PRESS RELEASE

Paris, February 27, 2017

REXEL IS RELEASING ON ITS WEBSITE CERTAIN INFORMATION ABOUT ITS BUSINESS, RISK FACTORS, SHARE CAPITAL AND OWNERSHIP, AND MANAGEMENT AHEAD OF THE FILING OF ITS 2016 REGISTRATION DOCUMENT

Ahead of the publication of its Document de reference for 2016 (the 2016 Registration Document) which is contemplated to take place by the end of March 2017, Rexel is releasing on its website certain information about its business, risk factors, share capital and ownership, and management. This information is annexed to this press release.

The financial report for 2016 was released on 13 February 2017 and is available on the Group's website (www.rexel.com) in the "Regulated Information" section.

ABOUT REXEL GROUP

Rexel, a leader in the professional distribution of products and services for the energy world, addresses three main markets - residential, commercial and industrial. The Group supports its customers to be at their best in running their business, by providing a broad range of sustainable and innovative products, services and solutions in the field of technical supply, automation and energy management. Rexel operates through a network of some 2,000 branches in 32 countries, with more than 27,000 employees. The Group's sales were €13.2 billion in 2016.
Rexel is listed on the Eurolist market of Euronext Paris (compartment A, ticker RXL, ISIN code FR0010451203). It is included in the following indices: SBF 120, CAC Mid 100, CAC AllTrade, CAC AllShares, FTSE EuroMid, STOXX600. Rexel is also part of the following SRI indices : FTSE4Good, STOXX® (STOXX® Global ESG Impact, STOXX® Low Carbon indices Global, Europe et EURO), Ethibel Sustainability Index Excellence Europe and Dow Jones Sustainability Index Europe, in recognition of its performance in corporate social responsibility (CSR). For more information, visit Rexel's web site at www.rexel.com

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DISCLAIMER

This document does not constitute or form part of, and should not be construed as, an offer or invitation to sell securities of Rexel or its consolidated subsidiaries (the "Group"), or the solicitation of an offer to subscribe for or purchase securities of the Group, and nothing contained herein shall form the basis of or be relied on in connection with any contract or commitment whatsoever.

CERTAIN DEFINITIONS

In this document:

- "Rexel Group", "Group", "us" or "we" refers to Rexel and its subsidiaries;
- "2016 Activity Report" means the financial information for the year ended December 31, 2016 including the activity report with the audited consolidated financial statements for the year ended December 31, 2016 and the related statutory auditors' report;
- "5.250% Notes" means Rexel's 5.250% Notes due 2020 issued on April 3, 2013 in the original aggregate principal amount of US$500,000,000, of which US$330,000,000 remain outstanding;
- "3.250% Notes" means Rexel's 3.250% Notes due 2022 issued on May 27, 2015 in the original aggregate principal amount of € 500,000,000;
- "3.500% Notes" means Rexel's 3.500% Notes due 2023 issued on May 18, 2016 in the original aggregate principal amount of € 650,000,000;
- "Senior Facility Agreement" means the €1.1 billion (currently €982 million) revolving credit facility agreement, dated March 15, 2013 (as amended on November 13, 2014), among Rexel, as borrower, and, *inter alios*, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, succursale en France, Natixis, and Société Générale Corporate & Investment Banking as Mandated Lead Arrangers and Bookrunners, and Crédit Agricole Corporate and Investment Bank as Facility Agent and Swingline Agent. The facility under the Senior Facility Agreement is referred to herein as the "Senior Credit Facility".

RISK FACTORS

The realization of one or more of these risks could individually or together with other circumstances adversely affect the business activities and have material adverse effects on the financial condition and results of operations of Rexel or the Group. The risks described below may not be the only risks to which Rexel or the Group is exposed. Additional risks that are presently not known to Rexel or that are currently considered immaterial could also adversely affect the business operations of the Group and have material adverse effects on the financial condition and results of operations of Rexel or the Group. The sequence in which the risks factors are presented below is not necessarily indicative of their likelihood of occurrence, the scope of their financial consequences or the importance of the risk factors mentioned below.

Risks relating to the Rexel Group's business

Risks relating to the general economic environment

The Rexel Group's end markets are the industrial market, the commercial building market and the residential building market. These markets can be further subdivided into (i) investment and construction and (ii) maintenance and renovation. 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 areas in which the Rexel Group operates. Europe, North America and Asia-Pacific accounted for 54%, 36% and 10% of the Rexel Group's 2016 sales respectively. In addition, the Rexel Group estimates that the industrial, commercial and residential markets, respectively, represented 32%, 46% and 22% of its 2016 sales from the distribution of electrical equipment. However, this distribution varies by region and by country (please refer to section "Business" in this document). For example, the industrial market accounts for 38% of 2016 sales of the Rexel Group in North America while it is close to 87% of 2016 sales of the Rexel Group in China, and approximately 25% 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.

<u>Management of risk</u>

It remains difficult to foresee the real impact of Brexit on the Rexel Group given the context of high uncertainty with regards 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 impact. 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.

Risks relating to acquisitions and disposals

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.

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. The purpose is 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, 2016, the amount of goodwill recognized in the Rexel Group's assets totaled € 4,300.2 million and the impairments recognized in the consolidated income statement for 2016 totaled €46.8 million (see note 12.1 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2016 included in the 2016 Activity Report).

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 of 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 (*i.e.*, with an enterprise value in excess of €50 million) is submitted for approval to the Rexel Board of Directors upon recommendation of the Strategic Investment Committee until December 31, 2016. From January 1, 2017 on, any material acquisition or disposal will be 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.

Risks relating to competition

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 the international level, the Rexel Group competes with several large professional electrical distributors, such as Consolidated Electrical Distributors, Grainger, Graybar Electric Company, Solar, Sonepar, WESCO International and Würth.

The Rexel Group also competes with independent distributors that operate on the international, national, regional or local level which are part of, or may occasionally create, cooperative purchasing organizations (such as Imelco and 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;
- large do-it-yourself stores that distribute products directly to residential end-users;
- 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;
- specialists in e-commerce, distributing electrical material to professionals or end-users; and
- service providers specialized in building maintenance or energy efficiency.

Regional competitors and new market entrants could attempt to hire the 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 multi-channel business model. By developing multichannel relationships with customers, Rexel is seeking to increase customers' loyalty and new multichannel features are constantly released in the webshop to better respond to customers' needs.

Moreover, customers have access to a larger product offering when dealing directly with a professional distributor rather than a manufacturer. Customers also benefit from a higher quality of service and advice than that proposed by large do-it-yourself stores or e-commerce sites. An e-commerce platform is set up and gradually deployed in different countries in order to support the multi-channel model of Rexel Group, supported by a digitization strategy. By developing relationships through multiple channels with its customers, the Rexel Group seeks to increase their loyalty. New features are also regularly made available on the webshop to better meet their expectations.

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 branches network and subsidiaries.

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.

Risks relating to information technology systems

Globally, businesses continue to face an increasing rate of business disruption due to malicious actors.

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

Management of risk

Rexel is continually adapting its strategy in 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 define a periodic validation of disaster recovery plans and incident response procedures are in place. In addition, regular audits verify compliance with rules related to change management, planning and execution of complex projects as well as access control.

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.

However, due to the rapid evolution of systems and software, 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 a critical service provider 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.

Risks relating to the Rexel Group's logistical structure

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.

Moreover, performance and safety indicators on logistical platform security data are shared within countries and within the Rexel Group. Regular monitoring of this information serves to alert Rexel to problems and implement necessary corrective action.

Risks relating to supplier dependence

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 2016, the Rexel Group's purchases from its 25 leading suppliers accounted for almost 50% of its total purchases. 80% of its total purchases were from its 327 leading suppliers.

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 re-negotiations periodically.

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

While constantly seeking for innovation, Rexel Group companies regularly identify new suppliers for the key products categories that they offer. In addition, the relative importance of the Rexel Group to its main suppliers limits the risks relating to the termination of contracts or a material change in the product offers.

Risks relating to the Rexel Group's reputation

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 its Internet tools, raise employees' awareness through informational and educational campaigns, and promote ethical practices by distributing its Ethics Guide to all of its employees across its businesses. It also imposes stringent communication rules, which include a charter for the use of social medias, a best practices guide, and regularly-updated crisis management process.

Risks relating to operations in emerging or non-mature countries

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 risk

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.

Risks relating to human resources

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

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

Management of risk

Various in-house programs have been launched to boost the performance-oriented corporate culture (corporate university, 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. 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.

Legal and regulatory risks

Risks relating to pending litigation

Risks related to pending litigation are described in detail in note 29 of the Notes to the consolidated financial statements of Rexel for the year ended December 31, 2016 included in the 2016 Activity Report.

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 provision, other than those already booked.

Considering the status of pending tax claims and ongoing tax proceedings, 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 12 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 the 2016 Activity Report. Such claims may have an adverse effect on its financial condition or results of operations.

Risks relating to legal and tax regulations

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, 2016, the Rexel Group's deferred tax assets linked to tax loss carry-forwards totaled €264.6 million, depreciated in an amount of €119.7 million (for more information regarding deferred tax see note 10.2 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2016 included in the 2016 Activity Report).

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.

Risks relating to non-compliance

As any other company, Rexel 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 involuntarily, which may impact its reputation or financial situation.

Management of risk

Rexel implements policies and procedures to ensure compliance with local and international laws, such as, but not limited to, anti-corruption, export control, anti-money-laundering, data protection, or competition law.

In 2016, Rexel 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, anti-corruption (new French regulation Sapin II), and data protection (European General Data Protection Regulation), Rexel ensures that its compliance program is updated as needed and adequate actions are taken, including communication to raise the awareness of concerned employees.

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

Risks relating to regulatory matters, including environmental regulations

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 Rexel Group must also endeavor to comply with local environmental regulations.

Risks relating to pension plans

Risks relating to pension plans and the corresponding risk management tool are described in note 22 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2016 included in the 2016 Activity Report.

Risks relating to the Rexel Group's financing

Risks relating to indebtedness

As at December 31, 2016, the Rexel Group's gross indebtedness amounted to €2,805.1 million and its net indebtedness amounted to € 2,172.6 million.

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 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 5.250% Notes, the 3.250% Notes, the 3.500% Notes and the securitization programs, as described in note 23.1 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report), 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 below in paragraph "Risks relating to bank and bond financing (excluding securitizations)" and below in paragraph "Risks relating to securitization programs" of this document. In addition, this debt exposes the Rexel Group to interest rate risk, which is described below in paragraph "Risk relating to interest rate" in this document.

Risks relating to bank and bond financing (excluding securitizations)

Certain bank loans and bond financings, including the Senior Credit Agreement and 5.250% Notes, the 3.250% Notes and the 3.500% Notes (as described in note 23.1 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report), 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 and the 5.250% Notes, the 3.250% Notes and the 3.500% Notes 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 changes 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 23.1 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report. As of December 31, 2016, the Rexel Group was in compliance 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 and the 5.250% Notes, the 3.250% Notes and the 3.500% Notes, 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.

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 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.

