REXEL

a world of energy

2017 REGISTRATION DOCUMENT

Rexel, a French *société anonyme*
with a share capital of €1,516,715,885
Registered office:
13, boulevard du Fort de Vaux – 75017 Paris
479 973 513 R.C.S. Paris

REGISTRATION DOCUMENT 2017

In application of its General Regulations, specifically Article 212-23, the French Financial Markets Authority *(Autorité des marchés financiers)* registered the French version of this Registration document on April 04, 2018. The French version of this document shall not be used in support of any financial transaction unless supplemented by a note d'opération approved by the French Financial Markets Authority. The French version of this document was prepared by the issuer and is binding on its signatories. Registration, pursuant to Article L.621-8-1-I of the French Monetary and Financial Code, was made after the French Financial Markets Authority verified that the French version of this document was complete and comprehensible and that the information therein is consistent. It does not imply any authentication by the French Financial Markets Authority of the financial and accounting information presented.

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

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

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GENERAL INFORMATION

This Registration document was prepared in connection with Rexel's disclosure obligations and for the purpose of the Rexel's Ordinary and Extraordinary Shareholders' Meeting convened for May 24, 2018 (the **"Shareholders' Meeting"**).

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

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

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

This Registration document contains information on the trends, objectives and prospects of development of the Rexel Group. Such information should not be interpreted as 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 of this Registration document.

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

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1 OVERVIEW OF THE REXEL GROUP

MESSAGE FROM PATRICK BERARD

Chief Executive Officer of REXEL

Rexel's performance in 2017 provides once again a demonstration of the strength and adaptability of the Group's business model. In a more favourable economic environment across most of our markets, Rexel delivered results in line with its targets, proving that the strategy that we presented at our Capital Market Day in February 2017 and the action plans we are implementing throughout the Group are already delivering their first positive effects.

Our revenues, at 13.3 billion euros, were up by 3.5% on a constant and same-day basis. Our adjusted EBITA grew by 6.1% to 580.1 million euros, with margin improving by 13 basis points. Our recurring net income, which serves as the base for dividend payments, rose 16.4%, to 291.2 million euros. At the same time, we strengthened our financial structure, taking advantage of favourable market conditions to refinance our debt and obtain better terms: Our net debt, at a little over 2 billion euros, was reduced by 131 million euros, and our indebtedness ratio stands at 2.8 times EBITDA, an improvement of 20 basis points. This solid performance across the board allows us to propose to our shareholders a 5% increase in our dividend to 42 cents per share, payable in cash. This represents a payout of 44%, in line with our policy of paying at least 40% of our recurring net income.

Another reason to be satisfied is that Rexel's performance improved quarter after quarter throughout the year. Our same-day sales growth of 5.4% in the fourth quarter was the highest growth rate of the year and marked the fifth consecutive quarter of accelerating sales growth despite a challenging base effect. Sales trends improved in all geographies, with growth in all three of our regions, so we are entering 2018 with positive momentum.

While this performance was helped by a gradual improvement in the economic environment, it also reflects the successful implementation by our teams of the strategy we outlined at our Capital Market Day. This strategy is based on three main pillars, and I'm pleased to say that we have recorded advances in each of them.

Our first pillar is accelerating organic growth, notably through better customer knowledge and increased digitization of our activities. Our revenue growth attests that we are on track, and digital sales represented 1.9 billion euros last year or 14% of Group sales, a 13% increase over the previous year. Digital is growing much faster than our traditional business, with five countries now above 30% in digital sales. With the recent appointment to our Executive Committee of Nathalie Wright as Group Digital and IT Transformation Director, bringing us her great experience in top technology groups, we intend to accelerate Rexel's multichannel evolution. We also improved our customer service level, investing in service platforms in several European countries and redefining branch assortment in key European countries as well as the US.

Our second pillar is increased selectivity in capital allocation in order to focus our energies and resources on our main countries, and we have made headway on that front as well. With the disposal of our activities in South-East Asia, we have achieved 17% of our disposal plan, which should lead, once completed, to a reduction in sales of about 800 million euros and to an improvement of the Group's profitability. This increased selectivity is also evident in our capital expenditure: 56% of our 2017 investments went to IT and digitization.

Our third pillar is improving operations in key geographies, and we can check that box as well. In the UK, we have moved from five banners to two; in the Netherlands, we have reshaped the business with a revamped offer and an optimized footprint; in the US, we have opened new branches and counters, invested in the sales force and training, boosted digitization, improved our service level and put in place a new regional organization that sharpens our focus on three main priorities: drive growth in active customers, increase the number of SKUs and boost our digital presence and connected customers.

« WITH A CLEAR STRATEGY, AN INNOVATIVE PRODUCT OFFER, A STRENGTHENED MANAGEMENT TEAM AND MOBILIZED TEAMS, REXEL IS ON THE RIGHT PATH TO CONTINUE CREATING VALUE IN THE RAPIDLY-CHANGING ENERGY WORLD. »

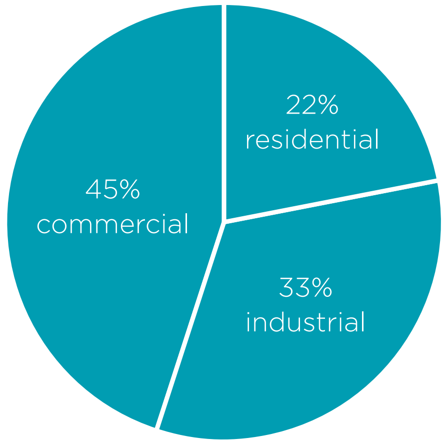
What all this points to is Rexel's key role within the value chain. The Group helps installers to master new technical solutions. By broadening its expertise with innovative solutions, Rexel enables its customers to enter new markets, such as electric mobility or energy auditing. In France, with our Energeasy Connect offer, we allow end-users to monitor different products using different protocols with a single app. In Sweden, we have installed 500 electric vehicle charging stations in several airports throughout the country.

In 2017, Rexel reached its 2020 goals in terms of reducing the greenhouse gas emissions of its operations (-35% vs. 2010) and selling energy efficient products and solutions (+100% vs. 2011). As a signatory to the United Nations Global Compact, Rexel is committed to incorporating its 10 key principles into its strategy and procedures, reporting on their implementation, and promoting them to all of its partners. Our ambition is to align Rexel's business with the objective of sustainable development and thus to make Rexel a company that creates value for all players in the world of energy.

In 2018, we will continue executing on the strategy we have outlined to continuously improve our performance, and we target - at comparable scope of consolidation and exchange rates - further growth in sales in the low single digits, a 5 to 10% increase in adjusted EBITA and a further improvement in our indebtedness ratio.

GROUP KEY FIGURES
AS OF 31/12/2017

Breakdown of sales by end market



1M+

product references in electrical equipment

€1.9BN

online sales (webshosps + EDI) representing 14% of global sales

650,000

active customers

60%

of sales in countries where Rexel has a market share above 15%

NEARLY
€1.8BN

sales of energy efficiency and renewable energy products and solutions

Nearly
5,000

recruitments in 2017

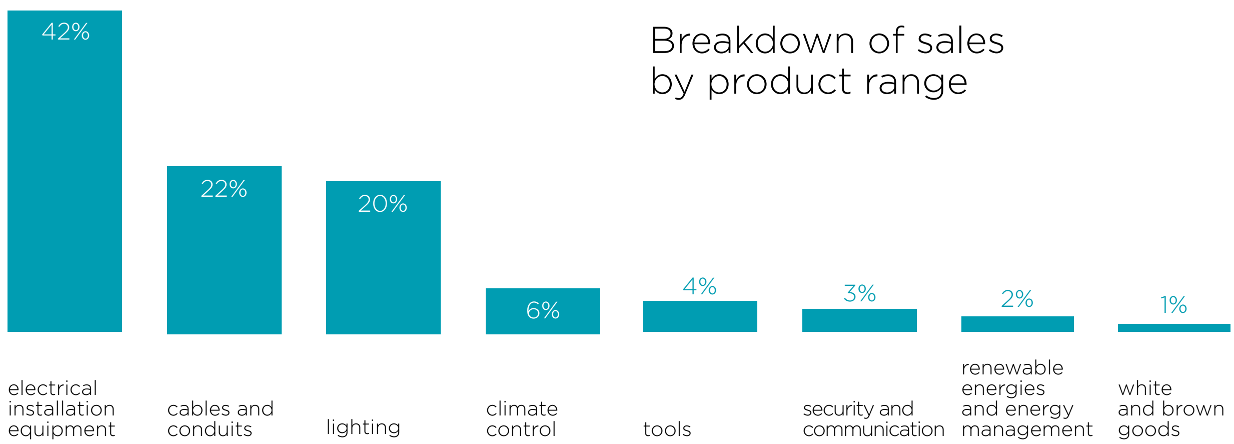
20,000

employees received training in 2017

8,000

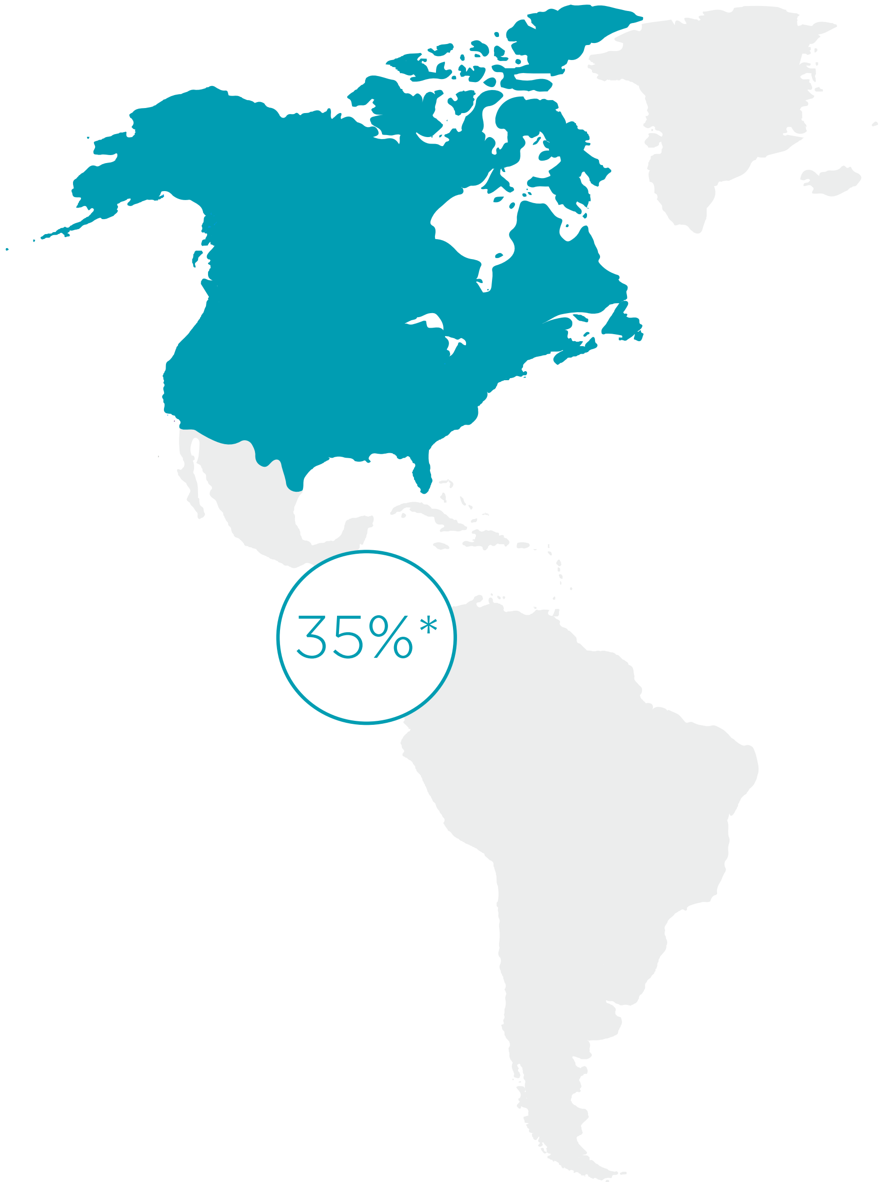
employees have become shareholders since 2007

Breakdown of sales by product range



GLOBAL FOOTPRINT

AS OF 31/12/2017



GROUP

26 countries

€13.3bn in sales

2,000 branches

27,000 employees

104 logistic structures**

NORTH AMERICA

Canada,
United States

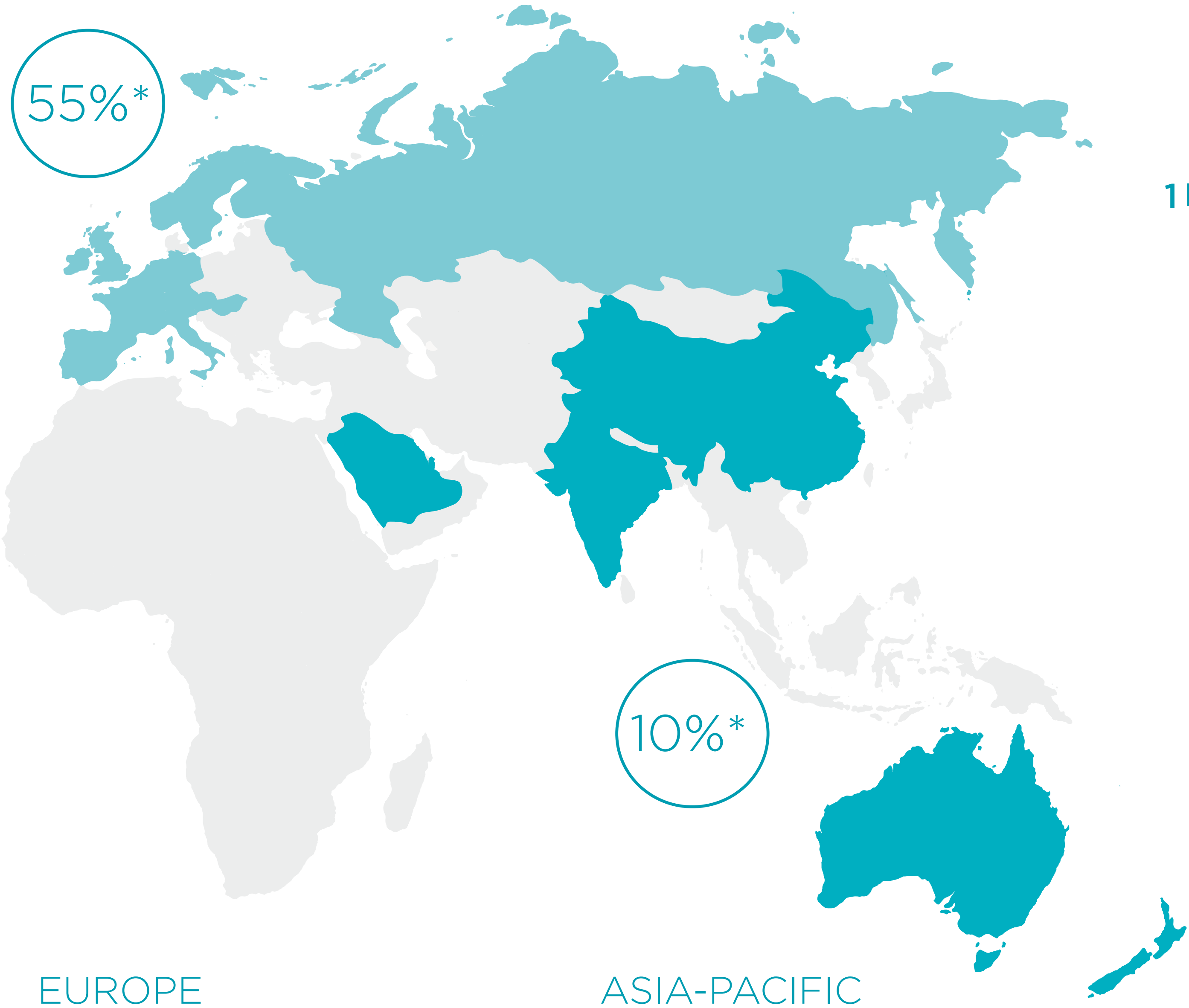
550 branches

8,500 employees

2 countries

* Percentage of 2017 sales.

** Distribution centers and hub branches.



EUROPE

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

1,200 branches	
16,000 employees	
18 countries	

ASIA-PACIFIC

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

250 branches	
2,500 employees	
6 countries	

1.1 KEY CONSOLIDATED FIGURES

The selected financial information presented below was established on the basis of Rexel's consolidated financial statements for years ended December 31, 2017, 2016 and 2015.

Principal key figures of Rexel's consolidated income statement

(in millions of euros, unless specified otherwise)	2017	2016	2015
Sales	13,310.1	13,162.1	13,537.6
Gross profit	3,264.2	3,172.8	3,226.6
As a percentage of sales	*24.5 %*	*24.1 %*	*23.8 %*
EBITA (1)	594.3	539.6	573.0
Adjusted EBITA (1)	580.1	549.8	593.5
As a percentage of sales	*4.4%*	*4.2%*	*4.4%*
Operating income	322.3	397.0	379.4
Net income from continuing operations	104.9	134.3	85.0
Results from discontinued operations	–	–	(69.3)
Net income	104.9	134.3	15.7
Net income attributable to the Rexel Group	105.8	137.9	16.9
Net recurring income (2)	291.2	250.3	269.4

(1) EBITA (earnings before interest, taxes and amortization) is defined as the operating income before amortization of intangible assets recognized upon purchase price allocation and before other incomes and expenses. The Adjusted EBITA ("Adjusted EBITA") is defined as the restated EBITA of the estimated non-recurring impact resulting from fluctuations in copper-based cable prices (see paragraphs 2.1.4.1 "Risks relating to changes in prices of certain raw materials" and 5.1.1.1 "Effects connected to variations in the price of copper" of this Registration document). EBITA and Adjusted EBITA are not accepted accounting measures with standard and generally accepted definitions. They should not be considered as an alternative to operating income, net income, cash flow from operating activities or as a measure of liquidity. EBITA and Adjusted EBITA can be calculated in different ways by companies having similar or different operations.

(2) 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.

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

(in millions of euros, unless specified otherwise)	2017	2016	2015
Operating income	322.3	397.0	379.4
(–) Other income (1)	(7.1)	(5.6)	(5.1)
(+) Other expenses (1)	260.1	129.5	181.7
(+) Amortization of intangible assets arising on the purchase price allocation of acquisitions	19.0	18.7	17.0
= EBITA	**594.3**	**539.6**	**573.0**
(+) / (–) Non-recurrent effect resulting from changes in copper-based cable prices (2)	(14.2)	10.1	20.6
= Adjusted EBITA	**580.1**	**549.8**	**593.5**
Adjusted EBITA margin	4.4%	4.2%	4.4%

(1) See note 9 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2017 included in section 5.2 "Consolidated Financial Statements" of this Registration document.

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

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

(in millions of euros)	2017	2016	2015
Net income	104.9	134.3	15.7
(+) Results from discontinued operations	–	–	69.3
(+) / (–) Non-recurring effect resulting from changes in copper-based cable prices (1)	(14.2)	10.1	20.6
(–) Other income (2)	(7.1)	(5.6)	(5.1)
(+) Other expenses (2)	260.1	129.5	181.7
(+) Financial expenses related to refinancing transactions	30.4	16.3	52.5
(–) Tax impact of the items above and other non recurring tax effects	(82.9)	(34.4)	(65.3)
= Net recurring income	**291.2**	**250.3**	**269.4**

(1) See paragraphs 2.1.4.1 "Risks relating to changes in prices of certain raw materials" and 5.1.1.1 "Impact of changes in copper price" of this Registration document.
(2) See note 9 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2017 included in section 5.2 "Consolidated Financial Statements" of this Registration document.

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

(in millions of euros)	2017	2016	2015
Operating cash flow (1)	612.9	563.8	564.8
Changes in working capital requirements	(118.4)	(26.1)	97.9
Cash generated from operating activities before net interest and income taxes	494.6	537.7	662.7
Net capital expenditure	(110.3)	(98.6)	(115.2)
Free cash flow before net interest and income taxes (2) (3)	**384.3**	**439.1**	**547.5**

(1) Before interest, taxes, and changes in working capital requirements.
(2) Free cash flow before net interest and income taxes is defined as the change in the net cash position originating from operational activities before deduction of net financial interest paid and before deduction of income taxes paid, less net capital expenditure.
(3) Including, in 2015, €562.6 million related to continuing operations and €(15.1) million to Latin America discontinued operations.

Principal key figures of Rexel's consolidated balance sheet

	AU 31 DÉCEMBRE		
(in millions of euros, unless specified otherwise)	2017	2016	2015
Non-current assets	5,361.8	5,846.3	5,848.1
Working capital requirements	1,391.0	1,372.9	1,330.4
Shareholders' equity	4,163.6	4,383.3	4,352.9
Net indebtedness	2,041.2	2,172.6	2,198.7
Other non-current liabilities	548.0	663.3	626.9
Indebtedness Ratio (in multiple of EBITDA) (1)	2.84	3.04	2.99

(1) Calculated in accordance with the terms of the Senior Credit Agreement presented in note 22.1.1 to the consolidated financial statements.

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

1.2 HISTORY AND DEVELOPMENT

1.2.1 Corporate name

The corporate name of Rexel is "Rexel".

1.2.2 Place and number of registration

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

1.2.3 Date and term of incorporation

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

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

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

1.2.4 Registered office, legal form, and applicable law

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

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

1.2.5 History of the Rexel Group

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

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

Under the terms of a purchase agreement entered into on December 10, 2004, PPR, through its subsidiary Saprodis S.A.S., transferred to a consortium of funds and investment capital companies, composed of Clayton Dubilier & Rice, Eurazeo S.A. and Merrill Lynch Global Private Equity (which became BAML Capital Partners) a controlling stake representing 73.45% of the share capital of Rexel Distribution. This disposal was followed by a share price guarantee, a public buyout offer followed by a compulsory squeeze-out, after which the shares of Rexel Distribution were delisted from the regulated Euronext market on April 25, 2005. Rexel's shares were admitted for trading on the regulated Euronext market on April 4, 2007. After the last disposals that took place during 2014, the consortium no longer 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 40 consolidating acquisitions.

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. This disinvestment represents, as a percentage of sales, 17% of the entire disposal plan which should be completed by the end of 2018.

1.3 RECENT ACQUISITIONS AND DISPOSALS

The acquisitions and disposals completed during the years ended December 31, 2016, and December 31, 2015, are respectively described in the Registration document filed with the *Autorité des marchés financiers* on March 31, 2017, under number D.17-0272 and in the Registration document filed with the *Autorité des marchés financiers* on April 7, 2016, under number D.16-0299.

The acquisitions and disposals completed during the year ended December 31, 2017 are described in notes 4 and 5 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2017, included in section 5.2 "Consolidated Financial Statements" of this Registration document.

1.4 BUSINESS AND STRATEGY

The Rexel Group considers itself to be one of the leading global distributors in low and ultra-low voltage electrical products in 2017 in terms of sales and number of branches. At December 31, 2017, it operated in 26 countries spread mainly over three geographical regions: Europe, North America and Asia-Pacific.

In 2017, the Rexel Group's consolidated sales reached €13,310 million, of which 55% was generated in Europe, 35% in North America and 10% in Asia-Pacific. Rexel Group generated a 2017 Adjusted EBITA of €580 million, representing 4.4% of 2017 consolidated sales.

The Rexel Group targets three end-markets:

- The residential market, which mainly covers the use of electrical products in housing, building complexes, buildings and public housing, as part of their construction, extension, renovation or upgrading;
- The commercial market, covering the use of electrical products in stores, health institutions, schools, offices, hotels, public facilities as well as energy power plants, public networks and transport infrastructure, as part of their construction, extension, maintenance, renovation or upgrading;
- The industrial market, which covers the use of electrical products in plants and other industrial sites, either as part of their construction or extension, or for maintenance, renovation or upgrading.The balanced breakdown of its activity between these three end-markets (industrial, commercial and residential) and between the geographic regions allows the Rexel Group to reduce the effects of a downturn in a given end-market within a country or region, thus driving a resilient global business.

The breakdown of the Rexel Group's sales in 2017 by end-market is as follows:

NORTH AMERICA	
Residential	7%
Commercial	57%
Industrial	36%
EUROPE	
Residential	31%
Commercial	43%
Industrial	26%
ASIA-PACIFIC	
Residential	20%
Commercial	21%
Industrial	59%
REXEL GROUP	
Residential	22%
Commercial	45%
Industrial	33%

For these three end-markets, the Rexel Group is a key link of the value chain between electrical equipment providers and customers and end-users. The Rexel Group offers its solutions and services to a wide range of customers, in particular electrical equipment contractors, end-users with internal installation departments, parts manufacturers and panel builders, industrial companies and tertiary companies. This diversity allows the Rexel Group to avoid being dependent on any customer, although the degree of customer concentration in some countries or product ranges can be higher than in others. The Rexel Group's ten largest customers represented less than 4% of the Rexel Group sales in 2017.

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 other services and products. This offer is enhanced by combining products with services, in particular, logistics, technical assistance, financing and training aiming at addressing all of the needs of its customers.

As at December 31, 2017, the Rexel Group has a network of 2,012 branches grouped around different commercial brands, employing 27,125 people (full time equivalent).

The operational sectors on which the consolidated financial statements presented by the Rexel Group are based are set forth in note 6 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2017 included in section 5.2 "Consolidated financial statements" of this Registration document.

1.4.1 Rexel Group's Markets

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

A significant market

Based on its estimates, the Rexel Group considers that the professional distribution market for low and ultra-low voltage electrical products in which it is present represented around €168.8 billion worldwide in 2017. For areas where Rexel is present, this market represents approximately €40.5 billion in Europe, approximately €89.7 billion in North America and approximately €35.9 billion in Asia-Pacific. This market, which demonstrated its resilience in the past five years, grew slightly compared to 2016, at constant foreign exchange rates.

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)	85.6	4.1	8.5	7.2	4.5
Exchange rate used (1 euro =)	USD 1.1	CAD 1.5	–	–	GBP 0.85

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

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

A growth market

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

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

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

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

A generally more mature market in developed countries

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

A market that is constantly changing depending on customer expectations

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

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

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

A renewal in the product offer

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

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

A fragmented market

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

In 2017, 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 and to a lesser extent Electrocomponents, operating in the main world markets, WESCO International, Graybar Electric Company, Consolidated Electrical Distributors, HD Supply Holdings and Anixter International, primarily located in North America, and Solar and Würth, located essentially in Europe.

Around 75% of global sales in the professional distribution of low and ultra-low voltage electrical products market are, therefore, generated by a large number of companies operating at national, regional or local levels.

Levels of market consolidation are very different depending on the country. In the United States, the market can be divided into two categories of players: multi-regional distributors (including the Rexel Group), which the Rexel Group estimates represent around 35.5% of the total sales generated in 2017, followed by a very fragmented spread of regional and local distributors. This configuration can be explained, in particular, by the geographical scope of the market and the historical presence of numerous local players. However, in some countries such as Australia, Canada, France, the Netherlands, the United Kingdom, Scandinavia and Switzerland, a large share of the market is occupied by a limited number of distributors. Such a situation arises from the historical presence of players that have consolidated and structured these markets.

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

In parallel, in some countries, small-sized distributors of electrical products are looking to increase their relative size by forming central purchasing offices.

These can be national distribution chains as well as independent distributors managing one or several branches. Similar dynamics exist with certain independent customers who decide to gather in groups purchasing agencies in order to increase their negotiating power in respect of professional distributors.

1.4.1.2 The geographical breakdown of the Rexel Group markets

The Rexel Group's businesses are spread over three main geographical regions (Europe, North America, and Asia-Pacific). The Rexel Group's 2017 sales amounted to €13,310 million. The breakdown between the different zones is as follows:

	IN MILLIONS OF EUROS	IN PERCENTAGE
Europe	7,292	55%
North America	4,710	35%
Asia-Pacific	1,308	10%
Total	**13,310**	**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 2017 market share of around 16%. It considers that the residential, commercial and industrial markets represented respectively 31%, 43% and 26% of its 2017 sales in Europe.

At December 31, 2017, the Rexel Group was located in 18 European countries. It considers that it occupies the first or second place in 13 of these countries.

North America

According to its estimates and based on its 2017 sales, the Rexel Group's market share for 2017 was around 5% for the professional distribution of low and ultra-low voltage electrical products market in North America. The Rexel Group considers that it is in one of the four leaders in this zone, with market shares of around 4% in the United States and 25% 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 2017 sales in North America.

Asia-Pacific

Based on its estimates and its 2017 sales, the Rexel Group considers that it is number two in Asia-Pacific and held a market share of approximately 4% in 2017.

According to its estimates, the residential, commercial and industrial markets represented respectively 20%, 21% and 59% of the Rexel Group's 2017 sales in Asia-Pacific. These figures take into account the discontinued or sold operations in 2017.

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

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

1.4.2 The Rexel Group's businesses and competitive advantages

A major player at the global level

The Rexel Group is a worldwide expert in the professional multichannel distribution of electrical products and services for the energy world and one of the main players in the market of the professional distribution of low and ultra-low voltage electrical products in terms of both sales and number of branches.

At December 31, 2017, the Rexel Group estimates that it held globally a market share of approximately 6%, allowing it to continue to develop its market share, in particular through external growth, while remaining one of the main players in the market consolidation for the professional distribution of low and ultra-low voltage electrical products.

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

- Meet the demands of customers operating in several geographical zones while offering a comparable level of service and advice worldwide;

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

An extensive and innovative products range

Eight product families

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

- **Electrical installation products** (42% of 2017 sales) groups coupling and circuit protection devices (switches, circuit breakers, meters, fuses), energy conversion and storage devices (transformers, accumulators and chargers, generating sets), command control devices (industrial automation, command control networks), sensors, actuators and consumers (pumps, fans, blowers, compressors) as well as solar panels. All these devices have an important role in the management and optimization of energy consumption;
- **Lighting** (20% of 2017 sales) which includes, on the one hand, sources such as low energy consumption bulbs, incandescent, halogen and fluorescent tubes and LEDs and, on the other hand, light fixtures, such as indoor and outdoor lighting systems, sensors and decorative accessories;
- **Cables and conduits** (22% of 2017 sales) that allow the distribution of electrical current and that also groups raceways, wiring ducts and cable troughs;
- **Climate control** (6% of 2017 sales) which covers ventilation, air conditioning and heating systems (HVAC) in particular, those based on renewable energies;
- **Security and communication** (3% of 2017 sales) including primarily voice, data and image transmission systems (VDI), and detection (intrusion and fire) surveillance and access control devices;
- **Tools** (4% of 2017 sales) including hand and electrical tools, and instrumentation tools;
- **Renewable energies and energy management** (2% of 2017 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 2017 sales) including household appliances and consumer electronic products.

The product families and percentages presented above correspond only to the professional distribution of low and ultra-low voltage electrical products business. These product families do not include the specific services provided by certain specialist entities of the Rexel Group, such as Gexpro Services in the United States, or the provision of services or software. The sales generated by the Rexel Group for these other business was around 4% in 2017.

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

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

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

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

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

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

Added-value services adapted to customer needs

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

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

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

A strong local leadership

Based on its 2017 sales, the Rexel Group is one of the main player in its three main geographical zones: North America, Europe and Asia-Pacific. The countries in which Rexel considers that it has a market share over 15% represent close to 60% of its sales. The Rexel Group is convinced of the importance of reaching a critical size on each of the markets where it is present in order to guarantee the quality and profitability of its operations in such country. 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 offering a good fit with customers' needs in terms of proximity to their operations;
- The development of multi-brand commercial networks that help increase the Rexel Group's market share in countries where it is already significant;
- A logistics organization adapted to customer demand and market density;
- Its ability to employ qualified personnel with deep knowledge of the local market and to provide them with ongoing training; and
- Its attractiveness for suppliers as a leading distributor in a given geographical zone to promote their products.

At December 31, 2017, the Rexel Group had 2,012 branches. By geographical zone, the number of branches changed as follows between December 31, 2015 and December 31, 2017:

	AT DECEMBER 31,		
(Number of branches)	2017	2016(1)	2015(1)(2)
Europe	1,183	1,196	1,234
North America	574	560	567
Asia-Pacific	255	250	246
Total	**2,012**	**2,006**	**2,047**

(1) Excluding South East Asia.
(2) Excluding Latin America.

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

A multichannel model

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 their 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;
- Web-based configurator: online tools for product configuration;
- Applications: many applications aimed at making our customers' lives easier, such as: a network of professional advisers ("The Grid"), sales applications allowing them to create their shopping cart offline, geolocation of the nearest branch, etc.

The complementarity of skills and expertise available in the various channels allows the Rexel Group to build complete and personalized solutions for its customers, positioning it as a unique partner for the supply of electrical solutions and equipment. This multichannel offer improves customer loyalty and the share of purchases made with the Rexel Group and represents a major competitive advantage, particularly in the face of players specializing in digital technology.

Qualified and experienced teams

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

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

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

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

An effective logistics model

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

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

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

If the sales density allows it, the Rexel Group seeks to centralize flows through logistics centers.

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

Strategic relations with suppliers

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

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

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

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

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

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

	DECEMBER 31,	
(# of suppliers to achieve)	2017	2016
50% of purchases	23	25
80% of purchases	261	327
100% of purchases	10,065	10,897

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

An economic model that generates cash flows

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

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

In addition, the Rexel Group has maintained its gross capital expenditure over the last three years to an annual level of between €110 and €120 million of its consolidated sales. This investment policy is representative of the low capital intensity of the professional distribution of low and ultra-low voltage electrical products.

A costs structure favorable to profitable growth

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

Based on 2017 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 76% (transport, commissions, etc.); and
- Fixed costs, flexible in the short- to medium-term of 24% (salaries, rents, information systems costs, etc.).

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

An ability to integrate acquisitions

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

Since 2010, the Rexel Group carried out 40 consolidating acquisitions.

The risks associated with acquisitions are described in paragraph 2.1.1.2 “Risks relating to acquisitions and disposals” in this Registration document.

1.4.3 The Rexel Group’s strategy

The Rexel Group continues implementing its strategy developed by the new management team.

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

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

- A broad and valuable customer base: in 2017, Rexel managed 650,000 active customer accounts in three end-markets (residential, commercial and industrial);
- A strong footprint in key geographies: Rexel holds leading or strategic positions in most markets in which it operates;
- Key partnerships with global and leading manufacturers: Rexel manages long-term relationships with its suppliers, notably strong partnerships with the top 25 suppliers representing close to 52% of Rexel’s total purchases;
- Best-in-class core capabilities: Rexel offers a unique combination of local reach, broad offer of products and solutions, deep expertise, high level of service, robust logistics capabilities and IT backbone; and
- An increasingly multichannel customer approach, including a strong digital presence with digital sales already reaching 1.9 billion euros.

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

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

To achieve these aims, Rexel continues implementing a strategy based on three priorities and a driving force for implementing such priorities:

- Accelerating organic growth;
- Increasing selectivity in capital allocation and strengthening financial structure;

- Improving operational and financial performance;
- Accelerating its digital transformation.

1.4.3.1 Accelerate organic growth

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

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

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

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

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

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

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

1.4.3.2 Increase selectivity in capital allocation and strengthen financial structure

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

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

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

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

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

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

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

  - Fund capital expenditure of between €100 and €150 million;
  - Pay-out a dividend of at least 40% of recurring net income;
  - Finance selective bolt-on acquisitions from 2018 onwards, with strict value-creation criteria; and
  - Reduce its indebtedness ratio.

1.4.3.3 Improve operational and financial performance

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

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

In addition to these Group initiatives, the Rexel Group drives deep transformations to enhance its profitability in key geographies, mainly the USA, Germany and the UK.

- In the USA, Rexel will gradually move from a national / banner approach to a regional / multi-banner approach, focusing on nine key regions. Through this approach, Rexel notably aims at gaining market share and improving profitability.
- In the UK, Rexel merged its banners, reducing their number from five to two, allowing it to benefit from better purchasing conditions and improved supply chain efficiency.
- In Germany, Rexel focuses on the development of its industrial offer.

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

1.4.3.4 Accelerating digital transformation

The digital transformation of the Rexel Group is in progress: both with its customers and for its internal processes. A significant and growing share of capital expenditure is allocated to digital and IT, which accounted for 56% of the investments made in 2017, and are expected to continue to attract a major portion of investment over the next few years.

- Digitalization is a lever for organic growth. The Rexel Group aims to achieve in the middle-term 35-40% of digital sales (*via* e-commerce and EDI), with three priorities:
  - Continuing to shift countries towards the shared platform developed by the Rexel Group. This shared platform already accounted for 65% of the Group's online sales at the end of 2017;
  - Promoting customer use of the digital tools available to them;
  - Continuing to innovate, by offering new functionalities.
- The Rexel Group also plans to digitize its back-office activities with the twofold objective of increasing productivity and improving customer and employee experience. This includes the digitization of invoicing and payment processes and the administration of human resources.

1.4.4 Research and development, patents and licenses

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

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

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

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

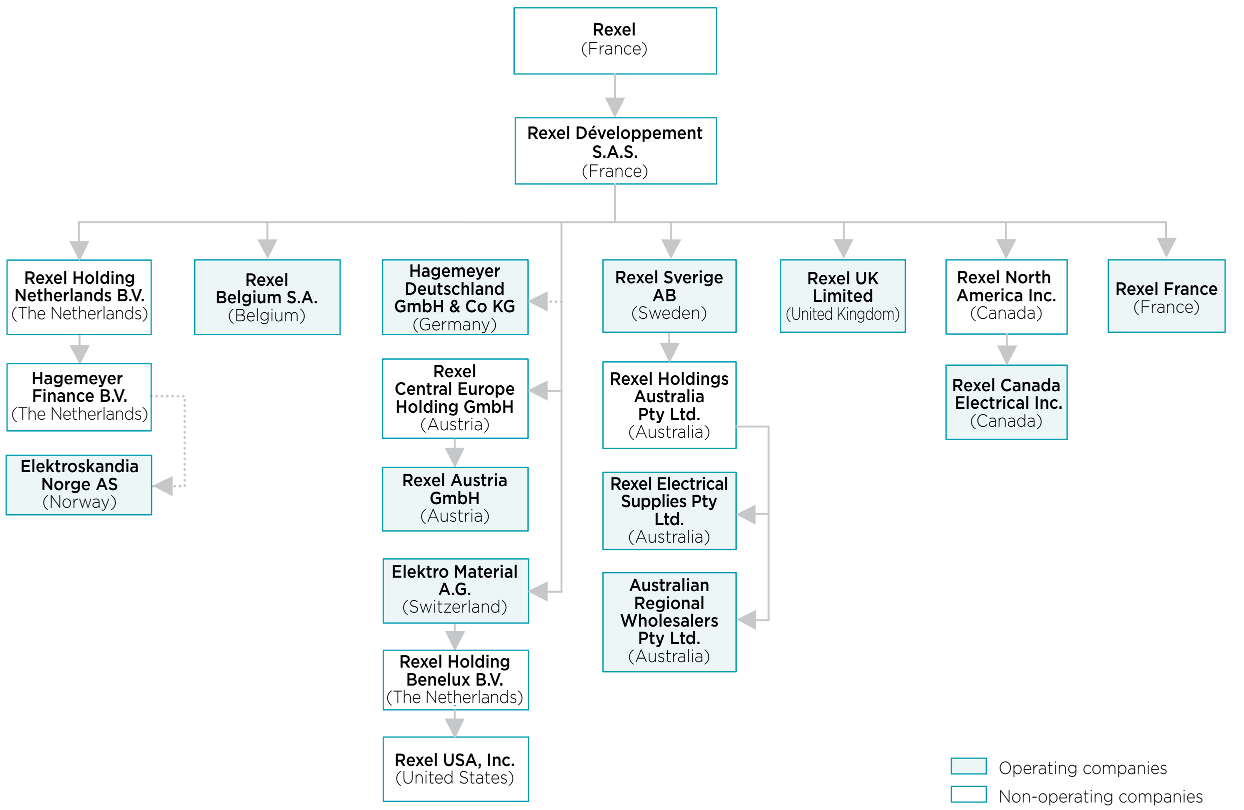
In April 1998, Rexel Distribution signed an agreement on the coexistence and global use of the "Rexel" trade name with a company, which had already registered the trade name and which operates in a different sector than the Rexel Group. Under the terms of this agreement, both companies are authorized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

1.5 ORGANIZATION

1.5.1 Organizational chart

The organizational chart below is a simplified organizational chart of the Rexel Group as of December 31, 2017.

As at December 31, 2017, the Rexel Group comprised 118 subsidiaries. The list of all of the companies consolidated by Rexel as of December 31, 2017, and their geographical location is detailed in note 30 of the Notes to Rexel's consolidated financial statements for the year ended December 31, 2017, which are set out in section 5.2 "Consolidated Financial Statements" of this Registration document.



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

1.5.2 Principal subsidiaries as of December 31, 2017

The Rexel Group comprises Rexel and its subsidiaries.

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

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

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

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

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

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

Europe

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

Hagemeyer Deutschland GmbH & Co KG is a limited partnership with a share capital governed by the laws of Germany *(Kommanditeinlage)* with a share capital of €13,001,000. Its registered office is at Landsberger Str. 312, 80687, Munich, Germany. It is registered with the registry of commerce and companies under number HRA 48737. Its main activity is the supply and distribution of electrical products as well as the acquisition and management of equity investments in other companies. It is indirectly wholly owned by Rexel Développement.

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

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

Elektroskandia Norge AS is a company governed by the laws of Norway with a share capital of NOK 82,150,000. Its registered office is in Fugleåsen 6, N-1405, Langhus, Norway. It is registered with the registry of commerce and companies under number 977 454 700. Its main activity is the supply and distribution of electrical products. It is indirectly wholly owned by Hagemeyer Finance B.V.

Elektro-Material A.G. is a joint stock company *(Aktiengesellschaft)* governed by the laws of Switzerland with a share capital of CHF 136,350,000. 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 349,879,885 pounds sterling. Its registered office is at Ground Floor, Eagle Court 2 – Hatchford Brook, Hatchford Way – B26 3RZ – Sheldon, Birmingham, United Kingdom. It is registered with the Companies House under number 434724. Its main activity is the sale of electrical products and the holding and the management of equity investments in other companies. It is indirectly wholly owned by Rexel Développement.

North America

Rexel USA, Inc. (formerly known as Rexel Holdings USA Corp.) is a corporation governed by the laws of Delaware with a share capital of US $1,001, registered under number 20-5021845. Its registered office is at 14951 Dallas Pkwy – Dallas, TX 75254, USA. Its main activity is the 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 108,904,500 governed by the laws of Canada, registered under number 381380-1. Its registered office is at 505 Locke, suite 200, Saint Laurent, Quebec H4T, 1X7 Canada. Its main purpose is the acquisition and management of equity investments in other companies and the provision of services. It is wholly owned by Rexel Développement.

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

Asia-Pacific

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

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

Contributions from subsidiaries or significant sub-groups as of December 31, 2017, are as follows.

CONSOLIDATION VALUE (EXCLUDING DIVIDENDS) *(in millions of euros)*	FIXED ASSETS (INCLUDING GOODWILL)	GROSS DEBT (EXCLUDING THE REXEL GROUP)	CASH AND CASH EQUIVALENTS	CASH FROM OPERATIONS	DIVIDENDS PAID AND DUE TO REXEL
Rexel (France)	0.3	1,471.7	0.0	22.4	–
Rexel Développement SAS (France)	31.5	(265.3)	345.6	(33.7)	–
Rexel France (France)	1,273.5	434.7	92.9	138.1	–
Rexel USA, Inc. (USA)	1,150.4	260.3	36.9	32.6	–
Elektro-Material A.G. (Switzerland)	705.9	0.0	6.0	56.2	–
Rexel North America Inc. (Canada)	545.9	116.8	3.4	16.4	–
Rexel UK Limited (United Kingdom)	321.7	195.5	11.3	7.9	–
Hagemeyer Deutschland GmbH & Co KG (Germany)	167.1	124.5	1.0	(10.8)	–
Rexel Sverige AB (Sweden)	218.7	0.3	0.5	0.8	–
Rexel Holdings Australia Pty Ltd (Australia)	160.2	94.6	0.1	0.2	–
Elektroskandia Norge AS (Norway)	175.7	0.0	0.3	0.5	–
Rexel Austria GmbH (Austria)	132.0	0.0	0.3	19.9	–
Rexel Belgium SA (Belgium)	85.3	4.1	0.4	32.5	–
Other	268.5	175.1	65.0	7.3	–
Total consolidated	**5,236.6**	**2,612.3**	**563.6**	**290.2**	**–**

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

1.6 PROPERTY AND EQUIPMENT

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

As of December 31, 2017, the property portfolio of the Rexel Group consisted primarily of the following sites:

- The registered office of Rexel, located in Paris (France), leased and having a surface area of 10,200 square meters, as well as the administrative seats of the Rexel Group's operational entities, located in Europe, in North America and in Asia-Pacific, which are mainly leased. The registered office of Rexel and the administrative headquarters of the operational entities house the management and operational functions of the Rexel Group;
- 50 logistics centers situated in Europe (France, Austria, Belgium, Finland, Germany, Italy, the Netherlands, Norway, Portugal, Slovenia, Spain, Sweden and United Kingdom), in North America (United States) and in Asia-Pacific (Australia, China and New Zealand). The logistics centers are mainly leased and have an average surface area which ranges between 10,000 square meters, for those situated in Europe (excluding France) and 17,000 square meters, for those situated in France; and
- 2,012 branches located in Europe, North America and Asia-Pacific. The points of sale are mixed-use sales and storage buildings located in craft or industrial areas of activity, with an average surface area of approximately 1,000 square meters. The branches are primarily leased.

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

1.7 INVESTMENTS

1.7.1 Investments completed

The table below presents the details of the capital expenditures as well as of investments in subsidiaries and divestments for each of the years ended December 31, 2017, 2016 and 2015:

(in millions of euros)	2017	2016	2015	2015-2017 Total
Capital expenditure				
Information systems / Digital	62.8	54.0	58.8	161.0
Renovation and opening of branches	26.3	20.2	28.6	72.4
Supply chain	15.1	23.0	16.5	55.0
Other	8.3	18.6	17.6	47.8
Total gross capital expenditure	**112.5**	**115.8**	**121.5**	**349.8**
Change in fixed assets suppliers payable	1.3	5.0	(1.3)	5.0
Disposals of fixed assets	(3.5)	(22.1)	(5.0)	(30.6)
Total net capital expenditure	**110.3**	**98.7**	**115.2**	**324.2**
Acquisitions and disposals of subsidiaries				
Investments	–	94.0	28.2	122.2
Divestments	(23.1)	(1.6)	(11.6)	(36.3)
Total acquisitions and disposals of subsidiaries	**(23.1)**	**92.4**	**16.6**	**85.9**

Gross capital expenditure made during 2017, 2016 and 2015 respectively represented 0.8%, 0.9% and 0.9% of the consolidated sales of the Rexel Group.

Investments made during 2017 are described in paragraph 5.1.2.1 "Cash flow" of this Registration document and were financed through cash assets.

1.7.2 Principal investments underway

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

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

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

1.7.3 Principal investments contemplated

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

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

1.8 REGULATIONS

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

1.8.1 Product liability

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

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

1.8.2 Environmental regulations

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

The "RoHS" Directive

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

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

The "WEEE" Directive

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

The "REACh" Regulation

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

2 RISK FACTORS AND INTERNAL CONTROL

2

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

2.1 RISK FACTORS

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

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

The surveillance program (plan de vigilance) *established within the Rexel Group is described in paragraph 4.2 "Vigilance plan" of this Registration document.*

2.1.1 Risks relating to the industry

2.1.1.1 Risks relating to the general economic environment

Risk

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

The impact of changes in macroeconomic conditions varies depending on the end-markets and geographic regions in which the Rexel Group operates. Europe, North America and Asia-Pacific accounted for 55%, 35% and 10% of the Rexel Group's 2017 sales respectively. In addition, the Rexel Group estimates that the industrial, commercial and residential markets, respectively, represented 33%, 45% and 22% of its 2017 sales from the distribution of electrical equipment. However, this distribution varies by region and by country (see paragraph 1.4.1 "The Rexel Group's markets" of this Registration document). For example, the industrial market accounts for approximately 36% of the Rexel Group's 2017 sales in North America while it is close to 91% of the Rexel Group's 2017 sales in China, and approximately 24% in France. In each geographical region, construction, renovation, and maintenance activities evolve differently.

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

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

Management of risk

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

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

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

2.1.1.2 Risks relating to acquisitions and disposals

Risk

In the medium-term, Rexel will continue its targeted portfolio strategy (made of acquisitions and divestments) from 2018 onwards, in line with its deleveraging objective and strict value-creation criteria. The portfolio strategy follows three main objectives: strengthen its footprint in the most attractive geographic zones and segments (with a priority on the US market), expand to adjacent segments in key markets and capture more of the value chain. In the last few years, the Rexel Group has carried out acquisitions to increase its market shares, as well as disposals (see paragraphs 1.2 "History and development" and 1.3 "Recent Acquisitions and Disposals" of this Registration document). With respect to disposals, the Group may be unable to dispose of certain assets in fair financial conditions and may therefore suffer specific losses.

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

In addition, acquisitions carried out by the Rexel Group are reflected in its consolidated financial statements through the recognition of goodwill representing the expected future economic benefits from the purchased assets. Downward revisions of these expected benefits, including due to changes in macroeconomic conditions or in the context of a portfolio review, may lead to goodwill impairments, which would then have an adverse impact on the financial condition and results of the Rexel Group. At December 31, 2017, the amount of goodwill recognized in the Rexel Group's assets amount to €3,914.9 million and the impairments recognized in the consolidated income statement for 2017 amount to €133.7 million (see note 12.1 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2017 included in section 5.2 "Consolidated Financial Statements" of this Registration document).

Management of risk

In order to mitigate risks relating to acquisitions and integration processes of the acquired companies, the Rexel Group monitors the implementation of acquisition projects. An Investment Committee reviews the suitability of each acquisition and evaluates whether it is in line with the Group strategy. The Investment Committee, composed by the members of the Executive Management and of the concerned executives, meets at several stages of the acquisition process to perform comprehensive analyses for an optimum execution. Moreover, throughout the entire acquisition process, the Rexel Group employs specialized advisors. Any material acquisition or disposal is submitted directly to the Rexel Board of Directors.

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

2.1.1.3 Risks relating to competition

Risk

The market for professional distribution of low voltage electrical products is highly competitive, as the products distributed by the Rexel Group are generally available from other distributors. At international level, the Rexel Group competes with several large professional electrical distributors, such as Anixter, CED, HD Supply, Graybar, Sonepar and Wesco.

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

Furthermore, the Rexel Group may compete with:

- Manufacturers that sell their products directly to certain clients in the industrial and services markets, essentially in connection with large-scale projects;
- Specialists in e-commerce, distributing building materials and not exclusively electrical materials to professionals or end-users;
- Any larger B2B webshop, trading all kind of construction material products of which electrical products;
- General building trade distributors, who could further expand their electrical product offerings or acquire companies already operating in the electrical product distribution sector and thereby create increased competition for the acquisition of market share; and
- Service providers specialized in building maintenance or energy efficiency.

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

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

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

Management of risk

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

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

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

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

2.1.1.4 Risks relating to information technology systems

Risk

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

In addition to these malicious actions, the information technology systems of the Rexel Group may suffer deficiencies preventing their proper utilization.

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

Management of risk

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

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

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

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

2.1.1.5 Risks relating to the Rexel Group's logistical structure

Risk

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

Management of risk

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

Various service quality indicators and logistical platform security data are shared within countries and within the Rexel Group. This information is regularly monitored to alert Rexel of problems and implement potential corrective action if necessary.

2.1.1.6 Risks relating to supplier dependence

Risk

While rationalizing its purchasing policy, the Rexel Group is reducing the number of its suppliers in order to strengthen its relationships with a smaller number of manufacturers. In 2017, the Rexel Group's purchases from its 25 leading suppliers accounted for circa 51% of its total purchases. About 77% of its total purchases were from its 200 leading suppliers.

In certain geographical regions, some entities of the Rexel Group may be dependent on certain suppliers. In the event such a supplier reduces its product offering or in case of default or non-compliance of one or more such suppliers which would interrupt business relationships, the Rexel Group cannot guarantee that it will be able to offer a satisfactory alternative to its customers, as a result of which they may turn to one or more competitors to obtain products.

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

Management of risk

In general, the Rexel Group's distribution business involves entering into short and medium-term agreements with suppliers from which terms and conditions are subject to periodic re-negotiations. The relative importance of the Rexel Group to its main suppliers limits the risks of termination of contracts or material change in the product offers.

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

2.1.1.7 Risks relating to the Rexel Group's reputation

Risk

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

Management of risk

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

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

Risk

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

Management of risks

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

2.1.1.9 Risks relating to human resources

Risk

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

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

In addition, Rexel employees are exposed to safety risks, as detailed in paragraph 4.3.3.3 "Working conditions" of this Registration document.

Management of risk

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

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

In addition, the Rexel Group is committed to providing all its employees and all people on its sites a safe working environment. Risks related to safety and mitigating measures are detailed in section 4.3 "Social information" of this Registration document.

2.1.2 Legal and regulatory risks

2.1.2.1 Risks relating to pending litigation

Risk

Risks related to pending litigations are described in detail in note 28 of the Notes to the consolidated financial statements of Rexel for the year ended December 31, 2017, which are set out in section 5.2 "Consolidated Financial Statements" of this Registration document.

Management of risk

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

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

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

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

2.1.2.2 Risks relating to legal and tax regulations

Risk

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

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

Furthermore, the Rexel Group may record deferred tax assets on its balance sheet, reflecting future tax savings resulting from discrepancies between the tax and accounting valuation of the assets and liabilities or in respect of tax loss carry-forwards from its entities. The actual recognition of these assets in future years depends on tax laws and regulations, the outcome of potential tax audits and on the expected future results of the relevant entities. Any reduction in the ability to use these assets due to changes in local laws and regulations, potential tax reassessments or lower-than-expected results could have a negative impact on the Rexel Group's financial condition or results. As at December 31, 2017, the Rexel Group's deferred tax assets linked to tax loss carry-forwards amount to €252.2 million, depreciated in an amount of €132.4 million (for more information regarding deferred tax see note 11.2 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2017, which are set out in section 5.2 "Consolidated Financial Statements" of this Registration document).

Management of risk

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

2.1.2.3 Risks relating to non-compliance

Risk

As any other company, the Rexel Group is exposed to the risk of non-compliance with laws and regulations, in a context where regulations are constantly evolving and where the judicial authorities are more and more active.

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

Management of risk

The Rexel Group implements policies and procedures to ensure compliance with applicable local and international laws, such as, but not limited to, preventing and combating corruption, export control, combating money-laundering, data protection, or competition law. In 2017, the Rexel Group continued to roll out training sessions to employees (*via* e-learning and on-site sessions) in addition to regular communication on compliance topics.

As regulations evolve, regarding in particular, international sanctions, combating corruption (French regulation Sapin II which came into force in June 2017), and data protection (European General Data Protection Regulation which will come into force in May 2018), the Rexel Group ensures that its compliance program is updated as needed and adequate actions are effectively implemented.

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

2.1.2.4 Risks relating to regulatory matters, including environmental regulations

Risk

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

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

Management of risk

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

The Rexel Group must also endeavour to comply with local environmental regulations. The environmental risk prevention and management mechanisms are described in section 4.4 “Environmental information” of this Registration document.

2.1.2.5 Risks relating to pension plans

Risks relating to pension plans and the corresponding risk management tool are described in note 21.7 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2017, as set out in section 5.2 “Consolidated Financial Statements” of this Registration document.

2.1.3 Risks relating to the Rexel Group’s financing

2.1.3.1 Risks relating to indebtedness

Risk

As at December 31, 2017, the Rexel Group’s gross indebtedness amounted to €2,612.3 million and its net indebtedness amounted to €2,041.2 million. In 2016 and 2017, Rexel issued bonds for a total outstanding amount of €1,450.0 million as of December 31, 2017.

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

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

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

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

Furthermore, the Rexel Group’s ability to meet its obligations, in particular complying with the restrictions and contractual obligations, contained in certain of its credit agreements (in particular those in connection with the Senior Credit Agreement, the 2016 Bonds and the 2017 Bonds or the securitization programs, as described in note 22.1 of the Notes to the Rexel Group’s consolidated financial statements for the year ended December 31, 2017 set forth in section 5.2 “Consolidated Financial Statements” of this Registration document), or to pay interest on its loans or to refinance or repay its loans in accordance with the terms of its debt agreements will depend on the Rexel Group’s future operating performance, which may be affected by a number of factors (general economic conditions, conditions in the debt market, legal and regulatory changes, etc.), some of which are beyond the Rexel Group’s control.

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

Management of risk

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

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

Risk

Certain bank loans and bond financings, including the Senior Credit Agreement, the 2016 Bonds and the 2017 Bonds (as described in note 22.1 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2017 set forth in section 5.2 "Consolidated Financial Statements" of this Registration document), contain customary restrictions limiting the Rexel Group's operations. In particular, these restrictions limit its capacity to grant guarantees on assets, dispose of certain assets, carry out acquisitions, merger or restructuring transactions, borrow or lend money, provide collateral and make certain investments, set up joint ventures, or change the business operations of the Rexel Group. The Senior Credit Agreement, the 2016 Bonds and the 2017 Bonds also contain provisions under which the Rexel Group's creditors could demand full or partial early repayment of borrowings, particularly in the event of the disposal of certain assets or change of control. These restrictions may impact the Rexel Group's ability to respond to competitive pressures, downturns in its markets or, in general, overall economic conditions.

The Rexel Group's borrowings include various financial commitments described in note 22.1 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2017 set forth in section 5.2 "Consolidated Financial Statements" of this Registration document. As of December 31, 2017, the Rexel Group complied with all of its applicable financial commitments. The Rexel Group must provide for each financial commitment a certificate of compliance with the relevant undertakings. This certificate must show how the items were calculated so that compliance with such undertakings may be assessed, including the *pro forma* indebtedness ratio (*i.e.*, adjusted consolidated net debt compared to adjusted consolidated EBITDA). The Rexel Group's Statutory Auditors issue their own attestation on this certificate.

Rexel's ability to meet these commitments will depend on the financial and operating performance of the Rexel Group as well as on various factors, some of which are beyond the Rexel Group's control. Non-compliance by the Rexel Group with its financial covenants, in particular with the financial ratios set out in the Senior Credit Agreement, the 2016 Bonds and the 2017 Bonds may result in early termination by the borrowers of the agreements entered into with the Rexel Group. Under such agreements, the borrowers may require early repayment of any amounts of principal or interest that are due. 2

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

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

Management of risk

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

2.1.3.3 Risks relating to securitization programs

Risk

Certain Rexel Group companies are engaged in securitization programs. Such programs are subject to customary terms applicable to these types of financial transactions and impose certain obligations with respect to service levels and collection of assigned accounts receivable (within the terms described in note 22.1.3 to the Rexel Group's consolidated financial statements for the year ended December 31, 2017, set forth in section 5.2 "Consolidated Financial Statements" of this Registration document).

As at December 31, 2017, the Rexel Group was in compliance with all of its financial commitments under these securitization programs.

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

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

Management of risk

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

The accounting treatment of the securitization programs is described in note 22.1.3 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2017, which are set out in section 5.2 "Consolidated Financial Statements" of this Registration document.

2.1.4 Market risks

2.1.4.1 Risks relating to changes in prices of certain raw materials

COPPER

Risk

In connection with the distribution of cable products, which account for approximately 13% of its sales, the Rexel Group is exposed to fluctuations in cable prices. As copper accounts for 60% of the composition of cables, cable prices change in accordance with copper prices. These changes are not, however, solely and directly linked to copper price fluctuations to the extent that the cable prices paid by the Rexel Group also depend on suppliers' situation and commercial policies, the competitive environment of the Rexel Group and exchange rates. The Rexel Group's exposure to copper price variations is therefore indirect, and the Rexel Group is unable to provide a relevant sensitivity analysis in connection with copper-based cable price variations.

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

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

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

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

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

Management of risk

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

In 2017, the Rexel Group estimates that variations in cable prices have contributed to increase, on a recurring basis, its sales by approximately 1.4% on a constant basis and same number of days (as defined in section 5.1 "Activity Report" of this Registration document). Furthermore, the change in cable prices in 2017 resulted in a positive non-recurring impact on EBITA estimated at €14.2 million.

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

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

OTHER RAW MATERIALS

Risk

The Rexel Group is also exposed to variations in prices of other commodities which are part of the components of distributed products such as metals (steel, aluminium or nickel) or oil and its derivatives (PVC, polyamide or polycarbonate). Oil also impacts transportation costs for products distributed by the Rexel Group. In 2017, transportation costs accounted for 2.5% of the Rexel Group's sales.

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

Management of risk

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

2.1.4.2 Risk relating to interest rate

The interest rate risk and the system in place to manage this risk are detailed in note 23.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2017 set forth in section 5.2 "Consolidated Financial Statements" of this Registration document.

The applicable margin to the Senior Credit Agreement (as described in note 22.1.1 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2017, set forth in section 5.2 "Consolidated Financial Statements" of this Registration document) is determined based on the leverage ratio (as defined in the Senior Credit Agreement), in accordance with the mechanism described in note 22.1.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2017, set forth in section 5.2 "Consolidated Financial Statements" of this Registration document. Thus, depending on the Indebtedness Ratio, the margin applicable to the Senior Credit Agreement may vary between 0.60% and 2.25% (*i.e.*, a range of 165 base points), which may result in an increase in the financial expenses. Based on the leverage ratio as at December 31, 2017, it amounts to 1.25%.

2.1.4.3 Risk relating to foreign exchange rate

The exchange rate risk and the system in place to manage this risk are described in note 23.2 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2017, set forth in section 5.2 "Consolidated Financial Statements" of this Registration document.

2.1.4.4 Risk relating to liquidity

The liquidity risk and the system in place to manage this risk are detailed in note 23.3 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2017, set forth in section 5.2 "Consolidated Financial Statements" of this Registration document.

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

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

2.1.4.5 Risk relating to counterparty

The counterparty risk and the system in place to manage this risk are described in note 23.4 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2017, set forth in section 5.2 "Consolidated Financial Statements" of this Registration document.

2.1.4.6 Risk relating to equity instruments

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

As at December 31, 2017, Rexel held 1,289,369 of its own shares, as detailed in paragraph 3.8.3 "Treasury shares and purchase by Rexel of its own shares" of this Registration document.

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

2.2 INSURANCE

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

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

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

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

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

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

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

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

2.3 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

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

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

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

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

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

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

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

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

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

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

2.3.1 Control environment

The control environment is the keystone of the internal control system. Responsibility and empowerment are thus key principles in the definition of the roles and duties of everyone.

Management's role in promoting ethical conduct within the Rexel Group is essential to the control environment. Since 2007, managers have relied on an Ethics Guide, translated into the local languages of the countries where the Group operates. In 2013, the Ethics Guide was updated in order to reflect the values promoted through the Group's strategy and again in 2017 to reflect the applicable legal and regulatory requirements and to include a new alert procedure. However, its deployment will not be effective until 2018.

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

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

2.3.2 Risk management system

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

- Managing the annual update of the Group's risk mapping and the on-going identification of risks;
- Identifying "risk owners", determining the related action plans and the follow-up on the implementation of these plans;
- Reviewing the existing procedures and identifying the procedures to be set up to control such risks within the Group;
- Ensuring the coordination and coherence of the above procedures and the above plans; and
- More specifically, ensuring the implementation of the Risk Management Policy.

The Risk Committee met three times in 2017. The Risk Committee reported on its work and made recommendations twice to the Audit and Risk Committee, and once to the Executive Committee during this financial year. In order to reinforce the operational orientation of the Risk Committee, the Risk Committee is chaired by the CEO of a subsidiary of Rexel since the end of 2016.

The Head of Risk Management is in charge of:

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

2.3.2.1 Risk identification and assessment

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

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

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

This risk analysis covers the three following areas:

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

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

2.3.2.2 Risk management

The updating of the risk mapping within the Rexel Group, carried out in 2017 under the supervision of the Risk Committee, allowed the Executive Committee to update the list of top-priority risks and to identify risks of lesser priority, for which a specific follow-up has nevertheless been suggested.

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

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

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

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

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

2.3.3 Control activities

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

In reference to the risk management system described in paragraph 2.3.2 "Risk management system" of this Registration document, the Rexel Group reviewed in 2017 the existing Internal Control Framework Manual in order to ensure consistency with the risk mapping and focus on critical risks. As applicable, the controls have been linked to the risks identified through the risk mapping. For each of the main processes, the Manual presents the risks, the control objectives, and the related controls. Its 2017 version has been significantly circulated especially to the management of each entity.

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

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

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

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

2.3.4 Internal communication of relevant and reliable information

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

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

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

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

2.3.5 Steering and monitoring of the internal control system

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

2.3.5.1 Internal control self-assessment

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

The last self-assessment was carried out in 2017 and covered all processes of the Rexel Group framework (see paragraph 2.3.3 "Control activities" of this Registration document).

Action plans related to these self-assessments are defined and enforced under the responsibility of the

Management of the entities. The goal of these action plans is to bring each entity up to the level of control of its processes recommended by the Rexel Group and, by doing so, to control risks.

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

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

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

2.3.5.2 The Internal Audit role

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

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

At the end of 2017, Internal Audit included 23 people, including 7 in the headquarters and 16 in the main subsidiaries of the Rexel Group (located in Australia, Austria, Canada, France, the United States and the United Kingdom), each of the major Regions having at least one auditor.

Based on an audit plan approved by the Audit and Risk Committee in early 2017, the internal audit teams performed in 2017 around 30 audits of accounting, financial and operating procedures. About 400 audits on the network of branches were also carried out or supervised by this team.

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

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

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

2.3.5.3 The External Audit role

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

2.3.5.4 Headquarters functional departments

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

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

2.3.6.1 Planning, steering and reporting activities

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

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

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

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

A summary of financial performance is communicated monthly to the members of the Board of Directors.

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

2.3.6.2 Shared guidelines and procedures for the approval of financial statements

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

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

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

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

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3 CORPORATE GOVERNANCE

Report 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 Secretariat including the Legal Department, the Sustainable Development Department and the Corporate Communications Department as well as the Human Resources Department.

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 November 2016 version. The aspects on which the Company departs from the guidelines are set out in section 3.5 "Implementation of the Afep-Medef corporate governance Code of listed companies – Paragraph 27.1 of the Afep-Medef Code" of this Registration document.

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

3.1 ADMINISTRATION BODIES AND MANAGEMENT

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

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

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

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

The Chief Executive Officer is Patrick Berard.

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

3.1.1 Board of Directors

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

The Directors are appointed for a maximum term of 4 years.

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

As at December 31, 2017, the Board of Directors was made up of 11 members, including a director representing the employees.

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

The table below presents a summary of the membership of the Board of Directors as at December 31, 2017:

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		
Ian Meakins	Chairman	Male	British	61	Yes	No	●	●	●	July 1, 2016[1]	2021 Shareholders' meeting
François Henrot	Deputy Chairman Senior Independent Director	Male	French	68	Yes	Yes		●	●	October 30, 2013[2]	2021 Shareholders' meeting
Marcus Alexanderson[3]	Director	Male	Swedish	42	No	No		●	●	May 15, 2017	2018 Shareholders' meeting
Patrick Berard	Director	Male	French	64	No	No				May 23, 2017	2021 Shareholders' meeting
Julien Bonnel[4]	Director representing the employees	Male	French	32	-	No			●	November 17, 2017	2021 Shareholders' meeting
Thomas Farrell	Director	Male	US	61	Yes	No	●	●		May 16, 2012[2]	2020 Shareholders' meeting
Fritz Froehlich	Director	Male	German	76	Yes	No	■			April 4, 2007[2]	2019 Shareholders' meeting
Elen Phillips	Director	Female	US and British	58	Yes	No	●	●		March 8, 2016	2020 Shareholders' meeting
Maria Richter[5]	Director	Female	US and Panama	63	Yes	Yes	●		●	May 22, 2014	2019 Shareholders' meeting
Agnès Touraine	Director	Female	French	63	Yes	Yes			■	February 10, 2017	2020 Shareholders' meeting
Herna Verhagen[6]	Director	Female	Dutch	51	Yes	Yes		■		November 28, 2013[2]	2018 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) Co-opted by the Board of Directors on May 15, 2017 further to the resignation of Pier-Luigi Sigismondi. The approval of his co-option as well as the renewal of his term of office will be submitted to the approval of the shareholders meeting of May 24, 2018.
(4) 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.
(5) The renewal of her term of office will be submitted to the approval of the Shareholders Meeting of May 24, 2018.
(6) The renewal of her term of office will be submitted to the approval of the Shareholders Meeting of May 24, 2018.

The table below presents the main characteristics of the Board of Directors as at December 31, 2017:

NUMBER OF MEETINGS OF THE BOARD	AVERAGE ATTENDANCE RATE AT THE MEETINGS OF THE BOARD	NUMBER OF DIRECTORS	INDEPENDENCE RATE[1]	REPRESENTATION OF WOMEN WITHIN THE BOARD[1]	AVERAGE AGE
12	98.10%	11	80%	• 40% • 2 committees out of 3 chaired by women	58

(1) Excluding the Director representing the employees.

3.1.1.1 Membership of the Board of Directors

As at December 31, 2017, the Board of Directors was made up of 11 members, the details of whom are set out below.

IAN MEAKINS

(61 years old)

PROFESSIONAL ADDRESS:

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

NUMBER OF REXEL SHARES HELD:

115,250

EXPERIENCE AND EXPERTISE

Chairman of the Board of Directors, Member of the Audit and Risk Committe, the Nomination Committee and the Compensation Committee

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

Ian Meakins is a British citizen.

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

Ian Meakins is a graduate of Cambridge University.

TERM OF OFFICE

First appointment:

July 1, 2016

Current term of office:

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

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

Titles and duties within the Rexel Group:

Current:

In France

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

Abroad

–

Over the last five financial years:

In France

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

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad

- Président non-exécutif de The Learning Network (Pays-Bas – société non cotée)

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

(68 years old)

PROFESSIONAL ADDRESS:

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

NUMBER OF REXEL SHARES HELD:

7,133

EXPERIENCE AND EXPERTISE

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

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

François Henrot is a French citizen.

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

François Henrot is a graduate of the École Nationale d'Administration (ENA) and of the University of Stanford.

TERM OF OFFICE

First appointment

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

Current term of office:

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

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

Titles and duties within the Rexel Group:

Current:

In France

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

Abroad

–

Over the last five financial years:

In France

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

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

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

Abroad

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

Over the last five financial years:

In France

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

Abroad

–

MARCUS ALEXANDERSON

(42 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 will be submitted to the approval of 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

Current title:

From May 15, 2017 until the shareholders' meeting deciding on the accounts for the financial year ended December 31, 2017

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

Titles and duties within the Rexel Group:

Current:

In France

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

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad

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

Over the last five financial years:

In France

–

Abroad

–

PATRICK BERARD

(64 years old)

PROFESSIONAL ADDRESS:

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

NUMBER OF REXEL SHARES HELD:

363,729

EXPERIENCE AND EXPERTISE

Director, Chief Executive Officer

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

He is a French citizen.

Patrick Berard has been serving as Chief Executive Officer of the Group since July 1, 2016. In 2003, he joined Rexel as Chief Executive Officer of Rexel France. In 2007, he also became Manager of the southern Europe area (France, Italy, Spain, Portugal), then, in 2013, of Belgium and Luxembourg, prior to being appointed Chief Executive Officer Europe in 2015.

His career started in 1978 with the Pulp and Paper Research Institute of Canada. From 1980 to 1987, Patrick Berard was a consultant with McKinsey, then Manager of Planning and Strategy of the Industry and Engineering Division of Thomson. From 1988 to 1999, he occupied various duties with Polychrome, including those of Chief Executive Officer Europe and Vice President of the Group, prior to becoming a member of the executive committee of Kodak Polychrome Graphics. He served as Operations Manager of Antalis (Groupe Arjo Wiggins) from 1999 to 2002, prior to being appointed, in 2002 as Chairman and Chief Executive Officer of Pinault Bois & Matériaux, a company of the Kering group (formerly PPR Group).

Patrick Berard holds a PhD in Economics of the University of Grenoble.

TERM OF OFFICE

First appointment:

May 23, 2017

Current title

From May 23, 2017 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2020.

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

Titles and duties within the Rexel Group:

Current:

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

Abroad
- Director of Rexel Sverige AB (Sweden – unlisted company)
- Director of Rexel North America Inc. (Canada – unlisted company)
- Chairman of the Board of Directors of Rexel USA Inc. (United States – unlisted company)
- Chairman of the Board of Directors of Rexel Italia S.p.A (Italy – unlisted company)

Over the last five financial years:

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

Abroad
- Director of Rexel Belgium SA (Belgium – unlisted company)
- Director of Electro-Industrie en Acoustiek NV (Belgium – unlisted company)
- Director of Rexel Luxembourg SA (Luxembourg – unlisted company)
- Director of 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

–

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

JULIEN BONNEL

(32 years old)

PROFESSIONAL ADDRESS:

Rexel
3325, avenue Etienne Méhul
34070 Montpellier – France

NUMBER OF REXEL SHARES HELD:

798
(In accordance with Article 14 of the by-laws, the Director representing the employees does not have to hold a minimum number of shares of the Company)

EXPERIENCE AND EXPERTISE

Director representing the employees, member of the Compensation Committee

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

Julien Bonnel is a French citizen.

Julien Bonnel has been Head of the Hérault division within Rexel France since 2016. He joined the Rexel Group in 2012, when he worked within the Strategy Division of the Group, and subsequently as a branch Manager in Nîmes. 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 title:

From November 17, 2017 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2020.

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

Titles and duties within the Rexel Group:

Current:

In France
- Director of Rexel
- Member of Rexel's Compensation Committee

Abroad
–

Over the last five financial years:

In France
–

Abroad
–

Titles and duties outside the Rexel Group:

Current

In France
–

Abroad
–

Over the last five financial years:

In France
–

Abroad
–

THOMAS FARRELL

(61 years old)

PROFESSIONAL ADDRESS:

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

NUMBER OF REXEL SHARES HELD:

8,437

EXPERIENCE AND EXPERTISE

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

Thomas Farrell has been serving on the Board of Directors of Rexel since May 22, 2014. Since May 16, 2012, he had been a member of the Supervisory Board. From November 2011 to May 2012, Thomas Farrell served as observer in the Supervisory Board of Rexel.

Thomas Farrell is a US citizen.

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

Thomas Farrell is a graduate of Brown University (BA 1978) and of Georgetown University Law Center (JD 1981).

TERM OF OFFICE

First appointment:

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

Current term of office:

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

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

Titles and duties within the Rexel Group:

Current:

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

Abroad
–

Over the last five financial years:

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

Abroad
–

Titles and duties outside the Rexel Group:

Current:

In France
–

Abroad
–

Over the last five financial years:

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

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

FRITZ FROEHLICH

(76 years old)

PROFESSIONAL ADDRESS

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

NUMBER OF REXEL SHARES HELD:

5,300

EXPERIENCE AND EXPERTISE

Director, Chairman of the Audit and Risk Committee

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

Fritz Froehlich is a German citizen.

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

Fritz Froehlich holds a doctorate in economics from Cologne University and a Master of Business Administration (MBA).

TERM OF OFFICE

First appointment:

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

Current term of office:

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

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

Titles and duties within the Rexel Group:

Current:

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

Abroad
–

Over the last five financial years:

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

Abroad
–

Titles and duties outside the Rexel Group:

Current:

In France
–

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

Over the last five financial years:

In France
–

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

ELEN PHILLIPS

(58 years old)

PROFESSIONAL ADDRESS:

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

NUMBER OF REXEL SHARES HELD:

2,000

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.

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

Current term of office:

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

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

Titles and duties within the Rexel Group:

Current:

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

(63 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 will be submitted to the anticipated approval of 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 Chairman of its Finance Committee and a member of its Audit Committee and Appointments Committee. Since 2008, she has been a director of Bessemer Trust, a US wealth management company and is a member of its Remuneration Committee. Since January 1, 2015 she has also served as a Non-Executive Director of Johannesburg based Anglo Gold Ashanti and a member of the company's Audit and Risk Committee and Human Resources & Compensation Committee. Since September 1, 2017, Maria Richter has also served as non-executive director of Barclays International 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 27, 2015 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2018

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

Titles and duties within the Rexel Group:

Current:

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

Abroad
–

Over the last five financial years:

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

Abroad
–

Titles and duties outside the Rexel Group:

Current:

In France
–

Abroad
- Director and member of the Remuneration Committee of Bessemer Trust (United States – unlisted company)
- Non-executive director, member of the Audit and Risk Committee and member of the Human Resource and Compensation Committee of Anglo Gold Ashanti (South Africa – listed company)
- Non-executive director of Barclays International plc (United Kingdom – listed company)

Over the last five financial years:

In France
–

Abroad
- Non-executive director, Chairman of the Finance Committee, member of the Audit Committee and member of the Appointmentss Committee of National Grid, plc (United Kingdom – listed company)
- 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 Chairman of the Board of Trustees of Pro Mujer UK (United Kingdom – unlisted organization)

AGNÈS TOURAINE

(63 years old)

PROFESSIONAL ADDRESS:

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

NUMBER OF REXEL SHARES HELD:

1,012

EXPERIENCE AND EXPERTISE

Director, Chair of the Nomination Committee

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

Agnès Touraine is a French citizen.

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

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

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

TERM OF OFFICE

First appointment:

February 10, 2017

Current term of office:

From February 10, 2017 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2019

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

3

Titles and duties within the Rexel Group:

Current:

In France
- Director of Rexel
- Chairman 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
- Chairman of the IFA (Institut Français des Administrateurs, France – association, non-listed).
- Member of the Supervisory Board of Tarkett (France – listed company).
- Member of the Supervisory Board of 21Partners (France – non-listed association).
- Member of the Supervisory Board of the French American Foundation (France – non-listed association).

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

Over the last five financial years:

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

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

HERNA VERHAGEN

(51 years old)

PROFESSIONAL ADDRESS:

PostNL
Prinses Beatrixlaan 23
2595 AK – The Hague
The Netherlands

NUMBER OF REXEL SHARES HELD:

1,000

EXPERIENCE AND EXPERTISE

Director, Chairman of the Nomination Committee

Herna Verhagen has served on the Board of Directors of Rexel since May 22, 2014. She was previously a member of the Supervisory Board further to her co-option by the Supervisory Board on November 28, 2013, to replace Akshay Singh. The ratification of Herna Verhagen's co-option as member of the Supervisory Board as well as the renewal of her term of office as member of the Supervisory Board were approved by the Shareholders' Meeting of May 22, 2014. The renewal of the term of office of Herna Verhagen will be submitted to the anticipated approval of the shareholders meeting of May 24, 2018.

Herna Verhagen is a Dutch citizen.

Herna Verhagen has been Chairman 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 N.V.. Herna Verhagen sits on the Supervisory Board of Idorsia (Switzerland). She is a member of the executive committee and of the general council of the Confederation of Netherlands Industry and Employers VNO-NCW. She is also member of the supervisory board of Concertgebouw.

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

TERM OF OFFICE

First appointment:

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

Current term of office:

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

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

Titles and duties within the Rexel Group:

Current:

In France

- Director of Rexel
- Chairman 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

- Chairman, Chief Executive Officer and member of the Management Board of PostNL NV (The Netherlands – listed company)
- Non-executive director of Idorsia SA (Switzerland – listed company)
- Member of the supervisory board of Concertgebouw (The Netherlands — unlisted company)
- Member of the executive committee of the general council of the Confederation of Netherlands Industry and Employers VNO NCW

Over the last five financial years:

In France

–

Abroad

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

Departure, nomination and renewal of Directors

During the financial year ended on December 31, 2017, the following changes took place in the membership of the Board of Directors:

DIRECTOR	APPOINTMENT/ CO-OPTION/ APPROVAL	RE-ELECTION	LEAVE	COMMENTS
Ian Meakins	x	x		Approval by the shareholders' meeting of May 23, 2017 of his co-option as director by the Board of Directors on July 1, 2016 in replacement of Rudy Provoost. Renewal of his term of office as director for 4 years by the shareholders meeting of May 23, 2017.
Marcus Alexanderson	x			Co-option as Director decided 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 will be submitted to the approval of the shareholders meeting of May 24, 2018.
Patrick Berard	x			Appointment as director for a term of four years by the shareholders meeting of May 23, 2017.
Julien Bonnel	x			Appointment as director representing the employees on November 17, 2017 by the most representative trade union within the French subsidiaries of the Group, pursuant to article 7.1 of the by-laws of Rexel.
François Henrot		x		Renewal of his term of office as director for 4 years by the shareholders meeting of May 23, 2017.
Agnès Touraine	x			Approval by the shareholders' meeting of May 23, 2017 of her co-option as director by the Board of Directors on February 10, 2017 in replacement of Marianne Culver.

