

Our commitments

Communication on progress 2014



a world of energy

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Rudy Provoost,
Chairman and CEO of Rexel



For Rexel, sustainable development is an essential part of the Energy in Motion company plan that has been in effect since 2012. Faced with the socio-economic challenges of access to energy, the energy transition and the fight against climate change, we, along with our entire industry, have a major role to play.

Rexel is turning these challenges into avenues for growth and intends to act as a catalyst thanks to its unique position in the value chain. Our mission is to support our customers around the world by providing them with innovative electrical solutions, and to help them seize every opportunity that a world of energy in the midst of a digital revolution can offer, thereby enabling them to optimize their businesses and create value.

The Rexel Group joined the United Nations Global Compact in 2011. For us, this is a powerful and symbolic commitment to the respect of human rights and labor standards, the protection of the environment, and the fight against corruption. We are engaged in implementing these universal principles through concrete initiatives, and in promoting them among our partners. It is a collective effort to provide support and ensure continuous improvement, and we want to reaffirm our pledge to play a part in it.

By joining forces with our stakeholders, we made considerable progress in the area of social and environmental responsibility in the past few years. One of the highlights was the creation of the Rexel Foundation for a Better Energy Future, under the aegis of the *Fondation de France*, which demonstrates our desire to take action, in partnership with our suppliers, customers, universities and civil society, as well as our employees, in order to improve access to energy efficiency for all.

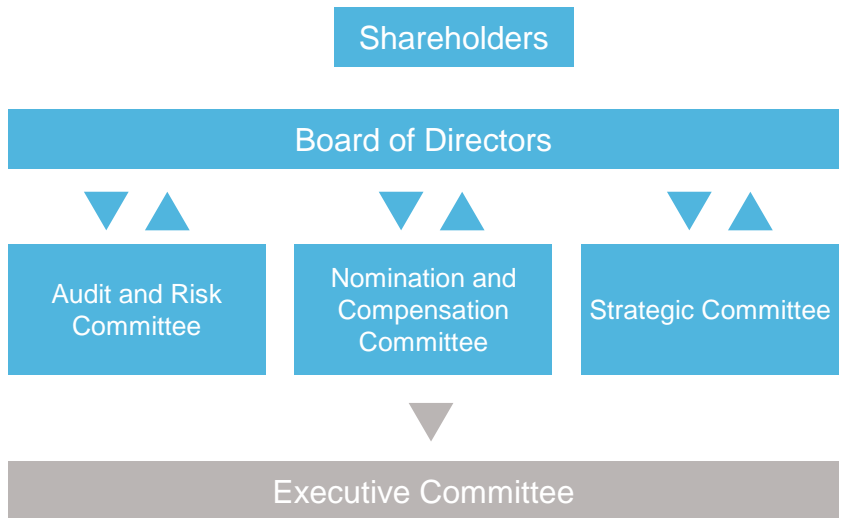


Helping our customers optimize their energy consumption, improving the environmental performance of our operations, partnering with our suppliers, engaging with our employees on a daily basis, and focusing our community involvement on helping people win the battle against fuel poverty: these are the key objectives that will guide us in driving sustainable results for our business.



Governance

In 2014, Rexel moved to a new governance structure, which is better suited to direct and manage the Group in today's rapidly changing energy sector. The Board of Directors and Executive Committee are working closely together to streamline the decision-making process and accelerate the implementation of the Group's strategy.



40%

of directors are women

80%

of directors are independent

Corporate Governance

Rexel's corporate governance principles are based on the corporate governance code for listed companies established by the *Association Française des Entreprises Privées* (French Association of Private Companies, AFEP) and the *Mouvement des Entreprises de France* (French Business Confederation, MEDEF).

The Board of Directors and its committees

The Board of Directors comprises 10 members and is chaired by Rexel Chairman and CEO Rudy Provoost. Independent board member François Henrot has been named Deputy Chairman and Senior Independent Director.

To help it fulfill its duties and facilitate its decisions, the Board of Directors relies on the opinions, proposals and recommendations of three specialized committees whose members and attributions are set by the Board.

Committee	Responsibilities
Audit and Risk Committee	<ul style="list-style-type: none"> • Evaluates the accuracy and integrity of the corporate and consolidated accounts • Makes recommendations in the areas of finance, accounting and internal control
Nomination and Compensation Committee	<ul style="list-style-type: none"> • Proposes nomination, revocation, dismissal and extension of the Directors and Board of Directors' Chairman and ensures compliance with independence criteria by the members of the Board of Directors • Makes recommendations or advises on the Board of Directors members' compensation and on the policy for the allotment of stock options and free shares
Strategic Committee	<ul style="list-style-type: none"> • Advises the Board of Directors on projects concerning strategic planning and annual budgets and on all of the Group's strategic projects

The Executive Committee

The Executive Committee ("EXCOM") helps manage the Group's operations. It is a special body that deliberates on strategic planning, coordinates initiatives, monitors performance and follows the implementation of cross-disciplinary projects.

It comprises 10 members (as at December 31, 2014):

- The Chairman and CEO;
- 5 Group Senior Vice Presidents;
- 4 Regional Senior Vice Presidents.

Within the EXCOM, issues related to Corporate Social Responsibility (CSR) are handled by Pascale Giet, Group Senior Vice President Communications and Sustainable Development and Vice President of the Rexel Foundation, and by Sharon McBeath, Group Senior Vice President Human Resources.

Ethics

Internal ethics audit

In 2014, an in-depth review of the ethics program was carried out by Rexel's Internal Audit Department. Its goal was to evaluate the level of compliance with internal control procedures by the Group and its subsidiaries, and to assess the current ethics mechanisms. The investigation consisted of interviews with ethics correspondents in 10 countries and reference persons at the head office, reviewing the regulatory information published since 2008 and studying current market practices.

21

foreign language
translations of the Ethics
Guide

40

ethics correspondents
within the Group

Rexel's approach to ethics is a policy of continuous progress and is based on principles shared by all of the Group's 30,000 employees. It helps safeguard the Group's reputation and strengthen its partners' trust, thus contributing to its sustainable growth.

The implementation of this policy is supported by:

The Ethics Guide, distributed to all employees, specifying:

- **The principles and practices of professional ethics at Rexel;**
- **The proper conduct** to adopt in various professional situations, including purchasing, client relations, gifts, conflicts of interest, confidentiality, diversity, freedom of expression, harassment, etc.

An update released in 2013 integrated compliance with the principles of the Global Compact, the rules regarding fair competition, corporate values and the use of social media.

A network of 40 ethics correspondents, who promote and implement the Group's ethics policy.

A submission procedure, which allows everyone, inside or outside the Group, to ask a question or report a problem anonymously by filling out an online contact form.

Contribution of the European Works Council on ethics

Ethics is the focus of regular information campaigns targeting all employees. At its 2014 plenary meeting, the European Works Council made proposals on the best ways to raise employee awareness regarding the priority issues to be addressed and the form that an ethics-related activity should take.

The fight against corruption

validation procedure for major international projects

For major international projects, a specific validation procedure frames the Group's commitment. Distributed to the employees concerned, it requires a risk analysis for each project, including the countries involved as well as the contracting parties. In light of this analysis, if the risk level so requires, the teams involved in the project must validate the training module and inform the Chief Compliance Officer, who will make recommendations and form an arbitration committee to decide whether the project should be continued.

The fight against corruption is a key pillar of Rexel's ethics policy. The Group is committed to rejecting corruption in all its forms and refuses to resort to any illicit procedures or actions for the purpose of obtaining advantages or exemptions outside the scope of local or international law.

Consequently, Rexel has developed a body of rules and tools designed to control corruption-related risks for all of its activities under **the direct responsibility of the Chief Compliance Officer.**

In 2014, Rexel reaffirmed its commitment by publishing a set of guiding principles and best practices for all employees in **anti-corruption, controlling trade relations and the fight against money laundering.** This document specifies the Group's requirements and recommendations in relation to its subsidiaries.

Rexel's employees also have access, via a dedicated section of the Group's Intranet, to **the necessary tools** for gaining a thorough understanding of the subject (review of regulations and principles put forth by the OECD and the Global Compact) and for receiving help in dealing with sensitive situations.

In addition, since July 2014, Rexel has been developing an e-learning module on corruption prevention, available in nine languages. This training program should be available in 22 countries by 2015.

Data protection awareness campaign

As a continuation of its ethics policy, in 2014 Rexel launched an awareness raising initiative on personal data protection. Aimed at all Group employees, this campaign draws attention to the risks related to personal data, confidentiality and the use of social media.

Our sustainable development policy

As a global leader in distribution, active at the very heart of the energy world, Rexel is in a unique position to promote the co-creation of value with its stakeholders.

