

## Compensation of corporate officers

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The Board of Directors of Rexel has decided at its meeting on June 23, 2016 to adopt a new governance structure and to split the roles of Chairman of the Board and Chief Executive Officer. Within this framework and on the recommendation of the Nomination and Compensation Committee, the Board of Directors adopted the following decisions relative to the compensation of Corporate officers.

### **1. Termination of the corporate office of Mr. Rudy Provoost's, as Chairman and Chief Executive Officer**

#### Regarding the severance indemnity due to Mr. Rudy Provoost

As a result of divergence of views with the Board of Directors about the change in governance and Rudy Provoost's approach to implementing the Group's strategy, he was invited to relinquish his position of Chairman of the Board and Chief Executive Officer on June 30, 2016.

The Board of Directors:

- o having noted that the conditions were met with respect to the payment of the severance allowance to Mr. Rudy Provoost as defined by the Board of Directors on February 11, 2015 (case of forced departure linked to a change in control or strategy change of control or strategy) and;
- o having confirmed that the performance conditions associated with this severance indemnity were met (as defined by the Board of Directors on May 22, 2014 and approved by the May 27, 2015 General Meeting, amended by the Board of Directors on February 10, 2016 and approved by the May 25, 2016 General Meeting<sup>1</sup>);
- o has decided to pay a gross severance indemnity corresponding to 24 months of a monthly reference compensation. In accordance with the decision taken by the Board of Directors on February 10, 2016 and approved by the May 25, 2016 General Meeting, the monthly reference compensation is understood as the last fixed gross annual compensation plus the gross amount of the last bonus paid, excluding any exceptional bonus, divided by 12.

In addition, the Board of Directors has decided to implement the non-compete clause. This non-compete commitment is limited to a 12-month period from the date of the effective end of the officer's term. In return, the non-compete indemnity is equal to 12 months of gross fixed compensation.

The severance indemnity corresponding to 24 months of monthly reference compensation, as previously described, includes the non-compete compensation.

Thus the severance indemnity due to Mr. Rudy Provoost amounts to the gross sum of €2,448,248.

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<sup>1</sup> The following conditions were retained by the Board of Directors at their meeting on May 22, 2014:

- the payment of 60% of the indemnity was subject to the level of EBITA of the Rexel group. This payment was due 100% if the EBITA level, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years ended preceding the date of termination of the corporate office or employment contract (the reference period), had reached, on average a minimum of 60% of the budgeted amounts for these two financial years; and
- 40% of the indemnity would be dependent on the level of the ATWC of the Rexel group. This payment would be made 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years ended preceding the date of termination of the corporate office or employment contract (the reference period), had reached, on average a minimum of 60% of the budgeted amounts for these two financial years.

The Board of Directors decided on February 10, 2016 to remove the possibility of re-examining the performance conditions during the reference financial years.

### Regarding the compensation due to Mr. Rudy Provoost for 2016

- The gross annual compensation calculated pro rata temporis for the period from January 1, 2016 to June 30, 2016 is €437,750;
- The additional benefits allotted to Mr. Rudy Provoost until June 30, 2016 include : the use of a company car, the contribution for executive directors' unemployment coverage GSC, a health insurance, a death and disability insurance, basic and complementary retirement plans, health check-up, the fees for tax and retirement counseling, a housing allowance;
- The performance (financial and individual parts) achieved on the 2016 variable pay will be decided by the Board of Directors on July 28, 2016, notably based on the accounts as of June 30, 2016.

### Regarding the performance-based shares previously granted to Mr. Rudy Provoost

Mr. Rudy Provoost loses his rights to the granted but not yet acquired performance-based shares, due the presence condition with respect to the date of final acquisition of the shares in order to benefit from the performance-based shares granted to the directors.

- 60,000 shares granted under the Key Managers 3+2 plan on May 22, 2014 and;
- 120,000 shares granted under the Key Managers 3+2 plan on July 28, 2015.

