatives [3]			(19.6)			(12.7)
Net financial debt			**1,945.9**			**2,014.7**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 "Leases" (see note 3.2.1).
(2) Of which accrued interests on Senior Notes for €1.6 million as of December 31, 2019 (€1.8 million as of December 31, 2018).
(3) Debt hedge derivatives include fair value hedge interest rate derivatives and foreign exchange derivatives designated as hedge of financial debt.

22.1.1 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 Belgium S.A., French branch, Natixis and Société Générale as Mandated Lead Arrangers and Bookrunners. Facilities can also be drawn down through swingline loans for an aggregate amount of €137.8 million.

On January 16, 2020, Rexel exercised its option to extend the final maturity date by one additional year, from January 31, 2024 to January 31, 2025.

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. According to the Senior Facility agreement provisions, adjusted EBITDA and adjusted total net debt are calculated as if there has been no change in accounting policies. Following the adoption of IFRS 16 as of January 1, 2019, the following terms are determined on a pre IFRS 16 basis.

"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 one bilateral term loan agreement of €35.6 million (US$ 40.0 million) which matures in June 2020.

As of December 31, 2019, all these credit facilities were undrawn.

22.1.2 Senior notes

As of December 31, 2019, the carrying amount of the existing senior notes is detailed as follows:

	AS OF DECEMBER 31,					
	2019			**2018**		
(in millions of euros)	NOMINAL AMOUNT	FAIR VALUE ADJUST-MENTS (1)	TOTAL	NOMINAL AMOUNT	FAIR VALUE ADJUST-MENTS (1)	TOTAL
3.500% Senior notes due 2023	–	–	**–**	650.0	0.7	**650.7**
2.625% Senior notes due 2024	300.0	8.0	**308.0**	300.0	2.9	**302.9**
2.125% Senior notes due 2025	500.0	5.0	**505.0**	500.0	2.6	**502.6**
2.750% Senior notes due 2026	600.0	0.4	**600.4**	–	–	**–**
TOTAL	1,400.0	13.4	**1,413.4**	1,450.0	6.2	**1,456.2**

(1) Adjustment to reflect interest rate fluctuations on the part of the notes hedged through fair value hedge derivatives (see note 24.1).

€300 million 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%

€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%

€600 million notes due 2026

On March 12, 2019, Rexel issued €600 million of senior unsecured notes due 2026 which bear interests at 2.75% 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, 2019. The notes mature on June 15, 2026 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to March 15, 2022 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, 2022, 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, 2022	101.375%
March 15, 2023	100.688%
March 15, 2024 and after	100.000%

€650 million notes due 2023

On March 19, 2019, proceeds from this issuance were used to repay its 3.50% €650 million senior notes due 2023 for a total amount of €666.9 million. A loss of €20.8 million has been recognized in the net financial expenses including the early redemption premium of €16.9 million plus unamortized transaction costs and fair value hedge adjustments (see note 9).

22.1.3 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 September 2022.

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, 2019, derecognized receivables totaled €199.3 million (€196.5 million as of December 31, 2018) and the discounting loss was recorded as a financial expense for €11.5 million (€10.4 million in 2018). Cash collected under the servicing agreement in relation to derecognized receivables and not yet transferred to the purchaser totaled €37.6 million and was recognized in financial liabilities (€31.9 million as of December 31, 2018).

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, 2019, Rexel had satisfied all of these covenants except for the on-balance sheet US program which the default ratio exceeded its agreed level and was subject to a waiver from the banks in January 2020. 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:

PROGRAMS	COMMITMENT AS OF DECEMBER 31, 2019	AMOUNT OF RECEIVABLES ASSIGNED AS OF DECEMBER 31, 2019	AMOUNT DRAWN DOWN AS OF DECEMBER 31, 2019	BALANCE AS OF DECEMBER 31, 2019	BALANCE AS OF DECEMBER 31, 2018	MATURITY
	(in millions of currency)			*(in millions of euros)*		
Europe and Australia	EUR 375.0	EUR 513.3	EUR 376.0	376.0	372.3	12/16/2020
Europe (1)	EUR 219.0	EUR 315.9	EUR 206.2	206.2	263.7	08/16/2022
United States – on-balance sheet (2)	USD 290.0	USD 467.2	USD 273.9	243.8	253.3	09/20/2022
United States – off-balance sheet (2)	USD 225.0	USD 223.9	USD 223.9	199.3	196.5	09/20/2022
Canada (3)	CAD 185.0	CAD 250.4	CAD 185.0	126.7	112.0	09/19/2022
TOTAL				**1,152.1**	**1,197.7**	
Of which:						
• on-balance sheet				952.9	1,001.2	
• off-balance sheet				199.3	196.5	

(1) In July 2019, Rexel amended its European securitization program to extend the maturity date to August 2022. The maximum commitment of the program was reduced from €309 million to €219 million.

(2) In September 2019, Rexel amended its United States securitization programs to extend the maturity date to September, 2022. Amounts drawn as of December 31, 2019 allocated to the program are classified as current financial liabilities as a result of a breach in the default ratio of the assigned receivables portfolio which was subject to a waiver from the banks in January 2020.

(3) In September 2019, Rexel amended its Canadian securitization program to extend the maturity date to September 2022. The maximum commitment of the program was increased from CAD180 million to CAD185 million.

These securitization programs pay interest at variable rates including a specific credit spread to each program.

As of December 31, 2019, the total outstanding amount authorized for these securitization programs was €1,265.7 million, of which €1,1152.1 million were used.

22.1.4 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, 2019, Rexel derecognized the trade receivables sold to the factor for €68.4 million (€74.8 million as of December 31, 2018). Cash collected on behalf of the factor in relation with the transferred receivables was recognized in financial liabilities for €16.7 million as of December 31, 2019 (€18.9 million as of December 31, 2018).

22.1.5 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, 2019, the company had issued €50.0 million of commercial paper (€40.0 million as of December 31, 2018).

22.1.6 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, 2019, Bank Acceptance Drafts were derecognized from the balance sheet for €35.9 million (€52.8 million as of December 31, 2018).

22.2 Change in net financial debt

As of December 31, 2019, and December 31, 2018, the change in net financial debt was as follows:

(in millions of euros)	2019	2018[1]
As of January 1,	**2,014.7**	**2,020.7**
Issuance of senior notes net of transaction costs	594.4	–
Repayment of senior notes	(666.9)	–
Transaction costs and refinancing costs	(1.4)	(1.3)
Net change in credit facilities, commercial papers and other financial borrowings	(4.9)	(8.3)
Net change in credit facilities	**(78.8)**	**(9.6)**
Net change in securitization	(71.6)	(6.9)
Net change in financial liabilities	***(150.4)***	***(16.5)***
Change in cash and cash equivalents	22.0	(31.2)
Effect of exchange rate changes on net financial debt	26.4	22.4
Effect of acquisition	0.3	1.1
Amortization of transaction costs	4.6	4.4
Non-recurring refinancing costs	20.8	1.1
Effect of assets held for sale classification	5.4	10.0
Other changes	2.0	2.7
As of December 31,	**1,945.9**	**2,014.7**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 "Leases" (see note 3.2.1).

23. 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.

23.1 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 with a flexibility of +/- 20%. 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:

	AS OF DECEMBER 31,	
(in millions of euros)	**2019**	**2018**
Senior Notes and other fixed rate debt.	1,382.2	1,430.8
Floating to fixed rate swaps	1,137.2	1,221.4
Fixed to floating rate swaps	(850.0)	(850.0)
Sub-total fixed or capped rate instruments	**1,669.3**	**1,802.2**
Floating rate debt before hedging	1,078.1	1,128.8
Floating to fixed rate swaps	(1,137.2)	(1,221.4)
Fixed to floating rate swaps	850.0	850.0
Cash and cash equivalents	(514.3)	(544.9)
Sub-total floating rate debt instruments	**276.6**	**212.5**
Total net financial debt	**1,945.9**	**2,014.7**

Fair value hedge derivatives

As of December 31, 2019, the portfolio of interest rate swaps used as hedge for exposure of changes in fair value of its senior notes disclosed in note 22.1.2 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	0.57%	Euribor 3M	11.1
	50.0	50.0	June 2023	0.31%	Euribor 3M	1.0
	300.0	300.0	June 2024	0.33%	Euribor 3M	7.4
Total		**850.0**				**19.6**

(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, 2019 represented a gain of €6.0 million, offset by a loss of €8.0 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 June 2023. 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, 2019, 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 (RECEIVED)	FAIR VALUE (1) *(in millions of euros)*
SWAPS PAYING VARIABLE RATE						
American dollar	150.0	133.5	April 2020	Libor 3M	1.78%	0.2
	150.0	133.5	September 2020	Libor 3M	1.68%	0.1
	250.0	222.5	December 2021	Libor 3M	2.88%	(5.4)
	100.0	89.0	January 2022	Libor 3M	2.54%	(1.7)
Canadian dollar	30.0	20.6	June 2020	CDOR 3M	1.11%	0.1
	50.0	34.3	August 2021	CDOR 3M	2.34%	(0.2)
Australian dollar	75.0	46.9	June 2020	BBSW AUD 3M	1.94%	(0.2)
	75.0	46.9	June 2023	BBSW AUD 3M	0.65%	0.5
Swiss franc	50.0	46.1	October 2021	Libor 3M	(0.43)%	(0.2)
Euro	200.0	200.0	January 2020	Euribor 3M	(0.19)%	(0.1)
Total		**973.2**				**(7.1)**

(1) Derivative instruments are presented at fair value, including accrued interest payable for €0.3 million.

The change in fair value of the cash flow hedging instruments for the year ended December 31, 2019 was recorded as a €9.6 million decrease in cash flow hedge reserve (before tax). The ineffectiveness recognized in profit and loss in 2019 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 AMOUNT *(in millions of euros)*	MATURITY	FLOATING RATE RECEIVED (PAID)	WEIGHTED AVERAGE FIXED RATE PAID (RECEIVED)	FAIR VALUE (1) *(in millions of euros)*
SWAPS PAYING VARIABLE RATE						
Swedish Krona	750.0	71.8	February 2020	Stibor 3M	(0.07)%	0.0
Swiss franc	100.0	92.1	February 2020	Libor 3M	(0.69)%	(0.0)
Total		**163.9**				**0.0**

(1) Derivative instruments are presented at fair value, accrued interest payable is nil.

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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, 2019, 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 €12.4 million and a €10.9 million gain related to the change in fair value of the hedging instruments of which a €1.7 million in the income statement and €9.3 million in other comprehensive income.

23.2 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, 2019, unrealized exchange loss in other comprehensive income related to external borrowings qualified as net investment hedges account for €15.2 million before tax.

As of December 31, 2019, the notional value of foreign exchange derivatives was €665.0 million (€671.2 million of forward sales and €6.2 million of forward purchases). Forward contracts are recognized at their fair value for a net positive amount of €0.3 million. The change in fair value of forward contracts for the year ended December 31, 2019 was recorded as a financial gain of €0.8 million.

Sensitivity to changes in foreign exchange rates

The Group's financial statements are presented in euros, and it is therefore required to translate into euro those assets, liabilities, revenues and expenses denominated in currencies other than the euro.

The results of these operations are included in the Group's consolidated income statement after conversion at the average rate applicable to the period. On an annual basis, a 5% increase (or decrease) of the euro against the main currencies (US dollar, Canadian dollar, Australian dollar and British Pound) would lead to a decrease (increase) in sales of €323.0 million and a decrease (increase) in operating income before other income and other expenses of €12.4 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, 2019 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €44.9 million and €134.1 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	1,827.4	282.4	127.1	88.1	(0.0)	0.1	111.6	0.2	16.9	6.4	2,460.2
Cash and cash equivalents	(163.9)	(85.3)	(44.2)	(1.7)	(19.3)	(15.1)	(127.9)	(38.4)	(18.4)	0.1	(514.3)
Net financial position before hedging	**1,663.5**	**197.1**	**82.9**	**86.4**	**(19.3)**	**(15.1)**	**(16.3)**	**(38.2)**	**(1.5)**	**6.4**	**1,945.9**
Impact of hedges	(616.1)	200.6	–	22.0	–	40.0	–	327.1	(1.0)	27.3	0.0
Net financial position after hedging	**1,047.4**	**397.8**	**82.9**	**108.4**	**(19.3)**	**24.9**	**(16.3)**	**288.9**	**(2.5)**	**33.7**	**1,945.9**
Impact of a 5% increase in exchange rates	*–*	*19.9*	*4.1*	*5.4*	*(1.0)*	*1.2*	*(0.8)*	*14.4*	*(0.1)*	*1.7*	*44.9*

23.3 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, 2019	2018[1]
DUE WITHIN		
One year	753.0	653.8
Two years	0.8	484.8
Three years	333.0	0.3
Four years	–	–
Five years	308.0	650.7
Thereafter	1,105.4	805.5
Total gross financial debt before transaction costs	**2,500.2**	**2,595.1**
Transaction costs	(18.4)	(20.7)
Gross financial debt	**2,481.8**	**2,574.4**

(1) Restated for changes in accounting policies following the adoption of IFRS 16 "Leases" (see note 3.2.1)

As of December 31, 2019, 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	807.2	(3.7)	803.5
Two years	49.6	(3.2)	46.4
Three years	378.0	(3.9)	374.1
Four years	36.8	(1.4)	35.4
Five years	340.5	(0.5)	340.0
Thereafter	1,134.4	0.8	1,135.2
Total	**2,746.5**	**(11.8)**	**2,734.7**

The €300 million notes issued in March 2017 mature in June 2024, the €500 million notes issued in November 2017 mature in June 2025 and the €600 million notes issued in March 2019 mature in June 2026.

The Senior Facility Agreement matures in January 2025 following the extension option exercised on January 2020 and 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, 2019, this facility was undrawn.

The US$40 million (€35.6 million) Credit Facility with Wells Fargo Bank International matures in June 2020. As of December 31, 2019, this facility was undrawn.

Lastly, as a result of amendments executed in 2017 and 2019 (see note 22.1.3), securitization programs mature in 2020 and 2022. 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. As of December 31, 2019, default ratio for the on-balance sheet US program exceeded its agreed level and was subject to a waiver from the banks in January 2020. The financing under these programs directly depends on the amounts and quality of transferred receivables.

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.

The trade accounts payable amounted to €2,021.7 million as of December 31, 2019 (€2,024.1 million as of December 31, 2018) and are due in less than one year.

The Group's liquidity decreased from €1,305.7 million as of December 2018 to €1,284.5 million as of December 2019. The Group's liquidity is in excess of €531.5 million compared to €753.0 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, 2019	2018
Cash and cash equivalents	514.3	544.9
Bank overdrafts	(65.5)	(84.1)
Commercial paper	(50.0)	(40.0)
Undrawn Senior Facility Agreement	850.0	850.0
Bilateral facility	35.6	34.9
Liquidity	**1,284.5**	**1,305.7**

23.4 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, 2019, the maximum risk corresponding to the total accounts receivable amounted to €2,059.3 million (€2,091.5 million as of December 31, 2018) and is detailed in note 12.2 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 €537.5 million as of December 31, 2019 (€563.9 million as of December 31, 2018), which equals the net book value of the aforementioned items.

The maximum counterparty risk on the Group's other financial assets was €559.1 million (€561.6 million as of December 31, 2018) and mainly corresponds to supplier discounts receivable.

24. Summary of financial liabilities

			AS OF DECEMBER 31,			
			2019		2018(1)	
(in millions of euros)	CATEGORY IFRS 9	FAIR VALUE HIERARCHY*	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Bonds	AC	1	1,413.4	1,447.6	1,456.2	1,433.9
Other financial debts, including accrued interest	AC		1,068.5	1,068.5	1,118.2	1,118.2
Total financial liabilities.			**2,481.8**	**-**	**2,574.4**	**-**
Hedging derivatives (2)	FV P&L	2	0.1	0.1	-	-
Hedging derivatives (2)	FV OCI	2	7.2	7.2	2.4	2.4
Other liabilities (3)	N/A	2	7.3	N/A	7.5	N/A
Total other non-current liabilities			**14.6**	**-**	**9.9**	**-**
Trade accounts payable	AC		**2,021.7**	**2,021.7**	**2,024.1**	**2,024.1**
Customer rebates payable	AC		162.7	162.7	155.1	155.1
Personal and social obligations (3)	N/A		265.0	N/A	253.0	N/A
VAT payable and other sales tax (3)	N/A		56.2	N/A	61.8	N/A
Hedging derivatives (2)	FV OCI	2	0.2	0.2	-	-
Other derivative instruments not eligible to hedge accounting	FV P&L	2	2.8	2.8	1.1	1.1
Other liabilities	AC		248.6	248.6	250.1	250.1
Deferred income (3)	N/A		3.5	N/A	7.8	N/A
Total other debts			**738.9**	**-**	**728.9**	**-**

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 3.13.

(1) Restated for changes in accounting policies following the adoption of IFRS 16 "Leases" (see note 3.2.1).

(2) Specific accounting treatment for hedging.

(3) Not classified as a financial instrument under IFRS 9.

25. 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, 2019	2018
Salaries and other short-term benefits	6.9	7.1
Post-employment benefits (service costs)	0.5	0.4
Indemnities at termination of contract	1.4	1.0
Free shares and stocks options [(1)]	0.6	1.5

(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 €7.6 million.

26. 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	
(in millions of euros)	2019	2018	2019	2018	2019	2018
Audit services	0.9	0.8	0.9	0.9	1.8	1.7
Non audit services	0.2	0.2	0.2	0.1	0.4	0.3
TOTAL	**1.1**	**1.0**	**1.1**	**1.0**	**2.2**	**2.0**

Non audit services include the fees related to mandatory services performed in accordance with French regulation, as well as comfort letters and CSR report.

27. Litigation & other contingencies

27.1 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.

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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 (a subsidiary of Ray Investment SARL, the parent company of Rexel during the fiscal years concerned) amounting to €952 million were true 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 fiscal years. Rexel disputed the tax authority's position entirely and referred the case to the Administrative Court which validated Rexel position. This decision was further confirmed by the Appeal Court in March 2019 with effect to close the legal proceedings in favor of Rexel (see note 10.3).

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 (see note 10.3).

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.

27.2 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.

28. Events after the reporting period

At the presentation date of the consolidated financial statements there have been no subsequent events after December 31, 2019 that would have a significant impact on Rexel's financial situation.

29. Consolidated entities as of december 31, 2019

	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
La Boîte Electrique	Paris	100.00
Esabora Digital Services	Paris	100.00
Sofinther	Bouguenais	100.00
Cordia	Mitry-Mory	100.00
Sirlan Technologies	Eybens	100.00
EUROPE		
Germany		
Rexel GmbH	Munich	100.00
Rexel Germany GmbH & Co KG	Munich	100.00
Rexel Germany Verwaltungs GmbH	Munich	100.00
Rexel Germany Beteiligungs GmbH	Munich	100.00
Silstar Deutschland GmbH	Emmerich am Rhein	100.00
Rexel Industrial Solutions GmbH	Munich	100.00
United Kingdom		
Rexel Senate Ltd.	Birmingham	100.00
Denmans Electrical Wholesalers Ltd.	Birmingham	100.00
Senate Group Ltd.	Birmingham	100.00
Rexel (UK) Holdings Ltd.	Birmingham	100.00
Rexel (UK) Ltd.	Birmingham	100.00
Newey & Eyre Ltd.	Birmingham	100.00
Parker Merchanting Limited	Birmingham	100.00
WF Electrical Plc	Birmingham	100.00
Warrior (1979) 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
Sweden		
Rexel Sverige AB	Älvsjö	100.00
Moel AB	Bredaryd	100.00

	HEAD OFFICE	% INTEREST
Austria		
Rexel Central Europe Holding GmbH	Vienna	100.00
Rexel Austria GmbH	Vienna	100.00
Comtech IT Solutions GmbH	Annaberg	100.00
The Netherlands		
Rexel Nederland B.V.	Zoetermeer	100.00
Rexel Holding Netherlands B.V.	Hoofddorp	100.00
Borsu International B.V.	Hoofddorp	100.00
Rexel Holding Benelux B.V.	Hoofddorp	100.00
Italy		
Rexel Italia SpA	Milano	100.00
Spain		
ABM-Rexel SL	Madrid	100.00
Suministros Eléctricos Erka, S.L.	Renteria	100.00
Belgium		
Rexel Belgium S.A.	Zellik	100.00
Portugal		
Rexel Distribuição de Material Electrico S.A.	Lisboa	100.00
Ireland		
M Kelliher 1998 Ltd.	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
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

	HEAD OFFICE	% INTEREST
Canada		
Rexel North America Inc.	St Laurent	100.00
Rexel Canada Electrical Inc.	Mississauga	100.00
Rogers Electrical Wholesale Limited	North Bedeque	100.00
ASIA-PACIFIC		
Hong Kong SAR		
Rexel Hong Kong Ltd.	Hong Kong	100.00
Huazhang Electric Automation Holding Co. Ltd.	Hong Kong	100.00
China		
Rexel Ouneng (Beijing) Technology Co. Ltd.	Beijing	100.00
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 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
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
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, 2019

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
Tour Eqho
2, avenue Gambetta
CS 60055
92066 Paris La Défense Cedex

Rexel S.A.