Rexel's sustainable development policy is based on five key pillars designed to meet the needs and expectations of its stakeholders:



Developing innovative energy management solutions for our customers to help them optimize their energy consumption



Improving the environmental performance of our operations in order to help preserve the world's natural resources and ecosystems



Engaging and supporting our employees in order to guarantee them good working conditions and motivating career opportunities

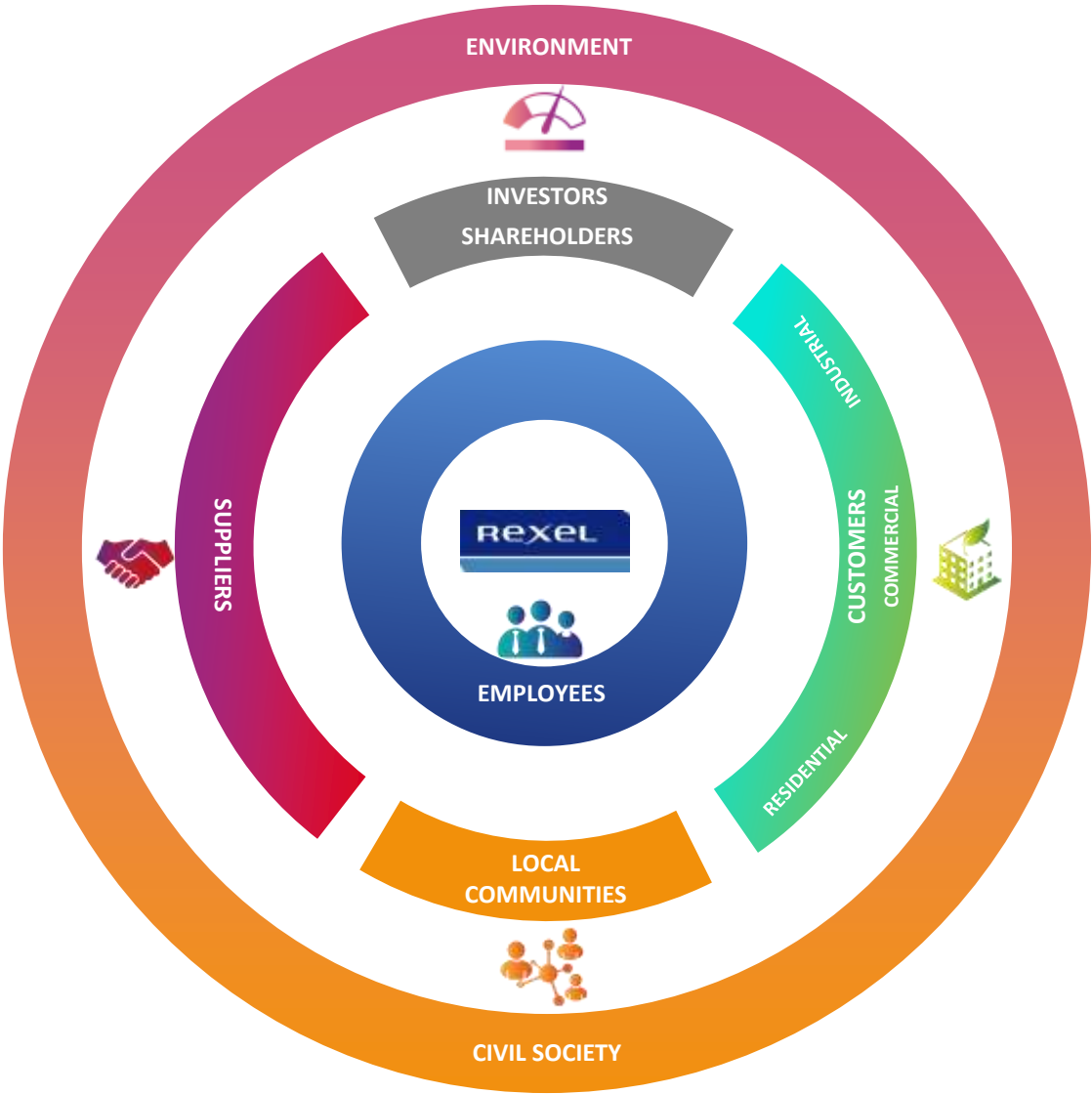


Promoting responsible practices in the value chain to ensure the respect of the environment and the health, safety and security of employees and customers



Improving access to energy efficiency for all to support civil society in the fight against fuel poverty and to promote the energy transition

Our commitments to our stakeholders



01

Developing innovative energy management solutions for our customers

Energy management and energy efficiency are key leverage points in the fight against climate change.

Rexel is committed to developing solutions that will enable buildings and industries to control their energy consumption while improving their performance.

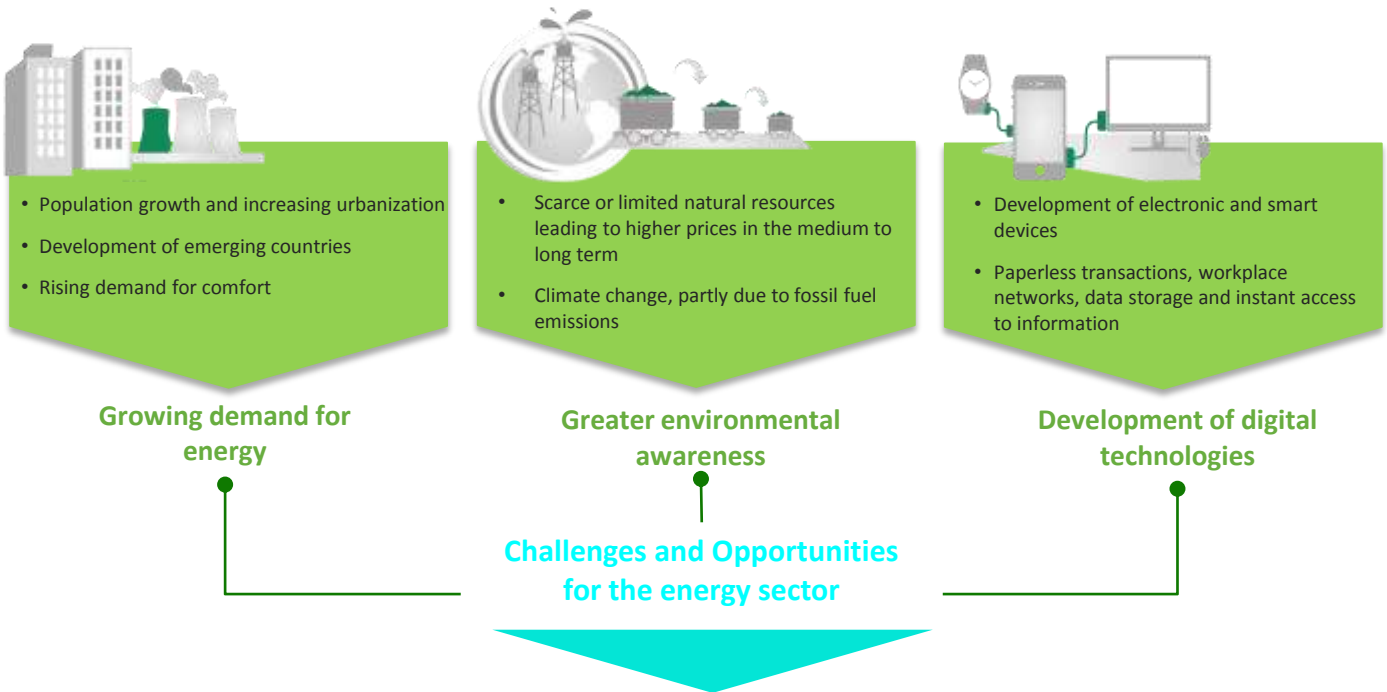
Developing innovative energy management solutions for our customers

\$ 550 bn

Global annual spending on energy efficiency by 2035, among which 90 % will be made in the sectors of transportation and construction industry
(IEA, 2014)

Energy efficiency: the cornerstone of Rexel's strategy

Three major societal trends are affecting today's energy sector: a growing demand for energy, greater environmental awareness and the development of digital technologies. For Rexel, these trends represent new challenges as well as exciting opportunities.



Development of energy management solutions



Energy efficiency



Renewable energies



Smart buildings

3,000

employees received training in energy efficiency solutions and renewable energies in 2014

External growth

The Group is also pursuing its goal through its external growth strategy, as shown by its recent acquisitions: Inoveha, a company specializing in energy audits (integrated into the Group in 2013), Esabora (2014), which develops digital applications for contractors, and Munro (late 2012), an American distribution company that markets innovative energy efficiency solutions.