It will be proposed to the Shareholders' Meeting of May 24, 2018 to:

- approve the co-option by the Board of Directors' meeting of May 15, 2017 of Marcus Alexanderson in his capacity of director and to renew his term of office for a term of four years;
- renew the term of office of Herna Verhagen for a term of four years, her term of office ending at the end of the Shareholders Meeting of May 24, 2018;
- renew in advance the term of office of Maria Richter for four years pursuant to article 14.2 of the by-laws which provides for a renewal in quarter, rounded up to the nearest whole number each year.

The biographies of Marcus Alexanderson, Maria Richter and Herna Verhagen are set out at the beginning of this chapter and are also presented in the report of the Board of Directors to the Shareholders Meeting of May 24, 2018, that is set out in chapter 6 of this Registration document

Succession plan

The Nomination Committee drew up during the first half of 2017 a succession plan for the Chief Executive Officer. The Board of Directors was informed of the progress of the works relating to this plan and will be informed regularly of its implementation, as the case may be, after each meeting of the Nomination committee.

3.1.1.2 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 in line with the businesses of the Rexel Group.

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

- presence of members with complementary and recognised 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 verify that they are in line with the policy determined by the Board of Directors.

Members with complementary and recognised skills

The Board of Directors believes that, based on its current members, it benefits from the complementarity and recognised 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, 2017, are set out below.

Skills matrix of the Directors

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

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

As at December 31, 2017, 7 directors were foreign nationals (Germany, United States, The Netherlands, Panama, 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 analyses the following criteria:

- Not be (or have been, over the past five years) an employee or an executive corporate officer of the Company or of a company included in its scope of consolidation, or an employee, an executive corporate officer or a director of its parent company or of any company consolidated by the parent company;

- Not be an executive corporate officer of a company in which the Company holds a directorship (whether directly or indirectly) or in which an employee appointed as a director or an executive corporate officer of the Company (currently or over the past five years) hold as directorship;
- Not be a client, supplier, investment banker, finance banker:
  - Of significant importance to the Company or its Group;
  - Or for whom the Company or its Group presents a substantial part of its business.

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

Furthermore, 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, 2017 and in accordance with the guidelines of the Afep-Medef Code in connection with the percentage of independent members within boards of directors and committees, and in particular guideline 8.3, which provides that the directors who represent employees shall not be accounted for when determining the percentage of independent directors within the Board of Directors:

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

The Board of Directors of February 13, 2018 reviewed, upon the report drawn up by the Nomination Committee, the status of each Director (except for the Director representing the employees) according to the independence critera established by the Afep-Medef Code.

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 (0.005% in 2017);
- The type of missions provided by the Rothschild group to Rexel. Those financial consulting missions do not fall under the field of intervention of François Henrot within the Rothschild group. Those missions are not provided by departments or offices under his reponsability and François Henrot is not informed, within the Rothschild group, of the missions carried out for the benefit of Rexel due to the existence of chinese walls; and
- Finally, as of the date of this Registration document Rexel is not preparing any external growth operations with the Rothschild group.

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

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

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

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

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

(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, 2017, the Board of Directors comprised 4 female members out of a total of 10 members (excluding the director representing the employees) *i.e.*, 40%, and was therefore in compliance with the provisions of article L.225-18-1 of the French Commercial Code.

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

In connection with the renewal of the office of three directors (Marcus Alexanderson, Herna Verhagen and Maria Richter) suggested to the Shareholders' Meeting of May 24, 2018, and if the Shareholders' Meeting approves this renewal, the percentage of females will be unchanged and the Board of Directors will remain in compliance with the provisions referred to above.

Multiple corporate offices

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

The Board of Directors reviews, upon each appointment of a director or of the Chief Executive Officer or upon each suggested appointment of a director or of the Chief Executive Officer within a board of directors of another listed company, the potential impact of such an appointment on the limitations on multiple corporate offices in accordance with the recommendations of the Afep-Medef Code.

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

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

The internal regulations of the Board of Directors were adopted on May 22, 2014, which were last updated on July 28, 2017, date on which the Board of Directors decided to split the Nomination and Compensation Committee into two different Committees. The internal regulations were adopted pursuant to Rexel's by-laws and set forth the provisions governing the organization and operation of the Board of Directors and the rights and responsibilities of its members. These internal regulations are not enforceable against third parties and may not be invoked by such parties against Directors.

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

Membership of the Board of Directors

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

Chairman, Deputy Chairman and senior independent director, Executive Management

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

Chairman

The Chairman of the Board of Directors is responsible for convening the Board of Directors. He organizes and directs the work of the Board, and he reports on this work to the shareholders' meeting. He oversees the proper functioning of Rexel's bodies and ensures, in particular, that the directors are able to carry out their assignments.

The Chairman is also in charge of:

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

To such effect, the Chairman:

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

The Chairman reports on his duties to the Board of Directors

The work of the Chairman

During the financial year ended December 31, 2017, the Chairman of the Board of Directors:

- Spoke during the Shareholders' meeting of Rexel held on May 23, 2017;
- Discussed on a number of occasions with the Chief Executive Officer in relation to various material and strategic events for Rexel;
- Met several times with the members of the Executive Committee and various employees of the Group;

- Took an active part in the search for new directors and in their recruitment;
- 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; and
- Visited a number of sites in Europe and the United States.

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, 2017, the Deputy Chairman and Senior Independent Director, François Henrot :

- spoke at the General Shareholders' Meeting of Rexel on May 23, 2017, 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;
- 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 2017 with various investors.

Executive Management

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

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

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

Board of Directors observer *(censeur)*

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

Operation of the Board of Directors

Competence

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

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

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

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

Each director may benefit, if he/she deems necessary, from training in connection with the specificities of Rexel, its businesses and industry. In 2017, the Directors newly appointed has been trained in Rexel strategy, its industry and its businesses.

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

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

(i) Powers in the area of control:

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

(ii) Powers in the area of nomination:

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

(iii) Powers in the area of compensation:

- It determines the compensation of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers;
- It allocates attendance fees;
- 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 programmes;
- Acquisitions and disposals of any businesses, holdings in any companies or assets, and incurrence of any investment expenditure, in each case for an enterprise value in excess of an amount determined by the Board of Directors;
- Decisions to create a business division or subsidiary or to invest in a business division or to acquire an interest in a business in a country where the Company is not active;
- Indebtedness (including by means of bond issues) or assumption of liabilities, in each case for an amount in excess of a threshold determined by the Board of Directors;
- Allotment of stock options, free shares or other plans involving Company equity-securities in favor of employees of the Company or its subsidiaries;
- Signing of any merger, demerger or contribution agreement;
- Listing of securities of the Company or of any of its subsidiaries on a regulated market;
- Any transaction resulting in a significant change in the business of the Company and its subsidiaries; and
- Any settlement or compromise in relation to any dispute involving an amount in excess of a threshold determined by the Board of Directors.

Prior consultation of the Committees

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

Meetings

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

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

Meetings held by videoconference or other means of telecommunication

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

Majority rules

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

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

Code of Conduct of the Board of Directors

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

The Directors carry out their duties with loyalty and professionalism.

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

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

taking part in the debates and in any decision on the relevant matters and do not receive any document relating to the situation that creates, even potentially, a conflict of interest.

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

Compensation

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

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

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

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.

Board Committees

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

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

Assessment of the organization and operation of the Board of Directors

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

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

For 2017, the assessment of the composition, the organization and operation of the Board of Directors and of its committees was carried out by an independent consultant, Egon Zehnder.

The assessment shows that, from a governance perspective, the Board of Directors has made good progress as compared to the previous year and follows high-standard practices. The size of the Board of Directors appears to be appropriate and allows for a large diversity in terms of international experience and gender. Directors are high-profile and benefit from a multi-competencies expertise in terms of functions, sectors and geographies. Directors are very committed to their functions, as reflected by the attendance rate and their effective participation in the meetings of the Board of Directors. The operation of the Board of Directors appears to be efficient, in particular regarding the frequency and the length of the meetings. The Committees of the Board of

Directors also provide a quality work. In addition, the allocation of works between the Chairman of the Board of Directors and the Chief Executive Office appears to be appropriate, allowing each of them to efficiently perform his assignments. Finally, the focus of the Board of Directors on operational matters has allowed it to efficiently manage the challenges that Rexel had to face over the last years. Nevertheless, areas for improvement remains possible and suggestions have been made to improve the operation of the Board of Directors. In particular, the Board of Directors cohesiveness and resilience may be further improved to allow for an alignment of strategic interests and smooth future transitions. In addition, developing the long term strategy and favor innovation will be key challenges for the Board of Directors.

3.1.1.4 The work of the Board of Directors during the 2017 financial year

CHAIRMAN	NUMBER OF MEMBERS	INDEPENDENCE RATE (1)	FEMALE DIRECTORS (1)	NUMBER OF MEETINGS HELD IN 2017	AVERAGE ATTENDANCE RATE
Ian Meakins	11	80%	40%	12	98.10%

(1) Excluding the Director representing the employees.

During the financial year ended on December 31, 2017, 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, 2016, and the related financial disclosure;
- The review of the 2016 Registration document and related information;
- The compensation of the executive corporate officers;
- The yearly approval and review of the related party agreements;
- The approval of the management report of the Chairman of the Board of Directors;
- The preparation of Rexel's Ordinary and Extraordinary Shareholders' Meeting of May 23, 2017;
- The review of the quarterly and half-year financial statements and related financial disclosure;
- The split of the Nomination and Compensation Committee;
- The review of the work of the Committees of the Board of Directors;
- The Rexel Group's budget for the 2017 and 2018 financial years as well as the strategic multi-year plan;
- The envisaged disposals of the Rexel Group;
- The risk-mapping review;
- The evolution of the membership of the Board of Directors
- The succession plan of the CEO;
- The amendment of the Markets Ethics Charter and the internal procedure of characterization and management of privileged information;
- The presentation of the assessment of the Board of Directors;
- The decision relating to the term of office of the Deputy Chief Executive Officer;
- The evolution of the internal rules of the Board of Directors;
- The social and environmental responsibility of the Group; and
- The implementation of the share repurchase plan.

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

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

	BOARD OF DIRECTORS		AUDIT AND RISK COMMITTEE		NOMINATION AND COMPENSATION COMMITTEE (UNTIL JULY 28, 2017)		NOMINATION COMMITTEE (FROM JULY 28, 2017)		COMPENSATION COMMITTEE	
DIRECTORS	NUMBER OF MEETINGS	ATTENDANCE RATE	NUMBER OF MEETINGS	ATTENDANCE RATE	NUMBER OF MEETINGS	ATTENDANCE RATE	NUMBER OF MEETINGS	ATTENDANCE RATE	NUMBER OF MEETINGS	ATTENDANCE RATE
Ian Meakins (1)	11	92%	0	0%	5	100%	1	50%	2	67%
François Henrot (2)	12	100%	1	33.33%	5	100%	1	50%	2	67%
Marcus Alexanderson (3)	6	100%	–	–	–	–	2	100%	3	100%
Patrick Berard (4)	5	100%	–	–	–	–	–	–	–	–
Julien Bonnel (5)	2	100%	–	–	–	–	–	–	2	100%
Thomas Farrell	12	100%	4	100%	5	100%	2	100%	–	–
Fritz Froehlich	12	100%	4	100%	5	100%	–	–	–	–
Elen Phillips	12	100%	4	100%	–	–	2	100%	–	–
Maria Richter	12	100%	4	100%	5	100%	–	–	3	100%
Agnès Touraine (6)	10	100%	–	–	3	100%	–	–	3	100%
Herna Verhagen (7)	11	92%	3	100%	–	–	2	100%	–	–
Average rate		**98.10%**		**85%**		**100%**		**80%**		**86.67%**

(1) Ian Meakins is a member of the Audit and Risk Committee since July 28, 2017.
(2) François Henrot was a member of the Audit and Risk Committee until July 28, 2017.
(3) Marcus Alexanderson was co-opted as director by the Board of Directors on May 15, 2017. This co-option is subject to the approval of the shareholders' meeting of May 24, 2018.
(4) Patrick Berard was co-opted as director by the shareholders' meeting of May 23, 2017.
(5) Julien Bonnel was appointed as a director representing the employees on November 17, 2017. He is a member of the Compensation Committee since this date.
(6) Agnès Touraine was co-opted as director by the Board of Directors on February 10, 2017. This co-option was approved by the shareholders' meeting of May 23, 2017. She was a member of the Nomination and Compensation Committee from February 10 to July 28, 2017.
(7) Herna Verhagen was member of the Audit and Risk Committee until July 28, 2017.

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, 2017, the three Committees of the Board of Directors were as follows: the Audit and Risk Committee, the Nomination Committee and the Compensation Committee. The Board of Directors meeting of July 28, 2017, upon recommendation of the Nomination and Compensation Committee, decided to split its duties among two separate committees. The Board, taking into account the major works to be carried out within the Group in respect of the succession and of the strengthening of the legal and regulatory provisions relating to management compensation, decided that it was preferable to split the duties of the Nomination and Compensation Committee among two different committees – the Nomination Committee and the Compensation Committee – in order to allow the members of such committee to dedicate the necessary time to the various matters submitted to them.

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

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

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

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

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

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

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

The Committees may also invite the Chief Executive Officer to attend their meetings.

Each of the Board of Directors' Committees may draw up internal regulations that shall be approved by the Board of Directors and which complement the provisions of its internal regulations.

3.1.2.1 Audit and Risk Committee

CHAIRMAN	NUMBER OF MEMBERS	INDEPENDENCE RATE	NUMBER OF MEETINGS HELD IN 2017	AVERAGE ATTENDANCE RATE
Fritz Froehlich	5	100%	4	85%

Members of the Audit and Risk Committee

As at December 31, 2017, the Audit and Risk Committee was made up of the following members:

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

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

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

The independence criteria of the Directors are set out in paragraph 3.1.1.3 "Rules governing the membership and operation of the Board of Directors" of this Registration document. Within the Audit and Risk Committee, at December 31, 2017, 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;
  - 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;
  - 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;
  - 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, 2017

The Audit and Risk Committee met on four occasions in the course of the 2017 financial year, in particular prior to the meetings of the Board of Directors called to approve the financial statements, and reported on its work to the Board of Directors.

The attendance rate at the meetings of the Audit and Risk Committee amounted to 85% for the 2017 financial year.

The Group Chief Financial Officer, the Chief Risk Management, Internal Control and Compliance 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 2017, its work related to, in particular the review of:

- The financial statements for the financial year ended on December 31, 2016, the summary half-year financial statements as at June 30, 2017 and the summary quarterly financial statements as at March 31, 2017 and September 30, 2017;
- The report of the Chairman of the Board of Directors on the operations of the Board of Directors and on internal control;
- The proper application of the accounting principles;
- The operation of Rexel's internal control bodies (see in particular Chapter 2 "Risk factors and internal control" of this Registration document);
- The tax situation of the Rexel Group;
- The financing conditions of Rexel;
- The allocation of profit/loss;
- The renewal of term of office of principal statutory auditor, PricewaterhouseCoopers; and
- The internal procedure of characterization and management of privileged information.

The Statutory Auditors presented their findings in connection with the audit of the annual financial statements for the financial year ended on December 31, 2016, the limited review of the summary half-year financial statements as at June 30, 2017 and of the procedures followed for the purpose of the summary quarterly financial statements as at March 31, 2017 and September 30, 2017. 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

Until July 28, 2017, the works relating to appointments and compensation were entrusted to the Nomination and Compensation Committee. The Board of Directors meeting of July 28, 2017, decided to split the Nomination and Compensation Committee into two separate committees: the Nomination Committee and the Compensation Committee.

This section describes the organization of the Nomination Committee as well as the work carried out by the Nomination and Compensation Committee until July 28, 2017 as well as those carried out by the Nomination Committee as of July 28, 2017.

COMMITEE	CHAIRMAN	NUMBER OF MEMBERS	INDEPENDENCE RATE	NUMBER OF MEETINGS HELD IN 2017	AVERAGE ATTENDANCE RATE
Nomination and Compensation Committee	François Henrot	6	100%	5	100%
Nomination Committee	Herna Verhagen	6	83%	2	80%

Members of the Nomination Committee

As at December 31, 2017, the Nomination Committee was made up of the following members:

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

The independence criteria of the Directors are detailed in the paragraph 3.1.1.3 “Rules governing the membership and operation of the Board of Directors” of this Registration document. At December 31, 2017, 5 out of 6 members of the Nomination Committee were considered as independent, *i.e.*, an independence rate of 83%.

Operation of the Nomination Committee

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

Members

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

Powers

The Nomination Committee has the following responsibilities:

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

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

Operation

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

The work of the Nomination Committee during the financial year ended December 31, 2017

The Nomination and Compensation Committee met on 5 occasions between January 1 and July 28, 2017, date on which it was split into two different committees. The Nomination Committee then met on 2 occasions in the course of 2017.

In total, the matters relating to the duties of the Nomination Committee where the purpose of 7 meetings during the year 2017.

The attendance rate at the meetings of the Nomination Committee for the year 2017 was 100% for the Nomination and Compensation Committee and 80% for the Nomination Committee.

It reported on its duties to the Board of Directors.

In 2017, its work related to, in particular, the review of:

- The report of the Nomination Committee on the independence of the Directors;
- the yearly renewal of the directors and the co-option of two directors;
- the appointment of a director representing the employees within the Board of Directors pursuant to the law known as "Rebsamen", as well as the preparation and training time allocated to such director;
- the succession plan of the Chief Executive Officer;
- the evolution of the membership of the Board of Directors, as well as the duties of each of its members, the renewal of the Chairman of the Board of Directors and of the Deputy Chairman and Senior Independent Director in their duties, as well as the split of the Nomination and Compensation Committee;
- amendment of the age limit to exercise the duties of Chairman of the Board of Directors and Chief Executive Officer; and
- the review of the members of the Executive Committee.

3

3.1.2.3 Compensation Committee

Until July 28, 2017, the works relating to appointments and compensation were entrusted to the sole Nomination and Compensation Committee. The Board of Directors meeting of July 28, 2017, decided to split the Nomination and Compensation Committee into two separate committees: the Nomination Committee and the Compensation Committee.

This section describes the organization of the Compensation Committee as well as the work carried out by the Nomination and Compensation Committee until July 28, 2017 as well as those carried out by the Compensation Committee as of July 28, 2017.

COMMITTEE	CHAIRMAN	NUMBER OF MEMBERS	INDEPENDENCE RATE	NUMBER OF MEETINGS HELD IN 2017	AVERAGE ATTENDANCE RATE
Nomination and Compensation Committee	François Henrot	6	100%	5	100%
Compensation Committee	Agnès Touraine	6 (1)	80% (2)	3	86.67%

(1) Including the Director representing the employees.
(2) Excluding the Director representing the employees.

Members of the Compensation Committee

As at December 31, 2017, the Compensation Committee was made up of the following members:

- Agnès Touraine (Chairman and Independent Director);
- Marcus Alexanderson (non-independent Director);
- Julien Bonnel (Director representing the employees);
- François Henrot (Senior Independent Director);
- Ian Meakins (Independent Director); and
- Maria Richter (Independent Director).

The independence criteria of the Directors are detailed in the paragraph 3.1.1.3 "Rules governing the membership and operation of the Board of Directors" of this Registration document. At December 31, 2017, 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, 2017, are set out below.

Members

The Compensation Committee is made up of a maximum of 7 members and includes independent directors. It is chaired by an independent director. The executive corporate officers cannot be members of this Committee.

Powers

The Compensation Committee has the following responsibilities:

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

Operations

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

The work of the Compensation Committee during the financial year ended on December 31, 2017

The Nomination and Compensation Committee met on 5 occasions between January 1 and July 28, 2017, date on which it was split into two different committees. The Compensation Committee met on 3 occasions in the course of 2017. In total, the matters relating to the duties of the Compensation Committee where the purpose of 8 meetings during the year 2017.

The attendance rate at the meetings of the Compensation Committee for the year 2017 was 100% for the Nomination and Compensation Committee and 86.67% for the Compensation Committee. It reported on its duties to the Board of Directors.

In 2017, its works related to, in particular:

- The variable compensation in respect of the financial year ended December 31, 2016 of the executive corporate officers;
- The compensation in respect of the financial year ended December 31, 2017 of the executive corporate officers, in particular the compensation items paid to Catherine Guillouard at the time of her departure;
- The allocation of performance shares;
- Directors' compensation (attendance fees), and, in particular, the application of attendance fees to the director representing the employees;
- The compensation of the Chairman of the Board of Directors;
- The compensation policy of the Executive Committee members; and
- The various legislative and regulatory evolutions, in particular those related to the law referred to as "Sapin 2" (including say on pay) and the updating of the Afep-Medef Code;

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

The executive corporate officers may be invited to participate in the meetings by the members of the Committee in order to express their views on the compensation of the members of the Executive Committee.

3.1.3 Executive Management

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

The Board of Directors has appointed Patrick Berard as Chief Executive Officer, effective on July 1, 2016.

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

Upon its meeting of February 20, 2017 the Board of Directors decided to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer, effective on February 20, 2017, due to a difference of opinions in respect of the implementation of the new strategic orientations of Rexel. Catherine Guillouard had been initially appointed as Deputy Chief Executive Officer on May 22, 2014.

Catherine Guillouard has not been replaced in her duties of Deputy Chief Executive Officer.

3.1.4 Executive Committee

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

The Executive Committee includes as at the date of this Registration document 10 members, including 5 in charge of key operating activities:

Patrick Berard	Chief Executive Officer
GROUP DUTIES	
Laurent Delabarre	Group CFO
Nathalie Wright	Group Digital and IT Transformation Director
Sébastien Thierry	General Secretary and Secretary of the Board of Directors
Frank Waldmann	Group Human Resources Director
OPERATIONAL FUNCTIONS	
Jeff Baker	Chief Executive Officer and Senior Vice President of Rexel USA
Joakim Forsmark	General Manager Nordics
John Hogan	General Manager United Kingdom
Brian McNally	Chief Executive Officer Rexel North America
Eric Gauthier	General Manager Asia-Pacific

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

3.1.5 Statements concerning the Board of Directors

To Rexel's knowledge:

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

3.1.6 Conflicts of interest

Directors who have a conflict of interest must inform the Senior Independent Director. The Board of Directors has appointed François Henrot as Deputy Chairman of the Board of Directors and Senior Independent Director in charge of (*inter alia*) managing conflict of interest situations.

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

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

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

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

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

3.2 COMPENSATION OF CORPORATE OFFICERS

The Board of Directors refers to the recommendations of the Afep-Medef Code for the determination of corporate officers' compensation and benefits in kind. The Board of Directors takes such decisions based on the recommendations of the Compensation Committee.

3.2.1 Compensation of Non-Executive Corporate Officers (Directors)

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

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

Rules of allocation and amount of the attendance fees paid in respect of 2017

In connection with this envelope and upon recommendation of the Nomination and Compensation Committee, the Board of Directors decided that the attendance fees in respect of the 2017 financial year be allocated as follows:

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

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

Upon recommendation of the Compensation Committee, the Board of Directors of February 13, 2018 decided to determine the compensation of the Directors as follows:

	FINANCIAL YEAR ENDED DECEMBER 31,							
	2017				2016			
	FIXED PORTION	VARIABLE PORTION	TRAVEL ALLOWANCE	TOTAL	FIXED PORTION	VARIABLE PORTION	TRAVEL ALLOWANCE	TOTAL
DIRECTORS								
Ian Meakins(1)	–	–	–	–	10,100	–	–	10,100
François Henrot(2)	100,000	40,000	–	140,000	75,100(7)	40,000	–	115,100
Marcus Alexanderson(3)	25,200	25,000	–	50,200	–	–	–	–
Patrick Berard	–	–	–	–	–	–	–	–
Julien Bonnel(4)	4,900	10,000		14,900	–	–	–	–
Thomas Farrell	40,000	40,000	15,000	95,000	40,000	40,000	15,000	95,000
Fritz Froehlich	65,000(7)	40,000	–	105,000	65,000(7)	40,000	–	105,000
Elen Phillips	40,000	30,000	17,500	87,500	32,800	15,000	15,000	62,800
Maria Richter	40,000	40,000	17,500	97,500	40,000	40,000	15,000	95,000
Agnès Touraine(5)	42,100(7)	30,000	–	72,100	–	–	–	–
Herna Verhagen(6)	46,500(7)	25,000	–	71,500	40,000	25,000	–	65,000
FORMER DIRECTORS								
Isabel Marey-Semper	–	–	–	–	6,800	–	–	6,800
Monika Ribar	–	–	–	–	7,400	10,000	–	17,400
Pier-Luigi Sigismondi	–	–	–	–	40,000	35,000	7,500	82,500
Marianne Culver	–	–	–	–	28,300	20,000	–	48,300
Total				**733,700**				**703,000**

(1) Ian Meakins was co-opted by the Board of Directors on July 1, 2016 prior to becoming its Chairman as from October 1, 2016. The attendance fees paid in respect of 2016 corresponds to the compensation of Ian Meakins as director from July 1 to September 30, 2016 (the compensation received as Chairman of the Board of Directors is referred to in paragraph 3.2.3.1 "Compensation and other benefits of Chairman of the Board of Directors Ian Meakins for the financial year 2017" of this Registration document).
(2) François Henrot acted as interim Chairman of the Board of Directors from July 1 to September 30, 2016. He has not received any attendance fees in respect of this period.
(3) Marcus Alexanderson was co-opted by the Board of Directors of May 15, 2017; such co-option will be submitted to the shareholders meeting of May 24, 2018
(4) Upon its meeting of November 27, 2017 the Board of Directors of Rexel acknowledged the appointment of Julien Bonnel in the capacity of director representing the employees, effective from November 17, 2017. Julien Bonnel is eligible to receive attendance fees with the same terms as the other directors. All of the attendance fees allocated to Julien Bonnel in his capacity as director representing the employees are paid to the trade union organization that appointed him. Julien Bonnel also receives compensation as an employee of Rexel France.
(5) Agnès Touraine was co-opted by the Board of Directors on February 10, 2017; her co-option was approved by the shareholders meeting of May 23, 2017. She has been serving as Chairman of the Compensation Committee since July 28, 2017.
(6) Herna Verhagen has been serving as Chairman of the Nomination Committee since July 28, 2017.
(7) Including compensation as Chairman of a Committee.

Rules of allocation of the attendance fees to be paid in respect of 2018:

The Board of Directors decided to renew in 2018 the rules of allocation of the attendance fees as defined above for 2017, based on the same envelope of €1,315,000.

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

3.2.2 Compensation policy applicable to Corporate Officers for the 2018 financial year submitted to the approval of the shareholders (Article L.225-37-2 of the French Commercial Code

Pursuant to Article L.225-37-2 of the French Commercial Code, this section describes the principles and criteria for determining and allocating fixed, variable and exceptional components that make total compensation and benefits of all kinds, paid to corporate officers for 2018.

3.2.2.1 Main principles

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

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

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

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

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

3.2.2.2 Fixed compensation

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

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

This fixed annual compensation is determined by the Board of Directors at the beginning and for the whole term of office of the Chairman of the Board of Directors and of the Chief Executive Officer.

The amount of the annual fixed compensation is determined according to criteria specific to each person (experience, seniority, responsibilities, in particular) and criteria based on the sector's business activity and the general economic environment (in addition to the above-mentioned market studies).

The Board of Directors intends to position the fixed annual compensation of the corporate officers at the median of the reference market and to offer the Chief Executive Officer more dynamic short-term target variable compensation and long-term target variable compensation, both of which are integrally subject to demanding performance conditions. The board reviews the balance between these components.

3.2.2.3 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.

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

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

- on the one hand, financial criteria (quantifiable criteria) determined in respect of and on the basis of the financial performance of Rexel and of the indicators that it uses in connection with the analysis of its financial performance (the financial portion representing 75% of the target annual variable compensation). These criteria are sales growth in volume (33.33%), adjusted EBITA in volume (33.33%) and ATWC (33.33%); and
- on the other hand, non-financial criteria (qualitative and/or quantifiable criteria) related in particular to strategic, business and managerial challenges that are particular to the financial year to come: regarding the implementation of strategic

orientations, major commercial developments and projects, organization and management actions (the non-financial portion represents 25% of the target annual variable compensation).

The criteria and the expected level of achievement are clearly determined on an annual basis by the Board of Directors. The financial criteria are disclosed at the start of the financial year. The expected level of achievement and the performance reached are disclosed in a precisely manner *ex-post* in the Registration document. This *ex-post* disclosure is justified by the willingness to preserve the Rexel Group interests without disclosing *ex-ante* any indication on its long term strategy which could be used by its competitors. In respect of non-financial criteria, they are also described in a way to preserve the Rexel Group interests in a highly competitive environment. Their achievement rate is specified *ex-post*.

In accordance with the provisions of Article L.225-100 of the French Commercial Code, the payment of the variable compensation is subject to the approval of the ordinary and extraordinary shareholders meeting.

These criteria are detailed in paragraph 3.2.2.7 "Compensation items and performance criteria summary tables for the 2018 financial year" of this Registration document.

3.2.2.4 Long-term variable compensation

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

The Chief Executive Officer is eligible for the annual performance shares plan, which is the historical mechanism used to motivate and retain employees and top managers of the Group. [1]

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

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

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

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

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

Furthermore, a limit was introduced during 2015 concerning corporate officers, aiming at ensuring a balance between their various components of compensation. Thus, the annual value of the performance shares allocated in respect of a given financial year to the Chief Executive Officer, cannot exceed 100% of his annual fixed and variable target compensation for the relevant financial year.

An additional limit also provides that the number of shares allocated to corporate officers cannot exceed 10% of the aggregate amount of performance shares allocated to all of the beneficiaries.[2]

The rules for the performance shares plans provide for the loss of unvested shares in case of departure from the Group (excluding any retirement leave or death or disability).

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

The criteria are detailed in paragraph 3.2.2.7 "Compensation items and performance criteria summary tables for the 2018 financial year" of this Registration document.

3.2.2.5 Other compensation items

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

Supplemental retirement plan

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

The Board of Directors had considered, on February 10, 2016, in particular, that this scheme was

(1) A resolution is submitted to the shareholders meeting of May 24, 2018, *inter alia* for the 2018 Plan.
(2) *i.e.*, a maximum of 0.14% of the share capital over a time period of 26 months, following the adoption of the resolution submitted to the shareholders meeting of May 24, 2018 which provides for a maximum of 1.4%.

no longer adapted to the profiles of the top managers of the Group (more international profiles, joining the Group in the middle of their career). Furthermore, the legislation relating to these schemes has continually changed in recent years, making the system unstable and substantially limiting the attractiveness of these schemes for companies, in particular due to the increase in social contributions and charges.

Medium-term collective savings scheme

The Board of Directors wished to put in place, as of 2016, a scheme allowing executives to progressively build up medium-term savings. This scheme provides for the payment of an annual contribution at the benefit of the executive, in proportion with the compensation effectively received and capped. This defined contribution is subject to social security charges and income tax for the beneficiary. This defined contribution is paid by Rexel partly on mid-term investment vehicle (such as life insurance), and partly in cash in order to allow the beneficiary to pay for taxes and social charges due in respect of all of the contribution.

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

The main characteristics of this scheme are as follows:

OBJECTIVE AND LINK WITH THE STRATEGY	APPLICATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE METRICS
New medium-term collective savings scheme **To allow the setting up of a medium-term savings scheme for senior executives. No long-term undertakings for Rexel**	To offer an appropriate scheme for senior executives in mobility/ international profiles.	The annual contribution is equal to: • 20% on the portion of compensation paid ranging between 4 and 20 PASS (1 PASS = €39,732 in 2018), • 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 defined-benefit retirement scheme, in consideration of their career and seniority. Thus, the Chief Executive Officer, Patrick Berard, has been maintained in the defined-benefit retirement scheme taking into account his length of service within the group and his career (Patrick Berard joined Rexel in 2003) and does not benefit from the mid-term collective savings scheme. The benefits of the defined-benefit retirement scheme in respect of the corporate office of Patrick Berard is subject to performance criteria (the performance criteria are the same than those used for the financial year ended December 31, 2017 and detailed in paragraph 3.2.3.2 “Compensation and other benefits of the Chief Executive Officer, Patrick Berard, in respect of the financial year 2017” of the Registration Document). This scheme complies with the guidelines of the Afep-Medef Code.

Other exceptional compensation and recruitment indemnity

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

Similarly, if the Board of Directors intends to focus on the internal development of talents in succession plans, it also considers that the payment of a recruitment indemnity for an executive corporate officer may be envisaged, if justified by the best interest of the Group in order to attract a new talented top executive (Article 24.4 of the Afep-Medef Code). This indemnity would be proportional to the loss effectively suffered by the executive upon his/her change of duties, in particular in respect of the annual variable compensation and long-term compensation, and in any event this indemnity would be capped at 2/3 of two years of global compensation of the previous duties.

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

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

Attendance fees

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

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	PERFORMANCE METRICS
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. Note: Patrick Berard is not eligible to this coverage.	Contributions applicable based on the GSC set of criteria.

Multi-year compensation

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

Severance indemnities

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

These severance indemnities are subject to the following cumulative conditions: (i) in the event of forced departure and (ii) change of control or of strategy.

The payment of such indemnities is also subject to performance conditions to be assessed over 2 years(1).

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

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

A non-compete clause may be provided for (period limited to 12 months). The Board of Directors reserves the right to waive implementation of this non-compete clause(3).

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

(1) The payment of 60% of the indemnity would depend on the EBITA level of the Rexel Group. 100% of this payment would be due if the EBITA level, calculated based on the audited consolidated financial statements of Rexel of the last two financial years prior to the date of termination of the corporate office, reaches at least an average of 60% of the budgeted values for such two financial years; and
The payment of 40% of the indemnity would depend on the ATWC level (average trade working capital requirement) of the Rexel Group. 100% of this payment would be due if the ATWC level, calculated based on the audited consolidated financial statements of Rexel of the last two financial years prior to the date of termination of the corporate office, reaches on average a maximum of 125% of the budgeted performance for such two financial years.

(2) The position adopted by the Board of Directors is more restrictive than the guidelines of the Afep-Medef Code that provides for the payment of indemnities in case of forced departure "independent of the form of such departure".

(3) The Board of Directors, having the option to assess the interest for the Group to activate the non-compete clause or to waive its right in such respect depending on the effective risk of competition upon the departure of the executive (in particular in the situation where the executive would continue to carry out missions or functions for competitors, even after a retirement leave), believes that the activation of such clause should not be ruled out as a principle (in particular, taking into account the various legislations applicable in respect of retirement rights for international executives).

Furthermore, as specified in paragraph 3.2.2.4 "Long-term variable compensation" of this Registration document, the rules for the performance shares plans provide for the loss of unvested shares in case of departure from the Group (excluding any retirement leave or death or disability).

Specific situation:

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

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

3.2.2.6 Compensation governance

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

3.2.2.7 Compensation items and performance criteria summary tables for the 2018 financial year

The Board of Directors, upon its meeting of February 13, 2018 has determined the following elements regarding the compensation of the corporate officers for 2018.

Ian Meakins, Chairman of the Board of Directors

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

Patrick Berard, Chief Executive Officer

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

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

Performance criteria

Financial part

FINANCIAL CRITERIA	WEIGHT	TRIGGER	TARGET	MAXIMUM
Sales growth in volume	33.33%	Payment of the 1st euro upon achievement of the sales made within the prior financial year	100% payout if result reaches 100% of target	150% payout if result reaches 150% of target
Adjusted EBITA in volume	33.33%	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	33.33%	50% payout if result reaches 95% of target	100% payout if result reaches 100% of target	150% payout if result reaches 105% of target
Total	**100%**	Calculation on a linear basis.		

A new mechanism is implemented in 2018, providing that the payment of an overperformance of the sales growth objective (>100%) will be subject to a certain level of achievement of the adjusted EBITA criteria (minimum achievement based on performance representing at least 80% of the increase of the target adjusted EBITA).

Individual part

NON-FINANCIAL CRITERIA	WEIGHT	DESCRIPTION
Organization	25%	Strengthen the management, set effective succession plans
Transformation	25%	Translate the transformation plans carried out in geographies into operational performance
Digital	25%	Accelerate the implementation and ramp-up of digital accross the Group
Key metrics	25%	Embedding and driving core performance through the organization
Total	**100%**	

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

FIXED 2018 COMPENSATION IN €	2018 VARIABLE COMPENSATION TARGET IN % OF THE FIXED COMPENSATION	2018 TARGET VARIABLE COMPENSATION IN €	FIXED AND VARIABLE COMPENSATION TARGER 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 2018 VARIABLE COMPENSATION IN % OF THE TARGET AND IN €	MAXIMUM ACHIEVEMENT OF THE 2018 VARIABLE COMPENSATION IN % OF THE FIXED COMPENSATION AND IN €
				75%	25%	(75% x 150%) = 112.5%	(25% x 100%)=25%	137.5%	165%
650,000	120%	780,000	1,430,000	585,000	195,000	877,500	195,000	1,072,500	1,072,500

LONG-TERM VARIABLE COMPENSATION	
DESCRIPTION	AMOUNT
Allotment of shares fully subject to challenging performance criteria assessed over minimum period of 3 years, and condition of presence	Maximum number of shares that may be allotted: 10% of the total shares allotted to all beneficiaries (within the total limit of the percentage of share capital authorized by the shareholders meeting of May 24, 2018) (1) Maximum value of the shares upon allotment: 100% of the target fixed and variable annual compensation of Patrick Berard, *i.e.*, €1,430,000

Performance criteria

CRITERIA	WEIGHT	TRIGGER	TARGET	MAXIMUM	COMMENTS
Annual average of EBITA growth rates 2017-2020 (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 2017-2020 (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 2018, 2019, and 2020 of the free cash flow before net interest and taxes / EBITDA (Mid-term Plan)	20%	Vesting equal to 50% if the average reaches 90% of the objective	Vesting equal to 100% if the objective is reached	Vesting equal to 150% if the average exceeds or is equal to 120% of the objective	Calculation on a linear basis between the points
Relative performance of the Rexel share compared to the SBF 120 GR index (2)	20%	Vesting equal to 50% if the performance of the Rexel share is equal to the performance of the SBF 120 GR index	Vesting equal to 100% if the performance of the Rexel share exceeds the performance of the SBF 120 GR index by 5%	Vesting equal to 150% if the performance of the Rexel share exceeds the performance of the SBF 120 GR index by 10%	
	100%	The percentage carried out is weighted according to each performance criterion to obtain a total weighted percentage. In any case, the total amount after weighting cannot exceed 100% of the initial allotment			

(1) *i.e.*, a maximum of 0.14% of the share capital over a period of 26 months, on a maximum of 1,4% of the share capital over the same period.

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

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

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

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

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

The performance criteria set for the variable short term compensation and the long term variable compensation may be, in part, of the same nature (they include, for some of them, key indicators to evaluate the financial performance of Rexel). However, the variable performance targeted effectively remunerated may vary to the extent that the short term variable compensation targeted is based for 25% on non financial criteria and the long term compensation is based on, for 20%, the Rexel share as compared to the SBF 120 GR index. In addition, financial criteria of the short term variable compensation are based on annual objectives whereas the objectives of the long term variable compensation are those of the three year period Medium Term Plan (recognizing a sustainable growth). Finally, mechanisms like the one applicable to the 2018 variable compensation which submits the payment of an over performance of sales growth to the achievement of a minimum EBITA (80% of the increase of the targeted Adjusted EBITA) also allow to distinguish the way the performance is achieved.

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

3.2.2.8 Summary of the compensation items for the 2018 financial year for each corporate officer

Ian Meakins

For the financial year 2018, in accordance with the compensation policy determined for the term of office, the compensation of Ian Meakins remained unchanged, and is made up of the following items:

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

(1) 2017 Medium Term Plan for 2018 allocation.

Patrick Berard

For the financial year 2018, in accordance with the compensation policy determined for the term of office, the compensation of Patrick Berard remained unchanged, and is made up of the following items:

Fixed annual compensation	The annual gross fixed compensation of Patrick Berard is maintained at €650,000. This fixed compensation is determined for the whole term of office.
Variable annual compensation	The annual variable target-based compensation of Patrick Berard is maintained at 120% of the annual fixed compensation. The 2018 variable compensation is based for 75% on financial criteria and for 25% on individual criteria. The financial part of the variable compensation is capped at 150%, if the achieved financial results exceed 100% of the financial targets. The individual portion of the variable compensation is capped at 100% of achievement. Thus, the maximum variable compensation cannot exceed 165% of the fixed compensation. The financial objectives are: sales growth in volume (33.33%), adjusted EBITA in volume (33.33%) and ATWC (33.33%).
Exceptional compensation	The compensation policy provides for the possibility to allocate an exceptional compensation under limitative conditions as detailed in paragraph 3.2.2.5 of the Registration document.
Valuation of benefits in kind	Patrick Berard receives benefits in kind, consisting of a company car (in accordance with the policy applicable to the executives of Rexel).
Long-term compensation: allocation of performance shares	The Board of Directors considers that share allocation mechanisms, that also benefit to other keys duties in the company, are particularly adapted to the duties of executive corporate officers, considering the level of responsibility of these duties as well as their capacity to contribute directly to the long-term performance of the company in line with the interests of the shareholders. The shares allotted to the Chief Executive Officer are fully subject to performance criteria assessed over periods of at least three years. These shares are also allotted subject to a presence criterion of three years. Furthermore, the allotment is limited by two specific caps in value and in number of shares: • the annual value of the performance shares allotted in respect of a financial year to the Chief Executive Officer cannot exceed 100% of his annual fixed and variable target compensation in respect of such financial year (as defined in paragraph 3.2.2.7 "Compensation items and performance criteria summary tables for the 2018 financial year"); and • the number of shares allotted to the corporate officers cannot exceed 10% of the total performance shares allotted to all of the beneficiaries.(1) The Chief Executive Officer has a lock-up obligation in respect of 20% of the shares vested in connection with these schemes until the termination of his duties.
Severance indemnity / Non-compete indemnity	The Board of Directors decided not to grant to Patrick Berard any severance indemnity resulting from the termination of his duties as Chief Executive Officer, nor any non-compete indemnity in connection with the termination of such duties, taking into account his career and profile. The employment agreement of Patrick Berard, suspended during the exercise of his duties as Chief Executive Officer, provides under certain conditions, in case of termination by the employer(2), the payment of such indemnities, within the limits of a global amount of 18 months of monthly reference compensation (*i.e.*, the last annual fixed compensation increased by the average amount of the last 2 bonuses received, divided by 12)(3). The suspended employment agreement of Patrick Berard also provides for a potential non-compete indemnity under certain conditions, the indemnification of which would range within the total limit of 18 months of monthly reference compensation as described above. It is specified by the Board of Directors that in case of reactivation of the employment agreement of Patrick Berard, these potential severance indemnities would be calculated without taking into account the exercise period of the corporate office (without considering his seniority or fixed or variable compensation received as a corporate officer).
Supplemental retirement plan	Upholding of the supplemental retirement plan (as detailed in paragraph 3.2.2.5 "Other compensation items"), taking into account the career and length of service of Patrick Berard. The benefits of the defined-benefit retirement scheme in respect of the corporate office is subject to performance criteria.

(1) *i.e.*, a maximum of 0.14% of the share capital over a period of 26 months in accordance with the resolution submitted to the ordinary and extraordinary shareholders general meeting to be held on 24 May 2018.
(2) Except for gross negligence (*faute grave*) or willful misconduct (*faute lourde*), or compulsory retirement leave.
(3) This amount includes all legal or contractual indemnity.

3.2.2.9 Resolutions submitted to the Ordinary and Extraordinary Shareholders' Meeting of May 24, 2018

In accordance with article L.225-37-2 of the French Commercial Code, the draft resolutions submitted to the general ordinary and extraordinary shareholders meeting of Rexel of May 24, 2018 in order to approve the principles and criteria of determination, distribution and allocation of the various compensation items of the Chairman of the Board of Directors and of the Chief Executive Officer are as follows:

- **For the Chairman of the Board of Directors:**

"Fifth resolution

(Approval of the principles and criterion for the determination, the breakdown and the allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Chairman of the Board of Directors for the financial year 2018)

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

Having reviewed chapter 3 of the Registration document of the Company for the financial year ended December 31, 2017, which constitutes the report on corporate governance, in accordance with articles L.225-37 and L.225-37-2 of the French Commercial Code, and in particular paragraph 3.2.2 "Compensation policy applicable to corporate officers for the 2018 financial year submitted to the approval of the shareholders (article L.225-37-2 of the French Commercial Code)".

Approved the principles and criterion for the determination, the breakdown and the allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Chairman of the Board of Directors by virtue of its mandate for the financial year 2018 as presented in such document."

- **For the Chief Executive Officer:**

"Sixth resolution

(Approval of the principles and criterion for the determination, the breakdown and the allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Chief Executive Officer for the financial year 2018)

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

Having reviewed chapter 3 of the Registration document of the Company for the financial year ended December 31, 2017, which constitutes the report on corporate governance, in accordance with articles L.225-37 and L.225-37-2 of the French Commercial Code, and in particular paragraph 3.2.2 "Compensation policy applicable to corporate officers for the 2018 financial year submitted to the approval of the shareholders (article L.225-37-2 of the French Commercial Code)".

Approved the principles and criterion for the determination, the breakdown and the allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Chief Executive Officer by virtue of its mandate for the financial year 2018 as presented in such document."

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

3

3.2.3 Individual compensation of the corporate officers for the financial year 2017

3.2.3.1 Compensation and benefits of Ian Meakins, Chairman of the Board of Directors for the financial year 2017

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

IAN MEAKINS (IN €)	2017	2016[1]
Compensation allocated in respect of the financial year	500,000	125,000
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

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

Gross compensation over the last 2 financial years summary table

	2017		2016[1]	
IAN MEAKINS (IN €)	COMPENSATION ALLOCATED IN RESPECT OF THE FINANCIAL YEAR	COMPENSATION PAID	COMPENSATION ALLOCATED IN RESPECT OF THE FINANCIAL YEAR	COMPENSATION PAID
Fixed compensation	500,000	500,000	125,000	125,000
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**	**125,000**	**125,000**

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

For the financial year ended December 31, 2017, in accordance with the compensation policy in relation to compensation in cash determined for the term of office, the compensation of Ian Meakins remained unchanged.

Fixed compensation

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

Annual variable compensation

Ian Meakins does not benefit from any annual variable compensation.

Other compensation items

Ian Meakins does not benefit from any other compensation items.

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

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

3.2.3.2 Compensation and other benefits of Chief Executive Officer, Patrick Berard in respect of the financial year 2017

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

PATRICK BERARD (IN €)	2017	2016[1]
Compensation allocated in respect of the financial year	1,629,802	628,969
Valuation of the options allocated during the financial year	N/A	N/A
Valuation of the performance shares allocated during the year	1,275,000	927,350
Total	**2,904,802**	**1,556,319**

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

Gross compensation over the last 2 financial years summary table

	2017		2016[(1)]	
PATRICK BERARD (IN €)	COMPENSATION ALLOCATED IN RESPECT OF THE FINANCIAL YEAR	COMPENSATION PAID	COMPENSATION ALLOCATED IN RESPECT OF THE FINANCIAL YEAR	COMPENSATION PAID
Fixed compensation	650,000	650,000	325,000	325,000
Variable annual compensation	973,440 [(2)]	300,788	300,788	N/A
Attendance fees	N/A	N/A	N/A	N/A
Benefits in kind	6,362	6,362	3,181	3,181
Total	**1,629,802**	**957,150**	**628,969**	**328,181**

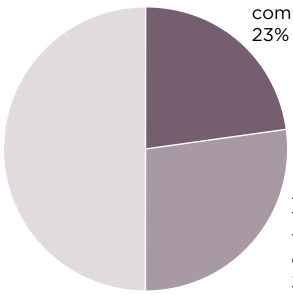
(1) Patrick Berard was appointed as Chief Executive Officer as of July 1, 2016.
(2) Payment subject to the prior approval of the Shareholders Meeting of May 24, 2018.

For the financial year ended December 31, 2017, in accordance with the compensation policy in relation to compensation in cash determined for the term of office, the fixed and annual variable compensation of Patrick Berard remained unchanged.

Compensation structure

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

The allotment of these fixed, annual target-based compensation and performance shares is presented below. More than 75% of the compensation of the Chief Executive Officer is subject to performance conditions (mainly financial).



Fixed compensation

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

Annual variable compensation

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

The variable compensation for 2017 was based for 75% on financial criteria and for 25% on individual criteria. The financial targets determined for 2017 were sales growth in volume (33%), adjusted EBITA in volume (33%) and ATWC (33%). The targets to be achieved were those of the 2017 Budget.

The financial targets could reach a maximum achievement of 150%, if the achieved financial results exceeded 100% of the financial targets. The individual portion of the variable compensation was capped at 100% of achievement. The maximum variable compensation represented 165% of the fixed compensation.

The Board of Directors of February 13, 2018 carried out in the assessment of the performance of the Chief Executive Officer and determined a global performance of 124.8% of the target variable compensation, *i.e.* a gross amount of €973,440 to be paid in consideration of the 2017 financial year.

In accordance with the provisions of Article L.225-100 of the French Commercial Code, the payment of the 2017 variable compensation will be subject to the approval of the ordinary and extraordinary shareholders' meeting of May 24, 2018.

The achievement levels for the 2017 criteria referred to above are as follows:

2017 FIXED COMPENSATION IN €	2017 TARGET VARIABLE COMPENSATION IN PERCENTAGE OF THE FIXED COMPENSATION	2017 TARGET VARIABLE COMPENSATION IN €	FINANCIAL PART OF THE TARGET VARIABLE COMPENSATION (%)	INDIVIDUAL PART OF THE TARGET VARIABLE COMPENSATION (%)	2017 RESULT FINANCIAL PART	2017 RESULT INDIVIDUAL PART	ACHIEVEMENT OF THE 2017 FINANCIAL PART	ACHIEVEMENT OF THE 2017 INDIVIDUAL PART	TOTAL ACHIEVEMENT AS A PERCENTAGE OF THE TARGET VARIABLE COMPENSATION	AMOUNT IN €TO BE PAID IN RESPECT OF 2017 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%	135.6%	92.5%	101.7%	23.1%	124.8%	973,440

Details concerning the achievement of the 2017 financial targets:

2017 CRITERIA	WEIGHT	2017 TARGET(1)	TRIGGER	TARGET	MAXIMUM	2017 ACHIEVEMENT		
						PERFORMANCE LEVEL IN% OF OBJECTIVES	PAYMENT LEVEL PRIOR TO WEIGHTING	PAYMENT LEVEL AFTER WEIGHTING
Sales growth in volume	33%	€142.8 M	Payment of the 1st euro upon achievement of the sales made within the prior financial year	125% payout if result reaches 100% of target	150% payout if result reaches 120% of target	285.8%	150%	50%
Adjusted EBITA in volume	33%	€575.0 M .	Payment at 50% upon achievement of the adjusted EBITA made within the prior financial year	110% payout if result reaches 100% of target	Payment capped at 150%	102.5%	142%	47.3%
ATWC	33%	14.36%	25% payout if result reaches 95% of target	100% payout if result reaches 100% of target	150% payout if result reaches 105% of target	101.5%	115%	38.3%
	100%		Calculation on a linear basis between the points					**135.6%**

(1) Adjusted 2017 objectives (on a constant scope).

Details regarding 2017 individual targets:

	WEIGHTING	ACHIEVEMENT	WEIGHTED PERFORMANCE
Transform/turn around operations in key geographies and key metrics implementation to measure and drive achievement	60%	100%	60.0%
Successions planning for priority countries	15%	50%	7.5%
Digital strategy implementation in key geographies	25%	100%	25.0%
Total			**92.5%**

Other items of compensation for the relevant period

The various benefits in kind were as follows:

- healthcare/welfare insurance; health checkup;
- basic and supplementary pension;
- tax and pension consultancy; and
- availability of a company car (€6,362 for 2017).

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, 2017.

No option of subscription or purchase of shares has been exercised during the financial year ended December 31, 2017.

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, 2017, is detailed below:

BENEFICIARIES	PLAN NAME	NUMBER OF SHARES	VALUE OF ALLOCATED SHARES	VESTING DATE	TRANSFERABILITY DATE
Patrick Berard	Plan 3+2	100,000	1,275,000	May 23, 2020	May 24, 2022

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, 2017 are detailed in paragraph 3.7.2.6 "Allotment of free shares" of this Registration document.

History of the last performance shares allocated, acquired or transferable during the financial year ended December 31, 2017 for Patrick Berard

GRANT DATE	MAY 23, 2017	JUNE 23, 2016	JULY 28, 2015	MAY 22, 2014 (KEY MANAGERS)	MAY 22, 2014 (TRANSITION)	APRIL 30, 2013
Number of shares allotted	**100,000**	**85,000**	–	–	–	–
Adjusted number of shares allotted (1)	–	*87,876*	–	–	–	–
Vesting date	May 23, 2020	June 23, 2019	–	–	–	–
Performance rate	unknown	unknown	–	–	–	–
Number of shares irrevocably vested	unknown	unknown	–	–	–	–
Transferability Date	May 24, 2022	June 24, 2021	–	–	–	–
Number of lost shares at December 31, 2017	–	–	–	–	–	–

(1) The number of performance shares still in the process of being vested has been adjusted for all of the beneficiaries of such plans, by decision of Chief Executive Officer dated July 5, 2016, upon delegation from the Board of Directors' meeting of June 23, 2016. This decision aims at preserving the rights of all the beneficiaries and follows the distribution to the shareholders of an amount of €0.40 per share, fully deducted from the issue premium.

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

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).

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 have been aligned with those of the annual variable compensation of the Chief Executive Officer (financial portion and individual portion). The performance conditions will be considered as achieved if the payment level of the annual variable compensation reaches at least 60% of the target variable compensation for the relevant year (as described in paragraph 3.2.2 "Compensation policy applicable to corporate officers for the 2018 financial year submitted to the approval of the shareholders (article L.225-37-2 of the French Commercial Code)"of this Registration document).

Therefore, it is only in case of achievement of these annual performance conditions that:

- the time of exercise in the capacity of Chief Executive Officer by Patrick Berard will be taken into consideration for the calculation of his seniority; and

- the compensation received in respect of the duties of Chief Executive Officer will be taken into consideration for the assessment of the average of the three years of highest compensation.

The Board of Directors of February 13, 2018 acknowledged the achievement of the performance criteria for the 2017 financial year (the level of the variable compensation for 2017 having reached a performance of 124,8%). The activity period and the compensation received in respect of the duties of corporate officer over the considered period shall therefore be taken into consideration for the calculation of the contingent rights (within the limits provided by the retirement scheme described below).

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

The Chief Executive Officer benefits from a supplementary defined-benefit retirement scheme, within the meaning of Article L.137-11 of the French Social security Code, made up of two successive regimes:

- a first regime set up unilaterally, effective from May 31, 2005 and amended for the last time with effect from September 1, 2016 (regime 1). This regime was frozen as at June 30, 2009; and
- a second regime set up unilaterally on March 30, 2009, with effect from July 1, 2009 and amended for the last time with effect from September 1, 2016 (regime 2).

The contingent rights that the Chief Executive Officer may acquire in respect of his activity as corporate officer, in connection with this scheme (consideration of the compensation for Regimes 1 and 2 and consideration of seniority only for Regime 2), shall only be granted if performance criteria such as those described above are met.

The main characteristics of these schemes are as follows:

	REGIME 1	REGIME 2
Effective date	• May 31, 2005 • Rights frozen as at June 30, 2009	• July 1, 2009
Reference compensation	• Average of the three best calendar years of gross compensation • Gross compensation includes fixed compensation, exclusively contractual annual bonuses and benefits in kind (excluding exceptional bonuses, hardship allowances and the like)	• Average of the three best calendar years of gross compensation • Gross compensation includes fixed compensation, exclusively contractual annual bonuses limited to 80% of the fixed compensation (excluding exceptional bonuses, hardship allowances and the like as well as benefits in kind) • Global limit equal to 40 PASS
Length of service	• Minimum length of service of 4 years	• Entry into the Rexel Group prior to January 1, 2010 (compliance with the minimum length of service requirement of 2 years provided for by the Afep/Medef Code)
Rights acquisition formula	• 2.5% per year of service • For Patrick Berard, the potential accrued frozen rights amount to 10.0%	• 1.00% per year of service for the tranche between 4 and 20 PASS • 0.50% per year of service for the tranche between 20 and 40 PASS
Applicable limits	• Retirement pension under this plan and other supplemental pension schemes of Rexel limited to 12.5% of the reference compensation • For Patrick Berard, the potential accrued rights are below the cap	• Retirement pension limited to 20% of the reference compensation under Regime 2 • Retirement pension under this plan and other supplemental pension schemes of Rexel (including Regime 1) limited to 25% of the reference compensation • Retirement pension under this plan and other supplemental pension schemes of Rexel (including Regime 1) and compulsory regimes, limited to 50% of the reference compensation
Reversion pension	• 60% of the supplemental pension calculated on the basis of length of service and reference compensation as at the date of death	• 50% of the supplemental pension calculated on the basis of length of service and reference compensation as at the date of death

	REGIME 1	REGIME 2
Terms of entry into the regime	Entry into this regime is 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 labor 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 labor 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 corporate governance code.

AFEP-MEDEF GUIDELINES	
Eligibility criteria	Compliant
Number of corporate officers compared to the total number of beneficiaries	Compliant
Seniority criteria	Compliant
Challenging performance conditions	Compliant
Yearly accrual percentage	Compliant
Maximum vesting period	Compliant
Reference compensation	Compliant
Maximum amount of pension	Compliant
Information on potential rights	Compliant

Since this scheme corresponds to the characteristics of the schemes referred to in Article L.137-11 of the French Social security Code, it was subject to the related-party agreements procedure governed by article L.225-42-1 of the French Commercial Code and has been approved by the shareholders meeting of May 23, 2017.

The total provision booked by Rexel for all employees covered by this supplemental defined-benefit retirement plan corresponded to a liability of €10.1 million as of December 31, 2017 reduced by the value of a plan asset in an insurance company.

As of December 31, 2017, the value of this plan asset was estimated approximately at €0.1 million. Insurance premiums are paid by Rexel to this plan asset depending on the financing needs as beneficiaries retire.

At December 31, 2017, only two beneficiaries, including the Chief Executive Officer, were potentially eligible to this defined-benefit retirement scheme.

It is also indicated that at the closing of the 2017 financial year, the yearly amount of the retirement of the Chief Executive Officer under this scheme was estimated at approximately €172,000. 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) (7.1%), the special Social Security contribution (1%), the CASA (additional solidarity contribution for autonomy at the rate of 0.3%) as well as to a specific contribution up to 14% (within the terms provided by article L.137-11-1 of the French Social security Code); and
- Personal income tax, after a 10% deduction.

Insurance premiums paid are subject to a 24% contribution, borne by Rexel.

Severance indemnities

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

No severance indemnity has been granted to Patrick Berard by the Board of Directors, in respect of the termination of his duties as Chief Executive Officer, nor any non-competition indemnity in connection with the termination of such duties, taking into account his career and profile.

The employment agreement of Patrick Berard, suspended during the exercise of his duties as Chief Executive Officer, provides under certain conditions, in case of termination by the employer (except for gross negligence (*faute grave*) or willful misconduct (*faute lourde*), or compulsory retirement leave), the payment of such indemnities, within the limits of a global amount of 18 months of monthly reference compensation (*i.e.*, the last annual fixed compensation increased by the average amount of the last 2 bonuses received, divided by 12). The suspended employment agreement also provides for possible non-compete indemnity under certain conditions, the indemnification of which would range within the total limit of 18 months of monthly reference compensation as described above.

It is specified by the Board of Directors that in case of reactivation of the employment agreement of Patrick Berard, these potential severance indemnities would be calculated without taking into account the exercise period of the corporate office (without considering his seniority or fixed or variable compensation received as a corporate officer).

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

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

3.2.3.3 Compensation and other benefits of Deputy Chief Executive Officer, Catherine Guillouard

The Board of Directors meeting of February 20, 2017 decided to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer with effect as from the same date.

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

CATHERINE GUILLOUARD (IN €)	2017(1)	2016
Compensation allocated in respect of the financial year	1,814,570	1,025,697
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	634,962
Total	**1,814,570**	**1,660,659**

(1) The Board of Directors' meeting of February 20, 2017, decided to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer as from the same date.

(2) Valuation as at the date of allocation. These shares were lost further to the termination of the duties of Deputy Chief Executive Officer.

Gross compensation over the last 2 financial years summary table

	2017 (1)		2016	
CATHERINE GUILLOUARD (IN €)	COMPENSATION ALLOCATED IN RESPECT OF THE FINANCIAL YEAR	COMPENSATION PAID	COMPENSATION ALLOCATED IN RESPECT OF THE FINANCIAL YEAR	COMPENSATION PAID
Fixed compensation	70,833	70,833	500,000	500,000
Annual variable compensation	69,487 (2)	313,538	313,538	186,352
Medium-term savings scheme contribution (annual and specific contribution)	28,905	28,905	188,143	188,143
Severance indemnities	1,627,076	1,627,076		
Attendance fees	N/A	N/A	N/A	N/A
Benefits in kind	18,269	18,269	24,016	24,016
Total	**1,814,570**	**2,058,621**	**1,025,697**	**898,511**

(1) The Board of Directors meeting of February 20, 2017, decided to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer as from the same date.
(2) Payment subject to the prior approval of the shareholders meeting of May 24, 2018.

The Board of Directors' meeting of June 23, 2016 had decided to renew the term of office of Deputy Chief Executive Officer, Catherine Guillouard, for a term of two years as of July 1, 2016. The Board of Directors had decided to maintain the terms of compensation of Catherine Guillouard as determined by the Board of Directors in its meetings of February 10, 2016 and March 8, 2016.

Thus, these decisions applied until the end of the corporate office of the Deputy Chief Executive Officer, *i.e.*, February 20, 2017.

Catherine Guillouard's employment agreement, that had been suspended during her corporate office, was reactivated as at February 21, 2017, and was discontinued in June 2017 further to the notice period.

For the financial year 2017, in accordance with the compensation policy in relation to compensation in cash determined for the term of office, the compensation of Catherine Guillouard remained unchanged, subject to the below mentionned *prorata*.

Fixed compensation

The gross annual fixed compensation had been maintained at €500,000 (unchanged compared to 2016), *i.e.*, a *prorata* compensation from January 1 to February 20, 2017 amounting to a gross amount of €70,833.

Annual variable compensation

The annual variable target-based compensation of Catherine Guillouard had been maintained at 90% of her gross annual fixed compensation.

The 2017 variable compensation was based for 65% on financial criteria and for 35% on individual criteria. The financial criteria for 2017 were sales growth in volume (33%), adjusted EBITA in volume (33%), and ATWC (33%). The targets to be achieved were those of the 2017 Budget.

The financial objectives could reach a maximum result of 150%, if the achieved financial results exceed 100% of the financial targets. The individual part of the variable compensation was capped at 100%, of achievement.

The annual *prorata* variable compensation payable in respect of 2017 for the period between January 1 and February 20, 2017, has been determined by the Board of Directors based on the financial statements as at June 30, 2017. The Board of Directors determined a global performance of 109% of the target variable compensation, *i.e.* a gross amount of €69,487 to be paid in respect of the period between January 1 and February 20, 2017.

In accordance with the provisions of Article L.225-100 of the French Commercial Code, the payment of the 2017 variable compensation will be subject to the approval of the ordinary and extraordinary shareholders' meeting of May 24, 2018.

Detailed achievement levels for the 2017 criteria referred to above as at June 30, 2017 financial accounts, was as follows:

2017 FIXED COMPENSATION (*PRORATA* FROM JANUARY 1 TO FEBRUARY 20, 2017) (1)	2017 TARGET VARIABLE COMPENSATION IN PERCENTAGE OF FIXED COMPENSATION	2017 TARGET VARIABLE COMPENSATION IN €	FINANCIAL PART OF THE TARGET VARIABLE COMPENSATION (%)	INDIVIDUAL PART OF THE TARGET VARIABLE COMPENSATION (%)	RESULT FINANCIAL PART	RESULTS INDIVIDUAL PART	ACHIEVEMENT OF THE 2017 FINANCIAL PART	ACHIEVEMENT OF THE 2017 INDIVIDUAL PART	TOTAL ACHIEVEMENT AS% OF THE TARGET VARIABLE COMPENSATION	AMOUNT IN EURO TO BE PAID IN RESPECT OF THE 2017 VARIABLE COMPENSATION (*PRORATA*)
A	B	(A x B) = C	D	E	F	G	(D x F) = H	(E x G) = I	(H + I) = J	(C x J)
70,833	90%	63,750	65%	35%	119.3%	90%	77.5%	31.5%	109%	69,487

(1) *i.e.*, 14.2% of the annual compensation.

Details regarding the achievement of 2017 financial targets:

2017 CRITERIA	WEIGHT	2017 OBJECTIVE(1)	TRIGGER	TARGET	MAXIMUM	2017 ACHIEVED PERFORMANCE LEVEL IN% OF OBJECTIVES	2017 ACHIEVED PAYMENT LEVEL, PRIOR TO WEIGHTING	2017 ACHIEVED PAYMENT LEVEL, AFTER WEIGHTING
Sales growth in volume	33%	€98.2 M	Payment of the 1st euro upon achievement of the sales made within the prior financial year	125% payout if result reaches 100% of target	150% payout if result reaches 120% of target	163.8%	150.0%	50.0%
Adjusted EBITA in volume	33%	€282.7 K	50% payout upon achievement of the adjusted EBITA made within the prior financial year	110% payout if result reaches 100% of target	Payment capped at 150%	102.6%	112.9%	37.6%
ATWC	33%	14.10%	25% payout if result reaches 95% of target	100% payout if result reaches 100% of target	150% payout if result reaches 105% of target	99.7%	95.0%	31.7%
	100%		Calculation on a linear basis between the points					**119.3%**

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

Details regarding 2017 individual targets:

	WEIGHT	ACHIEVEMENT	WEIGHTED PERFORMANCE RATE
Warrantee an efficient management of the cash flow and assets of the group	50%	80%	40.0%
Strengthen the financial position of the group and arbitrate between several alternatives	50%	100%	50.0%
Total			**90.0%**

Other compensation items

Catherine Guillouard benefited from the following other compensation items:

- benefits in kind for an amount of €1,080 concerning the company's car and €17,189 concerning the executive director's unemployment coverage GSC; and
- an additional health insurance *(mutuelle)*, a death and disability insurance *(contrat de prévoyance)*, a basic and supplemental retirement scheme, a health check-up, and tax and retirement advisors' fees;

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

Share subscription or purchase options

No option of subscription or purchase of shares has been allocated to Catherine Guillouard by Rexel or any of the company of the Rexel Group for the financial year ended December 31, 2017.

No option of subscription or purchase of shares has been exercised by Catherine Guillouard during the financial year ended December 31, 2017.

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.

History of the last performance shares allocated, acquired or transferable during the financial year ended December 31, 2017 for Catherine Guillouard

GRANT DATE	MAY 23, 2017	JUNE 23, 2016	JULY 28, 2015	MAY 22, 2014 KEY MANAGERS	MAY 22, 2014 TRANSITION	APRIL 30, 2013
Number of shares alloted with possible over achievement – not realized	–	–	–	–	–	42,980
Number of shares alloted	**–**	**58,200**	**58,200**	**29,100**	**29,100**	**30,700**
Adjusted number of shares allotted (1)	–	*60,169*	*60,169*	*30,085*	–	–
Vesting date	–	June 23, 2019	July 28, 2018	May 22, 2017	May 22, 2016	April 30, 2015
Performance rate	–	Unknown	Unknown	31%(2)	36.0%(2)	35.2%(2)
Number of shares irrevocably acquired	–	Unknown	Unknown	9 327	10 476	10 808
Transferability date	–	June 24, 2021	July 29, 2020	May 23, 2019	May 23, 2018	May 02, 2017
Number of lost shares at December 31, 2017	–	60,169	60,169	–	–	–

(1) The number of performance shares still in the process of being vested by all the beneficiaries of these plans has been adjusted, by decision of the Chief Executive Officer of July 5, 2016 under delegation from the Board of Directors of June 23, 2016. This decision aims at preserving the rights of all the beneficiaries and follows the distribution to the shareholders of an amount of €0.40 per share, fully deducted from the issue premium.

(2) The performance rate of 31%, 36% and 35.2% are detailled in paragraph 3.7.2.6 "Allotment of free shares"of this Registration document.

The performance shares allocated but not yet vested as at the departure from the Group of Catherine Guillouard have been canceled, since the attendance criterion has not been met. This concerns the shares allocated in respect of the plans of June 23, 2016 and July 28, 2015.

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.

Medium-term collective savings scheme

In consideration of the closure of the defined-benefit retirement scheme, a medium-term collective savings scheme was set up in 2016, effective from January 1, 2016, at the benefit of the top managers of the Rexel group, having joined the group as from January 1, 2010. The Board of Directors on February 10, 2016, upon recommendation of the Nomination and Compensation Committee, granted the benefit of this regime, better adapted and competitive given the international profiles of the Group's top managers, to the Deputy Chief Executive Officer, Catherine Guillouard.

The collective mid-term savings scheme includes:

- An annual component: a contribution based on the fixed and variable compensation received the relevant year(1), thus taking into account the annual performance achieved:
  - 20% on the portion of compensation ranging from 4 to 20 PASS(2);
  - 10% on the portion of compensation ranging from 20 to 40 PASS(2).
- An exceptional contribution in order to take into account the seniority and the recent restructuring of the compensation policy of the group's top managers. In such respect, Deputy Chief Executive Officer Catherine Guillouard could benefit from a specific contribution of €81,765 per year during 3 years as of 2016, subject to attendance as at December 31 of each year. This specific contribution was calculated in accordance with the same rules as those described for the annual component of the scheme, based on the compensation received

(1) The variable portion taken into consideration will be limited in any case to 80% of the fixed annual reference compensation.
(2) Annual Social Security limit *(Plafond Annuel de la Sécurité Sociale)*.

by the Deputy Chief Executive Officer since the beginning of her term of office.

All these contributions are liable to social security charges and personal income tax for the beneficiaries. Half of these contributions is paid by Rexel to a medium-term investment vehicle (such as a life insurance repurchasable at any time), with a lock-up undertaking from the corporate officers of at least 8 years, and the other half in cash (with the possibility to allocate all or part of it to such vehicle under the form of voluntary contributions).

The Board of Directors of Rexel, upon its meeting of February 20, 2017, decided to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer, effective February 20, 2017. Consequently, an amount of €28,905 was paid at the benefit of Catherine Guillouard in her capacity as corporate officer from January 1 2017 to February 20, 2017 in respect of the annual component (*prorata temporis*), half of which in cash, and the other half on the mid-term investment scheme.

No exceptional component has been paid in respect of 2017, since the presence criteria on December 31, 2017 have not been complied with (the last payment subject to presence criteria as at December 31, 2018 will not be paid either, since the criteria cannot be met).

There was no longer any corporate officer benefiting from this scheme at the end of the 2017 financial year.

Severance indemnities

Catherine Guillouard was eligible to a severance indemnity subject to performance conditions that was the purpose of decisions of the Board of Directors on May 22, 2014, February 11, 2015, and February 10, 2016, which was approved by the shareholders meeting of May 27, 2015 and of May 25, 2016, and renewed by the Board of Directors of June 23, 2016(1).

Catherine Guillouard's employment agreement with Rexel Développement had been suspended since April 30, 2013, and provided that, in the event of termination of her corporate office, her employment agreement with Rexel Développement would be reinstated with a compensation package equivalent to that from which she benefited as corporate officer.

The employment contract of Catherine Guillouard, amended on February 24, 2016 provided, in the event of termination of the employment contract at the initiative of the employer, notified within twelve months following the end of her duties as corporate officer, the conditions referred to as forced departure, and linked to a change in control or strategy, independent of the grounds of the termination of contract, except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave, that Catherine Guillouard would benefit from a gross contractual severance indemnity equal to 24 months of the monthly reference compensation.

The monthly reference compensation was defined as the gross annual fixed compensation applicable during the full month prior to the month of the effective redundancy date, plus the amount of the gross variable compensation received in respect of the last financial year, excluding any other additional or exceptional compensation items, divided by 12. The monthly reference compensation included any potential compensation (fixed and variable, on a *prorata* basis) received as a corporate officer during this last month in respect of the fixed compensation or for the last financial year in respect of the variable compensation (excluding any additional or exceptional compensation item).

Catherine Guillouard's employment agreement amended on February 24, 2016 also provided, in the event of the termination of the employment contract at the initiative of the employer, notified more than 12 months after the end of her duties as corporate officer, and subject to the actual exercise of a salaried position during this period, that the conditions of termination of the corporate office referred to above or to the performance conditions mentioned below would not be applicable.

In addition, regardless of the cause of departure from Rexel, a non-compete clause was stipulated in Catherine Guillouard's employment contract amended on February 24, 2016. This non-compete undertaking was limited to a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-compete indemnity was equal to one twelfth of the gross fixed annual compensation. The company could waive this non-compete clause.

The contractual severance indemnity is deemed to include the statutory severance indemnity *(indemnité légale de licenciement)* or severance indemnity pursuant to the applicable collective

(1) The Board of Directors' meeting of June 23, 2016 decided to renew the corporate office of the Deputy Chief Executive Officer for a term of two years, effective from July 1, 2016.

bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the non-complete indemnity (with the above indemnities not being subject to the conditions of termination of the corporate office referred to above, or to the performance conditions referred to below).

The Board of Directors of Rexel, upon its meeting of February 20, 2017, decided to terminate the duties of Catherine Guillouard as Deputy Chief Executive Officer, effective February 20, 2017. This decision has followed a divergence of views over the implementation of the new strategic directions of Rexel presented at the Capital Markets Day of February 13, 2017.

Thus, the Board of Directors of February 20, 2017:

- Having acknowledged that the conditions related to the payment of the severance indemnity of Catherine Guillouard, as determined by the Board of Directors on May 22, 2014, February 11, 2015, February 10, 2016 and of June 23, 2016 had been met (case of forced departure related to a change of control or strategy);
- Having acknowledged the achievement of the performance criteria associated with such severance indemnity (as determined by the Board of Directors on May 22, 2014 and approved by the Shareholders' Meeting of May 27, 2015, as amended by the Board of Directors on February 10, 2016 and approved by the shareholders' meeting of May 25, 2016, renewed by the Board of Directors of June 23, 2016);
- Decided the payment of a gross severance indemnity equal to 24 months of the monthly reference compensation. As decided by the Board of Directors of February 10, 2016 and approved by the shareholders' meeting of May 25, 2016, and as renewed by the Board of Directors of June 23, 2016, the monthly reference compensation is understood as the last fixed gross annual compensation (as described above) plus the gross amount of the last variable compensation paid in respect of the last financial year, excluding any additional or exceptional compensation, with this sum being divided by 12, in accordance with the Afep-Medef Code.

This severance indemnity thus amounted to a gross amount of €1,627,076. This amount includes any statutory severance indemnity or severance indemnity pursuant to the applicable collective bargaining agreement or non-compete indemnity in respect of the termination of the employment agreement of Catherine Guillouard.

CALCULATION OF THE REFERENCE COMPENSATION FOR THE PURPOSES OF THE SEVERANCE INDEMNITY	
Annual fixed compensation	500,000
Variable compensation paid in respect of the last financial year (2016)	313,538
Annual total	**813,538**
Monthly reference compensation (/12)	67,795
24 months of monthly reference compensation	**1,627,076**(1)

(1) In the accounts of Rexel SA and Rexel Développement.

The conditions of performance in connection with the severance indemnity (excluding the statutory severance indemnity or severance indemnity pursuant to the applicable collective bargaining agreement and non-compete indemnity), determined by the Board of Directors of May 22, 2014 were as follows:

- The payment of 60% of the indemnity was dependent on the level of EBITA of the Rexel Group. This payment was 100% if the level of EBITA, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate office or employment contract (the reference period) reached on average a minimum of 60% of the amount budgeted for such two periods; and
- The payment of 40% of the indemnity depended on the level of ATWC (average trade working capital requirement) of the Rexel Group. This payment was 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate office or employment contract (the reference period) reached on average a maximum of 125% of the performance budgeted for such two financial years.

Validation of the achievement of the performance conditions:

PAYMENT OF 60% DEPENDING ON EBITA LEVEL			PAYMENT OF 40% DEPENDING ON WCR LEVEL		
2015 Target	Adjusted EBITA in volume – €M	715.6	2015 Target	ATWC	13.70%
2015 Achievement	Adjusted EBITA in volume –€M	587.2	2015 Achievement	ATWC	14.07%
	2015 achievement rate of	82.1%		2015 achievement rate of	102.7%
2016 Target	Adjusted EBITA in volume – €M	603.6	2016 Target	ATWC	14.03%
2016 Achievement	Adjusted EBITA in volume – €M	558.2	2016 Achievement	ATWC	14.00%
	2016 achievement rate of	92.5%		2016 achievement rate of	99.8%
	an average achievement rate over the last two 2015 and 2016 financial years of	87.3%		an average achievement rate over the last two 2015 and 2016 financial years of	101.2%
	Performance conditions satisfied			**Performance conditions satisfied**	
The conditions for payment of 100% of the severance indemnity are thus satisfied					

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

	EMPLOYMENT AGREEMENT	SUPPLEMENTAL RETIREMENT PLAN	SEVERANCE INDEMNITIES	NON-COMPETE CLAUSE
Catherine Guillouard	Yes - Employment agreement suspended during the term of corporate office	No	Yes	Yes

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

Table 1 – Summary of compensation, options and shares allocated to each executive 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, 2017 and December 31, 2016 is shown in the table below:

	FINANCIAL YEAR ENDED DECEMBER 31,	
	2017	2016
Ian Meakins(1)		
Compensation in respect of the financial year(2)	€500,000	€125,000
Valuation of the options allocated during the financial year	N/A	N/A
Valuation of the performance shares allocated during the year (4)	N/A	N/A
Total	**€500,000**	**€125,000**
Patrick Berard(3)		
Compensation in respect of the financial year(2)	€1,629,802	€628,969
Valuation of the options allocated during the financial year	N/A	N/A
Valuation of the performance shares allocated during the year (4)	€1,275,000	€927,350
Total	**€2,904,802**	**€1,556,319**
Catherine Guillouard		
Compensation in respect of the financial year(2)	€1,814,570	€1,025,697
Valuation of the options allocated during the financial year	N/A	N/A
Valuation of the performance shares allocated during the year (4) (5)	N/A	€634,962
Total	**€1,814,570**	**€1,660,659**

(1) Ian Meakins was appointed as non-executive Chairman of the Board of Directors from October 1, 2016.
(2) See paragraph 3.2.3 "Individual compensation of corporate officers for the financial year 2017 " of this Registration document.
(3) Patrick Berard was appointed as Chief Executive Officer as of July 1, 2016.
(4) As at the date of allotment.
(5) The shares granted to Catherine Guillouard in 2016 have been lost.

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

	FINANCIAL YEAR ENDED DECEMBER 31,			
	2017		2016	
	DUE	PAID	DUE	PAID
Ian Meakins(1)(7)				
Fixed compensation	€500,000	€500,000	€125,000	€125,000
Variable annual compensation	–	–	–	–
Exceptional compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	–	–	–	–
Total	**€500,000**	**€500,000**	**€125,000**	**€125,000**
Patrick Berard(2)(7)				
Fixed compensation	€650,000	€650,000	€325,000	€325,000
Variable annual compensation(5)(6)	€973,440	€300,788	€300,788	N/A
Exceptional compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	€6,362	€6,362	€3,181	€3,181
Total	**€1,629,802**	**€957,150**	**€628,969**	**€328,181**
Catherine Guillouard(3) (7)				
Fixed compensation	€70,833	€70,833	€500,000	€500,000
Variable annual compensation (4) (5) (6)	€69,487	€313,538	€313,538	€186,352
Medium-term savings scheme contribution (annual and specific contribution)	€28,905	€28,905	€188,143	€188,143
Severance indemnities	€1,627,076	€1,627,076	–	–
Exceptional compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	€18,269	€18,269	€24,016	€24,016
Total	**€1,814,570**	**€2,058,621**	**€1,025,697**	**€898,511**

(1) Ian Meakins was appointed as non-executive Chairman of the Board of Directors from October 1, 2016.
(2) Patrick Berard was appointed as Chief Executive Officer as of July 1, 2016.
(3) Termination of the duties of Catherine Guillouard, Deputy Chief Executive Officer as of February 20, 2017.
(4) Variable compensation due in respect of the financial year ended December 31, 2015 and paid during the financial year ended December 31, 2016.
(5) Variable compensation due in respect of the financial year ended December 31, 2016 and paid during the financial year ended December 31, 2017.
(6) Variable compensation due in respect of the financial year ended December 31, 2017 and which will be paid during the financial year ending December 31, 2018 after prior approval of the shareholders meeting May 24, 2018.
(7) Amount calculated in proportion to the term of the duties exercised.