Statutory Auditors' Report on the consolidated financial statements

For the year ended December 31, 2019

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. ("the Group") for the year ended December 31, 2019.

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, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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, 2019 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 "Basis of preparation" related to standards and interpretations that the company has adopted from January 1, 2019, and in particular the change in accounting policy due to the first time adoption of the standard IFRS 16 "Leases" which effect on the financial statements is disclosed in the note 3.2.1.1 "IFRS 16 leases" to the consolidated financial statements. 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, 3.8, 11.1 to the consolidated financial statements

Description of risk

As of December 31, 2019, goodwill and other intangible assets with indefinite useful lives were recorded in the balance sheet for a net carrying amount of €3,785.5 million and €819 million, respectively, representing 42% 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 3.8 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 11.1 to the consolidated financial statements, performance in 2019 was lower than expected in some countries, which led the Group to adjust downwards its prospects, including the EBITA margin factored in the terminal value, where appropriate. As a result, the Group recognized a €118 million impairment charge for the year ended December 31, 2019.

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 11.1.

How our audit addressed this risk

We gained an understanding of 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;
- 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 11.1 to the consolidated financial statements included the appropriate disclosures.

Suppliers rebates

Notes 3.9, 3.19 and 12.3 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 analysed 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:

- analysed, 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.

First time adoption of IFRS 16 "Leases"

Notes 3.2.1.1, 3.7 and 11.3 to the consolidated financial statements

Description of risk

As indicated in note 3.2.1.1 to the consolidated financial statements for the year ended December 31, 2019, the Group adopted IFRS 16 "Leases" with effect from January 1, 2019 using the full retrospective method, whereby the effect of first time adoption is recognized in equity as of January 1, 2018. The new standard provides a single lessee accounting model, under which a "right-of-use asset" and a corresponding "lease liability" are recognized in the balance sheet for all leases.

The Group determined the amounts of its lease liabilities and right-of-use assets retrospectively at the transition date by identifying and analyzing all its existing leases since their inception and notably by taking into account, for each lease, the term of each lease and the related discount rate.

Following the first time adoption of IFRS 16, right-of-use assets were recognized for respective amounts of €830.5 million and €833.4 million as of January 1, 2018 and January 1, 2019 and lease liabilities were recognized for respective amounts of €925.2 million and €945.1 million as of January 1, 2018 and January 1, 2019. In addition, operating income for 2018 increased by €26 million and net income for the same year decreased by €16.7 million as of December 31, 2018 as a result of the first time adoption of IFRS 16.

We deemed the first time adoption of IFRS 16 "Leases" to be a key audit matter given the need to identify and analyze all existing leases since their inception, the high volume of data to be collected, the material amounts of leases liabilities and right-of-use assets in the financial statements and the level of judgment required by management in determining the term and discount rate of each lease.

How our audit addressed this risk

We gained an understanding of the project organization, IT systems and key controls implemented by management for the adoption of the new standard.

We also performed the following procedures:

- obtained the instructions prepared by the Group for its subsidiaries and assessed whether their design was sufficiently effective to allow all leases to be identified and analyzed and all necessary information for the calculation of lease liabilities and right-of-use assets to be collected for each of them;
- assessed and tested the key settings of the IT system implemented by the Group to collect and calculate the accounting impacts of the standard;
- corroborated, based on a sample of contracts, the information used to measure lease liabilities and right-of-use assets with the data in the leases and assessed the appropriateness of the lease terms used;
- assessed the consistency of the discount rates used to calculate lease liabilities per lease with market data.

We also verified that the notes 3.2.1.1, 3.7 and 11.3 to the consolidated financial statements provide appropriate disclosures on the impacts of the first time adoption of IFRS 16, on the accounting principles applied and the main judgments made by the Group.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verification 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 attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code *(Code de commerce)* is included in the Group's management report, it being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information should be reported on 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 S.A. by the Annual General Meeting held on May 16, 2012 for PricewaterhouseCoopers Audit and May 25, 2016 for KPMG Audit.

As at December 31, 2019, PricewaterhouseCoopers Audit and KPMG Audit were in the eighth year and fourth 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 (IFRS) 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 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 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 a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, 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 consolidated 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, February 13, 2020

The Statuory Auditors

KPMG Audit
Department of KPMG S.A.

Valérie Besson   Jean-Marc Discours

PricewaterhouseCoopers Audit

Amélie Wattel   Pierre Clavié

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5.3

FINANCIAL STATEMENTS

5.3 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, 2018 which are included in pages 317 to 338 of the French version of the Registration document for the financial year ended on December 31, 2018 registered by the Autorité des marchés financiers on April 3, 2019 under number D.19-0264; and
- 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.

5.3 Financial statements

5.3.1 Financial statements as of December 31, 2019

Income statement

(in millions of euros)	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2019	2018
Operating revenues		**1.9**	**2.5**
Other purchases and external costs		(25.5)	(8.4)
Taxes other than income taxes		(0.0)	(0.5)
Other expenses		(4.4)	(2.7)
Depreciation, amortization and increase in provisions		(0.2)	(0.1)
Operating expenses		***(30.1)***	***(11.7)***
Operating loss	4.1	**(28.2)**	**(9.2)**
Financial revenues		4.5	27.1
Decrease in financial provisions		1.2	–
Total financial revenues		***5.7***	***27.1***
Interest expenses and exchange losses		(50.6)	(45.6)
Increase in financial provisions		–	(0.8)
Total financial expenses		***(50.6)***	***(46.3)***
Net financial expenses	4.2	**(44.9)**	**(19.3)**
Loss from recurring activities		**(73.1)**	**(28.4)**
Non-recurring income (expense)	4.3	0.5	0.0
Loss before tax		**(72.7)**	**(28.4)**
Income taxes	4.5	58.1	54.4
Net income		**(14.5)**	**26.0**

Balance sheet

(in millions of euros)	NOTE	AS OF DECEMBER 31, 2019	2018
ASSETS			
Tangible assets		0.1	0.2
Investments in related companies		4,104.9	4,104.9
Loans and other long-term financial assets		25.1	29.9
Non-current assets	5.1	**4,130.1**	**4,135.0**
Trade accounts receivable	5.2	1.5	2.6
Other accounts receivable	5.2	420.9	579.6
Short-term investments, hedging derivatives, cash and bank	5.3	14.6	16.8
Prepaid expenses		0.2	0.2
Current assets		**437.1**	**599.2**
TOTAL ASSETS		**4,567.2**	**4,734.2**
EQUITY AND LIABILITIES			
Share capital		1,520.5	1,519.9
Share premium		1,451.2	1,554.0
Legal reserve		71.0	69.7
Other reserves		36.0	38.7
Retained earnings		–	3.3
Net income for the period		(14.5)	26.0
Total equity	5.4	**3,064.1**	**3,211.7**
Provisions		**14.2**	**16.4**
Senior notes	5.5	1,401.2	1,451.6
Borrowings from financial institutions	5.5	50.0	40.0
Other financial borrowings	5.5	18.8	10.7
Trade accounts payable	5.5	14.6	1.0
Other operating liabilities	5.5	4.2	2.9
Deferred income		–	0.0
Total liabilities		**1,488.8**	**1,506.2**
TOTAL EQUITY AND LIABILITIES		**4,567.2**	**4,734.2**

Company results over the last five years (As required by article R.225-102 of the French commercial decree)

(in euros)	January 1 to December 31 2015	January 1 to December 31 2016	January 1 to December 31 2017	January 1 to December 31 2018	January 1 to December 31 2019
SHARE CAPITAL AT YEAR END					
a) Share capital	1,509,356,890	1,514,490,115	1,516,715,885	1,519,944,495	1,520,510,065
b) Number of issued shares	301,871,378	302,898,023	303,343,177	303,988,899	304,102,013
c) Number of convertible bonds	–	–	–	–	–
INCOME STATEMENT INFORMATION					
a) Sales, excluding sales taxes	1,086,524	1,544,737	1,900,545	2,234,707	1,256,921
b) Net income before taxes, depreciation and provisions	(135,871,677)	216,217,885	(70,780,934)	(27,864,731)	(74,281,399)
c) Income taxes	(72,318,484)	(44,184,303)	(86,022,026)	(54,447,774)	(58,111,590)
d) Net income	(77,523,045)	260,711,376	14,281,261	26,018,952	(14,542,954)
e) Amount distributed	120,307,183	120,822,691	126,851,362	132,965,266	145,129,488 (1)
EARNINGS PER SHARE					
a) Earnings per share after taxes but before depreciation and provisions	(0.21)	0.86	0.05	0.09	(0.05)
b) Earnings per share after taxes, depreciation and provisions	(0.26)	0.86	0.05	0.09	(0.05)
c) Amount paid per share	0.40	0.40	0.42	0.44	0.48 (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 April 23, 2020.

Principal subsidiaries and other investments

FINANCIAL INFORMATION *(in millions of euros)*

DENOMINATION	CAPITAL	RESERVES AND RETAINED EARNINGS (EXCLUDING CURRENT YEAR RESULTS)	PERCENTAGE SHARE CAPITAL HELD	CARRYING VALUE OF SHAREHOLDING		OUTSTANDING LOANS	GUARANTEES GRANTED BY REXEL S.A.	SALES	CURRENT YEAR RESULT	DIVIDENDS RECEIVED
				COST	NBV					
Rexel Développement SAS 13 boulevard du Fort de Vaux 75017 Paris	2,098.6	1,965.1	100.00%	4,104.9	4,104.9	406.6	0.0	80.2	(82.7)	0.0
TOTAL	**2,098.6**	**1,965.1**		**4,104.9**	**4,104.9**	**406.6**	**0.0**	**80.2**	**(82.7)**	**0.0**

5

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. Significant events of the year

On March 19, 2019, Rexel issued 2.75% €600 million senior notes due 2026. Proceeds received from these issuances were used to early repay the 3.50% €650 million senior notes due 2023. A €16.9 million redemption premium was paid in addition to the nominal value and recognized in the net financial result.

3. Basis of preparation

The financial statements for the year ended December 31, 2019 are presented with comparative amounts for the year ended December 31, 2018 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 principles:

- going concern,
- consistency of accounting method,
- independance of accounting period.

Financial statements are prepared based on the following methods.

3.1 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 measures the value in use of long-term investments in subsidiaries on the basis of projected cash flows after deduction of net debt. When the carrying value of the investment exceeds value in use, an impairment loss is recognized for the difference.

3.2 Loans and other long-term financial assets

Loans and other long-term financial assets are initially recognized at cost. When the recoverable amount is below the carrying value, a valuation allowance is recorded. At the acquisition date, Rexel's own shares are recognized at cost. A valuation allowance is recorded when the share fair value is below the acquisition cost at the reporting date.

3.3 Receivables and payables

Receivables and payables are recognized at historical cost. When the recoverable amount is below the carrying value, a valuation allowance is recorded.

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 situations are 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,
- 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.

3.4 Short-term investments

On acquisition, short-term investments are recognized at cost. Unrealized losses are provided for when fair value is below carrying value.

Own shares held and allocated to free shares plans are recognized at acquisition cost until their delivery to beneficiaries.

3.5 Borrowings and related issuing cost

Borrowings are recognized at nominal value. Senior notes issue costs are expensed when incurred. Notes issuance premiums are amortized, either over the life of notes, or in proportion to accrued interests.

3.6 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. These instruments include foreign exchange and interest rate swaps, forward exchange contracts, and interest rate and foreign exchange options.

Accounting principles, applicable to these instruments 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,
- Hedging gain or loss is reported in the same line item as the hedged item.

4. Notes to the income statement

4.1 Operating revenues and expenses

In 2019, operating loss amounts to €(28.2) million and is detailed as follows:

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2019**	**2018**
Services provided to subsidiaries	1.3	2.2
Release of provisions	0.6	0.2
Total operating revenues	**1.9**	**2.5**
Fees	(4.5)	(4.2)
Fees from related companies (1)	(11.8)	–
Bank charges	(3.4)	(3.5)
Bonds issuance costs	(5.7)	(0.6)
Taxes other than income tax	–	(0.5)
Personnel costs and other expenses	(4.4)	(2.7)
Depreciation and provisions	(0.2)	(0.1)
Total operating expenses	**(30.1)**	**(11.7)**
Operating loss	**(28.2)**	**(9.2)**

(1) In 2019, fees from related companies relate to the provision of services by Rexel Développement (Rexel SA subsidiary).

4.2 Net financial expenses

Net financial expenses are detailed as follows:

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2019	2018
Interest income on exchange rate derivatives	1.5	1.2
Interest income on interest rate derivatives (1)	–	6.6
Interest on loans and financial current accounts	–	7.9
Early redemption premiums received	–	10.4
Other financial income	0.1	0.1
Net exchange gain	–	0.1
Gains on own shares disposal	2.9	0.8
Other provision release	1.2	–
Total financial income	**5.7**	**27.1**
Interest on bonds (1)	(29.9)	(41.3)
Early redemption premiums paid on bonds (2)	(16.9)	–
Interest expenses on exchange rate derivatives	(1.2)	(1.6)
Other interest and financial expenses	(0.4)	(0.2)
Loss on own shares disposal	(2.3)	(2.5)
Other provision / amortization	–	(0.8)
Total financial expenses	**(50.6)**	**(46.3)**
Net financial expenses	**(44.9)**	**(19.3)**

(1) Effective January 1, 2019, to better reflect the effect of interest rates hedging, interest gain on interest rate derivatives are matched against interest on bonds.
In 2018, interest gain on interest rate derivatives were recognized as a profit for €6.6 million.

(2) On March 19, 2019, senior notes due 2023 were early repaid. An early redemption premium of €16.9 million has been recognized (see 5.5.1).

4.3 Non-recurring income and expenses

In 2019, non-recurring income amount to €0.5 million and are related to a decrease in a risk provision.

4.4 Compensation of company officers

Board attendance fees paid to company officers in 2019 amount to €0.9 million (€0.8 million in 2018).

Compensation and indemnities paid to company officers in 2019 amount to €1.7 million (€2.2 million in 2018).

4.5 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 €58.1 million for 2019 (€54.4 million in 2018) mainly corresponding to tax losses incurred by non-profitable French entities part of the Group tax agreement. Tax losses carried forward amount to €65.8 million as of December 31, 2019 (€151.1 million in 2018).

5. Notes to the balance sheet

5.1 Fixed assets

(in millions of euros)		NET AMOUNT AS OF JANUARY 1, 2019	INCREASE	DECREASE	NET AMOUNT AS OF DECEMBER 31, 2019
Tangible assets		0.2	–	(0.1)	0.1
Financial assets		4,134.8	2.2	(7.0)	4,130.0
Investments in related companies	*5.1. 1*	*4,104.9*	–	–	*4,104.9*
Loans and other long-term financial assets	*5.1. 2*	*29.9*	*2.2*	*(7.0)*	*25.1*
TOTAL		**4,135.0**	**2.2**	**(7.1)**	**4,130.1**

5.1.1 Investments in related companies

Investments in related companies refer to the 100% ownership interest in Rexel Développement.

As of December 31, 2019, gross and net value was €4 104.9 million with no change compared to December 31, 2018.

5.1.2 Loans and other long-term financial assets

(in millions of euros)	AS OF DECEMBER 31, 2018	EARLY REDEMPTION / REDUCTION	CURRENCY TRANSLATION ADJUSTMENT	AS OF DECEMBER 31, 2019
Loans [(1)]	15.7	(7.0)	0.2	8.9
Rexel Arabia ES	*8.7*	–	*0.2*	*8.9*
Francofa Eurodis	*7.0*	*(7.0)*	–	–
Accrued interest on loans	–	0.2	–	0.2
Liquidity contract [(2)]	14.2	1.8	–	16.0
Total other securities	**29.9**	**(5.0)**	**0.2**	**25.1**

(1) In 2019, Francofa Eurodis subsidiary early redeemed its long-term loan, due June 6, 2022, to Rexel SA for a nominal amount of €7 million.

As of December 31, 2019, a loan to Rexel Arabia ES remains. This loan, of a nominal amount of $10 million, bears interest at 4.73% and is due June 15, 2020.

(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, 2019, Rexel held 628,909 shares for a gross value of €7.1 million. In addition to Rexel treasury shares, €8.9 million of cash equivalents are held under the liquidity agreement.

5.2 Receivables

Receivables are detailed as follows:

(in millions of euros)	AS OF DECEMBER 31, 2019	AS OF DECEMBER 31, 2018
Trade accounts receivable	1.5	2.6
Current accounts Rexel Développement	406.6	556.3
Other receivable	14.2	23.3
Total receivables	**422.4**	**582.2**

Maturity of those receivables are presented as follows:

(in millions of euros)	AS OF DECEMBER 31, 2019	DUE WITHIN ONE YEAR	DUE FROM ONE TO FIVE YEAR	DUE THEREAFTER
Trade accounts receivable	1.5	1.5	–	–
Current accounts Rexel Développement	406.6	406.6	–	–
Other receivable	14.2	7.8	6.4	–
Total receivables	**422.4**	**415.9**	**6.4**	**–**

5.3 Short term investments, hedging derivatives and cash and cash equivalent

(in millions of euros)	AS OF DECEMBER 31, 2019	AS OF DECEMBER 31, 2018
Own shares [1]	14,5	16,8
Hedging derivatives	–	–
Total	**14,5**	**16,8**

(1) Own shares acquisition cost held to serve free shares plans. Rexel held 1,120,003 shares for an amount of €14.5 million as of December 31, 2019.

5.4 Equity

As of December 31, 2019, the company's share capital amounts to €1,520,510,065 represented by 304,102,013 shares each with a par value of €5.

(in millions of euros)	JANUARY 1, 2019	APPROPRIATION OF 2018 NET INCOME (1)	2019 NET INCOME	RESERVES REALLOCATION (2) (3) (4)	DECEMBER 31, 2019
Share capital	1,519.9	–	–	0.6	1,520.5
Share premium	1,554.0	(104.9)	–	2.1	1,451.2
Legal reserve	69.7	1.3	–	–	71.0
Undistributable reserve	38.7		–	(2.7)	36.0
Retained earnings	3.3	(3.3)	–	–	0.0
Net income for the year	26.0	(26.0)	(14.5)	–	(14.5)
TOTAL	**3,211.7**	**(133.0)**	**(14.5)**	**0.0**	**3,064.2**

(1) The Annual General Meeting held on May 23, 2019 approved a resolution appropriating the €26.0 million 2018 net income, increased by €3.3 million of retained earnings and by €104.9 million of share premium as follows: €1.3 million allocated to the legal reserve and dividends distribution of €133.0 million that were paid on July 5, 2019.

(2) On May 23, 2019, the company's Management Board decided to allocate an amount of €10.4 million to the other non-distributable reserves by deduction from the share premium corresponding to 2,082,522 free shares granted at a par value of €5 each.

(3) On July 29, 2019, share capital was increased by €0.6 million following the issuance of 113,114 shares with a par value of €5 each. This capital increase has been recorded by deduction from the other non-distributable reserves.

(4) Amounts initially allocated to other non-distributable reserves and related to forfeited free shares during the year 2019 were retransferred to the share premium for an amount of €12.6 million.

5.5 Information related to liabilities

Liabilities are detailed as follows:

(in millions of euros)		AS OF DECEMBER 31, 2019	AS OF DECEMBER 31, 2018
Senior notes	5.5.1	1,401.2	1,451.6
Borrowings from financial institutions	5.5.2	50.0	40.0
Other financial debt	5.5.3	18.8	10.7
Trade accounts payable		14.6	1.0
Other operating liabilities		4.2	2.9
Total		**1,488.8**	**1,506.2**

Maturity of those liabilities are presented as follows:

(in millions of euros)		AS OF DECEMBER 31, 2019	DUE WITHIN ONE YEAR	DUE FROM ONE TO FIVE YEAR	DUE THEREAFTER
Senior notes	5.5.1	1,401.2	1.2	300.0	1,100.0
Borrowings from financial institutions	5.5.2	50.0	50.0	–	–
Other financial debt	5.5.3	18.8	18.8	–	–
Trade accounts payable		14.6	14.6	–	–
Other operating liabilities		4.2	4.2	–	–
Total		**1,488.8**	**88.8**	**300.0**	**1,100.0**

5.5.1 Senior Notes

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%

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%

Senior Notes due 2026

On March 12, 2019, Rexel issued €600 million of senior unsecured notes due 2026 which bear interests at 2.75% 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, 2019. The notes mature on June 15, 2026 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to March 15, 2022 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, 2022, 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, 2022	101.375%
March 15, 2023	100.688%
March 15, 2024 and after	100.000%

Proceeds from this issuance were used to repay its 3.50% €650 million senior notes due 2023 on March 19, 2019 for a total amount of €666.9 million. A loss of €16.9 million has been recognized in the net financial expenses as a result of the early redemption premium payment.