In its **Energy in Motion company plan**, launched in 2012, the Group adopted the goal of helping its clients around the world to optimize their operations and create value by offering them effective, innovative energy management solutions.

To this end, one of the cornerstones of the Group's growth is the **development of high-potential products and services linked to energy efficiency**: energy-saving solutions, automation, smart control and technical management for buildings, home automation, climate control and renewable energies.

To implement its strategy, Rexel formed in 2013 **an internal community of 240** energy efficiency experts across 23 countries. Their role involves:

- Awareness-raising and training of employees in energy efficiency;
- Contributing to the development of relevant commercial solutions;
- Supporting efforts to raise customers' awareness of the benefits provided by smart energy control solutions.

Rexel also offers many training programs for its employees, particularly in the area of new eco-efficient technologies (e.g. LED), energy efficiency solutions and renewable energies (photovoltaic, heat pumps, etc.).

Developing innovative energy management solutions for our customers

A wide range of products and expertise as an integrator

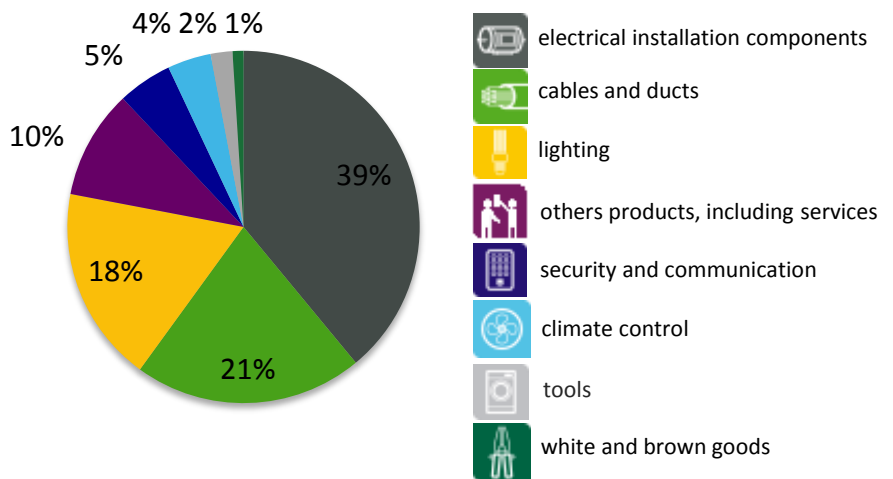
+ 1 million

references selected for our clients

Rexel markets a wide range of products and solutions for three sectors: residential, commercial and industrial buildings.

More than 1 million products are selected from the catalogues of the biggest brands and leading international and local manufacturers. The product range is constantly updated in order to keep pace with changing trends, standards and techniques.

Breakdown of 2014 sales by product category



Renovation of the BAE Systems site in Endicott (USA)

In 2013, Rexel's US subsidiary Gexpro undertook the renovation of a site operated by BAE Systems, a world leader in the defense and aerospace industries, for a budget of \$1.3 million.

Combining the use of energy-efficient lighting, a smart system for door-window and lighting control, and the ability to control the installation and monitor consumption via smartphone, the solution developed by Rexel reduced the site's energy consumption by 32%.

Today BAE Systems plans to carry out similar projects at other sites.

Additional innovative services

Energieasy Connect: control systems for smart homes

Launched by Rexel in France in 2014, "Energieasy Connect" is a remote control tool that allows users to control their homes from a computer or smartphone via a box connected to the home automation mechanisms for temperature, lighting, electricity, etc. It also enables the contractor to provide remote technical analysis and support.

Esabora, a software suite especially for contractors

The Esabora software suite developed by Rexel France offers contractors an array of synergistic tools:

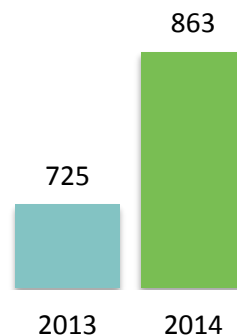
- Diagram: for assistance in design and verifying compliance;
- Prices: a regularly updated online catalogue of more than 800,000 products;
- Management: business management software specifically designed for contractors;
- Vesta: a tablet app that helps contractors analyzing existing installations and convincing their clients to implement energy saving solutions.

Acting as an intermediary between manufacturers, contractors and end users, Rexel plays a crucial role in the electrical supply chain and positions itself as an integrator and opinion leader. With its business and application expertise, the Group develops customized solutions that allow its customers to maximize their return on investment.

In addition to its technical solutions and products, **Rexel develops services and tools to help its customers bring their projects to fruition:** technical assistance, energy audits and calculation of return on investment, design assistance tools for contractors, and innovative applications for consumption monitoring and the remote control of installations.

In order to eliminate financing obstacles, Rexel also develops financial services through framework contracts negotiated with financial institutions. The solutions offered can cover the costs of equipment and installation, incorporating government subsidies and tax breaks.

Energy efficiency solutions sales (€ million)



Developing renewable energies

“Energieasy Solar”: the all-in-one solution

Launched in 2014, the online portal Energieasy Solar offers a range of practical, innovative services for anyone who has a photovoltaic installation project. Users of the site can access production simulations, names of qualified contractors, financing solutions, administrative help for government assistance programs and tax breaks, guarantees and maintenance, etc. This is also the first such service to offer production guarantees for the owners of solar power installations.

Rexel plans to implement the Energieasy Solar program in many countries. It is already operating in Belgium and the UK, and should be available in the Netherlands in 2015.

Internal parts for wind turbine towers

Gexpro Services is consolidating its position on the wind power market by offering a service for the pre-assembly of the internal components of wind turbine towers. The factory-mounted assemblies, duly labeled and packed, are delivered directly to the customer’s site.

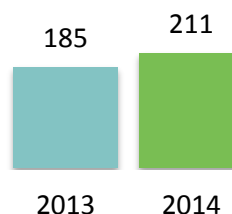
For a wind power project in China comprising 800 turbines, Gexpro services made it possible to consolidate the deliveries of 25 suppliers and reduce the deadlines, thus enabling the customer to save US\$ 1.4 million per year.

While today’s renewable energy activities are still heavily conditioned by the government support policies adopted by each country, Rexel is committed to developing a range of affordable multi-energy and renewable energies solutions.

Photovoltaic power

Rexel’s goal is to consolidate its position while generating real momentum on the market for photovoltaic solar power. The Group markets a complete range of equipment for residential use, including photovoltaic panels and the accessories needed for their installation and connection, sometimes sold in kits to help contractors choose the best solution.

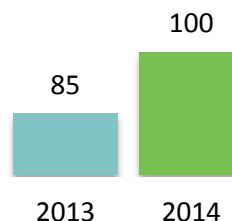
Photovoltaic solution sales (€ million)



Wind power

On the wind power market, Rexel offers customized solutions that range from the simple marketing of cables and components to an array of integrated services covering everything from procurement to inventory management, assembly and delivery.

Wind power market sales (€ million)



Developing innovative energy management solutions for our customers

Participating in the debate

Rexel actively participates in the debate and shares its expertise in the field of energy efficiency with the general public. Rexel is also a member of strategic planning groups like *Entreprises Pour l'Environnement** (EPE) and *Comité 21*.

* Entreprises for the environment

94%*

of users think that energy costs will go on increasing

*Opinion Way survey for the Rexel Foundation - April 2013 (France, Germany, UK and the USA)

Keeping pace with changes in the industry and raising public awareness

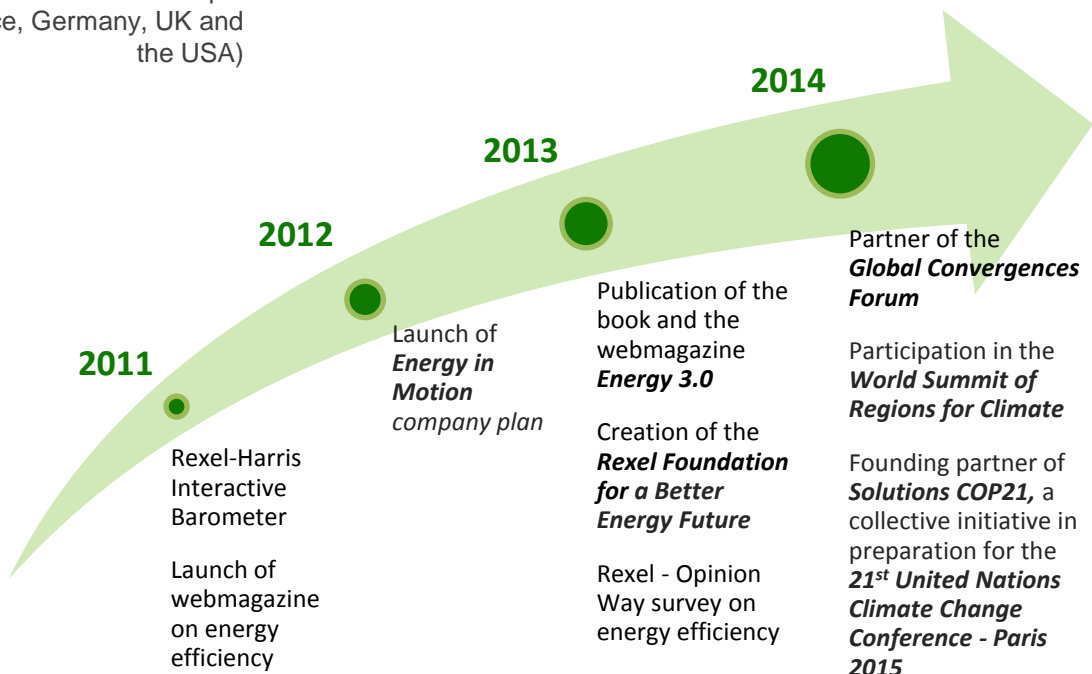
Salesmen and contractors are offered regular training programs to update their knowledge of current technologies, develop their technical know-how and fine-tune their selling points for energy control solutions.