Risks relating to securitization programs

Certain Rexel Group companies are engaged in securitization programs. Such programs are subject to customary terms and impose certain obligations with respect to service levels and collection of assigned accounts receivable (within the terms described in note 23.1.3 to the Rexel Group's consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report).

As at December 31, 2016, 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 23.1.3 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report.

Market risks

Risks relating to changes in prices of certain raw materials

Copper

In connection with the distribution of cable products, which accounted for approximately 14% of its sales in 2016, the Rexel Group is exposed to fluctuations in cable prices. As copper accounted for 60% of the composition of cables in

2016, 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' 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 in 2016).

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 2016, the Rexel Group estimates that variations in cable prices contributed to the reduction, on a recurring basis, of its sales by approximately 0.9% on a constant basis and same number of days (as defined in section 1.1.4 "Activity Report" of the 2016 Activity Report). Furthermore, the change in cable prices in 2016 resulted in a negative non-recurring impact on EBITA estimated at €10.1 million.

By comparison, in 2015, the Rexel Group estimated that variations in cable prices had contributed to a reduction, on a recurring basis, of its sales by approximately 0.5% on a constant basis and same number of days (as defined in section 1.1.4 "Activity Report" of the 2016 Activity Report). Furthermore, the change in cable prices in 2015 resulted in a negative non-recurring impact on EBITA estimated at €20.6 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

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).

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

As such, Rexel follows the evolution of commodity prices at Group level. Oil also impacts transportation costs for products distributed by the Rexel Group. In 2016, transportation costs accounted for 2.7% of the Rexel Group's sales. 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.

Risk relating to interest rate

The interest rate risk and the system in place to manage this risk are detailed in note 24.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report.

The applicable margin to the Senior Credit Agreement (as described in note 23.1.1 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report) is determined based on 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 Credit Agreement), in accordance with the mechanism described in note 23.1.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report. Thus, depending on the leverage ratio, the margin applicable to the Senior Credit Agreement may vary between 0.85% and 2.50% (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, 2016, it amounts to 1.50%.

Risk relating to exchange rate

The exchange rate risk and the system in place to manage this risk are detailed in note 24.2 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report.

Risk relating to liquidity

The liquidity risk and the system in place to manage this risk are detailed in note 24.3 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report.

A description of the Rexel Group's indebtedness is provided in paragraph 2.2 "Sources of financing" of the 2016 Activity Report.

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.

Risk relating to counterparty

The counterparty risk and the system in place to manage this risk are detailed in note 24.4 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report.

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 document, any interests in listed companies.

As at December 31, 2016, Rexel held 1,349,227 of its own shares.

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 above in "Risks relating to pension plans".

BUSINESS

Overview

Our corporate name is “Rexel”.

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

We were incorporated on December 16, 2004 as a *société par actions simplifiée*, for a term of 99 years, expiring, except in the event of extension or early dissolution, on December 16, 2103. We were 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. We were converted into a French *société anonyme* with a Board of Directors by a decision of the Combined General Shareholders’ Meeting on May 22, 2014.

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

History

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 holds any share in Rexel.

We initially developed our wholesale distribution operations for low and ultra-low voltage electrical products in France. We next undertook our international development by making acquisitions.

After implementation of restructuring and reorganizational measures between 2002 and 2003, we concentrated, in 2004, on accelerating our organic growth, in particular with the objective of developing our range of services, and to multiply local marketing initiatives. We also continued to optimize our 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. We acquired companies of regional, national, or international scale, enabling us to reinforce our position in targeted zones, as well as companies in countries with strong growth potential. Since 2010, we have completed 40 consolidating acquisitions, including three in 2016.

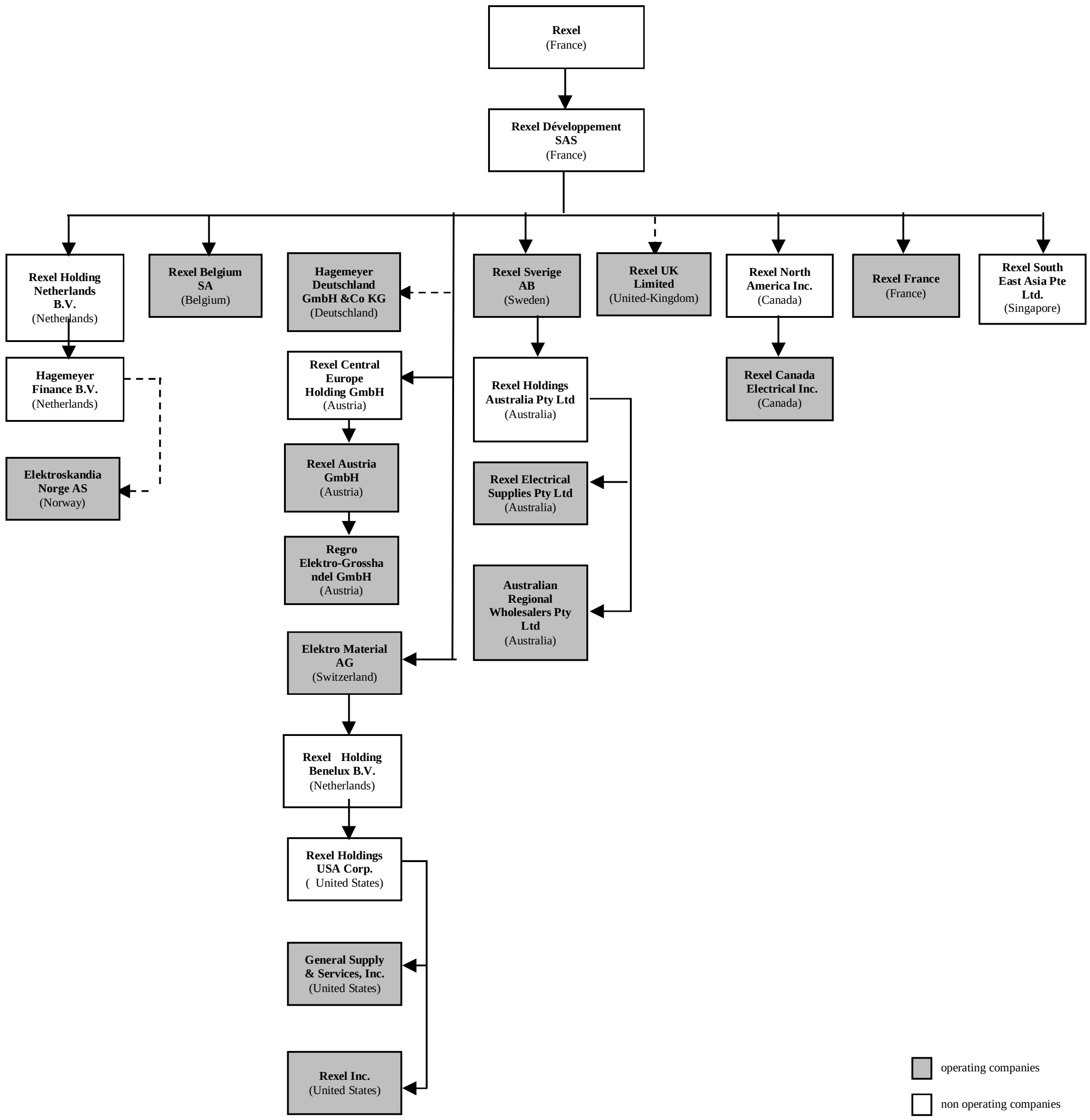
In the context of the reorganization of the business portfolio started in early 2015, we sold in September 2015 six of our companies previously acquired in Latin America, and sold in the second quarter of 2016 our activities in Poland, Slovakia and the Baltics.

Corporate structure

<u>Structure chart</u>

The organizational chart below is a simplified organizational chart of our Group as of December 31, 2016. As at December 31, 2016, our Group comprised 133 subsidiaries. The list of all of the companies consolidated as of

December 31, 2016, and their geographical location is detailed in note 31 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report.



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

Principal subsidiaries as of December 31, 2016

Our 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.

Rexel Développement SAS 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 SAS 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 SAS 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 SAS, such subsidiaries do not hold any strategic economic assets.

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

Europe

Regro Elektro-Grosshandel GmbH is a company governed by the laws of Austria with a share capital of €1,400,000. Its registered office is at 10, Richard Strauss Strasse, Vienna, Austria. It is registered with the registry of commerce and companies of Vienna under number FN 196359s. Its main activity is the distribution of electrical products. It is indirectly 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, 806837, 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 SAS.

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 SAS.

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 SAS.

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 Alfasetveien 11, N-0668, Oslo, 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 SAS.

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 SAS.

Rexel UK Limited is a limited company governed by the laws of the United Kingdom with a share capital of 319,879,885 pounds sterling. Its registered office is at 5th Floor, Maple House — Mutton Lane, Potters Bar — EN6 5 BS

Hertfordshire, 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 SAS.

North America

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 acquisition and management of equity investments in other companies and the provision of services. It. is fully held by Rexel Holding Benelux B.V.

Rexel, Inc. is a *corporation* governed by the laws of Delaware with a share capital of US $10,000, registered under number 75-2304244. Its registered office is at 14951 Dallas Pkwy — Dallas, TX 75254, USA. Its main activity is the distribution of electrical products. It. is wholly owned by Rexel Holdings USA Corp.

General Supply & Services, Inc. is a *corporation* governed by the laws of the Connecticut with a share capital of US $1,000, registered under number 20-5021902. Its registered office is at 14951 Dallas Pkwy — Dallas, TX 75254, United States. Its main activity is the distribution of electrical equipment, the provision of services and ownership of equity investments in companies in the electrical product distribution business. It is wholly owned by Rexel Holdings USA Corp.

Rexel North America Inc. is a *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 SAS.

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.

Rexel South East Asia Pte. Ltd. is a Singapore corporation with a share capital of SGD 108,780,000 governed by the laws of Singapore, registered under number 201112534M. Its registered office is at No. 1 Boon Leat Terrace #08-03, Harbourside Building 1, 119843 Singapore. Its main activity is the holding and management of interests in other companies. It is directly wholly owned by Rexel Développement SAS.

Contributions from subsidiaries or significant sub-groups as of December 31, 2016, are as follows:

Consolidation value (excluding dividends) ***(in millions of euros)***	**Fixed assets (including goodwill)**	**Gross debt**	**Cash and cash equivalents**	**Cash from operations**	**Dividends paid and due to Rexel**
Rexel (France)	0.3	1,590.5	0.3	16.4	0.0
Rexel Développement SAS (France)	25.0	(265.4)	386.6	(31.4)	298.0
Rexel France (France)	1,278.9	423.2	105.1	140.1	0.0
Rexel Holdings USA Corp.(USA)	1,311.4	281.0	33.0	36.1	0.0
Elektro-Material A.G. (Switzerland)	734.9	0.0	0.8	51.7	0.0
Rexel North America Inc. (Canada)	580.2	123.3	0.9	24.1	0.0
Rexel UK Limited (United Kingdom)	266.3	209.8	10.7	17.3	0.0
Hagemeyer Deutschland GmbH & Co KG (Germany)	255.1	124.2	5.8	(8.6)	0.0
Rexel Sverige AB (Sweden)	226.9	0.3	0.2	(2.2)	0.0
Rexel Holdings Australia Pty Ltd (Australia)	167.8	89.5	4.0	2.8	0.0

Elektroskandia Norge AS (Norway)	187.5	0.4	1.0	17.3	0.0
Regro Elektro-Grosshandel GmbH (Austria)	84.5	0.0	0.0	3.1	0.0
Rexel Belgium SA (Belgium)	85.6	62.5	0.3	14.9	0.0
Other	487.5	165.8	70.7	82.8	0.0
Total consolidated	**5,692.1**	**2,805.1**	**619.3**	**364.3**	**0.0**

We analyse our 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 "Activity Report" of the 2016 Activity Report.

