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Compensation of corporate officers

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Upon recommendations of the Nomination and Compensation Committee, on February 10, 2016, the Board of Directors reviewed the various components of the compensation of the corporate officers and made the decisions referred to hereafter.

1. 2015 variable pay

- **Chairman and CEO, Rudy Provoost**

The variable compensation of the Chairman and CEO subject to 2015 objectives could reach 110% of the fixed annual compensation (€875,500) if 100% of the financial and individual objectives set were achieved.

This 2015 variable pay was divided into 75% of financial objectives and 25% of individual objectives. The financial objectives set for 2015 were the adjusted EBITA in volume (45%), the operating average trade working capital (35%) and the sales growth in volume (20%), and the targets to be achieved were those of the 2015 budget.

The Board, having assessed the performance of the Chairman and CEO, decided on an overall performance of 36.20%, i.e. an amount of €348,624 to be paid for the fiscal year 2015.

Detailed results are as follows:

2015 variable pay target as a percentage of the fixed compensation	2015 variable pay target in euros	Financial part of the variable pay target	Individual part of the variable pay target	2015 results - financial part	2015 results - individual part	Overall achievement as a percentage of the variable pay target	Amount in euros to be paid with respect to the 2015 variable pay
110%	963,050	75%	25%	21.60%	80%	36.20%	348,624

Financial results	Weight	Achievement (after weighting)
Adjusted EBITA in volume	45%	0%
Operating average trade working capital	35%	21.6%
Sales growth in volume	20%	0%

The specific system that the Board of Directors decided on in February 2015 (multiplying coefficient applicable under certain conditions¹) was not triggered.

¹ As described in the 2014 Registration Document, pages 224, 225 and 226.

- **Deputy CEO, Catherine Guillouard**

The variable compensation of the Deputy CEO subject to 2015 objectives could reach 80% of the fixed annual compensation (€475,000) if 100% of the financial and individual objectives set were achieved.

This 2015 variable pay was divided into 65% of financial objectives and 35% of individual objectives. The financial objectives set for 2015 were the adjusted EBITA in volume (45%), the operating average trade working capital (35%) and the sales growth in volume (20%), and the targets to be achieved were those of the 2015 budget.

The Board, having assessed the performance of the Deputy CEO, decided on an overall performance of 49.04%, i.e. an amount of €186,352 to be paid for the fiscal year 2015.

Detailed results are as follows:

2015 variable pay target as a percentage of the fixed compensation	2015 variable pay target in euros	Financial part of the variable pay target	Individual part of the variable pay target	2015 results - financial part	2015 results - individual part	Overall achievement as a percentage of the variable pay target	Amount in euros to be paid with respect to the 2015 variable pay
80%	380,000	65%	35%	21.60%	100%	49.04%	186,352

Financial results	Weight	Achievement (after weighting)
Adjusted EBITA in volume	45%	0%
Operating average trade working capital	35%	21.6%
Sales growth in volume	20%	0%

The specific system that the Board of Directors decided on in February 2015 (multiplying coefficient applicable under certain conditions)² was not triggered.

2. 2016 compensation

➤ **Cash compensation**

Upon recommendation of the Nomination and Compensation Committee, the Board of Directors has wished to maintain the policy adopted for determining the compensation for its Chairman and CEO and its Deputy CEO, up until the end of their term offices. This policy enables the compensation of the corporate officers to be reviewed at regular intervals and especially to ensure that it is consistent with market practices. It also enables the compensation to be gradually aligned with the reference market.

In view of these elements, the Board of Directors made the following decisions:

- **Chairman and CEO, Rudy Provoost**

No change in the cash compensation of the Chairman and CEO in 2016:

- An annual gross fixed compensation of €875,500 (unchanged since 2014)³;

² As described in the 2014 Registration Document, pages 224, 225 and 226.

³ The last time the fixed annual compensation of Rudy Provoost changed was in 2014.

- An annual variable pay subject to objectives maintained at 110% of the annual gross fixed compensation if 100% of the financial and individual objectives are achieved. This 2016 variable pay is divided into 75% of financial objectives and 25% of individual objectives. The financial objectives set for 2016 are the adjusted EBITA in volume (45%), the operating average trade working capital (35%) and the sales growth in volume (20%), and the targets to be achieved are those of the 2016 budget;
- The financial objectives may reach a maximum result of 150%. Individual objectives achievement is capped at 100%.

2016 variable pay target as a percentage of the fixed compensation	Financial part of the variable pay target	Individual part of the variable pay target	Maximum achievement of financial part	Maximum achievement of individual part	Maximum achievement of the 2016 variable pay target	Maximum percentage of the variable pay compared to the 2016 fixed compensation
110%	75%	25%	112.5%	25%	137.5%	151.25%

▪ Deputy CEO, Catherine Guillouard

The annual compensation target for the Deputy CEO was reviewed to gradually align it with the reference market and to reinforce the annual variable pay subject to performance conditions.