The training is interactive and held in special demonstration spaces that are veritable showcases for the latest technological breakthroughs. For example, the Rexel Innovation Center in the UK gives visitors an opportunity to handle the products and see them in use.

Rexel's brands are also present at the major national and international trade fairs:

- *Eneo* and *Intelligent Building Solutions* in France;
- *Ecobuild* in the UK;
- *Elektrotechnik* in the Netherlands;
- *NECA* in the US.

Rexel as a spokesperson on the challenges of energy efficiency



02

Improving the environmental performance of our operations

Rexel operates in 38 countries with around 2,400 locations, including offices, sales branches and distribution centers. The Group's key environmental challenge lies in the dispersed nature, rather than in the scale, of its impact.

Rexel is committed to implementing a consistent approach to improving the environmental performance of its logistics operations and commercial activities.

The Ecodays campaigns

Targeting all Rexel employees, these awareness-raising campaigns are a medium for communicating on the Group's environmental policy as well as on its international and local initiatives. They use fun and educational formats (contests, quizzes, etc.) to share ideas and eco-habits that everyone can adopt to help reduce their carbon footprint.

Managing the environmental performance

The Group strives for measuring its environmental impact in order to better control it while working to reduce it through a variety of actions. The environmental approach is based on:

The Environmental Charter

This document specifies the Group's commitments in relation to the environment and mobilizes its employees in order to make environmental responsibility an integral part of their everyday practices. Reissued in 2013 and translated into 23 languages, it is in place in 96% of the Group's sites.

A network of 70 environmental correspondents

Present in all of the Group's subsidiaries worldwide, they are the key to success in this effort because they implement the global policy and promote it locally. They are also in charge of monitoring progress and reporting performance indicators to the Group. Each year the community of correspondents comes together for a seminar to discuss the latest improvement programs and share ideas and best practices.

Environmental management systems (EMS)

The Group encourages the deployment of EMS in its subsidiaries and has developed a standard Rexel EMS to help them implement their own systems. This "tool box" offers a methodology for deploying EMS as well as a set of standard documents, in compliance with ISO14001. Each subsidiary decides whether to obtain ISO14001 certification, namely in order to meet its clients' specific requirements.

Environmental reporting

Every year Rexel produces a consolidated environmental report covering more than 30 countries. Thanks to this reporting mechanism, the Group is able to publish indicators covering 94.4 to 99.7% of its total sales, with data verified by an independent third party.

8

entities were ISO14001 certified as of late 2014

Improving the sites' energy efficiency

As a player in the field of building energy management, Rexel needs to set an example by improving the energy efficiency of its own sites. The challenges are many: reducing energy costs and minimizing each site's carbon footprint, as well as demonstrating that the Group's technical solutions are effective and cost-efficient.

The Rexel Campus: new headquarters at the forefront of innovation

In 2013, the Group's headquarters moved to the "Rexel Campus," uniting more than 400 employees in a single HQE-certified building.

This new 10,000-square meter head office is equipped with the most advanced building management and control systems. As a showcase for Rexel's expertise in energy efficiency, the Campus was designed to optimize lighting, heating and cooling while offering high levels of comfort and connectivity. It also has charging stations for electric vehicles and a showroom for demonstrating the most innovative solutions.

Optimizing real estate holdings and choosing energy-efficient buildings

Whenever a new site is opened or an existing site is relocated, the Group makes a specific effort to choose recent, more energy-efficient buildings/structures that were built to meet more stringent energy regulations or that have been granted environmental certification (such as HQE, the French High Environmental Quality management standard).

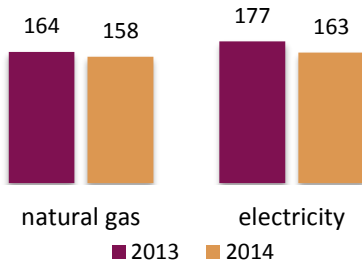
Modernizing workspaces with more energy-efficient equipment and intelligent systems

Rexel looks to its own range to select the most appropriate solutions for renovating the buildings that it occupies, most of which are leased. In lighting, for example, Rexel gives priority to low-energy technologies (in particular LED).

In addition, the installation of technical building management systems optimizes consumption through the regulation of heating, ventilation and air conditioning, combined with lighting and window/door control using motion and ambient light sensors.

Improving the environmental performance of our operations

Total energy consumption (GWh)



19%

energy savings with the
Rexel Energy
Monitoring System

Monthly consumption monitoring at Rexel USA

Since 2011, Rexel USA has been working with the energy purchasing and management specialist Ecova to manage the energy supplies for all of its sites (around 500). Monthly consumption monitoring allows Rexel to identify abnormal situations and react quickly by implementing corrective measures.

Monitoring consumption and raising end user awareness

Improving energy efficiency also depends on knowledge and the capacity to measure and control consumption. For this reason, Rexel has implemented systems in several countries for monitoring consumption, either in real time or on a monthly basis, in order to pinpoint areas for improvement and optimize energy-saving efforts.

Deployment of the Rexel Energy Monitoring System

In 2013, Rexel UK installed the Rexel Energy Monitoring System in 58 of its own branches. This solution allows employees to monitor the electrical consumption of their equipment in real time using an online application, with the possibility of creating surveillance alerts. The results are conclusive: the sites using this system recorded an 18.9% drop in consumption, while the non-equipped sites recorded a 1.4% increase in the first quarter of 2013 compared with the same period in 2012.

Using renewable energies

In order to limit the environmental impact of their energy consumption (especially indirect CO₂ emissions), growing numbers of Rexel subsidiaries are contracting for electrical power supplies from certified renewable sources (hydraulic, biomass, etc.). For example, all of the branches in the Netherlands now use electricity generated by biomass combustion, thereby saving the equivalent of 400 tons of CO₂ emissions per year.

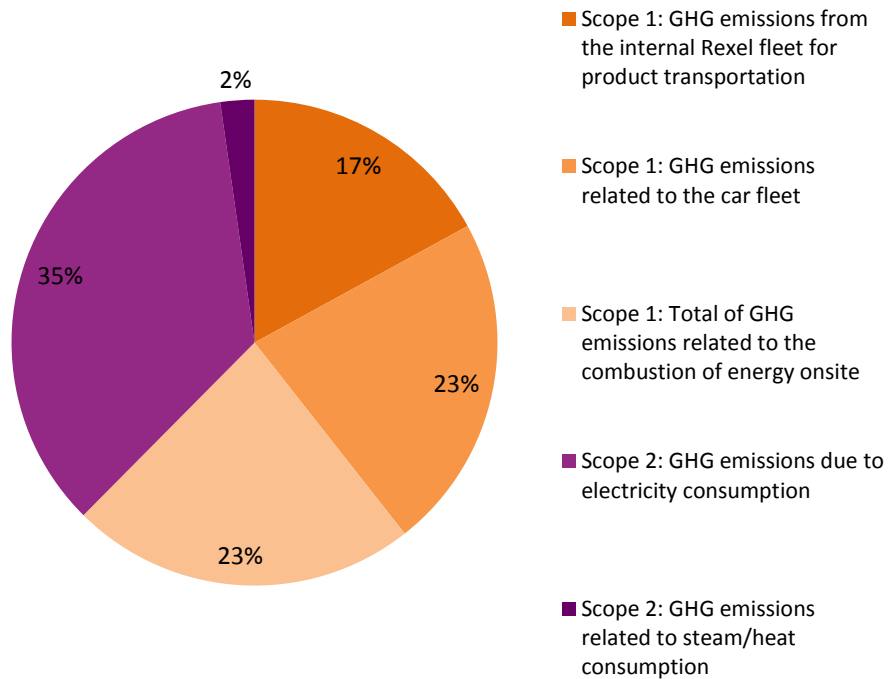
Reducing the impact of transportation

CO₂ emissions (eqT.CO₂) related to transportation



Transport-related greenhouse gas (GHG) emissions account for approximately 40% of the Group's direct (scope 1) and indirect (scope 2) greenhouse gas emissions.