Table 3 – Table on the attendance fees and other compensation received by the non-executive corporate officers See paragraph 3.2.1 of this Registration document.

Table 4 – Share subscription or purchase options allocated during the financial year to each executive corporate officer by Rexel and any other company of the Rexel Group: Not applicable.

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

Table 6 – Performance shares allocated to each executive corporate officer by the issuer and by any Group company: See paragraphs 3.2.2, 3.2.3 and 3.7.2.6 of this Registration document

Table 7 – Performance shares that became available during the financial year for each executive corporate officer: See paragraphs 3.2.2, 3.2.3 and 3.7.2.6 of this Registration document

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

Table 9 – Subscription or purchase options for shares granted to employees who are not corporate officers, and the options exercised by them during the financial year: Not applicable.

Table 10 – History of allocations of performance shares: See paragraphs 3.2.2, 3.2.3 and 3.7.2.6 of this Registration document.

Table 11 – Summary table relating to employment contracts, specific retirement benefits, severance packages and non-compete clauses: See paragraph 3.2.3 of this Registration document.

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

Fixed, variable and exceptional components making up the total compensation and benefits of all kinds paid or allocated to Ian Meakins, Chairman of the Board of Directors, in respect of the financial year ended December 31, 2017, submitted to the shareholders' approval at the Shareholders' Meeting (7th resolution):

Ian Meakins (Non-executive Chairman of the Board of Directors) for the financial year ended December 31, 2017

COMPENSATION ITEMS DUE OR ALLOTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED	PRESENTATION
Fixed annual compensation	€500,000	The gross fixed annual compensation in respect of the financial year ended on December 31, 2017 determined by the Board of Directors of February 10, 2017 and renewed by the Board of Directors of May 23, 2017, amounts to €500,000. This fixed compensation, determined for the whole term of office, remains unchanged. This compensation has been determined by the Board of Directors in consideration of the French and European market practice, of the strong expertise and experience of Ian Meakins in relation to professional distribution in particular, of his recognized management capacities and of his international experience. See paragraph 3.2.3.1 of this 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 components making up the total compensation and benefits of all kinds paid or allocated to Patrick Berard as Chief Executive officer, in respect of the financial year ended December 31, 2017, submitted to the shareholders' approval at the Shareholders' Meeting (8th resolution):

Patrick Berard (Chief Executive Officer) for the financial year ended December 31, 2017		
COMPENSATION ITEMS DUE OR ALLOTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED	PRESENTATION
Fixed annual compensation	€650,000	The gross fixed annual compensation in respect of the financial year ended on December 31, 2017 determined by the Board of Directors of February 10, 2017, amounts to €650,000. This fixed compensation, determined for the whole term of office, remains unchanged. This compensation has been defined by the Board of Directors based on the career, industry experience and responsibilities of Patrick Berard in this new governance structure, as well as in consideration of the various components of his compensation and of the market practice. See paragraph 3.2.3.2 of this Registration document.
Variable annual compensation	€973,440	The gross variable annual compensation in respect of the financial year ended on December 31, 2017 determined by the Board of Directors of February 13, 2018, amounts to €973,440. The variable compensation was based for 75% on financial criteria (sales growth in volume, adjusted EBITA in volume, and ATWC) and for 25% on individual criteria. Financial performance stood at 135.6% and individual performance stood at 92.5%. This amount thus corresponds to 124.8% of the target variable compensation (the target variable compensation was determined at 120% of the fixed annual compensation), *i.e.* 150% of the fixed compensation for the relevant period. For details on the calculation of the variable compensation for 2017, please see paragraph 3.2.3.2 of this Registration document. In accordance with the provisions of article No. L.225-100 of the French Commercial Code, the payment of the 2017 variable compensation will be subject to the approval of the shareholders' meeting of May 24, 2018.
Exceptional compensation	Not applicable	Patrick Berard does not benefit from any exceptional compensation.
Valuation of benefits in kind	€6,362	Patrick Berard receives benefits in kind in the amount of €6,362, consisting of a company car. See paragraph 3.2.3.2 of this Registration document.

Patrick Berard (Chief Executive Officer) for the financial year ended December 31, 2017		
COMPENSATION ITEMS DUE OR ALLOTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED	PRESENTATION
Valuation of the long-term compensation: allocation of performance shares	€1,275,000	In accordance with authorization granted by Rexel's Shareholders' of May 25, 2016 (resolution No.18), the Board of Directors, at its meeting of May 23, 2017, decided to allot Rexel performance shares. Accordingly, 100,000 shares, fully subject to performance criteria, were allotted to Patrick Berard in 2017. This allotment level corresponds to a full year of exercise of the corporate office of Chief Executive Officer (85,000 performance shares had been allotted in 2016 for a term of office starting as of July 1, 2016). 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%. Such shares represented 0.03% of the share capital and voting rights of Rexel as at December 31, 2017. The specific limitations of allocations for corporate officers have been fulfilled: • the annual value of the performance shares allotted does not exceed 100% of the amount of the annual fixed and variable target compensation for the relevant financial year; and • the number of shares allotted to Patrick Berard has not exceeded 10% of the overall envelope of performance shares allotted to all the beneficiaries. The final vesting of the shares allotted to Patrick Berard is entirely subject to performance conditions, as described in paragraphs 3.2.2, 3.2.3 and 3.7.2.6 of this Registration document.
Severance indemnities	Not applicable	
Non-compete indemnity	Not applicable	
Supplemental retirement plan	No payment	Considering the career of Patrick Berard (born in 1953) and his seniority (he joined the Rexel Group in 2003), the Board of Directors decided on July 1, 2016 not to suspend the supplemental defined-benefit retirement plan, in which Patrick Berard has been maintained in his capacity as an employee prior to accepting the duties of corporate officer. 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 13, 2018 acknowledged the achievement of the performance criteria for the 2017 financial year (the payment level of the variable compensation for 2017 having reached 124.8%). The activity period and the compensation received in respect of the duties of corporate officer over the considered period shall therefore be taken into consideration for the calculation of the contingent rights (within the limitations provided by the retirement plan described in paragraph 3.2.3.2 "Compensation and other benefits of Chief Executive Officer, Patrick Berard, in respect of the financial year 2017" of the Registration document).

Fixed, variable and exceptional compensation components making up the total compensation and benefits of all kinds paid or allocated to Catherine Guillouard as Deputy Chief Executive Officer in respect of the financial year ended December 31, 2017, submitted to the shareholders' approval at the Shareholders' Meeting (9th resolution):

Catherine Guillouard (Deputy Chief Executive Officer) for the financial year ended December 31, 2017 (*prorata* basis)		
ITEMS OF COMPENSATION DUE OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Fixed annual compensation	€70,833	The gross fixed annual compensation in respect of the financial year ended December 31, 2017 determined by the Board of Directors of February 10, 2017, remains unchanged (€500,000 per year) *i.e.* a compensation of €70,833 *prorata* basis from January 1 to February 20, 2017. See paragraph 3.2.3.3 of this Registration document.
Variable annual compensation	€69,487	The target variable compensation, determined for the whole term of office, remains unchanged (*i.e.*, 90% of the fixed compensation). The gross variable annual compensation in respect of the financial year ended December 31, 2017 determined by the Board of Directors based on the financial statements on June 30, 2017 is €69,487 (*prorata temporis*) from January 1 to February 20, 2017. The variable compensation was based for 65% on financial criteria (sales growth in volume, adjusted EBITA in volume, and ATWC) and for 35% on individual criteria. Financial performance stood at 119.3% and individual performance stood at 90% . This amount thus corresponds to 109% of the target variable compensation (the target variable compensation was determined at 90% of the fixed annual compensation), *i.e.* 98% of the fixed compensation. For details on the calculation of the variable compensation for 2017, please see paragraph 3.2.3.3 of this Registration document. The payment of this variable compensation is subject to the approval of the shareholders' meeting of May 24, 2018.
Exceptional compensation	Not applicable	Catherine Guillouard did not benefit from any exceptional compensation.
Medium-term collective savings scheme	€28,905	Catherine Guillouard benefited since 2016 of a medium-term collective savings scheme, which included: • An annual component: a contribution based on the fixed and variable compensation received during the relevant year[1], thus taking into account the yearly performance achieved: – 20% on the portion of compensation ranging between 4 and 20 PASS;[2] – 10% on the portion of compensation ranging between 20 and 40 PASS. In 2017, this contribution amounted, for Catherine Guillouard, to €28,905 (calculation based on reference compensation of €384,371[3], *i.e.*, fixed compensation of €70,833 and variable compensation for 2016 paid in 2017 of €313,538). • An exceptional component in order to take into account the length of service and the restructuring of the compensation policy of the Group's top managers. As such, Deputy Chief Executive Officer Catherine Guillouard was able to benefit from an exceptional contribution of €81,765 per year during 3 years as of 2016, subject to service conditions as at December 31 of each year. No exceptional item has been paid in respect of 2017 (and will not be paid in respect of 2018), since the presence criteria on December 31, 2017 have not been complied with. These contributions are paid by Rexel partly on mid-term investment vehicle (such as life insurance), and partly in cash (in order for the beneficiary to pay for taxes and social contributions due in respect of all of the contribution). See paragraph 3.2.3.3 of this Registration document.
Benefits of any kind	€18,269	Catherine Guillouard received benefits in kind amounting to €1,080, for a company car and €17,189 for executive director's unemployment coverage GSC. See paragraph 3.2.3.3 of this Registration document.

<table>
<tr><th colspan="3">Catherine Guillouard (Deputy Chief Executive Officer) for the financial year ended December 31, 2017 (prorata basis)</th></tr>
<tr><th>ITEMS OF COMPENSATION DUE OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR ENDED</th><th>AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE</th><th>PRESENTATION</th></tr>
<tr><td>Valuation of the long-term compensation: allocation of performance shares</td><td>Not applicable</td><td>Catherine Guillouard has not benefited from any allocation of performance shares in 2017.
The performance shares allotted previously and vested as at the date of departure of Catherine Guillouard from the group have been lost (2015 and 2016 performance share plans).
See paragraph 3.2.3.3 of this Registration document.</td></tr>
<tr><td>Severance indemnities</td><td>€1,627,076</td><td>The Board of Directors of Rexel, upon its meeting of February 20, 2017, decided to terminate the duties of the Deputy Chief Executive Officer, effective from such date. This decision has followed a difference of views in respect of the implementation of the new strategic orientations of Rexel presented at the Capital Markets Day of February 13, 2017.
The Board of Directors' meeting of February 20, 2017 having acknowledged that the criteria related to the payment of the severance indemnity had been met (forced departure event, linked to a change of control or strategy); and having acknowledged the achievement of the associated performance criteria; decided the payment of a gross severance indemnity corresponding to 24 months of the Monthly Reference Compensation (i.e. the last gross fixed annual compensation plus the amount of the variable gross compensation received for the last financial year, excluding any other additional or exceptional compensation, the total being divided by 12).
This severance indemnity thus amounts to a gross amount of €1,627,076. This amount includes any statutory severance indemnity or severance indemnity pursuant to the applicable collective bargaining agreement or non-compete indemnity in respect of the termination of the employment agreement of Catherine Guillouard:
<table>
<tr><th colspan="2">CALCULATION OF THE REFERENCE COMPENSATION FOR THE PURPOSES OF THE SEVERANCE INDEMNITY</th></tr>
<tr><td>Annual fixed compensation</td><td>€500,000</td></tr>
<tr><td>Variable compensation paid in respect of the last financial year (2016)</td><td>€313,538</td></tr>
<tr><td>Annual total</td><td>€813,538</td></tr>
<tr><td>Monthly reference compensation (/12)</td><td>€67,795</td></tr>
<tr><td>24 months of monthly reference compensation</td><td>€1,627,076</td></tr>
</table>
Reminder concerning the conditions of performance in connection with the severance indemnity (excluding the statutory severance indemnity or severance indemnity pursuant to the applicable collective bargaining agreement and non-compete indemnity), determined by the Board of Directors:
• the payment of 60% of the indemnity depends on the level of EBITA of the Rexel Group (assessed over 2 financial years); and
• the payment of 40% of the indemnity depends on the level of ATWC (average trading working capital) requirements of the Rexel Group (assessed over 2 financial years).
The criteria for the payment of 100% of the severance indemnity have been met.
This severance indemnity complies with the guidelines of the AFEP-MEDEF Code (see paragraph 3.2.3.3 of this Registration document).</td></tr>
<tr><td>Non-compete indemnity</td><td>Non-compete indemnity included in the severance indemnity</td><td>Non-compete indemnity is included in the severance indemnity.</td></tr>
<tr><td>Supplemental retirement plan</td><td>Not applicable</td><td></td></tr>
</table>

(1) The variable portion taken into consideration is limited in any case to 80% of the fixed annual reference compensation.
(2) Annual Social Security limit *(Plafond Annuel de la Sécurité Sociale)*.
(3) PASS *prorata temporis*.

3.3 RELATED PARTY TRANSACTIONS

3.3.1 Main related-party transactions

The material agreements entered into between Rexel and related parties, *i.e.* the members of Rexel's executive management, of Rexel's 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, 2017, relate to the compensation of executive 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 26 of the consolidated financial statements of the Company for the year ended December 31, 2017 which are set out in section 5.2 "Consolidated Financial Statements" of this Registration document.

3.3.1.1 Compensation of Executive Corporate Officers

Medium-term collective savings scheme

Upon its meetings of April 28 and November 22, 2016, the Board of Directors authorized the setting up, as from 2016, of a midterm collective savings scheme. This scheme was approved by the Shareholders' Meeting of May 23, 2017.

This scheme is further described in detail in paragraphs 3.2.2 "Compensation policy applicable to corporate officers for the financial year 2018 submitted to the approval of the shareholders (article L.225-37-2 of the French Commercial Code)" and 3.2.3 "Individual compensation of corporate officers for the financial year 2017" of this Registration document.

Catherine Guillouard, in her capacity of Deputy Chief Executive Officer, benefited from this scheme. Catherine Guillouard ended her duties as Deputy Chief Executive Officer on February 20, 2017. For the financial year ended December 31, 2017, Catherine Guillouard received €28,905 (paid half in cash, and half on a mid-term investment scheme). No other member of the executive management or Directors of Rexel benefits from the scheme.

Supplemental defined-benefit retirement plan

The Board of Directors of February 10, 2016 authorized the closing of the undertakings granted by Rexel to the benefit of Catherine Guillouard, Deputy Chief Executive Officer, under the supplemental defined-benefit retirement plan opened on July 1, 2009. This closure was approved by the shareholders meeting of may 25, 2016. The terms and conditions of the supplemental defined-benefit retirement plan (within the meaning of article L.137-11 of the French Social security Code) implemented by Rexel had been authorized by the Supervisory Board of Rexel on March 30, 2009.

This scheme is further described in detail in paragraphs 3.2.2 "Compensation policy applicable to corporate officers for the financial year 2018 submitted to the approval of the shareholders (article L.225-37-2 of the French Commercial Code)" and 3.2.3 "Individual compensation of executive corporate officers for the financial year 2017" of this Registration document.

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 accepting his duties 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 scheme was approved by the Shareholders' Meeting of May 23, 2017.

At the closing of the 2017 financial year, the yearly amount of the retirement of the Chief Executive Officer under the plan was estimated at approximately €172,000. 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 is 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, 2017.

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

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

Patrick Berard

The Board of Directors decided not to grant to Patrick Berard any severance indemnity resulting from the termination of his duties as Chief Executive Officer of the 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).

Catherine Guillouard

Catherine Guillouard benefited from a severance indemnity subject to performance conditions that was the purpose of decisions of the Board of Directors on May 22, 2014, February 11, 2015, and February 10, 2016, which was approved by the shareholders meeting of May 27, 2015 and of May 25, 2016. This severance indemnity was renewed by the Board of Directors on June 23, 2016, further to the renewal of the term of office of Catherine Guillouard as Deputy Chief Executive Officer and approved by the shareholders meeting of May 23, 2017.

Catherine Guillouard ended her duties as Deputy Chief Executive Officer on February 20, 2017. In this context, Catherine Guillouard received the indemnity described in paragraph 3.2.3.3 “Compensation and other benefits of Deputy Chief Executive Officer Catherine Guillouard” of this Registration document which amounted to €1,627,076.

3.3.1.2 Relations within the Rexel Group

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

- A long-term facility agreement between Elektro-Material AG and Rexel, entered into on July 1, 2013;
- A long-term facility agreement between Rexel Sverige AB (formely Svenka Elgrossist AB Selga) and Rexel, entered into July 1, 2013;
- A long-term facility agreement between Elektroskandia Norway Holding AS and Rexel, entered into on September 1, 2013; and
- A tax integration agreement entered into on May 9 and May 24, 2012, April 28, 2014, April 20, 2015, February 8 and February 14, 2017 between Rexel and each of the companies included in the tax integration perimeter of the Rexel Group constituted on January 1, 2005 under the conditions and forms required under Article 223 A *et seq.* of the French general tax Code.

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

3.3.2 Agreements between the executives or shareholders of Rexel and Rexel’s subsidiaries

The agreements entered into between, on the one hand, the Chief Executive Officer or, one of the directors of Rexel or one of its shareholders holding more than 10% of the share capital of Rexel and, on the other hand, companies in which Rexel holds, directly or indirectly, more than half of the share capital, include the following agreement:

- The employment agreement between Patrick Berard and Rexel Développement, suspended since July 1, 2016 (see paragraph 3.2 “Compensation of corporate officers” of this Registration document).

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

3.3.3.1 Special report of the Statutory Auditors in relation to the related party agreements for 2017

Rexel S.A.
13, boulevard du Fort de Vaux – CS 60002 – 75838 Paris Cedex 17 – France
Share capital: €1,516,715,885

This is a free translation into English of the Statutory Auditors' report on related party agreements and commitments issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Statutory Auditors' Report on related party agreements and commitments

(Shareholders' Meeting for the approval of the financial statements for the year ended December 31, 2017)

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms, conditions and the reasons for the company's interest of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-31 of the French Commercial Code *(Code de commerce)*, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code *(Code de commerce)* in relation to the implementation during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the financial year

We inform you that we have not been advised of any agreements and commitments authorised in the year ended 2017 that would require Shareholders' meeting approval, under the terms of article L.225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved during the financial year

We have been informed that the following agreements and commitments, previously approved by the Shareholders' Meeting of May 23, 2017 based on the Statutory Auditors' Special Report of March 30, 2017, have been implemented during the year.

1. Set up of a medium-term collective savings scheme, taken to the benefit of Ms Catherine Guillouard, the Deputy Chief Executive Officer (until February 20, 2017), including a yearly contribution and an exceptional contribution

Related party

Ms Catherine Guillouard, in her capacity of Deputy Chief Executive Officer of Rexel S.A., until February 20, 2017.

Nature and purpose

The Boards of Directors of April 28, 2016 and November 22, 2016 authorized the setting up of a medium-term collective savings scheme. This scheme is notably taken to the benefit of the Deputy Chief Executive Officer of Rexel S.A.

This scheme includes:

- A yearly component, a contribution based on the fixed and variable compensation received the relevant year, thus taking into account the annual performance achieved:
  - 20% on the portion of compensation ranging from 4 to 20 PASS "the Annual Social Security limit" *(Plafond Annuel de la Sécurité Sociale)*
  - 10% on the portion of compensation ranging from 20 to 40 PASS "the Annual Social Security limit" *(Plafond Annuel de la Sécurité Sociale)*.

- An exceptional contribution in order to take into account the restructuring of the components of the compensation of the Group's top managers concerned. In such respect, Ms Catherine Guillouard is able to benefit from an exceptional contribution of €81,765 per year for 3 years as from 2016, subject to attendance conditions at December 31 each year. This specific contribution was calculated in accordance with the same rules as those described for the annual component of the scheme, based on the compensation received by Ms Catherine Guillouard since the beginning of her term of office.

Conditions

Ms Catherine Guillouard is committed to retaining the contributions paid by Rexel S.A. to a medium-term investment vehicule for at least 8 years.

In 2017, the annual contribution amounted, for Catherine Guillouard, to €28,905 based on the compensation received in 2017. This amount has been half paid (€14,452.50) through an investment support such as life insurance (with AXA France Vie) and half paid (€14,452.50) in cash in order to discharge income and social taxes on the totality of the annual component.

Regarding the exceptional contribution, the two payments for €81,765 subject to attendance as at December 31, 2017 and December 31, 2018, will not be paid, since the termination of the duties of Catherine Guillouard, Deputy Chief Executive Officer as of February 20, 2017.

2. Commitment taken to the benefit of Ms Catherine Guillouard, Deputy Chief Executive Officer of Rexel S.A. (until February 20, 2017), in case of termination of duties

Related party

Ms Catherine Guillouard, in her capacity of Deputy Chief Executive Officer of Rexel S.A., until February 20, 2017.

Nature and purpose

The Board of Directors of June 23, 2016 approved the same terms of the benefit of Ms Catherine Guillouard for 2016 as that authorized by the Board of Directors on May 22, 2014, February 11, 2015 and February 10, 2016 and approved by the Shareholders' meetings on May 27, 2015 and May 25, 2016, providing for the payment of compensation items due or likely to be due as a termination of the duties and the attached conditions of performance, as detailed in the paragraph "Agreements and commitments already approved by the Shareholders' meeting" of this report.

Conditions

The Board of Directors on February 20, 2017 decided to terminate the duties of Ms Catherine Guillouard as Deputy Chief Executive Officer, effective February 20, 2017 and decided the payment of severance indemnity of €1,627,076, in Rexel S.A. and Rexel Developpement S.A.S. accounts in 2017. This amount includes the statutory severance indemnity and the severance indemnity pursuant to the applicable collective bargaining agreement and the non-compete indemnity in respect of the termination of the employment agreement of Catherine Guillouard.

Furthermore, we have been informed that the following agreements and commitments, previously approved by the Shareholders' Meeting of May 23, 2017, have not been implemented during the financial year.

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

Related party

Mr Patrick Berard, in his capacity of Chief Executive Officer of Rexel S.A. (since July 1, 2016) and Director (since May 23, 2017).

Nature and purpose

Mr Patrick Berard, as employee of Rexel Developpement, used to benefit from an additional defined-benefit pension plan. Patrick Berard's employment contract is suspended during the exercise of his duties as Chief Executive Officer of the company.

The Board of Directors of July 1, 2016 decided to maintain the benefit of the additional defined-benefit retirement scheme for Mr Patrick Berard, Chief Executive Officer of Rexel S.A., during the period of exercise of his corporate office.

Conditions

The contingent rights that may be acquired by Mr Patrick Berard in respect of his duties as Chief Executive Officer in connection with this scheme would only be granted subject to the achievement of the annual performance conditions.

The performance criteria determined by the Board of Directors have been aligned with those of the annual variable portion of the Chief Executive Officer (financial portion and individual portion). The annual performance criteria shall be considered as satisfied if the payment level of the annual variable portion reaches at least 60% of the target variable portion.

Thus, in case of annual performance criteria satisfied:

- activity period as Chief Executive Officer should be taken into consideration for the calculation of seniority;
- compensation received in respect of the duties of Chief Executive Officer shall be taken in consideration to calculate the additional pension equal to the average of the three highest calendar years of gross compensation.

The additional pension under this plan is equal to the product of the reference compensation, the years of seniority and an annual acquisition factor described above:

- before July 1, 2009 (regime 1), 2.5% per year of service;
- from July 1, 2009 (regime 2), 1.00% per year of service for the range between 4 and 20 PASS ("the Annual Social Security limit") and 0.5% per year of service for the range between 20 and 40 PASS.

The reference compensation used to calculate the additional pension is equal to the average of the three highest calendar years of gross compensation received for the period in which the potential beneficiary can justify seniority and eligibility.

This commitment was not executed for the financial year ended December 31, 2017.

Paris-La Défense and Neuilly-sur-Seine, April 3, 2018

The Statutory Auditors
French original signed by

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

3.3.3.2 Special reports of the Statutory Auditors in relation to the related party agreements for 2016 and 2015

The special reports of the statutory auditors of Rexel in relation to the related party agreements for the financial year ended December 31, 2016, and December 31, 2015, are set out in the Registration document filed with the *Autorité des marchés financiers* on March 31, 2017, under number D.17-0272, and in the Registration document filed with the *Autorité des marchés financiers* on April 7, 2016, under number D.16-0299.

3.4 INSIDER TRADING POLICY

Following the transformation of Rexel into a *société anonyme* with a Board of Directors, Rexel adopted on May 22, 2014, and updated on February 10, 2017, its Insider trading policy (the "Policy"), initially adopted in 2007, in order to comply with the general rules of the French financial markets authority ("AMF"). The purpose of the Policy is to specify the applicable regulations in respect of security transactions and of compliance with the rules concerning market abuse and, in particular, insider trading.

This Charter is available on the website of the Rexel (www.rexel.com).

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

3.5 IMPLEMENTATION OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES – PARAGRAPH 27.1

Rexel refers to the corporate governance principles of listed companies set out in the corporate governance code (the Afep-Medef Code) established by the *Association française des entreprises privées* (Afep) and the *Mouvement des entreprises de France* (Medef).

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

Rexel believes that it complies with the corporate governance principles as defined in the Afep-Medef Code, to the extent that such principles are compatible with the organization, size and means of the Rexel Group, with the following exceptions:

AFEP-MEDEF GUIDELINES	REXEL GROUP PRACTICE AND EXPLANATIONS
Allocation of attendance fees to corporate officers (guideline 20.1) The terms of allocation of such compensation must take into account effective participation of the directors in the board and the committees, and thus include a prevailing variable part.	The Board of Directors of February 13, 2018, confirmed that independently from their capacity of Director, each Director is also member of one or two committees with the exception of Patrick Berard, due to his capacity as Chief Executive Officer. Also, the directors, many of whom reside abroad, make themselves largely available to attend the various meetings of the Board of Directors and of the Committees. Thus, in 2017, the Board of Directors has met 12 times, the Audit and Risk Committee 4 times, the Nomination and Compensation Committee 5 times, and after the split of such committee, of the Nomination Committee met on 2 occasions, and the Compensation Committee met on 3 occasions. The Board of Directors has consequently estimated not necessary to modify the variable part of the fees that already takes into account of the effective attendance of the Directors to the committees.
Termination of the employment agreement in case of corporate mandate (guideline 21) It is recommended, that a manager who becomes an officer of the company should terminate his employment agreement with Rexel or a company of the group, either by way of settled termination, or by resignation.	The Nomination and Compensation Committee recommended that the employment agreement entered into between Rexel Développement SAS and Patrick Bérard, 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 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 26, 2017.

3.6.1 Corporate purpose (article 3 of the by-laws)

Rexel's main purpose is to engage in the following business activities, directly or indirectly, in France and abroad:

- To acquire, hold, manage and, if applicable, sell or assign shares, any other tradable securities and any other equity interests in any French or foreign company or group, whether publicly traded or privately held;
- To provide services to such companies or groups by detaching personnel or otherwise, in particular to provide all advice and assistance in their respective organization, investments and financing, and to coordinate their policies in the areas of development, product range, procurement and distribution;
- To acquire, hold, manage and, if applicable, sell or assign any industrial or intellectual property rights and all processes directly or indirectly related to the aforesaid purposes, and to secure or grant licenses for such rights;
- and more generally, to carry out any transactions, in particular industrial, business, financial, stock market, civil, real property and other property transactions that are directly or indirectly related to the purposes of Rexel described above or to purposes that are similar or connected or likely to facilitate such purposes, in particular by way of lending or borrowing or granting guarantees and security interests covering its obligations or those of affiliated companies.

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

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

Membership (article 14 of the by-laws)

1. The Board of Directors is made up of a minimum of five members and a maximum of fifteen members, subject to the exceptions provided for by law in the event of a merger.

During the Company's lifetime, Directors are renewed or reappointed by the ordinary shareholders' meeting.

2. They are appointed for a maximum term of four years.

However, the first Directors who were appointed by the shareholders' meeting of May 22, 2014 and who were members of Rexel's Supervisory Board on the date of the shareholders' meeting of May 22, 2014, were appointed for a term equal to the remainder of their term of office as member of Rexel's Supervisory Board.

The term of office of a Director expires at the end of the ordinary shareholders' meeting convened to approve the financial statements for the previous financial year and held during the year in which the term of office of such director is due to expire.

The Board of Directors is renewed in quarters, rounded up to the nearest whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office is determined by unanimous decision of the Directors present or represented or, if unanimity cannot be reached, by random draw. The mandate of the persons so designated lapse on the date set by the unanimous decision of the Board of Directors or on the date set by the Chairman of the Board of Directors before the draw. The renewal of Directors is then carried out in the order of the length of service.

Directors are always eligible for renewal.

They may be dismissed at any time by the ordinary shareholders' meeting.

No individual exceeding 70 years of age may be appointed as director where such appointment would raise the number of directors over 70 years of age to more than one-third.

3. Where, at the close of a financial year, the portion of share capital held – under article L.225-102 of the French Commercial Code – by the employees of Rexel and of its affiliated companies within the meaning of article L.225-180 of such Code, is above 3%, a director representing the employee shareholders is appointed by the shareholders' meeting in accordance with the terms and conditions of the laws and regulations in force and of the by-laws, to the extent the Board of Directors does not already include an employee shareholder and director, or elected employee director.

The candidates for appointment as employee shareholder director are appointed as follows:

a) Where the voting right attached to the shares held by the employees or by the mutual funds of which they are a member is exercised by the members of the Supervisory Board of such mutual funds, the candidates are appointed by such board from among its members; and

b) Where the voting right attached to the shares held by the employees (or by the mutual funds of which they are a member) is directly exercised by such employees, the candidates are appointed at the time of the consultation provided under article L.225-106 of the French Commercial Code, either by the employee shareholders in a special meeting called for this specific purpose, or pursuant to a written consultation. Only those candidacies presented by a group of shareholders representing at least 5% of the shares held by the employees who exercise their voting right in their personal capacity are admissible.

4. The directors may be individuals or legal entities. Any legal entities must, at the time of their appointment, appoint a Permanent Representative who is subject to the same conditions and obligations and who incurs the same liability as if he/she were a director in his/her own name, without prejudice to the joint and several liability of the legal entity he/she represents. This office of Permanent Representative is concurrent with the term of office of the legal entity that he/she represents. It must be renewed each time the term of office of the legal entity comes up for renewal.

Should the legal entity dismiss its representative, it must notify Rexel thereof without delay, by registered mail, and of the identity of its new Permanent Representative. The same shall also apply in the event of the death, resignation or disability of the Permanent Representative.

5. Should one or more seats on the Board of Directors become vacant between two shareholders' meetings, as a result of the death or resignation of members, the Board of Directors may co-opt one or more persons to serve as interim members.

Any cooption of directors by the Board of Directors is subject to ratification by the shareholders at the next ordinary shareholders' meeting.

The resolutions adopted and actions carried out by the coopted directors shall be valid notwithstanding the absence of ratification.

Should the number of directors fall to less than three, the Board of Directors shall immediately convene an ordinary shareholders' meeting to bring the number of directors up to the required minimum.

A Director who is appointed to replace another Director shall remain in office only for the remainder of his predecessor's term.

6. No person may be appointed as Director unless he/she complies with the rules on combining offices, conflicts of interests and disqualification or prohibitions as provided by law.

The number of directors who are linked to Rexel by an employment agreement may not exceed one third of the directors in office.

7.1 In accordance with Article L.225-27-1 of the French Commercial Code, the Board of Directors includes one or two directors representing the employees of the Group, to be appointed as follows.

When the number of directors, calculated in accordance with the law, is below or equal to twelve, the Board of Directors shall include a director representing the employees appointed by the trade union having obtained the large number of votes in the first round of the elections referred to in Articles L.2122-1 and L.2122-4 of the French labor 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 in accordance with the provisions of Article L.225-34 of the French Commercial Code.

7.2 The term of office of the employee Directors shall be of four years.

The duties of the Director appointed pursuant to article L.225-27-1 of the French Commercial Code shall expire at the end of the ordinary shareholders' meeting called to approve the financial statements of the previous financial year, held in the year during which his or her term of office expires.

In addition, their term of office shall cease *ipso jure* when these employee representatives no longer meet the eligibility criteria provided for in Article L.225-28 of the French Commercial Code, or in case of termination of their employment agreement in accordance with Article L.225-32 of such code.

The decrease to twelve or less than twelve of the number of Directors appointed by the general Shareholders' Meeting does not affect the term of office of all of the employee representatives within the Board of Directors, which shall expire upon the end of its normal term.

7.3 The provisions of article 15 of these by-laws do not apply to the directors representing the employees who are not obliged to hold a minimum number of Rexel shares.

7.4 In the event that the obligation of appointment of one or several directors representing the employees pursuant to Article L.225-27-1 of the French Commercial Code becomes void, the corporate office of the director(s) representing the employees within the border directors would cease upon the end of its term.

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

For their whole term of office, the Directors must hold at least one thousand (1,000) Rexel shares. If, at the date of his/her appointment, a Director does not hold the required number of shares, or if, during the course of his/her term of office, he/she ceases to hold such number of shares, he/she shall be deemed to have resigned from his/her duties unless he/she takes the necessary steps within the time requirements of applicable law and regulations.

Chairman of the Board of Directors – Deputy Chairman of the Board of Directors – Officers of the Board of Directors (article 16 of the by-laws)

1. The Board of Directors elects from among its members who are individuals a Chairman and, as the case may be, a Deputy Chairman who shall serve in this capacity for the duration of their term of office as directors, unless the Board of Directors decides to appoint a new Chairman and, as the case may be, a new Deputy Chairman.

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

The Chairman of the Board of Directors represents the Board of Directors. The Chairman calls meetings of the Board of Directors and organizes and conducts the work of the Board of Directors and reports on such works to the shareholders' meeting. The Chairman sees to the proper operation of Rexel's bodies and, in particular, makes sure that the directors are able to discharge their duties.

Subject to complying with the provisions of the laws and regulations, the Chairman is always eligible for reappointment.

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

The Deputy Chairman may also perform the functions of Senior Independent Director. The senior independent director's functions are defined in the Rules of Procedure of the Board of Directors.

As an exception to the foregoing, the appointment of a Deputy Chairman is mandatory where the functions of Chairman of the Board of Directors and of Chief Executive Officer are exercised by the same person; in such case, the Deputy Chairman shall also perform the functions of senior independent director.

Subject to complying with the provisions of the laws and regulations, the Deputy Chairman is always eligible for reappointment.

4. The Board of Directors also appoints a secretary who is not required to be a Director and who serves as an officer of the Board, alongside the Chairman and the Deputy Chairman. In secretary's absence, the Board of Directors appoints one of its members or a third party to discharge the secretary's duties.

5. The Board of Directors is chaired by the Chairman or, in the Chairman's absence, by the Deputy Chairman or, in the Deputy Chairman's absence, by a director chosen by the Board at the beginning of the meeting.

Deliberations of the Board of Directors (article 17 of the by-laws)

1. The Board of Directors meets whenever the best interests of Rexel so require, and at least once every quarter, at meetings convened by its Chairman or Deputy Chairman.

Unless otherwise agreed by all Directors, meeting notices must be given in writing, including by fax or e-mail, at least three (3) days before the date of the meeting, together with the agenda of the meeting and all documents that have been prepared for submission to the Board of Directors. However, when all Directors are present or represented at a meeting (including if they are participating or represented during a telephone or videoconference), the meeting may be held without prior notice and without observing such three (3) day notice period.

Meetings are held at the registered office or at any other place specified in the notice of meeting.

However, if the Board of Directors has not met in more than two months, a group of Directors representing at least one third of the directors in office may request the Chairman to call a meeting of the Board of Directors on a given agenda. In all other cases, the agenda is determined by the Chairman and must be mentioned in the meeting notice.

2. The Board of Directors is duly convened only if a quorum consisting of at least half of its members is in attendance.

Decisions are approved by a majority of votes of the members present or represented; each Director has one vote and may not represent more than one fellow director.

In accordance with the applicable regulations, the Board of Directors shall draw up the Rules of Procedure defining the methods of participating and voting at Board meetings held by videoconference or any other forms of telecommunication.

If allowed by the Rules of Procedure of the Board of Directors, Directors who participate in Board meetings by videoconference or any other forms of telecommunication shall be deemed be present for the purpose of calculating the quorum and majority, in accordance with the Rules of Procedure.

In the event of a tie, the Chairman of the meeting has a casting vote, if and only if the Board of Directors comprises an even number of Directors in office and only at meetings chaired by the Chairman of the Board of Directors.

3. An attendance register is kept and signed by the Directors who attend the Board meeting; such register must show the name of any directors who attended the meeting by videoconference or other forms of telecommunication.

4. The deliberations of the Board of Directors are recorded in minutes, which are drawn up in accordance with applicable law and signed by the Chairman of the meeting and at least one Director or, if the Chairman is unavailable, by at least two Ddirectors.

Copies or excerpts of these minutes are certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officers, the director temporarily acting as Chairman or an authorized representative.

Powers of the Board of Directors (article 18 of the by-laws)

1. The Board of Directors defines Rexel's business orientations and sees to their implementation. Subject to the powers expressly assigned to the shareholders' meetings and within the scope of the corporate purpose, it handles matters relating to the proper operation of Rexel and settles Rexel's affairs through its deliberations.

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

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

Each Director receives all information required for the performance of his/her functions and may obtain copies of any and all documents it deems useful from the Chairman.

2. The Board of Directors grants the Chief Executive Officer the prior authorization to grant sureties, endorsements and other guarantees, to sell real property, to dispose of equity interests, in whole or in part, and to grant security interests.

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

4. The Board of Directors may entrust one or more of its members or third parties who need not be shareholders with special mandates for one or more specific purposes.

5. The Board of Directors may, from among its members, appoint one or more special committees which operate under its responsibility, and determines their membership and responsibilities.

The rules of operation of such committees are determined by the Rules of Procedure of the Board of Directors and, as the case may be, detailed in the rules of procedure drawn up by each committee and approved by the Board of Directors.

Observers (censeurs) (article 21 of the by-laws)

The Board of Directors may appoint up to three observers *(censeurs)*. The observers are called to attend and participate in Board meetings in an advisory capacity. They may be members of the committees created by the Board of Directors.

They need not be chosen from along the shareholders and may receive compensation determined by the Board of Directors.

The observers are appointed for a maximum term of four years. The observers may always be renewed in office. The duties of the observers may be terminated at any time.

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

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

The Board of Directors elects one of the aforementioned two forms of executive management by majority decision as described in article 17 §2 of the by-laws. The shareholders and third parties are informed of such election in accordance with the rules provided by law.

This form of executive management remains valid until another decision is made, in accordance with the same rules.

The change in Rexel's executive management method does not entail any changes to the by-laws.

2. Where the Company's executive management is performed by the Chairman, the provisions of the laws and regulations and of the by-laws in relation to the Chief Executive Officer apply to the Chairman, who then bears the title of Chairman and Chief Executive Officer.

Where the Board of Directors elects to dissociate the functions of Chairman of the Board of Directors from the Company's executive management, the Board appoints the Chief Executive Officer and determines the Chief Executive Officer's term of office and scope of powers, in accordance with the law and the by-laws. The Board of Directors' decisions limiting the Chief Executive Officer's powers are ineffective vis-a-vis third parties.

To perform his/her functions, the Chief Executive Officer must be less than 68 years of age. If the Chief Executive Officer reaches the age of 68 while in office, such functions automatically lapse and the Board of Directors appoints a new Chief Executive Officer. The Chief Executive Officer however remains in office until the date of the meeting of the Board of Directors held to appoint his/her successor. Subject to the aforementioned age limit, the Chief Executive Officer is always eligible for reappointment.

The Chief Executive Officer may be dismissed at any time by the Board of Directors.

In the event of temporary unavailability of the Chief Executive Officer, the Board of Directors may appoint a director to perform the functions of Chief Executive Officer.

3. The Chief Executive Officer is vested with the broadest powers to act in the name of Rexel, in all circumstances. The Chief Executive Officer exercises such powers within the scope of the corporate purpose and subject to the powers which the law expressly assigns to the shareholders' meetings and the Board of Directors. He/she represents the Company in its relationships with third parties.

The Chief Executive Officer may request the Chairman to call a meeting of the Board of Directors on a given agenda.

If the Chief Executive Officer is not also a Director, he/she may attend Board meetings in an advisory capacity.

4. On a proposal from the Chief Executive Officer, the Board of Directors may appoint up to a maximum of five private persons to assist the Chief Executive Officer and bearing the title of Deputy Chief Executive Officer; the Board of Directors determines the scope and term of their powers, it being understood that, vis-a-vis third parties, the Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

The Deputy Chief Executive Officer(s) may be dismissed at any time by the Board of Directors, on a proposal from the Chief Executive Officer.

In the event of unavailability or termination of the functions of the Chief Executive Officer, unless the Board of Directors decides otherwise, the Deputy Chief Executive Officer(s) retain their functions and powers until a new Chief Executive Officer is appointed.

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

3.6.2.3 Compensation of the directors, Chairman, Chief Executive Officer, Deputy Chief Executive Officer and officers of the Board of Directors (article 20 of the by-laws)

1. The ordinary shareholders' meeting may allocate a fixed annual amount, in lieu of attendance fees, to the Directors as compensation for their activities; such amount is included in the operating expenses of Rexel and remains in effect until the shareholders' meeting decides otherwise.

The Board of Directors allocates this compensation among the Directors as it deems fit.

2. The compensation of the Chairman of the Board of Directors, of the Chief Executive Officer and of the

Deputy Chief Executive Officers is determined by the Board of Directors. Such compensation may be fixed or proportional, or both fixed and proportional.

3. The Board of Directors may allot exceptional compensation for special missions or duties assigned to Directors; any such compensation is recorded as operating expenses and is subject to approval by the ordinary shareholders' meeting in accordance with the procedure set forth in Articles L.225-38 to L.225-42 of the French Commercial Code.

4. The Board of Directors may authorize the reimbursement of travel and other expenses incurred by its members in the best interest of Rexel.

No compensation other than that provided herein, whether permanent or temporary, may be allocated to the Directors, unless they are linked to Rexel by an employment agreement under the conditions authorized by law.

3.6.2.4 Agreements entered into by Rexel with its shareholders or managers (article 22 of the by-laws)

Any agreement entered into between Rexel and its shareholders or any one of them, or between Rexel and its managers or any one of them, in each case whether directly or through an intermediary, is subject to the applicable procedure as defined by law.

The foregoing provisions do not apply to agreements relating to ordinary transactions entered into on arms' length terms. However, each interested party is required to notify such agreements to the Chairman of the Board of Directors, who then forwards the list and purpose of such agreements to the Directors and to the Statutory Auditors, on or before the date of the meeting of the Board called to approve the financial statements for the previous financial year.

3.6.2.5 Liability (article 23 of the by-laws)

The Directors and the Chief Executive Officer are individually or, as the case may be, jointly and severally liable towards Rexel and third parties for any breach of the provisions of the laws and regulations applying to *sociétés anonymes* or of the provisions of the by-laws, and for their personal negligence in the performance of their duties, in accordance with the provisions of the law.

3.6.3 Rights and obligations attached to the shares (articles 8, 9, 11, 12 and 13 of the by-laws)

Payment of shares (article 8 of the by-laws)

Shares subscribed for in cash are issued and paid-up under the terms and conditions provided for by law.

Form of the shares (article 9 of the by-laws)

The Rexel shares may be in registered or bearer form, at the shareholder's discretion, notwithstanding certain legal or regulatory provisions that may in certain cases require that the shares be in registered form.

The Rexel shares are registered on a securities account under the terms and conditions provided for by law.

Sale and transfer of shares (article 11.1 of the by-laws)

The shares are freely tradable, notwithstanding any legal or regulatory provisions to the contrary. They are transferred between accounts under the terms and conditions provided for by law.

Rights and obligations attached to the shares (article 12 of the by-laws)

1. Each share grants rights to a share of ownership in the corporate assets and in the distribution of profits, which is proportional to the percentage of the share capital that it represents.

Each share also gives its holder the right to vote and to be represented at shareholders' meetings under the terms and conditions provided for by law and by the by-laws.

2. Shareholders are responsible for the company's liabilities only up to the amount of their contributions.

The rights and obligations attached to the shares remain attached thereto irrespective of the transferee.

Owners of shares are automatically bound by the by-laws and by any decisions of the shareholders' meetings.

3. Whenever more than one share is required to exercise a particular right, in the event of a share exchange, consolidation or allotment, or as a result of an increase or reduction in share capital, or in the event of a merger or other transaction involving the share capital, shareholders who own only one share or who do not own the minimum number of shares required may at their own initiative consolidate their shares for the purpose of exercising said right, or buy or sell the requisite number of shares.

Indivisibility of the shares – Legal ownership *(nue-propriété)* – Beneficial ownership *(usufruit)* (article 13 of the by-laws)

The shares are indivisible with regard to Rexel.

The co-owners of split shares must be represented vis-à-vis Rexel by only one of the co-owners or by a single representative. If no agreement can be reached concerning the appointment of a representative, such representative shall be appointed by order of the President of the commercial court acting at the request of the first owner to take the initiative to refer the matter to such court.

Voting rights attached to shares belong to the beneficial owner *(usufrutier)* at ordinary meetings and to the legal owner *(nu-propriétaire)* at extraordinary meetings.

3.6.4 Changes to Shareholders' rights

Insofar as the by-laws contain no specific provisions covering changes to shareholders' rights attached to shares, such changes are subject to the provisions of the law.

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

3.6.5.1 Shareholders' meetings (article 25 of the by-laws)

Shareholders' decisions are made at shareholders' meetings, which are either ordinary, extraordinary or special meetings depending on the type of decision on which the shareholders are requested to vote.

Any duly convened shareholders' meeting represents all the shareholders.

Decisions made in shareholders' meetings are binding upon all shareholders, including those who are absent, incapacitated or dissenting.

3.6.5.2 Notices of meetings (article 26 of the by-laws)

Shareholders' meetings are called by the Board of Directors or by any person authorized by the law for such purpose, within the time periods and in accordance with the conditions set forth by law.

Shareholders' meetings are held at the company's registered office or at any other location indicated in the meeting notice.

3.6.5.3 Agenda (article 27 of the by-laws)

1. The agenda of shareholders' meetings is set by the party that convened the meeting.

2. Shareholders, at a shareholders' meeting, may not deliberate on a matter that is not referred to in the agenda, which cannot be amended upon serving a second notice. They may, however, under any circumstances, dismiss one or more Directors and appoint their replacements.

3.6.5.4 Access to shareholders' meetings (article 28 of the by-laws)

1. The right to participate in shareholders' meetings is subject to the registration or recording of the shares within the conditions and deadlines set out by the regulations in force.

2. A shareholder may be represented by another shareholder, by his or her spouse or by his or her civil solidarity pact (PACS) partner.

Furthermore, a shareholder may be represented by any other legal entity of individual of his / her choice:

(i) Where the Rexel shares are admitted to trading on a regulated market;

(ii) Where the Rexel shares are admitted to trading on a multilateral trading facility that complies with the legal and regulatory provisions aiming at protecting investors against insider trading, price manipulation and the dissemination of false information in accordance with the conditions laid down in the General Regulation of the Autorité des marchés financiers, appearing on a list drawn up by the AMF in accordance with the terms of its General Regulation.

The proxy form, as well as the withdrawal of the proxy form, if applicable, must be in writing and notified to Rexel, in accordance with the provisions laid down by law.

3. Any shareholder may vote by mail, by sending a ballot to Rexel under the conditions provided for by law.

This form may be on the same document as the proxy form; in this case, the single document must contain the statements and information provided for by the regulations. In order for mail ballots to be counted, Rexel must receive the ballots three (3) days before the date of the meeting. The electronic signature may take the form of a procedure compliant with the first sentence of the second subparagraph of article 1316-4 of the French Civil Code.

If the Board of Directors so decides when it convenes the meeting, shareholders may also participate and vote in the meeting by electronic or another form of telecommunication that enables them to be identified under the conditions provided for by law.

4. Shareholders who participate in a meeting by videoconference or other forms of telecommunication that enable them to be identified under the conditions provided for by law are deemed to be present for purposes of calculating the quorum and majority.

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

1. An attendance sheet containing the information required by law is kept for each meeting.

This attendance sheet, which is duly initialed by shareholders present and by any proxies, and to which any proxy forms and postal ballots are attached, is certified as true and accurate by the officers of the meeting.

2. Shareholders' meetings are chaired by the Chairman of the Board of Directors or, in his/her absence, by the Deputy Chairman of the Board of Directors, or by a director specially authorized for this purpose.

If the shareholders' meeting is convened by the Statutory Auditor or Auditors, by a representative of the court or by the receivers, the meeting is chaired by one of them.

In any event, in the absence of the person who is authorized or appointed to chair the meeting, the shareholders shall elect a chairman of the meeting.

Ballots are counted by the two shareholders in attendance who hold the largest number of shares, either personally or by proxy, and who agree to perform this task (they shall be known as officers of the meeting).

The officers of the meeting appoint a secretary who is not required to be a shareholder.

The duties of the officers of the meeting are to verify, certify and sign the attendance sheet; to ascertain that the deliberations are duly carried out; to settle any incidents arising at the meeting; to count the votes cast and to ascertain that they are valid; and to draw up the minutes of the meeting and to sign them.

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

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

1. The quorum for ordinary and extraordinary shareholders' meetings is calculated on the basis of the total number of shares comprising the share capital, less any shares disqualified from voting pursuant to the provisions of the law.

In the case of votes submitted by mail, only those ballots received by Rexel prior to the meeting within the time period and under the conditions set forth by law will count towards the quorum.

2. At ordinary and extraordinary shareholders' meetings, each shareholder shall have as many votes as shares he owns or represents, in his own name or by proxy, with no limitations of any kind. Pursuant to the option provided for in article L.225-123 of the French Commercial Code, shares fully paid up that have been held in a registered form for 2 years at the name of the same shareholder do not benefit from double voting rights.

3. Voting takes place and the votes are cast, as decided by the officers of the meeting, by a show of hands, by electronic means or by any form of telecommunication that enables the shareholders to be identified in accordance with the applicable regulations.

3.6.5.7 Ordinary shareholders' meetings (article 31 of the by-laws)

1. Ordinary shareholder's meetings are held to make all decisions that do not amend the by-laws.

Ordinary shareholders' meetings are held at least once each year, within the times specified by the applicable laws and regulations, to resolve on the financial statements and, if applicable, on the consolidated financial statements for the past financial year.

2. While voting in accordance with the quorum and majority requirements applicable to ordinary meetings, the ordinary shareholders' meeting exercises the powers assigned thereto by law.

3.6.5.8 Extraordinary shareholders' meetings (article 32 of the by-laws)

1. Only the extraordinary shareholders' meeting is authorized to amend any provision of the by-laws. However, it may not increase the obligations of shareholders, subject to transactions resulting from an exchange or consolidation of shares duly approved and carried out.

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

3.6.5.9 Shareholders' right to information (article 33 of the by-laws)

The shareholders have a right to receive the documents they need to take an informed decision on the management and operation of Rexel and to vote accordingly.

The type of such documents and the conditions under which they are sent or made available to shareholders are determined by law.

3.6.6 Provisions likely to have an impact on the control of Rexel

To Rexel's knowledge, there exists no provision in the by-laws that would result in delaying, deferring or preventing a change of control of Rexel.

As indicated in paragraph 3.7.5 "Agreements potentially leading to a change of control" of this Registration document, to the best knowledge of Rexel, there are no agreements entered into among shareholders. Furthermore, provisions of the senior credit agreement and of the bonds likely to have an impact in case of change of control of Rexel are described in note 22.1 of the Notes to the consolidated financial statements of the Company for the financial year ended December 31, 2017, set out in paragraph 5.2.1 "Consolidated Financial Statements" of this Registration document.

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

3.6.7.1 Identification of shareholders (article 10 of the by-laws)

Rexel stays informed about the composition of its shareholding base in accordance with applicable laws.

In this respect, Rexel may avail itself of all legal provisions, for identification of the holders of securities conferring immediate or future voting rights at Rexel's shareholders' meetings.

Rexel may, at any time, in accordance with the applicable laws and regulations, request that the central custodian in charge of the administration of its share issue account, in exchange for consideration paid by Rexel, identify the owners of securities giving immediate or future voting rights at shareholders' meetings, as well as the number of securities held by each such owner and any restrictions that may apply to such securities.

After following the procedure described in the previous paragraph and in the light of the list transmitted by the central custodian, Rexel may also request, either through such custodian or directly from the persons registered on this list and whom Rexel believes may be registered on behalf of third parties, information regarding the owners of the securities as provided in the preceding paragraph.

If the shares are in registered form, the intermediary registered as provided by law is required to disclose the identity of the owners of such shares and the number of shares held by each owner at the request of Rexel or its authorized representative, in accordance with the applicable laws and regulations, and such request may be presented at any time.

As long as Rexel believes that certain holders of shares whose identity has been disclosed hold such shares as nominees for third parties, it has the right to ask the nominees to reveal the identity of the owners of such shares.

Upon completion of the identification procedures, and without prejudice to the disclosure of material holdings as required by law, Rexel may ask any legal entity that owns its shares and holds interests exceeding one-fortieth of the share capital or voting rights to disclose the identity of any persons that directly or indirectly control more than one third of the share capital or voting rights of such legal entity.

Failure by the holders of shares or by the intermediaries to fulfil their obligation to disclose the aforesaid information may, as provided for by law, lead to suspension or even disqualification from voting and dividend rights attached to the shares.

3.6.7.2 Ownership threshold disclosures (article 11.2 of the by-laws)

In addition to the legal obligation to notify Rexel whenever the ownership thresholds provided by law are crossed, any individual or legal entity, acting alone or in concert, coming into possession, directly or indirectly within the meaning of the law (and in particular, of article L.233-9 of the French Commercial Code), of a number of shares representing 2.5% of the share capital or voting rights, is required to disclose to Rexel the total number of shares and voting rights it owns by sending a notice by registered mail with acknowledgement of receipt to the registered office or, for shareholders who are not French residents, by any equivalent means, within 5 trading days from the date it has crossed one of these thresholds, stating the total number of securities held giving future access to the share capital and the number of voting rights attached thereto. This declaration of crossing of threshold shall also state whether the shares or voting rights attached thereto are held on behalf of or in concert with other individual or legal entities and shall also indicate the date on which the threshold was crossed. Such disclosure must be made for any additional multiple of 2.5% of the share capital or voting rights without any limitation, including when it exceeds 5%.

Failure to duly make such disclosure under the conditions specified above shall result in the disqualification for voting purposes of the shares that should have been disclosed under the conditions provided for by law, if so requested by one or more shareholders separately or together owning at least 2.5% of the share capital or voting rights and duly recorded in the minutes of the shareholders' meeting.

Any shareholder whose ownership interest and/or voting rights in Rexel falls below one of the aforesaid thresholds, for any reason whatsoever, is also required to disclose this fact to Rexel, under the same conditions and within the same periods of time specified above.

In calculating the aforesaid thresholds, the denominator must take into account the total number of shares making up the share capital and to which voting rights are attached, including shares that are disqualified for voting purposes, as published by Rexel as required by law (Rexel must publish the total number of shares with voting rights and the number of such shares that have been disqualified for voting purposes).

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

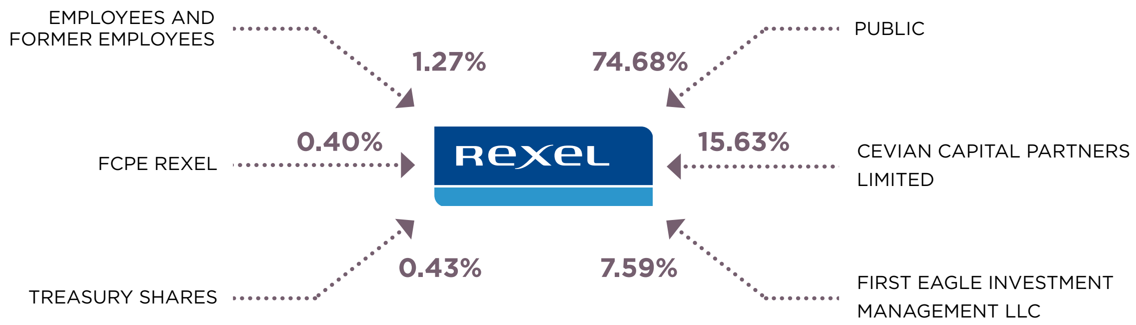
Rexel's share capital may be increased or reduced in all ways and by all manners authorized by law.

The extraordinary shareholders' meeting may also decide to divide the shares or to group them together.

3.7 SHAREHOLDERS

3.7.1 Principal shareholders

The chart below shows the simplified shareholding structure of Rexel as of December 31, 2017:



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, 2017, 2016 and 2015:

	AT DECEMBER 31,											
	2017				2016				2015			
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)	47,400,225	47,400,225	15.63%	15.69%	38,007,054	38,007,054	12.55%	12.60%	-	-	-	-
First Eagle Investment Management LLC(4)	23,023,337	23,023,337	7.59%	7.62%	23,023,337	23,023,337	7.60%	7.64%	15,220,218	15,220,218	5.04%	5.07%
Employees and former employees	3,865,410	3,865,410	1.27%	1.28%	3,767,218	3,767,218	1.24%	1.25%	3,920,706	3,920,706	1.30%	1.31%
FCPE Rexel	1,227,986	1,227,986	0.40%	0.41%	1,326,887	1,326,887	0.44%	0.44%	947,000	947,000	0.31%	0.32%
Public	226,536,850	226,536,850	74.68%	75.00%	235,424,300	235,424,300	77.72%	78.07%	280,180,718	280,180,718	92.81%	93.31%
Treasury shares	1.289.369	1.289.369	0.43%	0%	1,349,227	1,349,227	0.45%	0%	1,602,736	1,602,736	0.53%	0%
TOTAL	**303,343,177**	**303,343,177**	**100%**	**100%**	**302,898,023**	**302,898,023**	**100%**	**100%**	**301,871,378**	**301,871,378**	**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 and September 14, 2017.
(4) Based on the declarations of crossing of threshold dated September 11, 2015 and February 11, 2016.

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

3.7.2.2 Shareholding threshold disclosures

During the financial year ended December 31, 2017 and as of the date of this Registration document, Rexel received the following thresholds crossing disclosures:

COMPANY	DATE OF THE DECLARATION	LEGAL AND BY-LAW THRESHOLDS	TYPE OF CROSSING	% OF CAPITAL AND VOTING RIGHTS AFTER CROSSING	NUMBER OF SHARES HELD AFTER CROSSING
Amundi	February 2, 2017	2.5%	Down	2.47%	7,502,641
Parvus Asset Management Europe Limited	February 9, 2017	5%	Down	4.97%	15,043,374
Amundi	March 9, 2017	2.5%	Up	2.52%	7,649,610
Amundi	April 25, 2017	2.5%	Down	2.38%	7,213,213
Amundi	May 17, 2017	2.5%	Up	2.53%	7,671,144
BlackRock Inc.	May 18, 2017	5%	Up	5.12%	15,525,370
BlackRock Inc.	May 19, 2017	5%	Down	4.93%	14,934,049
BlackRock Inc.	May 22, 2017	5%	Up	5.05%	15,298,583
BlackRock Inc.	May 23, 2017	5%	Down	4.85%	14,696,149
BlackRock Inc.	May 30, 2017	5%	Up	5.10%	15,446,350
BlackRock Inc.	June 1, 2017	5%	Down	4.83%	14,630,757
HSBC Holding Plc	June 26, 2017	5%	Up	5.51%	16,717,154
BlackRock Inc.	June 29, 2017	5%	Up	5.11%	15,506,929
BlackRock Inc.	June 30, 2017	5%	Down	4.82%	14,604,945
HSBC Holding Plc	July 24, 2017	5%	Down	0.09%	264,263
Cevian Capital Partners Limited	September 14, 2017	15%	Up	15.63%	47,400,225
Amundi	March 26, 2018	2.5%	Up	2.96%	8,986,412

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, 2017, more than 5% of the share capital and/or voting rights of Rexel.

3.7.2.3 Interests held by managers in the share capital of Rexel

Rexel interests held by Directors and the Chief Executive Officer

As of December 31, 2017, the Directors and corporate officers held the following ownership interests in Rexel's share capital:

	NUMBER OF SHARES	% OF THE SHARE CAPITAL AND VOTING RIGHTS
DIRECTORS		
Ian Meakins (Chairman)	115,250	0.04%
François Henrot	7,133	NS
Marcus Alexanderson	5,000	NS
Patrick Berard (Chief Executive Officer)	363,729	0.12%
Julien Bonnel (Director representing the employees) (1)	798	NS
Thomas Farrell	8,437	NS
Fritz Froehlich	5,300	NS
Ellen Phillips	2,000	NS
Maria Richter	4,500	NS
Agnès Touraine	1,012	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, 2017, the following transactions disclosures were made:

	DATE OF THE TRANSACTION	NATURE OF THE TRANSACTION	NUMBER OF SHARES	PRICE BY SHARE	TOTAL AMOUNT
DIRECTORS					
William R. Kelly, person closely related to Maria Richter	January 6, 2017	Purchase	2,000	USD16.8253	USD33,650.60
Marcus Alexanderson	May 30, 2017	Purchase	5,000	€15.595988	€77,979.94
Elen Phillips	August 10, 2017	Purchase	1,000	€12.60	€12,600
	February 15, 2018	Purchase	2,000	€14.72	€29,440

3.7.2.4 Employees shareholding

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

As of December 31, 2017, the number of shares held by employees in the context of the employee shareholding plans, directly or through employee investment funds (FCPE), was 1,745,932 shares, *i.e.* 0.58% of the share capital and voting rights of Rexel.

3.7.2.5 Subscription or purchase options for Rexel shares

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

3.7.2.6 Allotment of free shares

Free shares granted in the financial year ended December 31, 2013

Free share plans created on April 30, 2013

Pursuant to the authorizations granted by Rexel's Ordinary and Extraordinary Shareholders' Meeting held on May 16, 2012 and by the Supervisory Board on April 30, 2013, the Management Board, at its meeting of April 30, 2013, decided to grant 2,574,729 free Rexel shares under four plans.

On April 30, 2013, further to the authorization granted to the Management Board to carry out the allotment of free shares, the Supervisory Board decided that the members of the Management Board who are beneficiaries of an allotment of free shares shall retain 20% of the vested shares in registered form until the end of their term of office.

Free share plans created on July 25, 2013

Pursuant to the authorizations granted by Rexel's Ordinary and Extraordinary Shareholders' Meeting held on May 22, 2013 and by the Supervisory Board on July 25, 2013, the Management Board, at its meeting of July 25, 2013, decided to grant 78,410 free Rexel shares under two plans.

The table below summarizes the free shares allotments carried out during the financial year ended December 31, 2013:

PLAN	KEY MANAGERS 2+2	KEY MANAGERS 4+0	OPERATING MANAGERS 3+2	OPERATING MANAGERS 5+0	KEY MANAGERS 2+2	KEY MANAGERS 4+0
Shareholders' Meeting	May 16, 2012				May 22, 2013	
Management Board	April 30, 2013				July 25, 2013	
Number of beneficiaries	163	324	91	377	9	6
Initial number of free shares allocated	793,310	1,259,819	99,100	422,500	50,694	27,716
Corporate officers						
• Rudy Provoost[1]	96,682	–	–	–	–	–
• Catherine Guillouard[2]	42,980	–	–	–	–	–
Ten first employees[3]	229,544	307,300	13,000	16,000	50,694 [4]	27,716 [5]
Date of final vesting	April 30, 2015	April 30, 2017	April 30, 2016	April 30, 2018	July 25, 2015	July 25, 2017
Date of transferability of shares	May 2, 2017	May 2, 2017	May 2, 2018	May 2, 2018	July 26, 2017	July 26, 2017
Number of valid shares at December 31, 2016	–	276,373	–	326,904	–	5,845
Number of canceled or expired shares[6]:	–	0	–	0	–	0
• Number of vested shares at December 31, 2017	–	276,373	–	–	–	5,845
Number of valid shares at December 31, 2017	–	0	–	326,904	–	0

(1) Termination of function on June, 30 2016.
(2) End of the term of office on February 20, 2017.
(3) Considering the number of shares allotted to the employees, the top ten allotments were included.
(4) Concerns 9 beneficiaries only.
(5) Concerns 6 beneficiaries only.
(6) Presence condition not satisfied or performance condition not achieved.

The shares allocated and not yet delivered at December 31, 2017 may result in the creation of 326,904 new shares and therefore give rise to a dilution of 0.11%.

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 18.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2017).

During the financial year ended on December 31, 2017, the beneficiaries permanently vested shares under Key Managers Rexel 4+0 plan of April 30, 2013 and July 25, 2013, that provided for a two years presence criteria and were subject to the following performance conditions:

PERFORMANCE OF THE KEY MANAGERS PERFORMANCE SHARES PLANS GRANTED IN 2013	WEIGHT	OBJECTIVE	TRIGGER	TARGET	MAXIMUM	% ACHIEVEMENT (NOT WEIGHTED)	% PERFORMANCE SHARES ACQUIRED (WEIGHTED)
2012-2014 EBITA margin variation	15%	5.7% to 6.1%	25% of shares vest if the performance reaches at least the target minus 20bps	100% of shares vest if the target is reached	150% of shares vest if the performance reaches at least the target plus 20bps	0.0%	0.0%
2013 EBITA	45%	804.9	25% of shares vest if the performance reaches at least 85% of the target	100% of shares vest if the target is reached	150% of shares vest if the performance reaches at least 120% of the target	90.4%	19.9%
2013-2014 Average ratio of free cash flow before interest and taxes to EBITDA	5%	77.6%	50% of shares vest if the performance reaches at least 90% of the target	100% of shares vest if the target is reached	150% of shares vest if the performance reaches at least 150% of the target	99.8%	5.0%
2013 Free cash flow before interest and taxes	15%	658.4	50% of shares vest if the performance reaches at least 90% of the target	100% of shares vest if the target is reached	150% of shares vest if the performance reaches at least 150% of the target	93.8%	10.3%
TSR (Companies of Stoxx Europe TMI "Electronic & Electrical Equipment", and Wolseley; Farnell; Grainger; Anixter; Electrocomponents and Wesco International)	20%	80th percentile	30% of shares vest if the Rexel's TSR performance reaches at least the 40th percentile of the panel	100% of shares vest if the Rexel's TSR performance reaches at least the 80th percentile of the panel	Maximum level of vesting is 100%	27th percentile	0.0%
							35.2%

During the financial year ended December 31, 2017, no share was vested permanently by the corporate officers.

For information purposes, the performance shares permanently vested shares under Key Managers 2+2 plan of April 30, 2013 and July 25, 2013, were subject to the same performance conditions as Key Managers 4+0 plan of April 30, 2013 and July 25, 2013 above mentioned.

Free shares granted in the financial year ended December 31, 2014

Free share plan created on May 22, 2014

Pursuant to the authorization granted by Rexel's Shareholders' Meeting of May 22, 2013, the Management Board was authorized to proceed with the allotment of free shares and on May 22, 2014, after having approved the conversion of Rexel from a *société anonyme* with a Supervisory Board and a Management Board into a société anonyme with a Board of Directors, the Shareholders' Meeting reiterated such authorization in favor of the Board of Directors. The Board of Directors of May 22, 2014, decided to grant 1,641,008 free Rexel shares under four plans.

On May 22, 2014, in the context of the authorization granted to the Board of Directors it was decided that the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer who are beneficiaries of an allotment of free shares shall retain 20% of the vested shares in registered form until the end of their term of office.

The table below summarizes the free shares allotments carried out during the financial year ended December 31, 2014:

PLAN	TRANSITION 2+2	TRANSITION 4+0	KEY MANAGERS 3+2	KEY MANAGERS 4+0
Shareholders' Meeting	May 22, 2013			
Board of Directors	May 22, 2014			
Number of beneficiaries	168	368	168	368
Initial number of free shares allocated	348,980	471,524	348,980	471,524
Corporate officers				
• Rudy Provoost(1)	60,000	–	60,000(2)	–
• Catherine Guillouard(3)	29,100	–	29,100(4)	–
Ten first employees(5)	285 376			
Date of final vesting	May 22, 2016	May 22, 2018	May 22, 2017	May 22, 2018
Date of transferability of shares	May 23, 2018	May 23, 2018	May 23, 2019	May 23, 2018
Number of valid shares at December 31, 2016	–	131,530	222,386	332,791
Number of canceled or expired shares(6):	–	7,397	155,726	236,525
• Number of vested shares at December 31, 2017	–	–	66,660	–
Number of valid shares at December 31, 2017	–	124,133	0	96,266

(1) Termination of function on June, 30 2016.
(2) These unvested shares have been cancelled following the departure of the Chief Executive Officer on June 30, 2016.
(3) End of the term of office on February 20, 2017.
(4) Adjusted amount: 30,085. The number of performance shares still under vesting on July 1, 2016 had been adjusted by decision of the Chief Executive Officer dated July 5, 2016 (upon delegation of power granted by the Board of Directors on June 23, 2016). This decision aimed ato protecting the rights of beneficiaries and is due to the payment of an amount of €0.40 per share to the shareholders integrally deducted from the "Issue premium" account.
(5) Considering the number of shares allotted to the employees, the top ten allotments were included.
(6) Presence condition not satisfied or performance condition not achieved.

Free shares allocated and not yet delivered at December 31, 2017, may result in the creation of 220,399 new shares and a dilution of 0.07%.

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 18.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2017).

During the financial year ended December 31, 2017, the beneficiaries permanently vested the shares, under the Key Managers 3+2 of May 22, 2014, provided a presence condition of 3 years and were subject to the following performance conditions:

PERFORMANCE OF THE KEY MANAGERS PERFORMANCE SHARES PLANS GRANTED IN 2014	WEIGHT	OBJECTIVE	TRIGGER	TARGET	MAXIMUM	% ACHIEVEMENT (NOT WEIGHTED)	% PERFORMANCE SHARES ACQUIRED (WEIGHTED)
2013-2016 average of adjusted EBITA margin variation	40%	5.4% to 5.6%	25% of shares vest if the performance reaches at least the target minus 10bps	100% of shares vest if the target is reached	150% of shares vest if the performance reaches at leats the target plus 30 bps	0.0%	0.0%
2014-2016 Average ratio of free cash flow before interests and taxes to EBITDA	30%	76.2%	50% of shares vest if the performance reaches at least 90% of the target	100% of shares vest if the target is reached	150% of shares vest if the performance reaches at least 120% of the target	101.8%	31%
TSR (Companies of Stoxx Europe TMI “Electronic & Electrical Equipment”, and Wolseley; Farnell; Grainger; Anixter; Electrocomponents and Wesco International)	30%	70th percentile	25% of shares vest if the Rexel’s TSR performance reaches at least the 40th percentile of the panel	100% of shares vest if the Rexel’s TSR performance reaches at least the 70th percentile of the panel	Maximum level of vesting is 150% if the Rexel’s TSR performance reaches at least the 90th percentile of the panel	0.0%	0.0%
							31%

During the financial year ended December 31, 2017, the following shares finally vested in favor of the corporate officers of the Rexel Group under the Key Managers 3+2 plan providing for a 3-year vesting period:

BENEFICIARY	NUMBER OF VESTED SHARES
Patrick Berard	6,150

As a reminder, during the financial year ended December 31, 2016, the beneficiaries having permanently vested shares under the Transition 2+2 plan of May 22, 2014 requiring a presence condition of 2 years as well as the following performance conditions:

PERFORMANCE OF THE TRANSITION PERFORMANCE SHARES PLANS GRANTED IN 2014	WEIGHT	OBJECTIVE	TRIGGER	TARGET	MAXIMUM	% ACHIEVEMENT (NOT WEIGHTED)	% PERFORMANCE SHARES ACQUIRED (WEIGHTED)
2013-2015 average of adjusted EBITA margin variation	40%	5.4% to 5.3%	25% of shares vest if the performance reaches at least the target minus 10bps	100% of shares vest if the target is reached	100% of shares vest if the target is reached	0.0%	0.0%
2014-2015 Average ratio of free cash flow before interests and taxes to EBITDA	30%	75.2%	50% of shares vest if the performance reaches at least 90% of the target	100% of shares vest if the target is reached	150% of shares vest if the performance reaches at least 120% of the target	120%	36%
TSR (Companies of Stoxx Europe TMI "Electronic & Electrical Equipment", and Wolseley; Farnell; Grainger; Anixter; Electrocomponents and Wesco International)	30%	70^{th} percentile	25% of shares vest if the Rexel's TSR performance reaches at least the 40th percentile of the panel	100% of shares vest if the Rexel's TSR performance reaches at least the 70^{th} percentile of the panel	Maximum level of vesting is 150% if the Rexel's TSR performance reaches at least the 90^{th} percentile of the panel	0.0%	0.0%
							36%

Free shares granted in the financial year ended December 31, 2015

Free share plans created on July 28, 2015

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

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

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

PLAN	KEY MANAGERS 3+2	KEY MANAGERS 4+0
Shareholders' Meeting	July 27, 2015	
Board of Directors	July 28, 2015	
Number of beneficiaries	172	419
Initial number of free shares allocated	795,775	1,002,618
Mandataires sociaux		
• 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, 2016	563,924	877,947
Number of canceled or expired shares[6]:	143,428	98,000
• Number of vested shares at December 31, 2017	–	–
Number of valid shares at December 31, 2017	420,496	779,947

(1) Termination of function on June, 30 2016.
(2) These unvested shares have been cancelled following the departure of the Chief Executive Officer on June 30, 2016.
(3) End of the term of office on February 20, 2017.
(4) These non-vested shares have been canceled upon the departure from the Group of Catherine Guillouard further to the end of her corporate office on February 20, 2017.
(5) Given the number of shares allocated to employees, the ten first allocations have been indicated.
(6) Condition of presence not met or condition of performance not achieved.

Free shares allocated and not yet delivered at December 31, 2017 may result in the creation of 1,200,443 new shares and a dilution of 0.40%.

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 18.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2017).

During the financial year ended on December 31, 2017, no share was permanently vested.

For information purposes, the performance of the July 28, 2015 Key Managers plans will be known during the financial year ending December 31, 2018 (*i.e.*, subsequent to the publication of this Registration document) taking into account the assessment period of the TSR criteria.

Free shares granted in the financial year ended December 31, 2016

Free share plans created on June 23, 2016

The Extraordinary Shareholders' Meeting of May 25, 2016, authorized the Board of Directors to carry out the free share allocation. The Board of Directors, at its meeting of June 23, 2016, decided to allocate 1,820,625 Rexel free shares under 2 plans.

On June 23, 2016, in the context of the authorization granted to the Board of Directors to carry out the allocation of free shares, the Board of Directors decided that the Chief Executive Officer and the Deputy Chief Executive Officer, who are beneficiaries of an allotment of free shares, shall retain 20% of the vested shares in the registered form until the end of their term of office.

The table below summarizes the free shares allotments carried out during the financial year ended December 31, 2016:

PLAN	REXEL 2016 3+2	REXEL 2016 4+0
Shareholders' Meeting	May 25, 2016	
Board of Directors	June 23, 2016	
Number of beneficiaries	222	524
Initial number of free shares allocated	741,500	1,079,125
Corporate officers		
• Patrick Berard	85,000(1)	–
• Catherine Guillouard(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, 2016	638,142	1,044,167
Number of canceled or expired shares(5):	151,908	74,552
• Number of vested shares at December 31, 2017	–	–
Number of valid shares at December 31, 2017	486,234	969,615

(1) Adjusted amount: 87,876. The number of performance shares still under vesting on July 1, 2016 has been adjusted by decision of the Chief Executive Officer dated July 5, 2016 (upon delegation of power granted by the Board of Directors on June 23, 2016). This decision is to protect the rights of beneficiaries and is due to the payment of an amount of €0.40 per share to the shareholders integrally deducted from the "Issue premium" account.
(2) End of the term of office on February 20, 2017.
(3) These non-vested shares have been canceled upon the departure from the Group of Catherine Guillouard further to the end of her corporate office on February 20, 2017.
(4) Given the number of shares allocated to employees, the ten first allocations have been indicated.
(5) Condition of presence not met or condition of performance not achieved.

The shares allocated and not yet delivered at December 31, 2017 may result in the creation of 1,455,849 new shares and therefore give rise to 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 vesting period (see note 18.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2017).

During the financial year ended December 31, 2017, no share was vested permanently.

For information purposes, the performance of the June 23, 2016 plans will be known during the financial year ending December 31, 2019 (*i.e.*, subsequent to the publication of this Registration document) taking into account the assessment period of the TSR criteria.

Free shares granted in the financial year ended December 31, 2017

Free shares plans created on May 23, 2017

The extraordinary shareholders' meeting of May 25, 2016, authorized the Board of Directors to carry out the free share allocation. The Board of Directors of May 23, 2017 decided to allot 1,873,975 free Rexel shares in connection with two plans.

On May 23, 2017, in connection with the authorization granted to the Board of Directors to carry out the allocation of free shares, the Board of Directors decided that Chief Executive Officer, who will be the beneficiary of an allocation of free shares, shall retain 20% of such shares in the registered form until the end of his term of office.

The table below summarizes the free share allotments carried out during the financial year ended December 31, 2017:

PLAN	REXEL 2017 3+2	REXEL 2017 4+0
Shareholders' Meeting	May 25, 2016	
Board of Directors	May 23, 2017	
Number of beneficiaries	187	476
Initial number of free shares allocated	643,200	1,230,775
Corporate officers		
• Patrick Berard	100,000	–
Ten first employees(1)	259 000	
Date of final vesting	May 23, 2020	May 23, 2021
Date of transferability of shares	May 24, 2022	May 24, 2021
Number of canceled or expired shares(2):	26,200	49,675
Number of vested shares at December 31, 2017	–	–
Number of valid shares at December 31, 2017	617,000	1,181,100

(1) Given the number of shares allocated to employees, the ten first allocations have been indicated.
(2) Condition of presence not met or condition of performance not achieved.

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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, 2017:

BENEFICIARIES	PLAN NAME	NUMBER OF SHARES	VALUE OF ALLOCATED SHARES(1)	VESTING DATE	TRANSFERABILITY DATE	CONDITIONS(2)
CORPORATE OFFICERS						
Patrick Berard	Rexel 3+2 2017	100,000	€1,275,000	May 23, 2020	May 24, 2022	(2)
TEN TOP EMPLOYEES						
Employee #1	Rexel 4+0 2017	40,000	€493,600	May 23, 2021	May 24, 2021	(2)
Employee #2	Rexel 3+2 2017	35,000	€446,250	May 23, 2020	May 24, 2022	(2)
Employee #3	Rexel 4+0 2017	30,000	€370,200	May 23, 2021	May 24, 2021	(2)
Employee #4	Rexel 4+0 2017	25,000	€308,500	May 23, 2021	May 24, 2021	(2)
Employee #5	Rexel 4+0 2017	25,000	€308,500	May 23, 2021	May 24, 2021	(2)
Employee #6	Rexel 4+0 2017	25,000	€308,500	May 23, 2021	May 24, 2021	(2)
Employee #7	Rexel 3+2 2017	25,000	€318,750	May 23, 2020	May 24, 2022	(2)
Employee #8	Rexel 3+2 2017	25,000	€318,750	May 23, 2020	May 24, 2022	(2)
Employee #9	Rexel 4+0 2017	14,500	€178,930	May 23, 2021	May 24, 2021	(2)
Employee #10	Rexel 4+0 2017	14,500	€178,930	May 23, 2021	May 24, 2021	(2)

(1) The value of the allocated shares is based on the fair values €12.75 and €12.34 respectively for the 3+2 and 4+0 plans.
(2) Please see table summarizing the performance criteria set for the 2017 plans.

Free shares allocated and not yet delivered at December 31, 2017, may result in the creation of 1,798,100 new shares and a dilution of 0.59%.

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 18.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2017).

The table below summarizes the performance criteria adopted and the method used in order to determine their impact on the future vesting of the performance shares of these plans:

CRITERIA	WEIGHT	TRIGGER	TARGET	MAXIMUM	COMMENTS
Average growth of EBITA in value 2016-2019	30%	50% of shares vest if the average performance reaches 75% of target	100% of shares vest if the target is reached	150% of shares vest if the average performance reaches or exceeds 125% of target	Calculation on a linear basis between the points
Average organic sales growth 2016-2019	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 2017, 2018 and 2019 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
2017-2020 Total Shareholder Return (TSR)	20%	50% of shares vest if the Rexel's TSR performance reaches the median of the panel	100% of shares vest if the Rexel's TSR performance reaches the 70th percentile of the panel	150% of shares vest if the Rexel's TSR performance reaches at least the 90th percentile of the panel	Calculation on a linear basis between the points
	100%	The performance level of each criterion is combined with the weight of each criterion in order to obtain a weighted global level of performance. In any case, said global level is limited to 100% of the initial grant.			