Strategy

Further to changes in the management team in 2016 (appointment of a new Chief Executive Officer and of a new Executive Committee), we have refocused our strategy up to 2020, which will now focus on three priorities:

1 — Accelerate organic growth;

2 — Increase selectivity in capital allocation & strengthen financial structure; and

3 — Improve operational and financial performance.

We have key attributes that will allow us to achieve our medium-term ambitions, focusing on profitable growth and value creation.

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

- A broad and valuable customer base: In 2016, we managed over 650,000 active customer accounts in three end-markets (residential, commercial and industrial);

- A strong footprint in key geographies: we hold leading or strategic positions in most markets in which we operate;

- Key partnerships with global and leading manufacturers: we manage long-term relationships with our suppliers, notably strong partnerships with the top 25 suppliers representing almost 50% of our's total purchases;

- Best-in-class core capabilities: we offer 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 sales on the webshop already reaching €1 billion.

Over the medium-term, we aim 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, we will implement a strategy based on three priorities:

Accelerate organic growth

Our priority on organic growth is based on two fundamental pillars: More customers & More SKUs.

We target both net customer gains and increases in our share of each customer's wallet.

Our customer approach will be differentiated, based on three main customer profiles:

- "Proximity" customers (representing approximately 60% of our sales in 2016): we will broaden our footprint and expand our presence in selected areas through branch/counter openings, accelerate our multi-channel approach and constantly improve our service level;

- "Projects" customers (representing approximately 25% of our sales in 2016): we will industrialize our offer process of products and solutions to customers managing industrial and commercial projects; and

- "Specialty" customers (representing approximately 15% of our sales in 2016): we will increase our ability to meet specific requirements for specialized products and solutions.

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

Consistent with this strategy, we have aligned our business KPIs and created new scorecards across the Group, revised our incentive policies and are constantly adapting our human resources strategy to reflect the need for new skills.

Our medium-term ambition is to obtain organic sales growth above market growth.

Increase selectivity in capital allocation and strengthen financial structure

We intend to increase selectivity in capital allocation, both in terms of capital expenditure and investment. We also intend to strengthen our financial structure and increase our financial flexibility through deleveraging.

Reflecting our strategy to increase our focus on geographies and market segments that offer the best profitable growth and value-creation opportunities, we 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 approximately €800 million in the Group's consolidated sales;

- a positive contribution of approximately 25bps to the Group's consolidated adjusted EBITA margin; and

- a slight improvement in the indebtedness ratio.

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

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

We now target to be structurally at a 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 Credit Agreement) below 2.5x at each year-end as from December 31, 2018.

In the medium-term, we will continue our targeted bolt-on acquisition strategy from 2018 onwards, in line with our deleveraging objective and strict value-creation criteria. This acquisition strategy will follow three main objectives: broaden our 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.

Our 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;

- Reduce our leverage ratio (as defined above), targeting to be structurally below 2.5x at each year-end as from December 31, 2018;

- Finance selective bolt-on acquisitions from 2018 onwards, with strict value-creation criteria; and

- Return excess cash to shareholders, in the absence of M&A opportunities.

Improve operational and financial performance

We aim to continuously increase our 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. We will also strictly manage our 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, we will enhance our performance in key geographies, mainly the USA, Germany, the UK and Australia, which offer significant turnaround potential.

- In the USA, we will gradually move from a national/banner approach to a regional/multi-banner approach, focusing on seven key regions. Through this approach, we aim at gaining market share and gradually reaching an Adjusted EBITA margin at or above Group level.

- In Germany, the UK and Australia, through adapted and differentiated actions, we also aim at gaining market share. In Australia, we aim at gradually reaching an Adjusted EBITA margin at or above Group level, while in the UK and Germany it aims at posting Adjusted EBITA CAGR above the Group's performance and gradually approaching Adjusted EBITA margin at Group level.

These financial ambitions are conditional upon an economic recovery materializing over the five-year period.

Our 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.

Market and Competition

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 2016, we estimate that around 26% of world sales in the professional distribution of low and ultra-low voltage electrical products market were generated by ten major distributors: Rexel and Sonepar, operating in the main world markets, WESCO International, Graybar Electric Company, Consolidated Electrical Distributors, HD Supply Holdings, Anixter International and W.W. Grainger, primarily located in North America, and Solar and Würth, located essentially in Europe.

Around 74% 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 us), which we estimate represent around 35% of the total sales generated in 2016, 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, we believe that size (materialized by the market share) has a direct impact on the quality and profitability of our 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.

Our leader position allows us to have competitive advantages compared to distributors whose size or organization is 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 our 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 our smaller competitors, by entering into partnership agreements with our strategic suppliers; and
- Better identify external growth opportunities in countries targeted by us and integrate acquired businesses according to processes defined based on our experience.

Based on our 2016 sales, we consider that we are one of the leaders in our three main geographical zones: North America, Europe and Asia-Pacific. The countries in which we consider that we have a market share over 15% represent more than 60% of our sales in 2016. We are convinced of the importance of reaching a critical size on each of the markets where we are present in order to guarantee the quality and profitability of our operations in such country. This involves focusing our investments on countries where this critical size has been reached or is reachable.

Our local leadership is primarily based on the following factors:

- Our 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 our market share in countries where it is already significant;
- A logistics organization adapted to customer demand and market density;
- Our ability to employ qualified personnel with deep knowledge of the local market and to provide them with ongoing training; and
- Our attractiveness for suppliers as a leading distributor in a given geographical zone to promote their products.

In the context of a fragmented market with numerous acquisition opportunities, we consider that our size and strong local market shares, as well as our experience in terms of acquisitions and integration, allow us to better identify targets and carry out these acquisitions more effectively than our smaller-sized competitors or those with less experience in identifying synergies at the time of acquisitions. Since 2010, we have carried out 40 consolidating acquisitions, including three in 2016.

This context of fragmented market could create several risks of competition. The market for professional distribution of low voltage electrical products is highly competitive, as the products we distributed are generally available from other distributors. At the international level, we compete with several large professional electrical distributors, such as Consolidated Electrical Distributors, Grainger, Graybar Electric Company, Solar, Sonepar, WESCO International and Würth.

We also compete with independent distributors that operate on the international, national, regional or local level which are part of, or may occasionally create, cooperative purchasing organizations (such as Imelco and Fegime).

Furthermore, we 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;

- Large do-it-yourself stores that distribute products directly to residential end-users;

- 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;

- Specialists in e-commerce, distributing electrical material to professionals or end-users; and

- Service providers specialized in building maintenance or energy efficiency.

Regional competitors and new market entrants could attempt to hire our employees, particularly sales and branch management personnel, which may have an adverse effect on operations.

The competitive pressure that we face may therefore have an adverse effect on our financial condition or results of operations.

In order to limit the competition risks inherent in our business, we rely on our dense network of branches and sales personnel, the efficiency of our logistical systems as well as the quality of our services. In addition to our branch network, we are 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 our digitally powered multi-channel business model. By developing multichannel relationships with customers, we are seeking to increase customers' loyalty and new multichannel features, are constantly released in the webshop to better respond to customers' needs.

Moreover, customers have access to a larger product offering when dealing directly with a professional distributor rather than a manufacturer. Customers also benefit from a higher quality of service and advice than that proposed by large do-it-yourself stores or e-commerce sites. An e-commerce platform is set up and gradually deployed in different countries in order to support our multi-channel model, supported by a digitization strategy. By developing relationships through multiple channels with our customers, we seek to increase their loyalty. New features are also regularly made available on the webshop to better meet their expectations.

Each year, we review our strategy and makes decisions taking into account market growth opportunities as well as our competitors' presence and market shares in order to adapt branches network and subsidiaries.

Lastly, in order to limit the risk of our key employees joining the competition, our 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.

Economic model

Our operating profitability, associated with the rigorous management of our working capital requirements and low capital intensity, allow us 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 us in percentage of sales.

In addition, we have maintained our gross capital expenditure over the last three years to an annual level of between 0.8% and 0.9% of our consolidated sales. This investment policy is representative of the low capital intensity of the professional distribution of low and ultra-low voltage electrical products.

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

Based on 2016 financial information, we consider that the structure of our operating costs before amortization comprises:

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

We also aim at streamlining our expenses through the use of cloud-based solutions, which tend to replace fixed amortization expenses by variable operating expenses.

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

Since 2010, we have carried out 40 consolidating acquisitions, including three in 2016.

Business lines

Our product range, spread across eight families, aims to cover all needs of electrical product contractors and industrial and commercial customers: 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 our customers.

We permanently develop and adapt our 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.

We have acquired the technical mastery of all product families corresponding to the needs of electrical contractors. Our close relations with our 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 our core business, we also distribute our own-brand products, on which it generates on average higher margins than those obtained in equivalent product categories under suppliers' brands.

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, our product offering 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.

Core divisions

We target three end-markets:

- The residential market, which mainly covers the use of electrical products in housing, building complexes, buildings and public housing, as part of their construction, extension, renovation or upgrading;
- The commercial market, covering the use of electrical products in stores, health institutions, schools, offices, hotels, public facilities as well as energy power plants, public networks and transport infrastructure, as part of their construction, extension, maintenance, renovation or upgrading; and
- The industrial market, which covers the use of electrical products in plants and other industrial sites, either as part of their construction or extension, or for maintenance, renovation or upgrading.

Our businesses are spread over three main geographical regions (Europe, North America, and Asia-Pacific). Our 2016 sales amounted to €13,162.1 million. The breakdown between the different zones is as follows:

	In millions of Euros	In percentage
Europe	7,168.5	54
North America	4,689.1	36
Asia-Pacific	1,304.6	10
Total	13,162.1	100

Europe: According to our estimates, we are the second player in the market for the professional distribution of low and ultra-low voltage electrical products in Europe, with a 2016 market share of around 16%. We consider that the residential, commercial and industrial, markets represented respectively 32%, 44% and 24% of our 2016 sales in Europe. At December 31, 2016, we were located in 18 European countries. We consider that we occupy the first or second place in 12 of these countries.

North America: According to our estimates and based on our 2016 sales, our market share for 2016 was around 5% for the professional distribution of low and ultra-low voltage electrical products market in North America. We consider that we are one of the three leaders in this zone, with market shares of around 4% in the United States and 24% in Canada. We consider that the residential, commercial and industrial, markets represented respectively 6%, 56% and 38% of our 2016 sales in North America.