Senior Credit 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 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 16, 2020, Rexel exercised its option to extend the final maturity date by one additional year from January 31, 2024 to January 31, 2025.

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.

The Leverage Ratio corresponds to adjusted total net debt relative to adjusted EBITDA. According to the Senior Facility agreement provisions, adjusted EBITDA and adjusted total net debt are calculated as if there has been no change in accounting policies. Following the adoption of IFRS 16 as of January 1, 2019, the following terms are determined on a pre IFRS 16 basis;

"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 pro rata 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, 2019, these credit facilities were undrawn.

5.5.2 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, 2019, under this program, €50.0 million were outstanding (€40.0 million in 2018).

5.5.3 Other financial borrowings

As of December 31, 2019, other financial debts relate to borrowings with affiliates.

5.6 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 optimise 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, 2019, 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	11.0
Interest rate swap paying EURIBOR 3 months	2023	EUR 50.0	1.0
Interest rate swap paying EURIBOR 3 months	2024	EUR 300.0	7.4

5.7 Payables to and receivables from related companies

Related companies are direct and indirect Rexel subsidiaries.

As of December 31, 2019, balances with related companies were as follows:

(in millions of euros)

ASSETS		LIABILITIES	
Investments in related companies	4,104.9	Other financial debt	18.7
Loans and other long-term financial assets	9.1	Trade accounts payable	13.8
Trade accounts receivable	1.5		
Other accounts receivable	406.6		
EXPENSES		INCOME	
Operating expenses	13.1	Operating income	1.3
Financial expenses	(1.0)	Financial income	1.5
		Income tax	87.2

6. Additional information

6.1 Employees

The staff of the company is composed by two corporate officers as of December 31, 2019.

6.2 Information on stock-options and free share plans

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	
Maximum number of shares granted on June 23, 2016	**741,500**	**1,079,125**	**1,820,625**
Adjustment	25,142	48,070	**73,212**
Number of shares cancelled	(579,464)	(791,888)	**(1,371,352)**
Shares granted in 2019	(187,178)	–	**(187,178)**
Maximum number of shares granted on December 31, 2019	**-**	**335,307**	**335,307**

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”.

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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:	Four year service condition from grant date and performance conditions based on:	**TOTAL**
	(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.		
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**
Adjustment	18,245	30,698	**48,943**
Number of shares cancelled	(114,900)	(342,700)	**(457,600)**
Maximum number of shares granted on December 31, 2019	**546,545**	**918,773**	**1,465,318**

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.

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:	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	**TOTAL**
	(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	
Maximum number of shares granted on May 24, 2018	**1,007,625**	**822,907**	**69,500**	**1,900,032**
Adjustment	30,124	25,116	2,376	**57,616**
Number of shares cancelled	(133,475)	(111,790)	(3,500)	**(248,765)**
Maximum number of shares granted on December 31, 2019	**904,274**	**736,233**	**68,376**	**1,708,883**

The share price used as the basis of social contribution of 20% will correspond to the one at delivery date.

Plans issued in 2019

On May 23, 2019, Rexel entered into three free share plans for top executive managers amounting to a maximum of 2,082,522 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares depending on three years after the grant date (May 24, 2022) with no subsequent restrictions.

Vesting conditions	Three year service condition from grant date and performance conditions based on: (i) 2018/2021 average growth of EBITA in value, (ii) 2018/2021 average Organic Sales Growth, (iii) average free cash flow before interest and tax to EBITDA between 2019 to 2021, (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:	Three year service condition from grant date without any performance conditions	**TOTAL**
Delivery date	May 24, 2022	May 24, 2022	May 24, 2022	
Maximum number of shares granted on May 23, 2019	**1,016,875**	**932,147**	**133,500**	**2,082,522**
Adjustment	34,040	32,081	4,698	**70,819**
Number of shares cancelled	(29,000)	(24,250)	(3,000)	**(56,250)**
Maximum number of shares granted on December 31, 2019	**1,021,915**	**939,978**	**135,198**	**2,097,091**

The share price used as the basis of social contribution of 20% will correspond to the one at delivery date.

6.3 Tax litigations

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 (a subsidiary of Ray Investment SARL, the parent company of Rexel during the fiscal years concerned) amounting to €952 million were true 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 fiscal years. Rexel disputed the tax authority's position entirely and referred the case to the Administrative Court which validated Rexel position. This decision was further confirmed by the Appeal Court in March 2019 with effect to close the legal proceedings in favour of Rexel.

6.4 Subsequent events

At the presentation date of the financial statements there have been no subsequent events after December 31, 2019 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, 2019

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
Tour Eqho
2, avenue Gambetta
92066 Paris la Défense Cedex

Statutory Auditors' Report on the financial statements

For the year ended December 31, 2019

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, 2019.

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, 2019 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, 2019 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

Description of risk

<u>**Note 3.1 and 5.1.1 to the financial statements**</u>

As at December 31, 2019, investments in related companies are recorded in the balance sheet at a net carrying amount of €4,104.9 million and represent 90% of total assets.

As disclosed in the note 3.1 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 Rexel Développement and its 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 Shareholders

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 governance

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 or allocated to 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 and controlled companies which are included in the scope of the consolidation. 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 exchange or offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code *(Code de commerce)*, we have verified its compliance with the source documents communicated to us. Based on these procedures, 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 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, 2019, PricewaterhouseCoopers Audit was in the 8th year of total uninterrupted engagement and KPMG Audit in the 4th 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 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, 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, February 13, 2020

The statutory auditors

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

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COMBINED SHAREHOLDERS' MEETING OF APRIL 23, 2020

6.1 Report of the Board of Directors to the Combined Shareholders' Meeting of April 23, 2020

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 April 23, 2020, at 10:30 a.m, at Chateauform' City George V, 28 avenue George V, 75008 Paris, in order to resolve upon the draft resolutions presented hereinafter (the **"Shareholders' Meeting"**).

In this report, we present you with the motives behind each of the resolutions being put to the vote at the Shareholders' Meeting.

1. Course of business

For the financial year ended December 31, 2019:

- The performance is in line with the Company's stated targets;
- Sales amounted to €13.7 billion, up 1.4% on a constant and same days basis;
- Growth in adjusted EBITA was 5.1% with adjusted EBITA of €685.1 million; and
- Indebtedness ratio improved by 20 bps to 2.47x; and.
- Free cash flow before interest and taxes conversion was of 62.5% (of EBITDAaL).

The net income for 2019 increased by 50.3% and recurring net income by 7.5%.

A distribution of premium in an amount of €0.48 per share is submitted to the approval of the shareholders.

The course of business and the financial condition of the Company during the financial year ended December 31, 2019, are detailed in the Universal 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, 2019, as drawn up by the Board of Directors.

The annual financial statements show a loss of €14,542,953.82.

The consolidated financial statements show a profit of €203.8 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, 2019, these costs and expenses amounted to €9,996. These costs and expenses represent an amount of income tax of €3,441.60 (at an income 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 results, distribution of an amount of €0.48 per share, by deduction from the 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, 2019 and the following distribution:

Origin of the amounts to be allocated:	
• Results from the 2019 financial year	€(14,542,953.82)
• Previous carry forward at December 31, 2019	€0
Total	**€(14,542,953.82)**
Allocation of results:	
• to the carry forward account	€(14,542,953.82)
Balance	**€(14,542,953.82)**

It is proposed to pay in respect of each of the shares making up the share capital and conferring rights to distributions, an amount of €0.48, as follows:

• **Proposed distribution:**	€145,129,488.48

Deducted from:

- Issue premium €145,129,488.48

As a consequence, the "issue premium account" would be reduced from €1,451,198,984 to €1,306,069,495.52.

The right to this distribution shall be detached from the share on July 2, 2020, and the distribution shall be paid on July 6, 2020.

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 €0.48 (based on an amount of €145,129,488.48, drawn on the issue premium, distributed over 302,353,101 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:

	2018	2017	2016
Distribution per share	€0.44[(1)]	€0.42[(1)]	0.40[(1)]
Number of shares eligible	302,193,786	302,027,053	302,056,728
Total distribution	€132,965,265.84[(1)]	126,851,362.26[(1)]	€120,822,691[(1)]

(1) Amount(s) eligible for the 40% tax rebate that individuals residing in France for tax purposes benefit from, in accordance with Article 158-3-2°of the French General Tax Code.

We suggest that you approve this resolution.

2.3 Related-party agreements (fourth resolution)

The fourth resolution concerns 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 conclusion.

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 agreement(s)

No new related-party agreements were entered into during the course of the financial year ended December 31, 2019 excluding the agreements referred to in paragraph 2.4 thereafter.

Related-party agreements previously authorized with continuing effect during the financial year ended December 31, 2019

The agreements entered into in previous financial years and the performance of which continued during the financial year ended December 31, 2019 are described in paragraph 3.3.2 of the Universal Registration document of the Company for the financial year ended December 31, 2019 and in the special report of the auditors, reproduced in the said Universal Registration document.

We therefore invite you to approve this resolution.

2.4 Approval of the amendment of the pension liabilities granted to the benefit of Patrick Berard in his capacity as Chief Executive Officer in accordance with the provisions of article L.225-42-1 of the French Commercial Code (fifth resolution)

The Board of Directors approved on December 17, 2019 the "freezing" of the pension liabilities granted to the benefit of Patrick Berard in his capacity as Chief Executive Officer, in accordance with Order n° 2019-697 dated July 3, 2019 relating to occupational supplementary pension schemes. Indeed, this Order provides that, as of January 1, 2020, no new additional rights may be acquired within a defined benefit pension scheme that makes the constitution of benefit rights conditional upon the completion of the beneficiary's career within the Company, except for beneficiaries who joined such a scheme before May 20, 2014, which was, since at

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least the latter date, closed to new memberships, which is not currently the case.

The said pension liabilities have therefore been maintained for the benefit of Patrick Berard but have been "frozen" as of December 31, 2019, so that no additional rights may be acquired under this plan as of January 1, 2020. It being specified that the compensation paid as from this date may nevertheless be taken into account for the calculation of the reference compensation serving as a basis for the calculation of benefits, in accordance with article 2 of the aforementioned Order dated July 3, 2019.

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 could acquire in respect of his duties as Chief Executive Officer under this plan were 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 non financial 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 3.2.2.3 of the Universal Registration document for the financial year ended December 31, 2019, 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 total provision recorded by Rexel for all employees benefiting from this supplementary defined benefit pension plan corresponds to a commitment of €7.1 million as of December 31, 2019.

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 2019 financial year, the annual amount of the Chief Executive Officer's pension under this plan was estimated at €220,517.

Consequently, the fifth resolution submits to the Shareholders' Meeting the approval of the amendment of the defined benefit pension commitments made to Patrick Berard. The Board of Directors recommends the approval of this resolution.

The commitments comply with the recommendations of the AFEP-MEDEF Code and the provisions of Article L.225-42-1 of the French Commercial Code.

We therefore invite you to approve this resolution.

2.5 Approval of the compensation policy applying to the Chairman of the Board, the Directors and the Chief Executive Officer for the 2020 financial year, pursuant to Article L.225-37-2 of the French Commercial Code (sixth to eighth resolutions)

In accordance with Article L.225-37-2 of the French Commercial Code, as amended by the terms of Order n°2019-1234 and Decree n°2019-1235 dated November 27, 2019, the compensation policy applying to the Chairman of the Board of Directors, the Directors and the Chief Executive Officer are presented in paragraph 3.2.1 "Compensation policy applicable to corporate officers for the financial year 2020 subject to shareholders' approval (Article L.225-37-2 of the French Commercial Code)" of the Universal Registration document of the Company for the financial year ended December 31, 2019.

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 the compensation policy applying to the Chairman of the Board of Directors, to the Directors and the Chief Executive Officer for the 2020 financial year.

2.6 Approval of the information referred to in Article L.225-37-3, I of the French Commercial Code for the 2019 financial year (ninth resolution)

In accordance with Article L.225-100, II of the French Commercial Code as amended by the terms of Order n° 2019-1234 and Decree n° 2019-1235 dated November 27, 2019, the ninth resolution submits to the shareholders' approval the information referred to in Article L.225-37-3, I of the French Commercial Code for the financial year ended December 31, 2019.

The information relates in particular to the elements of compensation (fixed, variable and exceptional), the benefits of any kind, the share allotment plans, severance payments, non-compete commitments and pension or similar liabilities.

The above-mentioned information listed are presented in Section 3.2.2 "Compensation of corporate officers for the 2019 financial year (Articles L.225-37-3, I and L.225-100 of the French Commercial Code)" of the Universal Registration document of the Company for the financial year ended December 31, 2019.

We therefore invite you to approve this resolution.

2.7 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 financial year ended December 31, 2019 to the non-executive and executive corporate officers (tenth and eleventh resolutions)

In accordance with Article L.225-100, III of the French Commercial Code as amended by the terms of Order n°2019-1234 and Decree n°2019-1235 dated November 27, 2019, the tenth to eleventh 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, 2019 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 multi-annual 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 3.2.2 "Compensation of corporate officers for the 2019 financial year (Articles L.225-37-3, I and L.225-100 of the French Commercial Code)" of the Universal Registration document for the financial year ended December 31, 2019 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, 2019

COMPENSATION ITEMS PAID OR ALLOCATED SUBMITTED TO THE VOTE	AMOUNT OR ACCOUNTING VALUATION AMOUNT ALLOCATED IN RESPECT OF FINANCIAL YEAR 2019	AMOUNT OR ACCOUNTING VALUATION AMOUNT PAID DURING FINANCIAL YEAR 2019	PRESENTATION
Fixed annual compensation	€500,000	€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 12, 2019 set the gross fixed annual compensation of Ian Meakins in respect of the financial year ended on December 31, 2019 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 3.2.2.4 "Summary tables concerning compensation paid or allocated to the corporate officers" of this Universal 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, 2019

COMPENSATION ITEMS PAID OR ALLOCATED SUBMITTED TO THE VOTE	AMOUNT OR ACCOUNTING VALUATION AMOUNT ALLOCATED IN RESPECT OF FINANCIAL YEAR 2019	AMOUNT OR ACCOUNTING VALUATION AMOUNT PAID DURING FINANCIAL YEAR 2019	PRESENTATION
Fixed annual compensation	€650,000	€650,000	The gross fixed annual compensation in respect of the financial year ended on December 31, 2019 determined by the Board of Directors 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 3.2.2.4 "Summary tables concerning compensation paid or allocated to the corporate officers" of this Universal Registration document.
Variable annual compensation	€656,565	€777,660	The gross variable annual compensation in respect of the financial year ended on December 31, 2019 determined by the Board of Directors of February 12, 2020, amounts to €656,565. The variable compensation was based for 75% on quantitative criteria (sales growth in volume, adjusted EBITA increase in volume, and ATWC) and for 25% on qualitative criteria. Quantitative performance stood at 80.90% and qualitative performance stood at 94%. This amount thus corresponds to 84.2% of the target variable compensation (the target variable compensation was determined at 120% of the fixed annual compensation), *i.e.* 101.01% of the fixed compensation for the relevant period. For details on the calculation of the variable compensation for 2019, please see paragraph 3.2.2.3 "Compensation and other benefits paid or allocated to Patrick Berard, Chief Executive Officer" of this Universal Registration document. In accordance with the provisions of article No. L.225-100 of the French Commercial Code, the payment of the 2019 variable compensation will be subject to the approval of the Shareholders' Meeting of April 23, 2020. The gross variable annual compensation paid during financial year 2019, allocated in respect of financial year 2018 (€777,660), was approved by a vote of the Shareholders' Meeting of May 23, 2019.
Pluri-annual variable compensation	Not applicable		Patrick Berard does not benefit from any pluri-annual variable compensation.
Exceptional compensation	Not applicable		Patrick Berard does not benefit from any exceptional compensation in respect of his corporate office.
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 3.2.2.3 "Compensation and other benefits paid or allocated to Patrick Berard, Chief Executive Officer" of this Universal Registration document.

Patrick Berard (Chief Executive Officer) for the financial year ended December 31, 2019

COMPENSATION ITEMS PAID OR ALLOCATED SUBMITTED TO THE VOTE	AMOUNT OR ACCOUNTING VALUATION: AMOUNT ALLOCATED IN RESPECT OF FINANCIAL YEAR 2019	AMOUNT OR ACCOUNTING VALUATION: AMOUNT PAID DURING FINANCIAL YEAR 2019	PRESENTATION
Valuation of the long-term compensation: allocation of performance shares	859,000 *(valuation based on the IFRS2 fair value determined for the consolidated financial statements, i.e., €8.59 for 2019)*		In accordance with authorization granted by Rexel's Shareholders' of May 24, 2018, the Board of Directors, at its meeting of May 23, 2019, decided to allot Rexel performance shares. Accordingly, 100,000 shares, fully subject to performance criteria, were allotted to Patrick Berard in 2019. 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 presence and performance conditions assessed over a period of three years, as described in paragraph 3.2.1.4 "Compensation policy applicable to the Chief Executive Officer for the financial year 2020" of this Universal Registration document.
Severance indemnities	Not applicable		Patrick Berard does not benefit from any severance indemnities in respect of his corporate office.
Non-compete indemnity	Not applicable		Patrick Berard does not benefit from any non-compete indemnity in respect of his corporate office.
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, 2020, acknowledged the achievement of the performance criteria for the 2019 financial year (the payment level of the variable compensation for 2019 having reached 84.2%). 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 3.2.2.3 "Compensation and other benefits paid or allocated to Patrick Berard, Chief Executive Officer" of this Universal Registration document).

We suggest that you approve the compensation items due or allocated in respect of the financial year ended December 31, 2019 to Ian Meakins, Chairman of the Board of Directors and Patrick Berard, Chief Executive Officer.

2.8 Ratification and renewal of the directors (twelfth to fifteenth resolutions)

2.8.1 Ratification of the co-option of Brigitte Cantaloube as Director (twelfth resolution)

The twelfth resolution submits to the approval of the shareholders the ratification of the co-option by the Board of Directors of Brigitte Cantaloube as director of the Company in replacement of Thomas Farrell, who resigned.

The co-option of Brigitte Cantaloube, if it is approved by the Shareholders' Meeting, can only be decided for the remainder of the term of his predecessor, *i.e.*, until the Shareholders' Meeting called to approve the financial statements for the financial year ending December 2019, to be held in 2020.

The details of the duties of Brigitte Cantaloube are as follows:

BRIGITTE CANTALOUBE

(51 years old)

Professional address:

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

Number of Rexel shares held:

–

Experience and expertise

Director, member of the Audit and Risk Committee

Brigitte Cantaloube was co-opted as Director by the Board of Directors on February 12, 2020, in replacement of Thomas Farrell. The co-option of Brigitte Cantaloube as well as the renewal of her term of office are submitted to the approval of the Shareholders' Meeting of April 23, 2020.

Brigitte Cantaloube is a French citizen.

Brigitte Cantaloube was Chief Digital Officer for PSA group from February 2016 to November 2017, in charge of leading the digital transformation of the Group as well as the management of the partnerships with global digital players. Brigitte Cantaloube had previously occupied various executive positions within Yahoo! Group and in particular, she served as Vice-President and Commercial Director in charge of EMEA, based in London, from 2014 to 2016, Managing Director of Yahoo! France from 2009 to 2014, Commercial Director for Display from 2006 to 2007. Previously, she was Advertising Director of L'Express magazine in charge of the advertising market and the advertising revenue from 2002 to 2006.

Brigitte Cantaloube had started her career as Sales Executive within L'Expansion group (1992-2002) where she held a number of executive positions and notably Sales Director in charge of La Vie Financière magazine (1996-1999) and Partnerships and Marketing Director in charge of the internet department of L'Expansion group (2000-2002).

Brigitte Cantaloube has a Master's Degree in Management from EDHEC Lille.

Term of office

First appointment:

February 12, 2020 (co-option)

Current term of office:

From February 12, 2020, until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2019

The renewal of her term of office until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31,2023 is submitted to the approval of the Shareholders' Meeting of April 23, 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 Audit and Risk 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

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We therefore invite you to approve this resolution.

