

# 2021 CSR REPORT



## 1

### Presentation of the Group's operations

- 1.1 Our value creation model
- 1.2 History and organisation of the Group
- 1.3 Presentation of business activities
- 1.4 Values

## 2

### Governance

- 2.1 Governance organisation
- 2.2 Duties and work of the Corporate Board and Committees
- 2.3 Sonepar management
- 2.4 International Committees

## 3

### Corporate Social Responsibility

- 3.1 Our vision
- 3.2 Materiality matrix
- 3.3 Governance
- 3.4 Contribution to the United Nations Global Compact and Sustainable Development Goals (SDGs)

## 4

### Environment

- 4.1 Vision and strategy
- 4.2 Governance
- 4.3 Taking action on climate change
- 4.4 Limiting greenhouse gas emissions
- 4.5 Developing the circular economy
- 4.6 Innovating with a Green Offer

## 5

### Social and human capital

- 5.1 Vision and strategy
- 5.2 Governance
- 5.3 Attracting talent
- 5.4 Retain talent and develop skills
- 5.5 Promote quality of life in the workplace and associate engagement
- 5.6 Promoting diversity and inclusion
- 5.7 Guaranteeing associates' health and safety
- 5.8 Sourcing ethically and responsibly
- 5.9 Respecting and promoting human rights
- 5.10 Commitments to local communities and our stakeholders

## 6

### Governance and integrity

- 6.1 Vision and strategy
- 6.2 Cultivating robust and long-term governance
- 6.3 Ensuring and promoting compliance and business ethics
- 6.4 Protecting data and combating cybercrime
- 6.5 Maintaining a robust crisis management system

## 7

### Oversight

- 7.1 Scope
- 7.2 Governance
- 7.3 Dedicated CSR risk mapping: methodology
- 7.4 Risk assessment process
- 7.5 Monitoring and evaluation process

## 8

### Non-financial indicators

Cross-reference table



# Message from Philippe Delpech

Chief Executive Officer

In 2021, not only did Sonepar deliver record financial results – it also completed a phase of its radical transformation.

Now, Sonepar is taking the next step in its strategic transformation, aiming to provide an omnichannel digital experience for all our customers, promote best-in-class sustainability and ensure a diverse and inclusive working environment for our associates.

As part of this transformation, we have launched Sonepar's new visual brand identity, updated our values and mapped out our corporate social responsibility (CSR) risks and challenges. We have also started work on defining our corporate purpose, to clearly set out what we bring to the world and to our stakeholders, particularly with regards to current and future social, societal and environmental issues.

With this in mind, we are delighted to share our first CSR Report.

Sonepar sees its CSR approach as a way to drive performance, boost its economic and social efficiency, and become more competitive and more profitable in the long term.

Our associates, shareholders, customers, suppliers and other business partners all have a role to play.

So what are the key elements of Sonepar's CSR strategy?

- Building on the long-term vision of its family shareholder base, Sonepar is able to direct its strategy towards lasting, socially responsible growth.
- At the epicentre of the electrical materials value chain, the Group is perfectly positioned as a catalyst to reduce CO<sub>2</sub> emissions in the construction and manufacturing industries.
- Sonepar encourages its suppliers to innovate and helps their green solutions succeed by raising awareness and inspiring customers to consider their social and environmental impact.
- Fairness, trust and respect are priorities. In our business, sustainability means integrity. We see compliance with the law and our Code of Conduct as a sign of trust.
- Our business and our innovation are driven by the commitment, skills and diversity of our associates.

Working alongside our stakeholders and our associates, we are moving forward towards our goal of sustainable growth that respects our ecosystem.

We are Sonepar, *Powered by Difference*.

## FOREWORD



€26.4 bn  
GROUP SALES 2021



45,401  
ASSOCIATES



42  
COUNTRIES



100  
DISTRIBUTION  
BANNERS



2,740  
BRANCHES

Sonepar is an independent family-owned group with global market leadership in the B-to-B distribution of electrical products, solutions and related services.