CO₂ emissions breakdown (scope 1 and scope 2, eqT.CO₂)



Updating the logistics model in the US

In the United States, Rexel has undertaken a large-scale logistics optimization plan. By centralizing its flows around shared platforms uniting various local banners, Rexel seeks to improve its productivity while reducing its carbon footprint. The pooling of flows and shared transport by subcontractors makes it possible to optimize deliveries.

A pilot operation was carried out in the Los Angeles area. The average number of trucks making daily delivery rounds reduced from 25 to 18, thus preventing the equivalent of 90 tons of CO₂ emissions per year.

Rexel's internal logistics operations are a focal point of the Group's effort to reduce emissions and help combat climate change.

Optimizing logistics flows

For the past several years, Rexel has been streamlining its logistics models in order to increase flexibility and service quality while minimizing environmental impact. With this goal in mind, the Group uses high-performance tools to optimize the flows, delivery routes and vehicle loads for both its subcontracted carriers and its own vehicles.

Improving the environmental performance of our operations

Using hybrid vehicles for deliveries in Canada

In Canada, Rexel's subsidiary Nedco, the country's leader in charging stations for electric vehicles, signed an agreement with the transport company Eeko Couriers in 2013. Nedco now has the benefit of its partner's 100% hybrid fleet, and in exchange Eeko has free access to the charging stations at Nedco's sites. In addition to saving fuel and reducing emissions, this arrangement also allows the vehicles to run in silent mode more often, thus improving the quality of their deliveries in urban areas.

24%

of the car fleet in Europe was renewed in 2014

Promoting shared transport

The use of shared transport solutions is also a priority: the pooling of flows among Rexel entities and/or with other local companies allows the Group to cut costs and reduce the environmental impact of shipping.

Working closely with transport companies and encouraging eco-friendly operations

Today, most of Rexel's logistics flows are outsourced to transport specialists. Therefore, it is important for Rexel to select and collaborate with carriers that comply with certain environmental guidelines concerning their vehicles' performance (engines, EURO standards, particle filters, fuels, etc.) and maintenance, as well as driver training and regular reporting of performance indicators.

Managing the car fleet

The business travel inherent to Rexel's commercial activities represents another area of improvement in the Group's environmental policy.

Regular vehicle renewal, the selection of more eco-friendly models, vehicle maintenance, proactive policies... The management of the car fleets is an important lever for limiting fuel consumption and the resulting emissions.

Selecting vehicles on CO₂ criteria

With a ceiling set at 130g of CO₂ per kilometer, Rexel's fleet management policy in France aims to be proactive: employees are asked to choose their vehicles from a limited number of models selected for their performance. The goal is to reduce fuel consumption by 5% every year.

In 2014, 24% of the European fleet has been renewed with vehicles with an average rate of 105g CO₂/km. In addition, hybrid vehicles are now part of Rexel's fleet

Limiting packaging and managing waste

30

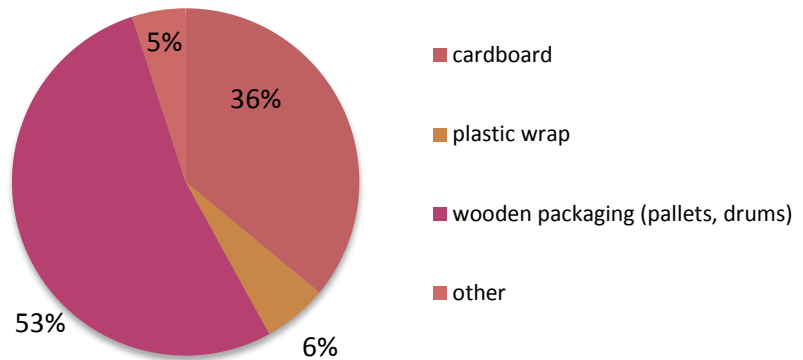
subsidiaries have implemented systematic sorting

More eco-friendly packaging

The “Roll’n Box” was developed by Conectis, a Rexel subsidiary that specializes in cabling and network solutions. This cardboard cable packaging system offers the advantage of weighing less than a wooden drum and is more convenient for handling, palletizing and unreeling. It can be used to store and unreel as much as 15 kg of cable with no tools. When the installation is complete, the empty box and reel are collapsible for easy sorting and recycling.

Most of the waste that results from Rexel’s operations consists of wood, paper and cardboard. The Group is committed to limiting its consumption of packaging materials, reducing the quantities of waste generated by its activities and increasing its waste recycling and recovery rates.

Breakdown of consumption by packaging type in 2014



Reducing waste at the source

Even though the use of packaging is indispensable for its activity as a distributor, Rexel strives to limit its consumption by optimizing its container sizes and promoting reuse.

In the warehouses, for example, the prepacking systems automatically select the optimal container for the content of each order. This type of system has been installed at Rexel logistics platforms in many countries, including Germany, Austria, Belgium, France, Italy, the Netherlands and Portugal.

Improving the environmental performance of our operations

Reusable plastic bins to replace cardboard boxes

In Austria, 82% of all deliveries to customers are transported in reusable plastic bins. Even though the complexity of the deliveries led to an increase in the use of cardboard boxes in 2013, the branches are committed to using plastic bins for most shipments.

The nine logistics centers in France have adopted the use of plastic bins for restocking the local branches, and plan to expand this solution to customer deliveries as well. A trial program involving 13 branches in eastern France reduced their cardboard consumption by nearly 15 tons over a period of 18 months.

In Norway, the automation of the Elektroskandia warehouse made it possible to prioritize the use of plastic bins. Around 18,000 of them are now used for shipping orders, packed in more compact units to optimize their transport.

Reusable packaging solutions are also becoming more and more widespread. One example is the plastic boxes that are used in rotation for the branches' deliveries, replacing cardboard boxes that can only be used once.

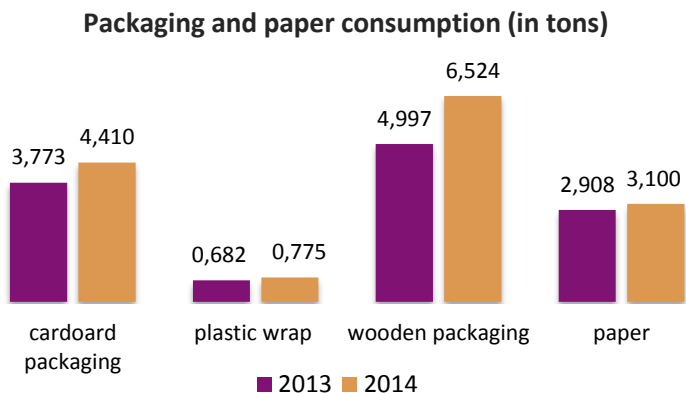
Other initiatives, like using shredded used cardboard boxes as a packing filler and protective material, have significantly reduced purchases of other consumables (polystyrene and plastic bubble wrap).

However, following the opening of new logistics centers as well as the changing distribution patterns and product portfolio in several countries, the consumption of packaging materials has increased. These figures must nevertheless be qualified by the fact that the monitoring of consumption also improved from year to year (through the establishment of separate accounts of other consumables) and is more comprehensive, especially in 2014 for the wooden packaging.

Reducing paper consumption

Rexel is also taking action to reduce its paper consumption by expanding the use of digital media for its catalogues, brochures and marketing campaigns, as well as paperless processing for orders, deliveries, invoices, etc. In addition, the Group is streamlining its printer fleet and universalizing the use of default settings to optimize office paper consumption.

Nevertheless, a strong commercial activity and a change in product lines, including own brands of the Group, have led publishing new catalogs distributed to customers worldwide and an overall increase in the consumption of paper.



Waste sorting in the US

With the help of a private service provider, Rexel has undertaken a large-scale program in the United States to improve its waste management. Thanks to this partnership, 270 sites are now systematically sorting and recycling their waste.

63%

recycled or recovered
waste in 2014

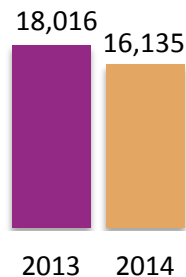
1,388

tons of WEEE recycled
in 2014

Waste sorting and recovery

Waste sorting has been adopted by all of the Group's logistics centers, in particular for the recycling of cardboard, certain types of plastic wrap and wood. The branches are also encouraged to implement sorting systems, even though they are sometimes dependent on local waste removal systems. To overcome this obstacle, Rexel's subsidiaries often negotiate contracts with private waste collection and recycling services.