2.8.2 Renewal of the term of office of Brigitte Cantaloube as director (thirteenth resolution)

The duties of director of Brigitte Cantaloube will come to an end at the closing of this Shareholders' Meeting.

Therefore, the thirteenth resolution submits to the approval of the shareholders the renewal of the term of office of Brigitte Cantaloube 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, 2023, to be held in 2024.

The renewal of the term of office of Brigitte Cantaloube is proposed insofar as she is an independent director and taking into account her international expertise in the field of digital and communication.

The details of the duties of Brigitte Cantaloube are presented in foregoing paragraph 2.8.1.

2.8.3 Renewal of the term of office of Ian Meakins as director (fourteenth resolution)

The duties of director of Ian Meakins will come to an end at the closing of the 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.

Therefore, the fourteenth resolution submits to the approval of the shareholders the early renewal of the term of office of Ian Meakins as director. This renewal would be made for a term of four years, *i.e.*, until the Shareholders' Meeting which will be called to approve the financial statements of the financial year ending December 31, 2023, to be held in 2024.

The renewal of the term of office of Ian Meakins is proposed insofar as he is an independent director and in view of his knowledge of the Company and his international expertise in the field of professional distribution and management.

The details of the duties of Ian Meakins are as follows:

IAN MEAKINS

(63 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 Committee, 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)

We therefore invite you to approve this resolution.

2.8.4 Renewal of the term of office of Patrick Berard as director (fifteenth resolution)

The duties of director of Patrick Berard will come to an end at the closing of the 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.

Therefore, the fifteenth resolution submits to the approval of the shareholders the early renewal of the term of office of Patrick Berard 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, 2023, to be held in 2024.

The renewal of the term of office of Patrick Berard is proposed in view of his knowledge of the Company, his managerial skills and his expertise in the strategy field.

The details of the duties of Patrick Berard are as follows:

PATRICK BERARD

(66 years old)

Professional address:

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

Number of Rexel shares held:

412,551

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).

Since October 2019, Patrick Berard is also member of the Board of Directors of LKQ Corporation (USA).

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)

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 Elektroskandia Norge AS (Norway – unlisted company)
- Director of Elektroskandia 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

- Director of LKQ Corporation (USA – listed company)

Over the last five financial years:

In France

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Abroad

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2.9 Authorization to carry out transactions on the Company's shares (sixteenth resolution)

The sixteenth 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) cancelling all or part of the shares so repurchased.

The authorization that would be, as the case may be, granted to the Board of Directors provides for limitations regarding the maximum repurchase price (€30), the maximum amount for the implementation of the repurchase program (€250 million) and the amount of securities which may be repurchased (10% of the share capital of the Company on the date of the repurchases) or delivered in the context of external growth transactions (5% of the share capital of the Company). In addition, the Company may at no time own a quantity of shares representing more than 10% of its share capital.

The Board of Directors will not be able, except with the prior approval of the Shareholders' Meeting, to pursue the implementation of its share repurchase program as from the filing by a third party of a public offer on the Company's securities and until the end of the offer period.

This authorization would be granted for a term of 18 months and would supersede the prior authorization granted to the Board of Directors in respect of the unused portion thereof.

We suggest that you approve this resolution.

3. Resolutions to be submitted to the Extraordinary Shareholders' Meeting

3.1 Authorization to be granted to the Board of Directors to carry out a share capital decrease by cancelling shares (seventeenth 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 (eighteenth 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 24, 2018 and May 23, 2019 granted to the Board of Directors 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.

We remind you 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.

We also remind you 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 maximum amount of all the share capital increases with cancellation of the shareholders' preferential subscription right (excluding share capital increases reserved to the employees and allotment of free shares) would be of 140 million, *i.e.*, 28 million shares, representing approximately 9.2% 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 regarding financial authorizations are described below.

3.2.1 Allotment of free shares to the employees and to the corporate officers of the Company and its subsidiaries (eighteenth resolution)

In accordance with the provisions of Articles L.225-129 *et seq.* and L.225-197-1 *et seq.* of the French Commercial Code, the eighteenth resolution relates to the authorization to be granted to the Board of Directors to allocate free existing and/or newly issued shares of the Company, in one or several occurrences, to the employees and/or the corporate officers of the Company and/or the companies or groups that are, directly or indirectly, linked to it under the conditions set forth in Article L.225-197-2 of the French Commercial Code or to certain categories of them.

The granting of this authorization would allow the Board of Directors to put in place shares plans to the benefit of the corporate officers and the employees of the Rexel Group, in France and abroad. These plans have been part of the Group's compensation policy for several years.

The shares plans are essential instruments for the purposes of the development and transformation strategy of Rexel, which requires a major commitment by key-employees in order to achieve the necessary changes in a disruptive and highly competitive environment.

By recognizing and rewarding committed teams in all of its regions, Rexel improves its performance and ensures that the skills necessary to its development are established on a sustainable basis in order to strengthen its global presence.

With an unchanged number of shares available for allotments, Rexel wishes to increase the number of beneficiaries and to have these allotments benefit to a wider population more operational, performing and talented.

All of the shares allotted to the corporate officers of the Group, to the members of the Executive Committee, and to the region, cluster and country managers will be subject to performance and presence conditions.

As for other participants, part of the shares could be allotted with a presence condition only, within the limitative terms set out below.

The terms of the authorization submitted at the Shareholders' Meeting are the following:

Maximum grant

The number of shares that may be allotted could not exceed 1.4% of the Company's share capital for a 26 month-period, calculated at the time when the Board of Directors makes its allotment decision.

This maximum amount of 1.4% of the share capital of the Company will include, as the case may be, the shares that would be allotted to the corporate officers of the Company.

It is reminded as well that additional limitations apply to the corporate officers:

1. The number of shares allocated to the corporate officers cannot exceed 10% of the total number of shares allocated to all beneficiaries (*i.e.*, a maximum of 0.14% of the share capital over a period of 26 months); and

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2. The annual value of the performance shares allocated to the corporate officers cannot exceed 100% of the fixed and target variable compensation for the relevant year. The limit of 1.4% of the share capital of the Company for a 26 month-period has been determined on the basis of the number of employees of the Rexel Group, the current organization and the strategic challenges. This percentage is consistent with market practices and capital consumption level of plans granted to key people of Rexel, *i.e.* an annual average of approximately 0.6% of the share capital.

Therefore, it is a stable policy in relation with the number of shares allocated and aligned with market practices.

The total number of shares allotted cannot exceed 10% of the share capital as at the date of the allotment decision of the Board of Directors. For information purposes, shares that have been granted and that have not been delivered may result in the creation of 5,606,599 new shares, representing 1.84% of the share capital and the voting rights of Rexel at December 31, 2019.

Terms of the allotment

The Board of Directors shall subordinate to presence and performance conditions the entirety of the allotment of shares to corporate officers of the Group, Executive Committee members, region, cluster and country managers.

For other participants, a portion of the shares may be subject to a presence condition only, it being specified that the total number of granted shares which are only subject to a presence condition may not exceed 20% of the amount of share capital that may be granted pursuant to this resolution (the remaining envelope – *i.e.* at least 80% of the shares – being as well subject to performance conditions).

Within the limit of 500 shares per beneficiary and per plan, regardless the beneficiaries (except for the executives population mentioned above), these shares submitted only to a presence condition would allow:

1. A wider recognition within the organization of a new population, more operational, performing and talented, therefore increasing the number of beneficiaries of the plans through the sole allocation of shares only submitted to a presence condition; and
2. An increase of the attractiveness of the plans for certain recurring beneficiaries, by substituting a portion of the performance shares with shares only submitted to a presence condition.

The conditions relating to the eligibility, the level of allotment and the measurement of the performance are determined each year by the Board of Directors, upon recommendation of the Compensation Committee. The performance conditions applicable to the shares plans are determined in line with the Group's strategy, and are rigorous. As a reminder, the conditions set forth under May 22, 2014 "Key Manager 4+0" plan have allowed the vesting of 31% of the shares allotted, those set forth under May 22, 2014 "Transition 4+0" plan have allowed the vesting of 36% of the shares allotted, those set forth under July 28, 2015 "Key Manager 3+2" plan have allowed the vesting of 18% of the shares allotted and those set forth under June 23, 2016 "3+2" plan have allowed the vesting of 45% of the shares allotted.

In case of a positive vote of the Shareholders' Meeting, the 2020 plan provides for the following performance conditions:

- The average annual growth rate of EBITA 2019-2022, for 30% of the number of performance shares granted to each Beneficiary;
- The average annual growth rate of organic sales 2019 -2022, for 30% of the number of shares granted to each Beneficiary;
- The average between 2020, 2021 and 2022 of the ratio of free cash flow before interest and taxes / EBITDA, for 20% of the number of performance shares granted to each Beneficiary; and
- The relative performance of the Rexel share compared to the SBF 120 GR index, for 20% of the number of performance shares granted to each Beneficiary.

Any allocation of shares, except for the maximum envelope of 20% of share capital that may be granted pursuant to this resolution, would be subject to the achievement of rigorous performance criteria adapted to the current Rexel environment. These performance criteria would be defined in accordance with the Medium Term Plan (MTP) of Rexel, approved by the Board of Directors which assessed the objectives for the next three year-period.

The performance levels relating to the internal performance criteria would be appreciated after the three year-period, and would correspond to the average annual performances (annualization of the MTP objectives). The performance level relating to the Rexel share would also be assessed after the three year-period.

The expected level of achievement and the performance reached will be disclosed in a precisely manner *ex-post* in the Universal registration document. An *ex-ante* communication about the objectives would not allow preserving the Rexel Group interests by communicating any indication on its long-term strategy in a highly competitive environment. The main financial criteria (sales growth and EBITA growth) on the three year-period are designed to be more stringent than the annual guidance.

Performance shares allocated on May 24, 2018 and May 23, 2019 on the basis of the authorization granted by the Shareholders' Meeting of May 24, 2018 are summarized hereafter (for more details, see paragraph 3.7.2.6 "Allotment of free shares" of the Universal Registration document for the financial year ended December 31, 2019):

Number of free shares allotted on May 24, 2018	1,900,032
Representing a percentage of the share capital at December 31, 2019 of	0.56%
Of wich corporate officers grant:	
Patrick Berard	100,000*
Number of beneficiaries	827

* Adjusted amount: 103,442. The number of performance shares still in the vesting period as of July 5, 2019 was adjusted by decision of the Chief Executive Officer on July 5, 2019 (on delegation of powers granted by the Board of Directors on May 23, 2019). This decision was intended to protect the rights of the beneficiaries and followed the distribution to shareholders of €0.44 per share of which €0.347, deducted from the share premium.

Number of free shares allotted on May 23, 2018	2,082,522
Representing a percentage of the share capital at December 31, 2019 of	0.69%
Of wich corporate officers grant:	
Patrick Berard	100,000**
Number of beneficiaries	1,039

** Adjusted amount: 103,442. The number of performance shares still in the vesting period as of July 5, 2019 was adjusted by decision of the Chief Executive Officer on July 5, 2019 (on delegation of powers granted by the Board of Directors on May 23, 2019). This decision was intended to protect the rights of the beneficiaries and followed the distribution to shareholders of €0.44 per share of which €0.347, deducted from the share premium.

Vesting and holding periods

The allotment of shares would only become effective after a minimum vesting period of 3 years and subject to a presence condition.

Furthermore, the vesting of the shares may take place prior to the end of vesting period in case of disability of the beneficiaries ranked in the 2nd and 3rd categories referred to in Article L.341-4 of the French Social Security Code (or equivalent provisions outside of France). The shares would then be immediately transferable.

It is reminded that, in accordance with Rexel's compensation policy, the corporate officers have a lock-up obligation in respect of 20% of the shares vested in connection with these plans until the termination of their duties.

Since 2014, Rexel applies performance conditions measured over a minimum period of three years in order to be in line with market practices.

Duration of the authorization

This authorization would be granted for a term of 26 months as from the date of the Shareholders' Meeting.

All of these elements have demonstrated the Rexel Group's intention to align with best market practices with respect to allotments of shares and thus to answer to its shareholders' expectations in this respect.

We therefore suggest that you approve this resolution.

3.2.2 Free shares to be allotted to the employees or to the corporate officers subscribing to a Group shareholding plan (nineteenth resolution)

In accordance with the provisions of Articles L.225-129 *et seq.* and L.225-197-1 *et seq.* of the French Commercial Code, the nineteenth resolution seeks to authorize the Board of Directors to carry out, in one or several occurrences, the allotment of free existing and/or newly-issued shares of the Company to employees and/or the corporate officers of the Company and/or the companies or groups that are, directly or indirectly, linked to it under the conditions set forth in Article L.225-197-2 of the French Commercial Code and that subscribe to a Group employee shareholding plan established as part of a capital increase reserved for them, carried out under the nineteenth resolution of the extraordinary Shareholders' Meeting of May 24, 2018, or any other substitute resolution (in particular the twentieth resolution submitted to the Shareholders' Meeting of April 23, 2020) or as part of a sale of existing shares reserved for members of a Group savings plan.

The granting of this authorization would enable the Board of Directors to establish free share plans for eligible employees or corporate officers who would subscribe to a shareholding plan. In fact, an employer matching contribution is often granted to persons who subscribe to employee shareholding plans and it may be necessary, particularly for countries other than France, that the employer's matching contribution takes the form of an allocation of free shares.

This tool was established by Rexel in recent years as part of its "Opportunity" plans outside of France. This resolution is thus necessary to enable Rexel to ensure continuity in the structure of its employee shareholding plans.

Under such a structure, the matching free shares can be allotted at the time of delivery of the shares subscribed to under the employee shareholding plan and delivered subject to a continued employment condition, for example, after a minimum period of 4 years, that is to say at a date close to the end of the retention period of the shares under the Group Savings Plan.

No retention period is applicable in this case.

It is consistent to not submit these shares to performance conditions, as it represents a benefit linked to an employee or corporate officer investment under the employee shareholding plan.

The main terms of the authorization submitted to the Shareholders' Meeting are:

Grant limits

The number of free shares that can be allotted could not exceed 0.3% of the share capital of the Company, calculated at the time the Board of Directors makes its allotment decision.

The total number of freely allotted shares cannot exceed 10% of the share capital as at the date of the decision regarding their allotment by the Board of Directors.

Terms of the grant

The Board of Directors would determine the terms of the allotment and, as the case may be, the eligibility conditions of the allotment. It shall subject the allotment of shares to a continued employment condition. It may, however, make exceptions to such a condition in very special cases.

Acquisition and retention period(s)

The allotment of shares would only become effective after a minimum acquisition period of 4 years, with no retention period.

Furthermore, the shares may become vested before the end of the acquisition period in the event that the beneficiaries become disabled and that such disability corresponds to the 2nd or 3rd category set forth under Article L.341-4 of the French Social Security Code (or equivalent provisions outside of France). The shares would immediately become freely transferable.

Duration of the authorization

The authorization would be granted for a term of 26 months as of the date of the Shareholders' Meeting.

We therefore invite you to approve this resolution.

3.2.3 Share capital increases reserved for employees with cancellation of the preferential subscription right (twentieth resolution)

The twentieth resolution aims at granting an authorization to the Board of Directors to carry out issuances of securities with cancellation of the preferential subscription right, reserved for employees of the Rexel Group who are members of a company or group savings scheme, set up jointly by the Company and the French or foreign companies that are linked to the Company within the conditions of Article L.225-180 of the French Commercial Code and of Article L.3344-1 of the French Labor Code.

The issuances would comprise the issuance of ordinary shares or of securities that are equity securities giving access, immediately or in the future, to other equity securities or giving right, immediately or in the future, to the allotment of debt securities, and/or of securities giving access, immediately or in the future, to equity securities to be issued.

This authorization would be limited to 2% of the share capital of the Company. The amount of issuances carried out pursuant to this authorization and pursuant to the twentieth resolution of the Extraordinary Shareholders' Meeting of May 24, 2018, or any other substitute resolution (in particular the twenty-first resolution submitted to the Shareholders' Meeting of April 23, 2020, if adopted) may not exceed a limit of 2% of the share capital of the Company. This limit would be deducted from the limit determined in the fifteenth resolution of the Extraordinary Shareholders' Meeting of May 23, 2019 or any similar substitute resolution.

The subscription price(s) would be determined by the Board of Directors pursuant to Articles L.3332-19 *et seq.* of the French Labor Code.

Therefore, as the securities are already listed on a regulated market, the subscription price may not exceed the average of Company's share prices during the twenty trading days preceding the date of the decision setting the opening date of the subscription period. Furthermore, the subscription price may not amount to less than 20% below this average.

Furthermore, pursuant to the provisions of Article L.3332-21 of the French Labor Code, the Board of Directors may decide on the allocation of shares to be issued or existing, or of other securities conferring access to the share capital of the Company, issued or to be issued, in respect of (i) the contribution *(abondement)* that may be paid pursuant to the regulations of the employee savings plan of the Company or of the Group and/or (ii) if applicable, the discount. This authorization would be granted for a term of 26 months and would cancel, as of the date of the Shareholders' Meeting, for an amount equal, as the case may be, to the unused portion, of the delegation granted by the Shareholders' Meeting of May 24, 2018 in its nineteenth resolution.

We suggest that you approve this resolution.

3.2.4 Issuance of securities with cancellation of the preferential subscription right reserved for certain categories of beneficiaries in order to allow employee shareholding transactions (twenty-first resolution)

The twenty-first resolution aims at granting an authorization to the Board of Directors to increase the share capital of the Company by the issuance of securities with cancellation of the preferential subscription right, reserved for certain categories of beneficiaries listed in the resolution (employees of non-French companies of the Rexel Group and intermediaries acting on their behalf) in order to allow such employees to benefit from employee shareholding or savings formulae equivalent in terms of economic advantage to those from which other Rexel employees would benefit under the nineteenth resolution of the Extraordinary Shareholders' Meeting of May 24, 2018, or any other substitute resolution (in particular the twentieth resolution submitted to the Shareholders' Meeting of April 23, 2020, if adopted) and would benefit, as the case maybe, from a more favorable tax and legal regime than under the resolution above mentioned.

The issuances would comprise the issuance of ordinary shares, or of securities that are equity securities giving access, to other equity securities or giving right, to the allotment of debt securities, and/or of securities giving access, immediately or in the future, to equity securities to be issued.

This authorization would be limited to 1% of the share capital of the Company. The amount of issuances carried out pursuant to this resolution and to the nineteenth resolution of the Extraordinary Shareholders' Meeting of May 24, 2018, or any other substitute resolution (in particular the twentieth resolution submitted to the Shareholders' Meeting of April 23, 2020 if adopted) may not exceed a limit of 2% of the share capital of the Company. This limit would be deducted from the limit determined in the fifteenth resolution of the Extraordinary Shareholders' Meeting of May 23, 2019 or any similar substitute resolution.

The subscription price(s) of the new shares shall be determined pursuant to the same conditions as set forth in Article L.3332-19 of the French Labor Code, the discount shall be set at a maximum of 20% of the average of Company's share prices during the twenty trading days preceding the date of the decision setting the opening date of the subscription period. The Board of Directors may reduce or eliminate the discount so granted as it deems appropriate in order to take into account, in particular, the local regulations applicable in the relevant countries.

The subscription price may also, in accordance with the local regulations applicable to the Share Incentive Plan that may be proposed under UK legislation, be equal to the lower share price between (i) the share price on the regulated market of Euronext Paris at the opening of the reference period of this plan, such period not to exceed 12 months, and (ii) the share price recorded following the close of such period within a given timeframe determined in accordance with said regulations.

This price shall be set without a discount in relation to the share price retained.

This delegation of authority would be granted for a term of eighteen months (it being specified that, in the event that the twentieth resolution submitted to the Shareholders' Meeting of April 23, 2020 would not be approved, this duration would be limited to the one of the nineteenth resolution of the Shareholders' Meeting of May 24, 2018, *i.e.* July 24, 2020) and would cancel, as of the date of the Shareholders' Meeting, the delegation granted by the Shareholders' Meeting of May 24, 2018 in its nineteenth resolution.

We suggest that you approve this resolution.

3.3 Amendment of the by-laws (twenty-second to twenty-seventh resolution)

3.3.1 Amendment of Article 10 of the by-laws to align shareholders' identification provisions with the new legislative and regulatory provisions (twenty-second resolution)

The Act n° 2019-486 dated May 22, 2019 amended Article L.228-1 of the French Commercial Code relating to the identification of security holders. Consequently, the twenty-second resolution submits to the shareholders' approval the amendment of Article 10 of the Company's by-laws in order to comply with the newly applicable legal and regulatory provisions.