- An annual gross fixed compensation increased to €500,000 (€475,000 in 2015, i.e. +5.26%⁴).
- An annual variable pay on objectives at 90% (80% in 2015) of the annual gross fixed compensation if 100% of the financial and individual objectives are achieved. This 2016 variable pay is divided into 65% of financial objectives and 35% of individual objectives. The financial objectives set for 2016 are the adjusted EBITA in volume (45%), the operating average trade working capital (35%) and the sales growth in volume (20%), and the targets to be achieved are those of the 2016 budget;
- The financial objectives may reach a maximum result of 150%. Individual objectives achievement is capped at 100%.

2016 variable pay target as a percentage of the fixed compensation	Financial part of the variable pay target	Individual part of the variable pay target	Maximum achievement of financial part	Maximum achievement of individual part	Maximum achievement of the 2016 variable pay target	Maximum percentage of the variable pay compared to the 2016 fixed compensation
90%	65%	35%	97.5%	35%	132.5%	119.25%

➤ Other remuneration components

▪ Chairman and CEO, Rudy Provoost

- The Board of Directors has decided to cease paying intragroup attendance fees as from 2016. Hence, the Chairman and CEO will not receive any attendance fee for his corporate offices at the British and American subsidiaries with respect to 2016.
- Renewal of the housing allowance of €60,000 gross.
- The other benefits are renewed (health/death & disability insurance, basic and supplementary pension schemes, health check, tax assistance, company car, GSC unemployment insurance).

⁴ The last time the fixed compensation of Catherine Guillouard changed was in 2014 following the change in the Company's structure and the changeover to a single governance structure with Board of Directors. Her variable pay target increased from 70% to 80% of her annual fixed compensation in 2015.

▪ **Deputy CEO, Catherine Guillouard**

- The benefits are renewed (health/death & disability insurance, basic and supplementary pension schemes, health check, tax assistance, company car, GSC unemployment insurance).

3. Deferred compensation

➤ **Medium and long-term benefits**

- The Board of Directors has decided to close the defined benefit pension scheme ("article 39"), for which the Deputy CEO, Catherine Guillouard in particular was eligible (and for which only some non-corporate officers, close to retirement age, will continue to be eligible).

The Board of Directors considered that this scheme was no longer appropriate to the new profiles of the Group's executives (more international profiles and joining the Group in mid-career). Furthermore, the legislation relating to these schemes has continually changed in recent years, making the system unstable and increasing the costs for companies.

- A medium-term group savings scheme will be set up, more appropriate and competitive having regard to the international profiles of the Group's executives. This scheme will also concern the Group's corporate officers (Chairman and CEO and Deputy CEO).

The scheme will consist of:

- an annual component: a contribution calculated on the fixed and variable compensation paid during the year under consideration⁵, thus considering the annual performance achieved:
 - 20% on the portion of the compensation between 4 and 20 times the French social security ceiling⁶;
 - 10% on the portion of the compensation between 20 and 40 times the French social security ceiling⁶.

This contribution will be calculated for the first time on the compensation paid in 2016.

- an exceptional component to take into account the restructuring of the remuneration components of the Group's executives concerned. On this basis, the Deputy CEO, Catherine Guillouard, may receive an exceptional contribution of €81,765 per year for 3 years, subject to service condition. This exceptional contribution was calculated according to the same rules as those described for the annual component of the scheme, based on the compensation paid to Catherine Guillouard since taking up her position. This exceptional component will not be paid to the Chairman and CEO.

All these components will be liable for social security contributions and income tax.

The company will credit these contributions to a medium-term investment plan⁷, with a commitment by the corporate officers to retain the sums for at least 8 years.

A portion of the contribution will be paid directly to the beneficiaries in cash to enable them to pay the tax and social liabilities related to this scheme.

⁵ In any case, the variable pay taken into consideration will be limited to 80% of the annual fixed compensation.

⁶ Annual Social Security Ceiling.

⁷ A type of life-insurance.

➤ **Severance payment**

In addition to its decision on February 11, 2015, to limit the conditions for entitlement to the severance payment allocated to the corporate officers (limited to cases of imposed departures, linked to change in control or strategy), the Board has modified the conditions linked to the calculation and payment of severance indemnities to the Chairman and CEO and the Deputy CEO to align them with market practices. The Board of Directors has wished to harmonize the rules applicable to the Chairman and CEO and Deputy CEO. The severance payment may not exceed 24 months of reference compensation (fixed and variable compensation paid).

Performance conditions remain unchanged, but without the possibility anymore for the Board of Directors to review them during the reference fiscal years (in the case where the economic or financial position of Rexel or the market deteriorates), which was provided for⁸.

⁸ Details of these severance payments will be set out in the 2015 Registration Document.