During the financial year ended on December 31, 2017, no share was permanently vested.

For information purposes, the performance of the May 23, 2017 plans will be known during the financial year ending December 31, 2020 (*i.e.*, subsequent to the publication of this Registration document) taking into account the assessment period of the TSR criteria.

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 5,001,695 new shares, representing 1.65% of the share capital and voting rights of Rexel at December 31, 2017.

3.7.3 Shareholders' voting rights

Each share of Rexel entitles the holder to one vote. Consequently, as of the date of this Registration document, the Rexel's shareholders hold the same number of voting rights as the number of shares they own. Pursuant to the option provided for in article L.225-123 of the French Commercial Code, shares fully paid up that have been held in a registered form for 2 years at the name of the same shareholder do not benefit from double voting rights.

3.7.4 Control structure

The creation of Committees of the Board of Directors, the appointment of independent Directors and at the Committees of the Board of Directors, the performance of reviews of the operation and work of the Board of Directors and of its Committees, in accordance with the rules described in Chapter 3 "Corporate Governance" of this Registration document, enable Rexel, *inter alia*, to avoid being controlled in an "abusive manner" within the meaning of European Commission Regulation N°809/2004 dated April 29, 2004.

3.7.5 Agreements potentially leading to a change of control

Rexel is not aware of any other agreements between its shareholders.

3.8 SHARE CAPITAL

3.8.1 Subscribed share capital and authorized but unissued share capital

As at December 31, 2017, Rexel's share capital amounted to €1,516,715,885 divided into 303,343,177 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 €1,514,490,115 divided into 302,898,023 shares of €5 nominal value each as at December 31, 2016.

The Ordinary and Extraordinary Shareholders' Meetings held on May 25, 2016 and May 23, 2017 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 13, 2018, the Board of Directors decided to submit to the approval of the Shareholders' Meeting of May 24, 2018 certain projects of delegations and authorizations under the terms described below.

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CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 24, 2018		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
AUTHORIZATIONS SUBMITTED FOR RENEWAL TO THE SHAREHOLDERS MEETING OF MAY 24, 2018							
EMPLOYEE SHAREHOLDING, ALLOCATION OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS, FREE SHARE ALLOCATIONS							
Allotment of free performance shares	May 25, 2016 (resolution 18)	26 months (July 24, 2018)	1.4% of the share capital as at the date of the decision of the Board of Directors	Allotment of June 23, 2016: 1,820,625 shares *i.e.* €9,103,125 Allotment of May 23, 2017: 1,873,975 shares *i.e.* €9,369,875	17	26 months	1.4% of the share capital as at the date of the decision of the Board of Directors
Allotment of free shares to the members of the personnel and to the corporate officers members of a shareholding plan	May 25, 2016 (resolution 19)	26 months (July 24, 2018)	0.3% of the share capital as at the date of the decision of the Board of Directors	Allotment of November 22, 2016 of 223,971 shares *i.e.* €1,119,855	18	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 23, 2017 (resolution 28)	26 months (July 22, 2019)	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 This maximum to be deducted from the joint maximum amount of 2% for resolutions number 28 and 29	N/A	19	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 maximum of €720M provided for by resolution 22 of the Shareholders' meeting dated May 23, 2017 This maximum to be deducted from the joint maximum amount of 2% for resolutions 19 and 20

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 24, 2018		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
Issuance with cancellation of the preferential subscription right reserved for certain categories of beneficiaries in order to allow employee shareholding transactions	May 23, 2017 (resolution 29)	18 months (November 22, 2018)	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 This maximum to be deducted from the joint maximum amount of 2% provided for by resolutions number 28 and 29	N/A	20	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 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
DECREASE IN THE SHARE CAPITAL BY CANCELLING SHARES							
Decrease in the share capital by cancelling shares	May 23, 2017 (resolution 21)	18 months (November 22, 2018)	10% of the share capital on the date of cancellation by 24-month period	N/A	16	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, 2017 (resolution 20)	18 months (November 22, 2018)	10% of share capital as at the completion date Maximum total amount €250,000,000 Maximum repurchase price €30	Utilization under the Exane BNP Paribas liquidity contract for market-making purposes (from May 23, 2017 to October 31, 2017): purchase of 4,685,582 shares at an average price of €15.07 and sales of 4,685,582 shares at an average price of €15.09 Utilization under the Natixis liquidity contract for market-making purposes (from November 1, 2017 to December 31, 2017): purchase of 1,246,496 shares at an average price of €15.18 and sales of 1,242,731 shares at an average price of €15.26	15	18 months	10% of share capital as at the completion date Maximum total amount €250,000,000 Maximum repurchase price €30

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 24, 2018		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
AUTHORIZATIONS NOT SUBMITTED FOR RENEWAL TO THE SHAREHOLDERS MEETING OF MAY 24, 2018							
INCREASE IN THE SHARE CAPITAL							
Issuance with upholding of preferential subscription rights	May 23, 2017 (resolution 22)	26 months (July 22, 2019)	Equity securities: €720,000,000 (*i.e.*, 144,000,000 shares) Joint maximum amount of resolutions number 22 and 29 Debt securities: €1,000,000,000 Joint maximum amount of resolutions number 22 and 29	N/A	N/A	N/A	N/A
Issuance by way of public offering with cancellation of the preferential subscription right	May 23, 2017 (resolution 23)	26 months (July 22, 2019)	Equity securities: €140,000,000 28,000,000 shares Joint maximum amount of resolutions number 23, 24 and 27 This maximum to be deducted from the maximum provided for by resolution 22 Debt securities: €1,000,000,000 This maximum to be deducted from the maximum provided for by resolution 22	N/A	N/A	N/A	N/A
Issuance by way of offering referred to in section II of Article L.411-2 of the French Monetary and Financial Code, with cancellation of the preferential subscription right	May 23, 2017 (resolution 24)	26 months (July 22, 2019)	Equity securities: €140,000,000 (*i.e.*, 28,000,000 shares This maximum to be deducted from the maximum amounts provided for by resolutions number 22 and 23 Debt securities: €1,000,000,000 This maximum to be deducted from the maximum provided for by resolution 22	N/A	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, 2017 (resolution 25)	26 months (July 22, 2019)	15% of initial issuance This maximum to be deducted from the maximum applicable to the initial issuance and from the maximum provided for in resolution 22	N/A	N/A	N/A	N/A

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 24, 2018		
TYPE OF DELEGATION	DATE OF THE GM (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, 2017 (resolution 26)	26 months (July 22, 2019)	10% of share capital at the date of the decision of the Board of Directors determining the issue price per year This maximum to be deducted from the maximum that applies to the initial issuance, as well as from the maximum provided for by resolution 22	N/A	N/A	N/A	N/A
Issuance of up to 10% of the share capital in consideration for contributions in kind	May 23, 2017 (resolution 27)	26 months (July 22, 2019)	10% of the share capital as at the date of the decision of the Board of Directors This maximum to be deducted from the maximum amounts provided for by resolutions number 22 and 23	N/A	N/A	N/A	N/A
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	May 23, 2017 (resolution 30)	26 months (July 22, 2019)	€200,000,000 (*i.e.*, 40,000,000 shares) This maximum not to deducted from any maximum	N/A	N/A	N/A	N/A

3.8.2 Securities not representative of share capital

As of the date of this Registration document, Rexel has not issued any securities not representing share capital.

3.8.3 Treasury shares and purchase by Rexel of its own shares

Information on the share repurchase plan approved by the Shareholders' Meeting of May 23, 2017

Characteristics of the share repurchase plan

The Ordinary and Extraordinary Shareholders' Meeting of May 23, 2017, 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 marker 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, 2018

The objectives of the plan, in order of highest to lowest priority, are the following:

- Ensuring liquidity and activity in the market for the shares of Rexel through an investment services provider, acting independently under a liquidity agreement and in compliance with an AMF-accredited insider trading policy;
- Satisfying the obligations arising out of allocations of stock options, allocations of free shares or any other granting, allocation or sale of shares to the employees or the corporate officers of Rexel or of an associated enterprise and carrying out any hedging operation relating to such transactions, in accordance with the conditions set forth by the market authorities and at such times that the Board of Directors or any person acting upon the authority of the Board of Directors implements such actions;
- Ensuring the coverage of the undertakings of Rexel under rights with a settlement in cash and relating to the positive evolution of the trading price of the share of Rexel granted to the employees or the corporate officers of Rexel or of an associated enterprise;
- Retaining shares and delivering shares in the future to an exchange or as a consideration in the context of external growth transactions, in accordance with acknowledged market practices and applicable regulations;
- Granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to shares of Rexel;
- Canceling all or part of the shares so repurchased, in accordance with applicable laws and subject to an authorization being granted by the extraordinary shareholders' meeting; and
- Any other action that is or will become permitted by French law or the AMF or any purpose that may comply with the regulations in force.

The acquisition, sale or transfer of the shares may be carried out by any means, on the market or over the counter, including through transactions involving blocks of securities or takeover bids, option mechanisms, derivatives, purchase of options or of securities in conformity with the applicable regulatory conditions.

In the event of a public tender offer on Rexel shares paid for in full in cash, Rexel may not pursue the implementation of its share repurchase plan.

Overview of the share repurchase plan

As of December 31, 2017, Rexel held 1,289,369 shares among which 408,765 under the liquidity agreement entered into with Natixis and 880,604 shares previously acquired and held for the attribution to employees.

Under the liquidity agreement entered into with Exane BNP Paribas, in force until October 31, 2017, during the financial year ended December 31, 2017 Rexel purchased 4,685,582 shares (representing 1.51% of Rexel's share capital) at an average price of €15.07 and for a total cost of €70,596,189. These shares were acquired for market-making purposes under a liquidity agreement concluded with Exane BNP Paribas. Furthermore, under the liquidity agreement, Rexel has sold 4,685,582 shares at an average price of €15.09.

In connection with the liquidity agreement entered into with Natixis, effective from November 1, 2017, Rexel has purchased 1,246,496 shares (representing 0.4% of the share capital of Rexel) during the 2017 financial year at an average price of €15.18 and for a total amount of €18,920,358. These shares have been acquired for market-making purposes in the scope of a liquidity agreement entered into with Natixis. Furthermore, in connection with this liquidity agreement, Rexel has sold 1,242,731 shares for an average price of €15.26.

In total, transactions carried out by Rexel on its own shares for the year ended December 31, 2017, 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, 2016	1,349,227
• Share purchases	5,932,078
• Share disposals	5,928,313
• Share transfers	63,623
• Shares cancelled	0
• Number of treasury shares held at December 31, 2017	1,289,369
Percentage of capital directly or indirectly held by Rexel as of December 31, 2017	0.43%
Book value of the treasury shares	17,372,860
Market value of the treasury shares as at December 31, 2017	19,495,259
Details of transactions carried out by Rexel in 2017, by objective:	
• Liquidity agreement	
Share purchases	5,932,078
Share disposals	5,928,313
Number of treasury shares held at December 31, 2017	408,765
• Cancellation of shares	
Number of cancelled shares	0
Number of treasury shares held at December 31, 2017	N/A
• Allocation to employees	
Share purchases	0
Share transfers	63,623
Number of treasury shares held at December 31, 2017	880,604

Rexel did not hold open buy or sell positions on derivative instruments as of December 31, 2017.

The costs incurred by Rexel, under the liquidity agreement, within the context of the implementation of the share repurchase plan amount to €45,180 (Exane BNP Paribas) and €9,000 (Natixis), *i.e.* a total amount of €54,180 for the financial year ended on December 31, 2017.

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 13, 2018, the Board of Directors decided to submit a resolution to the Shareholders' Meeting of May 24, 2018 authorizing it, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code, of articles 241-1 to 241-7 of the General Regulation of the *Autorité des marchés financiers* and of European regulations applicable to market abuse, to purchase or cause to be purchased a maximum number of Rexel shares, representing up to 10% of Rexel's share capital.

Date of the Shareholders' Meeting

The new share repurchase plan will be submitted to the approval of the Shareholders' Meeting of May 24, 2018.

Objectives of the share repurchase plan for 2018

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 and in compliance with the insider trading policy recognized by the AMF;
- Satisfying the obligations arising out of allocations of stock options, allocations of free shares or any other granting, allocation or sale of shares to the employees or the corporate officers of 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 and within the limit of 5% of the share capital of Rexel;
- Granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to Rexel shares;
- Cancelling all or part of the shares so repurchased; and
- Any other action that is or will become permitted or accepted by French law or the AMF or any purpose that may comply with the regulations in force.

Maximum portion, number and characteristics of shares that may be acquired in connection with the 2018 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, 2017 and having deducted the 1,289,369 shares held at this date, the maximum number of shares that may be purchased amounts to 29,044,948.

The shares that Rexel considers purchasing are ordinary shares.

Maximum purchase price

The maximum purchase price per share would be set at €30, it being specified that in the event of a share capital transaction, including by way of a capitalization of reserves and free share allocation, share split or reverse share split, such price would be adjusted accordingly in order to take into account the impact of such transactions on the share price.

The maximum amount of funds intended to finance the 2018 share repurchase plan would amount to €250 million.

Terms of purchase and sale

The acquisition, sale or transfer of shares could be effected or paid for by all means, on the market or over the counter, including by means of block trade transactions or public offers, optional mechanisms, derivative instruments, purchases of options or securities, in compliance with applicable regulations.

In the event of a public offer for Rexel's securities fully paid for in cash, Rexel would not be able to pursue the implementation of its share repurchase plan.

Duration of the share repurchase plan

The share repurchase plan would have a duration of 18 months as from the Shareholders' Meeting, *i.e.* until November 23, 2019.

Breakdown by objectives of the shares held by Rexel

As at December 31, 2017:

- 880,604 shares were allocated to the implementation of all share subscription option plans and free share allocation plans of Rexel; and
- 408,765 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 Natixis and entered into force on November 1, 2017, 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 2017 financial year.

In addition, the subscription or purchase options exercisable under the previous plans lapsed on November 30, 2016.

3.8.4.2 Allocation of free shares

Rexel has issued options to subscribe for shares under the terms and conditions described in paragraph 3.7.2.6 "Allotment of free shares" of this Registration document.

3.8.5 Changes in share capital

The table below shows changes in the share capital of Rexel over the last three years, as of the date of the present Registration document.

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED/ CANCELLED	NOMINAL AMOUNT OF CAPITAL INCREASE/ REDUCTION (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES	NOMINAL VALUE PER SHARE (€)
February 11, 2015	Share capital increase further to the exercise of share subscription options	10,900	54,500	N/A	1,460,027,880	292,005,576	5
May 4, 2015	Share capital increase further to the final vesting of free shares	5,289	26,445	N/A	1,460,054,325	292,010,865	5
May 13, 2015	Share capital increase further to the final vesting of free shares	761,061	3,805,305	N/A	1,463,859,630	292,771,926	5
July 1, 2015	Share capital increase further to the scrip dividend distribution voted by Rexel's shareholders' meeting of May 27, 2015	8,955,801	44,779,005	82,482,927.21	1,508,638,635	301,727,727	5
July 1, 2015	Share capital increase further to the final vesting of free shares	109,181	545,905	N/A	1,509,184,540	301,836,908	5
July 27, 2015	Share capital increase further to the final vesting of free shares	5,835	29,175	N/A	1,509,213,715	301,842,743	5
July 28, 2015	Share capital increase further to the final vesting of free shares	7,500	37,500	N/A	1,509,251,215	301,850,243	5
October 12, 2015	Share capital increase further to the final vesting of free shares	13,735	68,675	N/A	1,509,319,890	301,863,978	5
February 10, 2016	Share capital increase further to the exercise of share subscription options	7,400	37,000	N/A	1,509,356,890	301,871,378	5
May 2, 2016	Share capital increase further to the final vesting of free shares	1,300	6,500	N/A	1,509,363,390	301,872,678	5

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED/ CANCELLED	NOMINAL AMOUNT OF CAPITAL INCREASE/ REDUCTION (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES	NOMINAL VALUE PER SHARE (€)
May 3, 2016	Share capital increase further to the final vesting of free shares	338,891	1,694,455	N/A	1,511,057,845	302,211,569	5
May 23, 2016	Share capital increase further to the final vesting of free shares	3,694	18,470	N/A	1,511,076,315	302,215,263	5
July 27, 2016	Share capital increase further to the exercise of share subscription options	6,000	30,000	N/A	1,511,106,315	302,221,263	5
July 27, 2016	Share capital increase further to the final vesting of free shares	53,464	267,320	N/A	1,511,373,635	302,274,727	5
November 22, 2016	Share capital increase reserved for employees	530,854	2,654,270	3,248,342.90	1,514,027,905	302,805,581	5
February 10, 2017	Share capital increase further to the exercise of share subscription options	92,442	462,210	796.16	1,514,490,115	302,898,023	5
February 10, 2017	Share capital increase further to the final vesting of free shares	73	365	N/A	1,514,490,480	302,898,096	5
March 13, 2017	Share capital increase reserved for employees	39,114	195,570	328,753.17	1,514,686,050	302,937,210	5
May 2, 2017	Share capital increase further to the final vesting of free shares	276,373	1,381,865	N/A	1,516,067,915	303,213,583	5
May 23, 2017	Share capital increase further to the final vesting of free shares	3,037	15,185	N/A	1,516,083,100	303,216,620	5
July 3, 2017	Share capital increase further to the final vesting of free shares	120,712	603,560	N/A	1,516,686,660	303,337,332	5

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED/ CANCELLED	NOMINAL AMOUNT OF CAPITAL INCREASE/ REDUCTION (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES	NOMINAL VALUE PER SHARE (€)
July 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

3.8.6 Pledges, guarantees and security interests

As of the date of this Registration document and to Rexel's knowledge, no Rexel shares have been pledged or are subject to a guarantee or security interest.

3.9 OTHER ELEMENTS THAT MAY HAVE AN IMPACT IN CASE OF TENDER OFFER

3.9.1 Control mechanisms in relation to employee shareholding

In the scope of the share capital increase reserved for employees, the employees' investments are carried out in certain jurisdiction through mutual funds *(fonds commun de placement)*. The "Rexel Actionnariat Classique France" and the "Rexel Actionnariat Classique International" funds have been created in this context.

Each of these funds has a Supervisory Board, the main powers of which are as follows:

- It reviews the management report and financial statements of the fund, the financial, administrative and accounting management and adopts its annual report;
- It exercises the voting rights attached to the shares issued by Rexel and decides on the contribution of shares, and, in this respect, appoints one or several representatives of the fund at the Rexel shareholders' meetings;
- It may submit resolutions at Rexel shareholders' meetings;
- It grants its prior agreement to certain amendments to the rules of the fund: change of management company, dissolution, merger/demerger, change in the orientations of management and classification; and
- It may take legal action to defend or enforce the rights or interests of its shareholders.

The Supervisory Board of the fund is independent of the Board of Directors of Rexel and its decisions are taken independently.

Decisions of the Supervisory Board of the fund are approved by a majority of votes of the members present or represented. In the event of a tie, the Chairman of the meeting has a casting vote.

The means available for the Supervisory Board to support its decisions and carry out its duties are as follows: organization of telephone conferences, if applicable, beyond the formal scope of the meetings; various information provided by Rexel, in order to assess the economic and financial position of the Rexel Group and its outlook; information provided by the management company.

3.9.2 Agreements entered into by Rexel to be amended or terminated in case of change of control

The agreements entered into by Rexel or which may need to be amended or terminated in case of change of control are, in particular, the following:

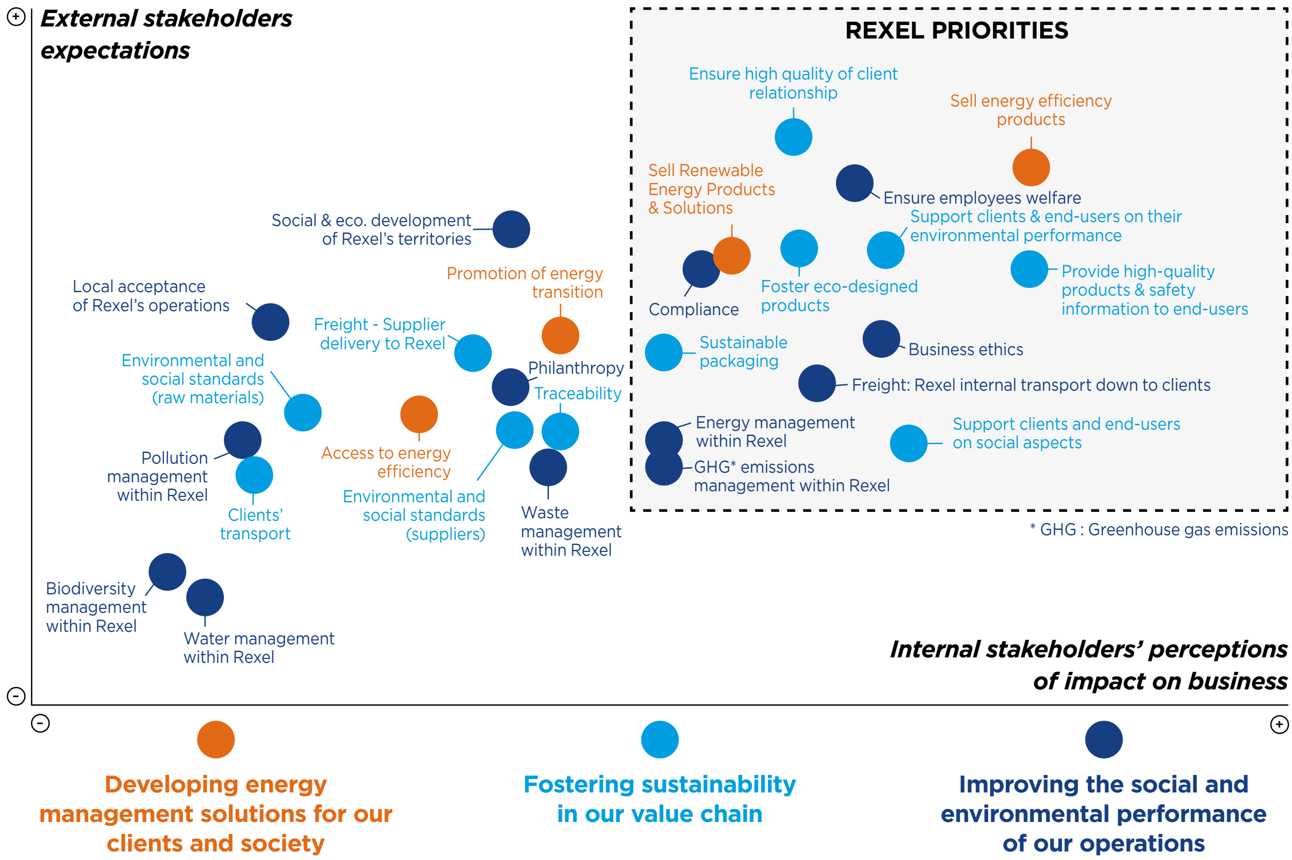
- The Senior Credit Agreement (see note 22.1.1 of the Notes to the consolidated financial statements of Rexel for the financial year ended December 31, 2017, set out in paragraph 5.2.1 "Consolidated Financial Statements" of this Registration document);
- The 2016 and 2017 Senior Bonds (see note 22.1.2 of the Notes to the consolidated financial statements of Rexel for the financial year ended December 31, 2017, set out in paragraph 5.2.1 "Consolidated Financial Statements" of this Registration document);
- The €45 million bilateral facility agreement entered into with Bayerische Landes Bank on September 2, 2013, as amended by addendum of July 3, 2017 (see note 22.1.1 of the Notes to the consolidated financial statements of Rexel for the financial year ended December 31, 2017, set out in paragraph 5.2.1 "Consolidated Financial Statements" of this Registration document);
- The US$ 40 million bilateral facility agreement entered into with Wells Fargo Bank International on June 27, 2014 and modified on June 26, 2015, and on June 26, 2017, (see note 22.1.1 of the Notes to the consolidated financial statements of Rexel for the financial year ended December 31, 2017, set out in paragraph 5.2.1 "Consolidated Financial Statements" of this 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 2017, set out in paragraph 5.2.1 "Consolidated financial statements" of this Registration document).

4 CORPORATE RESPONSIBILITY

The Rexel Group has consistently used its leadership and close relationship with all stakeholders to conduct its business in a sustainable and responsible manner.

When it joined the United Nations Global Compact in 2011, the Rexel Group committes itself to advance the universally-accepted ten principles relating to human rights, labor, the environment and anti-corruption. As specified in its Ethics Guide, the Rexel Group respects and promotes the recommendations outlined in the fundamental conventions of the International Labor Organization relating to the freedom of association and the right to collective bargaining, the elimination of discrimination in respect of employment and occupation, the elimination of all forms of forced or compulsory labor, and the effective abolition of child labor.

In 2015, in order to strengthen the Group's sustainable development policy, the Group conducted a study to identify all environmental and social impacts throughout its value chain. This study involved interviewing the Group's key stakeholders (customers, suppliers, experts, NGOs, employee representatives, managers of Group entities) on Rexel's priority issues, and conducting an internal assessment to measure the impact of these issues on the Group's capacity to conduct its business in future years. A graphic representation of this materiality analysis is set forth below.



This materiality analysis allowed strengthening the Rexel Group's sustainable development strategy by focusing it on its priorities. Rexel's sustainable development strategy is therefore based on three pillars:

- Developing energy management solutions for our customers and society to drive energy efficiency and renewable energies adoption;
- Fostering sustainability in our value chain to improve environmental and social performance from our suppliers to our customers; and
- Improving the social and environmental performance of our operations to engage our employees and preserve the environment.

For each of these three pillars, the Rexel Group has set an objective for 2020;

- At least doubling the sales of energy efficiency products and services compared to 2011;
- Assessing the Social and Environmental Responsibility performance of its suppliers representing 80% of the direct purchased volume (in value); and

- Reducing greenhouse gas emissions of its operations by at least 30% compared to 2010.

The Rexel Group actions in connection with sustainable development are focused on these three strategic pillars which contribute to Rexel Group's growth, innovation and global performance improvement.

The objectives, achievements and improvement areas are presented once a year to the Board of Directors of Rexel.

To clarify, a correspondence table between these pillars and information presented in this chapter is set out in paragraph 8.6 of this Registration document.

4.1 SOCIETAL INFORMATION

The Rexel Group's model builds on creating value in conjunction with all its stakeholders, customers, partners, public authorities, communities, employees and shareholders. Given the specific nature of its business, along with its extensive network and the diverse cultures of its employees, the Group must take account of societal issues when defining and deploying its development strategy.

Rexel's values implemented in its relations with the various stakeholders are set out in the Ethics Guide and in its anti-corruption code of conduct.

4.1.1 Interacting with stakeholders

Rexel believes that being responsible means paying attention to the expectations of its ecosystem. In order to guarantee its sustained development and local acceptance of its projects, Rexel has identified and categorized its stakeholders based on their type of business relations and has established dialogue with them both at Group level and through the subsidiaries. In 2015, the Rexel Group carried out a materiality assessment which involved interviewing a certain number of stakeholders on priority key sustainable development issues.

Employees and employee representative bodies

The satisfaction and the well-being of employees is a major priority area for the Rexel Group. To this end, initiatives to obtain feedback from and install dialogue with all employees have been developed. The European works council was also involved in the materiality assessment conducted by the Rexel Group in 2015. In 2017, a new addendum to the agreement creating the Council was signed. This addendum includes, in particular, the regulatory changes in connection with the European works councils. In addition, 40 new labor agreements were signed in 2017 (compared to 41 in 2016) in Rexel Group entities (see paragraph 4.3 "Employee-related Information" of this Registration document).

Customers

Rexel's mission is to support customers wherever they are, to create value and run their business better, all around the globe. The Rexel Group has launched a number of initiatives for its customers as regards information, dialogue and feedback such as commercial events, satisfaction surveys and training programs on public subsidies linked to energy efficiency, new home automation technologies and renewable energies, etc.

Suppliers and subcontractors

The Rexel Group builds positive relationships with its suppliers and subcontractors which benefit both parties: they are partners of vital importance to both business and growth and the Rexel Group supports their performance by helping them to expand internationally and by supporting their business.

Rexel endeavors to establish a constructive dialogue with them and nurtures sound and long-lasting relationships in accordance with social and environmental issues.

The Rexel Group requires all of its suppliers and subcontractors to comply with the ethical standards presented in its Ethics Guide. From a contractual standpoint, they must adhere to the general terms and conditions of sale, which include specific clauses regarding the obligation to respect the International Labor Organization's fundamental conventions and local legislation, notably in terms of minimum wage, working hours, working environment, occupational safety, and health (see paragraph 4.2 "Vigilance Plan" of this Registration document).

Going beyond its business relationships, the Rexel Group has set up community-based initiatives with some of its suppliers to promote access to energy efficiency for all. These initiatives are supported by the Rexel Foundation for a better energy future which was launched in June 2013 (see paragraph 4.1.3 "Charities and Sponsorship" of this Registration document).

Professional associations and universities

Rexel is a member of the Afep *(Association Française des Entreprises Privées)* and takes part in professional associations such as Perifem, the FGME (*Fédération des Grossistes en Matériel Electrique* – Federation of Electrical Equipment Wholesalers), the NAED (National Association of Electrical Distributors) and the EUEW (European Union of Electrical Wholesalers), to discuss and share industry practices and thus help operate changes in the sector. In an effort to achieve transparency and progress, the Rexel Group is also involved in various studies and publications to interact with its stakeholders, but also to promote experience sharing, at the EpE *(Entreprises pour l'Environnement)* for example, and Agrion, an international professional network dedicated to sustainable development and energy. In addition, the Rexel Foundation allocates part of its resources to academic research programs through grants for students that are just starting their career. These students are primarily working on positive behavior changes towards energy efficiency, barriers preventing the development of renewable energies, as well as innovative equipment in the areas of home automation, heating, ventilation, etc. (see paragraph 4.1.3 "Charities and Sponsorship" of this Registration document).

The conditions of involvement of any Rexel employee with associations and authorities are defined in the anti-corruption code of conduct.

Shareholders, investors and rating agencies

The Rexel Group provides the various players (shareholders, investors, rating agencies, etc.) with clear information on its performance, initiatives and priorities in terms of sustainable development. These exchanges may be occasional or regular depending on the player and the events occurring affecting the Group.

Rexel is part of the following social and responsible investment (SRI) indices: FTSE4Good, STOXX Global ESG Leaders, Ethibel Sustainability Index Excellence Europe, Euronex Vigeo Eiris Eurozone 120 Index and the Dow Jones Sustainability Index Europe, thanks to its social and corporate responsibility performance.

Moreover, since 2011, the Rexel Group has been reporting on its greenhouse gas emissions to CDP, an independent non-profit organization.

4.1.2 Impact on local economic and social development

As a world-leader in professional distribution, the Rexel Group actively contributes to organizing and developing the business segment through all its local operations thus creating more and more value for its stakeholders. This approach is based on the inclusion of local features when defining the strategy, the permanent quest to operational excellence, the optimization of processes and the spreading of innovative solutions towards energy management and renewable energies.

Thanks to its local presence worldwide (network of 2,012 branches established in 26 countries), the Rexel Group is a major contributor to the local economies in which it has operations by:

- Directly supporting its customers' growth around the globe;
- Spreading innovation through its services, solutions and the continuous introduction of new products;
- Contributing to the financing of local public policies through taxes and levies paid;
- Employing almost exclusively local workers (the Rexel Group has a total of 27,024 employees);
- Providing its partners, global suppliers and small local businesses with new prospects and access to new markets; and
- Helping to train professionals and students by teaming up with schools and universities.

The Group's business and profitability benefit all its stakeholders. A large part of the value created is thus directly distributed to employees, public authorities and local authorities in the countries where the Rexel Group operates.

The Rexel Group's economic relationships with its main stakeholders

In 2017, the Rexel Group purchased goods in the amount of €10,045.9 million from its suppliers and generated sales of €13,310.1 million with its customers. Payroll expenses amounted to €1,642.7 million. The Rexel Group paid a total of €902.9 million to its lessors, subcontractors and other suppliers for services and consumables. Its financial partners (bank and bond investors) earned €145.9 million in interest. Dividends paid to shareholders in 2017 with respect to 2016 amounted to €120.8 million. Finally, the Rexel Group recorded a corporate tax charge of €71.5 million.

4.1.3 Charities and Sponsorship

Further to its corporate mission, the Rexel Group has developed a community involvement program which includes several initiatives to fight against fuel poverty and work toward a better energy future.

In order to structure this approach, the Rexel Group relies on a community involvement Charter and Guide since 2012 based on a core focus: "Improving access to energy efficiency for all". To this end, the Rexel Group wishes to encourage a better use and an optimized consumption of energy by offering to the public its expertise, tools and structures in the energy field. Since 2013, thanks to the Rexel Foundation, the Rexel Group has boosted and developed numerous community initiatives based on three strategic priorities:

- Support community projects for the public good spearheaded by NGOs, not-for-profit organizations and partners to improve access to energy efficiency for disadvantaged communities;
- Increase the understanding and awareness about energy efficiency by setting up a shared knowledge base through studies, conferences, workshops and applied research programs; and
- Promote and support innovative solutions and models thanks to the social entrepreneurship support platform.

In 2017, the Foundation decided to support 12 initiatives improving the access to energy efficiency for all, in partnership with Rexel Group subsidiaries as well as various other organizations.

Support to solidarity projects was granted to six projects in France and the United States this year. The Rexel Foundation supports, in particular, Voisin Malin, a non-profit organization that employs, trains and leads a network in working class areas who contact neighbors in an area *via* doorstep visits; the Eco habitat network, which supports the most vulnerable families in the renovation of their accomodation; and US non-profit organization Grid Alternatives, which offers Native American disadvantaged communities services, equipment and training in renewable energy and energy efficiency.

Concerning knowledge programs, the Rexel Foundation supports the Face Foundation and its Teknik project, which promotes industrial jobs to middle and high school students, in particular in priority education areas.

Lastly, the Foundation supports five innovative projects, in France and in the United States, in particular the GÈRES, a non-profit organization, developing an innovative professional solution to support electricians to intervene in homes in poor households; as well as *Énergie partagée*, which supports and finances renewable energy projects.

Furthermore, as part of the internal awareness raising campaign on sustainable development (the “Ecodays”) and in order to involve the employees, five projects proposed by employees were supported in 2017, including a project consisting in the renovation of a school in Popenguine in Senegal, and another project in the Netherlands, the purpose of which is accelerating the creation and implementation of highly innovative solutions in view of a more sustainable future.

To supplement and strengthen this global approach, the Rexel Group subsidiaries and employees initiated a number of sponsorship and charities projects outside the Foundation. For example, the employees took part in campaigns in the health field (fight against cancer) and ones aimed to support education and childhood.

The donations from the Rexel Group, including the funding from the Rexel Foundation, totaled €915,666 in 2017 and €890,837 in 2016.

A number of Rexel Group entities also supported collective and community-based initiatives by providing goods, equipment free of charge and charities.

4.2 VIGILANCE PLAN

Law No. 2017-399 of March 27, 2017, on the duty of care of parent companies and contractors, requires large corporations to implement vigilance measures to identify and prevent serious violations of human rights and fundamental freedoms, health and safety, and the environment that may result from their activities and their value chain.

The companies thus must implement a vigilance plan including five measures: (i) risk mapping to identify, analyse and prioritise risks; (ii) procedures for the regular assessment of the situation of subsidiaries, subcontractors or suppliers with whom a business relationship has been established with regard to the risk mapping; (iii) appropriate measures to mitigate risks or prevent serious harm; (iv) a mechanism for alerting and collecting alerts on the existence or occurrence of risks, established in consultation with the representative trade union organizations in such company; and (v) a mechanism for monitoring the measures implemented and assessing their effectiveness.

In 2017, in order to comply with the new French law and with the concern of protecting the Group’s values, Rexel adopted this vigilance plan. This plan relies in particular on a process to identify major risks across the value chain, taking into account the Rexel upstream and downstream activities and its stakeholders, as well as the identification of assessment procedures and existing mitigating measures throughout the Group. At the same time, Rexel is updating its alerting and reporting mechanism to comply with the various applicable regulatory requirements. This vigilance plan reinforces the actions implemented over the past years aiming at identifying and preventing serious violations of human rights and fundamental freedoms, health and safety, and the environment that may result from the activities of the subsidiaries and the value chain.

The vigilance plan involves the Sustainable Development Department, the Legal Department, the Offering and Marketing Department, the Human Resources Department, the Finance Department as well as external experts. It would be envisaged during the fiscal year to involve other internal or external stakeholders of the value chain in building this vigilance plan.

Presentation of the measures of the vigilance plan

(i) Risk mapping for risk identification, analysis and prioritization

Rexel has initiated a process to identify its major risks across its value chain and has already defined the methodology for assessing these risks, which will be used on this occasion. This analysis is performed at the Group level and for all of Rexel’s strategic product families.

The methodology used to carry out this mapping is based on the characterization of risks specific to Rexel’s activities and its value chain. The risks linked to human rights and fundamental freedoms protection, health and safety and the environment will therefore be detailed and expressed taking into account the risks that might affect the stakeholders and those which could result from the stakeholders' activities. They will then be classified by impact, probability of occurrence and level of risk control, in relation to various factors: impact on reputation, operating impact and customer impact, volume of procurement, nature of the procurement family (type of product families, strategic supplier), etc. This risk assessment will be carried out by using statistical tools for each product family and each country and will be complemented by bibliographic research and interviews with internal and external experts for the most specific types of risk to Rexel.

The 2018 Annual Report will present the main risks identified as well as their assessment.

(ii) Procedures for the periodic assessment of the situation of subsidiaries, subcontractors or suppliers with whom an established business relationship is maintained, in view of risk mapping

The Rexel Group has established, since several years, measures to identify and prevent serious violations of human rights and fundamental freedoms, health and safety, and the environment in the subsidiaries and all the value chain.

The Rexel Group and its branches network are a decentralized structure based on the accountability of the entire reporting chain (see paragraph 2.3.3 "Internal Control and Risk Management Procedure" of this Registration document). The revised 2017 Internal Control Procedures Manual includes controls related to ethics, employee health and safety, as well as compliance with laws relating to the environment and civil liberties and human rights. The assessment system is based on the subsidiaries' annual self-assessment of the implementation of these controls and the implementation of action plans to improve control.

A network of "ethics correspondents" was put in place to drive the Rexel Group's ethics policy. These correspondents are appointed by the country heads and perform this function over and above their other duties. They make sure all Group employees receive a copy of the Ethics Guide, take all necessary measures to implement the Rexel Group's ethical principles and practices, and respond to any queries that may be addressed to them.

In addition to the self-assessment performed by the subsidiaries, risk mitigation actions are carried out by internal and/or external audits, as well as by the functional divisions at the Group headquarters that assist the entities in implementing these controls. This system is monitored and supervised by Rexel's Audit and Risk Committee.

Also, following the positive results of a pilot project rolled out in 2013 and 2014, the Rexel Group decided to roll out as from 2015 a platform on a global scale in order to question and assess its suppliers' CSR (Corporate Social Responsibility) performance.

Beyond the platform, the assessment process follows a structured methodology and timetable to ensure its success. For each supplier, a team is set up to integrate a person from the Group's Sustainable Development Department who guarantees compliance with the method and the person responsible for the supplier in countries. This team has an objective of external communication and education with suppliers and internal communication with all purchasing teams. The Group has set itself a coverage target of 80% of its direct purchase volume (in value) for these CSR performance assessments in 2020. At the end of 2017, 47% of the 2017 direct purchase volume were assessed. All of the suppliers assessed received personalized feedback on their performance and, where appropriate, the areas for improvement.

In addition to these assessments, in order to ensure that the social and environmental contractual clauses entered into are applied, Rexel carries out on-site audits for certain targeted suppliers. In 2017, Rexel carried out 18 on-site audits or visits. Following these audits, a progress action plan is set up. In the event that the findings of the audit do not make it possible to ensure that the contractual clauses are complied with, Rexel terminates the partnership with the supplier.

In view of the findings of the risk mapping, the Group could be led to:

- Amend the internal control procedure;
- Review the procedure, frequency of evaluation and audit of the subsidiaries and the entire value chain; and
- Focus on-site assessments and audits on suppliers and/or countries that will have emerged as priorities in terms of risks.

(iii) Appropriate actions to mitigate risks or prevent severe harm

In addition to the above-mentioned supplier assessment actions, the Rexel Group requires all of its suppliers and subcontractors to comply with the ethical standards presented in its Ethics Guide. From a contractual standpoint, they must adhere to the general terms and conditions of sale, which include specific clauses regarding the obligation to respect the International Labor Organization's fundamental conventions and local legislations, notably in terms of minimum wage, working hours, working environment, occupational safety, and health.

Based on the findings of the risk mapping, the Group may need to adapt or supplement these risk mitigation or prevention measures.

It should be noted, however, that no control system, whatever its degree of maturity and experimentation, can guarantee the absence of risk and it is the responsibility of the Group and its brands to develop the most effective collaboration and control systems with suppliers and subcontractors in order to minimize risks and implement any corrective measures in cases where non-compliance is identified.

(iv) Mechanism for alerting and collecting alerts on the existence or occurrence of risks, established in consultation with the representative trade union organizations within the Group

Rexel has already set up a mechanism for alerting and collecting alerts, enabling any person, whether or not an employee, to report a request (information, complaints, litigation) to the "ethics correspondents". This system was revised in 2017 to meet the new regulatory requirements of the French law Sapin 2 and will enter into force in 2018. This system meets the requirements of the law on Duty of Care.

(v) Mechanism for monitoring the measures implemented and assessing their effectiveness

Rexel has set up a Steering Committee to implement the duty of care. The Committee coordinates and validates the risk mapping as well as the action plan and its implementation. Qualitative and quantitative indicators for monitoring the effectiveness of the measures will be set up.

The process of identifying and prioritizing risks will be reviewed on a regular basis in order to integrate potential changes in the Group's supply chain as well as changes in the assessment of impacts or probability of occurrence.

Audit reviews aimed at testing the efficiency of the operation of the vigilance plan within the Group will be carried out on a regular basis. Simultaneously, the Group will make sure that the vigilance plan follows its developments (in particular in case of change in strategy, major external growth transactions or acquisitions of new markets involving new risks).

4.3 EMPLOYEE-RELATED INFORMATION

Scope of reporting: the inclusion of entities in the employee-related scope of reporting is based on the legal status of the entities to which employees of the Rexel Group belong. Thus, any entity on which Rexel employees depend is included in the annual reporting. Entities either acquired after November 1, 2017 (when the scope was determined) or sold before December 31, 2017, are not accounted for.

Rexel transferred in December 2017 its operation in South East Asia, i.e. Thailand, Indonesia, Singapore, Vietnam, the Philippines, Macau and Malaysia. Sold entities are not included in the comparative data for the years prior to 2017 in paragraph 4.3.

In 2017, Rexel identified three key group of indicators of particular significance for the Rexel Group. These key group of indicators were subjected to an external audit and are as follows:

- Health, safety and working conditions;
- Employee training; and
- Employee mobility.

4.3.1 Workforce

Total workforce (number of people employed at December 31, 2017)

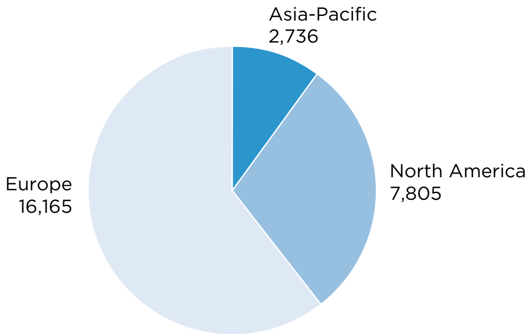
At December 31, 2017, the Rexel Group employed 27,024 people compared to 26,706 (or 27,273 including sold entities in December 2017) at December 31, 2016.

The breakdown of employees by region is as follows:

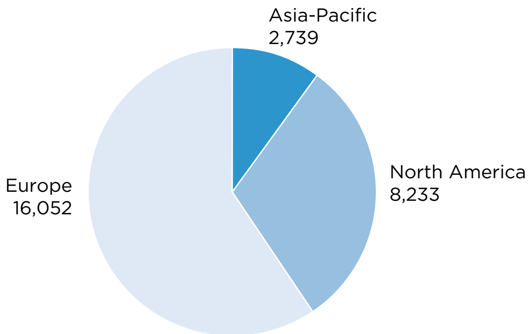
	REGISTERED WORKFORCE (NUMBER OF EMPLOYEES) AT DECEMBER 31,	
NUMBER OF EMPLOYEES	2017	2016
Total workforce	27,024	26,706 (27,273)*
BY REGION		
Europe	16,052	16,165
North America	8,233	7,805
Asia-Pacific	2,739	2,736 (3,303)*

* As an exception, figures including the entities sold in December 2017.

Total workforce by region – 2016



Total workforce by region – 2017



Breakdown of employees by type of contract and level

The Rexel Group has few fixed-term or temporary employees. Hiring employees under these types of contracts is mainly to meet specific needs.

In 2017, the average monthly number of full-time equivalent temporary employees was 947.7, or 3.5% of the total average monthly workforce (3.1% in 2016).

At December 31, 2017, there were 26,440 permanent employees, and 584 fixed-term employees (2.2% of the workforce compared to 1.8% in 2016).

Lastly, at December 31, 2017, the Rexel Group had 5,002 managers (defined as overseeing at least one employee or subject to local definition such as having management-level status in certain countries), or 18.5% of the total workforce compared to 18% in 2016.

Breakdown of permanent employees by age (workforce on permanent contract)

At December 31, 2017, the average age of the Rexel Group employees was 43.2 years, this average was of 43.1 years at December 31, 2016.

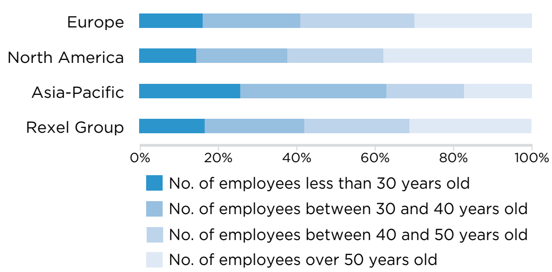
Most employees are over 50 years of age (8,366 persons) followed by those between 40 and 50 years of age (7,207 persons).

Senior employees (defined as being over 50) accounted for 31% of the total workforce with employees under 30 making up 16.6%.

The Rexel Group organizes employee data into the following regions for analysis:

- North America: Canada and the USA;
- Asia-Pacific: Australia, China, India, New Zealand, Saudi Arabia and the UAE;
- Europe: Austria, Belgium, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg, The Netherlands, Norway, Portugal, Russia, Slovenia, Spain, Sweden, Switzerland and the UK.

Breakdown of permanent employees by age



Breakdown of employees by gender

The Rexel Group is committed to ensuring the equal treatment of all its male and female employees at every stage of their professional lives. In this it is guided in particular by its Ethics Guide (see paragraph 4.3.6 "The Rexel Group's commitment to ethics" in this Registration document).

At December 31, 2017, Rexel had 6,169 female employees, or 22.8% of the total workforce (22.9% at December 31, 2016).

Of the Rexel Group's 6,169 female employees, 917 held managerial positions, thus accounting for 18.3% of managers. This proportion was also 18.3% in 2016.

Breakdown of employees by gender at December 31, 2017

	MANAGERS		NON-MANAGERS	
	WOMEN	MEN	WOMEN	MEN
Rexel Group	**917 (18.3%)***	**4,085 (81.7%)***	**5,252 (23.8%)****	**16,770 (76.2%)****
North America	308 (22.6%)*	1,056 (77.4%)*	1,571 (22.9%)**	5,298 (77.1%)**
Asia-Pacific	97 (16.8%)*	480 (83.2%)*	675 (31.2%)**	1,487 (68.8%)**
Europe	512 (16.7%)*	2,549 (83.3%)*	3,006 (23.1%)**	9,985 (76.9%)**

* As a % of managers.
** As a % of non-managers.

4.3.2 Employment and integration

4.3.2.1 New employees

In 2017 the Rexel Group hired a total of 4,823 employees irrespective of contract type and status compared to 3,826 hires for 2016.

New employees accounted for 17.8% of the Rexel Group's total workforce in 2017 (14.3% in 2016).

Number and characteristics of recruitments

	2017
Number of recruitments	**4,823**
Of which:	
• Permanent employees	4,285
• Fixed-term employees	538
• Managers	526
• Non-managers	4,297

As in previous fiscal years, most recruits were permanent employees for non-managerial positions.

Of all new permanent employees, regardless of gender or position:

- 5.1% were young graduates;
- 22.2% were females;
- 13.7% were senior employees; and
- 0.5% declared a disability.

The Rexel Group sets up numerous measures in the various countries in order to improve the integration of new employees and reduce turnover in such population (depending on the country: presentation of the Company, distribution of a welcome booklet, setting-up of tutorial systems, regular follow-up interviews, technical, product or organization training, rotation between departments, dedicated website, integration seminar, etc.). In 2016, the Rexel Group launched a specific on boarding module in order to introduce the Company and its activities to new employees.

Furthermore, among the 538 recruitments in defined-term contracts, 138 concerned apprenticeship recruitments (mainly in France and in Germany).

4.3.2.2 Departures

In 2017, 4,311 permanent employees left the Rexel Group (3,975 in 2016).

The reasons for departure are laid out below.

Reasons for the departure of permanent employees in 2017

	NUMBER	AS A PERCENTAGE OF DEPARTURES
Number of departures	**4,311**	**16.3 % of all permanent employees**
Of which:		
• Resignations	2,558	59.3%
• Redundancies (economic layoffs)	268	6.2%
• Dismissals for other reasons	613	14.2%
• Retirement or early retirement	308	7.1%
• Cessation and/or sale of activity	0	–
• Other reasons	564	13.1%

Collective procedures

In 2017, 268 employees within the Rexel Group were made redundant compared to 447 in 2016.

The scale of restructuring was largest in the United States, Canada and the United Kingdom.

Alternatives to layoffs were implemented, such as internal and/or external redeployment solutions, in particular in Australia and the United Kingdom.

These measures made it possible to limit in part the number of departures.

Furthermore, and wherever possible, restructurings were discussed with employee representatives so as to provide the employees concerned with support measures, in particular outplacement, training and financial compensation.

Employee turnover

The employee turnover rate is defined as the average of the entry and departure rates:

- The entry rate is defined as the number of new permanent employees divided by the total number of permanent employees;
- The departure rate is defined as the number of permanent employees who have left divided by the total number of permanent employees.

In 2017, the entry rate within the Rexel Group was 16.2%.

In 2017, the departure rate within the Rexel Group was 16.3%.

Thus, the staff turnover rate of the Rexel Group for 2017 was 16.3%.

Employee turnover rate of the Rexel Group at December 31

	2017	2016
Staff turnover rate	16.3%	14.1%

The employee turnover rate of the Rexel Group increased in 2017.

Aware of the significance of employee turnover, the Rexel Group examines employees' motives for leaving and variations in the rate of integration of new hires. Most Group subsidiaries arrange exit interviews with departing employees in order to understand why they are leaving.

4.3.2.3 Staff retention capacity

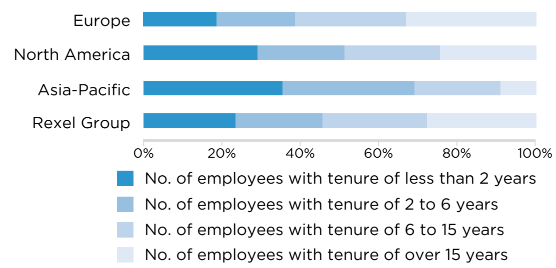
Rate of integration

The rate of integration of new employees (defined as the percentage of new hires in the Rexel Group three months after hiring) was 92.7% in 2017 (90.9% in 2016).

The medium-term rate of integration (defined as the percentage of new hires in the Rexel Group one year after hiring) was 82.1% in 2017 (77.6% in 2016).

Breakdown of permanent employees by seniority

At December 31, 2017, the average seniority of permanent employees of the Rexel Group was 11.3 years.



Traditionally, seniority varies strongly by region: employee turnover is much higher in Asia-Pacific, where 69.1% of permanent employees have tenure of less than 6 years, whereas 32.8% of permanent employees in Europe have seniority of over 15 years.

4.3.3 Attractiveness of the Company for employees

4.3.3.1 Compensation

Compensation policy

The Group's compensation policy is based on the company's performance and earnings. Compensation levels are defined for each country in line with the twin requirements: competitiveness of proposes compensation and internal equality. Of the Rexel Group's permanent employees, 57.7% were eligible for individual performance-related pay. Most of these employees held marketing and managerial positions.

Of the Rexel Group's employees, 55.9% belonged to a profit-sharing plan calculated on the basis of Group earnings.

In total, payroll expenses amounted to €1.642,7 million in 2017 (€1,609.5 million in 2016).

Employee shareholding

At the time of the Rexel Group's listing on the Paris stock exchange in 2007, 18.33% of eligible employees took the opportunity of acquiring shares in the Company as part of a reserved preferential share offering.

In line with management's desire to involve Rexel employees in the Group's performance, four new employee shareholding plans were put forward in 2010, 2012, 2013 and 2016. The 2010 employee shareholding plan was offered in 12 countries accounting for 80% of the Group's workforce; 13.2% of eligible employees took part. The 2012 employee shareholding plan was offered in 16 countries accounting for 90% of the Group's workforce; 14.36% of eligible employees took part. The 2013 employee shareholding plan was offered in 15 countries accounting for 80% of the Group's workforce; 14.47% of eligible employees took part. The 2016 shareholding plan was offered in 14 countries accounting for 90% of the Group's workforce; 17.60% of eligible employees took part, with rates higher than 20% in Belgium, Canada, China, The Netherlands, and a rate of 36.70% for France.

At December 31, 2017, the number of shares held by existing and former employees under employee shareholding plans accounted for 0.58% of Rexel's share capital and voting rights.

Employee benefits

Employee benefits fall under social protection and thus vary from country to country.

In most countries where it operates, the Rexel Group offers its employees health and disability insurance to supplement mandatory cover. Most employees either choose or are obliged by law to take out these complementary insurances depending on the country in question.

Certain Group entities have put complementary retirement plans in place for their employees according to local regulations.

The Rexel Group has established a minimum standard coverage for work accidents *via* the "Rexel +" plan.

This plan allows for compensation corresponding to one or two years of basic salary in the case of death or permanent severe disability.

Launched on July 1, 2010, the "Rexel +" plan is managed at the local level and illustrates Rexel's continued commitment to corporate responsibility. It is made up of four local policies covering Austria, Hungary, Luxembourg, the United Kingdom as well as a policy issued by France covering Slovenia under a service agreement. At December 31, 2016, it covered close to 3,000 employees in 5 countries.

Other benefits

A certain number of benefits or services are often offered to employees in addition to those required by law. They are either negotiated as part of collective agreements or granted unilaterally and mostly concern housing allowances, meal and/or transport allowances, concierge services, help with day care, family leave, medical assistance and legal assistance.

4.3.3.2 Working time organization

Duration and breakdown of working time

The duration of working time varies according to the laws of the countries in which the Group is active.

The Rexel Group employees work an average of 39 hours per week, or close to 8 hours per day.

Part-time work

Part-time work	2017	2016
% of part-time employees	3.3%	3.5%

At December 31, 2017, the number of the Rexel Group employees working part-time was 905 or 3.3% of the total workforce.

Overtime

In managing the working time of its employees, the Rexel Group makes little use of overtime: 658,551 overtime hours were worked by the total of Rexel Group employees in 2017, *i.e.*,1.4% of all hours worked in the year (623,544 overtime hours, *i.e.*, 1.3% of all hours worked in 2016).

4.3.3.3 Working conditions

Health and safety conditions

Going beyond its legal obligations, the Group fulfills its social responsibility through a constant concern for its employees' health and safety. The safety of its employees, stakeholders and assets has always been a priority for Rexel. The main risks for Rexel's employees are related to road traffic, falls, the operation of machinery, the handling of materials and cables, and computer work.

A responsible, effective and consistent safety policy was implemented in 2015 in the countries where the Group is present. In order to strengthen safety practices and culture, the Group safety policy aims at enhancing and complying the procedures and rules in force in every country and facilitating a common framework for all Group entities.

The objective of the Group initiative is to:

- Guarantee a safe working environment wherever Rexel is active;
- Build a culture of shared responsibility; and
- Involve employees by sharing best practices.

In order to create a common language for the Group's safety priorities, Rexel has established ten safety principles. These ten principles enable a common approach and bring safe and responsible practices and behavior to the fore. They address the key risks to which Rexel is exposed as a result of its activities.

Number of work accidents

The Rexel Group monitors and examines several indicators in order to formulate suitable action plans.

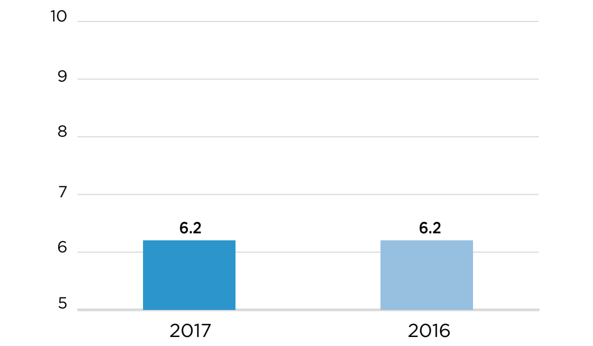
	2017	2016
Number of accidents leading to death	–	–
Number of accidents leading to time off work	294	293
Number of accidents not leading to time off work	587	419

Of the 881 work accidents within the Rexel Group in 2017, none led to death, 294 led to time off work and 587 did not lead to time off work.

In 2017, 4,971 working days were lost due to work accidents.

Most work accidents leading to time off work occurred in logistics (167 accidents, *i.e.* 56.8%) and sales & marketing (94 accidents, *i.e.* 32%).

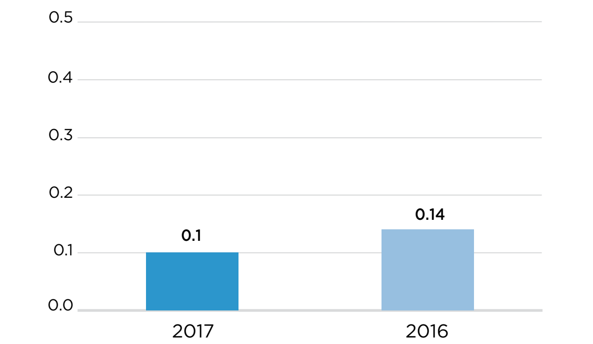
Frequency rate of work accidents



The frequency rate of work accidents at the Rexel Group, calculated as the number of work accidents leading to time off work per million hours worked, was 6.2 in 2017.

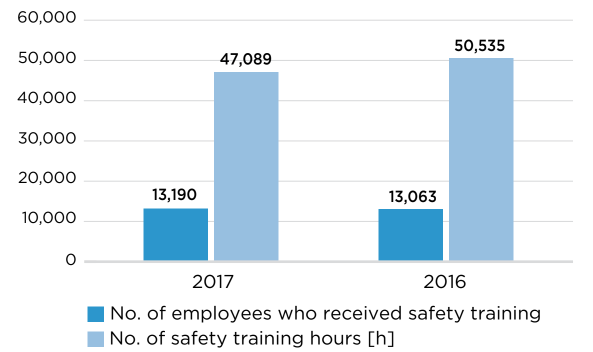
This rate is stable from the 6.2 figure for 2016.

Severity rate of work accidents



The severity rate of work accidents at the Rexel Group, calculated as the number of work days lost due to temporary disability per thousand hours worked, was 0.10 in 2017, compared to 0.14 in 2016.

Safety training



In 2017, 48.8% of the total workforce received safety training, *i.e.*, 13,190 employees.

In 2017, there were 59 Health, Safety and Working Conditions committees within the Rexel Group. They comprised 453 employees accounting for 1.7% of all permanent employees.

Occupational diseases

In 2017, 5 occupational diseases were reported and 4 were recognized.

4.3.3.4 Diversity and Equal opportunities

The Ethics Guide outlines the economic, environmental and social principles which the Rexel Group defends and upholds. The Ethics Guide refers explicitly to dignity, diversity and respect for individuals. The Ethics Guide rejects all form of discrimination against employees.

Gender equality

The Rexel Group is committed to ensuring the equal treatment of its male and female employees on a comparable basis in every sphere and in every respect, for example hiring, pay, career development and training. In this it is guided in particular by its Ethics Guide.

At December 31, 2017, women accounted for 22.8% of the total workforce compared to 22.9% in 2016. This percentage reflects the reality of the market and the low representation of women in the specialized distribution sector.

Indicators for 2017 show insignificant gaps in the following areas:

- Mobility and promotion

  In 2017, 9% of women benefited from a mobility measure compared with 10.8% of men.

  79 female non-managers, *i.e.*, 1.5% of female non-managers, were promoted to managerial positions. The figure for men was identical with 248 male non-managers, *i.e.*, 1.5% of male non-managers, promoted to managerial positions.

- Wage increases

  71.5% of females with an open-ended the employment agreement and having at least a 1-year seniority benefited from a wage increase in 2017, compared to 61.2% of men with an open-ended the employment agreement and having at least a 1-year seniority.

- Training

  In 2017, 22.1% of employees who received training were women with female employees accounting for 22.8% of the total workforce, and 77.9% of employees having received training were men with male employees accounting for 77.2% of the total workforce.

- Hiring

  Among the employees hired on an open-ended basis in 2017, 22.2% were females and 77.8% were males.

Employees with a disability

In 2017, 313 Rexel employees had a disability or about 1.2% of the total workforce (also 1.2% in 2016).

At December 31, 2017, 0.5% of permanent employees recruited in 2017 reported a disability condition.

Senior employees

As defined in paragraph 4.3.1 “Workforce” of this Registration document, senior employees of the Rexel Group accounted for:

- 31% of the total workforce in 2017;
- 13.7% of new permanent employees in 2017.

4.3.4 Training and skills management

In the current context of a rapidly changing sector, training is an essential means of acquiring new skills, mastering new technologies, in particular digital technologies and gaining greater expertise in the area of energy efficiency.

In order to meet and prepare for current and future challenges in the world of energy, Rexel proceeded the rolling out of Rexel Academy in 2017. In effect an internal university, Rexel Academy offers various programs to develop knowledge in every sphere of strategic expertise such as customer centricity, energy efficiency, products expertise, and digital skills to further Rexel’s business success. The digital learning platform offers e-learning (remote and physical training sessions). Rexel Academy creates learning communities and makes leading internal and external experts available to all. Rexel Academy aims to become the hub for sharing the Group’s culture and knowledge.

At the end of 2017, Rexel Academy was available in 24 of the countries in which the Rexel Group is active.

In 2017, 20,226 employees received training (excluding safety training), an increase from the 17,986 figure for 2016. At December 31, 2017, the number of training hours (excluding safety training) increased from 312,440 at December 31, 2016 to 365,673 hours at December 31, 2017. In 2017, 186,968 hours were spent on online training compared to 142,941 in 2016.

Lastly, employees undergoing training (excluding safety training) received an average of 18 hours of training in 2017.

Total number of training hours (excluding safety training)

	2017		2016	
	TOTAL NUMBER OF EMPLOYEES TRAINED	TOTAL NUMBER OF TRAINING HOURS	TOTAL NUMBER OF EMPLOYEES TRAINED	TOTAL NUMBER OF TRAINING HOURS
Rexel Group	20,226	365,673	17,986	312,440
Europe	9,372	114,569	8,244	117,167
North America	8,233	201,184	7,805	170,884
Asia-Pacific	2,621	49,920	1,937	24,389

The training offered to employees is thus adapted to their position, skills, career prospects, local requirements, and personal and collective objectives.

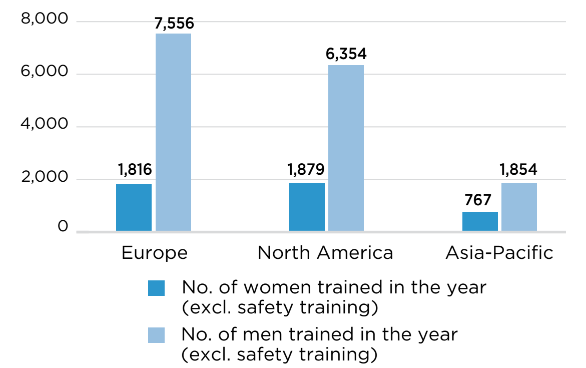
In 2017, Rexel employees took part in numerous training programs dealing with various aspects of their jobs such as products, management, sales, marketing skills, logistics, administration, IT, personal development, e-commerce and project management.

In addition to these regular sessions, numerous training initiatives are implemented to support the Group's strategy and the development of employees towards more services and new technologies in pursuit of energy efficiency. In 2017, training initiatives dealt among other things with multi-energy solutions, online sales, automation, home automation, KNX, customer service and Rexel values.

Training by position held

In 2017, 21.5% of the 20,226 employees having received training were managers and 78.5% held non-managerial positions.

Training by employee gender



In 2017, 22.1% of trained employees were women, 77.9% of trained employees were men.

Performance reviews

For several years, the Rexel Group has implemented a strong policy in order to standardize the practice of an annual and formalized performance for all of its employees.

In 2017, most Group entities arranged an annual session of individual performance interviews in which 77% of employees took part.

	2017	2016
Number of employees who received a performance review	20,818	20,450
% of employees reviewed in relation to the total workforce	77%	76.6%

Mobility and promotions

In 2017, 2,743 permanent employees benefited from a mobility measure, *i.e.* 10.4% of permanent employees.

Among the 2,743 employees who benefited from a mobility measure in 2017, 1,074 were promoted (vertical mobility) or 4.1% of permanent employees in the Rexel Group. 30.4% of such employees having been promoted were non-managers promoted to a managerial position.

Among the 2,743 employees having benefited from a mobility measure in 2017, 1,669 employees benefited from a horizontal mobility measure, *i.e.*, approximately 6.3% of the permanent employees of the Rexel Group.

4.3.5 Employee engagement

4.3.5.1 *Satisfaxion15* employee satisfaction survey

In 2015, the Rexel Group conducted its fifth opinion survey, *"Satisfaxion15"* on over 27,000 of its employees, or 98% of the total workforce at December 31, 2015.

The results of the 2015 survey were fairly similar to those of the 2013 survey, in particular with regard to the three categories that support sustained commitment:

- The engagement category received 76% positive responses;
- The well-being category received 65% positive responses; and
- The enablement category received 79% positive responses.

At the end of 2016, the Rexel Group launched specific surveys concerning the engagement category in 21 countries, *i.e.* over 19,000 employees. A new survey will be carried out in 2018.

After having organized focus groups consisting of employees that were representative of various functions and levels in 2014, Rexel launched in 2015 its employee value proposition around 5 promises. The largest number of positive responses in *Satisfaxion15* were to the "Make a difference" and "Work with a great team" promises, or 83% and 77% respectively.

4.3.5.2 Absenteeism

	2017	2016
Absenteeism rate	3.2%	3.1%

In 2017, the average absentee rate in the Rexel Group was 3.2% compared to 3.1% in 2016.

The absenteeism rate in 2017 varied by region: higher in Europe (4.3%) and lower in Asia-Pacific (2.6%) and North America (1.4%).

The Rexel Group is putting specific measures in place to reduce the absenteeism rate. These include specific monitoring by dedicated human resources managers, regular notifications, consultations and training, regular checkups and awareness campaigns, the indexing of bonuses to work attendance, job rotation or working hours adjustments, and return to work assessments.

4.3.5.3 Labor relations

Representation of employees

The Rexel Group takes the freedoms of expression and representation of its employees very seriously. This principle forms part of the Ethics Guide applicable in all countries in which the Group is active.

The Rexel Group maintains a permanent dialogue with staff representative bodies.

Rexel employees are represented such that:

- 415 employees belong to representative bodies, or 1.6% of all permanent employees of the Rexel Group; and
- 109 employees are trade union representatives, or 0.4% of all permanent employees of the Rexel Group.

European Works Council

Established in December 2005, the European Works Council is a platform to share views and information and ensure the representation of Rexel employees within the European Union.

In addition to being briefed on the Rexel Group's financial results and strategic orientations, the Council was informed of other matters pertaining to the Group such as the financing policy of the Group and Rexel Academy. Furthermore, a new addendum to the agreement creating the Council was signed on October 13, 2017; this addendum includes, in particular, the regulatory changes in connection with European works council.

Collective bargaining agreements

In 2017, 40 agreements were negotiated and concluded between employee representatives and entities of the Rexel Group. In total, 42.1% of the headcount of the Rexel Group were covered by a collective bargaining agreement.

Most of these agreements were concluded in Spain, France, Belgium and Germany and pertained to life quality at work, pay, profit sharing, incentive schemes, pensions, remote work and working time.

Out of all of the agreements, five agreements concerned health and/or safety.

Profit-sharing agreements in France

At December 31, 2017, the employees of Rexel France, Rexel Développement, Conectis and Dismo were eligible under a profit-sharing agreement with specific calculation criteria for each subsidiary.

The profit-sharing agreements in effect at the relevant French subsidiaries conform to the French Labor Code.

Industrial action

In 2017, 94 hours were lost to strikes in France, Italy, Belgium and Spain, mainly, further to national industrial action.

4.3.6 The Rexel Group's commitment to ethics

Since 2007, the Rexel Group has adopted an ethics policy centered on promoting behavior and actions that conform to its ethical principles. This initiative found expression in an Ethics Guide that is drawn up and distributed to all employees of the Rexel Group. The Guide is applicable in every country where the Rexel Group is active. It applies to all employees and is intended as an aid providing clear references for dealing with potentially sensitive situations in the workplace. It was updated in 2009 and again in 2013 to reflect the Rexel Group's growing commitment to ethics, in particular its joining of the United Nations Global Compact in 2011. In 2014, a campaign on the *Data protection program* was launched for all Rexel employees with a focus on strengthening precautions relative to the use of social media. In 2017, the Rexel Group strengthened its existing alert procedures as well as procedures against corruption. The Guide lays out the principles which the Rexel Group defends and upholds on economic, environmental and human scales.

A network of "ethics correspondents" was put in place to drive the Rexel Group's ethics policy. These correspondents are appointed by the country heads and perform this function over and above their other duties. They make sure all Group employees receive a copy of the Ethics Guide, take all necessary measures to implement the Group's ethical principles and practices, and respond to any queries. They can be contacted on a confidential basis *via* email by anyone, whether a Rexel employee or not, wishing to ask them a question or tell them about a specific problem.

The following table summarizes the queries received in 2017 altogether by ethics officers according to type, source, subject and region (a query can address several topics and lead to several types of actions).

		NUMBER OF QUERIES RECEIVED BY ETHICS OFFICERS
Type of query	Information	18
	Complaint	29
	Legal dispute	4
	Other	2
Source of query	Customers	2
	Rexel employees	40
	Suppliers	3
	Local authorities	0
	Employee representatives/ trade unions	0
	Anonymous	6
	Other	2
Subject of query	Customer relations	3
	Supplier relations	5
	Relations between employees	15
	Discrimination	6
	Working conditions	10
	Anti-corruption	2
	Anti-fraud and anti-theft	11
	Environmental protection	0
Type of measure put in place	Préventive	10
	Corrective	30
Region	Europe	6
	North America	35
	Asia-Pacific	12

In 2017, 53 ethics cases were brought to the attention of an ethics officer of the Rexel Group. Most were recorded in North America and 15 cases were related to relations between employees.

All queries were processed, verified (by means of an audit or investigation led by the management of the country in question) and dealt with through preventive and/or corrective measures as appropriate. The remaining cases are still being investigated or resolved.

4.3.7 Note on methodology

The employee-related scope of reporting includes all fully consolidated legal entities having at least one employee. Acquired or newly created entities are included in the scope of reporting:

- In the year of acquisition if before November 1 (inclusive); or

4

- As from January 1 of the year N+1 if after November 1.

Disposed entities or terminated activities are deconsolidated with immediate effect. In 2017, entities disposed in Thailand, Indonesia, Singapore, Vietnam, the Philippines, Macau and Malaysia were thus deconsolidated. In 2016, entities disposed in Poland, Slovakia and the Baltics States were deconsolidated.

Employment indicators are collected and consolidated *via* Enablon to which all reporting entities have access.

It should be noted that:

- The workforce is defined by the number of (full-time and part-time) permanent and fixed-term employees on the payroll at December 31. Employees on extended leave (for example parental leave, sabbatical leave or leave of absence to start a business) are included in the reported workforce.

  The following reasons are excluded:
  - Interns (paid or unpaid);
  - Temporary employees;
  - Subcontractors;
  - Employees in early retirement; and
  - Employees falling under the V.I.E. scheme (a kind of international internship);
- The inclusion of new employees is reported by reason:
  - Hiring of (full-time and part-time) permanent or fixed-term employees;
  - Integration of employees of acquired entities; and
  - Other reasons, for example Group mobility (internal transfer of permanent employees from one entity of the Rexel Group to another);

  The following reasons are excluded:
  - Promotions;
  - Changes in function or level within the same entity;
  - Hiring of interns and temporary workers; and
  - Hiring of employees under the V.I.E. scheme;
- In countries such as China and the USA where permanent employment (indefinite contract) is not common practice, the term "permanent employee" applies to any employee who is not hired for a specific project having a set period;
- The number of training hours is based 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);
- 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 ENVIRONMENTAL INFORMATION

4.4.1 The Rexel Group's environmental policy

4.4.1.1 Environmental responsibility

Due to its worldwide presence and the nature of its business, the Rexel Group's environmental responsibility is three-fold:

- As a global company with operations in numerous countries that manages infrastructures and generates logistic flows, the Rexel Group has a widespread environmental footprint on the ecosystems in which it conducts business (resource consumption, waste generation, direct and indirect emissions);
- By developing and selling energy management solutions, the Rexel Group also takes up an important coaching role and helps to improve

the environmental performance of buildings and installations worldwide; and

- As a distributor, the Rexel Group endeavors to raise awareness among stakeholders, in particular among suppliers, on environmental challenges.

In this context, the Rexel Group's environmental policy, defined by the Sustainable Development Department, is built around 3 major work streams:

Environmental performance of operations

This work stream aims to reduce the environmental footprint caused by the Rexel Group's operations and infrastructures while maintaining and even improving its operational efficiency. It covers both impacts linked to the core business of a distributor (selecting products, shipping them and recovering them if necessary), and the impacts resulting from site operations (energy, water, etc.).

Although these impacts are relatively small compared with those related to all of the value chain, the Rexel Group subsidiaries strive to reduce them through the following initiatives:

- Managing the consumption of natural resources, such as energy, paper, packaging materials and water;
- Collecting and recycling waste generated by its activities and specific waste from its customers; and
- Reducing greenhouse gas emissions, by addressing transport issues and the energy efficiency of its facilities (headquarters, branches, logistic centers, etc.) to fight against climate change.

Development of the energy efficiency and renewable energy solutions range

This work stream focuses on accelerating the spread of eco-efficient energy solutions in the industrial, residential and commercial markets. This commitment has been a major pillar of the Group's sustainable growth strategy since 2011.

Thus, the Rexel Group entities are developing a wide range of innovative and energy-efficient products and services to address their customers' issues.

To promote these solutions and encourage their adoption by installers and industrial clients, the Rexel Group entities have developed awareness raising and information campaigns as well as commercial events, across several communication channels (catalogs, dedicated spaces and websites), in partnership with the manufacturers (see paragraph 4.4.4 "Energy efficiency and renewable energy solutions range" of this Registration document).

Raising awareness of stakeholders in the value chain on environmental challenges

See paragraph 4.2 "Vigilance Plan" of this Registration document.

4.4.1.2 Setting-up and implementing the policy

The sustainable development strategy of the Group, the driving of the environmental policy and its operational implementation are led by the Sustainable Development Department, reporting to the General Secretariat of the Group, together with the functional departments of the headquarters and the local operational teams. The objectives, achievements and improvement areas are presented on a yearly basis to the Board of Directors of Rexel.

The Rexel Group uses several tools to implement this policy:

- The Environmental Charter;
- An annual environmental report;
- The deployment of environmental impact management procedures and management systems based on ISO 14001;
- A platform allowing the exchange of good practices and information sharing;
- *Ecodays*, an awareness raising campaign on societal and environmental issues targeted to all employees; and
- Two sustainable development training programs available on Rexel Academy, the Rexel Group's e-learning platform.

Environmental Charter

To support the operational implementation of its policy, the Rexel Group has been rolling out its Environmental Charter for the past several years. In order to reflect the progress made, the Charter was revised in 2012 following a consultation with the subsidiaries. The Charter is published in 23 languages and distributed to all the Rexel Group subsidiaries.

It presents the Rexel Group's three primary commitments to the environment:

1. Improve the environmental performance of buildings

- By upgrading facilities with energy efficient equipment for lighting, heating and cooling, etc.; and

- By managing segregating and re-directing waste to recycling or other appropriate treatments channels.

2. Reduce the environmental footprint of operations

- By minimizing the use of packaging and papers;
- By optimizing transport flows and thereby reducing fuel consumption and associated greenhouse gas emissions.

3. Develop and promote energy-efficient solutions

- By providing customers with a wide selection of innovative products and services in energy management and renewable energies use; and
- By training Rexel Group commercial teams on up-to-date technologies and providing them with specific marketing and information materials.

At the end of 2017, the new version of the Environmental Charter was displayed in 94% of Rexel Group sites.

Environmental reporting

The Rexel Group's environmental reporting is a key management tool. It helps identify and quantify the environmental aspects of its activities and provides an overall view of the improvement plans that need to be put in place.

In 2017, the Rexel Group environmental reporting process was further updated for enhanced reliability and relevance, primarily through updating greenhouse gas emission factors (see paragraph 4.4.5.1 "Note on methodology" of this Registration document), stabilizing environmental impacts included in the reporting scope, strengthening the data collection channels, and further training of the Rexel Group correspondents in the subsidiaries on reporting methods.

The reporting framework of the Rexel Group regulatory obligations is based on recognized international references and standards:

- The sustainable development reporting guidelines set out in the fourth version of the GRI (Global Reporting Initiative), which constitute a worldwide recognized framework, to define the performance indicators and the reporting procedures; and
- The GHG Protocol (Greenhouse Gas Protocol), to quantify and effectively report on greenhouse gas emissions (see paragraph 4.4.5 "Note on methodology and summary table" of this Registration document).

The Rexel Group's reporting process relies on a global network of approximately 60 correspondents (the "experts") throughout its subsidiaries. In April 2017, the "experts" were invited to attend the annual international seminar on sustainable development. There, they discussed the Group's sustainable development policy, shared ideas, best practices and initiatives, and took training courses on the environmental challenges of the Rexel Group.

A summary of the environmental reporting is sent to each country. This document allows each country to compare to the other entities of the Group in respect of all of the indicators by reflecting physical and financial information.

Environmental management systems and procedures

The Rexel Group is continuing to implement Environmental Management Systems (EMS). These systems define and document procedures in order to manage the environmental aspects of its operations and help spearhead improvement initiatives. Since 2013, the Rexel Group has developed its own environmental management standard to harmonize, support and accelerate the deployment of EMS in its subsidiaries.

As of the date of this Registration document, the number of Rexel Group sites using an EMS is stable compared to 2016 and covers 45% of the Group's sites.

Several subsidiaries undertook ISO 14001 certification, which proves that they are committed to a continuous improvement process with respect to their environmental policy. In 2017, the emphasis was put on ISO 14001 certification with more than 300 new sites that have obtained such certification. At the end of 2017, 25% of the sites were ISO 14001 certified, compared to 11% in 2016.

In addition, several subsidiaries also engaged in the setting up of energy management systems compliant with the ISO 50001 standard. These subsidiaries represent approximately 19% of the Group's sites and 16% of the Group's energy consumption.

Awareness raising on environmental and social issues for all employees

In 2017, the Sustainable Development Division developed an information sharing and discussion platform dedicated to the 60 "experts" spread among the various countries. This platform allows participants to exchange on good practices and areas for improvement, and sharing the information related to sustainable development in order to improve knowledge and skill level.

In addition to the existing tools and processes, the Sustainable Development Department raises awareness among all employees on environmental and social issues *via* an awareness raising campaign called "Ecodays".

A website available in three languages enables all employees to seek information on issues associated with the protection of the environment, the various initiatives launched by the Rexel Group and its subsidiaries in this field, and on daily habits they can adopt to help reduce the environmental footprint of the Rexel Group. This digital campaign is supplemented by on-site events in the Group subsidiaries and headquarters and by several in-house contests to engage employees in both social and environmental issues. The Ecodays are thus a key tool for raising awareness internally on sustainable development issues and provide an overall view of the Rexel Group's sustainable development policy. This platform contributes to achieving the objective set by Rexel to inform and raise awareness with 100% of employees by 2020.

Training on sustainable development

Sustainable development training is available on Rexel Academy. It presents the main challenges and principles of sustainable development with videos, practical cases and quizzes.