Article 10 will be amended as follows:

"ARTICLE 10 – IDENTIFICATION OF THE SHAREHOLDERS

The Company keeps abreast of the composition of its shareholding within the conditions stipulated by law.

In this capacity, the Company may make use of all the provisions of law for identifying the owners of shares conferring immediately or in the future the right to vote in its Shareholders' Meetings."

Any amendment to the by-laws requires an authorization from the extraordinary Shareholders' Meeting of the Company.

We suggest that you approve this resolution.

3.3.2 Amendment of Article 14 of the by-laws to align the composition of the Board of Directors with the new legislative and regulatory provisions (twenty-third resolution)

The Act n° 2019-486 dated May 22, 2019 amended Article L.225-27-1 of the French Commercial Code to provide for the appointment of two directors representing employees in companies having more than eight directors. Consequently, the twenty-third resolution submits to the shareholders' approval the amendment of sections 7.1 and 7.2 of Article 14 of the Company's by-laws in order to provide for the appointment of a second director representing the employees when the number of directors exceeds eight, and subject that this condition is still met on the date of his/her appointment.

Paragraphs 7.1 and 7.2 of Article 14 will be amended as follows:

"7. Directors representing the employees

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 eight, the Board of Directors shall include a director representing the employees appointed by the trade union having obtained the largest number of votes in the first round of the elections in the Company, its direct and indirect subsidiaries, whose head office is situated in France, referred to in Articles L.2122-1 and L.2122-4 of the French Labor Code.

When the number of directors exceeds eight, 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 eight directors.

In case of vacancy, for any reason whatsoever, of the office of a director representing the employees, the vacant office shall be filled in accordance with the provisions of Article L.225-34 of the French Commercial Code.

7.2 The term of office of the employee directors shall be of four years.

The functions of the director designated in accordance with article L.225-27-1 of the French Commercial Code end on completion of the annual general meeting of shareholders having ruled on the financial statements for the past financial year and held in the year during which the term expires.

Nevertheless, their term of office shall cease ipso jure when these employee representatives no longer meet the eligibility criteria provided for in Article L.225-28 of the French Commercial Code, or in case of termination of their employment agreement in accordance with Article L.225-32 of such code.

The decrease to eight or less than eight 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."

The remaining part of the Article is unchanged.

Any amendment to the by-laws requires an authorization from the extraordinary Shareholders' Meeting of the Company.

We suggest that you approve this resolution.

3.3.3 Amendment of Article 17 of the by-laws to insert the ability for the Board to deliberate by written consultation (twenty-fourth resolution)

The Act n° 2019-744 dated July 19, 2019 amended Article L.225-37 of the French Commercial Code in order to grant to the Board of Directors the ability to take certain decisions (specific attributions of the Board of Directors, transfer of the registered office in the same department, co-option of a Board member, authorizations of sureties, endorsement and guarantees, compliance of the by-laws with legal and regulatory provisions, convening of the shareholders' meeting) by written consultation provided that this option is specified in the by-laws.

Consequently, the twenty-fourth resolution submits to the shareholders' approval the amendment of Article 17 of the Company's by-laws in order to allow the Board of Directors to take certain decision by written consultation to the extent legally permitted.

Article 17 will be amended as follows:

"ARTICLE 17 – PROCEEDINGS OF THE BOARD OF DIRECTORS

1. *The Board of Directors meets as often as required by the Company's interests, and at least quarterly, upon notice from its Chairman or Deputy Chairman.*

   The Board of Directors may meet in person, by videoconference, by any other means of telecommunication or by written consultation, under the provisions stipulated by the applicable Law and in accordance with the following terms.

2. *Meeting in person, by videoconference or by any other means of telecommunication*

   Unless otherwise agreed in writing by all the members of the Board of Directors, notices are to be made by all written means, including by fax or e-mail, at least three (3) days prior to the date of the meeting, and are to be accompanied by the meeting's agenda and all documents prepared to be submitted to the Board of Directors. Nonetheless, when all the members of the Board of Directors are in presence or represented (including by participating or being represented during telephone or audiovisual conferences) at a meeting, this meeting may occur without prior notice and without the obligation to comply with the three-day (3) notice.

   The meeting takes place either at the registered office or in any other location indicated in the notice.

   Nonetheless, if the Board of Directors has not met in more than two months, a group of directors may, provided they represent at least one third of the directors in office, request the Chairman to call the Board of Directors on a specific agenda. In all other cases, the agenda is drawn up by the Chairman and must in any event be mentioned in the notice.

   The Board of Directors may validly transact business only if at least one half of its members are in presence.

   Decisions are approved at a majority of the votes of the members in presence or represented, and each member of the Board of Directors is entitled to one vote and may represent only one of his or her peers.

   In accordance with the regulations in force, internal regulations for the Board of Directors will be drafted in order to determine the participation and voting in meetings of the Board of Directors convened by videoconference or using any other means of telecommunication.

   Subject to the internal regulations of the Board of Directors so providing, the directors who attend meetings of the Board of Directors by videoconference or other means of telecommunication in accordance with the internal regulations, will be considered as present for calculating the quorum and the majority.

   In the event of a tie, the Chairman of the meeting has a casting vote, if and only if the Board of Directors is made up of an even number of directors in office and solely at meetings chaired by the Chairman of the Board of Directors.

3. *Written consultation*

   The Board of Directors may also, at the Chairman's discretion, deliberate by written consultation on decisions as provided for by the Law.

   In the event of written consultation, the Chairman shall send to each director, alternatively (i) by registered letter with acknowledgement of receipt or (ii) by e-mail with acknowledgement of receipt, the text of the proposed decisions as well as all documents useful for his or her information.

   The directors have a five-calendar-days delay (closed at 11:59 p.m., Paris time, on the last day of this delay) from the sending date of the draft decisions to express their vote in writing. The reply shall be sent alternatively (i) by registered letter with acknowledgement of receipt or (ii) by e-mail with acknowledgement of receipt, to the attention of the Chairman, at the registered office of the Company, as the case may be.

   The Board of Directors may validly transact business on written consultation only if at least one half of its members have replied within the above-mentioned delay.

Decisions are approved at a majority of the votes of the members who replied, and each member of the Board of Directors is entitled to one vote.

In the event of a tie, the Chairman of the meeting has a casting vote, if and only if an even number of directors in office has cast a vote in accordance with the preceding stipulations.

4. *A register of attendance is kept and signed by the directors attending the meeting of the Board of Directors and which, as the case may be, must mention the names of the directors who attended the meeting by videoconference or using other means of telecommunication of having voted by mail.*
5. *Deliberations of the Board of Directors (including by written consultation) are recorded in minutes established in accordance with the legal provisions in force, and signed by the Chairman of the meeting and by at least one director or, in the event of the Chairman's unavailability, by at least two directors, subject to the terms applicable to decisions taken by written consultation.*

   Copies or extracts 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 a representative duly empowered for this purpose."

Any amendment to the by-laws requires an authorization from the extraordinary Shareholders' Meeting of the Company.

We suggest that you approve this resolution.

3.3.4 Amendment of Article 19 of the by-laws to extend the age limit for the exercise of the duties of Chief Executive Officer (twenty-fifth resolution)

As part of the succession plan reviewed and approved by the Board of Directors, it is suggested that Patrick Berard, Chief Executive Officer, aged 66 years old, be renewed in office until 2023. Consequently, the age limit provided for in the by-laws regarding the exercise of the duties of Chief Executive Officer should be raised from 68 to 70 years of age.

In addition, during this period, Patrick Berard would supervise his possible successor on a transitional basis.

Consequently, the twenty-fifth resolution seeks to amend the age limit provided for in the by-laws regarding the exercise of the duties of Chief Executive Officer.

The second paragraph of Article 19 would be amended as follows:

"2. Where the Company's Executive Management is discharged by the Chairman, the provisions of the laws, of the regulations and of the by-laws in relation to the Chief Executive Officer are applicable to him/her and he/she assumes the title of Chairman and Chief Executive Officer.

Where the Board of Directors chooses to dissociate the Chair of the Board of Directors from the Executive Management of the Company, the Board of Directors appoints the Chief Executive Officer, sets his/her term of office and the scope of his/her powers, in keeping with the provisions of the Law and of the By-Laws. The decisions of the Board of Directors that limit the powers of the Chief Executive Officer are unenforceable against third parties.

For the exercise of his duties, the Chief Executive Officer must be age of less than 70 years old. If he reaches this age limitation during his term of office, such duties shall cease ipso jure and the Board of Directors shall proceed with the nomination of a new Chief Executive Officer. However, his duties as Chief Executive Officer shall continue until the date of the meeting of the Board of Directors that is to appoint his successor. Subject to the age limitation indicated above, the Chief Executive Officer may always be reappointed.

The Chief Executive Officer's functions may be terminated by the Board of Directors at any time.

In the event of temporary unavailability of the Chief Executive Officer, the Board of Directors may delegate the functions of Chief Executive Officer to a director."

The remaining part of the Article is unchanged.

Any amendment to the by-laws requires an authorization from the extraordinary Shareholders' Meeting of the Company.

We suggest that you approve this resolution.

3.3.5 Amendment of Article 20 of the by-laws to align the directors' compensation provisions with the new legislative and regulatory provisions (twenty-sixth resolution)

The Act n° 2019-486 dated May 22, 2019 amended Article L.225-45 of the French Commercial Code by deleting the term "attendance fees" and replacing it with the term "compensation". Consequently, the twenty-sixth resolution submits to the shareholders' approval the amendment of Article 20 of the

Company's by-laws in order to comply with the newly applicable legal and regulatory provisions.

The first paragraph of Article 20 will be amended as follows:

"1. The Ordinary Shareholders' Meeting may remunerate the directors for their activities in a fixed annual amount which are charged to the English version for information purpose only Company's operating costs and which are maintained until otherwise decided by the Shareholders' Meeting. The Board of Directors distributes this remuneration among its members as it deems fit. In companies whose shares are admitted on a regulated market, this distribution shall be determined in accordance with the provisions set out in the Law."

The remaining part of the Article is unchanged.

Any amendment to the by-laws requires an authorization from the extraordinary Shareholders' Meeting of the Company.

We suggest that you approve this resolution.

3.3.6 Amendment of Article 22 of the by-laws to align the related party agreements provisions with the new legislative and regulatory provisions (twenty-seventh resolution)

The Act n° 2019-486 dated May 22, 2019, supplemented by Order n°2019-1234 and Decree n°2019-1235 dated November 27, 2019, amended the provisions applicable to the control and disclosure procedure for related-party agreements as well as agreements relating to ordinary transactions entered into on arms' length terms. Consequently, the twenty-seventh resolution submits to the shareholders' approval the deletion of section 2 of Article 22 of the Company's by-laws in order to comply with the newly applicable legal and regulatory provisions.

Article 22 will be amended as follows:

"Article 22 - AGREEMENTS ENTERED INTO BETWEEN THE COMPANY AND ITS SHAREHOLDERS OR OFFICERS AND DIRECTORS

Any agreement entered into between the Company and its shareholders or any one shareholder, or between the Company and its directors and officers or any director or officer, whether directly or through an intermediary, shall be subject to the applicable procedure defined by Law."

Any amendment to the by-laws requires an authorization from the extraordinary Shareholders' Meeting of the Company.

We suggest that you approve this resolution.

3.4 Powers for legal formalities (twenty-eighth resolution)

The twenty-eighth 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, 2020
The Board of Directors

Schedule 1

Delegations and authorizations

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF APRIL 23, 2020		
TYPE OF DELEGATION	DATE OF THE SHAREHOLDERS' MEETING (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 APRIL 23, 2020							
Share capital increase							
Issuance with upholding of preferential subscription rights	May 23, 2019 (resolution 15)	26 months (July 22, 2021)	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	N/A	N/A	N/A	N/A
Issuance by way of public offering with cancellation of the preferential subscription right	May 23, 2019 (resolution 16)	26 months (July 22, 2021)	Equity securities: €140,000,000 (*i.e.*, 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 The issue price is set in accordance with the legal provisions applicable on the issue date (to date, the weighted average of the company's share price during the last three trading sessions prior to the opening of the public offering, possibly reduces by a 10% discount)	N/A	N/A	N/A	N/A

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF APRIL 23, 2020		
TYPE OF DELEGATION	DATE OF THE SHAREHOLDERS' MEETING (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
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, 2019 (resolution 17)	26 months (July 22, 2021)	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 The issue price is set in accordance with the legal provisions applicable on the issue date (to date, the weighted average of the company's share price during the last three trading sessions prior to the opening of the public offering, possibly reduces by a 10% discount)	N/A	N/A	N/A	N/A
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, 2019 (resolution 18)	26 months (July 22, 2021)	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	N/A	N/A	N/A	N/A

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF APRIL 23, 2020		
TYPE OF DELEGATION	DATE OF THE SHAREHOLDERS' MEETING (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
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, 2019 (resolution 19)	26 months (July 22, 2021)	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 The issue price will be at least equal to the weighted average price of the Company's shares on the regulated market of Euronext in Paris during the last trading day preceding the issue, less a maximum discount of 5%	N/A	N/A	N/A	N/A
Issuance of up to 10% of the share capital in consideration for contributions in kind	May 23, 2019 (resolution 20)	26 months (July 22, 2021)	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	N/A	N/A	N/A	N/A
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	May 23, 2019 (resolution 21)	26 months (July 22, 2021)	€200,000,000 (*i.e.*, 40,000,000 shares) This maximum not to deducted from any maximum	N/A	N/A	N/A	N/A
AUTHORIZATIONS SUBMITTED FOR RENEWAL TO THE SHAREHOLDERS MEETING OF APRIL 23, 2020							
Employee shareholding, allocation of share subscription or purchase options, free share allocations							
Performance share allotments	May 24, 2018 (resolution 17)	26 months (July 13, 2020)	1.4% of the share capital as at the date of the decision of the Board of Directors	Allotment of May 24, 2018: 1,900,032 shares *i.e.* €9,500,160 Allocation on May 23, 2019 of 2,082,522 shares *i.e.* €10,412,610	18	26 months	1.4% of the share capital as at the date of the decision of the Board of Directors

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF APRIL 23, 2020		
TYPE OF DELEGATION	DATE OF THE SHAREHOLDERS' MEETING (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
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	19	26 months	0.3% of the share capital as at the date of the decision of the Board of Directors
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 The issue price will be determined in accordance with the conditions set out in Articles L.3332-19 *et seq.* of the French Labor Code. The maximum discount is set at 20% of the average of the opening prices during the twenty trading days preceding the date of the Board of Directors' decision setting the opening date for subscriptions.	N/A	20	26 months	2% of the share capital as at the date of the decision of the Board of Directors This maximum to be deducted from the joint maximum amount of 2% for resolutions 19 and 20 of the Shareholders' meeting dated May 24, 2018 This maximum to be deducted from the maximum of €720M provided for by resolution 15 of the Shareholders' meeting dated May 23, 2019 The issue price will be determined in accordance with the conditions set out in Articles L.3332-19 *et seq.* of the French Labour Code. The maximum discount is set at 20% of the average of the opening prices quoted during the twenty trading days preceding the date of the Board of Directors' decision setting the opening date for subscriptions.

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF APRIL 23, 2020		
TYPE OF DELEGATION	DATE OF THE SHAREHOLDERS' MEETING (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
Issuance with cancellation of the preferential subscription right reserved for certain categories of beneficiaries in order to allow employee shareholding transactions The categories of beneficiar-ies are (a) employees and corporate officers of non-French companies related to the Company, (b) UCITS or other employee share-holding entities invested in the Company's shares, (c) banking establishments or their subsidiaries that intervene for the purposes of setting up an employee shareholding plan and/or (d) financial establishments mandated within the framework of a "Share Incentive Plan".	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 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% provided for by resolutions number 19 and 20	N/A	21	18 months	1% of the share capital as at the date of the decision of the Board of Directors This maximum to be deducted from the €720M maximum provided for by resolution 15 of the Shareholders' Meeting of May 23, 2019 This maximum to be deducted from the joint maximum amount of 2% provided for by resolutions number 19 and 20 of the Shareholders' Meeting of May 24, 2018
DECREASE IN THE SHARE CAPITAL BY CANCELLING SHARES							
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	17	18 months	10% of the share capital on the date of cancellation by 24-month period
Repurchase by Rexel of its own shares							
Share repurchase	May 23, 2019 (resolution 13)	18 months (November 22, 2020)	10% of share capital as at the completion date Maximum total amount: €250,000,000 Maximum repurchase price: €30	Use in the context of the liquidity agreement entered into with Natixis and Oddo for market-making purposes: • acquisition of 5,634,613 shares at an average price of €10.47; and • sale of 5,807,243 shares at an average price of €10.55	16	18 months	10% of share capital as at the completion date Maximum total amount: €250,000,000 Maximum repurchase price: €30

6.2 Text of the draft resolutions submitted to the Combined Shareholders' Meeting of April 23, 2020

I. Resolutions submitted to the Ordinary Shareholders' Meeting

First resolution

(Approval of the annual financial statements for the financial year ended December 31, 2019)

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, 2019,

Approved the annual financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2019, as presented to it, as well as the transactions reflected in such financial statements and summarized in these reports.

The financial statements show a loss of €14,542,953.82.

In accordance with the provisions of Article 223 quarter 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 €3,441.60.

Second resolution

(Approval of the consolidated financial statements for the financial year ended December 31, 2019)

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, 2019,

Approved the consolidated financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2019, 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 €203.8 million.

Third resolution

(Allocation of the results for the financial year ended December 31, 2019, distribution of an amount of €0.48 per share, by deduction from the 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 losses for the year ended December 31, 2019, which amounted to €14,542,953.82 as follows:

Origin of the amounts to be allocated:	
• Results from the 2019 financial year	€(14,542,953.82)
• Previous carry forward at December 31, 2019	€0
Total	**€(14,542,953.82)**
Allocation:	
• to the carry forward account	€(14,542,953.82)
Balance	**€(14,542,953.82)**

Each of the shares making up the share capital and conferring rights to it would be paid an amount of €0.48, integrally deducted from the "Issue premium" account as follows:

Proposed distribution:	€145,129,488.48
Deducted from:	
• Issue premium	€145,129,488.48

As a consequence, the "issue premium" account would be reduced from €1,451,198,984 to €1,306,069,495.52.

The dividend shall be detached from the share on July 2, 2020, and paid on July 6, 2020.

The aggregate amount of the dividend of €145,129,488.48 was determined on the basis of the number of shares making up the share capital of 304,102,013 as at December 31, 2019 and of the number of shares held by the Company of 1,748,912 shares at the same date.

The aggregate amount of the distribution, and thus the balance of 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 "issue premium" account.

With regard to the tax treatment of the distribution of €0.48 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 €0.48 (based on an amount of €145,129,488.48, drawn on the "issue premium", distributed over 302,353,101 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:

	2018	2017	2016
Distribution per share	€0.44(1)	€0.42(1)	0.40(1)
Number of shares eligible	302,193,786	302,027,053	302,056,728
Total distribution	€132,965,265.84(1)	126,851,362.26(1)	€120,822,691(1)

(1) Amount(s) eligible for the 40% tax rebate that individuals residing in France for tax purposes benefit from, in accordance with Article 158-3-2°of the French General Tax Code.

Fourth resolution

(Authorization of agreements referred to in Articles L.225-38 et seq. of the French Commercial Code)

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

Having reviewed the report of the Board of Directors and the Statutory Auditors' special report on related-party transactions governed by Articles L.225-38 *et seq.* of the French Commercial Code,

Acknowledged the information relating to the agreements entered into and the undertakings made during previous financial years the performance of which continued during the last financial year and that are mentioned in the special report of the Statutory Auditors; and

Acknowledged the new agreement that has been entered into during the financial year ended December 31, 2019 which is submitted to the approval of the shareholders in the fifth resolution.

Fifth resolution

(Approval of the amendment of the pension liabilities granted to the benefit of Patrick Berard in his capacity as Chief Executive Officer in accordance with the provisions of article L.225-42-1 of the French Commercial Code)

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

Having reviewed the report of the Board of Directors and the Statutory Auditors' special report on related-party transactions governed by Articles L.225-38 *et seq.* of the French Commercial Code,

Approved the freeze of the pension liabilities granted to the benefit of Mr. Patrick Berard in his capacity as Chief Executive Officer decided by the Board of Directors on December 17, 2019 with effect as of December 31, 2019, in accordance with the provisions of Article L.225-42-1 of the French Commercial Code, as described in the said special report in accordance with Order n° 2019-697 of July 3, 2019 relating to supplementary occupational pension schemes, as described in the special report of the Statutory Auditors, in accordance with Article L.225-42-1 of the French Commercial Code.