Asia-Pacific: Based on our estimates and our 2016 sales, we consider that we are number two in Asia-Pacific and held a market share of approximately 3% in 2016. According to our estimates, the residential, commercial and industrial, markets represented respectively 20%, 24% and 56% of our 2016 sales in Asia-Pacific. At December 31, 2016, we were located in 12 Asia-Pacific countries.

The breakdown of our sales in 2016 by end market is as follows:

	North America	Europe	Asia-Pacific	Rexel Group
Residential	6%	32%	20%	22%
Commercial	56%	44%	24%	46%
Industrial	38%	24%	56%	32%

The balanced breakdown of our activity between these three end-markets (industrial, commercial and residential) and between the geographic regions allows us to reduce the effects of a downturn in a given end-market within a country or region, thus driving a resilient global business.

For these three end-markets, we are a key link of the value chain between electrical equipment providers and customers and end-users. We offer our 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 us 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. Our ten largest customers represented less than 4% of our sales in 2016.

As at December 31, 2016, we have a network of 2,023 branches grouped around different commercial brands, employing 27,309 people.

By geographical zone, the number of branches changed as follows between December 31, 2014 and December 31, 2016:

	At December 31,		
(number of branches)	**2016**	**2015[(1)]**	**2014[(1)]**
Europe	1,196	1,234	1,280
North America	560	567	605
Asia-Pacific	267	263	260
Total	**2,023**	**2,064**	**2,145**

(1) Excluding Latin America

We regularly checks the fit of our 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.

We consider that our 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;
- raised awareness of energy issues and tail the will to increase energy efficiency of equipment; and
- the increase in demand for comfort and security.

In addition to the macroeconomic factors, we believe 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 consistent service delivery model across all countries in which we operate.

Our distribution activities are based on an adaptable logistics model organized around three variants:

- Logistics centers: generally used in zones (regions) 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, we have implemented a system 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 customer concentration, market size, the density of the branch network, the product offer, and competition, as well as the type and diversity of services to be supplied. In addition we can adapt each of these variants to take into account the characteristics of each region.

If the sales densities allow it, we aim to centralize flows through logistics centers.

Product overview

Our product offer can be broken down into eight families:

- Electrical installation products (43% of 2016 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;
- Cables and conduits (21% of 2016 sales) that allow the distribution of electrical current and that also groups raceways, wiring ducts and cable troughs;

- Lighting (22% of 2016 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;

- Security and communication (3% of 2016 sales) including primarily voice, data and image transmission systems (VDI), and detection (intrusion and fire) surveillance and access control devices;

- Climate control (5% of 2016 sales) which covers ventilation, air conditioning and heating systems (in particular, those based on renewable energies);

- Tools (3% of 2016 sales) including hand and electrical tools, and instrumentation tools;

- Renewable energies and energy management (2% of 2016 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 2016 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 of our specialist entities, such as Gexpro Services in the United States, or the provision of services or software. The sales we generated for these other business was around 3% in 2016.

Among these eight product families, we offer a wide range of technical solutions that allow us 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.

Customers

Based on our estimates, we consider that the professional distribution market for low and ultra-low voltage electrical products in which we are present represented around €202 billion worldwide in 2016, of which approximately €45 billion in Europe, approximately €86 billion in North America and approximately €50 billion in Asia-Pacific. This market, which demonstrated its resilience in the past five years, grew slightly compared to 2015, at constant foreign exchange rates.

Breakdown between the main countries for the professional distribution of electrical products where we are present(1)

Country	United States	Canada	Germany	France	United Kingdom
Size (€ billion)	82	4	8	7	5
Exchange rate used (1 euro =)	1.10	1.45	1.0	1.0	0.7

(1) Source : Our 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). We are 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.

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 favourable 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.

We consider that the role of professional distributors is strengthened by the change in our 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 (HVAC, etc.) and services (inventory management, etc.); and
- The emergence of new markets connected to the increasing digitalization in the energy world (connected devices, etc.).

We position ourselves for our customers as a technical solutions supplier. It enhances the value of our 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 us allow our 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 projects, 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;
- The provision of turnkey solutions and the calculation of potential savings, in particular in the areas of energy efficiency; and
- Financing services adapted to the profiles of our customers.

These services are generally integrated into the offer price, and are not, therefore, invoiced separately, thus contributing to increasing the value of our 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.

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

Our employees benefit from an active training program in performance-oriented technical and sales areas. We also aim to improve the productivity of our support functions, in particular, administrative services, to optimize operating costs.

In addition, we aim to develop our customers' loyalty and our market share for these customers.

Our managers have a broad experience in professional distribution as well as expertise in operational, financial and M&A matters.

Suppliers

In order to adapt our supply structure to the specificities of each country or geographical zone, and to optimize our purchasing conditions, we have implemented partnerships with our suppliers at several levels:

- On a global level, we considered around 30 international suppliers "strategic suppliers". These suppliers are present in different countries on one or several continents and are committed with us in international development programs;
- At each country level, our subsidiaries negotiate specific purchasing conditions with national suppliers; and
- At a local level, the branches may also negotiate specific sales conditions with their suppliers.

We have a policy of concentrating our suppliers, with the aim of rationalizing our purchasing policy and strengthening our relations with the most important suppliers. Thus, we organize 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, we promote the development of sustainable relations with our strategic suppliers who have the ability to contribute to the growth of our business both on global and local levels. These privileged relations enable us 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. Our active supplier management has resulted in a gradual concentration in our purchases.

Our supplier relations are governed by short-to-medium-term contracts.

We consider that we have generally favourable relations of interdependence with most of our major suppliers, thus limiting the inherent risks in a concentration of suppliers, as shown in the table below:

December 31, # of suppliers accounting for	**2016**	**2015**
50% of purchases	26	25
80% of purchases	327	328
100% of purchase	12,325	12,298

Funding

In addition to the cash from operations, our main sources of financing are bond issuances, securitization programs and bilateral credit facilities. At December 31, 2016, our consolidated net debt amounted to €2,172.6 million as compared to €2,198.7 million at December 31, 2015, consisting of the following items:

	As of December 31, 2016			**As of December 31, 2015**		
(in millions of euros)	**Current**	**Non-Current**	**Total**	**Current**	**Non-Current**	**Total**
Senior Notes	—	1,480.9	1,480.9	—	1,637.1	1,637.1
Securitization	367.9	718.2	1,086.0	378.7	710.8	1,089.4
Bank loans	18.6	3.2	21.8	57.2	1.5	58.7
Commercial paper	131.7	—	131.7	134.6	—	134.6
Bank overdrafts and other credit facilities	84.5	—	84.5	88.4	—	88.4
Finance lease obligations	6.8	16.9	23.7	8.0	19.5	27.6
Accrued interest	6.3	—	6.3	8.1	—	8.1
Less transaction cost	(5.9)	(24.1)	(30.0)	(6.5)	(26.9)	(33.3)
Total financial debt and accrued interest	**610.0**	**2,195.1**	**2,805.1**	**668.5**	**2,342.1**	**3,010.6**
Cash and cash equivalents			(619.3)			(804.8)
Accrued interest receivables			(0.9)			(0.7)
Debt hedge derivative			(12.3)			(6.4)
Net financial debt			**2,172.6**			**2,198.7**

At December 31, 2016, the Group's liquidity amounted to €1,467.9 million (€1,645.5 million at December 31, 2015).

	As of December 31,	
(in millions of euros)	**2016**	**2015**
Cash and cash equivalents	619.3	804.8
Bank overdrafts	(84.5)	(88.4)
Commercial paper	(131.7)	(134.6)
Undrawn Senior credit agreement	982.0	982.0
Bilateral facilities	82.9	81.7
Liquidity	**1,467.9**	**1,645.5**

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) Due within	As of December 31, 2016	2015
One year	615.9	675.0
Two years	8.5	602.8
Three years	722.3	4.0
Four years	318.9	118.5
Five years	0.8	1,134.0
Thereafter	1,168.7	509.6
Total gross financial debt before transaction costs	**2,835.1**	**3,043.9**
Transaction costs	(30.0)	(33.3)
Gross financial debt	**2,805.1**	**3,010.6**

As of December 31, 2016, the remaining contractual cash-flows in relation to financial indebtedness and derivatives, including interest owed, are as follows:

(in millions of euros) Due within	Financial debt & Interests	Derivatives	Total
One year	698.9	(3.1)	695.8
Two years	83.3	(4.0)	79.2
Three years	793.5	(2.6)	790.8
Four years	367.2	(1.9)	365.3
Five years	41.2	(1.2)	40.0
Thereafter	1,209.6	(0.1)	1,209.5
Total	**3,193.6**	**(12.9)**	**3,180.7**

The remaining US$330 million senior notes issued in April 2013 for an initial amount of US$ 500 million mature in June 2020, the €500 million notes issued in May 2015 mature in June 2022 and the €650 million notes issued in May 2016 mature in June 2023.

The Senior Facility Agreement maturity was extended by one year in October 2016, to November 2021. The Senior Facility Agreement together with the €45 million Bilateral Term loan provide a five-year multicurrency revolving credit facility for an aggregate maximum available amount of €1,027.0 million which can also be drawn down through swingline loans for an aggregate amount of €157.5 million. As of December 31, 2016, these facilities were undrawn.

On June 26, 2015, Rexel extended the maturity of its US$40 million Revolving Credit Facility Agreement with Wells Fargo Bank International for a period of two years ending on June 27, 2017. As of December 31, 2016, this facility was undrawn.

Lastly, following amendment in 2016 (see note 23.1.3 to Rexel's audited consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report), securitization programs mature in 2017 and 2019. 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 €2,179.0 million as of December 31, 2016 (€2,138.3 million as of December 31, 2015) and are due in less than one year.

As of December 31, 2016, the Group's liquidity amounted to €1,467.9 million (€1,645.5 million as of December 2015) in excess of €852.0 million compared to €615.9 million expected to be paid within the next 12 months with respect to financial debt repayment schedule.

(in millions of euros)	As of December 31, 2016	2015
Cash and cash equivalents	619.3	804.8
Bank overdrafts	(84.5)	(88.4)
Commercial paper	(131.7)	(134.6)
Undrawn Senior Facility Agreement	982.0	982.0
Bilateral facilities	82.9	81.7
Liquidity	**1,467.9**	**1,645.5**

Table setting forth assets and liabilities

(in millions of euros)	As of December 31, 2016	2015
Assets		
Goodwill	4,300.2	4,266.6
Intangible assets	1,109.5	1,108.0
Property, plant and equipment	282.4	288.7
Long-term investments	41.8	33.8
Deferred tax assets	128.4	159.0
Total non-current assets	**5,862.3**	**5,856.2**
Inventories	1,579.3	1,535.0
Trade accounts receivable	2,187.3	2,129.4
Current tax assets	23.5	47.6
Other accounts receivable	489.6	495.3
Assets held for sale	0.3	53.8
Cash and cash equivalents	619.3	804.8
Total current assets	**4,899.3**	**5,065.8**
Total assets	**10,761.6**	**10,922.1**
Equity		
Share capital	1,514.5	1,509.4
Share premium	1,561.2	1,680.5
Reserves and retained earnings	1,302.4	1,154.1
Total equity attributable to equity holders of the parent	**4,378.1**	**4,343.9**
Non-controlling interests	5.2	9.0
Total equity	**4,383.3**	**4,352.9**
Liabilities		
Interest bearing debt (non-current part)	2,195.1	2,342.1
Net employee defined benefit liabilities	338.5	343.4
Deferred tax liabilities	240.0	211.2
Provision and other non-current liabilities	84.8	72.3
Total non-current liabilities	**2,858.3**	**2,968.9**
Interest bearing debt (non-current part)	603.6	660.4
Accrued interest	6.3	8.1
Trade accounts payable	2,179.0	2,138.3
Income tax payable	37.5	29.8
Other current liabilities	693.5	712.9
Liabilities related to assets held for sale	—	50.7
Total current liabilities	**3,519.9**	**3,600.2**
Total liabilities	**6,378.3**	**6,569.1**
Total equity and liabilities	**10,761.6**	**10,922.1**

Derivative financial instruments and hedge accounting

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. 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 16 of the Notes to our consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report) and the summary of financial liabilities (note 25 of the Notes to our consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report).