A comprehensive e-learning module in connection with energy efficiency is also available for all with three levels of expertise. The objective of this program is to help employees to improve their knowledge level, strengthening their expertise and improve self-confidence when they discuss energy efficiency.

4.4.1.3 2017 objectives and achievements

The Rexel Group has defined environmental targets for 2020 associated with climate change:

- At least double the sales of energy efficiency products and services (2011 baseline); and
- Reduce by at least 30% the greenhouse gas emissions of its operations (2010 baseline).

In 2017, upon suggestion of the Sustainable Development Division, in accordance with the recommendations of the Board of Directors and with the support of the Executive Committee, several projects were implemented, in particular:

- The structuring of the environmental management policy of the Group through the release of the Environmental Charter and assistance to the Rexel Group subsidiaries in implementing standard EMS, ISO 14001 certification as well as promotion of energy audits and ISO 50001;
- The reduction of energy consumption giving priority to the setting up in the premises of measurement and management devices as well as the replacement of lighting sources by more energy-saving equipment;
- Raising awareness of all employees in respect of controlling the main environmental impacts: energy, packaging, waste and greenhouse gas emissions so that they become internal actors and, external actors together with the stakeholders;
- The Group's commitment to an approach aiming at assessing, in particular, the environmental performance of stakeholders in the value chain; and
- The increasing awareness among customers about energy efficient electrical products and thus boosting the relevant sales.

The results and main initiatives are presented in paragraphs 4.4.3 "Environmental aspects of the Rexel Group activities" and 4.4.4 "Energy efficiency and renewable energy solutions" of this Registration document.

4.4.2 Risk management and regulatory compliance

4.4.2.1 Assessment and conformity approach

Compliance with regulatory environmental requirements is essential when defining the environmental policy, both on a global scale and local scale.

The main regulations likely to affect the Rexel Group activities are included in paragraph 1.8.2 "Environmental regulations" of this Registration document.

The Rexel Group's business falls under environmental regulations provided for in European Directives and Regulations (among other):

- Directive 2011/65/EU of the European Parliament and Council of June 8, 2011, known as the "RoHS"

(Restriction of Hazardous Substances) Directive which restricts the use of certain hazardous substances in electric and electronic equipment;

- Directive 2012/19/EU of the European Parliament and Council of July 4, 2012, on Waste Electrical and Electronic Equipment ("WEEE" Directive);
- Regulation 1907/2006 of the European Parliament and Council of December 18, 2006, known as the "REACh" (Registration Evaluation and Authorization of Chemicals) Regulation, which addresses the registration and authorization of chemical substances; and
- Directive 2012/27/EU of the European Parliament and Council of October 25, 2012, which provides for mandatory energy audits for large companies in the European Union. This Directive was incorporated into French Law in Article 40 of the Act of July 16, 2013.

The Rexel Group is also subject to specific local regulations in the countries where it operates regarding the environment, health and the safety of its activities and facilities.

Certain facilities are subject to a declaration or registration with administrative bodies, environmental permits and operating licenses, and regulatory monitoring requirements. In France for example, the Rexel Group is subject to the law on classified facilities for environmental protection (ICPE). As a result, some areas, particularly in logistics centers, are subject to a declaration or registration, depending on their level of danger or inconvenience: covered as well as that store fuel, storage areas for plastics, paper, cardboard and wood warehouses, battery charging facilities. If applicable, the delivery and renewal of these declarations and administrative approvals are managed locally.

4.4.2.2 Environmental risk management and prevention

As a non-manufacturer distributor, the Rexel Group did not identify any material environmental risk linked to its operations. Risk identification, occurrence and severity are subject to an annual review as part of the Group's annual risk assessment and the occurrence of environmental incidents is monitored *via* the annual environmental report. In 2017, none of the Rexel Group entities reported any incident of this nature.

As of the date of this Registration document, to the best of the Group's knowledge, there were no environmental risks likely to have a material impact on its business or its financial position.

However, Rexel cannot guarantee that it has always complied, or shall in all circumstances comply with environmental standards and regulations, or that it shall not be liable for any future significant costs in order to comply with such standards and regulations, which could have an adverse effect on the Rexel Group's reputation and financial results.

4.4.2.3 Expenses incurred to prevent environmental impacts from operations

The sites for which certain environmental risks have been identified (particularly those that include a fuel storage area) comply with the various regulations that apply to them and have implemented operating procedures, quality systems and a set of safety measures. The expenses incurred by the Rexel Group to prevent the consequences of its activities on the environment are integrated into the customary investment process of Rexel and have not been identified on a separate basis.

4.4.2.4 Resources allocated to reduce environmental risks

Given the Rexel Group's profile, the environmental risk is low. The costs for assessing, preventing and addressing environmental risks therefore represent small amounts which are included in the Rexel Group's investment processes and were not broken down separately. In addition, environmental risks are assessed in the acquisition processes for new legal entities.

4.4.2.5 Adapting to climate change

Given the nature of its business, the Rexel Group believes that it is not significantly exposed to risks resulting from climate change and therefore has not developed any adaptation policy.

4.4.2.6 Provisions and guarantees set aside for risks

As of the date of this Registration document and to the best of the Rexel Group's knowledge, there are no:

- Disputes other than those set out in section 5.2 "Consolidated financial statements" of this Registration document;
- Environment-related items or situations likely to have a material impact on Rexel's assets or results; or
- Any specific environmental issues that could have an impact on the use of the Group's tangible fixed assets.

In 2017, the Rexel Group did not record any significant provision in its consolidated financial statements for environmental risks.

4.4.2.7 Compensation paid pursuant to a decision of court

In 2017, no significant compensation was paid pursuant to a decision of court in relation to the environment or to actions undertaken to remedy environmental damage.

4.4.3 Environmental aspects of the Rexel Group activities

The Rexel Group's sustainable development approach focuses on reducing the environmental footprint of its activities throughout the distribution chain.

Different initiatives have been deployed within the Rexel Group, both at international and local levels, to manage the environmental impacts of its operations. These impacts are linked, in particular, to infrastructures (waste, use of energy, water resources, etc.), sales activities (travel to visit suppliers and customers, consumption of paper and consumables, etc.) and logistics (deliveries, packaging, etc.).

4.4.3.1 Energy consumption

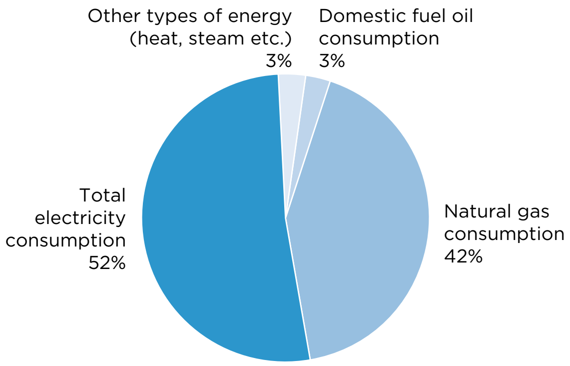
For the Rexel Group, energy consumption is a major environmental issue to preserve resources and fight against climate change, as well as manage costs.

In this context, the Group has engaged a voluntary approach to optimize consumption within each entity, both in terms of energy consumption on-site and for product and people transport.

On-site energy consumption

In 2017, total on-site energy consumption totaled 283,825 MWh, broken down as follows:

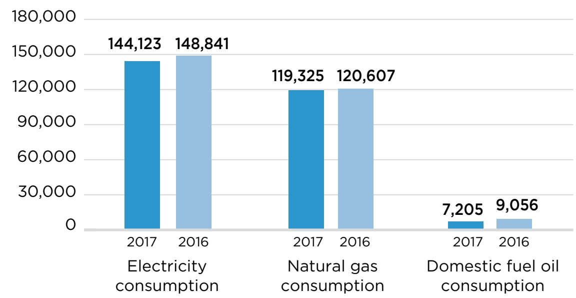
Energy consumption by type of energy (2017)



This data is calculated based on a scope representing 100% of the Rexel Group's sales.

At constant scope, between 2016 and 2017, energy consumption decreased by 3% mainly due to the reduction in the use of electricity 3%. The sharp decrease in domestic fuel consumption 20% is mainly due to the progressive phasing out of this energy source in particular when relocating in new branches or warehouses.

Energy consumption evolution (MWh), constant scope



Measures taken to improve the sites' energy efficiency

The implementation of action plans further to energy audits or ISO 50001 certifications explains the decrease in energy consumption, and in particular:

- The improvements to lighting equipment, by using low consumption technologies (in particular, LEDs), and control and automation systems (home automation, presence and light detectors, etc.);
- The upgrade of heating, air conditioning and ventilation systems, and better management (reduction in the room temperature set point, etc.); and
- The management of energy consumption *via* the annual environmental reporting or specific measurement or management tools within certain subsidiaries (site by site management on a monthly basis or even in real time).

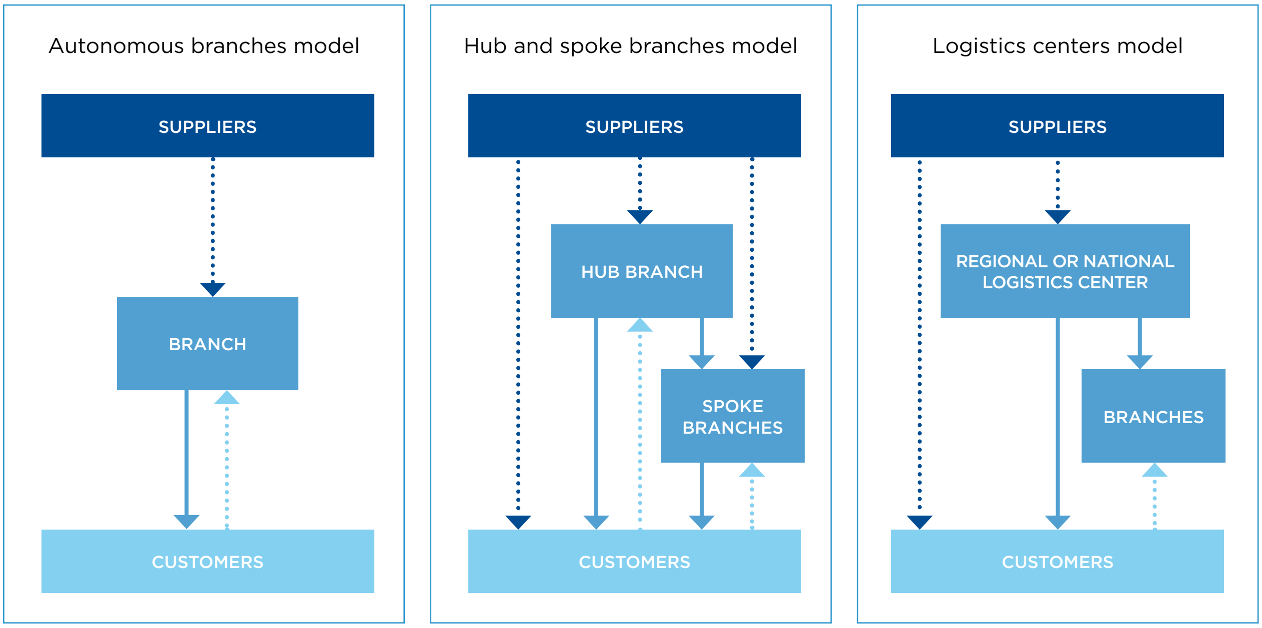
Fuel consumption for goods transport

The Rexel Group's activities require the transport of materials and goods, from suppliers to customers.

The diagram below presents the Rexel Group's logistics organization and indicates the main goods transport flows associated with its activity:

- In **blue**, upstream transport, *i.e.* flows that leave suppliers to the Rexel Group logistics centers, branches and customers. These flows are managed by the suppliers themselves;
- In **light blue**, customer flows provided by their own means of transport, to and from Rexel branches; and
- In **solid line**, transport initiated and managed by the Rexel Group: (i) internal flows between logistics centers or its hub branches and other branches, and (ii) downstream flows from logistics centers/hub branches and other branches to customers. These flows can be provided by the Rexel Group's internal fleet or by sub-contractors.

Representation of transport flows depending on the logistics model implemented



With regard to environmental reporting, the Rexel Group focuses on assessing the transport that it initiates or manages (solid line flows) to continually improve data collection and support the roll out of improvement programs.

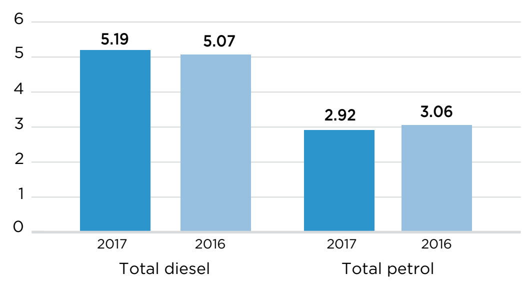
The transportation of merchandise and products upstream and downstream have also been reviewed during the study on indirect scope 3 greenhouse gas emissions (GHG) carried out in 2017 (see paragraph 4.4.3.6 "Greenhouse gas emissions and the fight against climate change" of this Registration document).

In 2017, the Rexel Group's internal goods transport fleet included 875 trucks and 844 vans in total, *i.e.* a very slight increase in the number of vehicles compared to 2016 on a constant scope. The mileage made by these vehicles in 2017 decreased by 4.2% compared to 2016.

In 2017, this internal fleet consumed 5.23 million liters of diesel and 2.93 million liters of petrol (figures calculated on a scope representing 100% of the Rexel Group total sales).

At constant scope between 2016 and 2017, these consumptions respectively increased by 2.4% and decreased by 4.6%.

Evolution of fuel consumption for product deliveries by internal fleet (million of liters), constant scope



Transport optimization measures

In 2017, the entities of the Rexel Group continued to deploy their transport optimization program, which aims to optimize costs and increase service flexibility, while reducing kilometers traveled, fuel consumption and the associated greenhouse gas emissions.

This policy is built around three major focuses.

Firstly, the Rexel Group promotes the use of shared transport, by sub-contracting transport to service providers that pool Rexel Group's flows with those of other customers, thus reducing the environmental impact of logistics.

Secondly, where pooling is not possible, the Rexel Group progressively carries out optimization programs for transport flows *via* its internal fleet or dedicated external means, through the rationalization of delivery routes, optimization of vehicle loads, the use of GPS systems to measure various performance indicators (fuel consumption, CO_2 emissions, distances traveled, load rate, etc.) and the introduction of electric and hybrid vehicles.

Finally, the Rexel Group is committed to adding more environmental criteria when selecting transporters, such as the environmental performance of vehicles and their maintenance, the implementation of environmental action plans and the reporting of fuel consumption and greenhouse gas emissions.

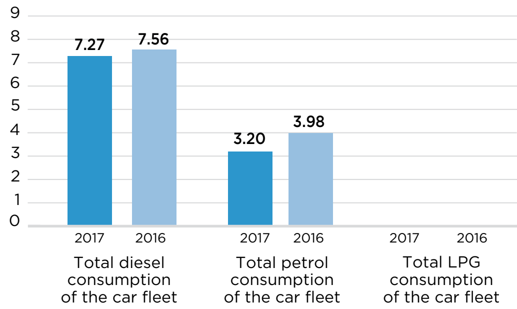
Fuel consumption for business travel

The Rexel Group's activities also require staff travel, in particular for customer visits by sales representatives. For this, most subsidiaries have a fleet of vehicles either owned or on long-term leases.

In 2017, the Rexel Group's fleet comprised 5,335 cars (excluding vans and trucks) and consumed nearly 7.3 million liters of diesel and 3.2 million of liters of petrol.

At constant scope between 2016 and 2017, these consumptions respectively decreased by 3.8% and 19.6%.

Evolution of fuel consumption for travels by company cars (million of liters), constant scope



Vehicle fleet optimization measures

Over several years, Rexel Group's Indirect Purchasing Department has deployed framework agreements to rationalize the company vehicle fleet (cars, vans and trucks) and to improve its environmental performance. Thanks to partnerships signed with several leasing companies and six automotive manufacturers, the Rexel Group supports its subsidiaries in applying this rationalization policy and encourages the monitoring of performance indicators (fuel consumption, level of CO_2 emissions per kilometer).

In 2017, through the main long-term leasing companies, 27% of the European fleet was renewed with vehicles (excluding vans and trucks) whose average rate is 102 gCO_2e/km. In addition, the Rexel Group fleet now includes hybrid and electric vehicles. Furthermore, two shared electric vehicles are being tested at the headquarters of Rexel in Paris in order to decrease the use of taxis and car services.

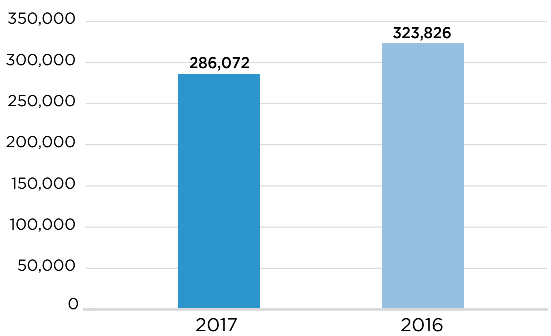
4.4.3.2 Water consumption

Water consumption by the Rexel Group primarily corresponds to water used within sales and administrative buildings (branches, logistic centers), in particular in air conditioning and sanitation circuits, for premises maintenance as well as compulsory purges for the fire protection systems. It is, therefore, entirely sourced from drinking water networks.

The Rexel Group's total water consumption was approximately 287,230 cubic meters in 2017, based on quantified elements representing a scope of 95.9% of the Rexel Group's sales.

At constant scope, this consumption decreased by 11.7% compared to 2016.

Evolution of water consumption (m^3), constant scope

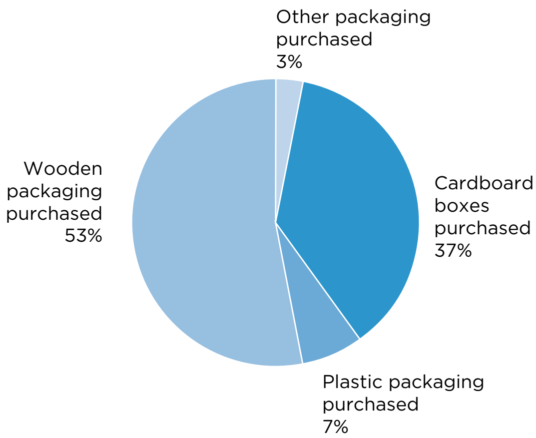


4.4.3.3 Packaging materials and paper consumption

Packaging materials

The total quantity of packaging (cardboard, plastic, wood, other packaging) consumed by the Rexel Group in 2017 is estimated at 13,270 tonnes, based on a scope representing 99.97% of the Rexel Group sales, broken down as follows:

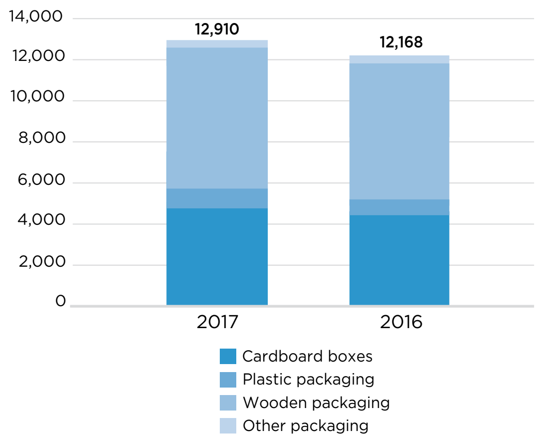
Packaging material consumption by type of material (2017)



Reuse of packaging is encouraged within the Rexel Group: numerous countries have implemented a system to reuse pallets, wood drums and supplier boxes for customer deliveries, or to use reusable plastic boxes for deliveries of small materials between logistics centers and branches.

Further to the opening of new branches, and the change in distribution models, the consumption of packaging materials increased by 6% at constant scope, compared to 2016. These figures must be qualified by the fact that packaging consumption monitoring has also improved year on year (thanks notably to the implementation of separate accounting from other consumables) and is, therefore, more comprehensive.

Evolution of packaging material consumption (tonnes)



Note: the packaging quantities reported here are only those purchased and consumed by the Rexel Group. They do not take into account supplier packaging reused by the Rexel Group.

Paper

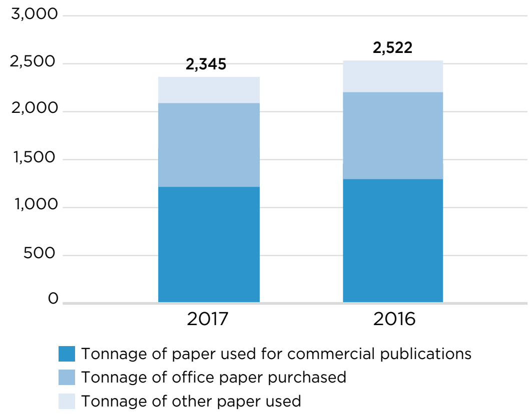
In 2017, the Rexel Group consumed around 1,241 tonnes of paper to print its sales leaflets, brochures and catalogues. The consumption of other paper (office paper, invoicing, etc.) was nearly 1,171 tonnes. 61% of the total quantity of paper used were certified from recycled fibers or sustainably managed forests. This data is calculated based on a scope representing 100% of the Rexel Group's sales.

The Rexel Group's international scale is a powerful driver to optimize and rationalize its indirect purchasing policy, by using a responsible approach to reduce its environmental impacts.

Thus, in 2017, the Rexel Group continued to work with approved office equipment, printing and paper suppliers to reduce the amount of paper consumed.

Lastly, the digitization of a number of documents (catalogues, invoices, etc.) enabled to enhance these efforts. Thus, at constant scope, total paper consumption decreased by 7% between 2016 and 2017.

Evolution of paper consumption (tonnes), constant scope

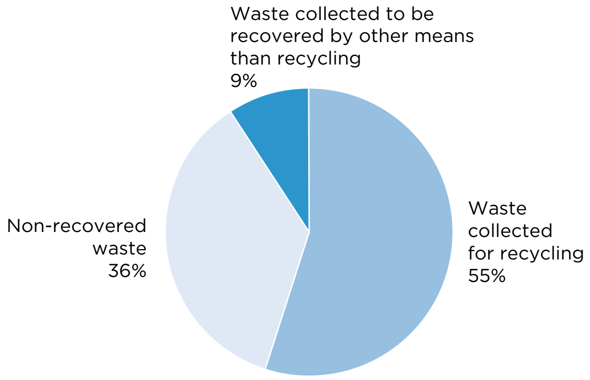


4.4.3.4 Waste management

As part of its environmental policy, the Rexel Group aims to reduce the amount of waste generated by its activities and to promote its recycling and recovery. The Rexel Group encourages all of its branches, in particular through its Environmental Charter, to:

- Implement a selective waste sorting system to recycle or recover paper, cardboard, plastic and wood;
- Ensure that hazardous waste (for example, from batteries, IT and electrical equipment) is transported for treatment and recycling in an environmentally friendly way; and

Waste produced by destination (2017)



- Contribute, within the framework of local regulations, to the collection and recovery of certain specific customer waste, such as waste electrical and electronic equipment (WEEE) (see paragraph 4.4.2.1 “Assessment and Conformity Approach”, in this Registration document).

Total quantity of waste generated

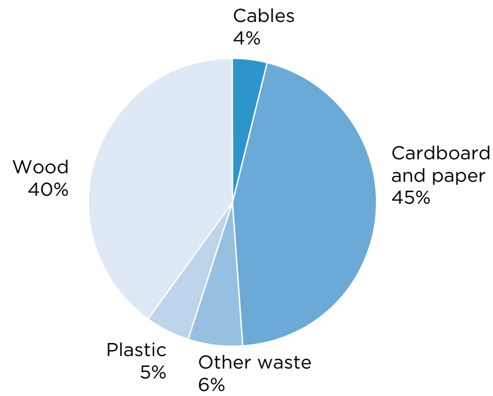
The quantity of waste generated by the Rexel Group is estimated at 26,665 tonnes for 2017 for all materials (excluding WEEE and batteries). This data is calculated based on a scope representing 93.8% of the Rexel Group’s sales.

At constant scope, we observe a slight increase of 1% of the total waste generated compared to 2016.

Collection and recovery/recycling of ordinary waste

As far as possible, the Rexel Group branches carry out the selective sorting of ordinary waste (in particular, cardboard, plastic and wood) for recycling or recovery. The total quantity of waste recovered by the Rexel Group, for all materials (excluding WEEE and batteries), was around 17,183 tonnes in 2017 *i.e.*, 64% of the total quantity of waste generated. This data was calculated based on a scope representing 93.8% of the Rexel Group’s sales. At constant scope, we observe a slight increase of 1% of the total waste recycled compared to 2016.

Waste recycled by type of material (2017)



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Fighting against food waste

Given the Rexel Group's activity, this matter is considered as having no material impact.

Collection and recovery/recycling of specific waste

In most European countries, the implementation of European legislation with regard to Waste Electrical and Electronic Equipment (WEEE) has led the Rexel Group branches to collect customer WEEE in order to recycle it. In other countries, the Rexel Group subsidiaries have exceeded applicable legal requirements by offering this additional service to their customers. Thus, in 18 countries, Rexel Group has implemented a WEEE management and recovery system, with around 1,530 tonnes of this waste being sent for recycling, including around 1,021 tonnes of fluorescent tubes and light bulbs.

In 2017, the Rexel Group also contributed to the recycling of more than 46 tonnes of batteries. This data is calculated based on a scope representing 93.8% of the Rexel Group's sales.

4.4.3.5 Pollution and nuisance

Water and ground discharges

Given the Rexel Group's activity, there is a low risk of release of polluting substances into the water or ground.

The potential pollution risks linked to underground fuel tanks are managed locally, in accordance with local legislation, by the implementation of operational procedures, quality systems and safety measures (see paragraph 4.4.2 "Risk management and regulatory compliance" in this Registration document).

Air emissions

For greenhouse gas emissions (GHG), see paragraph 4.4.3.6 "Greenhouse gas emissions and the fight against climate change" in this Registration document.

In addition to GHG emissions, the Rexel Group does not generate significant amounts of air emissions.

Noise pollution

The Rexel Group considers that its impact in terms of noise pollution is not significant with regard to its service activity.

Odor nuisances

The Rexel Group considers that this information is irrelevant with regard to its service activity.

Ground use conditions and impact on biodiversity

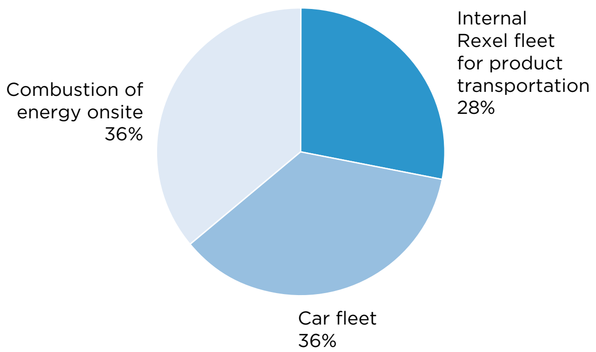
The Rexel Group considers that its impact on ground use and biodiversity is not significant with regard to its service activity.

4.4.3.6 Greenhouse gas emissions and the fight against climate change

As a distributor, the Rexel Group's direct carbon footprint (known as "scope 1") is limited. In 2017, it represented 74,141 tonnes CO_2 equivalent, a value obtained based on a scope representing 100% of the Rexel Group's sales. On a constant scope, a decrease of 4% in the direct carbon footprint can be observed.

These direct emissions include emissions linked to the consumption of primary energy (mainly natural gas and domestic fuel oil) and fuel for transport carried out by company vehicles (see paragraph 4.4.5.1 "Note on methodology" of this Registration document).

Breakdown greenhouse gas scope 1 emissions by source (2017)



Indirect scope 2 emissions include emissions linked to the production of electricity and heat consumed by the Rexel Group sites (see paragraph 4.4.5.1 "Note on methodology" of this Registration document). In 2017, these totaled 30,219 tonnes CO_2 equivalent, a value obtained based on a scope representing 100% of the Rexel Group's sales.

Almost 97% of indirect scope 2 emissions are related to electricity consumption in the buildings. The outstanding indirect scope 2 emissions result from the production of heat.

Indirect greenhouse gas emissions related to electricity consumption decreased by 16% between 2016 and 2017. This is due to a 3% reduction in electricity consumption and an update of emission factors in 2017. This change in emission factors reduces GHG emissions related to electricity consumption by about 12%. (see paragraph 4.4.5 "Note on methodology and summary table" of this Registration document).

Greenhouse gas emissions from heat production decreased by 66% between 2016 and 2017, while heat consumption decreased by 3%. This decrease is explained by the transfer of heat production to lower greenhouse gas-emitting solutions.

Greenhouse gas emissions related to energy consumption

Direct greenhouse gas emissions linked to the on-site combustion of primary energies are estimated at 26,439 tonnes CO_2 equivalent in 2017.

Indirect emissions linked to the production of electricity purchased by the Rexel Group totaled nearly 29,247 tonnes CO_2 equivalent in 2017 and those linked to heat production 973 tonnes CO_2 equivalent.

This data was calculated based on a scope of reporting representing 100% of the Rexel Group's sales. At constant scope, the total emissions (direct and indirect) due to energy consumption decreased by 12.5% compared to 2016.

Greenhouse gas emissions related to the transport of goods by the internal fleet

Some of the Rexel Group subsidiaries have an internal fleet of vehicles to transport goods between Rexel sites and to customers.

In 2017, greenhouse gas emissions linked to the transport of goods by this fleet totaled 20,703 tonnes CO_2 equivalent. This data was calculated based on a scope of reporting representing 100% of the Rexel Group's sales. At constant scope, these emissions were stable compared to 2016.

Greenhouse gas emissions related to business travel by company cars

These emissions are linked to professional travel either in the owned or leased car fleet by the Rexel Group subsidiaries.

In 2017, these emissions represented 27,000 tonnes CO_2 equivalent. This data was calculated based on a scope of reporting representing 100% of the Rexel Group's sales. At constant scope, these emissions decreased by 9% compared to 2016.

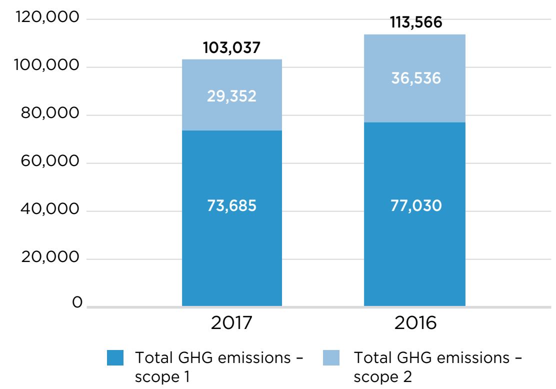
Measures taken to fight against climate change

Although its impact on climate change is relatively small, the Rexel Group seeks to limit its greenhouse gas emissions through initiatives to reduce energy consumption at its sites, optimize logistics and upgrade its vehicle fleet (see paragraph 4.4.3.1 "Energy consumption" in this Registration document).

In addition to these reductions in consumption, the Rexel Group has implemented actions to reduce GHG emissions, in particular by increasing the use of renewable energy sources, with the installation of photovoltaic panels or the connection to heating networks from biomass power plants. Increasing numbers of the Rexel Group subsidiaries subscribe to electricity supply contracts that guarantee its renewable origin (photovoltaic, hydoelectric, biomass, etc.). In 2017, 16% of electricity consumption came from contracts guaranteeing renewable sources or the installation of photovoltaic panels on site.

Thus, the total scope 1 and 2 emissions decreased by 9.3% at constant scope between 2016 and 2017.

Evolution of total GHG emissions (scope 1 + scope 2), constant perimeter (t. CO_2e)



Since 2010, reference year of the commitment of the Group to reduce emissions for its operations (scopes 1 and 2) by at least 30% by 2020, Rexel has reduced its greenhouse gas emissions by 35.3% based on this scope as early as in 2017 and thus achieved its initial 2020 target.

Indirect greenhouse gas emissions (known as scope 3)

For the third time, a quantification of indirect GHG emissions (known as scope 3), was carried out in early 2017 on the basis of 2016 figures.

This work was carried out in collaboration between the Rexel Group's teams and external experts. As for scopes 1 and 2, the calculations are based on the methodology established by the GHG Protocol standard.

scope 3 emissions are estimated at 36 million tonnes of CO_2 equivalent, including approximately 34 million tonnes of CO_2 equivalent for product use. The second most important item in scope 3 is purchases of goods and services accounting for just over 1 million tonnes of CO_2 equivalent, followed by shipments of goods and upstream and downstream products accounting for just under 1 million tonnes of CO_2 equivalent.

Even though this work was done on the basis of a robust methodology, these figures, due to the diversity of products sold by the Group and the difficulty of obtaining certain reliable information, remain the best estimate at this stage. They will be reviewed on a regular basis to increase reliability.

4.4.4 Energy efficiency and renewable energy solutions range

As presented previously in paragraph 1.4.3 "the Rexel Group's Strategy" in this Registration document, the Rexel Group intends to accelerate its development by building on categories with strong potential such as energy efficiency and renewable energies.

The Rexel Group has developed a range of innovative products and services that meets its market's structural trends: the need for electrical efficiency to reduce energy consumption, and the necessary development of renewable energies.

In the energy efficiency sector, the Rexel Group offers a wide range of products and solutions for the construction, renovation and maintenance of residential, commercial and industrial buildings: replacement of lighting sources (fluorescent lamps and tubes, low consumption halogens and LEDs), implementation of measurement and management systems (sensors, detectors, smart meters, variators, etc.), and also energy audits and energy economy certificates. In 2017, these activities generated total sales of €1,475 million, an increase of 2.9% compared to 2016.

The Rexel Group commits to double, at least, its sales of products and services for energy efficiency between 2011 and 2020. At the end of 2017, the objective was achieved with sales doubled (x 2,005) on this scope compared to 2011.

In the renewable energy sector, the Rexel Group develops solutions adapted to each country, market and customer. In the photovoltaic market, it supplies different equipment including solar panels and mounting accessories. In the wind energy market, the Rexel Group offers targeted solutions ranging from simple delivery to fully integrated service offers (from procurement, to inventory management, to delivery of products on the assembly line). The range of products includes electrical components, cables and other products required for the production of turbines and the operation of wind farms.

In 2017, the photovoltaic segment generated sales of €196.8 million, a decrease of 4.1% compared to 2016. The wind energy market generated total sales of €66.1 million decreasing by 37.9% compared to 2016.

4.4.5 Note on methodology and summary table

4.4.5.1 Note on methodology

Reporting Protocol

Environmental reporting provides annual data for the Sustainable Development Department's management dashboard, with the objectives of piloting policy implementation, facilitating information and good practice sharing within the Rexel Group and meeting external reporting requirements, in particular the regulatory obligations associated with the Grenelle 2 law and Article R.225-105-1 of the French Commercial Code, and also requests from stakeholders (customers, investors, rating agencies, etc.).

The Rexel Group is therefore committed to providing environmental reporting that meets the following requirements: coherence (ensuring that data is comparable and established according to standard rules), completeness and accuracy (reported data reflects reality), materiality (the data reports on the most significant issues), transparency and control (the data sources, calculation and estimation methods are available and easily accessible).

In terms of organization, in each entity, a contributor is responsible for collecting all the data which is then checked by a validator.

Over the last eight years, dedicated reporting software, in the form of a secure Internet platform, has enabled the Rexel Group to ensure reliable data collection.

In 2017, the Sustainable Development Department continued its efforts to ensure that the collection process is reliable and that the rules defined in its reporting protocol are applied correctly. This reporting protocol is available in four languages.

This environmental reporting protocol defines:

- The objectives of the environmental reporting process;
- Reporting scope of application;
- Procedures for data collection and reporting;
- Selected indicators and their definition, to ensure correct, consistent understanding by all contributors; and
- Formulas used to calculate certain indicators, such as conversion factors.

External verification

All the material environmental information, whether qualitative or quantitative, was verified externally by an appointed Statutory Auditor, to increase stakeholders' confidence in the information, and in accordance with the provisions in the Grenelle 2 law and its application decree.

Scope of reporting

The scope of the environmental reporting is intended to be identical to that retained for preparing the consolidated financial statements, as defined by the Rexel Group's Finance Department.

Recently acquired entities (*i.e.* during the financial year or late in the previous financial year) are not integrated into the scope, due to difficulties in obtaining some data during the acquisition year. In 2017, no entity was concerned. An entity acquired in 2016 (Sofinther) was integrated into the scope of reporting of this year.

The South East Asia entity disposed of in 2017 is excluded from the scope of environmental reporting. This is the only difference between financial and environmental reporting.

Consequently, in 2017, 100% of the environmental scope corresponds to financial reporting outside of South East Asia.

Calculation of the scope of indicator coverage

Exceptionally, and if its reliability is not judged satisfactory, some data for some entities may be excluded from the reporting. Four entities are excluded based on certain indicators due to the difficulty to produce reliable data. In 2017, out of these four entities, the only significant entity accounting for more than 1% of the Group's sales is Rexel APAC & Rexel China. These exclusions are taken into account for the calculation of the scopes of coverage. These coverage scopes are indicated for each indicator in the text and summary table in paragraph 4.4.5.2 "Summary Table" in this Registration document. They correspond to the ratio of the total sales of entities that have reported the indicator compared to the total Rexel Group sales excluding entities acquired during the financial year.

Restatement of 2016 data

Some 2016 data required corrections applied retroactively.

INDICATOR	RESTATEMENT
Energy consumption	The total quantity of energy consumed in 2016 was revised downwards following modifications applied *a posteriori* on the data reported.
Water consumption	The 2016 figure was revised upwards following corrections to data from the Canadian entity.
Total quantity of packaging purchased	The 2016 figure was revised downwards following corrections to data from the Dutch entity.
Paper consumption	The 2016 figure was revised downwards following corrections on reported data.
Waste generation	The 2016 figure was revised upwards following corrections to data from the English entity.
Scope 1 direct emissions	The 2016 figure was revised downwards following corrections to data from the Irish entity on transport of goods.
Scope 2 indirect emissions	The 2016 figure was revised downwards following corrections on reported data.

Calculation of constant scope

To analyze changes from one year to another, the environmental indicators are also presented with a constant scope. The data is restated as follows:

- the data from year N-1 does not include: the de-consolidated entities (due to divestment) as well as entities for which data has been partially excluded in year N;
- the data from year N does not include: the de-consolidated entities (due to divestment) as well as entities for which data has been partially excluded in year N-1;

4

These restatements do not correct variations due to growth or reduction in activity within the entities.

Accounting for greenhouse gas emissions

Methodology and references

The methodology used by the Rexel Group to quantify its greenhouse gas emissions is based on the GHG Protocol framework.

The scope 1 represents direct GHG emissions, from sources held or controlled by the Rexel Group. Thus, the Rexel Group has chosen to include emissions from vehicles on long term lease contracts over which it exercises operational control.

The scope 2 accounts for indirect GHG emissions resulting from the production of electricity and heat purchased by the Rexel Group.

The scope 3 accounts for indirect GHG emissions resulting from the Rexel Group activities, but which come from sources that do not belong to the Group or over which the Group only exercises operational control or has a limited impact.

Emission factors used

In 2017, 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 butane or propane consumption, 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 2016, the factors used were those of 2013, while in 2017 they were the 2016 factors. These changes in emission factors between 2016 and 2017 result in a 12% reduction in GHG emissions related to grid electricity consumption. For example, the emission factor for France decreased from 61 to 40.9 gCO_2 e/kWh, a 30% decrease over the period. Similarly, the Australian emission factor decreased from 823 gCO_2 e/kWh to 734.8 gCO_2 e/kWh, a 21.1% decrease over the period. This is due to the evolution of the energy mix between 2013 and 2016 in the countries where Rexel operates.

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);
- 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 tonne), light utility vehicles such as vans (weight less than or equal to 3.5 tonnes) and heavy vehicles (weight over 3.5 tonnes).

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 2016 and 2017 are presented with comparable structures and exchange rates.

4.4.5.2 Summary table

INDICATORS	UNIT	2017	PERIMETER	CONSTANT PERIMETER 2017	CONSTANT PERIMETER 2016	CONSTANT PERIMETER VARIATION	CONSTANT PERIMETER PERIMETER
CONSUMPTION OF RESOURCES							
Total energy consumption	**MWh**	**283,825**	**100.0%**	**280,588**	**288,720**	**-3%**	**98.8%**
Of which electricity consumption	*MWh*	*146,504*	*100.0%*	*144,123*	*148,841*	*-3%*	*98.8%*
Of which gas consumption	*MWh*	*120,181*	*100.0%*	*119,325*	*120,607*	*-1%*	*98.8%*
Of which fuel consumption	*MWh*	*7,205*	*100.0%*	*7,205*	*9,056*	*-20%*	*98.8%*
Water consumption	**m^3**	**287,230**	**95.9%**	**286,072**	**323,826**	**-12%**	**94.7%**
Total packaging consumption:	**Tonnes**	**13,270**	**100.0%**	**12,910**	**12,168**	**6%**	**98.7%**
Of which cardboard	*Tonnes*	*4,870*	*100.0%*	*4,722*	*4,407*	*7%*	*98.7%*
Of which plastics	*Tonnes*	*1,003*	*100.0%*	*981*	*762*	*29%*	*98.7%*
Of which wood	*Tonnes*	*7,003*	*100.0%*	*6,844*	*6,611*	*4%*	*98.7%*
Of which other packaging	*Tonnes*	*394*	*100.0%*	*363*	*387*	*-6%*	*98.7%*
Paper consumption, including:	**Tonnes**	**2,413**	**100.0%**	**2,345**	**2,522**	**-7%**	**98.8%**
Commercial paper	*Tonnes*	*1,241*	*100.0%*	*1,210*	*1,290*	*-6%*	*98.8%*
WASTE							
Total quantity of waste generated	**Tonnes**	**26,665**	**93.8%**	**26,587**	**26,290**	**1%**	**92.6%**
Total quantity of waste recovered	*Tonnes*	*17,183*	*93.8%*	*17,179*	*16,938*	*1%*	*92.6%*
Recovery rate	%	64.4%	93.8%	64.6%	64.4%	0.2 pts	92.6%
GREENHOUSE GAS EMISSIONS							
SCOPE 1 DIRECT EMISSIONS	**tCO_2 e**	**74,141**	**100.0%**	**73,685**	**77,030**	**-4%**	**98.8%**
Emissions related to on-site energy combustion	tCO_2 e	26,439	100.0%	26,266	27,032	-3%	98.8%
Emissions related to the transportation of products by the internal fleet	tCO_2 e	20,703	100.0%	20,593	20,585	0%	98.8%
Emissions related to business travel by company cars	tCO_2 e	27,000	100.0%	26,827	29,412	-9%	98.8%
Scope 2 indirect emissions	**tCO_2 e**	**30,219**	**100.0%**	**29,352**	**36,536**	**-20%**	**98.8%**
Emissions related to the production of purchased and consumed electricity	tCO_2 e	29,247	100.0%	28,379	33,687	-16%	98.8%
Emissions related to the production of purchased and consumed heat	tCO_2 e	973	100.0%	973	2,850	-66%	98.8%
SALES OF ENERGY EFFICIENCY AND RENEWABLE ENERGY SOLUTIONS							
Sales of energy efficiency solutions	Euros million	–	–	1,475.5	1,433.3	2.9%	100%
Sales of photovoltaic solutions	Euros million	–	–	196.8	205.1	-4%	100%
Sales from the wind turbine market	Euros million	–	–	106.4	66.1	-38%	100%

4.5 INDEPENDENT VERIFIER'S REPORT

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated human resources, environmental and social information included in the management report

For the year ended December 31, 2017

To the Shareholders,

In our capacity as Statutory Auditor of REXEL (the "Company"), appointed as independent third party and certified by COFRAC under number 3-1060 (whose scope is available at www.cofrac.fr), we hereby report to you our report on the consolidated human resources, environmental and social information for the year ended December 31, 2017, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code *(Code de commerce)*.

Company's responsibility

The Board of directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the "Social Reporting Guideline" and "Environmental Protocol" used by the Company (hereinafter the "Guidelines") a summary of which can be found in sections 4.3.7 and 4.4.5 of this Registration Document and available upon request at the company's registered office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics *(Code de déontologie)* of our profession and the requirements of article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

Statutory Auditor's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

However, it is not for us to express an opinion on the compliance with the other legal provisions applicable, in particular those set out by the article L.225-102-4 of the French Commercial Code (plan of vigilance) and by the law n ° 2016-1691 of December 9, 2016 known as Sapin II (fight against corruption).

Our work involved six persons and was conducted between September 2017 and February 2018 during a five week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated May 13, 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of statutory auditors *(Compagnie nationale des commissaires aux comptes)* relating to this engagement and with ISAE 3000 concerning our conclusion on the fairness of CSR Information (Assurance engagements other than audits or reviews of historical financial information).

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programs arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, *i.e.*, the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code: within the limitations set out in the methodological note, presented in the sections 4.3.7 and 4.4.5 of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted four interviews with about four persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important and whose list is given in annex:

- at entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities, Rexel France, Rexel Finland OY, Moel AB, Rexel Sverige AB et Rexel Belgium, selected by us on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. This work represents 24% of headcount considered as typical size of the social component, and an average of 25% of environmental data considered as characteristic variables of the environmental component

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, February 14, 2018

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Christian Perrier	Pascal Baranger
Partner	Director at the "Sustainable Development" Department

Appendix: CSR Information that we considered to be the most important

Human resources

- Total workforce and split by gender, age and geographical area, including the total workforce employment indicator;
- Hires and dismissals including the indicator of the total number of departures of employees with permanent contract;
- Absenteeism including the absenteeism rate indicator;
- Organization of social dialogue, including procedures for informing and consulting staff and negotiating with them, including the paragraph on collective procedures and policies for the support of employees affected by reorganization, including the paragraph on the process employee performance evaluation;
- Training policy;
- Total number of training hours;
- Accidents at work, in particular their frequency and seriousness, as well as occupational diseases and occupational diseases, including indicators of the number of work accidents resulting in a work stoppage, the number of working days lost as a result of an accident at work with a stop, the accident frequency rate and the severity rate;
- Health and safety conditions at work;
- Policies implemented in training.

Environmental information

- Organization of the company to take into account the questions of environment, where applicable, environmental assessment or certification procedures;
- Measure of prevention, recycling reuse, other forms of recovery and waste disposal, including indicators of the total amount of waste generated, the total quantity of waste recovered and the recovery rate;
- Training and information actions for employees in the field of environmental protection, including the paragraph on training actions undertaken on the subject of the environment among employees.
- Consumption of raw materials and measures taken to improve the efficiency of their use, including indicators of cardboard consumption, consumption of plastic films, wood packaging and the paragraph on measures to reduce the environmental footprint and the environmental performance of operations;
- Energy consumption, measures taken to improve the energy efficiency and resort to the renewable energies, including indicators of natural gas consumption, consumption of heating oil, electricity, diesel, gasoline and LPG;
- Significant greenhouse gas emissions generated by the company's activities, including the use of the goods and services it produces, including scope 1 and direct emission indicators. Indirect emissions from scope 2.

Social information

- Taken into account the social and environmental issues in the policy purchase, including the paragraph on suppliers and subcontractors;
- Importance of the subcontracting and taken into account in the relations with the suppliers and the subcontractors of their corporate social responsibility;
- Actions committed to prevent the corruption, including the paragraph on the Rexel Group's ethical commitment.

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5 FINANCIAL AND ACCOUNTING INFORMATION

5

5.1 ACTIVITY REPORT

5.1 ACTIVITY REPORT

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, 2016, the consolidated financial statements (as well as the related report of the Statutory Auditors) and the annual financial statements (as well as the related report of the Statutory Auditors) which are respectively included in pages 172 to 186, in pages 188 to 248, and 250 to 271, respectively, of the French version of the Registration document filed with the *Autorité des marchés financiers* on March 31, 2017, under number D.17-0272; and
- the operating and financial review of the Rexel Group for the year ended December 31, 2015, the consolidated financial statements (as well as the related report of the Statutory Auditors) and the annual financial statements (as well as the related report of the Statutory Auditors) which are respectively included in pages 138 to 155, in pages 156 to 217 and 218 to 241, respectively, of the French version of the Registration document filed with the *Autorité des marchés financiers* on April 7, 2016, under number D.16-0299.

The information in these documents that is not incorporated by reference is either irrelevant for the investor or is covered in another section of this Registration document.

5.1.1 Operating and financial review and prospects

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the regulated market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (herein after referred to as the "Group" or "Rexel").

The activity report is presented in euros and all numbers are rounded to the nearest tenth of a million, except where otherwise stated. Totals and sub-totals presented in the activity report are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to rounding.

5.1.1.1 Financial position of the Group

Group Overview

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. The Group principally operates in three geographic areas: Europe, North America and Asia-Pacific. This geographic segmentation is based on the Group's financial reporting structure. In 2017, the Group divested from all of its operations in South East Asia. Therefore, result of operations and cash flows for the year ended December 31, 2017 in South East Asia were consolidated until November 30, 2017.

In 2017, the Group recorded consolidated sales of €13,310.1 million, of which €7,292.3 million were generated in Europe (55% of Group sales), €4,710.1 million in North America (35% of Group sales) and €1,307.7 million in Asia-Pacific (10% of Group sales).

The Group's activities in Europe are in France (which accounts for 36% of sales in this region), the United Kingdom (12% of sales of this region), Germany (11% of sales of this region), Scandinavia (Sweden, Norway and Finland), Switzerland, Austria, Belgium, the Netherlands, Spain, Italy, Ireland, Slovenia, Portugal, Russia and Luxembourg.

The Group's activities in North America are in the United States (78% of sales in this region) and Canada (22% of sales in this region).

The Group's activities in Asia-Pacific are in Australia (41% of sales in this region), China (37% of sales of this region) and also in New Zealand, India and Middle East as well as South East Asia until November 30, 2017.

This activity report analyses the Group's sales, gross profit, distribution and administrative expenses, and operating income before amortization of intangible assets recognized on purchase price allocations and other income and other expenses (EBITA) separately for each of the three geographic segments, as well as for the Other operations segment.

Seasonality

Despite the low impact of seasonality on sales, changes in the Group's working capital requirements lead to variations in cash flows over the course of the year. As a general rule, the Group's cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters, because of higher working capital requirements in those periods.

Impact of changes in copper price

The Group is indirectly exposed to fluctuations in copper price in connection with its distribution of cable products. Cables represent approximately 14% of the Group's sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also reflect suppliers' commercial policies and the competitive environment of markets in which the Group operates. Changes in copper price have an estimated "recurring" and "non-recurring" effect on the Group's performance, assessed as part of the monthly internal reporting process of the Rexel Group:

- **The recurring** effect related to the change in copper-based cable prices corresponds to the change in the value of the copper included in the sales price of cables from one period to another. This effect mainly relates to sales.

- **The non-recurring** effect related to the change in copper-based cable prices corresponds to the effect of copper price variations on the sales price of cables between the time they are purchased and the time they are sold, until such inventory has been rebuilt (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price for copper-based cable and the supplier price effective at the date of the sale of the cables by the Rexel Group. Additionally, the non-recurring effect on EBITA corresponds to the non-recurring effect on gross profit, which may be offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (principally the variable portion of compensation of sales personnel, which accounts for approximately 10% of the change in gross profit).

The impact of these two effects is assessed for as much of the Group's total cable sales as possible over each period, and in any case covering at least a majority of sales. Group procedures require entities that do not have information systems capable of such comprehensive calculation to estimate these effects based on a sample representing at least 70% of sales during the period. The results are then extrapolated to all cables sold during the period for that entity. On the basis of the sales covered, the Rexel Group considers such estimates of the impact of the two effects to be reasonable.

Comparability of the Group's operating results and adjusted EBITA

The Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Second, currency exchange rates may also fluctuate significantly. In addition, the number of working days in each period also has an impact on the Group's consolidated sales. Lastly, the Group is exposed to fluctuations in copper price. For these reasons, a comparison of the Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Group's consolidated results presented below, financial information is also restated to give effect to the following adjustments.

Excluding the effects of acquisitions and disposals

The Group adjusts its results to exclude the effects of acquisitions and disposals. Generally, the Group includes the results of an acquired company in its consolidated financial statements at the date of the acquisition and ceases to include the results of a divested company at the date of its disposal. To neutralize the effects of acquisitions and disposals on the analysis of its operations, the Group compares the results of the current year against the results of the preceding financial year, as if the preceding financial year had the same scope of consolidation for the same periods as the current year.

In 2017, as part of its divestment program aiming at focusing on more attractive geographies and businesses, the Group disposed of all of its operations in South East Asia including Thailand, Indonesia, Singapore, Vietnam, the Philippines, Macau and Malaysia. These divestments were completed in two separate sale transactions as follows:

- On May 25, 2017, the Group completed the sale of Lenn International Pte Ltd, an Oil & Gas cable distributor based in Singapore. Results of operations and cash flows were consolidated until May 31, 2017.

- Effective on December 19, 2017, Rexel sold to American Industrial Acquisition Corporation, a private equity firm, its interest in Rexel South East Asia, a subsidiary controlling the overall Rexel's operations in South East Asia. Results of operations in South East Asia and cash flows for the year ended December 31, 2017, were consolidated until November 30, 2017.

In 2016, South East Asia contributed for €157.2 million in sales and €1.0 million in EBITA. In 2017, South

East Asia contributed for €98.6 million in sales and €-5.1 million in EBITA

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 "Impact of changes in copper price" above, is excluded from the information presented for both the current and the previous periods. Such information is referred to as "adjusted" throughout this activity report.

Excluding the effects of different numbers of working days in each period on sales

The Group's sales in a given period compared with another period are affected by the number of working days, which changes from one period to another. In the analysis of its consolidated sales, the Group neutralizes this effect by proportionally adjusting the comparative sales number of the comparative period to match with the current period's number of working days. No attempt is made to adjust any line items other than sales for this effect, as it is not considered relevant.

Accordingly, in the following discussion of the Group's consolidated results, some or all of the following information is provided for comparison purposes:

- **On a constant basis,** which means excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales;
- **On a constant and same-day basis,** which means on a constant basis (as described above) and restated for the effect of different numbers of working days in each period. Such information is used only for comparisons related to sales; and
- **On a constant basis adjusted,** which means on a constant basis (as described above) and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. Such information is used for comparisons of gross profit, distribution and administrative expenses, and EBITA. This information is not generated directly by the Group's accounting systems but is an estimate of comparable data in accordance with the principles explained above.

The Group uses the "EBITA" and "Adjusted EBITA" measures to monitor its performance. Neither EBITA nor Adjusted EBITA is an accepted accounting measure under IFRS. The table below reconciles reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

	YEAR ENDED DECEMBER 31,	
(in millions of euros)	2017	2016
Operating income before other income and other expenses	**575.3**	**521.0**
Changes in scope of consolidation	–	2.5
Foreign exchange effects	–	(5.2)
Non-recurring effect related to copper	(14.2)	10.0
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	19.0	18.7
Adjusted EBITA on a constant basis	**580.1**	**546.8**

5.1.1.2 Comparison of financial results as of December 31, 2017 and as of December 31, 2016

Rexel Group's consolidated financial results

The following table sets out Rexel's consolidated income statement for 2017 and 2016, in millions of euros and as a percentage of sales.

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	2017	2016	Change in %
REPORTED			
Sales	**13,310.1**	**13,162.1**	**1.1%**
Gross profit	3,264.2	3,172.8	2.9%
Distribution and administrative expenses (1)	(2,669.9)	(2,633.2)	1.4%
EBITA	**594.3**	**539.6**	**10.1%**
Amortization (2)	(19.0)	(18.7)	1.5%
Operating income before other income and expenses	**575.3**	**521.0**	**10.4%**
Other income and expenses	(253.0)	(124.0)	104.1%
Operating income	322.3	397.0	(18.8)%
Net financial expenses	(145.9)	(146.3)	(0.3)%
Income taxes	(71.5)	(116.4)	(38.6)%
Net income	**104.9**	**134.3**	**(21.9)%**
as a % of sales	*0.8%*	*1.0%*	
(1) Of which depreciation and amortization.	(99.8)	(97.1)	2.8%
(2) Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions.			

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	2017	2016	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**13,310.1**	**12,939.2**	**2.9%**
Same-day basis			*3.5%*
Gross profit	3,249.6	3,138.7	3.5%
as a % of sales	*24.4%*	*24.3%*	
Distribution and administrative expenses	(2,669.5)	(2,591.9)	3.0%
as a % of sales	*(20.1)%*	*(20.0)%*	
EBITA	**580.1**	**546.8**	**6.1%**
as a % of sales	***4.4%***	***4.2%***	

Sales

In 2017, Rexel's consolidated sales amounted to €13,310.1 million, as compared to €13,162.1 million in 2016.

On a reported basis, sales were up 1.1% year-on-year, including a negative currency impact of 1.2% and a negative net effect from changes in scope of 0.5%.

- The negative impact of currency amounted to €161.6 million, mainly due to the depreciation of US Dollar and the British Pound against the Euro.
- The negative net effect from change in scope amounted to €61.4 million, reflecting divestments made in South East Asia in the fourth quarter of 2017, partly offset by the acquisition of Brohl & Appell in the USA in the first quarter of 2016.

On a constant and same-day basis, sales were up 3.5% with Europe up 4.2%, North America up 2.4% and Asia-Pacific up 3.4%. Excluding a 1.4 percentage point positive impact due to higher copper-based cable prices, sales were up 2.1% as compared to 2016.

On a constant and actual number of working days basis, sales increased by 2.9% including a negative calendar impact of 0.6 percentage point.

The table below summarizes the impact on sales evolution of the number of working days, changes in scope and in currency effects:

	Q1	Q2	Q3	Q4	YEAR-TO-DATE
Growth on a constant and same-day basis	0.6%	2.8%	5.2%	5.4%	3.5%
Number of working days effect	4.1%	(2.7)%	(1.1)%	(2.7)%	(0.6)%
Growth on a constant and actual-day basis	***4.8%***	***0.1%***	***4.1%***	***2.7%***	***2.9%***
Changes in scope effect	(0.8)%	(0.4)%	(0.1)%	(0.5)%	(0.5)%
Foreign exchange effect	1.2%	0.1%	(2.4)%	(3.6)%	(1.2)%
Total scope and currency effects	***0.4%***	***(0.3)%***	***(2.5)%***	***(4.1)%***	***(1.7)%***
Growth on a reported basis (1)	**5.1%**	**(0.2)%**	**1.4%**	**(1.5)%**	**1.0%**

(1) Growth on a constant basis and actual number of working days compounded by the scope and currency effects.

Gross profit

In 2017, gross profit amounted to €3,264.2 million, up 2.9%, on a reported basis, as compared to €3,172.8 million in 2016.

On a constant basis, adjusted gross profit increased by 3.5% and adjusted gross margin increased by 16 basis points up to 24.4% of sales, reflecting an increase in North America while it decreased in Asia-Pacific and remained stable in Europe.

Distribution & administrative expenses

In 2017, distribution and administrative expenses amounted to €2,670.0 million, up 1.4%, on a reported basis, as compared to €2,633.2 million in 2016.

On a constant basis, adjusted distribution and administrative expenses increased by 3.0% mainly driven by North America and Europe. They represented 20.1% of sales in 2017 compared to 20.0% in 2016, a 3 basis-point deterioration.

EBITA

In 2017, EBITA stood at €594.3 million, up 10.1%, on a reported basis, as compared to €539.6 million in 2016.

On a constant basis, adjusted EBITA increased by 6.1% to €580.1 million and adjusted EBITA margin stood at 4.4% of sales, up 13 basis points year-on-year.

Other income and expenses

In 2017, other income and expenses represented a net expense of €253.0 million (€124.0 million in 2016), consisting mainly of:

- €133.7 million goodwill impairment expense (€46.8 million in 2016) of which €86.2 million allocated to Germany, €34.5 million to Finland and €13.0 million to New Zealand. Following lower than expected 2017 performance, the Group adjusted downwards its trading prospects resulting in impairment losses recognition;
- €68.7 million divestment loss due to the disposal of Lenn International Pte. Ltd for €11.1 million and Rexel South East Asia for €57.6 million;
- €44.1 million restructuring costs (€59.3 million in 2016) associated with (i) business transformation programs (US, UK, Sweden); (ii) branch network, logistics optimization and back office optimization; (iii) the shut-down of the Oil & Gas business in Thailand, as result of market decline; (iv) changes in corporate senior management.

Net Financial expenses

In 2017, net financial expenses stood at €145.9 million, as compared to €146.3 million in 2016.

In 2017, net financial expenses were impacted by the €18.8 million one-off expense relating to the early redemption of the 5.25% USD330 million senior notes due 2020 (refinanced through the issuance of 2.625% €300.0 million notes due 2024) and the 3.25% €500 million senior notes due 2022 (refinanced through the issuance of 2.125% €500.0 million notes due 2025). In addition, a €10.9 million non-recurring expenses associated with the discounting of letters of credit due from overseas financial institutions was recognized in net financial expenses (€3.6 million in 2016).

In 2016, net financial expenses included a €16.3 million one-off expense relating to the early redemption of the €650 million senior notes due 2020 and the straight repayment of USD170.0 million out of the USD500 million notes due 2020.

Restated from these effects in both periods, net financial expenses were down 7.8% mainly driven by a 30 basis-point decrease in the effective interest rate on gross debt (from 3.5% in 2016 to 3.2% in 2017) as a result of the refinancing transactions. Also, the reduction in average net debt contributed to a lesser extent to lower interest expense.

Tax expense

In 2017, income tax expense was €71.5 million, down 38.6% as compared to €116.4 million in 2016. This decrease reflected the decline in profit before tax (from €250.7 million in 2016 to €224.3 million in 2017) as well as the one-off impact of the change in enacted income tax rates in the US (from 35% to 21%) and in France (from 33% to 25%) related to the reevaluation of deferred tax position. This impact was partly compensated by the non tax-deductible goodwill impairment and South East Asia disposal loss. As a result, effective tax rate was 40.5% in 2017 as compared to 46.4% in 2016.

Net income

As a result of the items above, net income stood at €104.9 million in 2017, a 21.9% decrease as compared to €134.3 million in 2016.

Europe (55% of Group sales)

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	2017	2016	Change in %
REPORTED			
Sales	**7,292.3**	**7,168.5**	**1.7%**
Gross profit	1,967.6	1,915.1	2.7%
Distribution and administrative expenses	(1,532.5)	(1,528.3)	0.3%
EBITA	**435.1**	**386.9**	**12.5%**
as a % of sales	*6.0%*	*5.4%*	

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	2017	2016	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**7,292.3**	**7,050.3**	**3.4%**
Same-day basis			*4.2%*
Gross profit	1,956.4	1,886.8	3.7%
as a % of sales	*26.8%*	*26.8%*	*7 bps*
Distribution and administrative expenses	(1,532.1)	(1,504.2)	1.9%
as a % of sales	*(21.0)%*	*(21.3)%*	*33 bps*
EBITA	**424.3**	**382.5**	**10.9%**
as a % of sales	***5.8%***	***5.4%***	

Sales

In 2017, sales in Europe amounted to €7,292.3 million, a 1.7% increase on a reported basis, as compared to €7,168.5 million in 2016.

Currency unfavorable evolution accounted for a decrease of €77.4 million, mainly due to the depreciation of the British Pound against the Euro.

The negative net effect from change in scope amounted to €40.8 million is related to the divestment of operations in Slovakia, Poland and Baltics completed in the second quarter of 2016.

On a constant and same-day basis, sales were up 4.2% as compared to 2016. Excluding the positive impact of 1.7 percentage point due to the higher copper-based cable prices compared to 2016, sales were up 2.5%.

In **France,** sales amounted to €2,659.2 million in 2017, an increase of 5.5% as compared to 2016 on a constant and same-day basis, with trends improving over the quarter in the three end-markets (residential, non-residential and industry) reflecting good performance in cables, Heating-Ventilating & Air-Conditioning (HVAC).

In **the United Kingdom,** sales amounted to €843.6 million in 2017, a decrease of 2.9% from 2016 on a constant and same-day basis, reflecting branch closures and underperformance in difficult environment.

In **Germany,** sales stood at €819.9 million in 2017, a 3.9% increase from 2016 on a constant and same-day basis, mainly attributable to a positive copper impact of 2.8 percentage points. Excluding this effect, sales were up 1.1%, with improved performances both in industry notably in petrochemical and facility managers.

In **Scandinavia** sales amounted to €973.9 million in 2017, an increase of 6.5% from 2016 on a constant and same-day basis, with contrasted performances in the three countries: +13.2% in Sweden driven by healthy residential and commercial end-markets, +1.1% in Norway and -2.5% in Finland.

In **Belgium** and in **the Netherlands,** sales amounted respectively to €374.1 million and €257.7 million in 2017. Sales in Belgium increased by 8.7% with a good performance in all product categories mainly on cable. Sales in the Netherlands were up 12.9% on a constant and same-day basis, confirming the positive trend in all categories of products including photovoltaic equipment.

In **Switzerland** and **Austria**, sales amounted respectively to €440.7 million and €350.6 million in 2017. Sales in Austria increased by 4.4% from 2016, on a constant and same-day basis. Sales in Switzerland were broadly stable at 0.1% from 2016, on a constant and same-day basis, reflecting the Group's ability to face a competitive environment.

In **Southern Europe,** sales amounted to €372.4 million in 2017, a 2.7% decrease from 2016 on a constant and same-day basis. This reflects a 7.6% decrease in Spain (export sales were down 21.1% and domestic sales were down 6.6%), and a 6.1% increase in Italy.

Gross profit

In 2017, Europe recorded a gross profit of €1,967.6 million, increasing by 2.7%, on a reported basis, as compared to €1,915.1 million in 2016.

On a constant basis, adjusted gross profit increased by 3.7% and adjusted gross margin was broadly stable at 26.8% of sales.

Distribution & administrative expenses

In 2017, distribution and administrative expenses amounted to €1,532.5 million, up 0.3%, on a reported basis, as compared to €1,528.3 million in 2016.

On a constant basis, adjusted distribution and administrative expenses increased by 1.9% in 2017, representing 21.0% of sales, a 33 basis-point increase as compared to 21.3% in 2016, mainly driven by higher salaries and benefits mitigated by containment of opex growth due to lower than expected corporate-hosted expenses allocated to operations.

EBITA

In 2017, on a reported basis, EBITA amounted to €435.1 million, up 12.5% as compared to €386.9 million in 2016.

On a constant basis, adjusted EBITA increased by 10.9% from 2016 and adjusted EBITA margin increased by 39 basis points to 5.8% of sales.

North America (35% of Group sales)

(in millions of euros)	YEAR ENDED DECEMBER 31, 2017	2016	Change in %
REPORTED			
Sales	**4,710.1**	**4,689.1**	**0.4%**
Gross profit	1,064.1	1,022.4	4.1%
Distribution and administrative expenses	(884.0)	(856.8)	3.2%
EBITA	**180.1**	**165.6**	**8.7%**
as a % of sales	*3.8%*	*3.5%*	

(in millions of euros)	YEAR ENDED DECEMBER 31, 2017	2016	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**4,710.1**	**4,619.4**	**2.0%**
Same-day basis			*2.4%*
Gross profit	1,060.8	1,020.6	3.9%
as a % of sales	*22.5%*	*22.1%*	*43 bps*
Distribution and administrative expenses	(884.0)	(844.8)	4.6%
as a % of sales	*(18.8)%*	*(18.3)%*	*-48 bps*
EBITA	**176.8**	**175.8**	**0.6%**
as a % of sales	***3.8%***	***3.8%***	

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Sales

In 2017, sales in North America amounted to €4,710.1 million, up 0.4%, on a reported basis, as compared to €4,689.1 million in 2016.

Currency unfavorable evolution accounted for a €72.9 million, decrease mainly due to the depreciation of US dollar against the Euro.

On a constant and same-day basis, sales increased by 2.4% as compared to 2016.

In **the United States,** sales were up 2.4% from 2016 on a constant and same day basis including copper price effect accounting for a 1.4% increase. Sales were positively impacted by good momentum on proximity business supported by 17 branch openings and by recovery in the Oil & Gas business while project business continues to be affected by disruptions in the supply chain of a large supplier as well as wind and power projects.

In **Canada,** sales were up 2.4% from 2016 on a constant and same-day basis with copper price contribution of 0.3 percentage point. Sales increase was driven by strong automation demand, partly offset by lower Oil & Gas business.

Gross profit

In 2017, in North America, gross profit amounted to €1,064.1 million, up 4.1%, on a reported basis, as compared to €1,022.4 million in 2016.

On a constant basis, adjusted gross margin increased by 43 basis points at 22.5% of sales. This gross margin improvement was mainly result from better purchasing condition and pricing initiatives, especially in the US.

Distribution & administrative expenses

In 2017, distribution and administrative expenses amounted to €884.0 million, up 3.2%, on a reported basis, as compared to €856.8 million in 2016.

On a constant basis, adjusted distribution and administrative expenses increased by 4.6% in 2017 and represented 18.8% of sales, a 48 basis-point increase as compared to 18.3% in 2016 due to branch openings, counter refresh and sales force development partly offset by lower than expected corporate-hosted expenses allocated to operations.

EBITA

In 2017, as a result, EBITA amounted to €180.1 million, up 8.7%, on a reported basis, as compared to €165.6 million in 2016.

On a constant basis, adjusted EBITA increased by 0.6% from 2016 and adjusted EBITA margin decreased by 5 basis points to 3.8% of sales.

Asia-Pacific (10% of Group sales)

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	2017	2016	Change in %
REPORTED			
Sales	**1,307.7**	**1,304.6**	**0.2%**
Gross profit	232.5	235.1	(1.1)%
Distribution and administrative expenses	(220.4)	(220.8)	(0.2)%
EBITA	**12.1**	**14.3**	**(15.6)%**
as a % of sales	*0.9%*	*1.1%*	

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	2017	2016	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**1,307.7**	**1,269.6**	**3.0%**
Same-day basis			*3.4%*
Gross profit	232.4	231.2	0.5%
as a % of sales	*17.8%*	*18.2%*	*-44 bps*
Distribution and administrative expenses	(220.4)	(215.8)	2.1%
as a % of sales	*(16.9)%*	*(17.0)%*	*14 bps*
EBITA	**12.0**	**15.4**	**(22.4)%**
as a % of sales	***0.9%***	***1.2%***	

Sales

In 2017, sales in Asia-Pacific amounted to €1,307.7 million, up 0.2%, on a reported basis, as compared to €1,304.6 million in 2016.

The negative scope impact from divestment of South East Asia operations contributed for €23.4 million to the sales in 2017.

The unfavorable evolution of currency exchange rates accounted for an €11.6 million decrease, primarily due to the depreciation of the Chinese Yuan against the euro.

On a constant and same-day basis, sales increased by 3.4% as compared to 2016. Excluding South East Asia operations disposed of in 2017, organic growth would have been 7.0% as compared to 2016.

In **Australia,** sales amounted to €535.9 million, a 5.6% increase from 2016, on a constant and same-day basis, mainly due to good momentum in residential end market helped by small & medium installers.

In **China,** sales amounted to €476.9 million in 2017, a 10.2% increase compared to 2016, on a constant and same-day basis, mainly coming from strong OEM demand in non-heavy industry and datacom projects.

Gross profit

In 2017, in Asia-Pacific, gross profit amounted to €232.5 million, down 1.1%, on a reported basis, as compared to €235.1 million in 2016.

On a constant basis, adjusted gross profit increased by 0.5% at 17.8% of sales, a 44 basis-point decrease as compared to 2016, mainly due to the increasing weight in the sales of China whose gross margin is lower than the average.

Distribution & administrative expenses

In 2017, on a reported basis, distribution and administrative expenses amounted to €220.4 million, down 0.2% as compared to €220.8 million in 2016, reflecting current inflation compensated by lower bad debt expenses, especially in China.

On a constant basis, adjusted distribution and administrative expenses increased by 2.1% in 2017, representing 16.9% of sales, a 14 basis-point decrease as compared to 17.0% in 2016.

EBITA

In 2017, EBITA amounted to €12.1 million, down 15.6%, on a reported basis, as compared to €14.3 million in 2016.

On a constant basis, adjusted EBITA decreased by 22.4% from 2016 and adjusted EBITA margin decreased by 30 basis points to 0.9% of sales. Excluding South East Asia operations, adjusted EBITA would have increased by 28.7% from 2016 and adjusted EBITA margin would have increased by 24 basis points to 1.4% of sales.

Other operations

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	2017	2016	Change in %
REPORTED			
Sales	**0.0**	**0.0**	**N/A**
Gross profit	0.0	0.1	N/A
Distribution and administrative expenses	(32.9)	(27.3)	20.7%
EBITA	**(33.0)**	**(27.2)**	**21.4%**
as a % of sales	*N/A*	*N/A*	

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	2017	2016	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**0.0**	**0.0**	**N/A**
Gross profit	0.0	0.1	N/A
as a % of sales	*N/A*	*N/A*	
Distribution and administrative expenses	(32.9)	(27.0)	21.8%
as a % of sales	*N/A*	*N/A*	
EBITA	**(33.0)**	**(26.9)**	**22.5%**
as a % of sales	***N/A***	***N/A***	

This segment mostly includes unallocated corporate-hosted expenses. In 2017, other operations recognized lower management fees invoicing to operating segments as compared to 2016.

5.1.2 Liquidity and capital resources

5.1.2.1 Cash flow

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	2017	2016	Change
Operating cash flow	612.9	563.8	49.1
Interest	(101.9)	(118.8)	16.9
Taxes	(102.5)	(54.6)	(47.9)
Change in working capital requirements	(118.4)	(26.1)	(92.3)
Net cash flow from operating activities	**290.2**	**364.3**	**(74.1)**
Net cash flow from investing activities	**(134.6)**	**(190.2)**	**55.7**
o.w. Operating capital expenditures (1)	*(110.3)*	*(98.6)*	*(11.6)*
Net cash flow from financing activities	**(261.3)**	**(339.3)**	**78.0**
Net cash flow	**(105.7)**	**(165.1)**	**59.5**
Operating cash flow	612.9	563.8	49.1
Change in working capital requirements	(118.4)	(26.1)	(92.3)
Operating capital expenditures (1)	(110.3)	(98.6)	(11.7)
Free cash flow before interest and taxes	**384.3**	**439.1**	**(54.8)**
Interest	(101.9)	(118.8)	16.9
Taxes	(102.5)	(54.6)	(47.9)
Free cash flow after interest and taxes	**180.0**	**265.6**	**(85.6)**

	DECEMBER 31,	
	2017	2016
WCR as a % of sales (2) at:	10.8%	10.3%

(1) Net of disposals.
(2) Working capital requirements, end of period, divided by last 12-month sales.

Cash flow from operating activities

Rexel's net cash flow from operating activities was an inflow of €290.2 million in 2017 as compared to €364.3 million in 2016.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements increased to €612.9 million in 2017 as compared to €563.8 million in 2016. This was mainly driven by the increase in EBITDA from €636.7 million in 2016 to €694.1 million in 2017.

Interest and taxes

In 2017, net interest paid decreased from €118.8 million in 2016 to €101.9 million in 2017 primarily due to lower effective interest rate following 2016 and 2017 refinancing transactions and to reduction in the average net debt to a lesser extent.

Income tax paid increased from €54.6 million in 2016 to €102.5 million in 2017 reflecting a base effect in 2016 where income tax paid was favorably impacted by tax refunds in France and in the US.

Change in working capital requirements

In 2017, change in working capital requirements accounted for an outflow of €118.4 million as compared to a €26.1 million outflow in 2016. Increase in working capital requirements was driven by the higher level of inventories together with lower trade payables which contributed for €80.0 million and €41.2 million respectively to the cash outflow. Days of inventories increased by c. 2 days as a result of the enlargement of products offering to sustain sales growth and the number of days of trade payables outstanding decreased by 1.5 day.

As a percentage of sales over the last 12 months, on a constant basis, working capital requirements amounted to 10.8% of sales as of December 31, 2017 as compared to 10.3% as of December 31, 2016, a 50 basis-point increase.

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 €134.6 million outflow in 2017, as compared to an outflow of €190.2 million in 2016.

	PERIOD ENDED DECEMBER 31,	
(in millions of euros)	2017	2016
Acquisitions of operating fixed assets	(112.5)	(115.8)
Proceed from disposal of operating fixed assets	3.5	22.1
Net change in debts and receivables on fixed assets	(1.3)	(4.9)
Net cash flow from capital expenditures	**(110.3)**	**(98.6)**
Acquisition of subsidiaries, net of cash acquired		(94.0)
Proceeds from disposal of subsidiaries, net of cash disposed of	(23.1)	1.6
Net cash flow from financial investments	**(23.1)**	**(92.4)**
Net change in long-term investments	**(1.2)**	**0.8**
Net cash flow from investing activities	**(134.6)**	**(190.2)**

Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €110.3 million in 2017, as compared to €98.6 million in 2016.

In 2017, gross capital expenditures amounted to €112.5 million (€115.8 million in 2016), *i.e.* 0.8% of sales, mainly attributable to IT projects and branch openings in France and in the United States. Disposals of fixed assets amounted to €3.5 million (€22.1 million in 2016).

Financial investments

Net cash flow from financial investments was an outflow of €23.1 million in 2017 as compared to €92.4 million in 2016. In 2017, in connection with the divestments of Rexel South East Asia operations, the Group contributed for €23.1 million to the entities disposed of, while the proceeds received from the sale transaction were nil.

Cash flow from financing activities

In 2017, cash flow from financing activities represented a net cash outflow of €261.3 million, resulting mainly from the:

- Redemption of the remaining outstanding 5.25% USD330 million senior notes due 2020 for €302.3 million including a redemption premium of €6.3 million; these notes were refinanced by the issuance of the 2.625% €300 million notes due 2024,
- Redemption of €500 million of senior notes due 2022 on November 20, 2017 for €517.0 million including a redemption premium of €17.0 million; these notes were refinanced by the issuance of the 2.125% €500 million notes due 2025,
- The decrease by €112.9 million in Commercial paper, other borrowings and securitization,
- And the dividend distribution of €120.8 million.

In 2016, cash flow from financing activities represented a net cash outflow of €339.3 million, resulting mainly from the:

- Redemption of the 5.125% €650 million senior notes due 2020 on June 16, 2016 for €675.0 million including a redemption premium of €25.0 million,
- Redemption of USD170 million of senior notes due 2020 (out of USD500 million) on November 2, 2016 for €160.3 million including a redemption premium of €6.0 million,
- Decrease in other borrowings amounting to €49.8 million,
- Dividend distribution of €120.3 million,

partially compensated by proceeds received from the:

- €650 million issuance of senior notes due 2023 with coupons of 3.50% for an amount net of transaction costs of €642.5 million,
- Increase of €15.2 million in assigned receivables with respect to securitization programs.

5.1.2.2 Sources of financing

In addition to the cash from operations, the Group's main sources of financing are bond issuances, securitization programs and bilateral credit facilities. At December 31, 2017, Rexel's consolidated net debt amounted to €2,041.2 million as compared to €2,172.6 million at December 31, 2016, consisting of the following items:

	AS OF DECEMBER 31,					
	2017			2016		
(in millions of euros)	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Senior notes	–	1,446.6	1,446.6	–	1,480.9	1,480.9
Securitization	–	1,007.6	1,007.6	367.9	718.2	1,086.0
Bank loans	12.1	1.8	13.9	18.6	3.2	21.8
Commercial paper	41.7	–	41.7	131.7	–	131.7
Bank overdrafts and other credit facilities	100.6	–	100.6	84.5	–	84.5
Finance lease obligations	6.2	14.3	20.5	6.8	16.9	23.7
Accrued interest	6.3	–	6.3	6.3	–	6.3
Less transaction costs	(5.1)	(19.7)	(24.7)	(5.9)	(24.1)	(30.0)
Total financial debt and accured interest	**161.8**	**2,450.5**	**2,612.3**	**610.0**	**2,195.1**	**2,805.1**
Cash and cash equivalents			(563.6)			(619.3)
Accrued interest receivables			(1.0)			(0.9)
Debt hedge derivatives			(6.5)			(12.3)
Net financial debt			**2,041.2**			**2,172.6**

Senior Credit Facility Agreement

The senior credit facility agreement executed on March 15, 2013 was amended on January 31, 2018 to extend the final maturity date to January 31, 2023 and reduce the committed amount to €850 million from €982 million.

The leverage ratio, stood at 2.8x as of December 31, 2017 (as compared to 3.0x as of December 31, 2016), in compliance with the covenant such as agreed under the senior credit facility agreement.

Liquidity

At December 31, 2017, the Group's liquidity amounted to €1,304.7 million (€1,467.9 million at December 31, 2016), as follows:

	AS OF DECEMBER 31,	
(in millions of euros)	2017 (1)	2016
Cash and cash equivalents	563.6	619.3
Bank overdrafts	(100.6)	(84.5)
Commercial paper	(41.7)	(131.7)
Undrawn Senior credit agreement	850.0	982.0
Bilateral facilities	33.4	82.9
Liquidity	**1,304.7**	**1,467.9**

(1) Taking into consideration the amendment of the Senior Facility Agreement executed on January 31, 2018.