Evolution of recycled or recovered waste (in tons)



The observed decrease in the amount of recycled waste is mainly due to the decrease in the amount of waste generated by the Group, the recovery rate having increased from 61 to 63%.

Participating in WEEE management

In most European countries, the implementation of the EU directive on Waste Electrical and Electronic Equipment (WEEE) has led Rexel's subsidiaries to set up a system in all branches for collecting WEEE from their customers for the purpose of recycling.

In countries that have no such regulation, Rexel offers this service as an additional service for its customers – on major construction projects, for example. In all, 17 countries have adopted a WEEE management and recovery system. In 2014, more than 1,388 tons of electrical and electronic wastes were processed for recycling, including some 1,045 tons of fluorescent light bulbs and tubes.

03

Engaging and supporting our employees

Integrating the human dimension into its values and practices is a guiding principle for Rexel. The Group has therefore developed a social responsibility approach, which it applies through the human resources policies adopted by its subsidiaries.

Based on universal human rights, as well as on practical and common values, these policies cover equal opportunity, security and well-being at work, social dialogue, skills development and involving employees in the Group's performance.

Our employees: the cornerstone of Rexel's success.

90%

of respondents say that they fully support the ambitions and objectives of their company

Satisfaxion13 employee survey

In order to boost its employees' engagement, the Group develops social policies that contribute to its attractiveness, such as:

- Offering social protection plans adapted to each national context;
- Expanding access to training programs;
- Maintaining a fruitful social dialogue;
- Involving employees in the Group's performance.

Always respectful of its employees' freedom of expression, Rexel conducts regular internal opinion surveys to assess their level of engagement.

The 2013 survey, entitled Satisfaxion13, targeted 98% of the Group's employees. The results showed an engagement index of 62%, reflecting an increased level of engagement compared with the previous survey in 2011 (Rexel sustainable engagement index is composed of three components : engagement, enablement, well-being).

Satisfaxion13 also enabled Rexel to identify the factors that build employee engagement: strategy, recognition & career development, management, company image - notably regarding values, ethics and integrity, as well as teamwork and cooperation.

Our core values

Rexel has defined six core values that present the fundamental principles guiding the way the Group operates and interacts with its stakeholders.

Rexel is committed to:

- Deliver the best customer experience
- Join forces for success
- Encourage to innovate
- Engage people to develop their talents
- Trust each other
- Enjoy making a difference

Promoting health and well-being at work

90%

of employees consider
their work area a safe
place to work

Satisfaxion13 employee survey

Security audit

In 2013, the internal audit teams evaluated Rexel's safety organization, both Group-wide and in a sampling of nine subsidiaries, with the aim of strengthening the Group's "safety culture."

Based on the findings of this evaluation, Rexel launched a worldwide safety action plan and set goals to be reached by 2015. These actions plans will have the following objectives: to define a security policy and to set-up safety standards for the Rexel Group, to conduct a Rexel communication and global awareness raising campaign by creating a security community.

Going beyond its legal obligations, the Group fulfills its social responsibility through a constant concern for its employees' health and safety. Each country manages these risks independently, in compliance with local regulations and the principles of the Ethics Guide.

Safety in the workplace

The main risks for Rexel's employees are related to falls, road traffic, the operation of machinery, the handling of materials and cables, and computer work. To combat these risks, the Group seeks to guarantee its employees' right to safety, hygiene and health and to spread best practices worldwide.

Medical check-ups, awareness-raising campaigns and training programs remain the primary tools of prevention.

Developing a minimum social protection standard

In most of its countries of operation, Rexel offers its employees healthcare and disability insurance policies that supplement the mandatory coverage stipulated by law. In an effort to ensure adequate social protection for all its employees, the Group has also established a minimum coverage standard for work-related accidents: Rexel Plus Protection for All. Launched on July 1, 2010, the program now covers nine countries, managed locally, with nearly 4,200 employees insured as of December 31, 2014.

In 2014 Rexel conducted a study of local standards in terms of universal disability insurance, for the purpose of adjusting the Rexel Plus coverage wherever necessary.

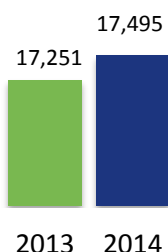
Supporting employee career development

89%

of employees feel that they fully apply their skills and abilities at work

Satisfaxion13 employee survey

Number of employees trained



Rexel strives to optimize the value of its human capital, which is the very foundation of its dynamism and capacity to innovate. To this end, the Group builds motivation and loyalty by helping its employees develop their skills and advance in their careers.

Training

In today's fast-changing market, training is indispensable for acquiring new skills, mastering technologies and developing expertise in the field of energy efficiency. The training programs completed by Rexel's employees in 2014 covered a wide range of topics, including e-commerce, project management, business management, sales, logistics, IT and personal development, as well as sessions on Rexel's strategy and values, automation technologies, home automation, customer service, etc.

Technical and regulatory training is provided by the subsidiaries, the manufacturers participate in product training and the Group participates in manager training.

Expanding managerial skills

Annual interviews

Elixir is a training program designed to help managers understand and apply all of the functional aspects of a Rexel subsidiary. It takes the form of a 10-day simulation exercise carried out in teams and incorporating all of the parameters involved in the yearly management of a company: sales, marketing, merchandising, pricing, human resources, finance, etc. Launched in 2012 in nine countries, Elixir will eventually be offered to more than 3,000 managers.

All employees should be able to enjoy the career advancement opportunities that become available to them and engage in direct discussions with their managers concerning skill evaluation and mobility management. Rexel has adopted a proactive policy to extend the practice of annual performance interviews to all of its employees. In 2014, 61,9% of the personnel were given performance reviews.

Promoting equal opportunity

89%

of employees consider that people are treated fairly in their company regardless of their gender

Satisfaxion13 employee survey

increased representation of women in top management

Upon the publication of the 2014 rankings commissioned by the Ministry of Women's Rights concerning the representation of women in upper management at SBF120 companies, Rexel was awarded second prize for the best progress. 40% of the members of its Board of Directors are women.

One of the fundamental principles included in the Ethics Guide is the systematic rejection of all forms of discrimination, regardless of their nature, in order to ensure equal opportunity.

The Group is committed to guaranteeing the equal treatment of men and women on a comparable basis and in every respect, including hiring, compensation, career development, training, etc. At the end of 2014, women represented 23.3% of the total workforce, a percentage that reflects the reality of the market and the low representation of women in the specialized distribution sector. The 2014 social indicators show no significant gender discrepancies in terms of promotions, salary increases or training.

A policy of hiring the disabled in France

Due to the Group's proactive hiring policy, the percentage of disabled employees at Rexel France has risen from 0.8% in 2007 to 2.7% in 2014. One of the key elements of this policy was the signing of an agreement in 2013 to encourage the hiring of disabled employees, based primarily on:

- Strengthening recruitment partnerships and participating in all job fairs for the disabled;
- An integration plan for each newly hired disabled employee;
- Support for employees with health issues in order to find solutions that allow them to keep their jobs;
- Organizing awareness events for managers and employees as well as members of the Hygiene, Safety and Working Conditions Committees ("CHSCT").

Special training for newcomers to Canada

The Human Resources Department of Rexel Canada has formed a partnership with a local training center that offers a 15-week program for adults comprising skills development, *résumé* preparation and coaching for job interviews. The program also includes an internship at a local company to allow the trainees to apply what they have learned in a true work environment. Most of the participants are recent immigrants to Canada who have experienced difficulties in finding work. Rexel Canada has hired several graduates of the program.

840

Group employees are involved in representative bodies (total personnel under permanent contract)

Maintaining a fruitful social dialogue

Rexel promotes freedom of expression among its employees, respects their right to join a labor union and nurtures a constructive dialogue with its personnel on subjects of common interest. The Group gives employee representatives access to the resources and information that they need to accomplish their tasks. These principles are specified in the Ethics Guide.

This ongoing social dialogue concerns Rexel's strategic evolution and operations, as well as its policy on hiring, training, health and safety. In 2014, 840 employees took part in this dialogue through representative bodies, and 137 employees were appointed as representatives by their labor unions.

16,000

employees are covered by the European Works Council

The European Works Council: a key part of social dialogue

The European Works Council, which was formed in 2005, plays an important role in social dialogue and the sharing of best practices. In 2014, the EWC focused on topics concerning ethics, annual reviews and the Rexel Foundation. Its contributions were shared with all of the subsidiaries' Human Resources Departments, during the presentation of the results of the Satisfaxion13 survey, for example.