<u>Hedge accounting</u>

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.

Foreign exchange exposure

Our financing policy is to centralize external borrowings and to provide financing to our 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, our parent company incurs external indebtedness in foreign currencies other than euro or enters into foreign exchange derivatives (forward contracts or exchange rate swaps). As part of this policy, we issued senior notes denominated in US dollars in 2015 for an initial amount of US$500 million reduced to US$330 million in 2016 (see note 23.1.2 to Rexel's audited consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report) of which US$248.9 million were qualified as net investment hedges of our US dollars denominated net assets. For the year ended December 31, 2016, unrealized exchange loss in other comprehensive income related to external borrowings qualified as net investment hedges account for €15.0 million before tax.

As of December 31, 2016, the notional value of foreign exchange derivatives was €368.5 million (€350.7 million of forward sales and €17.8 million of forward purchases). Forward contracts are recognized at their fair value for a net negative amount of €3.6 million. The change in fair value of forward contracts for the year ended December 31, 2016 was recorded as a financial loss of €2.8 million.

Sensitivity to changes in foreign exchange rates

Our 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 our 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 €308.9 million and a decrease (increase) in operating income before other income and other expenses of €9.6 million.

Our financial liabilities and shareholders' equity are likewise included on our 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, 2016 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €78.3 million and € 110.6 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 Renmibi**	**Other currencies**	**Total**
Financial liabilities	1,798.7	593.1	123.4	91.2	0.4	0.3	145.0	0.1	19.0	20.7	2,791.9
Cash and cash equivalents	(854.5)	243.7	13.4	109.4	35.4	1.8	(154.7)	(11.3)	(4.7)	2.2	(619.3)
Net financial position before hedging	**944.2**	**836.7**	**136.8**	**200.6**	**35.8**	**2.1**	**(9.7)**	**(11.2)**	**14.3**	**22.9**	**2,172.6**
Impact of hedges	(337.3)	(4.5)	(3.0)	(0.1)	1.7	37.1	0.4	307.3	—	(1.6)	0.0
Net financial position after hedging	**606.9**	**832.2**	**133.8**	**200.5**	**37.5**	**39.3**	**(9.3)**	**296.1**	**14.3**	**21.3**	**2,172.6**
Impact of 5% increase in exchange rates	—	41.6	6.7	10.0	1.9	2.0	(0.5)	14.8	0.7	1.1	78.3

Interest rate exposure

In order to hedge our exposure to changing interest rates, we have 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 our 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)	**2016**	**2015**
Senior Notes and other fixed rate debt	1,475.2	1,639.3
Floating to fixed rate swaps	848.9	1,496.9
Fixed to floating rate swaps	(784.6)	(1,109.3)
Sub-total fixed or capped rate instruments	**1,539.5**	**2,026.9**
Floating rate debt before hedging	1,316.7	1,364.2
Floating to fixed rate swaps	(848.9)	(1,496.9)
Fixed to floating rate swaps	784.6	1,109.3
Cash and cash equivalents	(619.3)	(804.8)
Sub-total floating rate debt instruments	**633.1**	**171.7**
Total net financial debt	**2,172.6**	**2,198.7**

Fair value hedge derivatives

As of December 31, 2016, the portfolio of interest rate swaps used as hedge for exposure of changes in fair value of our senior notes disclosed in note 23.1.2 to Rexel's audited consolidated financial statements for the year ended December 31, 2016 included in the 2016 Activity Report is as follows:

Total notional amount	**Total notional amount**	**Maturity**	**Weighted average fixed rate received**	**Floating rate period**	**Fair value(1)**	**Hedged item**
(in millions of currency)	**(in millions of euros)**				**(in millions of euros)**	

Swaps paying variable rate							
American dollar	300.0	284.6	June 2020	1,83%	3M Libor	0.8	Notes due 2020
Euro	500.0	500.0	June 2022	0.55%	3M Euribor	15.5	Notes due 2020
TOTAL		**784.6**				**16.3**	

(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, 2016 represented a gain of €14.1 million, partially offset by a loss of €13.5 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 October 2018. 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, 2016, derivative instruments classified as cash flow hedges are as follows:

	Total notional amount	**Total notional amount**	**Maturity**	**Floating rate received**	**Weighted average fixed rate paid**	**Fair value[1]**
	(in millions of currency)	**(in millions of euros)**				**(in millions of euros)**
Swaps paying fixed rate						
American dollar	50.0	47.4	December 2017	3M Libor	1.02%	0.1
	100.0	94.9	June 2018	3M Libor	1.24%	0.0
	250.0	237.2	September 2018	3M Libor	1.33%	0.1
Canadian dollar	100.0	70.5	October 2018	3M CDOR	1.23%	(0.2)
Australian dollar	80.0	54.8	July 2018	3M BBSW AUD	2.26%	(0.3)
TOTAL		**504.8**				**(0.4)**

(1) Derivative instruments are presented at fair value, including accrued interest receivable for €0.2 million

The change in fair value of the cash flow hedging instruments for the year ended December 31, 2016 was recorded as a €0.9 million increase in cash-flow hedge reserve (before tax). The ineffectiveness recognized in profit and loss in 2016 was immaterial.

Derivatives not eligible for hedge accounting

	Total notional amount	**Total notional amount**	**Maturity**	**Floating rate received (paid)**	**Weighted average fixed rate paid (received)**	**Fair value[1]**
	(in millions of currency)	**(in millions of euros)**				**(in millions of euros)**
Swaps paying fixed rate						
American dollar	100.0	94.9	December 2017	3M Libor	1.01%	0.1
Swedish Krona	450.0	47.1	September 2017	3M Stibor	(0.16)%	(0.1)

Swiss franc	150.0	139.7	November 2017	3M Libor	(0.76)%	0.0
Euro	62.5	62.5	May 2018	6M Euribor	3.21%	(4.2)
TOTAL		**344.2**				**(4.2)**

(1) Derivative instruments are presented at fair value, including accrued interest payable for €1.3 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, 2016, 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 €10.3 million and a €11.0 million gain related to the change in fair value of the hedging instruments of which a €4.4 million in the income statement and € 6.6 million in other comprehensive income.

Contingent liabilities

We have 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, we committed to indemnify for any damage incurred by the purchaser up to US$9 million. In 2016, the purchaser sent a notice of claims for €1.3 million. We are currently discussing the merits of such claim with the purchaser.

Slovakia, Poland and Baltics

The agreements entered into with Würth group in connection with the disposal of operations in Slovakia, Poland and the Baltics provide for indemnification of any damage and liability incurred by the purchaser. The aggregate liability for indemnification shall not exceed €8 million. This warranty had not been called as of the balance sheet date.

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, we 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.

Anti-money laundering, "KYC" checks and sanctions compliance

As any other company, we are 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. We cannot guarantee that none of our employees or partners will ever violate these laws and regulations or procedures potentially involuntarily, which may impact our reputation or financial situation.

We implement policies and procedures to ensure compliance with local and international laws, such as, but not limited to, anti-corruption, export control, anti-money-laundering, data protection, or competition law.

In 2016, we 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, anti-corruption (new French regulation Sapin II), and data protection (European General Data Protection Regulation), we ensure that our compliance program is updated as needed and adequate actions are taken, including communication to raise the awareness of concerned employees.

As such, in order to mitigate these risks, we constantly enhance our compliance program, updates our policies and procedures as well as tools for its implementation.

Legal proceedings

We are subject to legal, administrative and regulatory proceedings in the normal course of our business. A provision is recognized in the balance sheet when it is probable that an outflow of economic benefits from us or one of our 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. We are party to several proceedings relating to exposure to asbestos-containing materials in the United States. We believe 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 our financial condition or results of operations, since the claims may be rejected or settled for amounts partially or fully covered by our 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, we cannot precisely assess the financial consequences that may result from these proceedings;

- ACCC (Australia) claim against Olex and others. 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 have 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 the 12th of February 2016, the judgment is now pending, and the Australian affiliate waits for the judgment to be delivered. At this stage in the proceedings, it is not possible either to predict the outcome of this claim or to meaningfully quantify its financial impact.

- Tax Proceedings. The principal tax proceedings involving our Group companies as of December 31, 2016 are described below:

  Rexel. Following a tax audit, we received in December 2011 a proposed tax reassessment in which the French tax authorities allege that we did not demonstrate that our 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. We dispute 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 our 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 final report received 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. We disputed this analysis in a response letter sent in September 2014. In December 2014, Finnish tax authorities issued the reassessment decision for years 2008-2012, resulting in an amount of tax payable of €11.3 million for fiscal years 2008-2012. We lodged an appeal in 2015 before the Tax Adjustment Board. In December 2015, reassessments for fiscal years 2013 and 2014 were issued, resulting in additional amount of tax of €1.5 million, which we contest also. We consider that it is more likely than not that the matter will be resolved favorably in our interest and has therefore not recorded a provision.

To the best of our knowledge, over the last financial year there were no other legal or arbitration proceedings that might have or recently had a material impact on our financial situation or profitability.

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

Considering the status of pending tax claims and ongoing tax proceedings, we believe that no material effect is to be expected with regards to our financial condition or our results of operations. However, we cannot predict the outcome of these cases with certainty or assess potential tax adjustments.

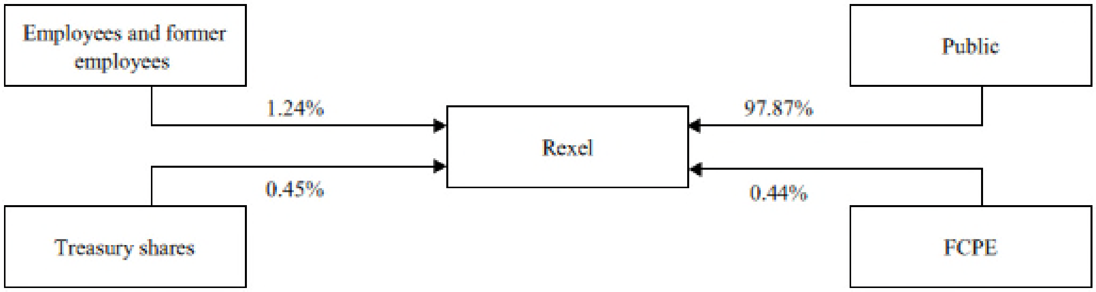
There are no other governmental, judicial or arbitration proceedings (including any outstanding or threatened proceedings of which we are aware of) that might have or that had during the last 12 months a material impact on our or our Group's financial condition or profitability.