The components of the net financial debt are described in detail in note 22 of Rexel's consolidated financial statements at December 31, 2017, set out in chapter 5 "Financial and accounting information" of this Registration document.

At December 31, 2017, Rexel's ratings by the financial rating agencies were as follows:

	DECEMBER 2017		
Rating agency	Moody's	Standard & Poor's	Fitch Ratings
Long-term debt	Ba2	BB	BB
Outlook	Stable	Stable	Stable
Short-term dedt	NP	B	B

At December 31, 2016, Rexel's ratings by the financial rating agencies were as follows:

	DECEMBER 2016		
Rating agency	Moody's	Standard & Poor's	Fitch Ratings
Long-term debt	Ba2	BB	BB
Outlook	Stable	Stable	Stable
Short-term dedt	NP	B	B

Other Rexel Group commitments are detailed in note 25 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2017, set out in chapter 5 "Financial and accounting information" of this Registration document.

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 2017 forecast and achievements

For 2017, 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 March 31, 2017 under number D.17-0272:

- After two years of decline, resuming organic growth, with sales up in the low single digits (on a constant and actual number of working days basis); this target takes into consideration market prospects prevailing at that time and the first effect of measures detailed during the Capital Market Day held on February 13, 2017 to accelerate organic growth over the medium-term;
- A mid to high single digit increase in adjusted EBITA; this target reflects the expected growth in sales combined with the first effects of measures detailed during the Capital Market Day held on February 13, 2017 to improve operational and financial performance over the medium-term;
- An indebtedness ratio (net debt-to-EBITDA as calculated under the Senior Credit Agreement terms) of below 3 times at December 31, 2017.

Upon presentation of the results of the second quarter and of the first half of 2017 on July 31, 2017, the Rexel Group confirmed its 2017 full-year targets, as detailed above.

Upon presentation of the results of the third quarter and of the nine months of the year 2017, on October 27, 2017, Rexel confirmed once again its 2017 full-year targets, while indicating that it should stay at the low end of February guidance for the adjusted EBITA increase.

On February 14, 2018, Rexel published its 2017 full-year results, in line with its objectives:

- The return to organic growth with 13.3 billion euros of sales, increasing of 3.5% on a constant and same-day basis, including a positive effect on copper of 1.4%;
- The growth in adjusted EBITA of 6.1%; the adjusted EBITA corresponds to 4.4% of the sales, increasing of 13 bps compared to 2016; and
- The improvement of indebtedness ratio, which corresponds to 2.8x EBITDA compared to 3.0x at the end of 2016 (Net debt-to-EBITDA as calculated under the Senior Credit Agreement terms).

5.1.3.2 Rexel 2018 objectives

In 2018, Rexel expects further growth in a market environment that should remain favourable in most of its main geographies. Rexel will continue to invest in its digitization strategy across the group and its operations in the US. Rexel should also benefit from a contribution from its US initiatives launched in 2017.

Consistent with its medium-term ambition, Rexel targets at comparable scope of consolidation and exchange rates:

- sales up in the low single digits and below 5% (on a constant and same-day basis);

- a mid to high single-digit increase in adjusted EBITA;
- a further improvement of the indebtedness ratio (net debt-to-EBITDA).

5.1.4 Dividend policy

The Board of Directors may propose a dividend distribution to the Shareholders' Meeting. Dividends that have not been claimed within five years after they have been declared are transferred to the French State.

Rexel's medium-term objective is to generate a solid available cash flow before interest and taxes, thanks to a low capital intensity and a tight management of the working capital requirement, allowing for, inter alia, the funding of an attractive dividend representing at least 40% of the recurring net result.

In respect of the financial year ended on December 31, 2017, the Board of Directors will submit a proposal to the Shareholders' Meeting to be held on May 24, 2018 to distribute a dividend of 0.42 euro per share, paid out in cash, in order to enable Rexel to comply with its commitments as regards the distribution of dividends to the shareholders.

Rexel has distributed the following amounts in respect of the last three financial years:

YEAR	TOTAL AMOUNTS DISTRIBUTED	AMOUNT DISTRIBUTED PER SHARE
2015	€120,307,183	€0.40
2016	€120,822,691	€0.40
2017	€126,862,599 (*)	€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 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, 2017.

5.1.6 Information on payment terms granted to suppliers and customers of Rexel (end of the 2017 financial year)

Invoices received or issued, unpaid or overdue as at December 31, 2017 (article D.441-4 I of the French Commercial Code)

	Article D.441-4 I. 1°: Invoices received, unpaid as of December 31, 2017	Article D.441-4 I. 2°: Invoices issued, unpaid as of December 31, 2017
(A) Overdue invoices		
Number of invoices concerned	4	0
Total amount of invoices concerned (including taxes) (in thousands of euros)	2	
Percentage of total purchases for the year (excluding taxes)	0.01%	
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

5.2 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, 2016 set out on pages 187 to 248 of the French version of the Registration document for the financial year ended December 31, 2016, filed with the AMF on March 31, 2017 under number D.17-0272; and
- the consolidated financial statements and the audit report for the financial year ended December 31, 2015, set out on pages 156 to 217 of the French version of the Registration document for the financial year ended December 31, 2015, filed with the AMF on April 7, 2016, under number D. 16-0299.

5.2.1 Consolidated financial statements as of December 31, 2017

Consolidated income statement

		FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	NOTE	2017	2016
Sales	6	13,310.1	13,162.1
Cost of goods sold		(10,045.9)	(9,989.3)
Gross profit		**3,264.2**	**3,172.8**
Distribution and administrative expenses	7	(2,688.9)	(2,651.8)
Operating income before other income and expenses		**575.3**	**521.0**
Other income	9	7.1	5.6
Other expenses	9	(260.1)	(129.5)
Operating income		**322.3**	**397.0**
Financial income		2.3	2.0
Interest expense on borrowings		(91.9)	(104.3)
Non-recurring redemption costs		(18.8)	(16.3)
Other financial expenses		(37.6)	(27.7)
Net financial expenses	*10*	*(145.9)*	*(146.3)*
Net income before income tax		**176.4**	**250.7**
Income tax	11	(71.5)	(116.4)
Net income from continuing operations		**104.9**	**134.3**
Portion attributable:			
to the equity holders of the parent		105.8	137.9
to non-controlling interests		(0.9)	(3.6)
Earnings per share:			
Basic earnings per share (in euros)	19	0.35	0.46
Fully diluted earnings per share (in euros)	19	0.35	0.46

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, 2017	2016
Net income		**104.9**	**134.3**
Items to be reclassified to profit and loss in subsequent periods			
Net gain / (loss) on net investment hedges		51.9	(15.0)
Income tax		(19.3)	5.2
Sub-total		**32.6**	**(9.8)**
Foreign currency translation adjustment		(282.0)	47.4
Income tax		43.0	(12.9)
Sub-total		**(238.9)**	**34.5**
Net gain / (loss) on cash flow hedges		5.1	1.8
Income tax		(1.8)	(0.6)
Sub-total		**3.3**	**1.2**
Items not to be reclassified to profit and loss in subsequent periods			
Remeasurements of net defined benefit liability	21.2	(2.4)	(24.8)
Income tax		(2.5)	(1.7)
Sub-total		**(4.9)**	**(26.5)**
Other comprehensive income / (loss) for the period, net of tax		**(207.9)**	**(0.7)**
Total comprehensive income / (loss) for the period, net of tax		**(102.9)**	**133.7**
Portion attributable:			
to the equity holders of the parent		(101.3)	137.5
to non-controlling interests		(1.6)	(3.8)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated balance sheet

		AS OF DECEMBER 31,	
(in millions of euros)	NOTE	2017	2016
ASSETS			
Goodwill	12.1	3,914.9	4,300.2
Intangible assets	12.1	1,049.7	1,109.5
Property, plant and equipment	12.2	272.0	282.4
Long-term investments	12.3	38.0	41.8
Deferred tax assets	11.2	95.9	128.4
Total non-current assets		**5,370.4**	**5,862.3**
Inventories	13.1	1,543.8	1,579.3
Trade accounts receivable	13.2	2,077.0	2,187.3
Current tax assets		48.1	23.5
Other accounts receivable	13.3	495.8	489.6
Assets held for sale		–	0.3
Cash and cash equivalents	14	563.6	619.3
Total current assets		**4,728.3**	**4,899.3**
Total assets		**10,098.7**	**10,761.6**
EQUITY			
Share capital	16	1,516.7	1,514.5
Share premium	16	1,559.2	1,561.2
Reserves and retained earnings		1,085.5	1,302.4
Total equity attributable to equity holders of the parent		**4,161.4**	**4,378.1**
Non-controlling interests		2.2	5.2
Total equity		**4,163.6**	**4,383.3**
LIABILITIES			
Interest bearing debt (non-current part)	22	2,450.5	2,195.1
Net employee defined benefit liabilities	21.2	319.9	338.5
Deferred tax liabilities	11.2	173.7	240.0
Provision and other non-current liabilities	20	56.3	84.8
Total non-current liabilities		**3,000.5**	**2,858.3**
Interest bearing debt (current part)	22	155.5	603.6
Accrued interest	22	6.3	6.3
Trade accounts payable		2,034.8	2,179.0
Income tax payable		34.8	37.5
Other current liabilities	24	703.2	693.5
Total current liabilities		**2,934.6**	**3,519.9**
Total liabilities		**5,935.0**	**6,378.3**
Total equity and liabilities		**10,098.7**	**10,761.6**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

		FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	NOTE	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income		322.3	397.0
Depreciation, amortization and impairment of assets and assets write off	7 - 9	264.1	167.8
Employee benefits		(17.6)	(26.2)
Change in other provisions		(26.2)	10.1
Other non-cash operating items		70.4	15.1
Interest paid		(101.9)	(118.8)
Income tax paid		(102.5)	(54.6)
Operating cash flows before change in working capital requirements		**408.6**	**390.4**
Change in inventories		(80.0)	(13.3)
Change in trade receivables		(25.0)	(40.7)
Change in trade payables		(41.2)	33.9
Change in other working capital items		27.9	(5.9)
Change in working capital requirements		**(118.4)**	**(26.1)**
Net cash from operating activities		**290.2**	**364.3**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of tangible and intangible assets		(113.8)	(120.8)
Proceeds from disposal of tangible and intangible assets		3.5	22.1
Acquisitions of subsidiaries, net of cash acquired	4	–	(94.0)
Proceeds from disposal of subsidiaries, net of cash disposed of	5	(23.1)	1.6
Change in long-term investments		(1.2)	0.8
Net cash from investing activities		**(134.6)**	**(190.2)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Insuance of capital	16.1	0.5	5.2
Disposal / (Purchase) of treasury shares		0.1	1.0
Issuance of senior notes net of transaction costs	22.2	790.6	642.5
Repayment of senior notes	22.2	(819.3)	(835.3)
Settlement of interest rate swaps qualified as fair value hedge		0.5	5.8
Net change in credit facilities, commercial papers, other financial borrowings	22.2	(80.5)	(49.8)
Net change in securitization	22.2	(29.3)	15.2
Net change in finance lease liabilities	22.2	(3.0)	(3.6)
Dividend paid	17	(120.8)	(120.3)
Net cash from financing activities		**(261.3)**	**(339.3)**
Net (decrease) / increase in cash and cash equivalents		**(105.7)**	**(165.1)**
Cash and cash equivalents at the beginning of the period		619.3	804.8
Effect of exchange rate changes on cash and cash equivalents		50.1	(23.3)
Cash and cash equivalent reclassified to assets held for sale		–	2.9
Cash and cash equivalents at the end of the period		**563.6**	**619.3**

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, 2016										
As of January 1, 2016		**1,509.4**	**1,680.5**	**1,154.4**	**160.6**	**(1.9)**	**(159.1)**	**4,343.9**	**9.0**	**4,352.9**
Net income		-	-	137.9	-	-	-	137.9	(3.6)	134.3
Other comprehensive income		-	-	-	24.9	1.2	(26.5)	(0.5)	(0.2)	(0.7)
Total comprehensive income for the period		**-**	**-**	**137.9**	**24.9**	**1.2**	**(26.5)**	**137.5**	**(3.8)**	**133.7**
Cash dividends	17	-	(120.3)	-	-	-	-	(120.3)	-	(120.3)
Share capital increase		5.1	1.0	(0.6)	-	-	-	5.6	-	5.6
Share-based payments		-	-	10.3	-	-	-	10.3	-	10.3
Disposal / (Purchase) of treasury shares		-	-	1.0	-	-	-	1.0	-	1.0
As of December 31, 2016		**1,514.5**	**1,561.2**	**1,303.1**	**185.5**	**(0.7)**	**(185.6)**	**4,378.1**	**5.2**	**4,383.3**
FOR THE YEAR ENDED DECEMBER 31, 2017										
As of January 1, 2017		**1,514.5**	**1,561.2**	**1,303.1**	**185.5**	**(0.7)**	**(185.6)**	**4,378.1**	**5.2**	**4,383.3**
Net income		-	-	105.8	-	-	-	105.8	(0.9)	104.9
Other comprehensive income		-	-	-	(205.6)	3.3	(4.9)	(207.2)	(0.7)	(207.9)
Total comprehensive income for the period		**-**	**-**	**105.8**	**(205.6)**	**3.3**	**(4.9)**	**(101.4)**	**(1.6)**	**(103.0)**
Cash dividends	17	-	-	(120.8)	-	-	-	(120.8)	-	(120.8)
Share capital increase		2.2	(2.0)	(0.1)	-	-	-	0.1	-	0.1
Share-based payments		-	-	4.9	-	-	-	4.9	-	4.9
Disposal of subsidiaries		-	-	-	-	-	-	-	(1.4)	(1.4)
Disposal / (Purchase) of treasury shares		-	-	0.6	-	-	-	0.6	-	0.6
As of December 31, 2017		**1,516.7**	**1,559.2**	**1,293.4**	**(20.1)**	**2.6**	**(190.5)**	**4,161.4**	**2.2**	**4,163.6**

The accompanying notes are an integral part of these consolidated financial statements.

Accompanying Notes

1. General information

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (hereafter referred to as "the Group" or "Rexel").

The Group is mainly involved in the business of the distribution of low and ultra-low voltage electrical products to professional customers. It serves the needs of a large variety of customers and markets in the fields of construction, industry, and services. The product offering covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown goods. The principal markets in which the Group operates are in Europe, North America (United States and Canada) and Asia-Pacific (mainly in Australia, New Zealand and China).

These consolidated financial statements cover the period from January 1 to December 31, 2017 and were authorized for issue by the Board of Directors on February 13, 2018.

2. Significant events of the year ended December 31, 2017 and December 31, 2016

For the year ended December 31, 2017

Rexel South East Asia divestment

In 2017, the Group divested from all of its operations in South East Asia following strategic priority to place greater focus on the most attractive geographies and businesses. These divestments include operations in Thailand, Indonesia, Singapore, Vietnam, the Philippines, Macau and Malaysia and were completed in two sale transactions effective on May 25, 2017 for Lenn International Pte Ltd and on December 19, 2017 for the remaining.

These transactions resulted in disposal losses before tax of €68.7 million (see note 5).

Refinancing transactions

Rexel entered into two refinancing transactions with the aim of extending its debt maturity profile and optimizing its overall cost of financing. Rexel issued 2.625% €300 million senior notes due 2024 in March 2017 and 2.125% €500 million senior notes due 2025 in November 2017. Proceeds received from these issuances were used to early repay the remaining outstanding 5.25% US$500 million senior notes due 2020 representing US$330 million in principal amount and the 3.25% €500 million senior notes due 2022 (see note 22.1).

For the year ended December 31, 2016

To optimize its financing structure, Rexel early repaid the 5.125% €650 million senior notes due 2020 and refinanced this amount through the issuance of a 3.50% €650 million senior notes due 2023. Rexel also early redeemed US$170 million out of its 5.25% US$500 million senior notes due 2020 (see note 22.1).

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, 2017 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, 2017.

IFRS has adopted by the European Union can be consulted on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

3.2 Basis of preparation

The financial statements are presented in euros and all values are rounded to the nearest tenth of a million, unless otherwise stated. Totals and sub-totals presented in the consolidated financial statements are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to this rounding effect.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed frequently, and thus the effect of changes in accounting estimates is accounted for from the date of the revision.

Information related to the main estimates and judgments made on the application of accounting policies which have significant effect on the financial statements are described in the following notes:

- Business combinations (notes 3.5 and 4);
- Impairment of intangible assets and goodwill (notes 3.5 and 12.1);
- Employee benefits (notes 3.11 and 21);
- Provisions and contingent liabilities (notes 3.13, 20, and 28);
- Supplier rebates (see note 3.15 and 13.3);
- Recognition of deferred tax assets (notes 3.18 and 11);
- Measurement of share-based payments (notes 3.12 and 18).

3.2.1 Changes in accounting policies – amended standards

Effective as of January 1, 2017, the following new amendments previously endorsed by the European Union are applicable to Rexel. These changes had no material effect on the Group's financial statements:

- Disclosure Initiative (Amendments to IAS 7 Statement of cash flows), issued in January 2016 requires additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (see note 22.2).
- Amendments to IAS 12 "Income Taxes" issued on January 19, 2016: the amendments, "Recognition of Deferred Tax Assets for Unrealized Losses", clarify how to account for deferred tax assets related to debt instruments measured at fair value and the requirements on recognition of deferred tax assets for unrealized losses.

3.2.2 New and amended accounting standards and interpretations endorsed by the European Union with effect in future periods

The following standards issued by IASB have been endorsed by the European Union but are not yet effective:

- IFRS 9 "Financial Instruments" that supersedes IAS 39 "Financial Instruments": Recognition and Measurement, addresses both classification and measurement, impairment and hedge accounting. This new standard is effective as of January 1, 2018 with early application permitted. Except for hedge accounting, retrospective application is required. For hedge accounting, the requirements are generally applied prospectively. The Group plans to adopt the new standard on the required effective date.

  The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.

  With regards to hedge accounting, the Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9.

  In relation to the new impairment model of trade receivables induced by IFRS 9, the Group expects to apply the simplified approach and record expected loss on all trade receivables resulting in a higher loss allowance and a negative impact on equity. Currently, the Group does not provide for non-due and less than 30 days past-due trade receivables. The Group has performed a detailed assessment to determine the magnitude of such impairment model which has no significant impact on its financial situation and operating performance.
- IFRS 15 "Revenue from Contracts with Customers": Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede IAS 11 "Construction contracts" and IAS 18 "Revenues" on revenue recognition. The new standard will come into effect as of January 1, 2018 with early application permitted. The Group has decided not to early adopt IFRS 15. The Group is involved in the distribution of electrical products to professional customers and currently recognizes sales when the significant risks and rewards attached to the goods are passed on to the customers which usually occurs with the delivery or shipment of the product. As sales of electrical equipment are generally expected to be the only performance obligation identified under IFRS 15, revenue will be recognized at a point in time when control of the goods is transferred to the customer, generally on delivery or shipment of the products. In 2017, the Group has conducted an assessment of the impacts of adopting IFRS 15 focused on the distinction of agent and principal with respect to its "direct sales" transactions. Direct sales are

arrangements with customers whereby the Group engages a third party supplier to ship the products to the customer, based on Rexel's purchase order with the customer, without any physical transfer to and from the Group's warehouse. Direct sales represent approximatively 20% of Rexel's total sales. Under IAS 18 guidance based on risks and rewards analysis, the Group carries in particular the credit risk on receivables attached to such sales and therefore is currently acting as a principal. Accordingly, Rexel recognizes the gross amount of direct sales transactions in revenue. IFRS 15 moves away from a risks and rewards approach to a transfer of control approach.

In direct sales transactions, the Group:

- is ultimately responsible for fulfillment of the customer's order and has discretion in establishing pricing;
- obtains controls of the goods at the point in time they are shipped by the third party supplier but does not transfer control of the products to the customer until they are delivered to the customer's site. Rexel has inventory risk relating to the specified goods as it bears the risk of loss during the transit and the risk of return from the customer subsequent to the delivery.

For the vast majority of its direct sales transactions, Rexel is deemed to act as a principal and will continue to recognize revenues derived from direct sales for their gross amount in revenue.

The Group has completed the assessment of the quantitative impacts resulting from the adoption of IFRS 15 which are limited to circa 0.20% of the 2017 sales.

• IFRS 16 "Leases": this new standard published the IASB on January 13, 2016 represents a major revision to account for leases. The standard provides a single lessee accounting model requiring to recognize assets and liabilities for all leases unless the term is twelve months or less, or the underlying asset has a low value. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (*e.g.*, a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). These remeasurements will be generally recognized as an adjustment to the right-of-use asset against the lease liability. IFRS 16 applies to reporting period beginning on or after January 1, 2019. Entities can choose to apply the new standard using either a full retrospective or a modified retrospective approach.

IFRS 16 should significantly impact Rexel's financial situation and performance presentation as the Group entered into lease arrangements for most of its properties including branch network, logistic centers and administrative buildings. The Group has initiated the identification of lease agreements and measurement of lease liabilities and rights to use leased assets within Group entities. In addition, the Group has launched a request for proposal to acquire a system to manage lease agreements in compliance with IFRS 16 requirements. Rexel expects to complete the implementation of such system in the second half of 2018 and thus does not currently plan to early adopt IFRS 16. When initially applying IFRS 16, the Group has not yet decided whether to apply the full retrospective method or the modified retrospective approach with the cumulative effect recognized at the date of 1st application, *i.e.* as of January 1, 2019 with no comparative information for the year ended December 31, 2018.

3.2.3 Accounting standards and interpretations issued by IASB and IFRS Interpretation Committee but not yet endorsed by the European Union

The following standards and interpretations issued by IASB and IFRS Interpretation Committee are not yet approved by the European Union. Their potential impact is currently under review by the Group.

• On June 20, 2016, the IASB issued amendments to IFRS 2 "Share-based Payment" which clarify how to account for certain types of share-based payment transactions. The amendment provides requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are applicable for annual periods beginning on or after January 1, 2018 with early application permitted.

- On December 8, 2016, the IFRS Interpretation Committee issued interpretation IFRIC 22 "Foreign Currency Transaction and Advance Consideration". This interpretation addresses how to determine the exchange rate for the recognition of the related asset, revenue or expense when an entity has received or paid advance consideration in a foreign currency. IFRIC 22 is applicable for annual periods beginning on or after January 1, 2018.
- On June 7, 2017, the IFRS Interpretation Committee issued IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments". This interpretation clarifies application of recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation specifically addresses the following:
  - whether an entity considers uncertain tax treatments separately,
  - the assumptions an entity makes about the examination of tax treatments by taxation authorities,
  - how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates,
  - how an entity considers changes in facts and circumstances.

  IFRIC 23 is applicable for annual periods beginning on or after January 1, 2019, with early application permitted.
- On December 12, 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing certain amendments to IFRSs and in particular:
  - IAS 12 "Income Taxes" — The amendments clarify that all income tax consequences of dividend payments should be recognized in profit or loss, regardless of how the tax arises.
  - IAS 23 "Borrowing Costs" — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

These amendments are applicable for annual periods beginning on or after January 1, 2019.

3.3 Basis of Consolidation

The consolidated financial statements include the financial statements for Rexel S.A., parent company of the Group, and its direct and indirect subsidiaries as of December 31, 2017. The subsidiaries (including Special Purpose Entities) are controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In assessing control, present and potential voting rights are taken into account.

The subsidiaries are fully consolidated from the date on which control is obtained to the date when control ceases. All assets and liabilities, unrealized gains and losses, income and expenses, dividends, and other transactions arising from intragroup transactions are eliminated when preparing the consolidated financial statements.

Losses within a subsidiary are attributed to the non-controlling interests for their share even if that results in a deficit balance.

3.4 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The functional currency of Rexel and the presentation currency of the Group's financial statements are the euro.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate prevailing at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities that are measured at cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation are translated into euro at foreign exchange rates prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated into euro at rates approximating the foreign exchange rates ruling at the dates of the transactions. All resulting translation differences are recognized as a separate component of equity (foreign currency translation reserve).

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on disposal.

3.5 Intangible assets

Goodwill

The cost of an acquisition is measured at acquisition date. Any contingent considerations are recognized at their fair value estimated as of the acquisition date. Subsequent changes in the fair value of contingent considerations are recognized in the income statement. For each business combination, the Group measures the non-controlling interests either at fair value or at the proportionate share of the acquiree's identifiable net assets. The costs of acquisition are recognized as expenses.

At the acquisition date, any excess of the consideration transferred and the non-controlling interests over the fair value of the net assets acquired is allocated to goodwill.

Goodwill is then measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units (CGUs).

Goodwill is not amortized but subject to an impairment test, as soon as there is an indication that it may be impaired, and at least once a year. Indications that goodwill may be impaired include material adverse changes of a lasting nature affecting the economic environment or the assumptions and objectives made at the time of acquisition.

A goodwill impairment loss is recognized whenever the carrying amount of the cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement (in "Other expenses").

Impairment losses in respect of goodwill may not be reversed.

When goodwill is allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other intangible assets

Intangible assets other than goodwill are stated at cost less accumulated amortization (see below) and impairment losses.

Identifiable intangible assets existing at the date of acquisition in a business combination are recognized as part of the purchase accounting and measured at fair value. Intangible assets are considered identifiable if they arise from contractual or legal rights or are separable.

Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at each annual balance sheet date, at least. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the assessment of indefinite useful life for this asset continues to be justified. If not, a change in the useful life assessment from indefinite to finite is made on a prospective basis. Other intangible assets are amortized from the date that they are available for use. Estimated useful lives of capitalized software development costs range from 3 to 10 years.

3.6 Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Leased assets

Lease contracts which substantially transfer to the Group all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Assets held under finance leases are stated at an amount equal to the fair value of the leased property or, if this is lower, the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses. Minimum lease payments are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The capital gains arising from the sale and leaseback of property, plant and equipment are recognized in full upon sale when the lease qualifies as an operating lease and the transaction is realized at fair value. They are spread on a straight-line basis over the lease term in case of a finance lease.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, when shorter, the term of the finance lease.

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement on a straight-line basis as an integral part of the total lease expense.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives are as follows:

- Commercial and office buildings 20 to 35 years;
- Building improvements and operating equipment 5 to 10 years;
- Transportation equipment 3 to 8 years;
- Computers and hardware 3 to 5 years.

The assets' residual values, useful lives, and methods of depreciation are reviewed and adjusted if appropriate at each balance sheet date.

3.7 Inventories

Inventories are mainly composed of goods held for resale. Inventories are stated at the lower of cost and net realizable value. Cost is calculated by reference to a first-in first-out basis, including freight in costs, net of any purchase rebates. Net realizable value is the estimated selling price at balance sheet date, less the estimated selling expenses, taking into account technical or marketing obsolescence and risks related to slow moving inventory.

3.8 Financial assets

3.8.1 Long-term investments

Long-term investments principally include investments in non-consolidated companies and other shareholdings, deposits required for operating purposes, and loans.

Investments in non-consolidated companies and other shareholdings are measured at fair value. When fair value is not reliably measurable, investments are stated at cost less impairment losses when necessary. Changes in fair value are recognized in other comprehensive income and transferred to profit or loss when the asset is sold or permanently impaired.

3.8.2 Held for trading instruments

Financial instruments held for trading mainly include marketable securities and are stated at fair value, with any resulting gain or loss recognized in profit or loss.

3.8.3 Trade and other accounts receivable

Trade and other accounts receivable are measured initially at fair value and subsequently measured at amortized cost using the effective interest rate method (see note 3.10) less impairment losses.

Impairment losses from estimated irrecoverable amounts are recognized in the income statement when there is objective evidence that the asset is impaired. The principal factors considered in recognizing these potential impairments include actual financial difficulties or aging of overdue receivables in excess of 30 days.

3.8.4 Derivative financial instruments

Derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss. However, when derivatives qualify for hedge accounting, the recognition of any resulting gain or loss is dependent on the nature of the item being hedged (see note 3.8.5). They are classified as assets or liabilities depending on their fair value.

Fair value measurement

Level 1

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. This valuation method is referred to as Level 1 in the hierarchy established by IFRS 13.

Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation models incorporating various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward interest rate curves. The assumptions used are observable either directly (*i.e.* as prices) or indirectly (*i.e.* derived from prices). This valuation method is referred to as Level 2 in the hierarchy established by IFRS 13.

Whether a financial instrument is valued using one or the other of these methods is indicated in the summary of financial assets (note 15) and the summary of financial liabilities (note 24).

3.8.5 Hedge accounting

Cash flow hedges

When a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized in the cash flow hedge reserve as other comprehensive income.

When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain (loss) is removed from the cash flow hedge reserve and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognized as other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (*i.e.*, when interest income or expense is recognized).

For cash flow hedges, other than those described in the previous paragraph, the associated cumulative gain (loss) is removed from the cash flow hedge reserve and recognized in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognized immediately in profit or loss.

If the hedged transaction is no longer expected to take place, then the cumulative unrealized gain (loss) recognized as other comprehensive income is immediately reclassified to profit or loss.

Fair value hedges

Fair value hedge accounting is used when a derivative financial instrument is designated as a hedge of the variability of the fair value of a recognized asset or liability (or firm commitment), including fixed rate indebtedness such as indexed bonds and other fixed rate borrowings.

The hedging instrument is measured at fair value with changes in fair value recognized in the income statement. The hedged item is remeasured to fair value in respect of the hedged risk. Any resulting adjustment to the carrying amount of the hedged item related to the hedged risk is recognized in the income statement.

Hedge of net investment in foreign operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognized directly in other comprehensive income. The ineffective portion is recognized immediately in profit or loss. Gains and losses accumulated in equity are recognized in the income statement when the foreign operation is disposed of.

3.8.6 Trade accounts payable

Trade accounts payable include exclusively payables due to suppliers of goods held for resale. Invoices payable to general and administrative suppliers are presented in other current liabilities.

3.8.7 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits with banks and other short-term highly liquid investments subject to an insignificant risk of changes in value.

3.9 Share capital

Repurchase of equity instruments

When the company purchases its own equity instruments, the amount of the consideration paid, including directly attributable costs, is recognized as a reduction in equity.

Dividends

Dividends paid in cash are recognized as a liability in the period in which the distribution has been approved by the shareholders.

3.10 Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost.

Effective interest rate

The effective interest rate is the rate that discounts the expected stream of future cash flows through to maturity to the current net carrying amount of the liability on initial recognition. When calculating the effective interest rate of a financial liability, future cash flows are determined on the basis of contractual commitments.

Transaction costs

Transaction costs are incremental costs that are directly attributable to the issue of the credit line. They include fees and commissions paid to agents and advisers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums, or allocations of internal administrative or overhead expenses.

For financial liabilities that are carried at amortized cost, transaction costs are included in the calculation of amortized cost using the effective interest rate method and, in effect, amortized through the income statement over the life of the instrument.

3.11 Employee benefits

3.11.1 Short-term employee benefits

Short-term employee benefits include wages, salaries, social security contributions, compensated absences, profit-sharing and bonuses and are expected to be settled wholly before twelve months after the end of the reporting period. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized in operating income as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.11.2 Post-employment and other long-term benefits

Post-employment and other long-term benefits include:

- Post-employment benefits including pensions, retirement supplements and medical benefits after retirement;
- Other long-term benefits (during employment) mainly including jubilees and long service awards.

These benefits are classified as either:

- Defined contribution plans when the employer pays fixed contributions into a separate entity recognized as an expense in profit and loss and will have no legal or constructive obligation to pay further contributions, or
- Defined benefit plans when the employer guarantees a future level of benefits.

Post-employment benefits

The Group's net obligation in respect of defined post-employment benefit plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed periodically by an independent actuary using the projected unit credit method.

The liability recognized in the balance sheet in respect of defined benefit schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets.

When the calculation results in plan assets exceeding liability, the recognized asset is limited to the present value of any currently available future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved (reduced), the portion of the increased (decreased) benefit relating to past service by employees is recognized immediately as an expense (income) in the income statement. The current and past service costs as well as administrative costs paid from registered pension plans' assets are presented in the income statement as part of the distribution and administrative expenses. The net interest expenses (income) relating to the discounting of the net funded position (defined benefit obligation less plan assets) is presented in net financial expenses in the income statement.

Remeasurements of net defined benefit obligation including (i) actuarial gains and losses, (ii) actual return on plan assets including administrative expenses allocated to manage plan assets and (iii) changes in the effect of the asset ceiling are recognized in other comprehensive income.

Other long-term benefits

Long-term benefits mainly include jubilees or long service leaves. The Group's net obligation in respect of long-term benefits, other than post-employment plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The value of the obligation is determined using the projected unit credit method. This amount is discounted at the rate based on high quality corporate bonds with maturity dates close to those of the Group's obligations prevailing on the balance sheet date.

Actuarial gains and losses are immediately recognized in the income statement as part of the distribution and administrative expenses.

3.12 Share-based payments

Bonus share programs, qualified as equity-settled, allow Group employees to receive shares of the parent company of the Group. The fair value of bonus shares allocated is recognized as a personnel expense with a corresponding increase in other reserves in equity over the period during which the employees become unconditionally entitled to the options (the vesting period). The expense is based on fair value estimate of the equity instruments in accordance with conditions of granting.

Fair value of bonus shares is measured at grant date using an appropriate model depending on the characteristics of the plans.

3.13 Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when the amount can be estimated reliably.

If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Provision for restructuring

A restructuring is a program that is planned and controlled by management that materially changes either the scope of the business or the manner in which that business is conducted.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for. Restructuring expenses are presented in "Other expenses" (see note 3.16). Restructuring costs principally include personnel costs (severance payments, early retirement costs, notice period not worked), branch closure costs, and indemnities for the breach of non-cancellable agreements.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Provisions for disputes and litigations

Provisions for disputes and litigation include estimated costs for risks, disputes, litigation and third party claims, and the probable costs associated with warranties given by the Group in the context of the disposal of non-current assets or subsidiaries.

These provisions also include costs of personnel disputes and tax litigation. A provision is not made for tax assessments received or in course of preparation when there is a reasonable probability that the Group will succeed in convincing the authority of its position.

Any accepted assessment is recorded as a liability when the amount can be reasonably estimated.

3.14 Sales

Revenue arising from the sale of goods is presented in sales in the income statement. Sales are recognized when the significant risks and rewards of ownership have been transferred to the buyer, which usually occurs with the delivery or shipment of the product.

Sales are recognized net of customer rebates and discounts.

The Group may enter into direct sales (as opposed to warehouse sales) whereby the product is sent directly from the supplier to the customer without any physical transfer to and from the Group's warehouse. The Group is acting as principal and therefore recognizes the gross amount of the sale transaction.

3.15 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 increases 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 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.

3.16 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.

3.17 Financial expenses (net)

Financial expenses (net) comprise interest payable on borrowings calculated using the effective interest rate method, dividends on preference shares classified as liabilities, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognized in profit or loss (see note 3.8.5).

Interest income is recognized in profit or loss as it accrues, using the effective interest rate method. Dividend income is recognized in profit or loss on the date the entity's right to receive payment is established which in the case of quoted securities is the ex-dividend date. The interest expense component of finance lease payments is recognized in profit or loss using the effective interest rate method.

3.18 Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or in equity, in which case it is recognized respectively in other comprehensive income or in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: (i) goodwill not deductible for tax purposes, (ii) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and (iii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available to recover this asset. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Practically, this is achieved through a valuation allowance recognized against deferred tax assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income tax levied by the same tax jurisdiction and the Group intends to settle its current tax assets and liabilities on a net basis.

Information as to the calculation of income tax on the profit for the periods presented is included in note 11.

3.19 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
- Asia-Pacific

The Group's financial reporting is reviewed monthly by the Chief Executive Officer acting as the Chief operating decision maker.

3.20 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options and free shares granted to employees.

4. Business combinations

In 2017, the Group didn't proceed to any business combination.

In 2016, Rexel acquired a 100% ownership interest in Sofinther, a French €116 million annual sales distribution company specializing in thermal, heating and control solutions. This acquisition was completed on January 4, 2016 for a total consideration of €81.6 million. As part of the purchase price allocation, the Group recognized customer relationships of €23.4 million with a useful life of 8 years. Goodwill arising on this acquisition amounted to €31.8 million. Sofinther has been consolidated starting on its acquisition date.

In addition, the Group acquired the following non-material entities in the first quarter of 2016:

- Cordia, a French distributor of fire prevention equipment and services;
- Brohl & Appell, a US company specialized in industrial automation.

5. Divestments

In 2017, as part of its divestment program, the Group disposed of all its operations in South East Asia including Thailand, Indonesia, Singapore, Vietnam, the Philippines, Macau and Malaysia. These divestments were completed in two separate sale transactions as follows:

- On May 25, 2017, the Group completed the sale of Lenn International Pte Ltd, an Oil & Gas cable distributor based in Singapore, to its management for a consideration of €3.5 million. The divestment loss was €11.1 million before tax (€10.1 million after tax).
- Effective on December 19, 2017, Rexel sold to American Industrial Acquisition Corporation, a private equity firm, its interest in Rexel South East Asia, a subsidiary controlling the overall Rexel's operations in South East Asia. Rexel contributed €26.6 million in cash to the disposed entity at

the time of the sale transaction. This transaction resulted in a disposal loss before tax of €57.6 million (€47.7 million after tax). Results of operations in South East Asia and cash flows for the year ended December 31, 2017, were consolidated until November 30, 2017.

The share purchase agreements entered into do not provide the purchasers for any specific guaranty for damages and liabilities other than customary.

6. Segment reporting

The reportable segments are Europe, North America and Asia-Pacific.

Information by geographic segment for the period ended December 31, 2017 and 2016

	2017					
(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,						
Sales to external customers	7,292.4	4,710.1	1,307.7	**13,310.2**	(0.0)	**13,310.1**
EBITA [1]	435.1	180.1	12.1	**627.2**	(33.0)	**594.3**
Goodwill impairment	(120.7)	–	(13.0)	**(133.7)**	–	**(133.7)**
AS OF DECEMBER 31,						
Working capital	671.8	620.3	122.4	**1,414.6**	(36.9)	**1,377.6**
Goodwill	2,377.4	1,380.4	157.1	**3,914.9**	–	**3,914.9**

	2016					
(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,						
Sales to external customers	7,168.5	4,689.1	1,304.6	**13,162.2**	(0.1)	**13,162.1**
EBITA [1]	386.9	165.6	14.3	**566.8**	(27.2)	**539.6**
Goodwill impairment	(4.7)	–	(42.1)	**(46.8)**	–	**(46.8)**
AS OF DECEMBER 31,						
Working capital	613.3	645.6	146.1	**1,405.0**	(18.6)	**1,386.4**
Goodwill	2,547.0	1,535.4	217.9	**4,300.2**	–	**4,300.2**

(1) EBITA is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses.

The reconciliation of EBITA with the Group's consolidated income before income taxes is presented in the following table:

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	2017	2016
EBITA - Total continuing operations	**594.3**	**539.6**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(19.0)	(18.7)
Other income and other expenses	(253.0)	(124.0)
Net financial expenses	(145.9)	(146.3)
Net income before tax	**176.4**	**250.7**

The reconciliation of the total allocated assets and liabilities with the Group's consolidated total assets is presented in the following table:

	AS OF DECEMBER 31,	
(in millions of euros)	2017	2016
Working capital	1,377.6	1,386.4
Goodwill	3,914.9	4,300.2
Total allocated assets & liabilities	**5,292.5**	**5,686.6**
Liabilities included in allocated working capital	2,736.8	2,868.5
Accrued interest receivable	1.0	0.9
Other non-current assets	1,359.7	1,433.6
Deferred tax assets	95.9	128.4
Current tax assets	48.1	23.5
Assets classified as held for sale	–	0.3
Derivatives	1.1	0.4
Cash and cash equivalents	563.6	619.3
Group consolidated total assets	**10,098.7**	**10,761.6**

7. Distribution & administrative expenses

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2017	2016
Personnel costs (salaries & benefits)	1,642.7	1,609.5
Building and occupancy costs	271.9	268.5
Other external costs	631.0	623.3
Depreciation expense	99.8	97.1
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	19.0	18.7
Bad debt expense	24.6	34.7
Total distribution and administrative expenses	**2,688.9**	**2,651.8**

8. Salaries & benefits

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2017	2016
Salaries and social security charge	1,558.2	1,530.9
Share-based payments	5.4	10.5
Pension and other post-retirement benefits-defined benefit plans	12.6	7.9
Other employee expenses	66.5	60.2
Total employee expenses	**1,642.7**	**1,609.5**

The table below sets forth average number of employees by geographic segment:

	FOR THE YEAR ENDED DECEMBER 31, 2017	2016
Europe	15,787	16,085
North America	8,274	7,986
Asia-Pacific	3,245	3,232
Total operating segments	**27,306**	**27,303**
Corporate Holdings	224	247
Group average number of employees	**27,530**	**27,550**

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9. Other income & other expenses

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2017	2016
Gains on disposal of tangible assets	1.6	1.8
Write-back asset impairment	–	1.2
Release of unused provisions	2.1	1.5
Gains on earn-out	1.9	0.3
Other operating income	1.5	0.8
Total other income	**7.1**	**5.6**
Restructuring costs (1)	(44.1)	(59.3)
Disposal loss of South East Asia operations (2)	(68.7)	–
Losses on non-current assets disposed of	(4.6)	(5.1)
Impairment of goodwill (3)	(133.7)	(46.8)
Asset write-offs	(0.1)	(6.4)
Losses on earn-out	–	(2.5)
Litigation costs	(4.0)	(6.6)
Other operating expenses	(5.1)	(2.9)
Total other expenses	**(260.1)**	**(129.5)**

(1) Including in 2017 (i) wind-up costs of €8.8 million, mainly consisting in asset write-offs, in relation with the shut-down of Oil & Gas business in Thailand as a result of market decline, (ii) restructuring costs of €32.9 million associated with business transformation programs (US regional reorganization, UK banners merger, Sweden), branch network and logistics optimization and (iii) changes in corporate senior management positions for €2.4 million (€14.1 million in 2016).
(2) Consisting in the divestment loss of Rexel South East Asia for €57.6 million and Lenn International Pte Ltd for €11.1 million (see note 5).
(3) Of which €86.2 million relating to Germany, €34.5 million relating to Finland and €13.0 million relating to New Zealand in 2017 (€38.3 million relating to China, €3.8 million to South East Asia and €4.7 million to Slovenia in 2016) (see note 12.1).

10. Net financial expenses

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2017	2016
Interest income on cash and cash equivalents	0.0	0.4
Interest income on receivables and loans	2.3	1.6
Financial income	**2.3**	**2.0**
Interest expense on financial debt (stated at amortized cost)	(94.7)	(110.0)
Interest gain / (expense) on interest rate derivatives	5.1	0.2
Change in fair value of interest rate derivatives through profit and loss	(2.3)	5.5
Financial expense on borrowings	**(91.9)**	**(104.3)**
Non-recurring redemption costs	**(18.8)** (1)	**(16.3)** (2)
Foreign exchange gain (loss)	*(2.0)*	*4.4*
Change in fair value of exchange rate derivatives through profit and loss	*3.2*	*(2.8)*
Net foreign exchange gain (loss)	1.2	1.6
Net financial expense on employee benefit obligations	(9.8)	(10.6)
Others	(29.0) (3)	(18.7)
Other financial expenses	**(37.6)**	**(27.7)**
Net financial expenses	**(145.9)**	**(146.3)**

(1) Relating to the early repayment of (i) the €500 million senior notes due 2022 for €12.5 million and (ii) the remaining US$330 million out of the US$500 million senior notes due 2020 for €6.3 million (see note 22.1.2).
(2) Relating to the early repayment of (i) the €650 million senior notes due 2020 for €10.0 million and (ii) the US$170 million partial redemption of the US$500 million senior notes due 2020 for €6.3 million.
(3) Including €10.9 million associated with the discounting impact of letters of credit due from overseas financial institutions (€3.6 million in 2016).

11. Income tax

Rexel and its French subsidiaries have formed a tax group from January 1, 2005. Rexel uses tax consolidation in other countries where similar options exist.

11.1 Income tax expense

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2017	2016
Current tax	(66.5)	(82.9)
Deferred tax	(7.1)	(31.9)
Prior year adjustments on income tax	2.2	(1.6)
Total income tax expense	**(71.5)**	**(116.4)**

11.2 Deferred tax assets and liabilities

Changes in net deferred tax assets / (liabilities) are as follows:

(in millions of euros)	2017	2016
Net deferred tax at the beginning of the year	**(111.6)**	**(52.1)**
Deferred tax income (expense)	(4.0)	(29.8)
Other comprenhensive income	19.5	(10.1)
Change in consolidation scope	0.7	(7.1)
Currency translation adjustment	16.7	(12.4)
Other changes	0.9	(0.2)
Net deferred tax at the end of the year	**(77.8)**	**(111.6)**

Analysis of deferred tax assets and liabilities by nature is as follows:

	AS OF DECEMBER 31,	
(in millions of euros)	2017	2016
Intangible assets	(292.6)	(385.4)
Property, plant and equipment	(5.9)	(2.1)
Financial assets	21.1	24.8
Trade accounts receivable	12.8	14.2
Inventories	14.9	22.2
Employee benefits	86.8	95.0
Provisions	7.1	11.4
Financing fees	(3.2)	(4.9)
Other items	(11.1)	3.7
Tax losses carried forward	252.2	264.6
Deferred tax assets / (liabilities), net	**82.3**	**43.8**
Valuation allowance on deferred tax assets	(160.1)	(155.4)
Net deferred tax assets / (liabilities)	**(77.8)**	**(111.6)**
of which deferred tax assets	95.9	128.4
of which deferred tax liabilities	(173.7)	(240.0)

A valuation allowance on deferred tax assets of €160.1 million was recognized as of December 31, 2017 (€155.4 million as of December 31, 2016), 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, 2017, deferred tax assets arising on tax losses carried forward that are not expected to be used within five years were subject to a valuation allowance mostly in Spain, the United Kingdom, Germany and Italy. The expiry date of such tax losses carried forward is as follows:

	AS OF DECEMBER 31,	
(in millions of euros)	2017	2016
One year	0.0	–
Two years	0.5	–
Three years	0.3	1.5
Four years	2.1	1.1
Five years	4.0	4.1
Thereafter	562.5	494.4
Total tax losses carried forward (tax basis) subject to a valuation allowance	**569.4**	**501.1**

11.3 Effective tax rate

	FOR THE YEAR ENDED DECEMBER 31,			
(in millions of euros)	2017		2016	
Income before tax and before share of profit in associates	176.4		250.7	
French legal tax rate		*34.4%*		*34.4%*
Income tax calculated at the legal tax rate	(60.7)		(86.3)	
2017 Exceptionnal 15% contribution to French tax rate	(4.9)	2.8%	–	
Differences of tax rates between French and foreign jurisdictions	4.8	(2.7%)	9.1	(3.6%)
Changes in tax rates [(1)]	62.6	(35.5%)	7.4	(3.0%)
(Current year losses unrecognized), prior year losses recognized	(10.4)	5.9%	(14.8)	5.9%
(Non-deductible expenses), tax exempt revenues [(2)]	(49.6)	28.1%	(21.1)	8.4%
Others [(3)]	(13.2)	7.5%	(10.6)	4.2%
Actual income tax expense	**(71.5)**	**40.5%**	**(116.4)**	**46.4%**

(1) Including in 2017, (i) a €56.0 million gain relating to the decrease in the US federal tax rate from 35% to 21% effective in 2018 and (ii) a €6.9 million gain relating to the progressive decrease in French tax rate, from 34.4% to 25.8% effective in 2022.
(2) Including tax impact of non-deductible goodwill impairment expense of €36.9 million (€9.8 million in 2016).
(3) Including in 2017 (i) the tax effect of the non-deductible disposal loss on Rexel South East Asia disposal of €9.8 million, (ii) a €9.9 million gain following a claim brought to the French tax authorities, with respect to the refund of 3% tax imposed on distributions of dividends (for the years 2013 to 2017), that has been declared unconstitutional and (iii) a tax levy calculated on added value in France (CVAE) for €6.7 million (€6.8 million in 2016).

12. Long-term assets

12.1 Goodwill and intangible assets

(in millions of euros)	STRATEGIC PARTNERSHIPS	DISTRIBUTION NETWORKS	SOFTWARE AND OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS	GOODWILL
Gross carrying amount as of January 1, 2016	**185.6**	**681.6**	**664.0**	**1,531.2**	**4,656.3**
Change in consolidation scope	–	–	18.1	**18.1**	**44.6**
Additions	–	–	46.6	**46.6**	**–**
Disposals	–	–	(17.9)	**(17.9)**	**(26.3)**
Currency translation adjustment	–	1.0	(2.0)	**(1.0)**	**40.1**
Other changes	–	–	8.5	**8.5**	**26.3**
Gross carrying amount as of December 31, 2016	**185.6**	**682.6**	**717.3**	**1,585.5**	**4,741.1**
Change in consolidation scope	–	(1.8)	(1.6)	**(3.4)**	**(40.9)**
Additions	–	–	50.2	**50.2**	**–**
Disposals	–	–	(53.6)	**(53.6)**	**–**
Currency translation adjustment	–	(33.3)	(33.9)	**(67.2)**	**(225.3)**
Other changes	–	–	1.9	**1.9**	**–**
Gross carrying amount as of December 31, 2017	**185.6**	**647.6**	**680.2**	**1,513.4**	**4,474.9**
Accumulated amortization and depreciation as of January 1, 2016	**–**	**(5.8)**	**(417.4)**	**(423.2)**	**(389.7)**
Change in consolidation scope	–	–	5.5	**5.5**	**–**
Amortization expense	–	–	(58.5)	**(58.5)**	**–**
Impairment losses	–	–	–	**–**	**(46.8)**
Write-off [(1)]	–	–	(6.4)	**(6.4)**	**–**
Release	–	–	17.1	**17.1**	**26.3**
Currency translation adjustment	–	–	(4.2)	**(4.2)**	**(4.3)**
Other changes	–	–	(6.3)	**(6.3)**	**(26.3)**
Accumulated amortization and depreciation as of December 31, 2016	**–**	**(5.8)**	**(470.3)**	**(476.1)**	**(440.8)**
Change in consolidation scope	–	–	0.6	**0.6**	**15.2**
Amortization expense	–	–	(62.1)	**(62.1)**	**(11.6)**
Impairment losses	–	–	49.8	**49.8**	**(133.7)**
Currency translation adjustment	–	–	23.9	**23.9**	**10.8**
Other changes	–	–	0.1	**0.1**	**–**
Accumulated amortization and depreciation as of December 31, 2017	**–**	**(5.8)**	**(457.9)**	**(463.7)**	**(560.0)**
Carrying amount as of January 1, 2016	185.6	675.8	246.6	1,108.0	4,266.6
Carrying amount as of December 31, 2016	185.6	676.8	247.1	1,109.5	4,300.2
Carrying amount as of December 31, 2017	185.6	641.8	222.3	1,049.7	3,914.9

(1) Own brand business terminated in the United Kingdom.

Strategic partnerships

Strategic partnerships acquired in business combinations arise from contractual rights. Their valuation is determined on the basis of a discounted cash flow model.

Distribution networks

Distribution networks are considered separable assets as they could be franchised. They correspond to the value added to each branch through the existence of a network, and include notably banners and catalogues. Their measurement is performed using the royalty relief method based on royalty rates used for franchise contracts, taking their profitability into account. The royalty rate ranges from 0.4% to 1.0% of sales depending on each country.

Strategic partnerships and distribution networks are regarded as having an indefinite useful life when there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group. They are not amortized and are tested for impairment annually or as soon as there is an indication that these assets may be impaired.

Software and other intangible assets

This caption includes mainly the net book value of software for €128.5 million as of December 31, 2017 (€129.5 million as of December 31, 2016) and customer relationships for €47.9 million as of December 31, 2017 (€67.2 million as of December 31, 2016).

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,					
		2017			2016		
CGU	GEOGRAPHIC SEGMENT	GOODWILL	INTANGIBLE ASSETS	TOTAL	GOODWILL	INTANGIBLE ASSETS	TOTAL
France	Europe	1,047.7	169.4	1,217.1	1,047.7	169.4	1,217.1
United States	North America	928.3	142.9	1,071.3	1,056.2	162.6	1,218.8
Canada	North America	452.1	67.4	519.4	479.2	71.4	550.6
Switzerland	Europe	256.2	36.0	292.2	279.1	39.2	318.3
United Kingdom	Europe	195.0	57.7	252.6	202.0	59.8	261.8
Sweden	Europe	188.0	19.1	207.1	193.8	19.7	213.5
Germany	Europe	98.2	51.7	149.9	184.4	51.7	236.1
Norway	Europe	158.0	12.6	170.6	171.1	13.6	184.7
Australia	Asia-Pacific	118.7	25.3	144.0	124.8	26.6	151.4
Austria	Europe	88.5	13.0	101.5	88.5	13.0	101.5
Belgium	Europe	76.4	–	76.4	76.4	–	76.4
Other		307.8	232.4	540.2	397.0	235.4	632.4
	Total	**3,914.9**	**827.4**	**4,742.3**	**4,300.2**	**862.4**	**5,162.6**

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Impairment

The Group performs impairment tests of goodwill at the country level, which represents the lowest level at which operations are monitored by management for the purpose of measuring return on investment.

Value-in-use key assumptions

The recoverable amount of the cash-generating units was determined based on value in use. The calculation of the value in use is based on a discounted cash flow model. The cash flows are derived from the strategic plan prepared during the yearly budget process in November 2017 for the next 3 years and also include an extrapolation of two additional years and a normative terminal value. A perpetual growth rate has been used for the calculation of the terminal value. Cash flows were discounted on the basis of the weighted average cost of capital net of tax calculated for each country. Country-specific risk is incorporated by applying individual risk-free rates and equity risk premium. The weighted average cost of capital reflects the time value of money and the specific risks of the assets, not already factored in the projected cash flow, by taking into account the capital structure and the financing terms and conditions of a standard market participant.

The calculation of value in use is mostly sensitive to the EBITA margin computed in the terminal value, the discount rate and the perpetual growth rate:

- EBITA Margin

  EBITA margin factored in the terminal value cash flow is set on a country by country basis based on both historical and expected performance, Rexel's market share and characteristics of the local market and by reference to other cash generating units within the Group with similar profile.

- Discount rate and perpetual growth rate

  The following after tax discount rates and perpetual growth rate were used to estimate the value-in-use of the CGUs:

	2017			2016		
	DISCOUNT RATE (WACC)	PERPETUAL GROWTH RATE	WACC - PERPETUAL GROWTH RATE	DISCOUNT RATE (WACC)	PERPETUAL GROWTH RATE	WACC - PERPETUAL GROWTH RATE
France	7.8%	1.8%	6.0%	7.5%	1.8%	5.7%
United States	7.8%	1.8%	6.0%	7.8%	1.8%	6.0%
Canada	7.8%	1.8%	6.0%	7.3%	1.8%	5.5%
Switzerland	7.0%	0.8%	6.2%	6.3%	0.8%	5.5%
United Kingdom	7.8%	1.8%	6.0%	7.5%	1.8%	5.7%
Sweden	7.8%	1.8%	6.0%	7.3%	1.8%	5.5%
Germany	7.3%	1.8%	5.5%	7.0%	1.8%	5.2%
Norway	7.8%	1.8%	6.0%	7.8%	1.8%	6.0%
Australia	9.8%	2.5%	7.3%	9.5%	2.5%	7.0%
Austria	7.3%	1.8%	5.5%	7.3%	1.8%	5.5%
Belgium	7.3%	1.8%	5.5%	7.3%	1.8%	5.5%
Other	5.8% to 15.5%	1.0% to 5.0%	4.8% to 13.8%	6.0% to 15.8%	1.0% to 5.0%	5.0% to 10.8%

Impairment loss

Following lower than expected 2017 performance in Germany, Finland and New Zealand, the Group adjusted downwards its prospects, including the normative EBITA margin factored in the terminal value resulting in a €133.7 million impairment charge of which €86.2 million allocated to Germany, €34.5 million to Finland and €13.0 million to New Zealand. As a result, the carrying value of goodwill in Germany, Finland and New Zealand was reduced to respectively €98.2 million, €21.3 million and €11.2 million as of December 31, 2017.

In 2016, the Group recognized a goodwill impairment expense of €46.8 million, of which €38.3 million attributable to China, €4.7 million attributable to Slovenia and €3.8 million to South East Asia.

Sensitivity analysis

The table below summarizes the impact by cash generating units of a change of 50 bps in EBITA margin, discount rate and perpetual growth rate on the impairment expense:

	GOODWILL & INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE	EBITA MARGIN (-50 BPS)	DISCOUNT RATE (+50 BPS)	PERPETUAL GROWTH RATE (-50 BPS)
France	1,217.1	–	–	–
United States	1,071.3	(76.9)	(54.3)	–
Canada	519.4	(40.7)	(42.2)	(25.0)
Switzerland	292.2	–	–	–
United Kingdom	252.6	–	–	–
Sweden	207.1	–	–	–
Germany	149.9	(42.0)	(22.6)	(16.0)
Norway	170.6	–	–	–
Australia	144.0	(0.9)	–	–
Austria	101.5	–	–	–
Belgium	76.4	–	–	–
Other	540.2	(39.1)	(14.6)	(6.5)
Total	**4,742.3**	**(199.6)**	**(133.7)**	**(47.5)**

12.2 Property, plant & equipment

(in millions of euros)	LAND & BUILDINGS	PLANT & EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL PROPERTY, PLANT AND EQUIPMENT
Gross carrying amount as of January 1, 2016	**270.9**	**677.8**	**31.0**	**979.7**
Change in consolidation scope	(7.2)	1.0	(0.5)	**(6.8)**
Additions	7.2	58.9	3.2	**69.2**
Disposals	(36.2)	(58.8)	(1.3)	**(96.4)**
Currency translation adjustment	(6.6)	5.7	0.2	**(0.7)**
Other changes	9.6	(2.3)	(1.8)	**5.5**
Gross carrying amount as of December 31, 2016	**237.6**	**682.3**	**30.7**	**950.6**
Change in consolidation scope	–	(2.8)	(0.2)	**(3.0)**
Additions	5.9	47.2	9.1	**62.3**
Disposals	(1.0)	(59.8)	(0.6)	**(61.4)**
Currency translation adjustment	(5.9)	(24.0)	(0.7)	**(30.6)**
Other changes	0.1	1.5	(3.5)	**(1.9)**
Gross carrying amount as of December 31, 2017	**236.7**	**644.5**	**34.8**	**916.0**
Accumulated amortization and depreciation as of January 1, 2016	**(153.0)**	**(520.0)**	**(18.0)**	**(691.0)**
Change in consolidation scope	7.3	2.5	0.7	**10.5**
Depreciation expense	(9.2)	(45.9)	(2.3)	**(57.3)**
Release	19.7	55.3	1.0	**76.0**
Currency translation adjustment	3.3	(4.5)	(0.0)	**(1.3)**
Other changes	(6.9)	2.6	(0.8)	**(5.0)**
Accumulated amortization and depreciation as of December 31, 2016	**(138.8)**	**(510.0)**	**(19.4)**	**(668.2)**
Change in consolidation scope	–	1.9	0.1	**2.0**
Depreciation expense	(8.2)	(46.1)	(2.3)	**(56.7)**
Impairment losses	–		(0.1)	**(0.1)**
Release	0.6	57.5	0.6	**58.8**
Currency translation adjustment	3.1	16.8	0.1	**20.0**
Other changes	(0.1)	0.2	–	**0.1**
Accumulated depreciation and amortization as of December 31, 2017	**(143.3)**	**(479.7)**	**(21.0)**	**(644.0)**
Carrying amount as of January 1, 2016	**117.9**	**157.8**	**13.0**	**288.7**
Carrying amount as of December 31, 2016	**98.8**	**172.3**	**11.3**	**282.4**
Carrying amount as of December 31, 2017	**93.4**	**164.8**	**13.8**	**272.0**

Additions of the year 2017 include €5.4 million of assets (€8.4 million in 2016) acquired through finance lease contracts. In the consolidated cash flow statement, these acquisitions have been included in cash flows from investing activities and the corresponding variation of financial debt was included in "Net change in finance lease liabilities" in cash flows from financing activities.

12.3 Long-term investments

	AS OF DECEMBER 31,	
(in millions of euros)	2017	2016
Loans	0.1	0.2
Deposits	25.2	25.1
Derivatives	12.5	16.2
Other long-term investments	0.2	0.3
Long-term investments	**38.0**	**41.8**

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13. Current assets

13.1 Inventories

	AS OF DECEMBER 31,	
(in millions of euros)	2017	2016
Cost	1,621.5	1,675.7
Allowance	(77.8)	(96.4)
Inventories	**1,543.8**	**1,579.3**

Changes in impairment losses

(in millions of euros)	2017	2016
Allowance for inventories as of January 1,	**(96.4)**	**(88.7)**
Change in consolidation scope	3.7	5.5
Net change in allowance	3.2	(13.7)
Currency translation adjustment	4.7	0.3
Other changes	7.0	0.2
Allowance for inventories as of December 31,	**(77.8)**	**(96.4)**

13.2 Trade accounts receivable

	AS OF DECEMBER 31,	
(in millions of euros)	2017	2016
Nominal value	2,191.2	2,313.0
Impairment losses	(114.2)	(125.7)
Trade accounts receivable	**2,077.0**	**2,187.3**

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 €234.0 million as of December 31, 2017 (€237.1 million as of December 31, 2016).

The Group has implemented credit insurance programs in certain countries. Trade accounts receivable covered by these programs amounted to €867.7 million as of December 31, 2017 (€818.8 million as of December 31, 2016).

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 €226.1 million as of December 31, 2017 (€248.3 million as of December 31, 2016).

Changes in impairment losses

(in millions of euros)	2017	2016
Impairment losses on trade accounts receivable as of January 1,	**(125.7)**	**(118.3)**
Change in consolidation scope	3.5	2.0
Net allowance (1)	5.0	(9.4)
Currency translation adjustment	3.1	0.0
Impairment losses on trade accounts receivable as of December 31,	**(114.2)**	**(125.7)**

(1) Of which receivables written-off for €34.3 million in 2017 (€25.7 million in 2016).

As of December 31, 2017, trade receivables were subject to impairment losses estimated on an individual basis following the assessment of the customer default risk for €75.8 million (€89.7 million as of December 31, 2016).

In accordance with the accounting principle stated in note 3.8.3, all past due receivables above 30 days are subject to an impairment loss estimated on the basis of the ageing for €26.9 million as of December 31, 2017 (€33.9 million as of December 31, 2016).

Past due receivables are detailed as follows:

	AS OF DECEMBER 31,	
(in millions of euros)	2017	2016
From 1 to 30 days	277.4	284.5
From 31 to 60 days	64.1	80.6
From 61 to 90 days	25.5	30.1
From 91 to 180 days	32.5	44.6
Above 180 days	44.4	36.5

13.3 Other accounts receivable

	AS OF DECEMBER 31,	
(in millions of euros)	2017	2016
Suppliers' rebates and services (1)	348.6	345.7
VAT receivable and other sales taxes	23.8	26.4
Prepaid expenses	35.7	37.3
Derivatives	1.1	0.4
Other receivables	86.6	79.7
Total accounts receivable	**495.8**	**489.6**

(1) Suppliers' rebates and services income recognized for the year ended December 31, 2017 were €863.1 million (€800.8 million for the year ended December 31, 2016).

14. Cash and cash equivalents

	AS OF DECEMBER 31,	
(in millions of euros)	2017	2016
Cash equivalents	–	0,3
Cash at bank	562.6	618.0
Cash in hand	1.0	1.0
Cash and cash equivalents	**563.6**	**619.3**

15. Summary of financial assets

				AS OF DECEMBER 31,			
				2017		2016	
(in millions of euros)	NOTE	IAS 39 CATEGORY	FAIR VALUE HIERARCHY*	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Hedging derivatives (1)		FV P&L	2	8.7	8.7	16.0	16.0
Hedging derivatives (1)		FV OCI	2	3.6	3.6	0.2	0.2
Other derivative instruments not eligible to hedge accounting		FV P&L	2	0.2	0.2	–	–
Loans		L&R		0.1	0.1	0.2	0.2
Deposits		L&R		25.2	25.2	25.1	25.1
Others (2)		N/A		0.2	N/A	0.3	N/A
Total long-term investments	12.3			**38.0**	**-**	**41.8**	**-**
Trade accounts receivable	13.2	L&R		**2,077.0**	**2,077.0**	**2,187.3**	**2,187.3**
Supplier rebates receivable		L&R		348.6	348.6	345.7	345.7
VAT and other taxes receivable (2)		N/A		23.8	N/A	26.4	N/A
Other accounts receivable		L&R		86.6	86.6	79.7	79.7
Other derivative instruments eligible to hedge accounting		FV OCI	2	1.0	1.0	0.2	0.2
Other derivative instruments not eligible to hedge accounting		FV P&L	2	0.1	0.1	0.2	0.2
Prepaid expenses (2)		N/A		35.7	N/A	37.3	N/A
Total other current assets	13.3			**495.8**	**-**	**489.6**	**-**
Cash equivalents		FV P&L	2	–	–	0.3	0.3
Cash		L&R		563.6	563.6	619.0	619.0
Cash and cash equivalents	14			**563.6**	**-**	**619.3**	**-**

(1) Specific accounting treatment for hedging.
(2) Not a financial instrument under IAS 39.

Loans and receivables	L&R
Assets available for sale	AFS
Fair value through profit or loss	FV P&L
Fair value through other comprehensive income	FV OCI
Not applicable	N/A

* For fair value hierarchy see note 3.8.4.

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, 2016	**301,871,378**	**1,509.4**	**1,680.5**
Exercise of share subscription rights	98,442	0.5	–
Payments of dividends (1)	–	–	(120.3)
Employee share purchase plan	530,854	2.7	0.9
Issuance of shares in connection with free shares plans (2)	397,349	2.0	–
Allocation of free shares	–	–	(10.0)
Free shares cancelled	–	–	10.1
As of December 31, 2016	**302,898,023**	**1,514.5**	**1,561.2**
Employee share purchase plan	159,899	0.8	0.3
Issuance of shares in connection with free shares plans (2)	285,255	1.4	–
Allocation of free shares	–	–	(9.4)
Free shares cancelled	–	–	7.0
As of December 31, 2017	**303,343,177**	**1,516.7**	**1,559.2**

(1) In 2016, payment of a dividend of €0.40 per share by deduction from share premium, for a total cash amount of €120.3 million.
(2) In 2017, issuance of 282,218 shares in connection with the 2013 bonus shares plan ("4+0 Plan") and 3,037 shares in connection with the 2014 bonus shares plan ("3+2 Plan"). In 2016, issuance of 392,355 shares in connection with the 2012 bonus shares plan ("4+0 Plan"), 1,300 shares in connection with the 2013 bonus shares plan ("3+2 Plan") and 3,694 shares in connection with the 2014 bonus free shares plan ("2+2 Plan").

16.2 Capital Management and treasury shares

The Shareholders' Meeting of May 23, 2017 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 22, 2018).

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 €16.8 million as of December 31, 2017 (€16.7 million as of December 31, 2016).

Rexel also repurchased in previous years treasury shares to serve its free share plans (880,604 shares held as of December 31, 2017).

As of December 31, 2017, Rexel held in aggregate 1,289,369 treasury shares (1,349,227 as of December 31, 2016) valued at an average price of €13.47 per share (€13.31 per share as of December 31, 2016) that were recognized as a reduction in shareholders' equity, for a total of €17.4 million (€18.0 million as of December 31, 2016).

Net capital gains realized on the sale of treasury shares in 2017 amounted to €0.1 million net of tax and were recognized as an increase in shareholders' equity (net capital gains of €1.0 million in 2016).

17. Dividends

	FOR THE YEAR ENDED DECEMBER 31,	
	2017	2016
Dividends on ordinary shares	€0.40	€0.40
Dividends paid (in millions of euros)	**120.8**	**120.3**
of which:		
• dividends paid in cash	*120.8*	*120.3*
• dividends paid in shares	*–*	*–*

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 2017

On May 23, 2017, Rexel entered into free share plans for key executives & managers amounting to a maximum of 1,873,975 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares depending on their country of residence:

- either three years after the grant date (May 24, 2020), these being restricted for an additional two-year period (until May 24, 2022), the so-called "3+2 Plan",
- or four years after the grant date (May 24, 2021) with no subsequent restrictions, the so-called "4+0 Plan".

The actual delivery of these bonus shares is subject to service, performance and market conditions as described below:

Vesting conditions	Three year service condition from grant date and performance conditions based on: (i) 2016/2019 average growth of EBITA in value, (ii) 2016/2019 average Organic Sales Growth, (iii) average free cash flow before interest and tax to EBITDA between 2017 to 2019, (iv) Rexel share market performance compared to peers.	Four year service condition from grant date and performance conditions based on: (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.	TOTAL
Plan	3+2	4+0	
Delivery date	May 24, 2020	May 24, 2021	
Share fair value at grant date May 23, 2017 [(1)]	*12.75*	*12.34*	***12.48***
Maximum number of shares granted on May 23, 2017	**643,200**	**1,230,775**	**1,873,975**
Forfeited in 2017	(26,200)	(49,675)	**(75,875)**
Maximum number of shares granted on December 31, 2017	**617,000**	**1,181,100**	**1,798,100**

(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 key executives & managers amounting to a maximum of 1,820,625 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares depending on their country of residence:

- either three years after the grant date (June 24, 2019), these being restricted for an additional two-year period (until June 24, 2021), the so-called "3+2 Plan",
- or four years after the grant date (June 24, 2020) with no subsequent restrictions, the so-called "4+0 Plan".

The actual delivery of these bonus shares is subject to service, performance and market conditions as described below:

Vesting conditions	Three-year service condition from grant date and performance conditions based on: (i) 2015/2018 average growth of EBITA in value, (ii) 2015/2018 average Organic Sales Growth, (iii) average free cash flow before interest and tax to EBITDA between 2016 to 2018, (iv) Rexel share market performance compared to peers.	Four-year service condition from grant date and performance conditions based on: (i) 2015/2018 average growth of EBITA in value, (ii) 2015/2018 average Organic Sales Growth, (iii) average free cash flow before interest and tax to EBITDA between 2016 to 2018, (iv) Rexel share market performance compared to peers.	**TOTAL**
Plan	3+2	4+0	
Delivery date	June 24, 2019	June 24, 2020	
Share fair value at grant date June 23, 2016[(1)]	*10.91*	*10.50*	*10.64*
Maximum number of shares granted on June 23, 2016	**741,500**	**1,079,125**	**1,820,625**
2016 adjustment [(2)]	25,142	36,695	**61,837**
Forfeited in 2016	(128,500)	(71,653)	**(200,153)**
Maximum number of shares granted on December 31, 2016	**638,142**	**1,044,167**	**1,682,309**
Forfeited in 2017	(151,908)	(74,552)	**(226,460)**
Maximum number of shares granted on December 31, 2017	**486,234**	**969,615**	**1,455,849**

(1) The fair value of Rexel's shares was computed based on a Monte Carlo model which simulates the evolution of Rexel and panel shares quotations over three years. The impact of restrictions attached to the dividends until the delivery date of the shares to the beneficiaries was excluded from the fair value.

(2) Following the distribution of dividends by deduction of share premium on July 5, 2016 and in accordance with provisions contained in free share plans issued by Rexel, rights granted under such alive plans were adjusted to allow holders to invest the same amount of money as planned at the grant date.

Plans issued in 2015

On July 28, 2015, Rexel entered into free share plans for key executives & managers amounting to a maximum of 1,798,393 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares depending on their country of residence:

- Either three years after the grant date (July 29, 2018), these being restricted for an additional two-year period (until July 29, 2020), the so-called "3+2 Plan";
- Or four years after the grant date (July 29, 2019) with no subsequent restrictions, the so-called "4+0 Plan".

The effective delivery of these bonus shares is subject to service, performance and market conditions as described below:

Vesting conditions	Three-year service condition from grant date and performance conditions based on: (i) 2014/2017 average EBITA margin variation, (ii) average free cash flow before interest and tax to EBITDA between 2015 to 2017, (iii) Rexel share market performance compared to peers.	Four-year service condition from grant date and performance conditions based on: (i) 2014/2017 average EBITA margin variation, (ii) average free cash flow before interest and tax to EBITDA between 2015 to 2017, (iii) Rexel share market performance compared to peers.	**TOTAL**
Plan	3+2	4+0	
Delivery date	July 29, 2018	July 29, 2019	
Share fair value at grant date July 28, 2015[(1)]	*10.56*	*9.91*	
Maximum number of shares granted on July 28, 2015	**795,775**	**1,002,618**	**1,798,393**
Forfeited in 2015	(6,325)	(34,275)	**(40,600)**
Total maximum number of shares granted as of December 31, 2015	**789,450**	**968,343**	**1,757,793**
2016 adjustment [(2)]	26,760	32,913	**59,673**
Forfeited in 2016	(252,286)	(123,309)	**(375,595)**
Total maximum number of shares granted as of December 31, 2016	**563,924**	**877,947**	**1,441,871**
Forfeited in 2017	(143,428)	(98,000)	**(241,428)**
Maximum number of shares granted on December 31, 2017	**420,496**	**779,947**	**1,200,443**

(1) The fair value of Rexel's shares was computed based on a Monte Carlo model which simulates the evolution of Rexel and panel shares quotations over three years. The impact of restrictions attached to the dividends until the delivery date of the shares to the beneficiaries was excluded from the fair value.
(2) Following the distribution of dividends by deduction of share premium on July 5, 2016 and in accordance with provisions contained in free share plans issued by Rexel, rights granted under such alive plans were adjusted to allow holders to invest the same amount of money as planned at the grant date.

Plans issued in 2014

On May 22, 2014, Rexel entered into free share plans for key executives & managers amounting to a maximum of 1,641,008 shares. According to these plans, the beneficiaries will either be eligible to receive Rexel shares:

- Two years after the grant date (May 23, 2016), these being restricted for an additional two-year period (until May 23, 2018), the so-called "2+2 Plan";
- Three years after the grant date (May 23, 2017), these being restricted for an additional two-year period (until May 23, 2019), the so-called "3+2 Plan";
- Four years after the grant date (May 23, 2018) with no subsequent restrictions, the so-called "4+0 Plan".

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The effective delivery of these bonus shares is subject to service, performance and market conditions set forth in the plan as described below:

Vesting conditions	Two-year service condition from grant date and performance conditions based on: (i) 2013/2015 Adjusted EBITA margin increase, (ii) average free cash flow before interest and tax to EBITDA between 2014 and 2015, (iii) Rexel share market performance compared to peers.		Three-year service condition from grant date and performance conditions based on: (i) 2013/2016 Adjusted EBITA margin increase, (ii) average free cash flow before interest and tax to EBITDA between 2014 and 2016, (iii) Rexel share market performance compared to peers.		**TOTAL**
Plan	2+2	4+0	3+2	4+0	
Delivery date	May 23, 2016	May 23, 2018	May 23, 2017	May 23, 2018	
Share fair value at grant date May 22, 2014[1]	*13.49*	*12.14*	*12.78*	*12.11*	
Maximum number of shares granted on May 22, 2014	**348,980**	**471,524**	**348,980**	**471,524**	**1,641,008**
Forfeited in 2014	(4,263)	(11,963)	(4,263)	(11,963)	**(32,452)**
Forfeited in 2015	(18,021)	(96,041)	(18,021)	(96,041)	**(228,124)**
Total maximum number of shares granted as of December 31, 2015	**326,696**	**363,520**	**326,696**	**363,520**	**1,380,432**
2016 adjustment[2]		12,433	11,111	12,433	**35,977**
Forfeited in 2016	(211,093)	(244,423)	(115,421)	(43,162)	**(614,099)**
Delivered in 2016	(115,603)	-	-	-	**(115,603)**
Total maximum number of shares granted as of December 31, 2016	**-**	**131,530**	**222,386**	**332,791**	**686,707**
Forfeited in 2017	-	(7,397)	(155,726)	(236,525)	**(399,648)**
Delivered in 2017	-	-	(66,660)	-	**(66,660)**
Maximum number of shares granted on December 31, 2017	**-**	**124,133**	**-**	**96,266**	**220,399**

(1) The fair value of Rexel's shares was computed based on a Monte Carlo model which simulates the evolution of Rexel and panel shares quotations over three years. The impact of restrictions attached to the dividends until the delivery date of the shares to the beneficiaries was excluded from the fair value.
(2) Following the distribution of dividends by deduction of share premium on July 5, 2016 and in accordance with provisions contained in free share plans issued by Rexel, rights granted under such alive plans were adjusted to allow holders to invest the same amount of money as planned at the grant date.

Plans issued in 2013

On April 30, and July 25, 2013, Rexel entered into free share plans for its key executives & managers amounting to a maximum of 2,131,539 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date these being restricted for an additional two-year period, the so-called "2+2 Plan", or four years after the granting date with no subsequent restrictions, the so-called "4+0 Plan".

Furthermore, on April 30, 2013, Rexel entered into free share plans for its operational managers amounting to a maximum of 521,600 shares. According to these plans, these employees will either be eligible to receive Rexel shares three years after the grant date (May 2, 2016) these being restricted for an additional two-year period (May 2, 2018), the so-called "3+2 Plan", or five years after the grant date with no subsequent restrictions, the so-called "5+0 Plan".

The effective delivery of these bonus shares is subject to service, performance and market conditions set forth in the plan as described below:

BENEFICIARIES	MEMBERS OF GROUP EXECUTIVE COMMITTEE AND TOP MANAGERS		OPERATIONAL MANAGERS		TOTAL
Vesting conditions	Two-year service condition from grant date and performance conditions based on: (i) 2013 Adjusted EBITA, (ii) 2012/2014 Adjusted EBITA margin increase, (iii) average free cash flow before interest and tax to EBITDA between 2013 and 2014, (iv) free cash flow before interest and tax 2013, and (v) Two-year service condition from grant date and Rexel share performance compared with a panel of shares from firms of the same activity segment conditions.		Three-year service condition from grant date		
Plan	2+2	4+0	3+2	5+0	
Delivery date	May 4, 2015	May 2, 2017	May 2, 2016	May 2, 2018	
Share fair value at grant date April 30, 2013[1]	*13.70*	*12.04*	*14.37*	*12.71*	
Maximum number of shares granted on April 30, 2013	793,310	1,259,819	99,100	422,500	**2,574,729**
Delivery date	July 27, 2015	July 26, 2017			
Share fair value at grant date July 25, 2013	*15.73*	*14.07*			
Maximum number of shares granted on July 25, 2013	50,694	27,716			**78,410**
Total maximum number of shares granted in 2013	**844,004**	**1,287,535**	**99,100**	**422,500**	**2,653,139**
Forfeited in 2013	(368,148)	(563,165)	(11,100)	(18,200)	**(960,613)**
Forfeited in 2014	(155,619)	(274,550)	-	(31,500)	**(461,669)**
Forfeited in 2015	(119,717)	(177,006)	(7,000)	(45,900)	**(349,623)**
Delivered in 2015	(200,520)	-	-	-	**(200,520)**
Total maximum number of shares granted as of December 31, 2015	**-**	**272,814**	**81,000**	**326,900**	**680,714**
2016 adjustment[2]	-	9,404	-	11,174	**20,578**
Forfeited in 2016	-	-	(3,100)	(11,170)	**(14,270)**
Delivered in 2016	-	-	(77,900)		**(77,900)**
Total maximum number of shares granted as of December 31, 2016	**-**	**282,218**	**-**	**326,904**	**609,122**
Delivered in 2017	-	(282,218)	-	-	**(282,218)**
Total maximum number of shares granted as of December 31, 2017	**-**	**-**	**-**	**326,904**	**326,904**

(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 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)	2017	2016
Plans issued in 2013	0.2	0.2
Plans issued in 2014	(1.3)	2.1
Plans issued in 2015	(0.9)	4.3
Plans issued in 2016	3.6	2.1
Plans issued in 2017	3.1	–
Expense related to employee share purchase plan	0.7	1.7
Total free share plans expense	**5.4**	**10.5**

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,	
	2017	2016
Net income attributed to ordinary shareholders (in millions of euros)	***105.8***	***137.9***
Weighted average number of ordinary shares (in thousands)	301,841	300,773
Potential dilutive shares in connection with payments of dividends (in thousands)	–	–
Non-dilutive potential shares (in thousands)	685	698
Weighted average number of issued common shares adjusted for non-dilutive potential shares (in thousands)	***302,526***	***301,471***
Basic earning per share (in euros)	**0.35**	**0.46**
Dilutive potential shares (in thousands)	354	573
• of which share options (in thousands)	–	82
• of which bonus shares (in thousands) (1)	354	492
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	***302,880***	***302,044***
Fully diluted earnings per share (in euros)	**0.35**	**0.46**

(1) The number of potential dilutive shares does not take into account the free shares whose allocation is subject to future performance or market conditions not yet met at the balance sheet date.