Employee representatives in the UK

In 2013, the United Kingdom instituted the Employees Forums, representative bodies whose elected members represent employees. Meetings are held regularly to discuss issues such as the activity and benefits offered to employees.

8,000

Rexel employees have become shareholders in their company since 2007

Online access

Since 2012, the employee shareholding plans have been accessible online. Employees can find all the information they need on a dedicated website available in multiple languages. Those who are shareholders can also consult the details of their holdings.

Associating employees in the Group's performance

Rexel seeks to reward individual and collective performance and motivate its employees by offering them preferential conditions for becoming shareholders.

Rexel has developed an employee shareholding policy called "Opportunity." Since Rexel's listing on the stock market, four employee share purchase plans have been offered, in 2007, 2010, 2012 and 2013, allowing employees to acquire shares in the company under preferential conditions. Opportunity13 was offered in 15 countries, covering more than 80% of the Group's employees. The overall participation rate was 14.47%, with higher national rates in France, Canada and China. Compared with other companies, this overall result places Rexel above the median (study: Altedia – FAS 2013)

As of 2014, 55.6% of Rexel's employees (with indefinite term contracts) are receiving variable compensation. This system for recognizing performance is an integral part of the Group's culture, allowing it to reward its employees' commitment and involve them directly in the success of the company as a whole.

Every year since 2011, the six Rexel subsidiaries in France have offered their employees the choice of receiving the profit sharing bonus stipulated by law or investing this bonus in a Rexel stock fund through the Group savings plan (*Plan Épargne Groupe* — PEG), thus benefiting from an additional contribution by their employer. Nearly 50% of employees chose the latter option in 2014.

04

Promoting responsible practices in the value chain

As a distributor, Rexel plays a central role in the value chain. The Group collaborates with many partners, manufacturers, suppliers, subcontractors and service providers.

Rexel shares with them important responsibilities regarding social and environmental practices (respect for human rights, labor standards, environmental protection and business ethics), as well as product quality and the preservation of consumer health and safety.

€10.5 billion

in products purchased to
be distributed in 2014

Bizline's laboratory

BizLine, a Rexel Group brand, has opened its own COFRAC-certified testing laboratory. The tests make it possible to ensure that the products comply with all local regulations in their various destination markets. The BizLine testing center tests a total of nearly 400 products every year.

A responsibility shared with the whole value chain

Respect of ethics standards

As part of its ethics policy, Rexel requires its suppliers to comply with the principles and practices defined in its **Ethics Guide**.

The purchasing contracts also include **specific clauses** under which suppliers agree to:

- Operate in compliance with national and international law,
- Comply with the principles of free competition,
- Reject corruption in all of its forms.

Regarding labor standards, it is expressly stipulated that the supplier must uphold the principles of human rights and human dignity, not rely on child labor, forced labor or “black market” labor, reject all forms of discrimination and coercion, and guarantee its employees' health and safety.

In terms of the environment, the supplier agrees to carry out its operations and its supply of products to Rexel in total compliance with all environmental laws and regulations in force.

Product compliance and end user safety

Rexel implements the necessary measures to ensure that the products it markets comply with all legal requirements, including EU regulations like REACH (Registration, Evaluation and Authorization of Chemicals) and the RoHS Directive (Restriction of Hazardous Substances) for the substances contained in the products.

The Group is even more closely committed to these standards and regulations regarding its own brands, carrying out stringent quality and safety monitoring of the products that it develops.

Quality and continuous improvement

Implementation of quality management systems

26

of Rexel's subsidiaries
are ISO 9001 certified

Going beyond product quality, the Group's subsidiaries have implemented quality management systems to oversee their operations. These systems are conceived to ensure the control and ongoing improvement of the processes, to guarantee compliance with external requirements (whether regulatory or imposed by Rexel's stakeholders) and, in particular, to bolster customer satisfaction.

Supplier evaluation

+13,000

direct suppliers

In addition to its requirements regarding products and commercial relations, Rexel strives to incorporate social and environmental considerations in its supplier evaluations in order to better control the related risks and to involve its suppliers in a process of continuous improvement.

75%

of purchases are
sourced from
the top 200 suppliers

Since 2013, Rexel launched a pilot campaign for evaluating its suppliers' environmental and social practices in cooperation with the service provider EcoVadis. Through this shared platform, companies are evaluated according to 21 criteria in four main areas: the environment, social aspects, ethics and the supply chain.

This solution gives Rexel access to information on its suppliers' policies and procedures, in particular concerning the management of the value chain beyond the direct suppliers, with common indicators for comparing performances.

EcoVadis campaign

For the pilot campaign launched with EcoVadis in 2013, 50 suppliers were evaluated, with a response rate of 83%.

Among them:

- 23% have signed the Global Compact;
- 58% are ISO 14001 certified;
- 38% are OHSAS 18001 certified;
- 79% have a reporting system to monitor their energy consumption as well as health and safety indicators.

The pilot campaign ended in April 2014 and the Group plans to deploy this evaluation system on a larger scale in 2015.

38 audits and 8 visits to suppliers

were conducted in 2014
by the sourcing platform
team

On-site supplier audits

A number of subsidiaries conduct audits at their suppliers' sites in order to ensure that they operate under good conditions and are capable of supplying high-quality products that comply with labor standards and environmental regulations.

For example, Rexel has created a shared sourcing platform in Asia in charge of evaluating local suppliers on behalf of the Group's subsidiaries. Its audits of potential suppliers cover a wide range of criteria, including finance, quality systems, operations, environmental aspects and safety. The supplier carries out an initial self-assessment, followed by an on-site visit by an auditor to evaluate the level of compliance with the expected standards. Afterwards, depending on the score, the supplier may be rejected, authorized, or approved pending the completion of specified corrective measures.

05

Improving access to energy efficiency for all

Even in today's world, 1.3 billion people have no access to electricity and 100 million Europeans are living in fuel poverty. And yet, modern energy services are a powerful driver of human and economic development.

Basing its societal approach on improving access to energy efficiency for all, Rexel wishes to leverage its skills and expertise to help society face these major challenges.

Promoting access to energy efficiency for all

1.3 billion

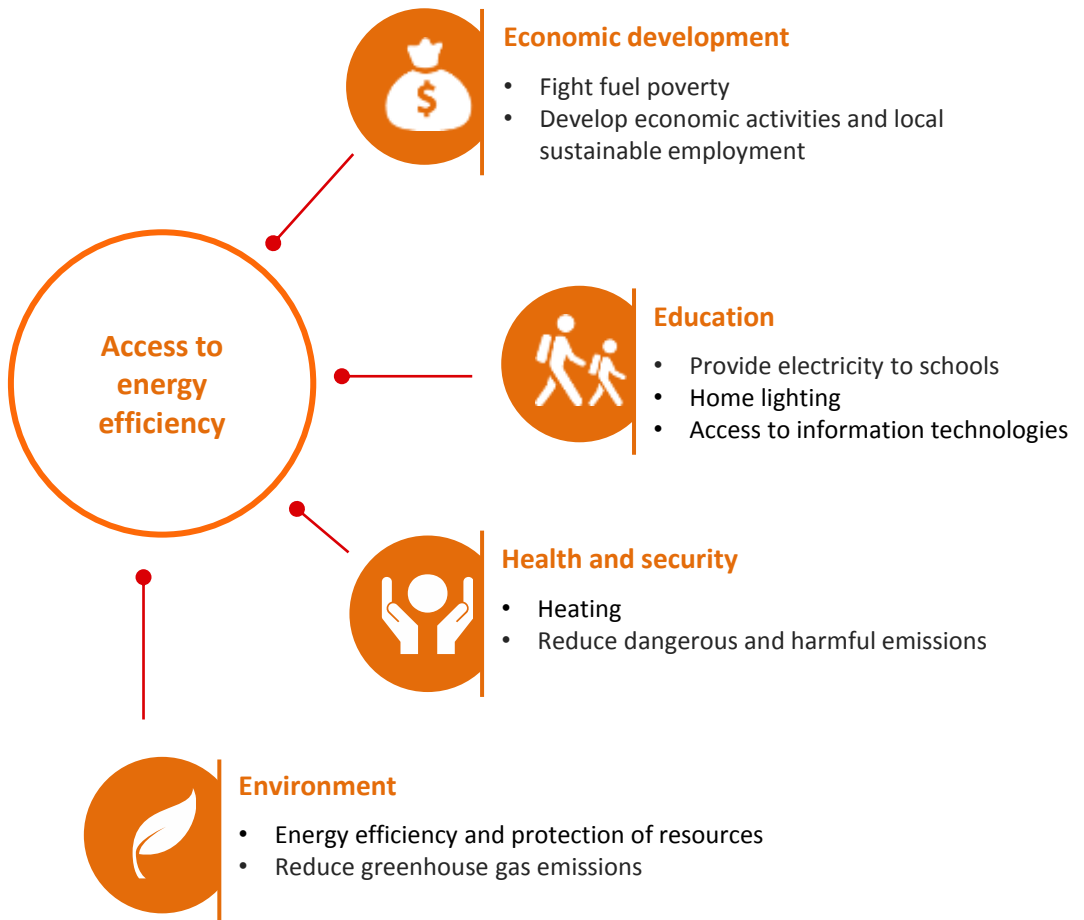
People worldwide have no access to electricity

Source IEA 2011

The Rexel Foundation for a Better Energy Future

Under the aegis of *the Fondation de France*, Rexel launched the Rexel Foundation for a Better Energy Future in 2013, with the mission of improving access to energy efficiency for all.