Sixth resolution

(Approval of the compensation policy applying to the Chairman of the Board of Directors for the 2020

financial year, pursuant to Article L.225-37-2 of the French Commercial Code)

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

Having reviewed chapter 3 of the Universal registration document of the Company for the financial year ended December 31, 2019, which constitutes the report on corporate governance, in accordance with articles L.225-37 of the French Commercial Code and in particular paragraph 3.2.1.3 "Compensation policy applicable to the Chairman of the Board of Directors for the financial year 2020",

Approved the compensation policy applying to the Chairman of the Board of Directors by virtue of its mandate for the financial year 2020 as presented in such document.

Seventh resolution

(Approval of the compensation policy applying to the Directors for the financial year 2020, pursuant to Article L.225-37-2 of the French Commercial Code)

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

Having reviewed chapter 3 of the Universal registration document of the Company for the financial year ended December 31, 2019, which constitutes the report on corporate governance, in accordance with Article L.225-37 of the French Commercial Code and in particular paragraph 3.2.1.2 "Compensation policy applicable to Directors for the financial year 2020",

Approved the compensation policy applying to Directors by virtue of their mandate for the 2020 financial year as presented in such document.

Eighth resolution

(Approval of the compensation policy applying to the Chief Executive Officer for the financial year 2020, pursuant to Article L.225-37-2 of the French Commercial Code)

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

Having reviewed chapter 3 of the Universal registration document of the Company for the financial year ended December 31, 2019, which constitutes the report on corporate governance, in accordance with Article L.225-37 of the French Commercial Code and in particular paragraph 3.2.1.4"Compensation policy applicable to the Chief Executive Officer for the financial year 2020",

Approved the compensation policy applying to the Chief Executive Officer by virtue of their mandate for the financial year 2020 as presented in such document.

Ninth resolution

(Approval of the information referred to in Article L.225-37-3, I of the French Commercial Code for the financial year ended December 31, 2019)

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

Having reviewed chapter 3 of the Universal registration document of the Company for the financial year ended December 31, 2019, which constitutes the report on corporate governance, in accordance with Article L.225-37 of the French Commercial Code and in particular paragraph 3.2.2 "Compensation of corporate officers for the 2019 financial year (Articles L.225-37-3, I and L.225-100 of the French Commercial Code)",

Approved, pursuant to Article L.225-100, II of the French Commercial Code the information referred to in Article L.225-37-3, I of the French Commercial Code in respect of the financial year ended December 31, 2019.

Tenth 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 2019 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 Universal registration document of the Company for the financial year ended December 31, 2019, which constitutes the report on corporate governance, in accordance with Article L.225-37 of the French Commercial Code and in particular paragraph 3.2.2 "Compensation of corporate officers for the 2019 financial year (Articles L.225-37-3, I and L.225-100 of the French Commercial Code)",

Approved, pursuant to Article L.225-100, III of the French Commercial Code, 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, 2019 to Ian Meakins, Chairman of the Board of Directors, as described in the Universal registration document of the Company for the financial year ended December 31, 2019, paragraph 3.2.2.2 "Compensation and other benefits of any kind paid or allocated to Ian Meakins, Chairman of the Board of Directors".

Eleventh 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 2019 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 Universal registration document of the Company for the financial year ended December 31, 2019, which constitutes the report on corporate governance, in accordance with Article L.225-37 of the French Commercial Code and in particular paragraph 3.2.2 "Compensation of corporate officers for the 2019 financial year (Articles L.225-37-3, I and L.225-100 of the French Commercial Code)",

Approved, pursuant to Article L.225-100, III of the French Commercial Code, 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, 2019 to Patrick Berard, Chief Executive Officer, as described in the Universal registration document of the Company for the financial year ended December 31, 2019, paragraph 3.2.2.3 "Compensation and other benefits of any kind paid or allocated to Patrick Berard, Chief Executive Officer".

Twelfth resolution

(Approval of the co-option of Brigitte Cantaloube as director)

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

Having reviewed the report of the Board of Directors,

Resolved, in accordance with Article L.225-24 of the French Commercial Code, to ratify the co-option of Brigitte Cantaloube to the position of director, replacing Thomas Farrell, who resigned, for the remainder of the term of office of his predecessor, *i.e.*, until the Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2019, to be held in 2020. This co-option was decided by the Board of Directors on February 12, 2020.

Thirteenth resolution

(Renewal of the term of office of Brigitte Cantaloube 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 Brigitte Cantaloube as Director, effective as of the end of this Shareholders' Meeting convened to resolve on the financial statements for the financial year ending December 31, 2019; and
2. Decided to renew the term of office as Director of Brigitte Cantaloube 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, 2023, to be held in 2024.

Brigitte Cantaloube 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.

Fourteenth resolution

(Renewal of the term of office of Ian Meakins as director)

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

Having reviewed the report of the Board of Directors,

In accordance with Article L.225-18 of the French Commercial Code:

1. Acknowledged the expiry of the term of office of Ian Meakins as Director, effective as of the end of this Shareholders' Meeting convened to resolve on the financial statements for the financial year

ending December 31, 2019 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 Ian Meakins for a term of four years which is to expire upon the end of the Shareholders' Meeting which will be convened to resolve on the financial statements for the financial year ending December 31, 2023, to be held in 2024.

Ian Meakins has indicated that he was prepared to serve for another term of office and that he was not legally prohibited from doing so in any manner whatsoever.

Fifteenth resolution

(Renewal of the term of office of Patrick Berard as director)

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

Having reviewed the report of the Board of Directors,

In accordance with Article L.225-18 of the French Commercial Code:

1. Acknowledged the expiry of the term of office of Patrick Berard as Director, effective as of this end of the Shareholders' Meeting convened to resolve on the financial statements for the financial year ending December 31, 2019 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 Patrick Berard 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, 2023, to be held in 2024.

Patrick Berard has indicated that he was prepared to serve for another term of office and that he was not legally prohibited from doing so in any manner whatsoever.

Sixteenth resolution

(Authorization to be granted to the Board of Directors to carry out transactions on the Company's shares)

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

Having reviewed the report of the Board of Directors,

Decided to authorize the Board of Directors, with the option to delegate such authorization, in accordance with the provisions of Article L.225-209 *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 ethics charter acknowledged by the AMF;
- Satisfying the obligations arising out of allocations of stock options, allotments of free shares or any other granting, allotment or sale of shares to the employees or the corporate officers of the Company or of an associated enterprise and carrying out any hedging operation relating to such transactions, in accordance with the conditions set forth by the market authorities and at such times that the Board of Directors or any person acting upon the authority of the Board of Directors implements such actions;
- Ensuring the coverage of the undertakings of the Company under rights with a settlement in cash and relating to the positive evolution of the trading price of the share of the Company granted to the employees or the corporate officers of the Company or of an associated enterprise;
- Retaining shares and delivering shares further to an exchange or as a consideration in the context of external growth transactions, in accordance with applicable regulations;
- Granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to shares of the Company;
- 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

- 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 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 thirteenth resolution of the Ordinary Shareholders' Meeting of the Company of May 23, 2019.

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

Seventeenth 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 limit 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, in respect of the unused amount, any prior authorization with the same purpose, and supersede the authorization granted by the fourteenth resolution of the Extraordinary Shareholders' Meeting of the Company of May 23, 2019.

Eighteenth resolution

(Authorization to be granted to the Board of Directors to grant free shares to the employees and to the corporate officers of the Company and its subsidiaries)

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 accordance with the provisions of Articles L.225-129 *et seq.* and L.225-197-1 *et seq.* of the French Commercial Code:

1. Authorized the Board of Directors to carry out, with the option to subdelegate to any duly empowered person in accordance with legislative and regulatory provisions, in one or several occurrences, the allotment of existing and/or newly-issued shares of the Company to the employees and/or the corporate officers of the Company and/or the companies or groups that are, directly or indirectly, linked to it under the conditions set forth in Article L.225-197-2 of the French Commercial Code, or to certain categories of them;
2. Decided that the Board of Directors shall determine the beneficiaries of the allotments and the number of shares granted to each of them, the terms of the allotment and the eligibility criteria for the allotment of the shares.

   The Board of Directors shall subordinate to presence and performance conditions the entirety of the allotment of shares to corporate officers, Executive Committee members, region, cluster and country managers. For other beneficiaries, a portion of the shares granted may be subject to a presence condition only, it being specified that the total number of shares granted which are only subject to a presence condition may not exceed 20% of the maximum amount of share capital that may be granted pursuant to this resolution.

   Performance conditions shall be considered over a minimum period of three years and shall include the average EBITA growth, the average organic sales growth, the average free cash flow before interest and taxes / EBITDA ratio and the performance of Rexel shares compared to the SBF 120 GR index;
3. Decided that the number of free shares that may be granted pursuant to this resolution may not exceed 1.4% of the share capital of the Company on a 26-month period considered as at the date of the allotment decision by the Board of Directors, being specified that:
   i. This limit does not take into account the legislative, regulatory and, as the case may be, contractual adjustments necessary to maintain the beneficiaries' rights; and
   ii. The total number of free shares granted cannot exceed 10% of the share capital as at the date of the decision regarding their granting by the Board of Directors, it being specified that, in accordance with Article L.225-197-1 of the French Commercial Code, this percentage does not take into account shares that have not been definitively granted at the end of the vesting period provided for in paragraph 4 below as well as shares that are no longer subject to the holding obligation set by the Board of Directors, as the case may be.

This maximum amount of 1.4% of the share capital of the Company shall include, as the case may be, the shares that will be granted to the corporate officers of the Company, being specified that these allotments cannot exceed 10% of the allotments carried out in accordance with this authorization;

4. Decided that the shares allocated to their beneficiaries will become vested after a minimum vesting period of 3 years;

5. Decided that the shares may become vested before the term of the period of vesting in the event that the beneficiaries become disabled and that such disability corresponds to the second or third category set forth under Article L.341-4 of the Social Security Code (or equivalent provisions outside of France) and that the shares would immediately become freely transferable;

6. Authorized the Board of Directors to carry out, as the case may be, during the period of vesting, the adjustments relating to the numbers of free shares granted on the basis of the potential transactions affecting the share capital of the Company in order to maintain the rights of the beneficiaries;

7. In the event of free shares to be issued, authorized the Board of Directors to carry out one or several increase(s) in the share capital by capitalization of reserves, profits or issuance premiums reserved for the beneficiaries of such free shares and acknowledged that this authorization includes the related waiver of the shareholders' preferential subscription rights with respect to such shares and to the portion of the reserves, profits and issuance premiums thus capitalized, to the benefit of the beneficiaries; the Board of Directors is granted a delegation of authority in respect of this transaction in accordance with Article L.225-129-2 of the French Commercial Code;

8. Decided that the Board of Directors will have full powers, with the option to subdelegate such powers to any duly empowered person in accordance with legislative and regulatory provisions, to implement this delegation of authority, *inter alia* for the purposes of:

   - Determining whether the free shares shall be newly-issued shares or existing shares;
   - Determining the beneficiaries and the number of free shares granted to each of them;
   - Setting the dates on which free shares shall be allocated, in the conditions and limits of applicable law;
   - Deciding upon the other terms and conditions of the allotment of shares, particularly the period of vesting and the period of holding of the shares thus allocated, in the rules for the allotment of free shares;
   - Deciding upon the conditions under which the number of free shares to be allocated shall be adjusted, in accordance with applicable legal and regulatory provisions and as the case may be contractual provisions;
   - More generally, entering into any agreements, executing any documents, acknowledging the share capital increases resulting from vesting, changing the by-laws accordingly, and carrying out any formality or declaration with any organization;

9. Decided that this authorization is granted for a term of 26 months as from the date of this Shareholders' Meeting;

10. Decided that this authorization shall cancel any previous authorization having the same purpose, as regards the unused portion of this authorization, and supersede the authorization granted by the seventeenth resolution of the Extraordinary Shareholders' Meeting of the Company of May 24, 2018.

Nineteenth resolution

(Authorization to be granted to the Board of Directors to grant free shares to the employees and to the corporate officers of the Company and its subsidiaries subscribing to a Group shareholding plan)

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

Having reviewed the report of the Board of Directors and of the Statutory Auditors' special report, in accordance with the provisions of Articles L.225-129 *et seq.* and L.225-197-1 *et seq.* of the French Commercial Code:

1. Authorized the Board of Directors to carry out, with the option to subdelegate to any duly empowered person in accordance with legal and regulatory provisions, in one or several occurrences, the allocation of free existing and/or newly-issued shares of the Company to the employees and/or the corporate officers of the

Company and/or the companies or groups that are, directly or indirectly, linked to it under the conditions set forth in Article L.225-197-2 of the French Commercial Code and that subscribe to a Group employee shareholding plan established as part of a capital increase reserved for them, carried out under the nineteenth resolution of the Extraordinary Shareholders' Meeting of May 24, 2018, or any other substitute resolution (in particular, the twentieth resolution of this Shareholders' Meeting if adopted), or as part of a sale of existing shares reserved for members of a group savings plan;

2. Decided that the Board of Directors shall determine the identity of the beneficiaries of the allotments and the number of shares granted to each of them, the terms of the allocation and, as the case may be, the eligibility criteria for the allocation of the shares. The Board of Directors shall subordinate to a continued employment condition the allocation of shares;
3. Decided that the number of shares that may be freely granted pursuant to this resolution may not exceed 0.3% of the share capital of the Company considered as at the date of the allotment decision by the Board of Directors, it being specified that:
   i. This limit does not take into account the legal, regulatory and in some cases contractual adjustments necessary to maintain the beneficiaries' rights; and
   ii. The total number of free shares granted may not exceed 10% of the share capital as at the date of the decision regarding their granting by the Board of Directors, it being specified that, in accordance with Article L.225-197-1 of the French Commercial Code, this percentage does not take into account shares that have not been definitively granted at the end of the vesting period provided for in paragraph 4 below as well as shares that are no longer subject to the holding obligation set by the Board of Directors, as the case may be.
4. Decided that the shares allocated to their beneficiaries will become vested after a minimum period of acquisition of 4 years, without retention period;
5. Decided that the shares may become vested before the term of the period of vesting in the event that the beneficiaries become disabled and that such disability correspond to the second or third category set forth under Article L.341-4 of the Social Security Code (or equivalent provisions outside of France) and that the shares will immediately become freely transferable;
6. Authorized the Board of Directors to carry out, as the case may be, during the period of vesting, adjustments relating to the numbers of free shares granted on the basis of the potential transactions affecting the share capital of the Company in order to maintain the rights of the beneficiaries;
7. In the event of free shares to be issued, authorized the Board of Directors to carry out one or several increase(s) in the share capital by capitalization of reserves, profits or issuance premiums reserved for the beneficiaries of such free shares and acknowledged that this authorization includes the related waiver of the shareholders' preferential subscription rights with respect to such shares and to the portion of the reserves, profits and issuance premiums thus capitalized, to the benefit of the beneficiaries; the Board of Directors is granted a delegation of authority in respect of this transaction in accordance with Article L.225-129-2 of the French Commercial Code;
8. Decided that the Board of Directors will have full powers, with the option to delegate such powers to any duly empowered person in accordance with legislative and regulatory provisions, to implement this delegation of authority, *inter alia* for the purposes of:
   - Determining whether the free shares shall be newly issued shares or existing shares;
   - Determining the identity of the beneficiaries and the number of free shares granted to each of the beneficiaries;
   - Setting the dates on which free shares shall be allocated, in the conditions and limits of applicable law;
   - Deciding upon the presence condition and the other terms of the allocation of shares, particularly the period of acquisition thus allocated, in the rules for the allocation of free shares;
   - Deciding upon the conditions under which the number of free shares to be allocated shall be adjusted, in accordance with applicable provisions of the law and the by-laws;
   - More generally, entering into any agreements, executing any documents, acknowledging the share capital increases resulting from definitive allocations, changing the by-laws accordingly, and carrying out any formality or declaration with any organization;

9. Decided that this authorization is granted for a term of 26 months as of the date of this Shareholders' Meeting;
10. Decided that this authorization shall cancel any previous authorization having the same purpose as regards the unused portion of this authorization, and supersede the authorization granted by the eighteenth resolution of the Extraordinary Shareholders' Meeting of the Company of May 24, 2018.

Twentieth resolution

(Authorization to be granted to the Board of Directors to increase the share capital by issuance of ordinary shares and/or securities that are equity securities giving access to other equity securities of the Company or giving right to the allocation of debt securities, and/or of securities giving access to equity securities to be issued, with cancellation of the shareholders' preferential subscription right, to the benefit of members of a savings plan)

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

Having reviewed the report of the Board of Directors and the Statutory Auditors' special report and deciding in accordance with, on the one hand, the provisions of Articles L.225-129-2, L.225-129-6 and L.225-138-1 of the French Commercial Code and, on the other hand, the provisions of Articles L.3332-1 *et seq.* of the French Labor Code:

1. Authorized the Board of Directors, with the option to subdelegate such authorization to any duly authorized person in accordance with legal and regulatory provisions, to decide to increase the share capital, in one or several occurrences, upon its sole decisions, at the time and in accordance with the terms that it shall determine by the issuance (i) of ordinary shares and/or (ii) of securities that are equity securities giving access, immediately or in the future, to other equity securities or giving right, immediately or in the future, to the allocation of debt securities and/or (iii) of securities conferring access to equity securities to be issued by the Company, reserved for members of one or several company savings plan(s) *(plan d'épargne d'entreprise)* or group savings plan(s) *(plan d'épargne de groupe)* established jointly by the Company and the French or foreign companies that are linked to the Company within the meaning of Article L.225-180 of the French Commercial Code and of Article L.3344-1 of the French Labor Code;
2. Decided to cancel the shareholders' preferential subscription rights in respect of new shares to be issued pursuant to this authorization for the benefit of the beneficiaries referred to in the first paragraph above;
3. Acknowledged that this delegation of powers implies a waiver by the shareholders of their preferential right to subscribe for the equity securities of the Company to which the securities that may be issued pursuant to this delegation give right;
4. Decided that the issue price(s) of the new shares or of the securities conferring access to the share capital shall be determined in accordance with the provisions of Articles L.3332-19 *et seq.* of the French Labor Code and that the maximum discount shall amount to 20% of the average of the first trading prices during the 20 trading days preceding the date of the Board of Directors' decision determining the opening date of the subscription period. Nevertheless, the Shareholders' Meeting expressly authorized the Board of Directors to reduce or eliminate the discount, in order to take into account, in particular, the regulations applicable in the countries where the offer will be implemented;
5. Decided that the maximum nominal amount of the share capital increase(s) which may be carried out pursuant to this authorization may not exceed 2% of the share capital of the Company appraised as at the date of the decision of use of this authorization by the Board of Directors, it being specified that:
   - The nominal maximum amount of the share capital increase(s) that may be carried out pursuant to this resolution, as well as to the twentieth resolution of the Extraordinary Shareholders' Meeting of May 24, 2018 or any other substitute resolution (in particular, the twentieth resolution of this Shareholders' Meeting if adopted), may not exceed a limit of 2% of the share capital of the Company;
   - The maximum nominal amount of any share capital increase(s) that may be carried out pursuant to this authorization shall be deducted from the overall limit set by the fifteenth resolution of the Extraordinary Shareholders' Meeting of May 23, 2019 or by any resolution of the same nature that may substitute for it; and
   - These amounts do not include the nominal amount of the additional ordinary shares to be issued in order to maintain the rights of the holders of securities or other rights giving

access to the share capital of the Company, in accordance with applicable legal and regulatory provisions and with any applicable contractual provisions providing for other cases of adjustment;

6. Decided, pursuant to the provisions of Article L.3332-21 of the French Labor Code, that the Board of Directors may decide on the allocation to the beneficiaries referred to in the first paragraph above, free of charge, of shares to be issued or existing, or of other securities conferring access to the share capital of the Company, issued or to be issued, in respect of (i) the contribution *(abondement)* that may be paid pursuant to the regulations of the employee savings plan of the Company or of the Group and/or (ii) if applicable, the discount;
7. Decided that, should the beneficiaries referred to in the first paragraph above not subscribe the share capital increase in full within the allocated time period, such share capital increase would only be completed for the amount of subscribed shares; unsubscribed shares may be offered again to such beneficiaries in the context of a subsequent share capital increase;
8. Granted full powers to the Board of Directors, with the option to delegate or subdelegate such powers, in accordance with legal and regulatory provisions, to implement this authorization, and in particular, for the purposes of:
   - Determining the eligibility criteria for companies whose employees may benefit from the issuances carried out pursuant to this authorization, establishing the list of such companies;
   - Determining the terms and conditions of the transactions, the characteristics of the shares, and if applicable, of the other securities, determine the subscription price calculated in accordance with the method defined in this resolution, determine the dates of opening and of closing of the subscription and the dividend entitlement dates and determine the dates and terms and conditions of payment of the subscribed shares;
   - Taking any necessary action for the admission to trading of the issued shares in any place where it shall deem appropriate;
   - Deducting from the "issuance premiums" account the amount of the expenses relating to these share capital increases and charging, if it deems fit, on this account the necessary amounts to increase the legal reserve to one tenth of the new share capital after each issuance, amending the by-laws accordingly and, in general, carrying out directly or indirectly, any transactions and formalities related to the share capital increases carried out pursuant to this authorization;
9. Decided that the authorization granted to the Board of Directors pursuant to this resolution shall be effective for a term of 26 months as from the date of this Shareholders' Meeting;
10. Decided that this authorization shall make void any prior authorization with the same purpose, up to the unused portion of this authorization.