20. Provisions and other non-current liabilities

	AS OF DECEMBER 31,	
(in millions of euros)	2017	2016
Provisions	46.2	71.8
Derivatives	1.7	3.3
Other non-current liabilities (1)	8.4	9.7
Provisions and other non-current liabilities	**56.3**	**84.8**

(1) Including employee profit sharing related payables in France in the amount of €8.4 million (€9.7 million at December 31, 2016).

The variation in provisions is detailed in the table below:

(in millions of euros)	RESTRUCTURING (1)	TAX LITIGATION	OTHER LITIGATION & WARRANTY CLAIMS (2)	VACANT PROPERTIES (3)	TOTAL PROVISIONS
As of January 1, 2016	**16.8**	**2.8**	**23.9**	**13.5**	**57.0**
Increase	29.6	3.3	12.1	4.8	**49.8**
Use	(18.1)	(3.1)	(6.9)	(6.3)	**(34.5)**
Release	(0.5)	0.7	(0.4)	(0.6)	**(0.8)**
Currency translation adjustment	(0.0)	0.0	0.2	(0.5)	**(0.4)**
Other changes	(0.0)	2.2	(1.5)	–	**0.7**
As of December 31, 2016	**27.7**	**5.8**	**27.4**	**10.9**	**71.8**
Increase	13.8	–	5.2	2.3	**21.2**
Use	(23.0)	(4.9)	(7.6)	(3.8)	**(39.4)**
Release	(1.5)	–	(0.6)	(0.1)	**(2.2)**
Currency translation adjustment	(0.8)	–	(0.2)	(0.4)	**(1.3)**
Other changes	0.1	(0.2)	(3.8)	–	**(3.9)**
As of December 31, 2017	**16.2**	**0.6**	**20.5**	**8.9**	**46.2**

Provisions mainly comprise:

(1) Provisions for reorganization and business transformation programs to adapt the Group's structure to current trading conditions. These restructuring plans resulted in the closure of branches, optimization of distribution centers and back office reorganization. Provisions for restructuring activities undertaken at December 31, 2017, mainly concerned Europe for €8.4 million (€12.8 million in 2016), North America for €5.0 million (€4.6 million in 2016), Asia-Pacific for €1.7 million (€1.8 million in 2016) and Corporate Holdings for €1.1 million (€8.5 million in 2016).

(2) Other litigations and warranty claims amounted to €20.5 million (€27.4 million in 2016), of which €9.8 million relating to litigation with French social security authorities (€9.5 million in 2016), €3.8 million to employee claims (€3.5 million in 2016) and €2.3 million to trade disputes (€3.3 million in 2016).

(3) Provisions for vacant properties include lease commitments and restoration costs incurred mainly in the United Kingdom for €4.1 million (€4.5 million in 2016), the United States for €0.8 million (€1.4 million in 2016), Canada for €0.6 million (€1.1 million in 2016) and France for €1.6 million (€1.2 million in 2016).

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 Canada, in the United Kingdom and in Switzerland. Related funds are managed through independent vehicles.

In the United Kingdom, Rexel operates deferred final salary defined benefits through the Rexel UK Pension Scheme fund. All sections under this plan are closed to new entrants with effect of April 5, 2002. Accrued benefits and pensions are subject to indexation. Statutory funding objectives are agreed between the Trustee board and the company. In that respect, the Trustee board carries out a full valuation of the Scheme at least every three years, after which a recovery plan of contributions is agreed with the company to restore any funding deficit. The most recent full valuation was performed on April 5, 2017 and was rolled forward up to December 31, 2017 for accounting purposes. The Trustee board is also responsible for determining the investment strategy of the plan.

In Switzerland, Rexel provides a second pillar pension plan for their employees. Assets are managed through a pension fund *"Pension Kasse"*, the *Elektro Material Pension Plan*. The plan runs under a contribution-based pension plan agreement with guaranteed return, thus qualifying as a defined benefit plan. The Pension Board *"Conseil de Fondation"* is responsible to set up adequate company's and employee's contribution and asset allocation strategy that seeks to meet at least guaranteed return. A full valuation of this plan is performed each year.

In Canada, defined benefit pension plans mainly include:

- The Employees' Plan which is a registered plan and has both defined benefit and defined contribution provisions. The defined benefit provision of the plan has a career average type formula. This plan was closed to new entrants on January 1, 2000.
- The Executives' Pension Plan and the Supplementary Executives' Retirement Plan ("SERP") which provide retirees with a pension based on a percentage of their prior earnings. The Executives' Plan is a final average earnings defined benefit registered plan. The SERP has two provisions: the first provides benefit in excess of the limits of the Executives' Plan and the second portion provides a term annuity upon retirement based on a notional account.

A full actuarial valuation of Canadian plans is performed every three years. The most recent valuations were performed as at December 31, 2016. The 2017 quantitative information on these plans was prepared based on a roll forward of these full valuations.

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, 2016	**527.3**	**240.5**	**232.1**	**204.3**	**1,204.2**
Service cost	–	2.5	7.6	6.0	16.1
Interest cost	16.3	9.6	1.8	4.9	32.5
Benefit payments	(14.1)	(12.2)	(7.2)	(9.2)	(42.7)
Employee contributions	–	0.5	3.7	0.1	4.2
Change in consolidation scope	–	–	–	0.8	0.8
Currency translation adjustment	(78.2)	15.8	2.1	1.5	(58.7)
Past service cost / settlement and other	–	(5.9)	–	(11.3)	(17.2)
Remeasurements					
Effect of change in demographic assumptions	*–*	*–*	*0.1*	*–*	*0.1*
Effect of change in financial assumptions	*75.5*	*8.7*	*(1.6)*	*4.4*	*87.1*
Effect of experience adjustments	*(6.8)*	*(0.5)*	*(1.5)*	*(3.6)*	*(12.5)*
As of December 31, 2016	**519.9**	**259.0**	**237.2**	**197.9**	**1,214.0**
Service cost	–	2.5	7.4	5.8	15.6
Interest cost	13.8	8.8	1.1	4.1	27.8
Benefit payments	(15.3)	(12.2)	(5.8)	(9.6)	(42.9)
Employee contributions	–	0.5	3.6	0.4	4.5
Change in consolidation scope	–	–	–	13.4	13.4
Currency translation adjustment	(18.3)	(14.8)	(20.2)	(4.2)	(57.5)
Past service cost / settlement and other	–	–	(2.9)	–	(2.9)
Remeasurements					
Effect of change in demographic assumptions	*–*	*(6.0)*	*–*	*(0.8)*	*(6.8)*
Effect of change in financial assumptions	*22.9*	*13.9*	*–*	*5.4*	*42.2*
Effect of experience adjustments	*(10.1)*	*(3.0)*	*10.6*	*(3.8)*	*(6.3)*
As of December 31, 2017	**512.9**	**248.8**	**231.0**	**208.5**	**1,201.2**

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, 2016	**387.9**	**167.9**	**217.0**	**88.0**	**860.7**
Employer contributions	13.4	6.9	6.1	7.1	33.5
Employee contributions	–	0.5	3.7	0.1	4.2
Interest income	11.2	6.8	1.7	2.1	21.8
Benefit payments	(14.1)	(12.2)	(7.3)	(9.3)	(42.9)
Currency translation adjustment	(57.5)	11.3	2.0	0.5	(43.7)
Past service cost / settlement and other	–	–	–	(9.2)	(9.2)
Return on plan assets excluding interest income (OCI)	39.7	8.3	0.5	2.5	51.0
As of December 31, 2016	**380.6**	**189.6**	**223.6**	**81.7**	**875.4**
Employer contributions	12.9	7.2	5.7	6.1	31.9
Employee contributions	–	0.5	3.6	0.4	4.5
Interest income	8.4	6.8	1.1	1.7	18.0
Benefit payments	(15.3)	(12.2)	(5.9)	(9.6)	(43.0)
Change in consolidation scope	–	–	–	12.3	12.3
Currency translation adjustment	(13.4)	(10.9)	(19.5)	(1.0)	(44.9)
Past service cost / settlement and other	–	–	–	–	–
Return on plan assets excluding interest income (OCI) [(1)]	1.4	4.5	18.8	2.2	26.8
As of December 31, 2017	**374.6**	**185.5**	**227.3**	**93.8**	**881.1**

(1) Of which €6.7 million of asset ceiling on the Switzerland plan.

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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, 2016	**139.4**	**72.6**	**15.2**	**116.2**	**343.4**
Service cost	–	2.5	7.6	6.0	16.1
Interest cost	5.0	2.7	0.1	2.8	10.6
Past service cost/settlement and other	–	(5.9)	–	(2.1)	(8.0)
Employer contributions	(13.4)	(6.9)	(6.1)	(7.1)	(33.5)
Benefit payments	0.0	–	0.1	0.2	0.3
Change in consolidation scope	–	–	–	0.8	0.8
Currency translation adjustment	(20.7)	4.5	0.1	1.0	(15.1)
Remeasurements	29.0	(0.1)	(3.4)	(1.7)	23.8
As of December 31, 2016	**139.3**	**69.4**	**13.6**	**116.1**	**338.5**
Service cost	–	2.5	7.4	5.8	15.6
Interest cost	5.3	2.1	0.1	2.3	9.8
Past service cost / settlement and other	–	–	(2.9)	–	(2.9)
Employer contributions	(12.9)	(7.2)	(5.7)	(6.1)	(31.9)
Benefit payments	0.0	–	0.1	–	0.1
Change in consolidation scope	–	–	–	1.1	1.1
Currency translation adjustment	(4.9)	(3.9)	(0.7)	(3.2)	(12.7)
Remeasurements	11.5	0.4	(8.2)	(1.4)	2.3
As of December 31, 2017	**138.3**	**63.2**	**3.7**	**114.7**	**319.9**

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, 2016					
Defined benefit obligations	**519.9**	**259.0**	**237.2**	**197.9**	**1,214.0**
of which Funded schemes	*519.5*	*236.1*	*233.9*	*113.0*	*1,102.5*
of which Unfunded schemes	*0.4*	*22.8*	*3.3*	*84.9*	*111.5*
Fair value of plan assets	(380.6)	(189.6)	(223.6)	(81.6)	(875.4)
Recognized net liability for defined benefit obligations	**139.3**	**69.4**	**13.6**	**116.1**	**338.5**
of which "Employee benefits"	*139.3*	*69.4*	*13.6*	*116.1*	*338.5*
of which "Other financial assets"	–	–	–	–	–
For the year ended December 31, 2017					
Defined benefit obligations	**512.9**	**248.8**	**231.0**	**208.5**	**1,201.2**
of which Funded schemes	*512.5*	*227.3*	*227.3*	*123.9*	*1,091.0*
of which Unfunded schemes	*0.4*	*21.4*	*3.7*	*84.6*	*110.1*
Fair value of plan assets	(374.6)	(185.5)	(227.3)	(93.7)	(881.1)
Recognized net liability for defined benefit obligations	**138.3**	**63.2**	**3.7**	**114.7**	**319.9**
of which "Employee benefits"	*138.3*	*63.2*	*3.7*	*114.7*	*319.9*
of which "Other financial assets"	–	–	–	–	–

21.3 Re-measurements of the net defined benefit liability

	OTHER COMPREHENSIVE INCOME				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Return on plan assets excluding interest income	(39.7)	(8.3)	(0.5)	(2.5)	(51.0)
Effect of change in demographic assumptions	–	–	0.2	–	0.2
Effect of change in financial assumptions	75.5	8.7	(1.3)	4.4	87.2
Effect of experience adjustments	(6.8)	(0.5)	(1.3)	(2.9)	(11.6)
OCI recognized for the year ended December 31, 2016	**29.0**	**(0.0)**	**(3.0)**	**(1.1)**	**24.8**
Return on plan assets excluding interest income and asset ceiling	(1.4)	(4.5)	(20.5)	(2.2)	(28.5)
Effect of change in demographic assumptions	–	(6.0)	–	(0.3)	(6.3)
Effect of change in financial assumptions	22.9	13.9	–	4.5	41.3
Effect of experience adjustments	(10.1)	(3.0)	12.2	(3.3)	(4.1)
OCI recognized for the year ended December 31, 2017	**11.4**	**0.4**	**(8.2)**	**(1.2)**	**2.4**

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)	–	2.5	7.6	6.0	16.1
Past service costs (1)	–	(5.9)	–	(1.6)	(7.5)
Gain on settlement (3)	–	–	–	(0.6)	(0.6)
Net Interest expense (2)	5.0	2.7	0.1	2.8	10.6
Other (4)	0.0	(0.0)	(0.2)	(0.5)	(0.7)
Expense recognized for the year ended December 31, 2016	**5.0**	**(0.7)**	**7.5**	**6.1**	**18.0**
Service costs (1)	–	2.5	7.2	5.8	15.5
Past service costs (1)	–	–	(2.9)	–	(2.9)
Gain on settlement (3)	–	–	–	0.7	0.7
Net Interest expense (2)	5.3	2.1	0.1	2.3	9.8
Other	0.0	0.0	0.0	(0.0)	0.0
Expense recognized for the year ended December 31, 2017	**5.4**	**4.5**	**4.4**	**8.9**	**23.1**

(1) Recognized as personnel costs (see note 8).
(2) Recognized as net financial expenses (see note 10).
(3) Recognized as other expenses.
(4) Of which remeasurements on long-term benefits for €1.1 million in 2016.

Significant plan amendments and settlements

For the year ended December 31, 2017

In Switzerland, the pension scheme was amended to reduce the conversion factor of the employee savings capital into pension payments. The reduction of the conversion factor was partly compensated by additional employer contribution into employee savings capital. The net impact of this amendment was recognized as a reduction of past service costs for €2.9 million (CHF3.3 million) for the period ended December 31, 2017.

In addition, as part of its derisking strategy, the Group entered into a 5-year qualifying insurance contract to finance disability coverage benefits, previously funded through the Swiss pension fund. Under this contract, the insurance company will pay the benefit payments to the plan beneficiaries on behalf of the pension fund. As a result, a change of plan assets for €3.8 million was recognized as a gain in other comprehensive income for the period ended December 31, 2017.

For the year ended December 31, 2016

In Canada, the Group provides for health & dental care and life insurance coverage to the retirees and their dependents. Upon retirement, employees can choose to maintain the above described benefits or to elect for a lump sum settlement payment in lieu of their benefits. In 2016, the Group amended the plan to introduce a regular retiree contribution which is currently entirely paid by the employer, this contribution corresponding to 50% of the plan cost. This change applies to future retirees retiring on or after July 1, 2016.

As a result of this plan amendment, a gain of €5.9 million (CA$8.7 million) was recognized in the income statement as a reduction in salaries and benefits.

In France, the Group closed a supplementary executive retirement plan and recognized €1.8 million curtailment gain in the income statement under the line item "salaries and benefits".

21.5 Plan asset allocation

	PLAN ASSETS CLASS		
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND
Cash and cash equivalents	4.6	0.9	14.8
Equity instruments (quoted in an active market)	15.2	82.4	74.5
Debt instruments (quoted in an active market)	121.4	103.1	82.3
Real estate	–	–	47.3
Investment funds	235.2	–	0.0
Asset held by insurance company	3.8	3.3	–
Other	0.5	–	4.6
As of December 31, 2016	**380.6**	**189.6**	**223.6**
Cash and cash equivalents	0.3	0.9	11.1
Equity instruments (quoted in an active market)	14.9	80.7	80.7
Debt instruments (quoted in an active market)	78.4	100.9	86.3
Real estate	–	–	44.8
Investment funds	276.3	–	–
Asset held by insurance company	3.7	3.1	6.9
Other	0.2	–	4.2
As of December 31, 2017	**373.8**	**185.6**	**233.9**

21.6 Actuarial assumptions

The main actuarial assumptions are as follows:

	UNITED KINGDOM		CANADA		SWITZERLAND	
	2017	2016	2017	2016	2017	2016
Average plan duration (in years)	19	18	13	13	15	17
Discount rate (in %)	2.50	2.75	3.25	3.75	0.50	0.50
Future salary increases (in %)	N/A	N/A	3.14	3.13	1.00	1.00

Discount rates have been set by reference to market yields on high quality corporate bonds (AA rated-bonds by at least one of the top three rating agencies: Standard & Poor's, Moody's and Fitch) with a similar duration to the underlying obligation. Each future year expected benefit payments are discounted by the corresponding of the yield curve and when there is no deep market in bonds with a sufficiently long maturity to match the maturity of the benefit payments, the discount rate is estimated by extrapolating current market rates along the yield curve. Then a single discount rate is calculated that, when applied to all cash flows, results in the same interest cost as the application of the individual rates would have produced.

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

	SENSITIVITY TO A 50 BASIS POINTS DECREASE IN DISCOUNT RATE				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Service cost	–	0.1	0.6	0.3	1.1
Defined Benefit Obligation	50.2	16.3	21.5	14.1	102.1

	SENSITIVITY TO A 10% DOWNTURN IN FINANCIAL MARKET				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Plan assets	(1.5)	(8.1)	(8.1)	(0.5)	(18.2)

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.

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21.8 Expected cash flows

	EXPECTED CASH FLOW				
(in millions of euros)	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Expected benefit payments for 2018	14.8	11.8	6.0	16.8	49.4
Expected benefit payments for 2019	14.3	12.1	6.3	7.4	40.1
Expected benefit payments for 2020	15.0	12.4	6.6	8.2	42.2
Expected benefit payments for 2021	15.4	12.6	6.8	8.2	43.0
Expected benefit payments for 2022 and after	109.5	79.6	47.9	59.7	296.7
Expected benefit contributions for 2018	11.5	7.0	5.3	14.5	38.3

22. Financial liabilities

This note provides information on financial liabilities as of December 31, 2017. 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, 2017, Rexel's consolidated net debt stood at €2,041.2 million, consisting of the following items:

	AS OF DECEMBER 31,					
	2017			2016		
(in millions of euros)	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Senior notes	–	1,446.6	1,446.6	–	1,480.9	1,480.9
Securitization	–	1,007.6	1,007.6	367.9	718.2	1,086.0
Bank loans	12.1	1.8	13.9	18.6	3.2	21.8
Commercial paper	41.7	–	41.7	131.7	–	131.7
Bank overdrafts and other credit facilities	100.6	–	100.6	84.5	–	84.5
Finance lease obligations	6.2	14.3	20.5	6.8	16.9	23.7
Accrued interests (1)	6.3	–	6.3	6.3	–	6.3
Less transaction costs	(5.1)	(19.7)	(24.7)	(5.9)	(24.1)	(30.0)
Total financial debt and accrued interest	***161.8***	***2,450.5***	***2,612.3***	***610.0***	***2,195.1***	***2,805.1***
Cash and cash equivalents			(563.6)			(619.3)
Accrued interest receivable			(1.0)			(0.9)
Debt hedge derivatives (2)			(6.5)			(12.3)
Net financial debt			**2,041.2**			**2,172.6**

(1) Of which accrued interests on Senior Notes for €2.5 million as of December 31, 2017 (€2.5 million as of December 31, 2016).
(2) 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 executed on March 15, 2013 and further amended on November 13, 2014 and on October 28, 2016 provides for a five-year multicurrency revolving credit facility for an aggregate maximum initial amount of €1,100 million reduced to €982 million until November 13, 2019, and €910 million until November 12, 2021 with BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Bank France, Natixis and Société Générale as Mandated Lead Arrangers and Bookrunners. On January 31, 2018, the Senior Facility Agreement was amended to extend the final maturity date to January 31, 2023 and reduce the committed amount to €850 million. Facilities can also be drawn down through swingline loans for an aggregate amount of €137.8 million.

Interest and margin

Amounts drawn bear interest at a rate determined in reference to (i) the EURIBOR rate when funds are made available in Euro or the LIBOR rate when funds are made available in currencies other than Euro, (ii) the applicable margin, (iii) certain premia for loans in currencies other than Euro and (iv) mandatory costs (representing the costs to be borne by the lenders for the financing of the banking control system imposed by the banking regulatory authorities of their respective countries), if any.

Swingline drawings bear interest at a rate determined in reference to (i) the EONIA rate, (ii) the applicable margin and (iii) mandatory costs, if any.

The initial applicable margin is 1.25% per annum and varies in accordance with the leverage ratio (defined as the ratio of consolidated adjusted total net debt to consolidated adjusted EBITDA, in each case as such terms are defined under the Senior Facility Agreement) calculated as of December 31 and June 30 of every year. The margin ranges from 0.60% to 2.25%.

In addition, the applicable margin shall be increased by a utilization fee that varies depending on the percentage of the total commitment drawn under the Senior Facility Agreement at any given time.

Rexel shall also pay a commitment fee in the base currency on that lender's available commitment the amount of which varies based on the leverage ratio.

The Leverage Ratio corresponds to adjusted total net debt relative to adjusted EBITDA, as such terms are defined below:

"Adjusted EBITDA" means, in relation to a measurement period, consolidated operating income without double counting before other income (or expenses) as defined in the relevant consolidated accounts of the Group:

- Including the last 12 months of Adjusted EBITDA of any Subsidiary acquired in that measurement period *prorata* the participation of the Group;
- Including proceeds related to commodity price derivatives entered into to hedge exposure to the price fluctuation of certain commodities which do not qualify for cash flow hedge accounting as per applicable IFRS;
- After adding back EBITDA of assets held for sale and not taking into account EBITDA of assets sold during the measurement period;
- After adding back net operational depreciation/amortization;
- Taking no account of any expense referable to equity settled share based compensation of employees or management, to the extent the balance of it is taken in account into financial indebtedness;
- After adding back non-cash employee share, incentive or remuneration scheme costs entered into as part of equity-based remuneration of employees of the Group, as well as legal profit sharing, to the extent the balance of it is taken into account in financial indebtedness;
- Excluding the non-recurring impact of the evolution of the copper prices as disclosed in the press release published in connection with the consolidated financial statements for such measurement period;
- After adding back any other restructuring and/or acquisition costs relating to any permitted acquisition.

"Adjusted total net debt" means:

- Any indebtedness for or in respect of interest bearing debt (whether or not in cash or in kind, both current and non-current) but which shall:
  - Exclude any upfront, legal, advisory costs related to the implementation of such debt as well as the financial charges accounted for as a result of the repayment of any outstanding debt of the borrower;
  - Exclude intragroup loans between members of the Group;
  - Include any indebtedness for or in respect of any amount payable in respect of securities issued by any member of the Group which are not mandatorily redeemable in shares; and
  - Include any other amount raised under any other transaction accounted for as borrowing under the accounting standards;
- Any indebtedness for or in respect of accrued interest (including capitalized interest and any payment in kind) other than in respect of intragroup loans between members of the Group; less
- Cash and cash equivalents.

This ratio may exceed 3.50 on three accounting dates during the life of the Senior Facility Agreement, being specified that only two of such three accounting dates may be consecutive, and provided that (i) such ratio does not exceed 3.75 times on two accounting dates during the life of the Senior Facility Agreement and (ii) such ratio does not exceed 3.90 times on one accounting date during the life of the Senior Facility Agreement.

In addition to the Senior Facility Agreement, Rexel entered into two bilateral term loan agreements of €33.4 million (US$ 40.0 million) and €45.0 million. On June 27, 2017, Rexel extended the maturity date of its US$ 40 million facility with Wells Fargo Bank International to June 26, 2020 whereas the €45 million facility has been cancelled on January 31, 2018.

As of December 31, 2017, these credit facilities were undrawn.

22.1.2 Senior notes

As of December 31, 2017, the carrying amount of the existing senior notes is detailed as follows:

	AS OF DECEMBER 31,									
	2017					2016				
	NOMINAL AMOUNT *(in millions of currency)*		NOMINAL AMOUNT *(in millions of euros)*	FAIR VALUE ADJUST-MENTS [(1)]	TOTAL	NOMINAL AMOUNT *(in millions of currency)*		NOMINAL AMOUNT *(in millions of euros)*	FAIR VALUE ADJUST-MENTS [(1)]	TOTAL
Senior notes due 2020	–	–	–	–	**-**	USD	330.0	313.1	3.8	**316.8**
Senior notes due 2022	–	–	–	–	**-**	EUR	500.0	500.0	14.1	**514.1**
Senior notes due 2023	EUR	650.0	650.0	0.1	**650.1**	EUR	650.0	650.0	–	**650.0**
Senior notes due 2024	EUR	300.0	300.0	(1.2)	**298.8**		–	–	–	**-**
Senior notes due 2025	EUR	500.0	500.0	(2.4)	**497.6**		–	–	–	**-**
TOTAL			**1,450.0**	**(3.4)**	**1,446.6**			**1,463.1**	**17.9**	**1,480.9**

(1) Adjustment to reflect interest rate fluctuations on the part of the notes hedged through fair value hedge derivatives (see note 23.1).

€650 million notes due 2023

On May 18, 2016, Rexel issued €650 million of senior unsecured notes due 2023 which bear interests at 3.50% annually.

The notes rank *pari passu* with Rexel's senior credit facility and other senior unsecured notes. Rexel pays interest on the notes semi-annually on June 15 and December 15, starting from December 15, 2016. The notes mature on June 15, 2023 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to June 15, 2019 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2019, the notes are redeemable in whole or in part by paying the redemption price set forth below:

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT)
June 15, 2019	101.750%
June 15, 2020	100.875%
June 15, 2021 and after	100.000%

€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%

On June 16, 2017, proceeds from this issuance were used to repay the remaining outstanding 5.25% US$500 million senior notes due 2020 for a principal amount of US$330 million. The redemption price was 102.625% of the principal amount of the redeemed notes and amounted €302.3 million. A loss of €6.3 million has been recognized in the net financial expenses including the early redemption premium plus unamortized transaction costs and fair value hedge adjustments.

€500 million notes due 2025

On November 20, 2017, Rexel issued €500 million of senior unsecured notes due 2025 which bear interests at 2.125% annually.

The notes rank *pari passu* with Rexel's senior credit facility and other senior unsecured notes. Rexel pays interest on the notes semi-annually on June 15 and December 15, starting from June 15, 2018. The notes mature on June 15, 2025 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to December 15, 2020 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after December 15, 2020, the notes are redeemable in whole or in part by paying the redemption price set forth below:

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT)
December 15, 2020	101.063%
December 15, 2021	100.531%
December 15, 2022 and after	100.000%

On December 15, 2017, proceeds from this issuance were used to repay its 3.250% senior notes due 2022 for a total amount of €517.0 million. A loss of €12.5 million has been recognized in the net financial expenses including the early redemption premium amounted to €17.0 million plus unamortized transaction costs and fair value hedge adjustments.

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 IAS 39 requirements. Therefore, assigned receivables remain classified as assets on the Group's balance sheet on the line "Trade accounts receivable" whereas the financing received is shown as financial debt.

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In addition to these on-balance sheets programs, in 2009, the Group entered into an agreement with Ester Finance Titrisation (the purchaser), a French subsidiary of CALYON, to sell a participating interest in eligible trade receivables of Rexel's US subsidiaries under a *Receivables Participation Agreement* ("RPA"). This agreement was amended in 2016 and allows the Group to assign eligible receivables and receive cash consideration up to a maximum amount of US$225 million. The maturity of this program was extended to December 2019.

The purchase price of the receivables is equal to the face value of the receivables sold less a discount including a credit risk premium and the funding cost. Under the RPA, the Group is liable for collecting the receivables on behalf of the purchaser and receives servicing fees as remuneration of this obligation. As part of this transaction, the Group entered into a Collateral and Intercreditor Agreement to secure the performance of its obligations under the RPA. The obligations of the Group under the RPA guarantee the transfer of cash collected by the Group on behalf of the purchaser, as well as the payment of expenses and allowances due by the Group. However, these guarantees do not include any compensation obligation in relation to unrecovered receivables.

As a result of this agreement, credit risk, interest risk and late payments risk attached to the receivables assigned in relation to the Ester program are transferred to the purchaser through the credit and funding discounts. The dilution risk is not considered for risks and rewards analysis as this risk is not attached to the receivables but is analyzed as a risk of misuse of the securitization program as disputed receivables are not eligible to the program or as a risk attached to the servicing of the receivables that is guaranteed by a collateral. Therefore, receivables sold under this agreement are derecognized from the balance-sheet at the transfer date.

The difference between the sale price and the carrying value of these receivables is recorded in the income statement as a financial expense.

As of December 31, 2017, derecognized receivables totaled €183.3 million (€197.7 million as of December 31, 2016) and the resulting loss was recorded as a financial expense for €9.4 million (€7.9 million in 2016). Cash collected under the servicing agreement in relation to derecognized receivables and not yet transferred to the purchaser totaled €33.2 million and was recognized in financial liabilities (€37.4 million as of December 31, 2016).

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, 2017, Rexel had satisfied all of these covenants. All the programs are on-going programs and therefore are not subject to seasonality other than seasonality arising in the ordinary course of business.

Information with respect to Rexel's securitization programs including the off-balance sheet programs is provided in the table below:

PROGRAM	COMMITMENT	AMOUNT OF RECEIVABLES ASSIGNED AS OF DECEMBER 31, 2017	AMOUNT DRAWN DOWN AS OF DECEMBER 31, 2017	BALANCE AS OF 2017	BALANCE AS OF 2016	REPAYMENT DATE
	(in millions of currency)			*(in millions of euros)*		
Europe and Australia	EUR 375.0[1]	EUR 506.1	EUR 376.0	376.0	367.9	12/16/2020
Europe	EUR 309.0[2]	EUR 424.9	EUR 288.3	288.3	350.6	11/20/2019
United States	USD 515.0	USD 650.3	USD 491.8	410.1	441.9	12/20/2019
Canada	CAD 175.0	CAD 252.5	CAD 175.0	116.4	123.3	01/18/2019
TOTAL				**1,190.8**	**1,283.7**	
Of which:						
• on balance sheet				1,007.6	1,085.9	
• off balance sheet				183.3	197.8	

(1) In November 2017, Rexel amended its European and Australian program to extend the maturity date to December 2020.
(2) In November 2017, Rexel amended its European securitization program to remove Belgian trade receivables. As a result, the maximum commitment was reduced from €354.0 million to €309.0 million.

These securitization programs pay interest at variable rates including a specific credit spread to each program. As of December 31, 2017, the total outstanding amount authorized for these securitization programs was €1,229.8 million, of which €1,190.8 million were used.

22.1.4 Promissory notes

In order to manage its credit risk in China, the Group discounts with no recourse to various financial institutions non-matured promissory notes issued by banks ("Bank Acceptance Drafts") that are received from customers as payment of trade receivables. Rexel transfers risks and benefits associated with discounted Bank Acceptance Drafts. As of December 31, 2017, Bank Acceptance Drafts were derecognized from the balance sheet for €55.9 million (€56.7 million as of December 31, 2016).

22.1.5 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, 2017, Rexel derecognized the trade receivables sold to the factor for €73.2 million (€23.0 million as of December 31, 2016). Cash collected on behalf of the factor in relation with the transferred receivables was recognized in financial liabilities for €25.6 million as of December 31, 2017 (€16.5 million as of December 31, 2016).

22.1.6 Commercial paper program

Rexel runs a €500 million commercial paper program, with fixed maturities ranging from one to three months depending on the notes, issued to diversify its investor base and minimize the cost of financing.

As of December 31, 2017, the company had issued €41.7 million of commercial paper (€131.7 million as of December 31, 2016).

22.2 Change in net financial debt

As of December 31, 2017 and December 31, 2016, the change in net financial debt was as follows:

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	2017	2016
As of January 1,	**2,172.6**	**2,198.7**
Issuance of senior notes net of transaction costs	790.6	642.5
Repayment of senior notes	(819.3)	(835.3)
Transaction costs and refinancing costs	(0.1)	(1.6)
Net change in credit facilities, commercial papers and other financial borrowings	(80.4)	(48.2)
Net change in credit facilities	**(109.3)**	**(242.5)**
Net change in securitization	(29.3)	15.2
Net change in finance lease liabilities	(3.0)	(3.6)
Net change in financial liabilities	***(141.6)***	***(230.9)***
Change in cash and cash equivalents	105.7	165.1
Effect of exchange rate changes on net financial debt	(111.0)	16.1
Effect of acquisition	0.0	4.4
Effect of divestment	(12.1)	(1.5)
Amortization of transaction costs	6.0	6.2
Non recurring refinancing costs	23.3	16.3
Other changes	(1.7)	(1.9)
As of December 31,	**2,041.2**	**2,172.6**

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

In order to hedge its exposure to changing interest rates, the Group has adopted an interest rate hedging strategy aimed at maintaining a hedging ratio on a one-year rolling basis of close to 80%, 50% on a two-year rolling basis, and 25% on a three-year rolling basis of its net financial debt at fixed or capped rates with the remainder at variable interest rates.

The breakdown of financial debt between fixed and variable rates, before and after hedging, is as follows:

	AS OF DECEMBER 31,	
(in millions of euros)	2017	2016
Senior notes and other fixed rate debt	1,445.7	1,475.2
Floating to fixed rate swaps	1,037.0	848.9
Fixed to floating rate swaps	(850.0)	(784.6)
Sub-total fixed or capped rate instruments	**1,632.6**	**1,539.5**
Floating rate debt before hedging	1,159.2	1,316.7
Floating to fixed rate swaps	(1,037.0)	(848.9)
Fixed to floating rate swaps	850.0	784.6
Cash and cash equivalents	(563.6)	(619.3)
Sub-total floating rate debt instruments	**408.6**	**633.1**
Total net financial debt	**2,041.2**	**2,172.6**

Fair value hedge derivatives

As of December 31, 2017, 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 FIXED RATE						
Euro	500.0	500.0	June 2022	0.55%	Euribor 3M	8.8
	50.0	50.0	June 2023	0.31%	Euribor 3M	0.0
	300.0	300.0	June 2024	0.33%	Euribor 3M	(1.5)
Total		**850.0**				**7.3**

(1) Derivative instruments are presented at fair value, including accrued interest receivable for €0.3 million.

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement as interest expenses on borrowings. The changes in fair value of the derivatives and the changes in the fair value of the hedged item are recognized in the income statement to match each other.

Any adjustment to carrying value of items carried at amortized cost is amortized through profit or loss over the remaining term.

The change in fair value of these fair value hedging swaps for the year ended December 31, 2017 represented a gain of €8.9 million, partially offset by a loss of €6.3 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 September 2020. The Group intends to renew a significant portion of these swaps in order to hedge the variability of future interest expense related to its floating interest debt, in accordance with the strategy described above. The allocation of hedging instruments among currencies hinges upon the Group’s expectations concerning trends of the interest rates linked to those currencies.

As of December 31, 2017, derivative instruments classified as cash flow hedges are as follows:

	TOTAL NOTIONAL AMOUNT (in millions of currency)	TOTAL NOTIONAL AMOUNT (in millions of euros)	MATURITY	FLOATING RATE RECEIVED	WEIGHTED AVERAGE FIXED RATE PAID	FAIR VALUE [1] (in millions of euros)
SWAPS PAYING FIXED RATE						
American dollar	100.0	83.4	June 2018	Libor 3M	1.24%	0.2
	250.0	208.5	September 2018	Libor 3M	1.33%	0.7
	100.0	83.4	December 2019	Libor 3M	1.68%	0.6
	150.0	125.1	April 2020	Libor 3M	1.78%	0.7
	150.0	125.1	September 2020	Libor 3M	1.68%	1.6
Canadian dollar	100.0	66.5	October 2018	CDOR 3M	1.23%	0.3
	30.0	19.9	June 2020	CDOR 3M	1.11%	0.5
Australian dollar	80.0	52.1	July 2018	BBSW AUD 3M	2.26%	(0.2)
	75.0	48.9	June 2020	BBSW AUD 3M	1.94%	0.2
Total		**812.8**				**4.4**

(1) Derivative instruments are presented at fair value, including accrued interest payable for €0.1 million.

The change in fair value of the cash flow hedging instruments for the year ended December 31, 2017 was recorded as a €4.7 million increase in cash flow hedge reserve (before tax). The ineffectiveness recognized in profit and loss in 2017 was immaterial.

Derivatives not eligible for hedge accounting

	TOTAL NOTIONAL AMOUNT (in millions of currency)	TOTAL NOTIONAL AMOUNT (in millions of euros)	MATURITY	FLOATING RATE RECEIVED (PAID)	WEIGHTED AVERAGE FIXED RATE PAID (RECEIVED)	FAIR VALUE [1] (in millions of euros)
SWAPS PAYING FIXED RATE						
Swedish Krona	750.0	76.2	February 2020	Stibor 3M	(0.07)%	(0.1)
Swiss franc	100.0	85.5	February 2020	Libor 3M	(0.69)%	0.2
Euro	62.5	62.5	May 2018	Euribor 6M	3.21%	(2.0)
Total		**224.1**				**(1.9)**

(1) Derivative instruments are presented at fair value, including accrued interest payable of €1.4 million.

These derivatives are designated primarily as hedges of variable cash flows arising from interest rate swaps and are not eligible to hedge accounting under IAS 39 requirements.

Sensitivity to interest rate variation

As of December 31, 2017, 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 €11.4 million and a €14.1 million gain related to the change in fair value of the hedging instruments of which a €4.7 million in the income statement and €9.4 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, 2017, unrealized exchange income in other comprehensive income related to external borrowings qualified as net investment hedges account for €51.9 million before tax.

As of December 31, 2017, the notional value of foreign exchange derivatives was €40.2 million (€31.6 million of forward sales and €8.6 million of forward purchases). Forward contracts are recognized at their fair value for a net negative amount of €0.2 million. The change in fair value of forward contracts for the year ended December 31, 2017 was recorded as a financial gain of €3.4 million.

Sensitivity to changes in foreign exchange rates

The Group's financial statements are presented in euros, and it is therefore required to translate into euro those assets, liabilities, revenues and expenses denominated in currencies other than the euro.

The results of these operations are included in the Group's consolidated income statement after conversion at the average rate applicable to the period. On an annual basis, a 5% increase (or decrease) of the euro against the main currencies (US dollar, Canadian dollar, Australian dollar and British Pound) would lead to a decrease (increase) in sales of €307.6 million and a decrease (increase) in operating income before other income and other expenses of €10.5 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, 2017 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €33.1 million and €141.9 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	1,952.3	260.7	116.4	94.8	0.0	0.4	133.8	(5.0)	46.1	6.3	2,605.9
Cash and cash equivalents	(542.7)	157.4	(45.0)	34.4	6.4	(26.4)	(145.9)	(0.6)	(16.1)	14.0	(564.7)
Net financial position before hedging	**1,409.5**	**418.1**	**71.4**	**129.2**	**6.4**	**(26.0)**	**(12.1)**	**(5.6)**	**30.0**	**20.3**	**2,041.2**
Impact of hedges	(30.2)	(8.4)	–	(0.3)	–	31.4	–	–	–	7.5	(0.0)
Net financial position after hedging	**1,379.3**	**409.7**	**71.4**	**129.0**	**6.4**	**5.4**	**(12.1)**	**(5.6)**	**30.0**	**27.8**	**2,041.2**
Impact of a 5% increase in exchange rates	*–*	*20.5*	*3.6*	*6.4*	*0.3*	*0.3*	*(0.6)*	*(0.3)*	*1.5*	*1.4*	*33.1*

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, 2017	2016
DUE WITHIN		
One year	166.9	615.9
Two years	638.2	8.5
Three years	379.4	722.3
Four years	1.7	318.9
Five years	0.8	0.8
Thereafter	1,450.2	1,168.7
Total gross financial debt before transaction costs	**2,637.1**	**2,835.1**
Transaction costs	(24.7)	(30.0)
Gross financial debt	**2,612.3**	**2,805.1**

As of December 31, 2017, 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	230.4	(6.9)	223.5
Two years	699.3	(7.1)	692.2
Three years	428.9	(2.9)	426.0
Four years	44.4	0.9	45.3
Five years	42.1	2.1	44.2
Thereafter	1,493.4	3.3	1,496.6
Total	**2,938.5**	**(10.6)**	**2,927.9**

The €650 million notes issued in May 2016 mature in June 2023, the €300 million notes issued in March 2017 mature in June 2024 and the €500 million notes issued in November 2017 mature in June 2025.

The Senior Facility Agreement maturity date was extended until January 2023 under the amendment executed on January 31, 2018. The Senior Facility Agreement provides a five-year multicurrency revolving credit facility for an aggregate maximum available amount of €850 million which can also be drawn down through swingline loans for an aggregate amount of €137.8 million. As of December 31, 2017, this facility was undrawn.

On June 26, 2017, Rexel extended the maturity of its US$40 million Revolving Credit Facility Agreement with Wells Fargo Bank International for a period of three years ending on June 26, 2020. As of December 31, 2017, this facility was undrawn.

Lastly, following amendments in 2016 and 2017 (see note 22.1.3), securitization programs mature in 2019 and 2020. The financing under these programs directly depends on the amounts and quality of transferred receivables. In the event that the relevant companies do not comply with certain obligations, these securitization programs may have to be repaid early, which could have an adverse effect on the Group's liquidity and financial situation. In addition, if the special purpose entities to which the receivables have been transferred were unable to issue short term debt (commercial paper) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

In addition, the trade accounts payable amounted to €2,034.8 million as of December 31, 2017 (€2,179.0 million as of December 31, 2016) and are due in less than one year.

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The Group's liquidity decreased from €1,467.9 million as of December 2016 to €1,304.7 million, as a result of the amendment of the Senior Facility Agreement executed on January 31, 2018. The Group's liquidity is in excess of €1,137.8 million compared to €166.9 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, 2017 (1)	2016
Cash and cash equivalents	563.6	619.3
Bank overdrafts	(100.6)	(84.5)
Commercial paper	(41.7)	(131.7)
Undrawn Senior Facility Agreement	850.0	982.0
Bilateral facilities	33.4	82.9
Liquidity	**1,304.7**	**1,467.9**

(1) Taking into consideration the amendment of the Senior Facility Agreement executed on January 31, 2018 (see note 22.1.1).

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 in the majority of the significant countries in which the Group operates. As of December 31, 2017, the maximum risk corresponding to the total accounts receivable amounted to €2,077.0 million (€2,187.3 million as of December 31, 2016) and is detailed in note 13.2 Trade accounts receivable.

The counterparty risk concerning cash, cash equivalents and hedging instruments is likewise limited by the quality of the relevant counterparties, which are the Group's traditional banking partners for its financing and are almost exclusively based in Europe. The outstanding amount was €576.1 million as of December 31, 2017 (€631.6 million as of December 31, 2016), which equals the net book value of the aforementioned items.

The maximum counterparty risk on the Group's other financial assets was €533.8 million (€531.4 million as of December 31, 2016) and mainly corresponds to supplier discounts receivable.

24. Summary of financial liabilities

			AS OF DECEMBER 31,			
			2017		2016	
(in millions of euros)	CATEGORY IAS 39	FAIR VALUE HIERARCHY*	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Bonds	AC	1	1,446.6	1,481.4	1,480.9	1,525.5
Other financial debts, including accrued interest	AC		1,165.7	1,165.7	1,324.2	1,324.2
Total financial liabilities			**2,612.3**		**2,805.1**	
Hedging derivatives [(1)]	FV P&L	2	1.6	1.6	–	–
Hedging derivatives [(1)]	FV OCI	2	–	–	0.5	0.5
Other derivative instruments not eligible to hedge accounting	FV P&L	2	0.1	0.1	2.9	2.9
Other liabilities [(2)]	N/A		8.4	N/A	9.7	N/A
Total other non-current liabilities			**10.1**		**13.0**	
Trade accounts payable	AC		**2,034.8**	**2,034.8**	**2,179.0**	**2,179.0**
Vendor rebates receivable	AC		139.1	139.1	136.1	136.1
Personnel and social obligations [(2)]	N/A		253.7	N/A	246.5	N/A
VAT payable and other sales taxes [(2)]	N/A		76.1	N/A	78.8	N/A
Hedging derivatives [(1)]	FV OCI	2	0.1	0.1	–	–
Other derivative instruments not eligible to hedge accounting	FV P&L	2	1.1	1.1	3.9	3.9
Other liabilities	AC		226.5	226.5	217.8	217.8
Deferred income	N/A		6.6	N/A	10.4	N/A
Total other debts			**703.2**		**693.5**	

(1) Specific accounting measurements for hedging.

(2) Not classified as a financial instrument under IAS 39.

Financial liabilities - stated at amortized cost	AC
Fair value through profit or loss	FV P&L
Fair value through other comprehensive income	FV OCI
Not applicable	N/A

* For fair value hierarchy see note 3.8.4.

25. Operating leases

The following table details the Group's obligations in relation to operating lease contracts, representing the minimum payments under non-cancellable leases:

(in millions of euros)	PAYMENTS OUTSTANDING AS OF DECEMBER 31, 2017	2016
DUE WITHIN		
One year	201.8	212.4
Two years	155.8	169.4
Three years	123.4	128.1
Four years	94.8	96.6
Thereafter	185.2	170.0
Total	**761.0**	**776.5**

The total expense under operating lease contracts was €218.6 million for the year ended December 31, 2017 (€214.5 million as of December 31, 2016).

26. 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, 2017	2016
Salaries and other short-term benefits	8.8	7.4
Post-employment benefits (service costs)	0.3	0.3
Indemnities at termination of contract	2.1	6.9
Free shares and stock options [1]	1.8	1.5

(1) Hare-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 €9.6 million.

27. 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)	2017	2016	2017	2016	2017	2016
Audit services	1.0	1.2	0.9	0.9	1.9	2.1
Audit related services	0.2	0.2	0.1	–	0.3	0.2
TOTAL	**1.2**	**1.4**	**1.0**	**0.9**	**2.2**	**2.3**

Other related services include the fees related to mandatory services performed in accordance with French regulation, as well as comfort letters and CSR report.

28. Litigation & other contingencies

28.1 Litigation

Rexel Group is subject to legal, administrative and regulatory proceedings in the normal course of its business. A provision is recognized in the balance sheet when it is probable that an outflow of economic benefits from Rexel or one of its subsidiaries will be required to settle the obligation and when the amount can be estimated reliably.

The principal proceedings are set out below.

Asbestos litigation

The Group is party to several proceedings relating to exposure to asbestos-containing materials in the United States. The Group believes that the risk of it being ordered to pay significant amounts in connection with these proceedings is limited, and that these lawsuits will not therefore have, individually or as a whole, a material adverse effect on its financial condition or results of operations, since the claims may be rejected or settled for amounts partially or fully covered by Rexel's insurance policies. Considering the wide range of these claims, the different stages in the proceedings, the number of defendants and the absence of any individual claim, the Group cannot precisely assess the financial consequences that may result from these proceedings.

ACCC (Australia)

On December 3, 2014, the Australian Competition and Consumer Commission (ACCC) commenced civil proceedings in the Federal Court of Australia against several parties, including the Australian affiliate of the Group (Rexel Electrical Supplies PTY Ltd). The proceedings had been filed against five companies, six individuals and an industry association for alleged cartel and exclusionary conduct in the supply and acquisition of electrical cable in Australia. The last hearing took place on February 12, 2016. The judgement was issued on March 9, 2017 and dismissed both claims brought by the ACCC. Further to this decision, the ACCC sent a letter dated March 2017, according to which it informed Rexel that it would not file any appeal. This case is now closed.

The principal tax proceedings involving Group companies as of December 31, 2017 are described below:

Rexel

Following a tax audit, Rexel received in December 2011 a proposed tax reassessment in which the French tax authorities allege that Rexel did not demonstrate that its borrowings from Ray Finance LP (subsidiary of Ray Investment SARL) amounting to €952 million were real transactions; they also alleged that Ray Finance LP enjoyed a privileged tax regime and accordingly, rejected the deduction of €91 million of interest expense related to the 2005 to 2007 tax years. Rexel disputes the tax authority's position entirely and referred the case to the Administrative Court in April 2014. A provision amounting to €32 million was recorded by writing down deferred tax assets on tax losses carried forward. The Administrative Court decided in March 2016 that Rexel's position was correct. Tax authorities lodged an appeal against that judgment in July 2016. The provision was maintained.

Hagemeyer Finance BV Finnish branch

In a report in May 2014, Finnish tax authorities asserted that the interest on the financing used to acquire Elektroskandia Oÿ in 2008 should be allocated to the Dutch head office of Hagemeyer Finance BV, rather than to the Finnish branch. 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 for fiscal years 2008-2012. 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 contested also. In April 2017, the Board of Adjustments rejected the branch's claim. In July 2017, the Group referred the case before the court. Rexel considers that it is more likely than not that the matter will be resolved favorably in its interest and has therefore not recorded a provision.

To the best of Rexel's knowledge, over the last financial year there were no other legal or arbitration proceedings that might have or recently had a material impact on the financial situation or profitability of Rexel.

28.2 Other contingent liabilities

The Group has granted the following warranties to purchasers in connection with the disposal of certain assets.

Latin America

With respect to the divestment of Latin America operations, the Group committed to indemnify for any damage incurred by the purchaser up to US$9 million. In 2016, Rexel received a notice of claims for €1.3 million, settled for €0.4 million in 2017.

Slovakia, Poland and the Baltics

The agreements entered into with Würth group in connection with the disposal of operations in Slovakia, Poland and the Baltics provide for indemnification of any damage and liability incurred by the purchaser. The aggregate liability for indemnification shall not exceed €8 million. This warranty had not been called as of the balance sheet date.

Environmental warranty

Under an agreement signed on February 28, 2003 with Ashtenne, a real estate company, concerning a sale and leaseback transaction relating to 45 sites in Europe, the Group agreed to indemnify the purchaser for any environmental liabilities with respect to third party claims and governmental injunctions. This warranty covers a maximum of €4 million free of VAT for all of the properties sold, with a minimum threshold of €30,000. This commitment expires five years after the expiration of the leases. This warranty had not been called as of the balance sheet date.

29. Events after the reporting period

At the presentation date of the consolidated financial statements there have been no subsequent events after December 31, 2017 that would have a significant impact on Rexel's financial situation.

30. Consolidated entities as of December 31, 2017

	HEAD OFFICE	% INTEREST
FRANCE		
Holding companies and Group services companies		
Rexel	Paris	Société mère
Rexel Développement S.A.S.	Paris	100.00
Rexel Amérique latine S.A.S.	Paris	100.00
Operating companies		
Rexel France S.A.S.	Paris	100.00
Dismo France S.A.S.	St-Ouen l'Aumône	100.00
Espace Elec S.A.S.	Ajaccio	100.00
BizLine S.A.S.	Paris	100.00
BCCT	Paris	100.00
Conectis S.A.S.	Paris	100.00
Francofa Eurodis S.A.S.	Neuilly-Plaisance	100.00
SBEM	Paris	100.00
La Boîte Electrique	Paris	100.00
Esabora Digital Services	Paris	100.00
Sofinther	Bouguenais	100.00
Cordia	Mitry-Mory	100.00
EUROPE		
Germany		
Rexel GmbH	Munich	100.00
Hagemeyer Deutschland GmbH & Co KG	Munich	100.00
Hagemeyer Deutschland Verwaltungs GmbH	Munich	100.00
Hagemeyer Beteiligungs GmbH	Munich	100.00
Silstar Deutschland GmbH	Emmerich am Rhein	100.00
Hagemeyer Holding Deutschland GmbH	Munich	100.00
United Kingdom		
Rexel Senate Ltd.	Birmingham	100.00
Denmans Electrical Wholesalers Ltd.	Birmingham	100.00
Senate Group Ltd.	Birmingham	100.00
Rexel (UK) Holdings Ltd.	Birmingham	100.00
Rexel (UK) Ltd.	Birmingham	100.00
Newey & Eyre Ltd.	Birmingham	100.00
Parker Merchanting Limited	Birmingham	100.00
WF Electrical Plc	Birmingham	100.00

	HEAD OFFICE	% INTEREST
Newey & Eyre (C.I.) Ltd.	Guernsey	100.00
Warrior (1979) Ltd.	Birmingham	100.00
H.A. Wills (Southampton) Ltd.	Birmingham	100.00
Rexel UK Pension Trustees Ltd.	Birmingham	100.00
J&N Wade Limited	Birmingham	100.00
Clearlight Electrical Company	Birmingham	100.00
Power Industries Limited	Birmingham	100.00
Sweden		
Rexel Sverige AB	Älvsjö	100.00
Moel AB	Bredaryd	100.00
Austria		
Rexel Central Europe Holding GmbH	Vienna	100.00
Rexel Austria GmbH	Vienna	100.00
The Netherlands		
Rexel Nederland B.V.	Zoetermeer	100.00
Cosa Liebermann B.V.	Hoofddorp	100.00
Rexel Holding Netherlands B.V.	Hoofddorp	100.00
Hagemeyer Finance B.V.	Hoofddorp	100.00
Borsu International B.V.	Hoofddorp	100.00
Rexel Holding Benelux BV	Hoofddorp	100.00
Italy		
Rexel Italia SpA	Milano	100.00
Spain		
ABM-Rexel SL	Madrid	100.00
Suministros Eléctricos Erka, S.L.	Renteria	100.00
Belgium		
Rexel Belgium S.A.	Zellik	100.00
Portugal		
Rexel Distribuição de Material Elecrico S.A.	Lisboa	100.00
Ireland		
Rexel Electrical Supply & Services Holding Ltd.	Tralee	100.00
M Kelliher 1998 Ltd.	Tralee	100.00
Astrotek Ireland Limited	Tralee	100.00
Switzerland		
Elektro Material AG	Zurich	100.00
Luxembourg		
Rexel Luxembourg S.A.	Luxembourg	100.00
Rexel RE S.A.	Luxembourg	100.00

	HEAD OFFICE	% INTEREST
Czech Republic		
Rexel CZ s.r.o.	Brno	100.00
Hungary		
Rexel Hungary General Supply & Services LLC	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
Bizline North America Inc.	Wilmington	100.00
Canada		
Rexel North America Inc.	St Laurent	100.00
Rexel Canada Electrical Inc.	Mississauga	100.00
ASIA OCEANIA		
Hong Kong SAR		
Rexel Hong Kong Ltd.	Hong Kong	100.00
Huazhang Electric Automation Holding Co. Ltd.	Hong Kong	100.00
LuckyWell Int’l Investment Ltd.	Hong Kong	100.00
China		
Rexel Ouneng (Beijing) Technology Co. Ltd.	Beijing	55.00
Rexel Hailongxing Electrical Equipment Co. Ltd.	Beijing	65.00
Rexel Electric Co. Ltd.	Shanghai	100.00
Zhejiang Huazhang Automation Equipment Co. Ltd.	Huanzhou	100.00
Rexel Integrated Solutions (Shanghai) Co. Ltd.	Shanghai	100.00
Rexel China Management Co. Ltd.	Shanghai	100.00
Suzhou Xidian Co. Ltd.	Suzhou	100.00
Beijing LuckyWell-ZN Electrical Co. Ltd.	Beijing	100.00

	HEAD OFFICE	% INTEREST
Beijing Zhongheng Hengxin Automation Equipment Co. Ltd	Beijing	100.00
Henan Qixin Automation Equipment Co. Ltd.	Zhengzhou	100.00
Shanghai Suhua Industrial Control Equipment Co. Ltd	Shanghai	100.00
LinElec Business Consulting (Shanghai) Limited	Shanghai	100.00
Shanghai Maxqueen Industry Development Co. Ltd	Shanghai	60.00
Zhonghao (Shanghai) Technology Co. Ltd.	Shanghai	60.00
Jinan Rexel Enterprise Management Service Co., Ltd.	Jinan	100.00
India		
Rexel India Private Limited	Pune	100.00
Korea		
Gexpro Korea Co., Ltd.	Seoul	100.00
Australia		
Rexel Holdings Australia Pty Ltd.	Sydney	100.00
Rexel Electrical Supplies Pty Ltd.	Sydney	100.00
Australian Regional Wholesalers Pty Ltd.	Sydney	100.00
EIW Holding Pty Ltd.	Sydney	100.00
Hagemeyer Holdings (Australia) Pty Ltd.	Sydney	100.00
New Zealand		
Rexel New Zealand Limited	Auckland	100.00
Redeal Pensions Ltd	Auckland	100.00
Kingdom Saudi Arabia		
Rexel Services KSA LLC	Riyadh	100.00
Rexel Arabia Electrical Supplies LLC	Riyadh	65.00
United Arab Emirates		
Redco FZE	Jebel Ali	100.00
Rexel Emirates LLC	Abu Dhabi	90.00

5.2.2 Report of the Statutory Auditors' Report on the consolidated financial statements for the financial year ended December 31, 2017

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
Department of KPMG S.A.
Tour Eqho
2, avenue Gambetta
92066 Paris-La Défense

Rexel S.A.

Statutory Auditors' Report on the consolidated financial statements

For the year ended December 31, 2017

To the Shareholders of Rexel S.A.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Rexel S.A. for the year ended December 31, 2017.

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, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 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 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

Description of risk

As of December 31, 2017, goodwill and other intangible assets with indefinite useful lives were recorded in the balance sheet for a net carrying amount of €3,914.9 million and €827.4 million, respectively, representing a total of 47% of the Group's total assets. An impairment test for these assets is performed at least once a year at the level of the cash-generating units (CGU) to which they have been allocated. As described in Notes 3.5 and 12.1 to the consolidated financial statements, an impairment loss is recorded when the recoverable amount of the CGU falls below its carrying amount.

The recoverable amount of a CGU (country) is measured based on discounted future cash flows and requires a significant degree of judgment from management, especially for the determination of revenue and EBITA margin forecasts as well as the selection of discount rates and long term growth rates.

As described in Note 12.1 to the consolidated financial statements, performance in 2017 was lower than expected in some countries, which led the Group to adjust downwards its future cash flows, including the normative EBITA margin for those countries. As a result, the Group recognized a €133.7 million impairment charge for the year ended December 31, 2017.

Accordingly, we deemed the measurement of the recoverable amount of goodwill and other intangible assets with indefinite useful lives to be a key audit matter, due to the weighting of these assets in the consolidated balance sheet and the inherent uncertainty of specific inputs, in particular the likelihood of achieving forecast results included in such measurement and the impact of sensitivity analyses described in Note 12.1.

How our audit addressed this risk

We examined the Group's budgeting process upon which the forecasted cash flows used for the impairment tests are based.

For those CGUs for which the recoverable amount is close to the carrying amount, we performed the following:

- Assessed the components of the carrying amount of the CGUs to which the Group has allocated goodwill;
- Assessed the consistency of cash flow projections with the economic environments in which the Group's subsidiaries operate, as well as the reliability of the estimate process in particular by examining any differences between past cash flow projections and actual cash flows;
- Assessed, with the assistance of our valuation experts, the reasonableness of the discount rates applied to the forecasted cash flows of the various CGUs;
- Compared the long-term growth rates of CGUs with macro-economic forecasts;
- Corroborated including through interviews with management the reasonableness of the main data and assumptions underlying cash flow projections (sales growth, EBITA margin);
- Tested the mathematical accuracy of the discounted cash flow model used and the sensitivity analyses;
- Verified that Note 12.1 to the consolidated financial statements included the appropriate disclosures.

Suppliers rebates

Notes 3.7, 3.15 and 13.3 to the consolidated financial statements

Description of risk

The Group enters into contracts with its suppliers, through which it benefits from rebates, generally on an annual basis, based on the volumes of goods purchased and the performance of certain specific commercial actions. These rebates may be conditional or not on the achievement of pre-defined purchasing targets (unconditional or conditional rebates).

These rebates are recorded as a reduction of the cost of goods sold.

We deemed the recognition of suppliers rebates to be a key audit matter, due to:

- the significance of suppliers rebates,
- the variety of contracts,
- the estimates required in terms of determining the purchasing data to which contract clauses apply to calculate receivables at the closing date,
- and their impact on the valuation of inventories.

How our audit addressed this risk

We 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.

Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Rexel by the Annual General Meetings held on May 16, 2012 for PricewaterhouseCoopers Audit and May 25, 2016 for KPMG Audit.

As at December 31, 2017, PricewaterhouseCoopers Audit was in the sixth year and KPMG Audit in the second year of total uninterrupted engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, 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, material weaknesses in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense and Neuilly-sur-Seine, February 14, 2018

The Statutory Auditors

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

5.3 COMPANY FINANCIAL STATEMENTS

5.3 COMPANY FINANCIAL STATEMENTS

Pursuant to article 28 of the Regulation (EC) N°809/2004 of the European Commission dated April 29, 2004, the following information is incorporated by reference in this Registration document:

- the Company financial statements and the relevant audit report for the year ended December 31, 2016 which are included in pages 249 to 271 of the French version of the Registration document for the financial year ended on December 31, 2016 registered by the *Autorité des marchés financiers* on March 31, 2017, under number D.17-0272; and
- the Company financial statements and the relevant audit report for the year ended December 31, 2015 which are included in pages 218 to 242 of the French version of the Registration document for the financial year ended on December 31, 2015 registered by the *Autorité des marchés financiers* on April 7, 2016 under number D.16-0299.

5.3.1 Company financial statements as at December 31, 2017

Income Statement

		FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	NOTE	2017	2016
Operating revenues		**2.1**	**2.9**
Other purchases and outside services		(20.0)	(18.3)
Taxes other than income taxes		(0.9)	(0.2)
Other expenses		(4.6)	(5.4)
Depreciation, amortization and increases in provisions		(0.1)	(0.1)
Loss from operations	(3.1)	**(23.5)**	**(21.1)**
Dividend income		–	298.0
Other financial revenues (from short-term investments, loans and exchange gains)		41.6	54.7
Decrease in financial provisions, transfer of expenses		–	–
Total financial revenues		**41.6**	**352.7**
Interest and related expenses and exchange losses		(85.2)	(110.4)
Increase in financial provisions		(3.1)	(0.6)
Total financial expenses		**(88.4)**	**(111.0)**
Net financial income	(3.2)	**(46.8)**	**241.7**
Income from ordinary activities		**(70.2)**	**220.6**
Non-recurring income (expense), net	(3.3)	**(1.5)**	**(4.1)**
Profit before tax		**(71.7)**	**216.5**
Income taxes	(3.5)	**86.0**	**44.2**
Net income		**14.3**	**260.7**

Balance sheet

(in millions of euros)	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2017	2016
ASSET			
Intangible fixed assets		**–**	**–**
Tangible fixed assets	(4.1)	**0.3**	**0.3**
Land		–	–
Building		0.3	0.3
Long-term financial assets	(4.1)	**4,498.8**	**4,554.0**
Investments in related companies		4,104.9	4,104.9
Other securities		–	–
Loans and other long-term financial assets		393.9	449.1
Fixed assets	(4.1)	**4,499.0**	**4,554.3**
Trade accounts receivable	(4.2)	2.3	1.9
Other accounts receivable	(4.2)	321.3	810.2
Short-term investments, hedging derivatives, cash and bank	(4.2)	13.4	12.2
Adjustment accounts		**0.1**	**3.2**
Prepayments		0.1	0.1
Deferred charges	(4.2)	–	3.1
Unrealized exchange rate losses		–	–
Current assets		**337.1**	**827.5**
Total assets		**4,836.1**	**5,381.8**

Balance sheet

		FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	NOTE	2017	2016
LIABILITIES AND STOCKHOLDERS' EQUITY			
Share capital		1,516.7	1,514.5
Share premium		1,559.2	1,561.2
Legal reserve		69.0	56.5
Regulated reserves		–	–
Statutory and contractual reserves		–	–
Other reserves		36.7	36.3
Retained earnings		116.6	(10.8)
Net income for the period		14.3	260.7
Stockholders' equity	(4.3)	**3,312.5**	**3,418.4**
Provisions		**11.0**	**13.3**
Bonds	(4.4)	1,452.2	1,465.5
Borrowings from financial institutions	(4.4)	41.7	131.8
Other financial debt	(4.4)	9.0	325.3
Trade accounts payable		3.0	2.1
Other operating liabilities		6.7	25.4
Deferred income		–	–
Unrealized exchange rate gains		–	–
Liabilities	(4.4)	**1,512.6**	**1,950.1**
Total liabilities and stockholders' equity		**4,836.1**	**5,381.8**

Company results over the last five years
(as required by article R.225-102 of the Commercial Code)

(in euros)	2013	2014	2015	2016	2017
	FROM JANUARY 1 TO DECEMBER 31,				
SHARE CAPITAL AT YEAR END					
Share capital	1,416,686,070	1,460,027,880	1,509,356,890	1,514,490,115	1,516,715,885
Number of issued shares	283,337,214	292,005,576	301,871,378	302,898,023	303,343,177
Number of convertible bonds	–	–	–	–	–
INCOME STATEMENT INFORMATION					
Sales, excluding sales taxes	1,837,506	1,475,018	1,086,524	1,544,737	1,900,545
Net income before taxes, depreciation and provisions	208,065,057	158,900,553	(135,871,677)	216,217,885	(70,780,934)
Income taxes	(81,663,693)	(62,368,238)	(72,318,484)	(44,184,303)	(86,022,026)
Net income	267,679,378	221,076,956	(77,523,045)	260,711,376	14,281,261
Earnings distributed	211,864,482	218,459,916	120,307,183	120,822,691	126,862,599 (1)
EARNINGS PER SHARE					
Earnings per share after taxes but before depreciation and provisions	1.02	0.76	(0.21)	0.86	0.05
Earnings per share after taxes, depreciation and provisions	0.94	0.76	(0.26)	0.86	0.05
Dividend paid per share	0.75	0.75	0.40	0.40	0.42 (1)
PERSONNEL					
Number of employees	–	–	–	–	–
Total remuneration	–	–	–	–	–
Total social charges and other personnel related expenses	–	–	–	–	–

(1) Proposed distribution to be voted at the Annual General Meeting May 24, 2018.

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Principal subsidiaries and other investments

DECEMBER 31, 2017 *(in millions of euros)*												
					CARRYING OF VALUE SHAREHOLDING							
CORPORATE NAME	REGISTERED OFFICE	CAPITAL	RESERVES AND RETAINED EARNINGS (EXCLUDING CURRENT YEAR RESULTS)	PERCENTAGE SHARE CAPITAL HELD	COST	NBV	OUTSTANDING LOANS	GUARANTEES GRANTED BY REXEL S.A.	CURRENT YEAR RESULT	DIVIDENDS RECEIVED	SALES
A/ FRENCH SUBSIDIARIES											
Rexel Développement SAS	Paris	2,098.6	2,162.9	100.00%	4,104.9	4,104.9	282.8	0.0	(229.3)	0.0	61.5
TOTAL		**2,098.6**	**2,162.9**		**4,104.9**	**4,104.9**	**282.8**	**0.0**	**(229.3)**	**0.0**	**61.5**

Notes to the Company's financial statements

1. Description of business

Rexel SA incorporated in December 2004 is the holding company of Rexel Group. As such Rexel SA owns Rexel Développement SAS shares and provides the financing of its direct and indirect subsidiaries.

2. Accounting principles

The financial statements for the year ended December 31, 2017 are presented with comparative amounts for the year ended December 31, 2016 and have been prepared in accordance with French law, with the principles and policies defined in *Autorité des Normes Comptables* (ANC) Regulation 2014-03, approved by government order of September 8, 2014, relating to the French general Accounting standards, and with accounting principles generally accepted in France.

The accounting principles set out below have been applied in a prudent manner, and in conformity with the following concepts:

- going concern,
- consistency of accounting method,
- independence of accounting period.

Main accounting principles used are described hereafter.

2.1 Long-term financial assets

Long-term investments are initially measured at acquisition cost. A valuation allowance is recorded when carrying value exceeds value in use. Rexel determines the value in use of long-term investments in subsidiaries on the basis of projected cash flows less net debt. When the carrying amount exceeds value in use, an impairment write-down is recognized for the difference.

2.2 Loans and other long-term financial assets

Loans and other long-term financial assets are initially measured at nominal amount. When considered necessary, a valuation allowance is recorded to cover the risk of non-recovery. Own shares held are measured at the year-end closing price.

2.3 Receivables and payables

Receivables and payables are recorded at historical cost. When considered necessary, receivables are subject to an allowance to cover the risk of non-recovery.

Assets and liabilities denominated in foreign currencies are converted at the year-end exchange rate. Exchange rate differences arising from this adjustment are recorded on the balance sheet as "unrealized exchange rate gains or losses".

For assets and liabilities denominated in foreign currencies and subject to foreign exchange hedge (hedge fixing the foreign currency at the maturity date) two cases should be considered:

- Perfect hedge (the nominal amount of the hedging instrument is equal to the nominal amount of the underlying at the closing date): no unrealized exchange differences should be recognized since the unrealized exchange gains and losses on the underlying asset and liability is offset by the unrealized gains and losses linked to the hedging instrument.
- Imperfect hedge (the nominal amount of the hedging instrument is different than the nominal amount of the underlying at the closing date): Only the unrealized exchange loss is provided for through the income statement.

2.4 Short-term investments

Short-term investments are recorded at acquisition cost, with a provision to cover any unrealized losses.

Own shares held and already attributed to free shares plans are recorded at acquisition cost until their delivery to recipients.

2.5 Borrowings and related issuing cost

Borrowings are recognized at nominal value. Bonds issue costs are recognized through the income statement. Bonds premiums are amortized, either over the life of bonds, or in proportion to accrued interests. Bonds in foreign currency are converted at closing exchange rates.

2.6 Financial instruments covering currency and interest rate risks

In order to optimize the cost of its financial debts, Rexel uses derivatives instruments to hedge against foreign exchange and interest rate risks, in particular foreign exchange and interest rate swaps, forward exchange contracts, and interest rate and foreign exchange options.

Accounting principles are defined by the French *Autorité des Normes Comptables* (ANC) regulation 2015-05 (see 2.7):

- Realized and unrealized results arising from derivatives instruments are accounted in 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 leads to a symmetrical treatment of the hedged item.
- Hedging gain or loss is reported in the same line item as the hedged item.

2.7 Change in accounting rules

As of January 1, 2017, Rexel adopted the ANC regulation 2015-05. This regulation relates to forwards contracts and hedging derivatives. This new regulation is treated as a change in accounting rules as stated in 122-2 article of the *Plan Comptable Général* (PCG). However, according to the first time adoption provision of regulation 2015-05, Rexel decided to limit prior year restatement to ongoing hedging transactions.

The application of this new regulation had no significant impact on Rexel financial statements.

2.8 Key events of the period

Rexel entered into two refinancing transactions with the aim of extending its debt maturity profile and optimizing its overall cost of financing. Rexel issued 2.625% €300 million senior notes due 2024 in February 2017 and 2.125% €500 million senior notes due 2025 in November 2017. Proceeds received from these issuances were used to early repay the remaining outstanding 5.25% US$500 million senior notes due 2020 representing US$330 million in principal amount and the 3.25% €500 million senior notes due 2022.

3. Notes to the income statement

3.1 Operating revenues and expenses

In 2017, operating income amounts to €2.1 million (€2.9 million in 2016) in connection with services provided to subsidiaries for €1.9 million (€1.5 million in 2016) and release of provisions for €0.2 million (€1.4 million in 2016).

Operating expenses amount to €25.6 million (€24.0 million in 2016) and mainly comprise fees and other expenses for €5.6 million (€5.7 million in 2016), personnel costs and other charges for €4.6 million (€5.4 million in 2016), bank charges for €6.0 million related to the unused facilities under Senior Credit (€5.3 million in 2016), bonds issue costs for €9.3 million (€7.5 million in 2016), and depreciation and provisions for €0.1 million (€0.1 million in 2016).

3.2 Net financial income

Net financial expense amounts to €46.8 million (€241.7 million net income in 2016), comprising:

- €41.6 million of financial income (€352.7 million in 2016) relating to interests on loans to its subsidiaries for an amount of €23.1 million, net foreign exchange income for €2.4 million, the result of sales of Rexel's own shares for €0.9 million and to other financial incomes for €15.2 million. 2016 financial income also included an interim dividend received for €298.0 million.
- €88.4 million of financial expenses (€111.0 million in 2016) mainly including interests of the senior unsecured notes for €53.0 million, €24.7 million of redemption premiums associated with the repayment of the senior notes due 2020 and 2022, and other financial expenses and depreciation for €10.7 million.

3.3 Non-recurring income and expenses

Non-recurring income and expenses amount to €(1.5) million (€(4.1) million in 2016) and are related to change in corporate management positions.

3.4 Compensation of company officers

Board attendance fees paid to company officers in 2017 amount to €0.8 million (€0.5 million in 2016).

Compensation and indemnities paid to company officers in 2017 amount to €2.8 million (€4.8 million in 2016).

3.5 Income taxes

Under the group tax consolidation agreement, Rexel is liable for the payment of all tax due by the tax group. Each subsidiary recognizes its individual tax expense calculated based on its own taxable income. Any tax benefits arising from the tax group are recognized by Rexel as the head of the tax group. Rexel has recognized an income of €79.9 million for 2017 (€47.5 million in 2016). Tax losses carried forward of the tax consolidation group amount to €233.6 million as of December 31, 2017 (€269.3 million in 2016) and the related estimated future tax relief stands at €48.7 million.

4. Notes to the balance sheet

4.1 Changes in fixed assets

(in millions of euros)	COST OR VALUATION, JANUARY 1, 2017	INCREASE	DECREASE	COST OR VALUATION, DECEMBER 31, 2017
Intangible fixed assets	–	–	–	–
Tangible fixed assets	0.5	–	–	0.5
Long-term financial assets:				
• Investments in related companies	4,104.9	–	–	4,104.9
• Loans and other long-term financial assets	449.1	–	55.2	393.9
Sub-total Financial assets	**4,554.0**	**-**	**55.2**	**4,498.8**
Total	**4,554.5**	**-**	**55.2**	**4,499.3**

Tangible fixed assets depreciation amounted to €0.2 million as of December 31, 2017.

Long-term financial assets

Investments in related companies

Investments in related companies refer only to Rexel Développement.

Loans and other long-term financial assets

This item is composed by:

1. Own shares and cash equivalents held under Rexel's share liquidity agreement. In connection with its own-share buy-back program, Rexel entered into a contract with Natixis on November 1, 2017 (after termination of the previous contract entered into on January 1, 2015 with Exane BNP Paribas) to promote the liquidity of Rexel shares. As of December 31, 2017, Rexel held 408,765 shares for a gross value of €6.2 million. The balance of this contract consists of €10.5 million of cash equivalents.
2. Loans granted by Rexel to some subsidiaries.

   As of December 31, 2016, the loans were the following:
   - Rexel Sverige AB for SEK 1,357 million,
   - Elektro Material AG for CHF 155 million,
   - Elektroskandia Norway Holding for NOK 528 million,
   - Rexel New Zealand for NZD 20 million,
   - Rexel Holdings Australia PTY for AUD 40 million,
   - Hagemeyer Finance BV Branch in Finland for EUR 30.9 million,
   - Rexel Arabia ES for USD 10.0 million,
   - Francofa Eurodis for EUR 7.0 million.

   In the course of 2017:

   Hagemeyer Finance BV Branch (an indirect subsidiary of Rexel based in the Netherlands) in Finland redeemed the loan due on June 30, 2020 for an amount of EUR 30.9 million.

The translation of foreign currency loans reduced the amount by €24.3 million.

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As of December 31, 2017, the loans were the following:

LONG-TERM LOANS	BALANCE AS OF DECEMBER 31,2017 *(in millions of currency)*	CURRENCY	BALANCE AS OF DECEMBER 31,2017 *(in millions of euros)*	INTEREST AND MARGIN	DUE DATE
Rexel Sverige AB	1,357.0	SEK	137.8	6.20%	06/30/2020
Rexel New Zealand	20.0	NZD	11.9	6.70%	06/30/2020
Elektro Material AG	155.0	CHF	132.4	4.80%	06/30/2020
Elektroskandia Norway	528.0	NOK	53.7	6.90%	06/30/2020
Rexel Holdings Australia PTY	40.0	AUD	26.1	6.70%	06/30/2020
Rexel Arabia ES	10.0	USD	8.3	4.73%	06/15/2020
Francofa Eurodis	7.0	EUR	7.0	4.28%	06/15/2022
TOTAL			**377.2**		

4.2 Other information relating to assets

Currents assets

(in millions of euros)	TOTAL DECEMBER 31, 2017	DUE WITHIN ONE YEAR	DUE BETWEEN 1 AND 5 YEARS	DUE THEREAFTER
Trade accounts receivable	2.3	2.3	–	–
Currents accounts receivable	284.2	284.2	–	–
Other receivable	37.1	31.1	6.0	–
TOTAL	**323.6**	**317.6**	**6.0**	**–**

Short-term investments, hedging derivatives cash and bank

This item is mainly composed by:

1. Own shares acquisition cost held to serve free shares plans. Rexel held 880,604 shares for an amount of €11.2 million as of December 31, 2017.
2. Hedging derivatives for €2.2 million.

Deferred charges

In 2016, deferred charges included redemption premium of senior notes due 2020 and 2022. Following the early redemption of those senior notes, they have been fully amortized for €3.1 million financial expense.

Bonds issuance costs are amortized through the income statement. Transaction costs related to senior notes due 2024 and 2025 and issued in 2017 have been recognized in the income statement for €9.3 million.

4.3 Stockholders' equity

(in millions of euros)	JANUARY 1, 2017	RESERVES	APPROPRIATION OF THE 2016 NET INCOME	INCREASE IN SHARE CAPITAL	2017 NET INCOME	DECEMBER 31, 2017
Share capital	1,514.5	2.0	–	0.2	–	1,516.7
Share premium	1,561.2	(2.3)	–	0.3	–	1,559.2
Legal reserve	56.5	–	12.5	–	–	69.0
Others reserves	36.3	0.4		–	–	36.7
Retained earnings	(10.8)	–	127.4	–	–	116.6
Net income for the year	260.7	–	(260.7)	–	14.3	14.3
TOTAL	**3,418.4**	**0.1**	**(120.8)**	**0.5**	**14.3**	**3,312.5**

Changes in equity during 2017:

1. On February 10, 2017, share capital was increased following the issuance of 73 shares with a par value of €5 each. This capital increase, related to the 2012 employee offering, has been recorded by deduction from the other non-distributable reserves.
2. On March 13, 2017, the company's Management Board recorded capital increase resulting from the 2016 United Kingdom employees offering by issuing 39,114 shares with a par value of €5 each for €0.2 million and the share premium of €0.3 million.
3. On May 2, 2017, share capital was increased by €1.4 million by issuing 276,373 shares with a par value of €5 each in connection with the April 2013 free share plan. This share capital increase has been recorded by deduction from the other non-distributable reserves.
4. On May 23, 2017, share capital was increased by €0.02 million by issuing 3,037 shares with a par value of €5 each in connection with the May 2014 free share plan. This share capital increase has been recorded by deduction from the other non-distributable reserves.
5. On May 23, 2017, the company's Management Board decided to allocate an amount of €9.4 million to the other non-distributable reserves by deduction from the share premium corresponding to 1,873,775 free shares granted at a par value of €5 each.
6. The Annual General Meeting held on May 23, 2017 approved a resolution appropriating the €260.7 million 2016 result as follows: €12.5 million allocated to the legal reserve, €127.4 million to retained earnings and dividends distribution of €120.8 million that were paid on July 7, 2017.
7. On July 3, 2017, share capital was increased by €0.6 million by issuing 120,712 shares with a par value of €5 each. This capital increase, related to the 2012 employee offering, has been recorded by deduction from the other non-distributable reserves.
8. On July 26, 2017, share capital was increased by €0.03 million by issuing 5,845 shares with a par value of €5 each in connection with the July 2013 free share plan. This share capital increase has been recorded by deduction from the other non-distributable reserves.
9. Amounts initially allocated to other non-distributable reserves and related to forfeited free shares during the year 2017 were retransferred to the share premium for an amount of €2.0 million.
10. The net profit for the year 2017 amounts to €14.3 million.

As of December 31, 2017, the company's share capital amounts to €1,516,715,885 represented by 303,343,177 shares each with a par value of €5.

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4.4 Other information related to liabilities

(in millions of euros)	TOTAL DECEMBER 31, 2017	DUE WITHIN ONE YEAR	DUE BETWEEN 1 AND 5 YEARS	DUE AFTER MORE THAN 5 YEARS
Senior notes	1,452.2	2.2		1,450.0
Borrowings from financial institutions	41.7	41.7		
Other financial debt	9.0	9.0		
Trade accounts payable	3.0	3.0		
Other operating liabilities	6.7	6.7		
Unrealized exchange rate gains	–	–		
TOTAL	**1,512.6**	**62.6**		**1,450.0**

Senior Notes

Senior Notes due 2020

In 2013, Rexel issued €650 million and $500 million of senior notes with coupons of 5.125% and 5.250%, respectively.

- Early repayment of €650 million Senior Notes due 2020

  On June 16, 2016, Rexel redeemed the 5.125% €650 million senior notes due 2020, for €691.6 million including the nominal amount of €650.0 million, a redemption premium of €25.0 million, and accrued interest running from December 15, 2015 to June 15, 2016 for €16.6 million.