Through this commitment, Rexel wants to create a positive environmental and societal impact:



3 types of programs

In order to fulfill its mission, the Rexel Foundation relies on three major programs:



Grants to encourage innovation through research programs and educational projects.



Knowledge to inform, share, train and raise awareness about energy efficiency.



Community projects to bring energy efficiency solutions to disadvantaged populations and help them build economic models that are autonomous, sustainable and complementary to traditional energy sources.

21 projects carried out around the world

Numerous projects in France and around the world

Since its founding, the Rexel Foundation has backed projects in 13 countries: 8 of them have already been put into action around the world and 13 more are now in the deployment phase.

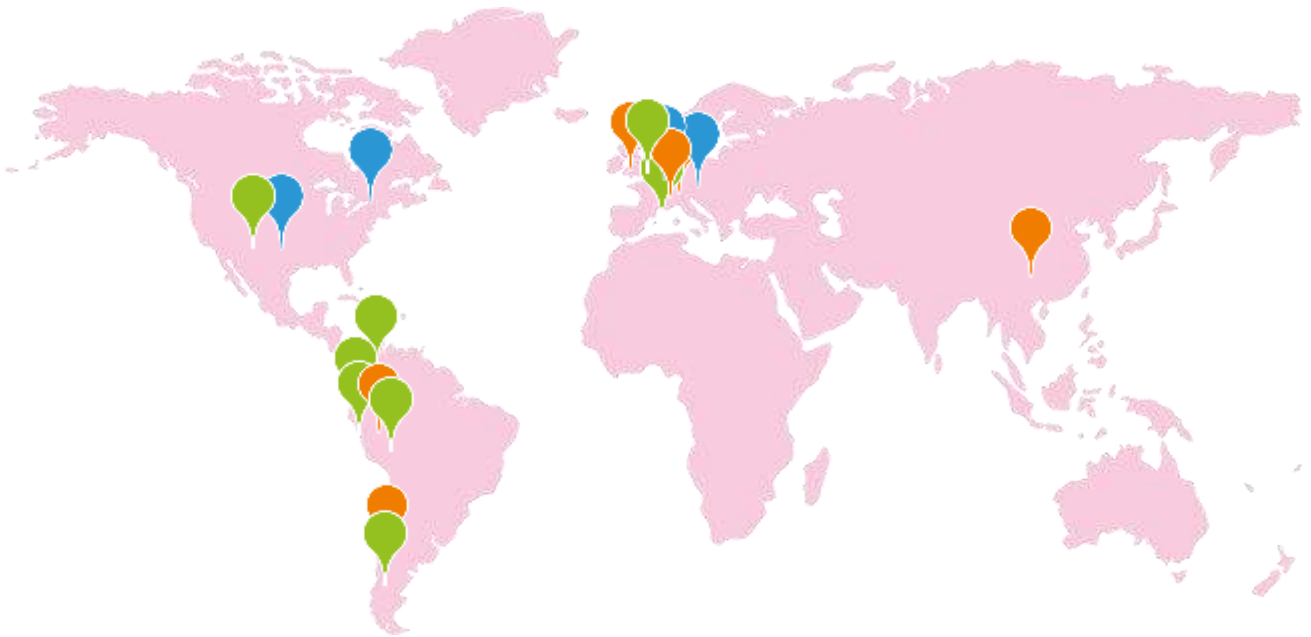
These socially innovative programs are implemented at local and international levels, with respect for the environment and in a spirit of systematic collaboration with non-profit organizations, commercial partners and social entrepreneurs.

4 core principles

- Socially innovative
- Environmentally friendly and providing energy savings
- Collaborative and partnership driven
- Repeatable and scalable

Promoting access to energy efficiency for all

A map of our programs



9

Community projects



6

Grants



6

Knowledge



All projects are presented on the Foundation's website
<http://www.rexelfoundation.com/en/our-programs/our-actions-map>

Focus on four examples

Study on energy efficiency programs in Latin America



Rexel and Microsol have joined forces to study the feasibility of developing carbon schemes in the field of energy efficiency in the Andean region of Latin America in order to improve and sustain energy access for the region's disadvantaged populations. The conclusions confirm that there is indeed a viable opportunity for the deployment of such mechanisms, provided that the valuation of carbon credits can be improved, in particular by integrating their capacity to foster economic and social development among the populations benefiting from the projects.

A solar energy plant for a school



In China, the Rexel Foundation teamed up with Faurecia and the social enterprise Maverlinn on a solar energy plant to provide students at San Xing Elementary School, located in the province of Hebei, an access to new technologies and better information. The school now has the benefit of an IT class as well as a free energy source, guaranteeing the long-term viability of the installation, control over the cost of the school's electrical consumption and, above all, a clean and renewable energy supply.

Supporting the development of methods for measuring social and environmental impact



The Rexel Foundation is providing support to *Planète d'Entrepreneurs*, an association that specializes in assessing socio-economic and environmental impact, for the development of an open measurement tool.

Research on the energy renovation of buildings



In partnership with the University of Utrecht in the Netherlands, the Foundation has supported a research project to identify, codify and clarify the obstacles to the implementation of building energy renovation strategies, for the benefit of the players in the sector.

Our community involvement organization

In addition to its Foundation, the Rexel Group has created a specific organization to oversee its societal commitment:

A Community Involvement Charter specifies the scope of the Group's commitment, explaining the approach and the founding principles behind it.

A practical guide has been created to help the subsidiaries plan and implement societal actions, offering them valuable advice and decision-making tools .

At the Group's headquarters, **a dedicated team** is in charge of promoting the approach and providing support for the subsidiaries' societal initiatives. Every year, the subsidiaries are asked to prepare **a report on their community involvement initiatives.**

Employees contribute to the Group's community involvement mission

Rexel Development, the Group's headquarters, is offering its employees an opportunity to support solidarity projects through a system for deducting donations directly from their salaries. In partnership with the social enterprise MicroDON, the system allows employees to round their salary down to the nearest euro and opt for a voluntary monthly donation of the remaining cents or more. Rexel Development matches 100% of employees' donations.

The money goes to the employee's choice of one of the following two projects:

- Coaching micro-entrepreneurs in the field of electricity, through individual or group training sessions and interviews with legal and administrative experts (project developed by ADI);
- Supporting a network of distributors of eco-responsible household electrical equipment for residents of South African slums (project developed by PlaNetFinance).

At the end of 2014, around 20% of employees at the Group's headquarters had taken part in this initiative.

The Rexel Group's communication on progress for the UN Global Compact

Principles of the Global Compact	Our commitments	Our initiatives and indicators
Support and respect the protection of internationally proclaimed human rights Refuse to be complicit in human rights abuses	Ethics Guide	see p.6
	Social responsibility clauses to be included in all purchasing contracts	see p.34
	Social responsibility policies	
	Community involvement Charter and the Rexel Foundation for a Better Energy Future	see p.27 see p.38
Uphold freedom of association and recognize the right to collective bargaining Eliminate all forms of forced and compulsory labor	Ethics Guide	see p.31
	Social responsibility clauses to be included in all purchasing contracts	see p.6 see p.34
Effectively abolish child labor Eliminate discrimination regarding employment and occupation	Social responsibility policies	see p.27
Support a precautionary approach to environmental challenges Undertake initiatives to promote greater environmental responsibility	Ethics Guide	see p.6
	Environmental responsibility clauses to be included in all purchasing contracts	see p.34
	Environmental Charter	
	Environmental policies	see p.18 see p.17
Encourage the development and diffusion of environmentally friendly technologies	Environmental Charter	see p.18
	"Energy In Motion" company plan	see p.12
	Community involvement Charter and the Rexel Foundation for a Better Energy Future	see p.38
Work against corruption in all its forms, including extortion and bribery	Ethics Guide	see p.6
	Anti-corruption and anti-laundering policies	see p.7