We 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 the 2016 Activity Report. Such claims may have an adverse effect on our financial condition or results of operations.

SHARE CAPITAL AND OWNERSHIP

Principal shareholders

The chart below shows the simplified shareholding structure of Rexel as of December 31, 2016:



Share capital and voting rights

Breakdown of shares and voting rights by shareholders

The table below shows the breakdown of the shareholding and of the voting rights of Rexel as of December 31, 2016, 2015 and 2014:

	At December 31,											
	2016				2015				2014			
Shareholders	Number of shares	Number of voting rights	Theoretical % of voting rights(1)	% of Exercisable voting rights(2)	Number of shares)	Number of voting rights	Theoretical % of voting rights(1)	% of Exercisable voting rights(2)	Number of shares	Number of voting rights	Theoretical % of voting rights(1)	% of Exercisable voting rights(2)
Ray Investments	—	—	—	—	—	—	—	—	46,856,915	46,856,915	16.54%	16.54%
Employees and former employees	3,767,218	3,767,218	1.24%	1.24%	3,920,706	3,920,706	1.30%	1.31%	3,040,608	3,040,608	1.04%	1.05%
FCPE Rexel	1,326,887	1,326,887	0.44%	0.44%	947,000	947,000	0.31%	0.31%	978,210	978,210	0.33%	0.34%
Public	296,454,691	296,454,691	97.87%	98.31%	295,400,936	295,400,936	97.86%	98.37%	286,248,997	286,248,997	98.03%	98.61%
Treasury shares	1,349,227	1,349,227	0.45%	0%	1,602,736	1,602,736	0.53%	0%	1,737,761	1,737,761	0.60%	0%
Total	302,898,023	302,898,023	100%	100%	301,871,378	301,871,378	100%	100%	292,005,576	292,005,576	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 the Company that are disqualified for voting purposes.

Shareholding threshold disclosures

During the financial year ended December 31, 2016 and as of the date of this document, we received the following thresholds crossing disclosures:

Company	Date of the declaration	Legal and bylaw thresholds	Type of crossing	% of capital and voting rights after crossing	Number of shares held after crossing
Amundi	January 15, 2016	2.5%	Down	2.0%	6,060,461
Parvus Asset Management Europe Ltd	January 15, 2016	6%	Up	6.06%	18,305,185
Cevian Capital Partners Ltd	January 18, 2016	2.5%	Up	2.71%	8,168,750
BlackRock, Inc	January 22, 2016	5%	Up	5.20%	15,707,690
BlackRock, Inc	January 25, 2016	5%	Down	4.84%	14,600,215
BlackRock, Inc	January 26, 2016	5%	Up	5.21%	15,729,746
BlackRock, Inc	January 27, 2016	5%	Down	4.78%	14,429,302
BlackRock, Inc	February 8, 2016	5%	Up	5.02%	15,164,939
BlackRock, Inc	February 10, 2016	5%	Down	4.78%	14,428,011
First Eagle Investment Management LLC	February 11, 2016	7.5%	Up	7.63%	23,023,337
T. Rowe Price	February 11, 2016	2%	Up	2.0%	6,039,395
BlackRock, Inc	February 12, 2016	5%	Up	5.01%	15,121,519
BlackRock, Inc	February 16, 2016	5%	Down	4.64%	14,008,164

BlackRock, Inc	February 17, 2016	5%	Up	5.34%	16,120,413
BlackRock, Inc	February 18, 2016	5%	Down	4.77%	14,388,832
Cevian Capital Partners Ltd	February 18, 2016	5%	Up	5.44%	16,434,250
Parvus Asset Management Europe Ltd	February 17, 2016	7.5%	Up	8.3%	25,077,085
Parvus Asset Management Europe Ltd	February 26, 2016	7.5%	Up	8.93%	26,949,414
Morgan Stanley Plc............	March 1, 2016	5%	Down	0.11%	330,145
Cevian Capital Partners Ltd	March 9, 2016	7.5%	Up	7.58%	22,896,580
Wellington Management Group	April 15, 2016	1%	Down	0.98%	2,954,895
T. Rowe Price	May 13, 2016	2%	Down	1.91%	5,790,672
Dimensional Fund Advisors LP	June 23, 2016	2.5%	Up	2.503%	7,565,932
Cevian Capital Partners Ltd	June 24, 2016	10%	Up	10.47%	31,639,994
Cevian Capital Partners Ltd	July 1, 2016	12.5%	Up	12.58%	38,007,054
Wellington Management Group	September 27, 2016	1%	Up	1.00%	3,030,090
Amundi	October 13, 2016	2.5%	Up	2.51%	7,610,347
Amundi	October 19, 2016	2.5%	Down	1.95%	5,904,024
Amundi	October 20, 2016	2.5%	Up	2.51%	7,605,347
Amundi	November 7, 2016	2.5%	Down	2.49%	7,537,822
Parvus Asset Management Europe Ltd	December 13, 2016	7.5%	Down	7.41%	22,354,395
Amundi	December 13, 2016	2.5%	Up	2.51%	7,626,754
Amundi	December 19, 2016	2.5%	Down	2.48%	7,538,954
Amundi	December 30, 2016	2.5%	Up	2.50%	7,575,230
Amundi	February 2, 2017	2.5%	Down	2.47%	7,502,641
Parvus Asset Management Europe Ltd	February 3, 2017	5%	Down	4.97%	15,043,374

MANAGEMENT OF REXEL

We have 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 members of the Board of Directors and the members of the Executive Committee.

At its meeting on June 23, 2016, the Board of Directors decided, following the recommendation of Rexel's Nomination and Compensation Committee, to split the duties of Chairman and Chief Executive Officer between two separate persons as of 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.

Consequently, the Board of Directors decided to entrust Patrick Berard with the duties of Chief Executive Officer in replacement of Rudy Provoost as of July 1, 2016. The Board of Directors also decided to appoint François Henrot as Chairman of the Board of Directors for the period from July 1, 2016 to September 30, 2016.

At its meeting on July 1, 2016, the Board of Directors co-opted Ian Meakins as Director in replacement of Rudy Provoost, for the remaining term of office of his predecessor, i.e. until the date of the shareholders' meeting of Rexel that is to resolve on the financial statements for the financial year ending December 31, 2017, to be held in 2018.

The Board of Directors also appointed Ian Meakins as Chairman of the Board of Directors as of October 1, 2016 and until the end of his term of office as director. François Henrot retained the duties of Deputy Chairman and senior independent director as of such date.

In addition, at its meeting on February 20, 2017, the Board of Directors decided to put an end to Catherine Guillouard's functions as Deputy Chief Executive Officer, effective on February 20, 2017. The decision follows a divergence of views over the implementation of Rexel's new strategic direction. Catherine Guillouard will not be replaced in her role as Deputy Chief Executive Officer. Grégoire Bertrand, who is currently Chief Financial Officer Europe, will act as Group Chief Financial Officer on an interim basis pending the appointment of a new Group Chief Financial Officer.

Board of Directors

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

The members of the Board of Directors are appointed for a maximum term of four 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, 2016, the Board of Directors was made up of eight members, all of them independent, including 37.5% of female members, i.e., three females out of eight members. Following the resignation of Pier-Luigi Sigismondi and the co-option of Agnès Touraine by the Board of Directors on February 10, 2017, the Board of Directors is made up of four females out of eight members, i.e. 50%.

Detailed membership of the Board of Directors

As at December 31, 2016, the Board of Directors was made up of the following eight members:

Ian Meakins (59 years old)	Professional address: 13, boulevard du Fort de Vaux — 75017 Paris — France	Number of Rexel shares held: 115,250

Director, Chairman of the Board of Directors, Member of the Nomination and 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 will be submitted to the approval of the Shareholders' Meeting of May 23, 2017.

Ian Meakins is a British citizen.

Ian Meakins was Wolseley chief executive officer from July 2009 to August 2016. He retired from Wolseley PLC in August 2016. He was previously chief executive officer of Travelex, an international company dealing with currency exchange and payments. Before that he was chief executive officer of 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 was a graduate of Cambridge University.

TERM OF OFFICE

First Appointment:	Current Term of office:
July 1, 2016 (as member of the Board of Directors)	From July 1, 2016, 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:	Titles and duties outside the Rexel Group:
Current: *In France* • Director and Chairman of the Board of Directors of Rexel • Member of Rexel's Nomination and Compensation Committee *Abroad* —	**Current**: *In France* — *Abroad* • Non-executive Chairman of Van Dyke Enterprises (The Netherlands — unlisted company)

Over the last five financial years:

In France

- Member of Rexel’s Strategic Investment Committee

Abroad

—

Over the last five financial years:

In France

—

Abroad

- Group Chief Executive and Executive Director of Wolseley plc (United Kingdom — listed company)
- Chairman of Wolseley plc Executive Committee (The 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)

Francois Henrot (67 years old)	Professional address: 23 Bis Avenue de Messine — 75008 Paris — France	Number of Rexel shares held: 7,133

Senior Independent Director, Deputy Chairman of the Board of Directors, Chairman of the Nomination and Compensation Committee, Member of the Audit and Risk 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-optation by the Supervisory Board on October 30, 2013, to replace Manfred Kindle. The ratification of François Henrot's co-optation as member of the Supervisory Board was approved by the Shareholders' Meeting of May 22, 2014. The renewal of his term of office will be submitted to the approval of 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 Board member 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:	Current Term of office:
October 30, 2013 (as member of the Supervisory Board) May 22, 2014 (as member of the Board of Directors)	From May 22, 2014 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2016

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
- Deputy Chairman of the Board of Directors
- Senior Independent Director
- 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

- 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

Abroad

—

Over the last five financial years:

In France

- Managing partner of Rothschild & Cie Banque (France — unlisted company)
- Member of the Board of Directors 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

—

Thomas Farrell (60 years old)	Professional address: 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 and Compensation Committee

Thomas Farrell has served 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. His term of office was renewed by anticipation by the Shareholders' Meeting of May 25, 2016.

Thomas Farrell is a U.S. citizen.

Thomas Farrell has worked with Lafarge between 1990 and 2015. Prior to joining Lafarge, Thomas Farrell was a corporate attorney with Shearman & Sterling, working at both their New York and Paris offices. After joining 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:	Current Term of office:
May 16, 2012 (as member of the Supervisory Board) and May 22, 2014 (as member of the Board of Directors)	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:	Titles and duties outside the Rexel Group:
Current:	**Current:**
In France	*In France*
• Director of Rexel • Member of Rexel's Audit and Risk Committee • Member of Rexel's Nomination and Compensation Committee	—
Abroad	*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

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 (Russia — non listed company)
- Chairman, Lafarge Bangladesh (Bangladesh — listed company)
- Co-Chairman, Lafarge Tarmac (United-Kingdom — listed company)
- Board Member, Lafarge India (India — non listed company)
- Board Member, Bamburi Cement (Kenya — listed company)

Fritz Froehlich (74 years old)	Professional address : 13, boulevard du Fort de Vaux — 75017 Paris — France	Number of Rexel shares held: 5,300

Director, Chairman of the Audit and Risk Committee, Member of the Nomination and Compensation 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. He holds a doctorate in economics from Cologne University and a Master of Business Administration (MBA).