## **2. Chairman of the Board (acting) - Mr. François Henrot**

Given the termination of the corporate office of the Chairman and Chief Executive Officer and the split of the roles of Chairman of the Board and Chief Executive Officer, the Board of Directors has decided to appoint Mr. François Henrot, currently Deputy Chairman of the Board of Directors and Senior Independent Director, to the position of acting Chairman of the Board from July 1, 2016 to September 30, 2016.

In accordance with Article L.225-47, paragraph 1, of the Code du Commerce, the Board of Directors decided to allot to Mr. François Henrot a fixed gross remuneration of €125,000 for his duties as acting Chairman for the period from July 1 to September 30, 2016.

## **3. Appointment of a new Chief Executive Officer, Mr. Patrick Berard**

The Board of Directors decided to appoint Mr. Patrick Berard as Chief Executive Officer from July 1, 2016 for a two-year term of office.

Mr. Patrick Berard is currently employed under contract with REXEL DEVELOPMENT SAS. Mr. Patrick Berard's employment contract will be suspended for the duration of his term of office.

### Regarding the 2016 conditions of compensation of the new Chief Executive Officer, Mr. Patrick Berard

- Mr. Patrick Berard's fixed gross annual remuneration was set at €650,000 euros (pro rata temporis starting July 1, 2016).
- The 2016 annual variable target-based compensation was fixed at 120% of the fixed gross annual compensation (pro rata temporis) if 100% of the financial and individual objectives are reached. The variable compensation is based for 75% on financial criteria and for 25% on individual criteria. The financial objectives set for 2016 are adjusted EBITA in volume (45%), Average Trade Working Capital (35%), and Sales growth (20%), and the targets to be reached are those of the 2016 budget.

The financial objectives may reach a maximum result of 150%. The individual objectives are limited to 100% achievement.

Moreover, the financial part of the 2016 variable pay may be increased by the application of a multiplying factor provided that the following conditions are cumulatively met:

- the weighted average achievement level of the annual financial objectives is at least 100%; and



- the weighted average achievement level of the quarterly financial objectives exceeds 100% for at least 3 quarters.

The individual part of the 2016 variable pay is not impacted by this mechanism.

The maximum total amount of the 2016 variable pay for the Chief Executive Officer (pro rata temporis) will have a maximum limit of 200% of the target value (instead of maximum 137.5% of the target value without activation of the mechanism). This would represent a maximum amount of 240% of his fixed annual compensation (instead of 165% without activation of the mechanism).

Beneficiary	2016 target variable pay compensation in percentage of fixed compensation	Financial portion of the target variable compensation	Individual portion of the target variable compensation	Maximum of financial portion	Maximum of individual portion	Maximum of the 2016 target variable compensation	Maximum 2016 variable compensation in respect of 2016 fixed compensation	Maximum of the 2016 variable compensation (with activation of the overperformance mechanism)	Maximum 2016 variable compensation in respect of 2016 fixed compensation (with activation of the overperformance mechanism)
Chief Executive Officer	120%	75%	25%	112.5%	25%	137.5%	165%	200%	240%

- o In accordance with the decision of the Board of Directors, Mr. Patrick Berard will also receive the following benefits: health/death and disability insurance, a basic and complementary pension plan, a medical check-up, tax and retirement consultancy fees, and the use of a company car.

**4. Renewal of the corporate office of the Deputy Chief Executive Officer, Mrs. Catherine Guillouard**

The Deputy Chief Executive Officer was reappointed for a two-year term starting July 1, 2016.

The conditions of compensation as described in the communication published on February 15, 2016 and on March 24, 2016 and in the 2015 Rexel reference document remain unchanged.

**5. Allocation of 2016 performance-based shares**

In accordance with the conditions of allocation and performance described in Resolution No. 18 which was approved by the May 25, 2016 General Meeting, the Board of Directors decided to allot the following number of performance-based shares to the future Chief Executive Officer and of the Deputy Chief Executive Officer:

- o Chief Executive Officer, Mr. Patrick Berard 85,000
- o Deputy Chief Executive Officer, Mrs. Catherine Guillouard 58,200

These performance-based shares are allotted subject to presence conditions and subjected 100% to performance conditions assessed over a 3-year period.