- Early repayment of $500 million Senior Notes due 2020

  On November 2, 2016, Rexel redeemed $170 million of its 5.25% $500 million senior notes due 2020 for a total amount of €163.3 million including the nominal amount of €154.2 million, a redemption premium of €6.0 million, and accrued interest running from June 15, 2016 to November 1, 2016 for €3.1 million.

  On June 15, 2017, Rexel redeemed the remaining $330.0 million of its 5.25% senior notes due 2020 for a total amount of €310.0 million including a nominal amount of €294.6 million, a redemption premium of €7.7 million, and accrued interest running as of June 15, 2017 for €7.7 million.

Senior Notes due 2022

On May 27, 2015, Rexel issued €500 million senior notes with coupons of 3.25% due on June 15, 2022.

- Early repayment of €500 million Senior Notes due 2022

  On December 14, 2017, Rexel redeemed the 3.25% €500 million senior notes due 2022 for €525.1 million, including the nominal amount of the notes, a redemption premium of €17.0 million, and accrued interest running as of December 15, 2017 for €8.1 million.

Senior Notes due 2023

On May 18, 2016, Rexel issued €650 million senior notes. The notes rank *pari passu* with Rexel's senior credit facility and other senior unsecured notes and bear interest annually at 3.50%. They are listed on the Luxembourg Stock Exchange.

Rexel will pay interest on the notes semi-annually in arrears on June 15 and December 15, with the first payment on December 15, 2016. The Notes will mature on June 15, 2023.

The notes are redeemable in whole or in part at any time prior to June 15, 2019 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2019, the notes are redeemable in whole or in part by paying the redemption price set forth below:

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT)
June 15, 2019	101.750%
June 15, 2020	100.875%
June 15, 2021 and after	100.000%

Senior Notes due 2024

On March 13, 2017, Rexel issued €300 million senior notes. The notes rank *pari passu* with Rexel's senior credit facility and other senior unsecured notes and bear interest annually at 2.625%. They are listed on the Luxembourg Stock Exchange.

Rexel will pay interest on the notes semi-annually in arrears on June 15 and December 15, with the first payment on June 15, 2017. The Notes will mature on June 15, 2024.

The notes are redeemable in whole or in part at any time prior to June 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 senior notes. The notes rank *pari passu* with Rexel's senior credit facility and other senior unsecured notes and bear interest annually at 2.125%. They are listed on the Luxembourg Stock Exchange.

Rexel will pay interest on the notes semi-annually in arrears on June 15 and December 15, with the first payment on June 15, 2018. The Notes will mature on June 15, 2025.

The 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 Credit Agreement

On March 15, 2013, Rexel refinanced its €1,100 million existing revolving credit facilities agreement dated December 21, 2009 by entering into a new revolving credit facility agreement (the "Senior Facility Agreement") with BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, French branch, Natixis and Société Générale Corporate and Investment Banking as Mandated Lead Arrangers and Bookrunners.

On November 13, 2014, Rexel entered into an amendment of its Senior Facility Agreement September 2013 reducing the maximum amount to €982 million.

On January 31, 2018, the Senior Facility Agreement was amended to extend the final maturity date to January 31, 2023 and reduce the committed amount to €850 million.

The Senior Facility Agreement provides a five-year multicurrency credit facility, which can also be drawn through swingline loans for an aggregate amount of €137.8 million.

Interests and margin

Amounts drawn bear interest at a rate determined in reference to (i) the EURIBOR rate when funds are made available in Euro or the Libor rate when funds are made available in currencies other than Euro, (ii) the applicable margin, (iii) certain premia for loans in currencies other than Euro and (iv) mandatory costs (representing the costs to be borne by the lenders for the financing of the banking control system imposed by the banking regulatory authorities of their respective countries), if any.

Swingline drawings bear interest at a rate determined in reference to (i) the EONIA rate, (ii) the applicable margin and (iii) mandatory costs, if any.

The initial applicable margin is 1.25% per annum and varies in accordance with the leverage ratio (defined as the ratio of consolidated adjusted total debt to consolidated adjusted EBITDA, in each case as such terms are defined under the Senior Facility Agreement) calculated as of December 31 and June 30 of every year. The margin ranges from 0.60% to 2.25%.

In addition, the applicable margin shall be increased by a utilization fee that varies depending on the percentage of the total commitment drawn under the Senior Facility Agreement at any given time.

Rexel shall also pay a commitment fee in the base currency on that lender's available commitment the amount of which varies based on the leverage ratio.

Under the Senior Credit Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as at December 31 and June 30 of each year.

The Leverage Ratio corresponds to adjusted consolidated net debt relative to adjusted EBITDA, as such terms are defined below:

"Adjusted EBITDA" means, in relation to a measurement period, consolidated operating income without double counting before other income (or expenses) as defined in the relevant consolidated accounts of the Group:

- Including the last 12 months of Adjusted EBITDA of any Subsidiary acquired in that measurement period *prorata* the participation of the Group;
- Including proceeds related to commodity price derivatives entered into to hedge exposure to the price fluctuation of certain commodities which do not qualify for cash flow hedge accounting as per applicable IFRS;
- After adding back EBITDA of assets held for sale and not taking into account EBITDA of assets sold during the measurement period;
- After adding back net operational depreciation/amortization;
- Taking no account of any expense referable to equity settled share based compensation of employees or management, to the extent the balance of it is taken in account into financial indebtedness;
- After adding back non-cash employee share, incentive or remuneration scheme costs entered into as part of equity-based remuneration of employees of the Group, as well as legal profit

sharing, to the extent the balance of it is taken into account in financial indebtedness;

- Excluding the non-recurring impact of the evolution of the copper prices as disclosed in the press release published in connection with the consolidated financial statements for such measurement period;
- After adding back any other restructuring and/ or acquisition costs relating to any permitted acquisition.

"Adjusted total net debt" means:

- Any indebtedness for or in respect of interest bearing debt (whether or not in cash or in kind, both current and non-current) but which shall:
  - Exclude any upfront, legal, advisory costs related to the implementation of such debt as well as the financial charges accounted for as a result of the repayment of any outstanding debt of the borrower;
  - Exclude intragroup loans between members of the Group;
  - Include any indebtedness for or in respect of any amount payable in respect of securities issued by any member of the Group which are not mandatorily redeemable in shares; and
  - Include any other amount raised under any other transaction accounted for as borrowing under the accounting standards;
  - Any indebtedness for or in respect of accrued interest (including capitalized interest and any payment in kind) other than in respect of intragroup loans between members of the Group; less
  - Cash and cash equivalents.

This ratio may exceed 3.50 on three accounting dates during the life of the Senior Facility Agreement, being specified that only two of such three accounting dates may be consecutive, and provided that (i) such ratio does not exceed 3.75 times on two accounting dates during the life of the Senior Facility Agreement and (ii) such ratio does not exceed 3.90 times on one accounting date during the life of the Senior Facility Agreement.

In addition to the Senior Facility Agreement, Rexel entered into a bilateral Term Loan Agreement of €33.4 million (USD 40 million) with Wells Fargo Bank International expiring on June 26, 2020.

As at December 31, 2017, these credit facilities were undrawn.

Borrowings from financial institutions

In September 2010, Rexel launched a €500 million commercial paper program with a fixed maturity ranging from one to three months depending on the notes issued, to diversify the investor base and minimize the cost of financing. As of December 31, 2017, under this program, €41.7 million were outstanding.

Other financial debts

As of December 31, 2017, other financial debts relate mainly to intercompany debt related to the tax consolidation group.

As of December 31, 2016, other financial debts related mainly to the current account with the company Rexel Développement.

4.5 Financial instruments covering currency and interest rate risks

Financial instruments covering currency and interest rate risks

In the course of its business, Rexel SA is exposed to market risks such as interest rate and foreign exchange risks. Rexel SA uses various financial instruments to optimize its financial expenses including interest rate swaps to modify its debt structure and to cover the risk of interest rate increases in the currencies in which its debt is denominated. Derivative foreign currency instruments include forward currency purchases and sales, and have the sole objective of hedging transactions denominated in a foreign currency.

As of December 31, 2017, the outstanding hedge contracts were as follows:

Interest rate swaps

TYPE OF CONTRACT	MATURITY	NOTIONAL AMOUNTS (IN MILLIONS OF FOREIGN CURRENCY)	FAIR VALUE OF HEDGES (IN MILLIONS OF EUROS)
Interest rate swap paying EURIBOR 3 months	2022	EUR 500.0	8.6
Interest rate swap paying EURIBOR 3 months	2023	EUR 50.0	0.0
Interest rate swap paying EURIBOR 3 months	2024	EUR 300.0	(1.9)

Forward contracts

TYPE OF CONTRACT	NOTIONAL AMOUNTS (IN MILLIONS OF FOREIGN CURRENCY)	NOTIONAL AMOUNTS (IN MILLIONS OF EUROS)	FAIR VALUE (IN MILLIONS OF EUROS)
Forward sales of Australian dollars for euros	40.7	26.8	0.4
Forward sales of Swiss francs for euros	157.0	135.8	1.5
Forward sales of Norwegian crowns for euros	520.2	52.7	0.2
Forward sales of New Zealand dollars for euros	20.4	11.9	(0.1)
Forward purchases of Swedish krona for euros	1,338.9	134.6	(1.5)
Forward purchases of U.S. dollars for euros	10.5	8.8	0.1

4.6 Amounts due to and from related companies

Related companies are direct and indirect Rexel subsidiaries. There are no significant transactions with these companies that are not concluded at normal market conditions. As of December 31, 2017, balances with related companies were as follows:

(in millions of euros)

ASSETS		LIABILITIES	
Investments in related companies	4,104.9	Other financial debt	8.9
Loans and other long-term financial assets	377.2	Trade accounts payable	0.1
Trade accounts receivable	2.3	Hedging derivatives	1.6
Other accounts receivable	284.3		
Hedging derivatives	2.2		
EXPENSES		**INCOME**	
Operating expenses	0.2	Operating income	1.9
Financial expenses	5.8	Financial income	34.1
Non-recurring expenses	0.0	Income tax	79.9

5. Additional information

5.1 Employees

The staff of the company is composed by two corporate officers as at December 31, 2017.

5.2 Information on stock-options and free share plans

Plans issued in 2013

On April 30, and July 25, 2013, Rexel entered into free share plans for its key executives & managers amounting to a maximum of 2,131,539 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date these being restricted for an additional two-year period, the so-called “2+2 Plan”, or four years after the granting date with no subsequent restrictions, the so-called “4+0 Plan”.

Furthermore, on April 30, 2013, Rexel entered into free share plans for its operational managers amounting to a maximum of 521,600 shares. According to these plans, these employees will either be eligible to receive Rexel shares three years after the grant date (May 2, 2016) these being restricted for an additional two-year period (May 2, 2018), the so-called “3+2 Plan”, or five years after the grant date with no subsequent restrictions, the so-called “5+0 Plan”.

The actual delivery of these bonus shares is subject to service, performance and market conditions set forth in the plan as described below:

BENEFICIARIES	MEMBERS OF GROUP EXECUTIVE COMMITTEE AND TOP MANAGERS		OPERATIONAL MANAGERS		TOTAL
Vesting conditions	Two-year service condition from grant date and performance conditions based on: (i) 2013 Adjusted EBITA, (ii) 2012/2014 Adjusted EBITA margin increase, (iii) average free cash flow before interest and tax to EBITDA between 2013 and 2014, (iv) free cash flow before interest and tax 2013, and (v) Two-year service condition from grant date and Rexel share performance compared with a panel of shares from firms of the same activity segment conditions.		Three-year service condition from grant date		
Plan	2+2	4+0	3+2	5+0	
Delivery date	May 4, 2015	May 2, 2017	May 2, 2016	May 2, 2018	
Maximum number of shares granted on April 30, 2013	793,310	1,259,819	99,100	422,500	**2,574,729**
Delivery date	July 27, 2015	July 26, 2017			
Maximum number of shares granted on July 25, 2013	50,694	27,716			**78,410**
Total maximum number of shares granted in 2013	**844,004**	**1,287,535**	**99,100**	**422,500**	**2,653,139**
Forfeited in 2013	(368,148)	(563,165)	(11,100)	(18,200)	**(960,613)**
Forfeited in 2014	(155,619)	(274,550)	-	(31,500)	**(461,669)**
Forfeited in 2015	(119,717)	(177,006)	(7,000)	(45,900)	**(349,623)**
Delivered in 2015	(200,520)	–	–	–	**(200,520)**
2016 adjustment	–	9,404	–	11,174	**20,578**
Forfeited in 2016	–	–	(3,100)	(11,170)	**(14,270)**
Delivered in 2016	–	–	(77,900)		**(77,900)**
Delivered in 2017	–	(282,218)	–	–	**(282,218)**
Total maximum number of shares granted as of December 31, 2017	**-**	**-**	**-**	**326,904**	**326,904**

The share price used as the basis of social contribution of 30% amounts to €13.70.

Plans issued in 2014

On May 22, 2014, Rexel entered into free share plans for key executives & managers amounting to a maximum of 1,641,008 shares. According to these plans, the beneficiaries will either be eligible to receive Rexel shares:

- Two years after the grant date (May 23, 2016), these being restricted for an additional two-year period (until May 23, 2018), the so-called "2+2 Plan";
- Three years after the grant date (May 23, 2017), these being restricted for an additional two-year period (until May 23, 2019), the so-called "3+2 Plan";
- Four years after the grant date (May 23, 2018) with no subsequent restrictions, the so-called "4+0 Plan".

The actual delivery of these bonus shares is subject to service, performance and market conditions set forth in the plan as described below:

Vesting conditions	Two-year service condition from grant date and performance conditions based on: (i) 2013/2015 Adjusted EBITA margin increase, (ii) average free cash flow before interest and tax to EBITDA between 2014 and 2015, (iii) Rexel share market performance compared to peers.		Three-year service condition from grant date and performance conditions based on: (i) 2013/2016 Adjusted EBITA margin increase, (ii) average free cash flow before interest and tax to EBITDA between 2014 and 2016, (iii) Rexel share market performance compared to peers.		TOTAL
Plan	2+2	4+0	3+2	4+0	
Delivery date	May 23, 2016	May 23, 2018	May 23, 2017	May 23, 2018	
Maximum number of shares granted on May 22, 2014	**348,980**	**471,524**	**348,980**	**471,524**	**1,641,008**
Forfeited in 2014	(4,263)	(11,963)	(4,263)	(11,963)	**(32,452)**
Forfeited in 2015	(18,021)	(96,041)	(18,021)	(96,041)	**(228,124)**
2016 adjustment		12,433	11,111	12,433	**35,977**
Forfeited in 2016	(211,093)	(244,423)	(115,421)	(43,162)	**(614,099)**
Delivered in 2016	(115,603)	-	-	-	**(115,603)**
Forfeited in 2017	-	(7,397)	(155,726)	(236,525)	**(399,648)**
Delivered in 2017	-	-	(66,660)	-	**(66,660)**
Maximum number of shares granted on December 31, 2017	**-**	**124,133**	**-**	**96,266**	**220,399**

The share price used as the basis of social contribution of 30% amounts to respectively €13.49, €12.14, €12.78 and €12.11.

Plans issued in 2015

On July 28, 2015, Rexel entered into free share plans for key executives & managers amounting to a maximum of 1,798,393 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares depending on their country of residence:

- Either three years after the grant date (July 29, 2018), these being restricted for an additional two-year period (until July 29, 2020), the so-called “3+2 Plan”;
- Or four years after the grant date (July 29, 2019) with no subsequent restrictions, the so-called “4+0 Plan”.

The actual delivery of these bonus shares is subject to service, performance and market conditions as described below:

Vesting conditions	Three-year service condition from grant date and performance conditions based on: (i) 2014/2017 average EBITA margin variation, (ii) average free cash flow before interest and tax to EBITDA between 2015 to 2017, (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	
Maximum number of shares granted on July 28, 2015	**795,775**	**1,002,618**	**1,798,393**
Forfeited in 2015	(6,325)	(34,275)	**(40,600)**
2016 adjustment	26,760	32,913	**59,673**
Forfeited in 2016	(252,286)	(123,309)	**(375,595)**
Forfeited in 2017	(143,428)	(98,000)	**(241,428)**
Maximum number of shares granted on December 31, 2017	**420,496**	**779,947**	**1,200,443**

The share price used as the basis of social contribution of 30% amounts to respectively €10.17 and €10.71.

Plans issued in 2016

On June 23, 2016, Rexel entered into free share plans for key executives & managers amounting to a maximum of 1,820,625 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares depending on their country of residence:

- Either three years after the grant date (June 24, 2019), these being restricted for an additional two-year period (until June 24, 2021), the so-called "3+2 Plan";
- Or four years after the grant date (June 24, 2020) with no subsequent restrictions, the so-called "4+0 Plan".

The actual delivery of these bonus shares is subject to service, performance and market conditions as described below:

Vesting conditions	Three-year service condition from grant date and performance conditions based on: (i) 2015/2018 average growth of EBITA in value, (ii) 2015/2018 average Organic Sales Growth, (iii) average free cash flow before interest and tax to EBITDA between 2016 to 2018, (iv) Rexel share market performance compared to peers.	Four-year service condition from grant date and performance conditions based on: (i) 2015/2018 average growth of EBITA in value, (ii) 2015/2018 average Organic Sales Growth, (iii) average free cash flow before interest and tax to EBITDA between 2016 to 2018, (iv) Rexel share market performance compared to peers.	**TOTAL**
Plan	3+2	4+0	
Delivery date	June 24, 2019	June 24, 2020	
Maximum number of shares granted on June 23, 2016	**741,500**	**1,079,125**	**1,820,625**
2016 adjustment	25,142	36,695	**61,837**
Forfeited in 2016	(128,500)	(71,653)	**(200,153)**
Forfeited in 2017	(151,908)	(74,552)	**(226,460)**
Maximum number of shares granted on December 31, 2017	**486,234**	**969,615**	**1,455,849**

The share price used as the basis of social contribution of 30% will correspond to the one at delivery date.

Plans issued in 2017

On May 23, 2017, Rexel entered into free share plans for key executives & managers amounting to a maximum of 1,873,975 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares depending on their country of residence:

- Either three years after the grant date (May 24, 2020), these being restricted for an additional two-year period (until May 24, 2022), the so-called “3+2 Plan”;
- Or four years after the grant date (May 24, 2021) with no subsequent restrictions, the so-called “4+0 Plan”.

The actual delivery of these bonus shares is subject to service, performance and market conditions as described below:

Vesting conditions	Three-year service condition from grant date and performance conditions based on: (i) 2016/2019 average growth of EBITA in value, (ii) 2016/2019 average Organic Sales Growth, (iii) average free cash flow before interest and tax to EBITDA between 2017 to 2019, (iv) Rexel share market performance compared to peers.	Four-year service condition from grant date and performance conditions based on: (i) 2016/2019 average growth of EBITA in value, (ii) 2016/2019 average Organic Sales Growth, (iii) average free cash flow before interest and tax to EBITDA between 2017 to 2019, (iv) Rexel share market performance compared to peers.	**TOTAL**
Plan	3+2	4+0	
Delivery date	May 24, 2020	May 24, 2021	
Maximum number of shares granted on May 23, 2017	**643,200**	**1,230,775**	**1,873,975**
Forfeited in 2017	(26,200)	(49,675)	**(75,875)**
Maximum number of shares granted on December 31, 2017	**617,000**	**1,181,100**	**1,798,100**

The share price used as the basis of social contribution of 30% will correspond to the one at delivery date.

5.3 Tax litigations

Following a tax audit, Rexel received in December 2011 a proposed tax reassessment in which the French tax authorities allege that Rexel did not give evidence that the borrowings from Ray Finance LP (subsidiary of Ray Investment SARL, the parent company of Rexel from 2005 to 2007) amounting to €952 million were real transactions; they also allege that Ray Finance LP enjoyed a privileged tax regime and deny by those means the deduction of €91 million interests expense related to years 2005 to 2007. Rexel disputes the whole argumentation. The tax risk related to this tax reassessment amounts to €32 million, would result in a potential reduction of the consolidated tax losses carried forward. The Administrative Court decided in March 2016 that Rexel's position was correct. Tax authorities lodged an appeal against that judgment in July 2016.

5.4 Auditors' fees

The Auditors' fees amount to €1.3 million for 2017 compared with €1.3 million in 2016.

5.5 Subsequent events

At the presentation date of financial statements, there have been no subsequent events after December 31, 2017 tat 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, 2017

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

KPMG Audit
Department of KPMG S.A.
Tour Eqho
2, avenue Gambetta
92066 Paris-La Défense

Statutory auditors' report on the financial statements for the year ended 31 December 2017

To the General Meeting of Shareholders,

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, 2017.

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, 2017 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, 2017 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 attention to the following matter described in Note 2.7 to the financial statements relating to the impact on the financial statements of the change of the accounting method related to the first application of regulation ANC 2015-05 on forward contracts and hedging derivatives. 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 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

Note 2.1 to the financial statements

As at December 31, 2017, investments in related companies is recorded in the balance sheet at a net carrying amount of €4,104.9 million and represent 85% of total assets.

As disclosed in the note 2.1 to the financial statements, a valuation allowance is recorded when the carrying value exceeds the value in use. The value in use is calculated based on projected discounted cash flows, net of the indebtedness of subsidiaries.

Estimates of the value in use require management to exercise judgment particularly regarding the assumptions underlying the cash flows.

We deemed the valuation of investments in related companies to be a key audit matter due to:

- The significant weight of investments in subsidiaries in the total assets,
- The sensitivity to changes in the data and assumptions underlying estimates.

How our audit addressed this risk

We examined the procedures implemented by Rexel S.A. for determining the value in use of investments in related companies.

We performed the following procedures:

- Obtained the projected discounted cash flows for the related subsidiaries, held directly or indirectly;
- Corroborated the reasonableness of the main assumptions (such as sales growth and EBITA margin) in the calculation of discounted cash flows, with economic environments in which the main subsidiaries operate;
- Compared actual performance to past forecasts to assess the reliability of projections for certain subsidiaries;
- Verified that the value resulting from discounted cash flows was adjusted from the indebtedness of the related entity.

Verification of the Management Report and of the Other Documents Provided to Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to Shareholders with respect to the financial position and the financial statements.

Information related 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 and L.225-37-4 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, 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 tender or exchange offer, provided pursuant to Article L.225-37-5 of the French Commercial Code *(Code de commerce)*, we have verified their compliance with their source documents communicated to us. Based on our work, we have no observation to make on this information.

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, 2017, PricewaterhouseCoopers Audit was in the 6th year of total uninterrupted engagement and KPMG Audit in the 2nd 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 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 financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(Code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-la-Défense, April 3, 2018

The statutory auditors

PricewaterhouseCoopers Audit		KPMG Audit *Department of KPMG SA*	
Amélie Wattel	Christian Perrier	Valérie Besson	Jean-Marc Discours

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6 COMBINED SHAREHOLDERS’ MEETING OF MAY 24, 2018

6.1 REPORT OF THE BOARD OF DIRECTORS TO THE COMBINED SHAREHOLDERS' MEETING OF MAY 24, 2018

To the Shareholders,

The combined meeting of the shareholders of Rexel, a French *société anonyme*, having its registered office at 13, boulevard du Fort de Vaux 75017 Paris ("**Rexel**" or the "**Company**") has been convened by the Board of Directors on May 24, 2018, at 10 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, 2017:

- The Group's performance is in line with the announced objectives:
  - The return to organic growth with €13.3 billion of sales, increasing of 3.5% on a constant and same-day basis, including a positive effect on copper of 1.4%;
  - The growth in adjusted EBITA of 6.1%; the adjusted EBITA corresponds to 4.4% of the sales, increasing of 13 bps compared to 2016; and
  - The improvement of indebtedness ratio, which corresponds to 2.8x EBITDA compared to 3.0x at the end of 2016 (Net debt-to-EBITDA as calculated under the Senior Credit Agreement terms).
- Organic sales, in the fourth quarter, are increasing of 5,4% on a constant and same-day basis, reflecting an improvement of sales trend in the three regions. The Group experiences a growth:
  - Of 5.5% in Europe, thanks to accelerating sales in most of the European countries;
  - Of 3.2% in North America, sustained by Canada and the proximity activity in the United States of America;
  - Of 12.7% in Asia Pacific mainly due to China and Australia;
- The recurring net income of the Group for 2017 is increasing of 16.4%.

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, 2017, as drawn up by the Board of Directors.

The annual financial statements show a profit of €14,281,260.91.

The consolidated financial statements show a profit of €104.9 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, 2017, these costs and expenses amounted to €9,996. These costs and expenses represent an amount of income tax of €3,941 (at an income tax rate of 39.43%). These costs and expenses correspond to the share of a depreciation surplus (portion of non-deductible rents of hired vehicles).

We suggest that you approve these resolutions.

2.2 Allocation of income (third resolution)

Subject to the annual and consolidated financial statements as presented by the Board of Directors being approved by the shareholders, the third resolution submits to the approval of the shareholders the following allocation of results for the financial year ended December 31, 2017:

Origin of the amounts to be allocated:

• Results from the 2017 financial year	€14,281,260.91
• Previous carry forward at December 31, 2017	€116,579,922.70
Total	**€130,861,183.61**

Allocation:

• 5% to the statutory reserve	€714,063.05
• Dividend	€126,862,599.36
• Balance, to the carry forward account	€3,284,521.20
Total	**€130,861,183.61**

The "carry forward" account would therefore amount to €3,284,521.20.

The treasury shares held by the Company, at the date of payment of the distribution, will not give right to this dividend and the amount corresponding to such shares held by the Company would remain allocated to the "carry forward" account.

It is suggested to pay in respect of each of the shares making up the share capital and conferring rights to dividends, a dividend of €0.42.

Dividend detachment from the share on the Euronext Paris regulated market would take place on July 4, 2018. The dividend payment would take place on July 6, 2018.

In case of transfer of shares occurring between the date of the Shareholders' Meeting and the date of payment, the rights to dividend will be acquired by the shareholder owning the shares on the day prior to the date of detachment of the dividend.

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:

- Income distributed to shareholders who are individuals fiscally domiciled in France is subject to income tax at a flat rate of 12.8% (flat rate tax) or, on a global option exercised in the income tax return, to the progressive scale of income tax (after 40% deduction) and is subject, in accordance with the provisions of Article 117 quater of the French General Tax Code, to a mandatory withholding tax of 12.8%, which is non-dischargeable, chargeable to the tax due the following year and, in the event of a surplus, refundable;
- Subject to some conditions (related to the amount of the fiscal reference revenue being below some thresholds), shareholders who are individuals fiscally domiciled in France may apply for exemption from the withholding.

The shareholders are also reminded that, social security contributions on dividends paid to individuals fiscally domiciled in France are withheld at source by the paying institution, when the latter is established in France, and paid to the Treasury within the first fifteen days of the month following the month in which the dividends are paid. These social security contributions are due at a rate of 17.2%.

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During the last three financial years, the Company has distributed the following amounts to the shareholders:

	2016	2015	2014
Dividend per share	0.40 euro (1)	0.40 euro	0.75 euro (1)
Number of shares eligible	302,056,728	300,767,957	291,279,888
Total distribution	€120,822,691 (1)	€120,307,183	€218,459,916 (1)

(1) Amounts 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 are the subject of a report of 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, 2017,

Related-party agreements previously authorized with continuing effect during the financial year ended December 31, 2017

The agreements entered into in previous financial years and the performance of which continued during the financial year ended December 31, 2017 are described in paragraph 3.3.1 of the Registration document of the Company for the financial year ended December 31, 2017 and in the special report of the auditors, reproduced in the said Registration document.

We therefore invite you to approve this resolution.

2.4 Approval of the principles and criterion for the determination, the breakdown and the allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Chairman of the Board of Directors and the Chief Executive Officer (fifth and sixth resolutions)

In accordance with Article L.225-37-2 of the French Commercial Code, the principles and criterion for the determination, the breakdown and the allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Chairman of the Board of Directors and the Chief Executive Officer are presented in paragraph 3.2.2 "Compensation policy applicable to Corporate Officers for the 2018 financial year submitted to the approval of the shareholders (Article L.225-37-2 of the French Commercial Code)" of the Registration document of the Company for the financial year ended December 31, 2017.

This paragraph outlines the principles of the compensation policy and the principles and criterion for the determination, the breakdown and the allocation of the different components making up the total compensation attributable by type of functions.

We therefore invite you to approve these principles and determination criterion, breakdown and allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Chairman of the Board of Directors and to the Chief Executive Officer.

2.5 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 2017 financial year to the non-executive and executive corporate officers (seventh to ninth resolutions)

In accordance with Article L.225-100 of the French Commercial Code, as revised by the provisions of the law n°2016-1691 of December 19, 2016, said "Sapin II", the seventh to ninth resolutions submit to the shareholders' approval the fixed, variable and exceptional components making up the total compensation and the benefits of any kind paid or allocated for the financial year ended December 31, 2017 to Ian Meakins, Chairman of the Board of Directors, Patrick Berard, Chief Executive Officer and Catherine Guillouard, Deputy Chief Executive Officer until February 20, 2017.

The relevant items of compensation relate to: (i) the fixed compensation, (ii) the annual variable compensation and, as the case may be, the multiannual variable compensation with the objectives contributing to the setting of this variable compensation, (iii) exceptional compensation and (iv) the benefits in kind.

The above-mentioned elements of compensation are set out in Section 3.2.4 "Fixed, variable and exceptional components making up the total compensation and the benefits of all kind submitted to the approval of the shareholders (Article L.225-100 of the French Commercial Code)" of the Registration document for the financial year ended December 31, 2017 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, 2017

COMPENSATION ITEMS DUE OR ALLOTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED	PRESENTATION
Fixed annual compensation	€500,000	The gross fixed annual compensation in respect of the financial year ended on December 31, 2017 determined by the Board of Directors of February 10, 2017 and renewed by the Board of Directors of May 23, 2017, amounts to €500,000. This fixed compensation, determined for the whole term of office, remains unchanged. This compensation has been determined by the Board of Directors in consideration of the French and European market practice, of the strong expertise and experience of Ian Meakins in relation to professional distribution in particular, of his recognized management capacities and of his international experience. See paragraph 3.2.3.1 of this 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, 2017

COMPENSATION ITEMS DUE OR ALLOTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED	PRESENTATION
Fixed annual compensation	€650,000	The gross fixed annual compensation in respect of the financial year ended on December 31, 2017 determined by the Board of Directors of February 10, 2017, amounts to €650,000. This fixed compensation, determined for the whole term of office, remains unchanged. 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 the market practice. See paragraph 3.2.3.2 of this Registration document.
Variable annual compensation	€973,440	The gross variable annual compensation in respect of the financial year ended on December 31, 2017 determined by the Board of Directors of February 13, 2018, amounts to €973,440. The variable compensation was based for 75% on financial criteria (sales growth in volume, adjusted EBITA in volume, and ATWC) and for 25% on individual criteria. Financial performance stood at 135.6% and individual performance stood at 92.5%. This amount thus corresponds to 124.8% of the target variable compensation (the target variable compensation was determined at 120% of the fixed annual compensation), *i.e.* 150% of the fixed compensation for the relevant period. For details on the calculation of the variable compensation for 2017, please see paragraph 3.2.3.2 of this Registration document. In accordance with the provisions of article No. L.225-100 of the French Commercial Code, the payment of the 2017 variable compensation will be subject to the approval of the shareholders' meeting of May 24, 2018.
Exceptional compensation	Not applicable	Patrick Berard does not benefit from any exceptional compensation.
Valuation of benefits in kind	€6,362	Patrick Berard receives benefits in kind in the amount of €6,362, consisting of a company car. See paragraph 3.2.3.2 of this Registration document.
Valuation of the long-term compensation: allocation of performance shares	€1,275,000	In accordance with authorization granted by Rexel's Shareholders' of May 25, 2016 (resolution No.18), the Board of Directors, at its meeting of May 23, 2017, decided to allot Rexel performance shares. Accordingly, 100,000 shares, fully subject to performance criteria, were allotted to Patrick Berard in 2017. This allotment level corresponds to a full year of exercise of the corporate office of Chief Executive Officer (85,000 performance shares had been allotted in 2016 for a term of office starting as of July 1, 2016). 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%. Such shares represented 0.03% of the share capital and voting rights of Rexel as at December 31, 2017. The specific limitations of allocations for corporate officers have been fulfilled: • the annual value of the performance shares allotted does not exceed 100% of the amount of the annual fixed and variable target compensation for the relevant financial year; and • the number of shares allotted to Patrick Berard has not exceeded 10% of the overall envelope of performance shares allotted to all the beneficiaries. The final vesting of the shares allotted to Patrick Berard is entirely subject to performance conditions, as described in paragraphs 3.2.2, 3.2.3 and 3.7.2.6 of this Registration document.
Severance indemnities	Not applicable	

Patrick Berard (Chief Executive Officer) for the financial year ended December 31, 2017		
COMPENSATION ITEMS DUE OR ALLOTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED	PRESENTATION
Non-compete indemnity	Not applicable	
Supplemental retirement plan	No payment	Considering the career of Patrick Berard (born in 1953) and his seniority (he joined the Rexel Group in 2003), the Board of Directors decided on July 1, 2016 not to suspend the supplemental defined-benefit retirement plan, in which Patrick Berard has been maintained in his capacity as an employee prior to accepting the duties of corporate officer. 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 13, 2018 acknowledged the achievement of the performance criteria for the 2017 financial year (the payment level of the variable compensation for 2017 having reached 124.8%). The activity period and the compensation received in respect of the duties of corporate officer over the considered period shall therefore be taken into consideration for the calculation of the contingent rights (within the limitations provided by the retirement plan described in paragraph 3.2.3.2 "Compensation and other benefits of Chief Executive Officer, Patrick Berard, in respect of the financial year 2017" of the Registration document).

Catherine Guillouard, Deputy Chief Executive Officer until February 20, 2017

Catherine Guillouard (Deputy Chief Executive Officer) for the financial year ended December 31, 2017 (*prorata* basis)		
ITEMS OF COMPENSATION DUE OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Fixed annual compensation	€70,833	The gross fixed annual compensation in respect of the financial year ended December 31, 2017 determined by the Board of Directors of February 10, 2017, remained unchanged (€500,000 on a yearly basis), *i.e.* €70,833 on a *prorata* basis from January 1, 2017 to February 20, 2017). See paragraph 3.2.3.3 of this Registration document.
Variable annual compensation	€69,487	The target variable compensation, determined for the whole term of office, remains unchanged (*i.e.*, 90% of the fixed compensation). The gross variable annual compensation in respect of the financial year ended December 31, 2017 determined by the Board of Directors based on the financial statements on June 30, 2017, is €69,487 (*prorata temporis*) from January 1, 2017 to February 20, 2017. The variable compensation was based for 65% on financial criteria (sales growth in volume, adjusted EBITA in volume and ATWC) and for 35% on individual criteria. Financial performance stood at 119.3% and individual performance stood at 90%. This amount thus corresponds to 109% of the target variable compensation (the target variable compensation was determined at 90 % of the fixed annual compensation), *i.e.* 98% of the fixed compensation. For details on the calculation of the variable compensation for 2017, please see paragraph 3.2.3.3 of this Registration document. The payment of this variable compensation is subject to the approval of the shareholders' meeting of May 24, 2018.
Exceptional compensation	Not applicable	Catherine Guillouard did not benefit from any exceptional compensation.
Medium-term collective savings scheme	€28,905	Catherine Guillouard benefited since 2016 of a medium-term collective savings scheme, which included: • An annual component: a contribution based on the fixed and variable compensation received during the relevant year[1], thus taking into account the yearly performance achieved: – 20% on the portion of compensation ranging between 4 and 20 PASS;[2] – 10% on the portion of compensation ranging between 20 and 40 PASS. In 2017, this contribution amounted, for Catherine Guillouard, to €28,905 (calculation based on reference compensation of €384,371[3], *i.e.*, fixed compensation of €70,833 and variable compensation for 2016 paid in 2017 of €313,538). • An exceptional component in order to take into account the length of service and the restructuring of the compensation policy of the Group's top managers. As such, Deputy Chief Executive Officer Catherine Guillouard was able to benefit from an exceptional contribution of €81,765 per year during 3 years as of 2016, subject to service conditions as at December 31 of each year. No exceptional item has been paid in respect of 2017 (and will not be paid in respect of 2018), since the presence criteria on December 31, 2017 have not been complied with. These contributions are paid by Rexel partly on mid-term investment vehicle (such as life insurance), and partly in cash (in order for the beneficiary to pay for taxes and social contributions due in respect of all of the contribution). See paragraph 3.2.3.3 of this Registration document.
Benefits of any kind	€18,269	Catherine Guillouard received benefits in kind amounting to €1,080, for a company car and €17,189 for executive director's unemployment coverage GSC. See paragraph 3.2.3,3 of this Registration document.

<table>
<tr><th colspan="3">Catherine Guillouard (Deputy Chief Executive Officer) for the financial year ended December 31, 2017 (prorata basis)</th></tr>
<tr><th>ITEMS OF COMPENSATION DUE OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR ENDED</th><th>AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE</th><th>PRESENTATION</th></tr>
<tr><td>Valuation of the long-term compensation: allocation of performance shares</td><td>Not applicable</td><td>Catherine Guillouard has not benefited from any allocation of performance shares in 2017.
The performance shares allotted previously and not vested as at the date of departure of Catherine Guillouard from the group have been lost (2015 and 2016 performance share plans).
See paragraph 3.2.3.3 of this Registration document.</td></tr>
<tr><td>Severance indemnities</td><td>€1,627,076</td><td>The Board of Directors of Rexel, upon its meeting of February 20, 2017, decided to terminate the duties of the Deputy Chief Executive Officer, effective from such date. This decision has followed a difference of views in respect of the implementation of the new strategic orientations of Rexel presented at the Capital Markets Day of February 13, 2017.
The Board of Directors' meeting of February 20, 2017 having acknowledged that the criteria related to the payment of the severance indemnity had been met (forced departure event, linked to a change of control or strategy) and having acknowledged the achievement of the associated performance criteria decided the payment of a gross severance indemnity corresponding to 24 months of the Monthly Reference Compensation (i.e. the last gross fixed annual compensation plus the amount of the variable gross compensation received for the last financial year, excluding any other additional or exceptional compensation, the total being divided by 12).
This severance indemnity thus amounts to a gross amount of €1,627,076. This amount includes any statutory severance indemnity or severance indemnity pursuant to the applicable collective bargaining agreement or non-compete indemnity in respect of the termination of the employment agreement of Catherine Guillouard:
<table>
<tr><th colspan="2">CALCULATION OF THE REFERENCE COMPENSATION FOR THE PURPOSES OF THE SEVERANCE INDEMNITY</th></tr>
<tr><td>Annual fixed compensation</td><td>€500,000</td></tr>
<tr><td>Variable compensation paid in respect of the last financial year (2016)</td><td>€313,538</td></tr>
<tr><td>Annual total</td><td>€813,538</td></tr>
<tr><td>Monthly reference compensation (/12)</td><td>€67,795</td></tr>
<tr><td>24 months of monthly reference compensation</td><td>€1,627,076</td></tr>
</table>
Reminder concerning the conditions of performance in connection with the severance indemnity (excluding the statutory severance indemnity or severance indemnity pursuant to the applicable collective bargaining agreement and non-compete indemnity), determined by the Board of Directors:
• the payment of 60 % of the indemnity depends on the level of EBITA of the Rexel Group (assessed over 2 financial years); and
• the payment of 40 % of the indemnity depends on the level of ATWC (average trading working capital) requirements of the Rexel Group (assessed over 2 financial years).
The criteria for the payment of 100% of the severance indemnity have been met.
This severance indemnity complies with the guidelines of the AFEP-MEDEF Code (see paragraph 3.2.3.3 of this Registration document).</td></tr>
<tr><td>Non-compete indemnity</td><td>Non-compete indemnity included in the severance indemnity</td><td>Non-compete indemnity is included in the severance indemnity.</td></tr>
<tr><td>Supplemental retirement plan</td><td>Not applicable</td><td></td></tr>
</table>

(1) The variable portion taken into consideration is limited in any case to 80% of the fixed annual reference compensation.
(2) Annual Social Security limit *(Plafond Annuel de la Sécurité Sociale)*.
(3) PASS *prorata temporis*.

We suggest that you approve the compensation items due or allocated in respect of the 2017 financial year to Ian Meakins, Chairman of the Board of Directors, Patrick Berard, Chief Executive Officer and Catherine Guillouard, Deputy Chief Executive Officer until February 20, 2017.

2.6 Ratification and renewal of the directors (tenth to thirteenth resolutions)

2.6.1 Ratification of the co-option and renewal of the term of office of Jan Markus Alexanderson (tenth and eleventh resolutions)

The tenth resolution submits to the approval of the shareholders the ratification of the co-option of Jan Markus Alexanderson (hereinafter Marcus Alexanderson) as director of the Company in replacement of Pier-Luigi Sigismondi.

The co-option of Marcus Alexanderson, if it is approved by the Shareholders' Meeting, can only be decided for the remainder of the term of his predecessor, *i.e.*, until the Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2017, to be held in 2018.

Therefore, the eleventh resolution submits to the approval of the shareholders the renewal of the term of office of Marcus Alexanderson 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, 2021, to be held in 2022.

The details of the duties of Marcus Alexanderson are as follows:

MARCUS ALEXANDERSON

(42 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 will be submitted to the approval of 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 €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

Current title:

From May 15, 2017 until the shareholders' meeting deciding on the accounts for the financial year ended December 31, 2017

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

Titles and duties within the Rexel Group:

Current:

In France

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

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad

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

Over the last five financial years:

In France

–

Abroad

–

We suggest that you approve these resolutions.

2.6.2 Renewal of the term of office of Hendrica Verhagen as director (twelfth resolution)

The duties of director of Hendrica Verhagen (hereinafter Herna Verhagen) will come to an end at the closing of the Shareholders' Meeting of May 24, 2018.

Therefore, the twelfth resolution submits to the approval of the shareholders the renewal of the term of office of Herna Verhagen 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, 2021, to be held in 2022.

The details of the duties of Herna Verhagen are as follows:

HERNA VERHAGEN

(51 years old)

PROFESSIONAL ADDRESS:

Postnl - Prinses Beatrixlaan 23
2595 AK – The Hague
The Netherlands

NUMBER OF REXEL SHARES HELD:

1,000

EXPERIENCE AND EXPERTISE

Director, Chairman of the Nomination Committee

Herna Verhagen has served on the Board of Directors of Rexel since May 22, 2014. She was previously a member of the Supervisory Board further to her co-option by the Supervisory Board on November 28, 2013, to replace Akshay Singh. The ratification of Herna Verhagen's co-option as member of the Supervisory Board as well as the renewal of her term of office as member of the Supervisory Board were approved by the Shareholders' Meeting of May 22, 2014. The renewal of the term of office of Herna Verhagen will be submitted to the anticipated approval of the shareholders meeting of May 24, 2018.

Herna Verhagen is a Dutch citizen.

Herna Verhagen has been Chairman 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 N.V.. Herna Verhagen sits on the Supervisory Board of Idorsia (Switzerland). She is a member of the executive committee and of the general council of the Confederation of Netherlands Industry and Employers VNO-NCW. She is also a 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 22, 2014 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2017

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

Titles and duties within the Rexel Group:

Current:

In France

- Director of Rexel
- Chairman 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

- Chairman, Chief Executive Officer and member of the Management Board of PostNL NV (The Netherlands – listed company)
- Non-executive director of Idorsia SA (Switzerland – listed company)
- Member of the supervisory board of Concertgebouw (The Netherlands — unlisted company)
- Member of the executive committee of the general council of the Confederation of Netherlands Industry and Employers VNO NCW

Over the last five financial years:

In France

–

Abroad

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

We suggest that you approve this resolution.

6

2.6.3 Renewal of the term of office of Maria Richter as director (thirteenth resolution)

The duties of director of Maria Richter will come to an end at the closing of the Shareholders' Meeting of May 24, 2018 in accordance with the stipulations of article 14.2 of the articles of association of the Company, which provides that the Board of Directors shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years.

The details of the duties of Maria Richter are as follows:

Therefore, the thirteenth resolution submits to the approval of the shareholders the renewal of the term of office of Maria Richter 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, 2021, to be held in 2022.

MARIA RICHTER

(63 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, 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 will be submitted to the anticipated approval of 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 Chairman of its Finance Committee and a member of its Audit Committee and Appointments Committee. Since 2008, she has been a director of Bessemer Trust, a US wealth management company and is a member of its Remuneration Committee. Since January 1, 2015 she has also served as a Non-Executive Director of Johannesburg based Anglo Gold Ashanti and a member of the company's Audit and Risk Committee and Human Resources & Compensation Committee. Since September 1, 2017, Maria Richter has also served as non-executive director of Barclays International 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 27, 2015 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2018

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

Titles and duties within the Rexel Group:

Current:

In France

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

Abroad

–

Over the last five financial years:

In France

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

Abroad

–

Titles and duties outside the Rexel Group:

Current:

In France

–

Abroad

- Director and member of the Remuneration Committee of Bessemer Trust (United States – unlisted company)
- Non-executive director, member of the Audit and Risk Committee and member of the Human Resource and Compensation Committee of Anglo Gold Ashanti (South Africa – listed company)
- Non-executive director of Barclays International plc (United Kingdom – listed company)

Over the last five financial years:

In France

–

Abroad

- Non-executive director, Chairman of the Finance Committee, member of the Audit Committee and member of the 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 Chairman of the Board of Trustees of Pro Mujer UK (United Kingdom – unlisted organization)

We suggest that you approve this resolution.

2.7 Renewal of the term of PricewaterhouseCoopers Audit as statutory auditor (fourteenth resolution)

The fourteenth resolution submits to the approval of the shareholders the renewal of the term of PricewaterhouseCoopers Audit as statutory auditor of the Company.

The term of PricewaterhouseCoopers Audit, as statutory auditor of the Company comes to an end at the closing of the Shareholders' Meeting of May 24, 2018.

Upon recommendation of the Audit Committee, it is submitted to the shareholders' approval the renewal of the term of PricewaterhouseCoopers Audit as statutory auditor to the extent that PricewaterhouseCoopers Audit is the more able to continue to follow the Company due to its knowledge of the activities and the markets of the Company. Upon recommendations of the Audit Committee, and as authorized by law n°2016-1691 of December 9, 2016 (said "Sapin II"), the renewal of the term of Anik Chaumartin, alternate statutory auditor, whose mandate will expire at the end of the Shareholders' Meeting of May 24, 2018, is not submitted to the shareholders' approval.

The renewal of the term of PricewaterhouseCoopers Audit shall be granted for a period of 6 financial years until the end of the Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2023, to be held in 2024.

We suggest that you approve this resolution.

2.8 Authorization to carry out transactions on the Company's shares (fifteenth resolution)

The ordinary and extraordinary Shareholders' Meeting of May 23, 2017 authorized the Board of Directors to carry out transactions on the Company's shares for a period of 18 months as of the date of said meeting.

This authorization was implemented by the Board of Directors in the conditions described in the Registration document for the year ended December 31, 2017.

Under the liquidity agreement entered into with Exane BNP Paribas, in force until October 31, 2017, during the financial year ended December 31, 2017 Rexel purchased 4,685,582 shares (representing 1.51% of Rexel's share capital) at an average price of €15.07 and for a total cost of €70,596,189. These shares were acquired for market-making purposes under a liquidity contract concluded with Exane BNP Paribas. Furthermore, under the liquidity agreement, Rexel has sold 4,685,582 shares at an average price of €15.09.

In connection with the liquidity agreement entered into with Natixis, effective from November 1, 2017, Rexel has purchased 1,246,496 shares (representing 0.4% of the share capital of Rexel) during the 2017 financial year at an average price of €15.18 and for a total amount of €18,920,358. These shares were acquired for market-making purposes under a liquidity contract concluded with Natixis. Furthermore, in connection with this liquidity agreement, Rexel has sold 1,242,731 shares for an average price of €15.26.

This authorization expires in 2018.

Accordingly, the fifteenth 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 canceling shares (sixteenth 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 (seventeenth to twentieth 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 25, 2016 and May 23, 2017 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 47.5% of the share capital and voting rights of the Company.

In addition, the maximum amount of all the share capital increases with cancellation of the shareholders' preferential subscription right (excluding share capital increases reserved to the employees and allotment of free shares) would be of €140 million, *i.e.*, 28 million shares, representing approximately 9% of the share capital and voting rights of the Company.

Theses delegations and authorizations are still in force. Thus, it is not planned to submit their renewal to the Shareholders' Meeting, with the exception of:

- The two resolutions authorizing the Board of Directors to allocate free shares, the first to the benefit of employees and of the corporate officers of the Company and its subsidiaries and the second in the context of a shareholding plan;
- The resolution granting an authorization to the Board of Directors to issue securities reserved for members of the Company savings plans;
- The resolution granting an authorization to the Board of Directors to issue securities reserved for certain categories of beneficiaries in order to allow the implementation of employee Group shareholding plans.

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 (seventeenth resolution)

In accordance with the provisions of Articles L.225-129 *et seq.* and L.229-197-1 *et seq.* of the French Commercial Code, the seventeenth 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 salaried personnel members 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 the same 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 alloted 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, the shares that would be alloted to the corporate officers of the Company.

It is reminded as well that additional limitations apply to the corporate officers:

- 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
- 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.

	ON DECEMBER 31,		
	2017 ALLOCATION	2016 ALLOCATION	2015 ALLOCATION
Percentage of share capital allocated	0.62%	0.60%	0.60%

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 5,001,695 new shares, representing 1.65% of the share capital and the voting rights of Rexel at December 31, 2017.

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, and region, cluster and country managers.[1]

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).

(1) The concerned population should represent between 10% and 15% of the number of beneficiaries by plan.

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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:

- 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
- 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 the 2013, 2014 "Transition 2+2" and 2014 "Key managers 3+2" plans have allowed the vesting of 35.2%, 36% and 31% of the shares allotted, respectively.

In case of a positive vote of the shareholders meeting, the 2018 plan provides for the following performance conditions:

CRITERIA	WEIGHT	TRIGGER	TARGET	MAXIMUM	COMMENTS
Average growth of EBITA in value 2017-2020 Mid-Term Plan (MTP)	30%	Acquisition equal to 50% if the average reaches 75% of target	100% of shares vest if the target is reached	Acquisition equal to 150% if the average reaches or exceeds 125% of target	Calculation on a linear basis between the points
Average Organic Sales Growth 2017-2020 (MTP)	30%	Acquisition equal to 50% if the average reaches 75% of target	100% of shares vest if the target is reached	Acquisition equal to 150% if the average reaches or exceeds 125% of target	Calculation on a linear basis between the points
Average of 2018, 2019 and 2020 ratio of free cash flow before interest and taxes to EBITDA (MTP)	20%	50% of shares vest if the average performance reaches 90%	100% of shares vest if the target is reached	Acquisition equal to 150% if the average performance reaches at least 120% of target	Calculation on a linear basis between the points
Rexel Stock Price compared to SBF 120 GR index 2018-2021 (1)	20%	50% of shares vest if the Rexel's share performance is equal to the SBF 120 GR performance	100% of shares vest if the Rexel's share performance outperforms the SBF 120 GR performance by 5%	150% of shares vest if the Rexel's share performance outperforms the SBF 120 GR performance by 10%	
	100%	The percentage made is weighted by each performance condition, resulting in a total weighted percentage. The total amount after weighting cannot exceed 100% of the initial allottment.			

The relative performance criterion of the Rexel share compared to the SBF 120 GR index replaces 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 a part of, better integrates some of these criteria. The weighting of this criterion, the triggering threshold, the target and maximum vesting have been determined based on a comparable structure to that of the TSR criterion previously used, in line with market practice.

Any allocation of shares would be subject to the achievement of rigorous performance criteria adapted to the current Rexel environment (except for the maximum envelope of 20% of share capital that may be granted pursuant to this resolution).

(1) 2017 MTP for 2018 allocation.

These performance criteria would be defined in accordance with the Medium Term Plan (MTP)(1) 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 will correspond to the average annual performances (annualization of the MTP objectives). The performance level relating to the Rexel share will 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 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 June 23, 2016 and May 23, 2017 on the basis of the authorization granted by the Shareholders' Meeting of May 25, 2016 are summarized hereafter (for more details, see paragraph 3.7.2.6 "Allocation of free shares" of the Registration document for the financial year ended December 31, 2017):

Number of shares allotted on June 23, 2016	1,820,625
Representing a percentage of the share capital at December 31, 2017 of	0.60%
Of which corporate officers grant:	
Patrick Berard	85,000*
Catherine Guillouard	58,200**
Number of beneficiaries	746

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

** These non-vested shares have been cancelled upon the departure from the Group of Catherine Guillouard, Deputy Chief Executive Officer, further to the end of her corporate office on February 20, 2017.

Number of shares allotted on May 23, 2017	1,873,975
Representing a percentage of the share capital at December 31, 2017 of	0.62
Of which corporate officers grant:	
Patrick Berard	100,000
Number of beneficiaries	663

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.

In order to harmonize the terms of plans for all of the participants in the various geographic areas, the vesting period will be set at 3 years for all beneficiaries, without a lockup period. This more dynamic vesting outside of France (the vesting period was 4 years previously), and in particular on the North American market, will make these retention plans more attractive in a highly competitive environment.

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 (eighteenth resolution)

In accordance with the provisions of Articles L.225-129 *et seq.* and L.229-197-1 *et seq.* of the French Commercial Code, the eighteenth 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 twenty-eighth resolution of the extraordinary Shareholders' Meeting of May 23, 2017, or any other substitute resolution (in particular the nineteenth resolution submitted to the Shareholders' Meeting of May 24, 2018) 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 (nineteenth resolution)

The nineteenth 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 twenty-ninth resolution of the Extraordinary Shareholders' Meeting of May 23, 2017, or any other substitute resolution (in particular the twentieth resolution submitted to the Shareholders' Meeting of May 24, 2018, 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 twenty-second resolution of the Extraordinary Shareholders' Meeting of May 23, 2017.

The subscription price(s) would be determined by the Board of Directors pursuant to Articles L.3332-19 *et seq.* of the French Labor Code. Therefore, as the securities are already listed on a regulated market, the subscription price may not exceed the average of Company's share prices during the twenty trading days preceding the date of the decision setting the opening date of the subscription period. Furthermore, the subscription price may not amount to less than 20% below this average.

Furthermore, pursuant to the provisions of Article L.3332-21 of the French Labor Code, the Board of Directors may decide on the allocation of shares to be issued or existing, or of other securities conferring access to the share capital of the Company, issued or to be issued, in respect of (i) the contribution *(abondement)* that may be paid pursuant to the regulations of the employee savings plan of the

Company or of the Group and/or (ii) if applicable, the discount.

This authorization would be granted for a term of 26 months and would cancel, as of the date of the Shareholders' Meeting, for an amount equal, as the case may be, to the unused portion, of the delegation granted by the shareholder meeting of May 23, 2017 in its twenty-eighth 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 (twentieth resolution)

The twentieth resolution aims at granting an authorization to the Board of Directors to increase the share capital of the Company by the issuance of securities with cancellation of the preferential subscription right, reserved for certain categories of beneficiaries listed in the resolution (employees of non-French companies of the Rexel Group and intermediaries acting on their behalf) in order to allow such employees to benefit from employee shareholding or savings formulae equivalent in terms of economic advantage to those from which other Rexel employees would benefit under the twenty-eighth resolution of the Extraordinary Shareholders' Meeting of May 23, 2017, or any other substitute resolution (in particular the nineteenth resolution submitted to the Shareholders' Meeting of May 24, 2018, 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 twenty-eighth resolution of the Extraordinary Shareholders' Meeting of May 23, 2017, or any other substitute resolution (in particular the nineteenth resolution submitted to the Shareholders' Meeting of May 24, 2018, 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 twenty-second resolution of the Extraordinary Shareholders' Meeting of May 23, 2017.

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 eighteenth months (it being specified that, in the event that the nineteenth resolution submitted to the Shareholders' Meeting of May 24, 2018 would not be approved, this duration would be limited to the one of the twenty-eight resolution of the shareholders meeting of May 23, 2017, *i.e.* July 22, 2019) and would cancel, as of the date of the Shareholders' Meeting, the delegation granted by the shareholders meeting of May 23, 2017 in its twenty-ninth resolution.

We suggest that you approve this resolution.

3.3 Powers for legal formalities (twenty-first resolution)

The twenty-first resolution concerns the powers to be granted in order to carry out formalities subsequent to the Shareholders' Meeting, particularly publication and filing formalities.

We suggest that you approve this resolution.

Schedule 1

Delegations and authorizations

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 24, 2018		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
AUTHORIZATIONS SUBMITTED FOR RENEWAL TO THE SHAREHOLDERS MEETING OF MAY 24, 2018							
EMPLOYEE SHAREHOLDING, ALLOCATION OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS, FREE SHARE ALLOCATIONS							
Allotment of free performance shares	May 25, 2016 (resolution 18)	26 months (July 24, 2018)	1.4% of the share capital as at the date of the decision of the Board of Directors	Allotment of June 23, 2016: 1,820,625 shares *i.e.* €9,103,125 Allotment of May 23, 2017: 1,873,975 shares *i.e.* €9,369,875	17	26 months	1.4% of the share capital as at the date of the decision of the Board of Directors
Allotment of free shares to the members of the personnel and to the corporate officers members of a shareholding plan	May 25, 2016 (resolution 19)	26 months (July 24, 2018)	0.3% of the share capital as at the date of the decision of the Board of Directors	Allotment of November 22, 2016 of 223,971 shares *i.e.* €1,119,855	18	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 23, 2017 (resolution 28)	26 months (July 22, 2019)	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 This maximum to be deducted from the joint maximum amount of 2% for resolutions number 28 and 29	N/A	19	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 maximum of €720M provided for by resolution 22 of the Shareholders' meeting dated May 23, 2017 This maximum to be deducted from the joint maximum amount of 2% for resolutions 19 and 20
Issuance with cancellation of the preferential subscription right reserved for certain categories of beneficiaries in order to allow employee shareholding transactions	May 23, 2017 (resolution 29)	18 months (November 22, 2018)	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 This maximum to be deducted from the joint maximum amount of 2% provided for by resolutions number 28 and 29	N/A	20	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 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

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 24, 2018		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
DECREASE IN THE SHARE CAPITAL BY CANCELLING SHARES							
Decrease in the share capital by cancelling shares	May 23, 2017(resolution 21)	18 months (November 22, 2018)	10% of the share capital on the date of cancellation by 24-month period	N/A	16	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, 2017 (resolution 20)	18 months (November 22, 2018)	10% of share capital as at the completion date Maximum total amount €250,000,000 Maximum repurchase price €30	Utilization under the Exane BNP Paribas liquidity contract for market-making purposes (from May 23, 2017 to October 31, 2017): purchase of 4,685,582 shares at an average price of €15.07 and sales of 4,685,582 shares at an average price of €15.09 Utilization under the Natixis liquidity contract for market-making purposes (from November 1, 2017 to December 31, 2017): purchase of 1,246,496 shares at an average price of €15.18 and sales of 1,242,731 shares at an average price of €15.26	15	18 months	10% of share capital as at the completion date Maximum total amount €250,000,000 Maximum repurchase price €30

AUTHORIZATIONS NOT SUBMITTED FOR RENEWAL TO THE SHAREHOLDERS MEETING OF MAY 24, 2018

INCREASE IN THE SHARE CAPITAL							
Issuance with upholding of preferential subscription rights	May 23, 2017 (resolution 22)	26 months (July 22, 2019)	Equity securities: €720,000,000 (*i.e.*, 144,000,000 shares) Joint maximum amount of resolutions number 22 and 29 Debt securities: €1,000,000,000 Joint maximum amount of resolutions number 22 and 29	N/A	N/A	N/A	N/A

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CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 24, 2018		
TYPE OF DELEGATION	DATE OF THE GM (NO. OF RESOLUTION)	TERM (DATE OF EXPIRY)	MAXIMUM AUTHORIZED AMOUNT	USE	RESOLUTION NO.	TERM	MAXIMUM AMOUNT
Issuance by way of public offering with cancellation of the preferential subscription right	May 23, 2017 (resolution 23)	26 months (July 22, 2019)	Equity securities: €140,000,000 28,000,000 shares Joint maximum amount of resolutions number 23, 24 and 27 This maximum to be deducted from the maximum provided for by resolution 22 Debt securities: €1,000,000,000 This maximum to be deducted from the maximum provided for by resolution 22	N/A	N/A	N/A	N/A
Issuance by way of offering referred to in section II of Article L.411-2 of the French Monetary and Financial Code, with cancellation of the preferential subscription right	May 23, 2017 (resolution 24)	26 months (July 22, 2019)	Equity securities: €140,000,000 (*i.e.*, 28,000,000 shares This maximum to be deducted from the maximum amounts provided for by resolutions number 22 and 23 Debt securities: €1,000,000,000 This maximum to be deducted from the maximum provided for by resolution 22	N/A	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, 2017 (resolution 25)	26 months (July 22, 2019)	15% of initial issuance This maximum to be deducted from the maximum applicable to the initial issuance and from the maximum provided for in resolution 22	N/A	N/A	N/A	N/A

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 24, 2018		
TYPE OF DELEGATION	DATE OF THE GM (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, 2017 (resolution 26)	26 months (July 22, 2019)	10% of share capital at the date of the decision of the Board of Directors determining the issue price per year This maximum to be deducted from the maximum that applies to the initial issuance, as well as from the maximum provided for by resolution 22	N/A	N/A	N/A	N/A
Issuance of up to 10% of the share capital in consideration for contributions in kind	May 23, 2017 (resolution 27)	26 months (July 22, 2019)	10% of the share capital as at the date of the decision of the Board of Directors This maximum to be deducted from the maximum amounts provided for by resolutions number 22 and 23	N/A	N/A	N/A	N/A
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	May 23, 2017 (resolution 30)	26 months (July 22, 2019)	€200,000,000 (*i.e.*, 40,000,000 shares) This maximum not to deducted from any maximum	N/A	N/A	N/A	N/A

6.2 TEXT OF THE DRAFT RESOLUTIONS

I. Resolutions submitted to the Ordinary Shareholders' Meeting

First resolution

(Approval of the annual financial statements for the financial year ended December 31, 2017)

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, 2017,

Approved the annual financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2017, 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 €14,281,260.91.

In accordance with the provisions of Article 223 quater of the French General Tax Code, the Shareholders' Meeting approved the global amount of the costs and expenses referred to under Article 39-4 of the French General Tax Code which stood at €9,996 for the closed financial year, corresponding to an assumed corporation tax amounting to €3,941.

Second resolution

(Approval of the consolidated financial statements for the financial year ended December 31, 2017)

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, 2017,

Approved the consolidated financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2017, 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 €104.9 million.

Third resolution

(Allocation of the profits for the financial year ended December 31, 2017 and payment of the dividend)

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

Having reviewed the report of the Board of Directors,

Decided to allocate the profits for the year ended December 31, 2017, which amounted to €14,281,260.91 as follows:

Origin of the amounts to be allocated:

• Results from the 2017 financial year	€14,281,260.91
• Previous carry forward at December 31, 2017	€116,579,922.70
Total	**€130,861,183.61**

Allocation:

• 5% to the statutory reserve	€714,063.05
• Dividend	€126,862,599.36
• Balance, to the carry forward account	€3,284,521.20
Total	**€130,861,183.61**

The Shareholders' Meeting decided to set the dividend in respect of the financial year ended December 31, 2017 at €0.42 per share giving right to such dividend, and attached to each of the shares conferring rights thereto.

The dividend shall be detached from the share on July 4, 2018, and paid on July 6, 2018.

The aggregate amount of the dividend of €126,862,599.36 was determined on the basis of the number of shares making up the share capital of 303,343,177 as at December 31, 2017 and of the number of shares held by the Company of 1,289,369 shares at the same date.

The aggregate amount of the dividend, and thus the balance of the carry forward account will be adjusted in order to take into account the number of shares held by the Company at the date of payment of the dividend that do not entitle to dividend, and of the new shares, if any, conferring rights to the dividend issued in the event of final vesting of free shares allocated. Prior to the payment of the dividend, the Board of Directors or, upon delegation, the Chief Executive Officer, shall acknowledge the number of shares held by the Company as well as the number of additional shares that will have been issued as a result of the final vesting of shares allocated free of charge; the necessary amounts for the payment of the dividend attached to the shares issued during this period shall be deducted from the carry forward account.

For shareholders who are individuals fiscally domiciled in France, dividends received from January 1, 2018 are subject to income tax at a flat rate or, on a global option exercised in the income tax return, to the progressive scale of income tax. In this case, the dividend is eligible to the 40% deduction pursuant to Article 158-3-2° of the French General Tax Code.

During the last three financial years, the Company has distributed the following amounts to the shareholders:

	2016	2015	2014
Distribution per share	€0.40(1)	€0.40	€0.75(1)
Number of shares eligible	302,056,728	300,767,957	291,279,888
Total distribution	€120,822,691(1)	€120,307,183	€218,459,916(1)

(1) Amounts 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 that no new agreements were entered into during the financial year ended December 31, 2017 and acknowledged the information relating to the agreements entered into and the undertakings made during previous financial years the performance of which continued during the last financial year and that are mentioned in the special report of the Statutory Auditors' on related-party transactions governed by Articles L.225-38 *et seq.* of the French Commercial Code.

Fifth resolution

(Approval of the principles and criterion for the determination, the breakdown and the allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Chairman of the Board of Directors for the financial year 2018)

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

Having reviewed chapter 3 of the Registration document of the Company for the financial year ended December 31, 2017, which constitutes the report on corporate governance, in accordance with articles L.225-37 and L.225-37-2 of the French Commercial Code and in particular paragraph 3.2.2 "Compensation policy applicable to corporate officers for the 2018 financial year submitted to the approval of the shareholders (Article L.225-37-2 of the French Commercial Code)",

Approved the principles and criterion for the determination, the breakdown and the allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Chairman of the Board of Directors by virtue of its mandate for the financial year 2018 as presented in such document.

Sixth resolution

(Approval of the principles and criterion for the determination, the breakdown and the allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Chief Executive Officer for the financial year 2018)

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

Having reviewed chapter 3 of the Registration document of the Company for the financial year ended December 31, 2017, which constitutes the report on corporate governance, in accordance with articles L.225-37 and L.225-37-2 of the French Commercial Code and in particular paragraph 3.2.2 "Compensation policy applicable to corporate officers for the 2018 financial year submitted to the approval of the shareholders (Article L.225-37-2 of the French Commercial Code)",

Approved the principles and criterion for the determination, the breakdown and the allocation of fixed, variable and exceptional components making up the total compensation and the benefits of any kind attributable to the Chief Executive Officer by virtue of its mandate for the financial year 2018 as presented in such document.

Seventh 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 2017 financial year to Ian Meakins, Chairman of the Board of Directors)

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

Having reviewed chapter 3 of the Registration document of the Company for the financial year ended December 31, 2017, which constitutes the report on corporate governance, in accordance with articles L.225-37 and L.225-37-2 of the French Commercial Code and in particular paragraph 3.2.4 "Fixed, variable and exceptional items of the total compensation and benefits of all kinds submitted to the approval of the shareholders (Article L.225-100 of the French Commercial Code)",

Approved the fixed, variable and exceptional components making up the total compensation and the benefits of any kind paid or allocated in respect of the financial year ended December 31, 2017 to Ian Meakins, Chairman of the Board of Directors, as described in the Registration document of the Company for the financial year ended December 31, 2017, paragraph 3.2.4 "Fixed, variable and exceptional components making up the total compensation and the benefits of any kind (Article L.225-100 of the French Commercial Code)".

Eighth resolution

(Approval of the fixed, variable and exceptional components making up the total compensation and the benefits of any kind paid or allocated in respect of the 2017 financial year to Patrick Berard, Chief Executive Officer)

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

Having reviewed chapter 3 of the Registration document of the Company for the financial year ended December 31, 2017, which constitutes the report on corporate governance, in accordance with articles L.225-37 and L.225-37-2 of the French Commercial Code and in particular paragraph 3.2.4 "Fixed, variable and exceptional items of the total compensation and benefits of all kinds submitted to the approval of the shareholders (Article L.225-100 of the French Commercial Code)",

Approved the fixed, variable and exceptional components making up the total compensation and the benefits of any kind paid or allocated in respect of the financial year ended December 31, 2017 to Patrick Berard, Chief Executive Officer, as described in the Registration document of the Company for the financial year ended December 31, 2017, paragraph 3.2.4 "Fixed, variable and exceptional components making up the total compensation and the benefits of any kind (Article L.225-100 of the French Commercial Code)".

Ninth resolution

(Approval of the fixed, variable and exceptional components making up the total compensation and the benefits of any kind paid or allocated in respect of the 2017 financial year to Catherine Guillouard, Deputy Chief Executive Officer until February 20, 2017)

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

Having reviewed chapter 3 of the Registration document of the Company for the financial year ended December 31, 2017, which constitutes the report on corporate governance, in accordance with articles L.225-37 and L.225-37-2 of the French Commercial Code and in particular paragraph 3.2.4 "Fixed, variable and exceptional items of the total compensation and benefits of all kinds submitted to the approval of the shareholders (Article L.225-100 of the French Commercial Code)",

Approved the fixed, variable and exceptional components making up the total compensation and the benefits of any kind paid or allocated in respect of the financial year ended December 31, 2017 to Catherine Guillouard, Deputy Chief Executive Officer until February 20, 2017, as described in the Registration document of the Company for the financial year ended December 31, 2017, paragraph 3.2.4 "Fixed, variable and exceptional components making up the total compensation and the benefits of any kind (Article L.225-100 of the French Commercial Code)".

Tenth resolution

(Approval of the co-option of Jan Markus Alexanderson 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 Jan Markus Alexanderson to the position of director, replacing Pier-Luigi Sigismondi, for the remainder of the term of office of his predecessor, *i.e.*, until the Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2017, to be held in 2018. This co-option was decided by the Board of Directors on May 15, 2017.

Eleventh resolution

(Renewal of the term of office of Jan Markus Alexanderson 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 Jan Markus Alexanderson as director, effective as of the end of this Shareholders' Meeting;
2. Decided to renew the term of office as director of Jan Markus Alexanderson 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, 2021, to be held in 2022.

Jan Markus Alexanderson 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.

Twelfth resolution

(Renewal of the term of office of Hendrica Verhagen 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 Hendrica Verhagen as director, effective as of the end of this Shareholders' Meeting.
2. Decided to renew the term of office as director of Hendrica Verhagen 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, 2021, to be held in 2022.

Hendrica Verhagen 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.

Thirteenth resolution

(Renewal of the term of office of Maria Richter 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 Maria Richter as director, effective as of the end of this Shareholders' Meeting, in accordance with the stipulations of article 14.2 of the article of association of the Company, which provides that the Board of Directors shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years;
2. Decided to renew the term of office as director of Maria Richter 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, 2021, to be held in 2022.

Maria Richter 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 PricewaterhouseCoopers Audit as Statutory Auditor)

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

Having reviewed the report of the Board of Directors,

After having acknowledged that the term of PricewaterhouseCoopers Audit, Statutory Auditor, will expire at the end of this Shareholders Meeting, decided, with effect at the end of this Shareholders Meeting, to renew the term of PricewaterhouseCoopers Audit for a period of 6 financial years until the end of the Shareholders' Meeting which will be called to approve the financial statements for the financial year ending December 31, 2023, to be held in 2024.

The Shareholders Meeting takes also note that PricewaterhouseCoopers Audit has indicated in advance that it would accept the renewal of its term as Statutory Auditors of the Company, if it would be entrusted by it by the Shareholders Meeting and was not subject to any disqualifications provided by law in order to exercise the above mentioned functions.

Fifteenth resolution

(Authorization to be granted to the Board of Directors to carry out transactions on the Company's shares)

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

Having reviewed the report of the Board of Directors,

Decided to authorize the Board of Directors, with the option to delegate such authorization, in accordance with the provisions of Article L.225-209 of the French Commercial Code, of Articles 241-1 to 241-7 of the General Regulations of the French financial markets authority (the "AMF") and of the European regulation relating to market abuse, to purchase or cause to be purchased shares of the Company, in order of highest to lowest priority, with a view to:

- Ensuring liquidity and activity in the market for the shares of the Company through an investment services provider, acting independently under a liquidity agreement in accordance with a market ethics charter acknowledged by the AMF;
- Satisfying the obligations arising out of allocations of stock options, allotments of free shares or any other granting, allotment or sale of shares to the employees or the corporate officers of the Company or of an associated enterprise and carrying out any hedging operation relating to such transactions, in accordance with the conditions set forth by the market authorities and at such times that the Board of Directors or any person acting upon the authority of the Board of Directors implements such actions;
- Ensuring the coverage of the undertakings of the Company under rights with a settlement in cash and relating to the positive evolution of the trading price of the share of the Company granted to the employees or the corporate officers of the Company or of an associated enterprise;

- Retaining shares and delivering shares further to an exchange or as a consideration in the context of external growth transactions, in accordance with applicable regulations;
- Granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to shares of the Company;
- 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 twentieth resolution of the Ordinary Shareholders' Meeting of the Company of May 23, 2017.

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

Sixteenth 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 twenty-first resolution of the Extraordinary Shareholders' Meeting of the Company of May 23, 2017.

Seventeenth 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.

   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 eighteenth resolution of the Extraordinary Shareholders Meeting of the Company of May 25, 2016.

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 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 twenty-eighth resolution of the Extraordinary Shareholders' Meeting of May 23, 2017, or any other substitute resolution (in particular, the nineteenth 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.
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 nineteenth resolution of the Extraordinary Shareholders' Meeting of the Company of May 25, 2016.

Nineteenth resolution

(Authorization to be granted to the Board of Directors to increase the share capital by issuance of ordinary shares or securities that are equity securities giving access to other equity securities of the Company or giving right to the allocation of debt securities, or of securities giving access to equity securities to be issued, with cancellation of the shareholders' preferential subscription right, to the benefit of members of a savings plan)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the Statutory Auditor's special report and deciding in accordance with, on the one hand, the provisions of Articles L.225-129-2, L.225-129-6 and L.225-138-1 of the French Commercial Code and, on the other hand, the provisions of Articles L.3332-1 *et seq.* of the French Labor Code:

1. Authorized the Board of Directors, with the option to subdelegate such authorization to any duly authorized person in accordance with legal and regulatory provisions, to decide to increase the share capital, in one or several occurrences, upon its sole decisions, at the time and in accordance with the terms that it shall determine by the issuance (i) of ordinary shares or (ii) of securities that are equity securities giving access, immediately or in the future, to other equity securities or giving right, immediately or in the future, to the allocation of debt securities or (iii) of securities conferring access to equity securities to be issued by the Company, reserved for members of one or several company savings plan(s) *(plan d'épargne d'entreprise)* or group savings plan(s) (*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 twenty-ninth resolution of the Extraordinary Shareholders Meeting of May 23, 2017 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 of €720 million set by the twenty-second resolution of the Extraordinary Shareholders' Meeting of May 23, 2017 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.

Twentieth resolution

(Delegation of authority to the Board of Directors to decide upon the issuance of ordinary shares or securities that are equity securities giving access to other equity securities or giving right to the allocation of debt securities, or of securities giving access to equity securities to be issued, with cancellation of the shareholders' preferential subscription right for the benefit of certain categories of beneficiaries in order to allow the implementation of employee shareholding transactions)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, deciding in accordance with the provisions of Articles L.225-129-2 *et seq.* and L.225-138 of the French Commercial Code:

1. Delegated to the Board of Directors, with the option to subdelegate such powers to any duly empowered person in accordance with legislative and regulatory provisions, the authority necessary to increase, on one or more occasions, at such time or times and in the amounts that it shall decide, the share capital through the issue of (i) ordinary shares or (ii) securities that are equity securities giving access, immediately or in the future, to other equity securities of the Company or giving right, immediately or in the future, to the allocation of debt securities, or (iii) securities giving access, immediately or in the future, to equity securities to be issued of the Company, such an issue being reserved for persons meeting the criteria in the categories defined in paragraph 3. below;
2. Decided that the maximum nominal amount of the share capital increase(s) that may be carried out pursuant to this delegation shall not exceed 1% of the share capital of the Company considered as at the date of the decision of use of this authorization by the Board of Directors, it being specified that:
   - The maximum nominal amount of the issuance(s) carried out pursuant to this delegation, as well as to the twenty-eighth resolution of the Extraordinary Shareholders' Meeting of May 23, 2017 or any other substitute resolution (in particular, the nineteenth 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 of €720 million set by the twenty-second resolution of the Extraordinary Shareholders' Meeting of May 23, 2017; 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 over-subscription as well as any other terms and conditions of the issuances, within the legislative and regulatory limits in force;
   - To acknowledge the share capital increase up to the amount of the shares subscribed (after any potential reduction in the event of an over-subscription);
   - As applicable, charge the expenses related to the share capital increase to the premiums

from this increase, and deduct from that amount the amounts necessary to bring the legal reserve to one-tenth of the new share capital after the share capital increase;

7. Decided that the authorization granted to the Board of Directors pursuant to this resolution shall be valid for a period of 18 months as from the date of this Shareholders' Meeting;
8. Decided that this 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 twenty-ninth resolution of the Extraordinary Shareholders Meeting of the Company of May 23, 2017.

Twenty-first 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.

7 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND STATUTORY AUDITORS

7.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

7.1.1 Person responsible for the Registration document

Patrick Berard, Chief Executive Officer of Rexel.

7.1.2 Responsibility statement

I hereby certify, having taken all reasonable steps to confirm it, that the information contained in this Registration document reflects, to my knowledge, the reality and that no omissions have been made that are likely to have a bearing thereon.

I certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards, and give a true view of the assets, financial condition and results of operations of the company and of all of the companies included in the scope of consolidation and that the management report contained in this Registration document, according to the correlation tables presented in section 8.3, provides an accurate description of the business trends, results of operations and financial condition of the Company and all of the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties that are faced by the latter.

I have obtained from the statutory auditors a completion letter in which they indicate that they have verified the information concerning the financial condition and financial statements presented in this Registration document and read the entire Registration document.

Patrick Berard
Chief Executive Officer of Rexel
Paris, April 3, 2018

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 Christian Perrier
  63, rue de Villiers
  92208 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit was appointed acting statutory auditor at the shareholders' meeting of Rexel held on May 16, 2012, for a term of six financial years, in replacement of KPMG Audit. Its duties are therefore to expire at the end of the shareholders' meeting convened to resolve on the financial statements for the year ending December 31, 2017. The renewal of its mandate has been suggested by the Board of Directors, upon recommendation of the Audit Committee, to the shareholders meeting to be held on May 24, 2018.

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 Auditors

- 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")*.

- Anik Chaumartin
  63, rue de Villiers
  92208 Neuilly-sur-Seine Cedex

Anik Chaumartin was appointed deputy statutory auditor at the shareholders' meeting of Rexel held on May 16, 2012, for a term of six financial years. Her duties are therefore to expire at the end of the shareholders' meeting convened to vote upon the financial statements for the year ending on December 31, 2017. In accordance with article L.823-1 of the French commercial code, the renewal of her mandate is not suggested to the shareholders meeting to be held on May 24, 2018.

Anik Chaumartin is a member of the regional body of statutory auditors in Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles")*.

7.3 DOCUMENTS ACCESSIBLE TO THE PUBLIC

All of the legal and financial documents relating to Rexel and that are to be made available for the shareholders and the market in accordance with the regulations in force, may be consulted at the registered office of Rexel or on Rexel's web site (www.rexel.com).

8 CORRELATION TABLES


Rexel

8.1 CORRELATION TABLE WITH REGULATION (EC) 809/2004

The following correlation table allows to identify, in this Registration document, the information required by Annex I of the Regulation (EC) 809/2004 of the European Commission dated April 29, 2004.

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20.2.	*Pro forma financial information*	Not applicable	
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20.6.1	Quarterly or half-year financial information	Not applicable	

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23.	INFORMATION FROM THIRD PARTIES, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST	Not applicable	
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8.2 CORRELATION TABLE WITH THE ANNUAL FINANCIAL REPORT

The following correlation table allows to identify, in this Registration document, the information that are comprised in the annual financial report to be published pursuant to the articles L.451-1-2 of the French monetary and financial code and 222-3 of the General rules of the French *Autorité des marchés financiers*.

ANNUAL FINANCIAL REPORT		REGISTRATION DOCUMENT	
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5.	Report of the statutory auditors on the annual financial statements	5.3.2	295 to 298
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The following correlation table allows to identify, in this Registration document, the information that is comprised in the management report.

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The following correlation table allows to identify, in this Registration document, the information on corporate and environmental responsibility.

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	c) Social relationships		
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	SOCIAL AND ENVIRONMENTAL RESPONSIBILITY	REGISTRATION DOCUMENT	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
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United Nations Global Compact

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