TERM OF OFFICE

First Appointment:	Current Term of office:
April 4, 2007 (as member of the Supervisory Board) and May 22, 2014 (as member of the Board of Directors)	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:	Titles and duties outside the Rexel Group:
Current: *In France* • Director of Rexel • Chairman of Rexel's Audit and Risk Committee • Member of Rexel's Nomination and Compensation Committee *Abroad* —	**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* • Member of Rexel's Supervisory Board • Chairman of Rexel's Audit Committee • Member of Rexel's Nomination Committee • Member of Rexel's Compensation Committee *Abroad* —	**Over the last five financial years:** *In France* — *Abroad* • Chairman of the Supervisory Board of Randstad Holding N.V. (The Netherlands — listed company) • Member of the Supervisory Board of ASML N.V. (The Netherlands — listed company) • Member of the Supervisory Board of Prysmian SpA (Italy — listed company) • Chairman of the Supervisory Board of Altana A.G. (Germany — listed company) • Chairman of the Supervisory Board of Draka N.V. (The Netherlands — listed company)

Elen Phillips (57 years old)	Professional address: 13, boulevard du Fort de Vaux — 75017 Paris — France	Number of Rexel shares held: 1,000

Director, Member of the Audit and Risk 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 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 Motiva Elen Phillips 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 graduated in chemistry at the University of Salford and a holds a degree in Business Science of the Manchester Business School.

TERM OF OFFICE

First Appointment: March 8, 2016	Current Term of office: March 8, 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 Rexel's Audit and Risks Committee *Abroad* —	Titles and duties outside the Rexel Group: **Current:** *In France* — *Abroad* —

Over the last five financial years: *In France* • Member of Rexel's Strategic Investment Committee *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) —

Maria Richter (62 years old)	Professional address : 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 Nomination and Compensation Committee

Maria Richter was coopted as director by the Board of Directors on May 22, 2014, to replace Roberto Quarta. Maria Richter's cooptation as director and the renewal of her directorship have been approved by the Shareholders' Meeting of May 27, 2015.

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. She is currently on the board of directors of Bessemer Trust (since 2008), a US wealth management company and is a member of its Remuneration Committee. As of January 1, 2015 she is also 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. Maria Richter is also on the Board of Pro Mujer International, a women's microfinance network and Chairman of the Board of Trustees of Pro Mujer UK. 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:	Current Term of office:
May 22, 2014 (as member of the Board of Directors)	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 Nomination and Compensation Committee

Abroad

—

Titles and duties outside the Rexel Group:

Current:

In France

—

Abroad

- Member of the Board of Directors 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)
- Member of the Board of Directors of Pro Mujer International (United States — unlisted organization) and Chairman of the Board of Trustees of Pro Mujer UK (United Kingdom — unlisted organization)

Over the last five financial years: *In France* • Member of Rexel’s Compensation Committee *Abroad* —	**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) • Member of the Board of Directors, 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)

Pier Luigi Sigismondi (51 years old)	Professional address : Unilever Asia PLC, 20 Pasir Panjang Road #06-22 Mapletree Business City, Singapore 117439	Number of Rexel shares held: 1,000

Director, Member of the Nomination and Compensation Committee

Pier Luigi Sigismondi has served on the Board of Directors of Rexel since May 22, 2014. Since May 22, 2013, he had served as observer (censeur) further to his appointment by the Supervisory Board. Pier Luigi Sigismondi resigned from his duties as director as of December 31, 2016.

Pier Luigi Sigismondi is an Italian citizen.

Pier Luigi Sigismondi is currently President, South East Asia & Australasia of Unilever Asia Private Limited. Prior to that, he was a member of the Executive Board and Chief Supply Chain Officer of Unilever from 2009 to February 2016. Previously, Pier Luigi Sigismondi worked for Nestlé SA, where he was Vice President of corporate strategic operations, based in Switzerland, in charge of industrial strategies of the group as well as management of global cost improvement programmes before moving to Nestlé Mexico in 2005 as Vice President of operations and R&D. Pier-Luigi Sigismondi started his career in consulting, first with Booz Allen & Hamilton and later with AT Kearney. Pier-Luigi Sigismondi holds a Master's Degree in Industrial & Systems Engineering from the Georgia Institute of Technology, Atlanta, Georgia.

TERM OF OFFICE

First Appointment:	Current Term of office:
May 22, 2013 (as observer (censeur) of the Supervisory Board) and May 22, 2014 (as member of the Board of Directors)	From May 22, 2014 until the Shareholders' Meeting deciding on the accounts for the financial year ending December 31, 2017 Pier Luigi Sigismondi resigned from his duties as director as of December 31, 2016

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

Titles and duties within the Rexel Group:	Titles and duties outside the Rexel Group:
Current: *In France* • Director of Rexel • Member of Rexel's Nomination and Compensation Committee *Abroad* —	**Current:** *In France* — *Abroad* • President, South East Asia & Australasia of Unilever Asia Private Limited (Singapore — unlisted company)

Over the last five financial years: *In France* • Chairman of Rexel's Strategic Investment Committee • Member of Rexel's Supervisory Board • Observer (censeur) of Rexel's Supervisory Board • Member of Rexel's Compensation Committee • Member of Rexel's Strategic Committee *Abroad* —	**Over the last five financial years:** *In France* — *Abroad* • Member of the Executive Board and Chief Supply Chain Officer of Unilever (United Kingdom — listed company)

Herna Verhagen (50 years old)	Professional address: Prinses Beatrixlaan 23 — 2595 AK — La Hague — The Netherlands	Number of Rexel shares held: 1,000

Director, Member of the Audit and Risk 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.

Herna Verhagen is a Dutch citizen.

Herna Verhagen has been Chief Executive Officer of PostNL since April 2012. Prior to this, she served as a member of the Management Board of PostNL N.V., and was Managing Director Parcels and International PostNL, as of 2011. 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 Actelion (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:	Current Term of office:
November 28, 2013 (as member of the Supervisory Board) and May 22, 2014 (as member of the Board of Directors)	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:	Titles and duties outside the Rexel Group:
Current: *In France* • Director of Rexel • Member of Rexel's Audit and Risk Committee *Abroad* —	**Current:** *In France* — *Abroad* • Chair, CEO and member of the Management Board of PostNL NV (The Netherlands — listed company) • Non-executive director of Actelion 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* • 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 *Abroad* —	**Over the last five financial years:** *In France* — *Abroad* • Member of the Supervisory Board of Nutreco NV (The Netherlands — listed company)

Since the close of the financial year on December 31, 2016, the following member of the Board of Directors has been appointed at the Board of Directors:

Agnès Touraine (62 years old)	Professional address : 11 bis, rue Portalis — 75008 Paris — France	Number of Rexel shares held: 512

EXPERIENCE AND EXPERTISE

Director, Member of the Nomination and Compensation Committee.

Agnès Touraine was co-opted as Director by the Board of Directors on February 10, 2017 to replace Marianne Culver, resigning. Agnès Touraine's cooption as Director will be submitted to shareholders' approval during the Shareholders' Meeting of May 23, 2017.

Agnès Touraine is President of the French Institute of Directors' (IFA).

She is also the founding CEO of Act III Consultants, a management consulting firm dedicated to digital transformation. She previously was Chairwoman and CEO of Vivendi Universal Publishing after 10 years with the Lagardère group and 4 years with McKinsey. She holds a degree in Law, graduated from the Paris Institut d'Etudes Politiques and has an MBA from Columbia University Business School, New York.

She currently sits on the Board of Proximus and the Supervisory Board of Tarkett. She previously was non-executive director of Cable&Wireless (UK), Neopost and Darty PLC. She is also a board member of several non- profit organizations such as IDATE and the French American Foundation.

TERM OF OFFICE

First Appointment:	Current Term of office:
February 10, 2017	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

Titles and duties within the Rexel Group:	Titles and duties outside the Rexel Group:
Current: *In France* • Director of Rexel • Member of Rexel's Nomination and Compensation Committee *Abroad* —	**Current:** *In France* • Président of the French Institute of Directors (IFA) (France — association, non-listed) • Member of the Supervisory Board of Tarkett (France — listed company) • Member of the Supervisory Board of 21Partners (France — association, non-listed) • Member of the Supervisory Board of the French American Foundation (France — association, non-listed) *Abroad* • Member of the Board of Directors of Proximus (Belgium — listed company)

Over the last five financial years:	**Over the last five financial years:**
In France	*In France*
—	• Member of the Board of Directors of Neopost (France — listed company)
Abroad	*Abroad*
—	• Member of the Board of Directors of Darty Plc (United Kingdom — listed company) • Member of the Board of Directors of Cable&Wireless Plc (United Kingdom — listed company)

Membership in the Board of Directors during the financial year ended December 31, 2016.

The following persons, who resigned prior to December 31, 2016, were also members of the Board of Directors during the 2016 financial year:

Marianne Culver (59 years old)	Professional address : 13, boulevard du Fort de Vaux — 75017 Paris — France	Number of Rexel shares held: 3,000

EXPERIENCE AND EXPERTISE

Marianne Culver was co-opted as director by the Board of Directors on March 8, 2016, in replacement of Monika Ribar. The co-option of Marianne Culver as Director as well as the renewal of her term of office were approved by the Shareholders' Meeting of May 25, 2016. She resigned from her duties as director of Rexel on November 21, 2016.

Marianne Culver is a citizen of the United Kingdom.

Marianne Culver served as Chief Executive Officer of TNT Express UK/Ireland Ltd (domestic) from 2015 to 2016.

Marianne Culver occupied various executive duties within Premier Farnell Plc. between 2004 and 2014: Enterprise transformation and supplier Manager as well as world marketing product and logistic chain manager. She also acted as consultant for the British government between 2003 and 2004. Previously, she acted as Vice President Corporate and President of Avnet Inc. between 2000 and 2003. Marianne Culver served as Chief Executive Officer of Diplomac Plc. from 1987 to 2000. Marianne Culver is a graduate of St Andrew University.

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

Titles and duties within the Rexel Group:	Titles and duties outside the Rexel Group:
Current: *In France* — *Abroad* —	**Current:** *In France* — *Abroad* • Member of the Board of Directors of the British Quality Foundation (United Kingdom — society, unlisted)
Over the last five financial years: *In France* • Director of Rexel • Member of Rexel's Nominations and Compensation Committee • Member of Rexel's Strategic Investment Committee *Abroad* —	**Over the last five financial years:** *In France* — *Abroad* • Member of the Board of Directors of EDS (United States — society, unlisted) • Chief Executive Officer of TNT Express UK/Ireland Ltd (domestic) (United Kingdom)

Rudy Provoost (56 years old)	Professional address : 13, boulevard du Fort de Vaux — 75017 Paris — France	Number of Rexel shares held: 216,165

EXPERIENCE AND EXPERTISE

Rudy Provoost had served on the Board of Directors of Rexel since May 22, 2014. He had been previously a member and Chairman of the Management Board of Rexel. Rudy Provoost had been a member of the Management Board of Rexel since October 1, 2011 before becoming Chairman on February 13, 2012. He resigned from his duties as director effective July 1, 2016.