Twenty-first resolution

(Delegation of authority to the Board of Directors to decide upon the issuance of ordinary shares and/or securities that are equity securities giving access to other equity securities or giving right to the allocation of debt securities, and/or of securities giving access to equity securities to be issued, with cancellation of the shareholders' preferential subscription right for the benefit of certain categories of beneficiaries in order to allow the implementation of employee shareholding transactions)

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

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, deciding in accordance with the provisions of Articles L.225-129-2 *et seq.* and L.225-138 of the French Commercial Code:

1. Delegated to the Board of Directors, with the option to subdelegate such powers to any duly empowered person in accordance with legislative and regulatory provisions, the authority necessary to increase, on one or more occasions, at such time or times and in the amounts that it shall decide, the share capital through the issue of (i) ordinary shares and/or (ii) securities that are equity securities giving access, immediately or in the future, to other equity securities of the Company or giving right, immediately or in the future, to the allocation of debt securities, and/or (iii) securities giving access, immediately or in the future, to equity securities to be issued of the Company, such an issue being reserved for persons meeting the criteria in the categories defined in paragraph 3. below;
2. Decided that the maximum nominal amount of the share capital increase(s) that may be carried out pursuant to this delegation shall not exceed 1% of the share capital of the Company

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considered as at the date of the decision of use of this authorization by the Board of Directors, it being specified that:

- The maximum nominal amount of the issuance(s) carried out pursuant to this delegation, as well as to the nineteenth resolution of the Extraordinary Shareholders' Meeting of May 24, 2018 or any other substitute resolution (in particular, the twentieth resolution of this Shareholders' Meeting if adopted), may not exceed a limit of 2% of the share capital of the Company;
- The maximum nominal amount of any share capital increase(s) that may be carried out pursuant to this authorization shall be deducted from the overall limit set by the fifteenth resolution of the Extraordinary Shareholders' Meeting of May 23, 2019 or any other substitute resolution; and
- These amounts do not include the nominal amount of the additional ordinary shares to be issued in order to maintain the rights of the holders of securities or other rights giving access to the share capital of the Company, in accordance with applicable legal and regulatory provisions and with any applicable contractual provisions providing for other cases of adjustment;

3. Decided to eliminate shareholders' preferential subscription rights to securities which may be issued pursuant to this delegation, and to reserve the right to subscribe to beneficiaries satisfying the following criteria:
   a) Employees and corporate officers of foreign companies which are related to the Company within the meaning of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labor Code; and/or
   b) Employee shareholding UCITS or other entities, with or without an independent legal existence, which are invested in securities of the Company, and whose unitholders or shareholders are comprised of the individuals described in (a) above; and/or
   c) Any banking institution or subsidiary of such an institution involved upon the Company's request for the purposes of implementing a shareholding or savings plan for the benefit of the persons mentioned in (a) of this paragraph, insofar as recourse to the subscription of the person authorized in accordance with this resolution would allow the employees or corporate officers mentioned above to benefit from employee shareholding or savings formulae equivalent in terms of economic advantage to those from which the other Rexel Group employees would benefit in comparable situations; and/or
   d) One or several financial institutions mandated in connection with the Share Incentive Plan (SIP) established for the benefit of employee and corporate officers of companies of the Rexel Group which are related to the Company within the meaning of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labor Code whose registered offices are located in the United Kingdom;
4. Acknowledged that this delegation of powers implies a waiver by the shareholders of their preferential right to subscribe for the equity securities of the Company to which the securities that may be issued pursuant to this delegation give right;
5. Decided that the issue price of the new shares shall be determined in the following manner:
   a) In case of issuance referred to in paragraphs 3 (a) to (c) above, the subscription price(s) of the new shares shall be determined pursuant to the same conditions as set forth in Article L.3332-19 of the French Labor Code. The discount shall be set at a maximum of 20% of the average of Company's first share prices during the twenty trading days preceding the date of the decision setting the opening date of the subscription period. The Shareholders' Meeting expressly authorized the Board of Directors to reduce or eliminate the discount, in order to take into account, in particular, the regulation applicable in the countries where the offer will be implemented;
   b) In case of issuance referred in paragraph 3(d) above, in accordance with the local regulations applicable to the SIP, the subscription price may be equal to the lower share price between (i) the share price on the regulated market of Euronext in Paris at the opening of the reference period of this plan, such period shall not exceed 12 months, and (ii) the share price recorded following the close of such period within a given timeframe determined in accordance with said regulations. This price shall be set without a discount in relation to the retained share price;

6. Decided that the Board of Directors shall have full powers, with the option to delegate or subdelegate such powers, in accordance with the legislative and regulatory provisions, under the limits and conditions set forth above, particularly in order to:
   - Determine the list of beneficiary(ies), from among the categories above, in favour of whom the preferential subscription rights have been eliminated as well as the number of shares to be subscribed by each of them;
   - Set the amounts of the issuances that will be carried out pursuant to this delegation of authority and to fix the issue price, the dates, the time limits, methods and terms and conditions of subscription, payment, delivery, entitlement to dividends, the rules in reducing the subscriptions in the event of an oversubscription as well as any other terms and conditions of the issuances, within the legislative and regulatory limits in force;
   - To acknowledge the share capital increase up to the amount of the shares subscribed (after any potential reduction in the event of an oversubscription);
   - As applicable, charge the expenses related to the share capital increase to the premiums from this increase, and deduct from that amount the amounts necessary to bring the legal reserve to one-tenth of the new share capital after the share capital increase;
7. Decided that the authorization granted to the Board of Directors pursuant to this resolution shall be valid for a period of 18 months as from the date of this Shareholders' Meeting;
8. Decided that this authorization shall cancel any previous authorization having the same purpose, as regards the unused portion of this authorization and supersede the authorization granted by the twentieth resolution of the Extraordinary Shareholders' Meeting of the Company of May 24, 2018.

Twenty-second resolution

(Amendment of Article 10 of the by-laws to align shareholders' identification provisions with the new legislative and regulatory provisions)

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

Having reviewed the report of the Board of Directors and in light of the amendment of Article L.228-1 *et seq.* of the French Commercial Code by Act n° 2019-486 dated May 22, 2019, decide to amend Article 10 of the Company's by-laws as follows:

"ARTICLE 10 – IDENTIFICATION OF THE SHAREHOLDERS

The Company keeps abreast of the composition of its shareholding within the conditions stipulated by law.

In this capacity, the Company may make use of all the provisions of law for identifying the owners of shares conferring immediately or in the future the right to vote in its shareholders meetings."

Twenty-third resolution

(Amendment of Article 14 of the by-laws to align the composition of the Board of Directors with the new legislative and regulatory provisions)

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

Having reviewed the report of the Board of Directors and in light of the amendment of Article L.225-27-1 of the French Commercial Code by Act n° 2019-486 dated May 22, 2019, decide to amend sections 7.1 and 7.2 of Article 14 of the Company's by-laws as follows:

"7. Directors representing the employees

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 eight, the Board of Directors shall include a director representing the employees appointed by the trade union having obtained the largest number of votes in the first round of the elections in the Company, its direct and indirect subsidiaries, whose head office is situated in France, referred to in Articles L.2122-1 and L.2122-4 of the French Labor Code.

When the number of directors exceeds eight, 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 eight directors.

In case of vacancy, for any reason whatsoever, of the office of a director representing the employees, the vacant office shall be filled in *accordance with the provisions of Article L.225-34 of the French Commercial Code.*

7.2 The term of office of the employee directors shall be of four years.

The functions of the director designated in accordance with article L.225-27-1 of the French Commercial Code end on completion of the annual general meeting of shareholders having ruled on the financial statements for the past financial year and held in the year during which the term expires.

Nevertheless, their term of office shall cease ipso jure when these employee representatives no longer meet the eligibility criteria provided for in Article L.225-28 of the French Commercial Code, or in case of termination of their employment agreement in accordance with Article L.225-32 of such code.

The decrease to eight or less than eight 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."

The remaining part of the Article is unchanged.

Twenty-fourth resolution

(Amendment of Article 17 of the by-laws to insert the ability for the Board to deliberate by written consultation)

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

Having reviewed the report of the Board of Directors and in light of the amendment of Article L.225-37 of the French Commercial Code by Act n° 2019-744 dated July 19, 2019, decide to amend Article 17 of the Company's by-laws as follows:

"ARTICLE 17 – PROCEEDINGS OF THE BOARD OF DIRECTORS

1. *The Board of Directors meets as often as required by the Company's interests, and at least quarterly, upon notice from its Chairman or Deputy Chairman.*

   The Board of Directors may meet in person, by videoconference, by any other means of telecommunication or by written consultation, under the provisions stipulated by the applicable Law and in accordance with the following terms.

2. *Meeting in person, by videoconference or by any other means of telecommunication*

   Unless otherwise agreed in writing by all the members of the Board of Directors, notices are to be made by all written means, including by fax or e-mail, at least three (3) days prior to the date of the meeting, and are to be accompanied by the meeting's agenda and all documents prepared to be submitted to the Board of Directors. Nonetheless, when all the members of the Board of Directors are in presence or represented (including by participating or being represented during telephone or audiovisual conferences) at a meeting, this meeting may occur without prior notice and without the obligation to comply with the three-day (3) notice.

   The meeting takes place either at the registered office or in any other location indicated in the notice.

   Nonetheless, if the Board of Directors has not met in more than two months, a group of directors may, provided they represent at least one third of the directors in office, request the Chairman to call the Board of Directors on a specific agenda. In all other cases, the agenda is drawn up by the Chairman and must in any event be mentioned in the notice.

   The Board of Directors may validly transact business only if at least one half of its members are in presence.

   Decisions are approved at a majority of the votes of the members in presence or represented, and each member of the Board of Directors is entitled to one vote and may represent only one of his or her peers.

   In accordance with the regulations in force, internal regulations for the Board of Directors will be drafted in order to determine the participation and voting in meetings of the Board of Directors convened by videoconference or using any other means of telecommunication.

   Subject to the internal regulations of the Board of Directors so providing, the directors who attend meetings of the Board of Directors by videoconference or other means of telecommunications in accordance with the internal regulations, will be considered as present for calculating the quorum and the majority.

   In the event of a tie, the Chairman of the meeting has a casting vote, if and only if the Board of Directors is made up of an even number of *directors in office and solely at meetings chaired by the Chairman of the Board of Directors.*

3. *Written consultation*

The Board of Directors may also, at the Chairman's discretion, deliberate by written consultation on decisions as provided for by the Law.

In the event of written consultation, the Chairman shall send to each director, alternatively (i) by registered letter with acknowledgement of receipt, (ii) by e-mail with acknowledgement of receipt, the text of the proposed decisions as well as all documents useful for their information.

The directors have a five-calendar-days delay (closed at 11:59 p.m., Paris time, on the last day of this delay) from the sending date of the draft decisions to express their vote in writing. The reply shall be sent alternatively (i) by registered letter with acknowledgement of receipt, (ii) by e-mail with acknowledgement of receipt, to the attention of the Chairman, at the registered office of the Company, as the case may be.

The Board of Directors may validly transact business on written consultation only if at least one half of its members have replied within the above-mentioned delay.

Decisions are approved at a majority of the votes of the members who replied, and each member of the Board of Directors is entitled to one vote.

In the event of a tie, the Chairman of the meeting has a casting vote, if and only if an even number of directors in office has cast a vote in accordance with the preceding stipulations.

4. *A register of attendance is kept and signed by the directors attending the meeting of the Board of Directors and which, as the case may be, must mention the names of the directors who attended the meeting by videoconference or using other means of telecommunication of having voted by mail.*

5. *Deliberations of the Board of Directors (including by written consultation) are recorded in minutes established in accordance with the legal provisions in force, and signed by the Chairman of the meeting and by at least one director or, in the event of the Chairman's unavailability, by at least two directors, subject to the terms applicable to decisions taken by written consultation.*

Copies or extracts 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 a representative duly empowered for this purpose."

Twenty-fifth resolution

(Amendment of Article 19 of the by-laws to extend the age limit provided for the exercise of the duties of the Chief Executive Officer)

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

Having reviewed the report of the Board of Directors and in light of the adoption of the fifteenth resolution of the present Shareholders' meeting, decide to amend section 2 of Article 19 of the Company's by-laws as follows:

"2. *Where the Company's Executive Management is discharged by the Chairman, the provisions of the laws, of the regulations and of the By-Laws in relation to the Chief Executive Officer are applicable to him/her and he/she assumes the title of Chairman and Chief Executive Officer.*

Where the Board of Directors chooses to dissociate the Chair of the Board of Directors from the Executive Management of the Company, the Board of Directors appoints the Chief Executive Officer, sets his/her term of office and the scope of his/her powers, in keeping with the provisions of the Law and of the By-Laws. The decisions of the Board of Directors that limit the powers of the Chief Executive Officer are unenforceable against third parties.

For the exercise of his duties, the Chief Executive Officer must be age of less than 70 years old. If he reaches this age limitation during his term of office, such duties shall cease ipso jure and the Board of Directors shall proceed with the nomination of a new Chief Executive Officer. However, his duties as Chief Executive Officer shall continue until the date of the meeting of the Board of Directors that is to appoint his successor. Subject to the age limitation indicated above, the Chief Executive Officer may always be reappointed.

The Chief Executive Officer's functions may be terminated by the Board of Directors at any time.

In the event of temporary unavailability of the Chief Executive Officer, the Board of Directors may delegate the functions of Chief Executive Officer to a director."

The remaining part of the Article is unchanged.

Twenty-sixth resolution

(Amendment of Article 20 of the by-laws to align the Directors' compensation provisions with the new legislative and regulatory provisions)

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

Having reviewed the report of the Board of Directors and in light of the amendment of Article L.225-45 of the French Commercial Code by Act n° 2019-486 dated May 22, 2019, decide to amend section 1 of Article 20 of the Company's by-laws as follows:

"1. The Ordinary Shareholders' Meeting may remunerate the directors for their activities in a fixed annual amount which are charged to the English version for information purpose only Company's operating costs and which are maintained until otherwise decided by the shareholders meeting. The Board of Directors distributes this remuneration among its members as it deems fit. In companies whose shares are admitted on a regulated market, this distribution shall be determined in accordance with the provisions set out in the Law."

The remaining part of the Article is unchanged.

Twenty-seventh resolution

(Amendment of Article 22 of the by-laws to align the related party agreements provisions with the new legislative and regulatory provisions)

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

Having reviewed the report of the Board of Directors and in light of the amendment of provisions applicable to the procedure for the control and disclosure of regulated agreements as well as agreements relating to current transactions and entered into under normal conditions by Act n° 2019-486 dated May 22, 2019, supplemented by Order n° 2019-1234 and Decree n° 2019-1235 dated November 27, 2019, decide to delete section 2 of Article 22 of the Company's by-laws and amend the Article as follows:

"ARTICLE 22 – AGREEMENTS ENTERED INTO BETWEEN THE COMPANY AND ITS SHAREHOLDERS OR OFFICERS AND DIRECTORS

Any agreement entered into between the Company and its shareholders or any one shareholder, or between the Company and its directors and officers or any director or officer, whether directly or through an intermediary, shall be subject to the applicable procedure defined by Law."

Twenty-eighth 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 UNIVERSAL REGISTRATION DOCUMENT AND STATUTORY AUDITORS

7 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND STATUTORY AUDITORS 409

7.1 Person responsible for the universal registration document

7.1.1 Person responsible for the universal 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 universal 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 universal 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 universal registration document and read the entire universal registration document.

Patrick Berard
Chief Executive Officer of Rexel
Paris, March 6, 2020

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

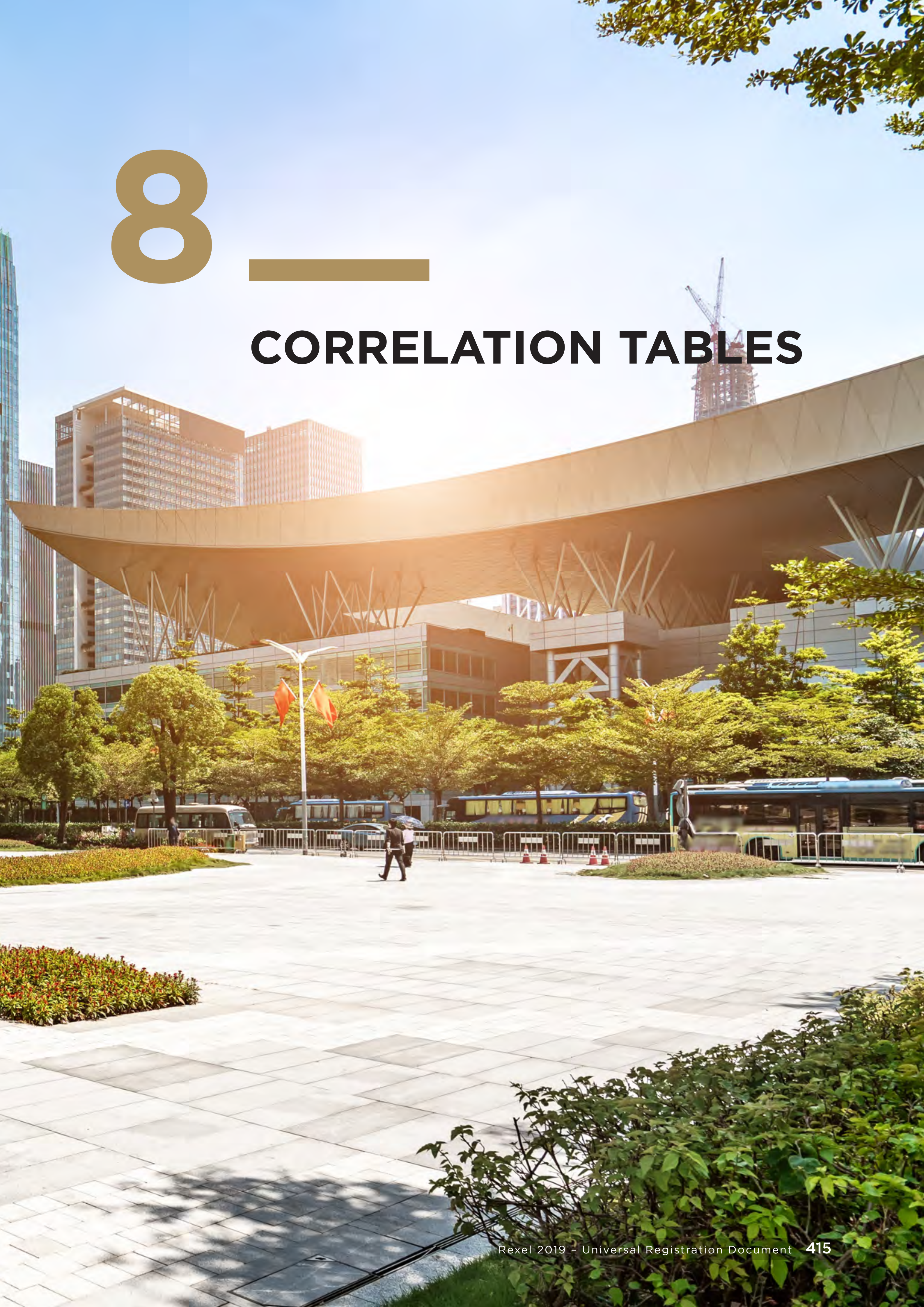
- Salustro Reydel
  Represented by Jean-Claude Reydel
  Tour Eqho
  2, avenue Gambetta
  92066 Paris La Défense Cedex

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

LAll 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).



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CORRELATION TABLES

8

CORRELATION TABLES 415

8.1 Correlation table with delegated regulation (EU) 2019/980 dated March 14, 2019

The following correlation table allows to identify, in this universal registration document, the information required by Annex 1 and Annex 2 of the delegated regulation (EU) 2019/980 dated March 14, 2019.

