

COMPENSATION OF THE CHIEF EXECUTIVE OFFICER, EXECUTIVE CORPORATE OFFICER

Published pursuant to the recommendations of the AFEP-MEDEF French Corporate Governance Code and Article L.225-42-1 of the French Commercial Code

The Rexel's Board of Directors of May, 24, 2018, decided to renew the term of office of Patrick Berard as Chief Executive Officer, with effect from July 1, 2018 until the end of the general meeting, to be held in 2021, that will be called to approve the financial statements for the year ended December 31, 2020.

The Board also set his compensation under the conditions described below.

2018 compensation of the Chief Executive Officer

The Board of Directors set the Chief Executive Officer's 2018 compensation in accordance with the compensation policy approved by Rexel's shareholders' meeting held on May 24, 2018¹.

1. 2018 cash compensation, fixed and variable portions of Patrick Berard, Chief Executive Officer

- The annual fixed compensation of the Chief Executive Officer is maintained at €650,000.
- The target annual variable compensation represents 120% of his fixed compensation if 100% of the financial and individual targets are reached. The 2018 variable compensation is based for 75% on financial criteria and for 25% on individual criteria. The financial targets may reach a maximum result of 150%. The individual targets are capped at 100% of achievement (i.e., a maximum variable portion which may represent up to 165% of the fixed compensation).

The financial targets determined for 2018 remain unchanged: adjusted EBITA in volume (33.33%), ATWC (33.33%) and sales growth in volume (33.33%), and the targets to be achieved are those of the 2018 budget. The payout at target for financial criteria will be 100%. A new mechanism will be implemented in 2018 according to which overachievement on sales growth criteria will only be paid if the adjusted EBITA criteria reaches at least a certain level.

Patrick Berard	2018	Evolution	2017
Fixed portion	650,000	0%	650,000
Variable portion target	780,000	0%	780,000
Total target	1,430,000	0%	1,430,000
Target variable portion/fixed portion	120%		120%

2018 fixed compensation in €	2018 target variable part in percentage of fixed compensation	2018 target variable portion in €	Financial part of the target variable portion	Individual part of the target variable portion	Maximum financial part	Maximum individual part	Maximum 2018 target variable portion in % of target and in €	Maximum 2018 target variable portion in % of fixed compensation and in €
			75%	25%	$(75\% \times 150\%) = 112.5\%$	$(25\% \times 100\%) = 25\%$	137.5%	165%
650,000	120%	780,000	585,000	195,000	877,500	195,000	1,072,500	1,072,500

- The other benefits are renewed (health and welfare insurance, basic and supplementary pension, health checkup, tax/retirement advice, company car).

2. 2018 allocation of performance shares to Patrick Berard, Chief Executive Officer

Within the framework of the allocation of performance shares to employees and managers of the Rexel Group, in accordance with allocation and performance conditions described in the seventeenth resolution approved by the Shareholders' Meeting of May, 24, 2018, the Board of Directors held the same day decided to allocate 100,000 shares to Patrick Berard, Chief Executive Officer.

These performance shares are granted subject to conditions of presence and 100% subject to performance conditions assessed over a period of 3 years.

3. Medium and long-term compensation and severance indemnity of Patrick Berard, Chief Executive Officer

Additional defined-benefit retirement plan

As an employee, Patrick Berard qualified for an additional defined-benefit retirement plan. Considering Patrick Berard's seniority and career, the Board of Directors decided on July 1st, 2016 to maintain Patrick Berard's additional defined-benefit retirement plan during his term of office.

However, in accordance with Article L. 225-42-1 of the Code of Commerce, the conditional benefits which Patrick Berard could acquire in his position as Chief Executive Officer within the framework of this plan will be granted only if the annual performance conditions described below are met.

Thus, it is only in the case where the annual performance conditions are achieved that:

- the period during which Patrick Berard acts as Chief Executive Officer will be taken into account for the calculation of the seniority and that;
- the compensation received in terms of the duties of corporate officer can be taken into consideration for the calculation of the average of the three best years of compensation.

The performance criteria set by the Board of Directors are aligned with those of the annual variable compensation of the Chief Executive Officer (financial and individual parts). The performance conditions will be deemed satisfied if payment of the annual variable compensation reaches a level of at least 60% of the variable target compensation.

This scheme was maintained unchanged by the Board of Directors on May 24, 2018.

This scheme of additional defined-benefit retirement plan (article 39) conforms to all the recommendations of the AFEP-MEDEF French Corporate Governance Code.

This scheme, complying with the characteristics of schemes referred to in Article L. 137-11 of the Social Security Code is governed by the procedure for regulated agreements, and will be submitted to the approval of the next shareholders' meeting.

Severance indemnities

The Chief Executive Officer does not qualify for any severance indemnity in respect of his corporate office. 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 Company, nor any non-compete compensation indemnity in connection with the termination of such duties, taking into account his career and profile.

The employment agreement of Patrick Berard, suspended during the exercise of his duties as Chief Executive Officer of the Company, provides under certain conditions for the payment of such indemnities, within the limits of a global amount of 18 months of monthly reference compensation. 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).

¹ The 2018 compensation policy applicable to the Chief Executive Officer is described in detail in the 2018 registration document (section 3.2.2).