Rudy Provoost is a Belgian citizen.

Rudy Provoost joined Philips in 2000, as Executive Vice President of the Consumer Electronics branch in Europe. In 2004, he became CEO of the Consumer Electronics branch and was appointed as member of the Management Board of Philips in 2006. In 2008, he became CEO of its Lighting branch and Chairman of its Sustainable Development Board. Rudy Provoost previously held various management positions at Procter & Gamble (1984-1987), Canon (1987-1992) and Whirlpool (1992-2000). Born in Belgium in 1959, Rudy Provoost holds a degree in psychology and an MBA from the University of Gand in Belgium. Rudy Provoost currently sits on the board of the Vlerick Leuven Gent Management School.

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

Titles and duties within the Rexel Group:	Titles and duties outside the Rexel Group:
Current: *In France* — *Abroad* —	**Current:** *In France* — *Abroad* • Member of the Board of Directors of Randstad Holding N.V. (The Netherlands — listed company) • Director of Vlerick Business School (Belgium — unlisted company)
Over the last five financial years: *In France* • Director and Chairman and Chief Executive Officer of Rexel • Member of Rexel's Strategic Investment Committee • Director of Rexel France (France — unlisted company) • Member and Chairman of Rexel's Management Board • Member of Rexel's Nomination Committee • Member of Rexel's Strategic Committee *Abroad* • Director and President of Rexel Holdings USA Corp. (United States — unlisted company) • Director of Rexel UK Limited (United Kingdom — unlisted company) • Director of Rexel North America, Inc. (Canada — unlisted company) • Chairman of Rexel North America, Inc. (Canada — unlisted company) • Director of Rexel Senate Limited (United Kingdom — unlisted company)	**Over the last five financial years:** *In France* — *Abroad* • Member of the Management Board of Royal Philips (The Netherlands — listed company) • Director of EFQM (Belgium — unlisted company)

Isabel Marey-Semper (49 years old)	Professional address : 41, Rue Martre, 92110 Clichy — France	Number of Rexel shares held: 1,000

EXPERIENCE AND EXPERTISE

Isabel Marey-Semper was co-opted as director by the Board of Directors on May 22, 2014, to replace Vivianne Akriche. Isabel Marey-Semper's co-option as director and the renewal of her directorship were approved by the Shareholders' Meeting of May 27, 2015. She resigned from her director duties on March 3, 2016.

Isabel Marey-Semper is a French citizen.

Isabel Marey-Semper was Project Officer — Managing Director for L'Oréal. She was previously Director of Advanced Research of L'Oréal Group (2011-2014), Director of Shared Services of L'Oreal Recherche & Innovation (2010-2011). She was previously Chief Financial Officer, Executive Vice President in charge of strategy and financial services of PSA Peugeot Citroen (2007-2009), Chief Operating Officer of the Intellectual Property and Licensing Business Unit of Thomson (2006-2007), Director of Corporate Planning and Strategy at Saint-Gobain (2004-2005) and Director of Corporate Planning, High Performance Materials of Saint-Gobain (2002-2004) and a Principal of A.T. Kearney (Telesis, prior to acquisition by A.T. Kearney) (1997-2002). She was also a member of the Board of Directors of Faurecia S.A. (2007-2009) and a member of the board of directors and audit committee of Nokia Oyj (2009-2013). Isabel Marey-Semper holds an MBA from the Collège des Ingénieurs (Paris) and a Ph.D. in neuro-pharmacology from the University of Paris Pierre et Marie Curie-Collège de France. She is also a graduate of École Normale Supérieure.

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

Titles and duties within the Rexel Group:	Titles and duties outside the Rexel Group:
Current: *In France* — *Abroad* —	**Current:** *In France* • Executive Vice President Communications & Public Affairs of L'Oréal • General Manager of L'Oréal Foundation *Abroad* —
Over the last five financial years: *In France* • Director of Rexel • Member of Rexel's Audit and Risk Committee • Member of Rexel's Strategic Investment Committee • Member of Rexel's Strategic Committee *Abroad* —	**Over the last five financial years:** *In France* • Advanced Research Director of L'Oréal *Abroad* • Member of the Board of Directors and of the Audit Committee of Nokia (Finland — listed company)

Monika Ribar (56 years old)	Professional address : 4 Zimmerbergstrasse 8, CH-8803 Rüschlikon, Switzerland	Number of Rexel shares held: 2,000

EXPERIENCE AND EXPERTISE

Monika Ribar had served on the Board of Directors of Rexel since May 22, 2014. She had previously been coopted as member of Supervisory Board by the Supervisory Board on October 30, 2013, to replace Eurazeo. The ratification of Monika Ribar's cooptation as member of the Supervisory Board had been approved by the Shareholders' Meeting of May 22, 2014. She resigned from her Director duties on March 8, 2016.

Monika Ribar is a Swiss citizen.

Monika Ribar was the President and Chief Executive Officer of the Panalpina Group, a Swiss freight forwarding and logistics services provider, from October 2006 until May 2013. At Panalpina Group, Monika Ribar has also occupied a variety of positions, including Chief Financial Officer, Chief Information Officer and Corporate Controller, and also served in project management positions. Prior to joining Panalpina, Monika Ribar worked at Fides Group (now KPMG Switzerland), a professional services firm, as Head of Strategic Planning, and at BASF, the German chemical products company. Monika Ribar also serves on the boards of SIKA AG, a supplier of specialty chemical products and industrial materials, Lufthansa AG, the German flag carrier airline and Chain IQ Group AG, a company for procurement outsoursing. She has also been appointed by the Swiss government Vice Chairman of SBB, the Swiss National Railway. Monika Ribar also served on the boards of Swiss International Air Lines Ltd., the flag carrier airline of Switzerland and Logitech, a world leader in electronics peripherals. Monika Ribar holds a Master's degree in Economics and Business Administration from the University of St. Gallen, Switzerland.

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

Titles and duties within the Rexel Group:	Titles and duties outside the Rexel Group:
Current:	**Current:**
In France	*In France*
—	—
Abroad	*Abroad*
—	• Director and member of the Audit and Compensation Committee of Logitech International S.A. (Switzerland — listed company) • Director and Chair of the Audit Committee of Sika AG (Switzerland — listed company) • Director of Swiss International Airlines (Switzerland — unlisted company) • Director and member of the Audit Committee of Lufthansa AG (Germany — listed company) • Vice Chairman, Chair of the Risk Committee, member of the Infrastructure Committee and member of the HR Committee of SBB (Switzerland — unlisted company) • Director of Chain IQ Group AG (Switzerland — unlisted company) • Chairman and Chief Executive Officer of Panalpina Welttransport (Switzerland — listed company)

Over the last five financial years:

In France

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

Abroad

—

Over the last five financial years:

In France

—

Abroad

- Chairman and Chief Executive Officer of Panalpina Welttransport (Switzerland — listed company)

Departure, Nomination and renewal of Board members

During the financial year ended on December 31, 2016, the following changes took place in the membership of the Board of Directors:

Director	Appointment / Co-option	Renewal	Departure	Comment
Pier-Luigi Sigismondi			x	Resignation as of December 15, 2016, effective as of December 31, 2016
Marianne Culver			x	Co-opted as director by the Board of Directors on March 8, 2016 in replacement of Monika Ribar who resigned. Approval of co-option as director by the Shareholder's Meeting of May 25, 2016 Renewal of her term of office as director for four years by the Shareholders' Meeting of May 25, 2016 Resignation effective as of November 21, 2016
Monika Ribar			x	Resignation effective as of March 8, 2016
Elen Phillips	x	x		Co-opted as director by the Board of Directors on March 8, 2016 in replacement of Isabel Marey-Semper who resigned. Approval of co-option as director by the Shareholders' Meeting of May 25, 2016. Renewal of her term of office as director for four years by the Shareholders' Meeting of May 25, 2016.
Isabel Marey-Semper			x	Resignation effective as of March 3, 2016
Thomas Farrell		x		Renewal of his term of office as director for four years by the Shareholders' Meeting of May 25, 2016
Ian Meakins	x			Co-opted as director by the Board of Directors on March 1, 2016 in replacement of Rudy Provoost, who resigned

It will be suggested to the Shareholders' Meeting of May 23, 2017, to approve the co-option by the Board of Directors on July 1, 2016, of Ian Meakins in the capacity of director and to renew his term of office for a term of four years.

Moreover, since the term of office of François Henrot terminates at the end of the Shareholders' Meeting of May 23, 2017, it will be also suggested to such meeting to renew his term of office for a term of four years.

Finally, it will be suggested to the Shareholders' Meeting of May 23, 2017 to approve the co-option by the Board of Directors' on February 10, 2017, of Agnès Touraine in replacement of Marianne Culver.

Multiple corporate offices

Regarding multiple corporate offices, we aim to comply with the recommendations of the AFEP-MEDEF Code.

The Board of Directors reviews, for each proposed appointment of a director, the Chief Executive Officer or the Deputy Chief Executive Officer within a board of directors of another 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.

Rules governing the membership and operation of the Board of Directors

Executive Management

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 previous Chief Executive Officer was Rudy Provoost until June 30, 2016, followed by Patrick Berard from July 1, 2016.

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, 2016, the three Committees of the Board of Directors were as follows: the Audit and Risk Committee, the Nomination and Compensation Committee and the Strategic Investment Committee. Further to the decision of the Board of Directors of April 29, 2015, that had decided to replace the Strategic Committee with a Strategic Investment Committee, dedicated to merger and acquisition transactions so that the Group's strategy would be directly discussed within the Board of Directors, upon its meeting of November 22, 2016, the Board of Directors decided, under the lead of its new Chairman, to suppress the Strategic Investment Committee in order to collectively involved in the Board of Directors in the investment and divestment transactions. The number of Committees was therefore reduced from three to two.

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.

A 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 and the Deputy Chief Executive Officers 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 the internal regulations of the Board of Directors.

Statements concerning the Board of Directors

To our knowledge:

- There are no family ties between the members of the Board of Directors and the members of Rexel's Executive Management;

- No member of the Board of Directors or of Rexel's Executive Management has been convicted of fraud within the last five years;

- No member of the Board of Directors or of Rexel's Executive Management has been associated with any "bankruptcy", receivership or liquidation within the last five years;

- No member of the Board of Directors or 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 member of the Board of Directors or 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.

Conflicts of interest

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

As of the date of the 2016 Activity Report and to our knowledge, there exists no situation that could give rise to a conflict between the private interests of members of the Board of Directors or of Rexel's executive management and Rexel's interests.

Service agreements between members of the Board of Directors and Rexel or one of its subsidiaries

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