DELEGATED REGULATION 2019/980 DATED MARCH 14, 2019 – ANNEX 1 AND ANNEX 2		UNIVERSAL REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
1.	PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPOERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL	7.1	412
1.1.	Persons responsible for the information contained in the registration document	7.1.1	412
1.2.	Declaration of persons responsible for the information contained in the registration document	7.1.2	412
1.3.	Expert's statement or report	n.a.	
1.4.	Statements regarding third-party information	n.a.	
1.5.	Statement without prior approval by the competent authority	Cover page	
2.	STATUTORY AUDITORS	7.2	413
2.1.	Name and address of the issuer's statutory auditors	7.2.1, 7.2.2	413
2.2.	Statutory auditors having resigned, dismissed or not reappointed during the relevant period	n.a.	
3.	RISK FACTORS	2	43 to 67
4.	INFORMATION ABOUT THE ISSUER	1.2	21 and 22
4.1.	Corporate name and trade name	1.2.1	21
4.2.	Place and number of incorporation, and legal entity identifier ("LEI")	1.2.2	21
4.3.	Date of incorporation and term	1.2.3	21
4.4.	Registered office, legal form, jurisdiction, country of origin, address and phone number of registered office and website	1.2.4	21
5.	BUSINESS OVERVIEW	1.3	22 to 33
5.1.	Principal activities	1.3.2, 1.3.3, 1.3.4	23 to 33
5.1.1.	Nature of the operations and principal activities	1.3.2, 1.3.3, 1.3.4	23 to 33
5.1.2.	New products and/or services	1.3.2, 1.3.3, 1.3.4	23 to 33
5.2.	Principal Markets	1.3.1	23 to 25
5.3.	Important events in the development of business	1.3	22 to 33
5.4.	Strategy and objectives	1.3.3	31 to 33
5.5.	Information regarding the extent to which the company is dependent, on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes.	1.3.4	33
5.6.	Basis for any statements made by the issuer regarding its competitive position	General information	
5.7.	Investments	1.6	38
5.7.1.	Material investments made	1.2, 1.6.1	21 and 22, 38
5.7.2.	Investments in progress or for which firm commitments have already been made	1.1, 1.6.2	18 to 20, 38
5.7.3.	Joint ventures and undertakings in which the issuer holds a proportion of the capital likely to have significant effect on the assessment of its own assets and liabilities, financial position or profits and losses	1.4.2	34 to 36
5.7.4.	Environmental issues that may affect the issuer's utilization of the tangible fixed assets	4.4	211 to 223

DELEGATED REGULATION 2019/980 DATED MARCH 14, 2019 – ANNEX 1 AND ANNEX 2		UNIVERSAL REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
6.	ORGANIZATIONAL STRUCTURE	1.4	34 to 36
6.1.	Brief description of the group	1.4.1	34
6.2.	List of the significant subsidiaries	1.4.2	34 to 36
7.	OPERATING AND FINANCIAL REVIEW	5	243 to 359
7.1.	Financial condition	5.1.1	248 to 256
7.1.1.	Issuer's development and performance, financial condition, changes in financial condition for each year and interim period, for which historical financial information is required	5.1.1	248 to 256
7.1.2.	Issuer's likely future development and activities in the field of research and development	1.3.4, 5.1.3	33, 261 and 262
7.2.	Operating results	5.1.1	248 to 256
7.2.1.	Significant factors, including unusual or infrequent events or new development materially impacting the operating income	5.1.1	248 to 256
7.2.2.	Reasons for material changes in net sales or revenues	5.1.1	248 to 256
8.	CAPITAL RESOURCES	5.1.2	256 to 261
8.1.	Information concerning the issuer's capital resources	5.1.2	256 to 261
8.2.	Sources, amounts and narrative description of the issuer's cash flows	5.1.2	256 to 261
8.3.	Information on the borrowing requirements and funding structure of the issuer	5.1.2	256 to 261
8.4.	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	256 to 261
8.5.	Information regarding the anticipated sources of funds needed to fulfil commitments referred to in item 5.7.2	1.2, 1.6, 5.1.1, 5.2.1	21 and 22, 38, 248 to 256, 266 to 331
9.	REGULATORY ENVIRONMENT	1.7	39 and 40
9.1.	Description of the regulatory environment that the issuer operates in and that may materially affect its business, together with information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	1.7	39 and 40
10.	TREND INFORMATION	1.3, 5.1	22 to 33, 248 to 263
10.1.	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	1.3, 5.1	22 to 33, 248 to 263
10.2.	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	261 and 262
11.	PROFIT FORECASTS OR ESTIMATES	5.1.3	261 and 262
11.1.	Published profit forecasts or estimate	5.1.3	261 and 262
11.2.	Principal assumptions upon which the issuer has based its forecast or estimate	5.1.3	261 and 262
11.3.	Statement of comparability with the historical financial information and compliance with the issuer's accounting policies	5.1.3	261 and 262
12.	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT	3.1	72 to 104
12.1.	Information in relation to members of the administrative, management, and supervisory bodies	3.1.1 to 3.1.6	72 to 104
12.2.	Administrative, management, and supervisory bodies and senior management conflicts of interests	3.1.7, 3.3	104, 141 to 144

DELEGATED REGULATION 2019/980 DATED MARCH 14, 2019 – ANNEX 1 AND ANNEX 2		UNIVERSAL REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
13.	REMUNERATION AND BENEFITS	3.2	104 to 140
13.1.	Amount of remuneration paid and benefits in kind granted by the issuer and its subsidiaries	3.2.1 to 3.2.3	104 to 140
13.2.	Total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefit	3.2.2, 3.2.3	125 to 140
14.	BOARD PRACTICES	3.6.2	146 to 151
14.1.	Date of expiration of the current terms of office and period during which the person has served in that office	3.1.1, 3.1.2, 3.1.3	72 to 103
14.2.	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 statement to the effect that no such benefits exist	3.1.8	104
14.3.	Information about the issuer's audit committee and remuneration committee	3.1.2.1, 3.1.2.3	98 to 100, 101 and 102
14.4.	Statement as to whether or not the issuer complies with the corporate governance regime(s) applicable to the issuer	3	69 to 179
14.5.	Potential material impacts on the corporate governance	3.1	72 to 104
15.	EMPLOYEES	4.3	199 to 211
15.1.	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	4.3.1	199 to 200
15.2.	Shareholdings and stock options	3.7.2.4 to 3.7.2.6	158 to 167
15.3.	Arrangement for involving the employees in the capital of the issuer	3.7.2.4, 4.3.2.4	158, 203
16.	PRINCIPAL SHAREHOLDERS	3.7.1	156
16.1.	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, or appropriate statement to that that effect that no such person exists	3.7.1, 3.7.2	156 to 167
16.2.	Different voting rights, or appropriate statement to the effect that no such voting rights exist	3.7.3	167
16.3.	Direct or indirect ownership or control of the issuer	3.7.2	156 to 167
16.4.	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	168
17.	RELATED PARTY TRANSACTIONS	3.3	141 to 143
17.1.	Details of related party transactions	3.3	141 to 143
18.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	5.2, 5.3	265 to 336, 339 to 359
18.1.	Historical financial information	5.2, 5.3	265 to 336, 339 to 359
18.1.1.	Audited historical financial information	5.2, 5.3	265 to 336, 339 to 359
18.1.2.	Change of accounting reference date	n.a.	
18.1.3.	Accounting standards	5.2.1	266 to 331
18.1.4.	Change of accounting framework	5.2.1 (note 3.2.1)	266 to 331
18.1.5.	Audited financial information prepared according to national accounting standards	5.3	339 to 359
18.1.6.	Consolidated financial statements	5.2	265 to 336
18.1.7.	Date of latest financial information	5.2, 5.3	265 to 336, 339 to 359

DELEGATED REGULATION 2019/980 DATED MARCH 14, 2019 – ANNEX 1 AND ANNEX 2		UNIVERSAL REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
18.2.	Interim and other financial information	n.a.	
18.2.1.	Quarterly or half-year financial information	n.a.	
18.3.	Auditing of historical annual financial information	5.2.2, 5.2.3	332 to 336, 356 to 359
18.3.1.	Independent auditing of historical financial information	5.2.2, 5.2.3	332 to 336, 356 to 359
18.3.2.	Other information in the registration document that has been audited by the auditors	4	181 to 240
18.3.3.	Financial information not extracted from issuer's audited financial statements	n.a.	
18.4.	*Pro forma financial information*	n.a.	
18.4.1.	*Significant gross change*	n.a.	
18.5.	Dividend policy	5.1.4	262
18.5.1.	Description of the policy on dividend distributions and any restrictions thereon	5.1.4	262
18.5.2.	Amount of dividend per share	5.1.4	262
18.6.	Legal proceedings and arbitration	5.2.1 (note 27)	327 and 328
18.6.1.	Significant proceedings	5.2.1 (note 27)	327 and 328
18.7.	Significant changes in the issuer's financial position	5.1.5	262
18.7.1.	Description	5.1.5	262
19.	ADDITIONAL INFORMATION	3.6, 3.7, 3.8	146 to 178
19.1.	Share capital	3.8	168 to 178
19.1.1.	Amount of issued and authorized share capital, number of shares issued and fully paid and issued but not fully paid, par value per share, reconciliation of the number of shares outstanding at the beginning and end of the year	3.8.1	168 to 173
19.1.2.	Information about shares not representative of share capital	3.8.2	174
19.1.3.	Number, book value and face value of shares held by or on behalf of the issuer itself or by subsidiaries of the issuer	3.8.3	174 to 176
19.1.4.	Information about the amount of convertible securities, exchangeable securities or securities with warrants	3.8.4	176 and 177
19.1.5.	Information about and terms of any acquisition rights and/or obligations over authorized but unissued capital or an undertaking to increase the capital	n.a.	
19.1.6.	Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate	n.a.	
19.1.7.	Share capital history	3.8.5	177 and 178
19.2.	Memorandum of association and by-laws	3.6	146 to 155
19.2.1.	Register and corporate purpose	1.2.2, 3.6.1	21, 146
19.2.2.	Rights, preferences and restrictions attaching to each class of the existing shares	3.6.3	151 and 152
19.2.3.	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	154
20.	MATERIAL AGREEMENTS	5.2.1 (notes 22 and 23)	266 to 331
20.1.	Summary of each material agreement	5.2.1 (notes 22 and 23)	266 to 331
21.	DOCUMENTS AVAILABLE	7.3	413
21.1.	Statement on documents that can be inspected	7.3	143

8.2 Correlation table with the annual financial report

The following correlation table allows to identify, in this universal 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		UNIVERSAL REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
1.	Annual financial statements	5.3.1	340 to 355
2.	Consolidated financial statements	5.2.1	266 to 331
3.	Management report (see paragraph 8.3)	1 to 6	9 to 406
4.	Declaration of persons responsible for the information contained in the Registration document	7.1	412
5.	Report of the statutory auditors on the annual financial statements	5.3.2	356 to 359
6.	Report of the statutory auditors on the consolidated financial statements	5.2.2	332 to 336

8.3 Correlation table with management report (including the report on Corporate governance)

The following correlation table allows to identify, in this universal 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		UNIVERSAL REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
1.	Activity and financial position	1.2, 1.3, 5.1.1, 5.1.2, 5.1.5	21 to 33, 248 to 261, 262
2.	Recent events, trends and prospects	5.1.1 to 5.1.3, 5.2.1 (note 2), 5.3.1	248 to 262, 266 to 331, 340 to 355
3.	Research and development	1.3.4	33
4.	Description of main risks and uncertainties	2	43 to 67
5.	Internal monitoring and risk management	2.3	63 to 67
6.	Use of financial instruments	5.2.1 (notes 3.11, 3.12 and 23)	281 to 283, 322 to 326
7.	Subsidiaries and holdings	1.4, 5.2.1, 5.3.1	34 to 36, 266 to 331, 340 to 355
8.	Dividend distributions over the past three financial years	6.1	364 to 390
9.	Payment periods	5.1.6	263
10.	Table of the company's results for the past five financial years	5.3.1	340 to 355
11.	Report on corporate governance	3	69 to 179
12.	Choice of organisation of the Executive Management	3.1.3	102 and 103
13.	Limitations placed of the powers of the Chief Executive Officer	3.1.1.3	91 to 96
14.	Board of Directors composition, conditions governing the preparation and organisation of the Board of Directors' work	3.1.1	72 to 97
15.	List of offices and directorships held by each of the corporate officers in any company during the financial year	3.1.1.1	75 to 87
16.	Compensation policy for corporate officers	3.2.1	104 to 125
17.	Remuneration of the corporate officers	3.2.2	125 to 137
18.	Relative proportion of fixed and variable compensation	3.2.1	104 to 125
19.	Use of the possibility of requesting the return of variable compensation	n.a.	
20.	Level of compensation of executive corporate officers compared to the average and median compensation of employees	3.2.2.5	137
21.	Annual changes in compensation, company performance, average employee compensation and equity ratios over the last five fiscal years	3.2.1, 3.2.2	104 to 137
22.	Description of how the total compensation complies with the approved compensation policy and how the performance criteria are applied	3.2.2	125 to 137
23.	Way in which the vote of the last ordinary general meeting on the information mentioned in Article L.225-37-3- of the French Commercial Code was taken into account	3.2.1	104 to 125
24.	Variations and exemptions applied in relation to the compensation policy	n.a.	
25.	Commitments made with regard to the corporate officers	3.3.2	141 and 142

MANAGEMENT REPORT		UNIVERSAL REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
26.	Summary of transactions on Rexel securities carried out by corporate officers and their closely related parties in 2019	3.7.2.3	157 and 158
27.	Description of the procedure for regularly assessing whether agreements relating to current operations and concluded under normal conditions meet these conditions and its implementation	3.3.1	141
28.	Description of the diversity policy applied to the Board of Directors	3.1.1.2, 3.1.5	87 to 91, 103
29.	Description of the objectives, implementation arrangements and results achieved during the financial year	3.1.1.2 to 3.1.1.4	87 to 97
30.	Provisions of the Afep-Medef Code not applied and reasons for that choice	3.5	145
31.	Special rules for shareholder participation in the General Meeting	3.6.5	152 to 155
32.	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	178 to 179
33.	Information concerning share capital (capital structure, statutory requirements and employees shareholding)	3.8	168 to 178
34.	Summary table of current delegations	3.8.1	168 to 173
35.	Statement of non-financial performance	4.1 to 4.6 (see paragraph 8.4 of this chapter)	184 to 232
36.	Vigilance plan	4.7	232 to 238

8.4 Correlation table with the information on corporate and environmental responsibility

The following correlation table allows to identify, in this universal registration document, the information on corporate and environmental responsibility.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY		UNIVERSAL REGISTRATION DOCUMENT	
N°	RUBRIQUE	PARAGRAPH(S)	PAGE(S)
I.	Information regarding business model	4.1.1	184
II.	Social, environmental and societal information		
1.	Social information	4.3	199 to 211
	a) Employment		
	Total headcount and breakdown of employees	4.3.1	199 to 200
	Hires and dismissals	4.3.2.1 to 4.3.2.3	200 to 203
	Compensation and changes	4.3.2.4	203
	b) Work organisation		
	Organisation of working hours	4.3.3.5	207 and 208
	Absenteeism	4.3.2.2	201 and 202
	c) Health and safety		
	Health and safety at work	4.3.3.4	206 and 207
	Accidents at work and occupational diseases	4.3.3.4	206 and 207
	d) Social relationships		
	Organisation of the social dialogue	4.3.3.3	205 and 206
	Overview of collective agreements	4.3.3.3	205 and 206
	e) Training		
	Policies applied	4.3.3.2	204 and 205
	Total number of training hours	4.3.3.2	204 and 205
	f) Equal treatment		
	Measures taken in favor of gender equality	4.3.4.1	208 and 209
	Measures taken in favor of the employment and insertion of disabled persons	4.3.4.2	209
	Anti-discrimination policy	4.1.2.1, 4.2.1, 4.3.3, 4.3.4, 4.5.1	184 to 188, 195 to 198, 208 to 210, 224 and 225
2.	Environmental information	4.4	211 to 223
	a) General environmental policy		
	Organisation of the company	4.4.1	221 to 194
	Employee training and information actions	4.4.1.1.2	212 and 213
	Means devoted to the prevention of environmental risks and pollution	4.4.1.2	213 and 214
	Amount of provisions and guarantees for environmental risks	4.4.1.2	213 and 214
	b) Pollution and waste management		
	Emission prevention, reduction and remediation measures	4.4.1.2, 4.4.5	213 and 214, 223 to 228
	Waste prevention, recycling and disposal measures	4.4.4	218 to 221
	Means of addressing noise pollution and other pollution generated by a given activity	4.4.5	221 to 228

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY		UNIVERSAL REGISTRATION DOCUMENT	
N°	RUBRIQUE	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	218 to 221
	Actions against food waste	4.4.6	221 to 223
	ii) Sustainable use of ressources		
	Water consumption and procurement	4.4.5, 4.6	221, 228 to 232
	Consumption of raw materials and measures taken to improve their efficient use	4.4.4	218 to 221
	Energy consumption and measures taken to improve energy efficiency and the use of renewable energies	4.4.3.1	216 to 218
	Land use	4.4.5	221 to 228
	d) Climate change		214 to 216
	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	214, 216
	Measures undertaken to adapt to the consequences of climate change	4.4.2.1, 4.4.2.3	214 and 216
	Objectives for reducing greenhouse gas emissions and means implemented	4.4.2.2	214 to 216
	e) Protection of biodiversity		
	Measures taken to preserve or develop biodiversity	4.4.5	221 to 228
3.	Societal information		
	a) Societal commitments to sustainable development		
	Company's business impact in relation to employment and local development	4.1.2	184 to 191
	Company's business impact on neighboring or local populations	4.1.2	184 to 191
	Relationship with stakeholders	4.1.2.2	188 to 190
	Partnership or philanthropic actions	4.1.2.2, 4.5.3	188 to 190, 227 and 228
	b) Sub-contracting and suppliers		
	Means of addressing social and environmental challenges in the purchasing policy	4.1.2, 4.5.1	188 to 190, 224 and 225
	Consideration given to the social and environmental responsibility of suppliers and sub-contractors	4.1.2, 4.5.1	188 to 190, 224 and 225
	c) Fair practices		
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	a) Promotion of and compliance with the provisions of the core conventions of the International Labour Organization	4.2.1, 4.5.1, 4.7.2.3	195 to 198, 224 and 225, 235
	Respect of the freedom of association and right to collective bargaining	4.1.2.1	184 to 188
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	Elimination of forced or compulsory labor	4.1.2.1, 4.5.1	184 to 188, 224 and 225
	Effective abolition of child labor	4.1.2.1, 4.5.1	184 to 188, 224 and 225
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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	PAGE(S)
Support and respect protection of internationally proclaimed human rights Refuse to be accomplice of human rights abuses	Ethics guide	4.2.1	195 to 198
	Clauses covering the corporate and environmental responsibility of suppliers included in agreements	4.1.1, 4.2, 4.5.1	184, 195 to 199, 224 and 225
	Corporate social responsibility policies	4.1.1, 4.1.2 to 4.3.5	184, 198 to 211
	Charter of social commitment	4.1.2.2	188 to 190
	Rexel Foundation for energy efficiency	4.1.2.2, 4.5.3	188 to 190, 227 and 228
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	195 to 198
	Clauses covering the corporate and environmental responsibility of suppliers included in agreements	4.1.2.2, 4.5.1	188 to 190, 224 and 225
	Corporate social responsibility policies	4.1.1, 4.3.1 to 4.3.4	184, 199 to 210
Support a precautionary approach to environmental challenges Undertake initiatives to promote greater environmental responsibility	Ethics guide	4.2.1	195 to 198
	Clauses covering the corporate and environmental responsibility of suppliers included in agreements	4.1.2.2, 4.5.1	188 to 190, 224 and 225
	Environmental charter	4.4.1.1.1	212
	Environmental policies	4.4.1.1	211 to 213
Encourage the development and diffusion of environmentally friendly technologies	Environmental charter	4.4.1.1.1	212
	Charter of social commitment	4.1.2.2	188 to 190
	Rexel Foundation for a better energy future	4.1.2.2, 4.5.3	188 to 190, 227 to 228
Work against all forms of corruption, including extortion and bribery	Ethics guide	4.2.1	195 to 198
	Anti-money laundering and anti-corruption policies	2.1.4, 4.2.1	60 and 61, 195 to 198

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Rexel
13, boulevard du Fort-de-Vaux
75838 Paris Cedex 17 - France
Tel: + 33 (0)1 42 85 85 00
Fax: + 33 (0)1 42 85 92 02
www.rexel.com