# Presentation of the Group's operations

1

<b>1.1</b>	<b>OUR VALUE CREATION MODEL</b>	<b>4</b>	<b>1.3</b>	<b>PRESENTATION OF BUSINESS ACTIVITIES</b>	<b>8</b>
<b>1.2</b>	<b>HISTORY AND ORGANISATION OF THE GROUP</b>	<b>6</b>	1.3.1	Products and solutions	8
1.2.1	History	6	1.3.2	Customers	10
1.2.2	Organisation	7	1.3.3	Markets	10
			<b>1.4</b>	<b>VALUES</b>	<b>11</b>

## 1.1 OUR VALUE CREATION MODEL



### Our strengths

#### A 53-year old family-owned group

- Stable and ambitious share ownership
- Robust and balanced financial model
- Long-term vision
- Controlled debt

#### Committed associates

- **45,401** associates
- **96%** of permanent contracts in the workforce<sup>(1)</sup>
- **First** private French group chaired by a woman
- Women executives: **14%**
- Associate engagement rate: **86%**

#### Investments in customer satisfaction

- **Digital Factory**: 200 people focused on customer experience
- Logistics investments: **€1 billion by 2025**
- Development of own brands: **TRADEFORCE, LIT by Cardi**

#### A global and integrated logistics chain

- Presence in **42 countries**
- **2,740** branches
- **150** distribution centres
- Activity in mature and stable countries

#### Special relationships with our partners and suppliers

- Global community of leading electrical equipment experts
- **Global Supplier Portal** a market data and trend analysis service for our suppliers

#### A Group committed to the fight against climate change

- Signatory to the Science Based Targets
- Energy Transition Academy
- Green Offer under development

### Industry-based trends



**INCREASING  
URBANISATION**



**DEVELOPING  
ACCESS TO ELECTRICITY**



**RAPID EXPANSION OF  
CONNECTED OBJECTS AND  
SERVICES (IOT)**



**ENERGY  
TRANSITION**



**CLIMATE CHANGE AND  
ENERGY EFFICIENCY**

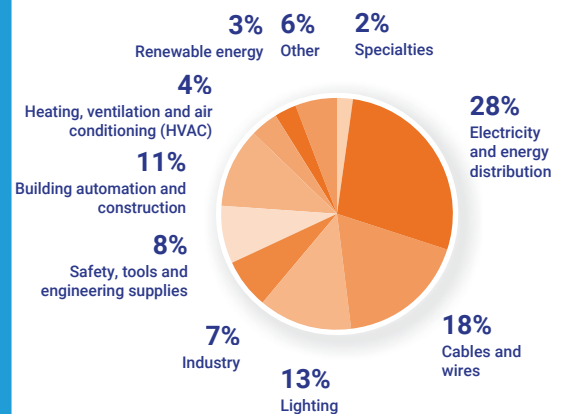


**RESOURCE  
CONSERVATION AND  
CIRCULAR ECONOMY**

### Markets and customers

**We combine a  
local and global approach  
to simplify our customers'  
daily lives and operations**

#### BREAKDOWN OF REVENUE BY ACTIVITY



#### Value creation drivers



**Stable  
governance**



**Ethics and integrity  
at the heart of our business  
model**



**Ambition and energy driven  
by an entrepreneurial spirit**



**Reasonable  
dividend policy**

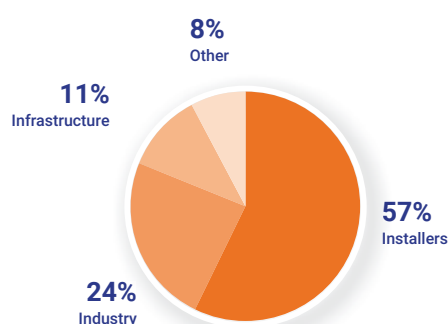
(1) Within the scope covered by the Group HRIS.



Sonepar is an independent family-owned group with **global market leadership** in the B-to-B distribution of electrical products, solutions and related services.

**We are investing** in a state-of-the-art supply chain and omnichannel digital technologies to provide the best quality of service to installers, industries and utilities market.

#### BREAKDOWN OF REVENUE BY TYPE OF CUSTOMER



"Phygital" model: physical and digital proximity to our customers:  
**30%** of sales made online



Recognised expertise in sourcing and supply chain



Customer and market diversity: close to **1 million** customers



Wide range of solutions: up to **100,000** product references in stock

#### 2021 REVENUE

€26.4 bn

#### FINANCIAL RATING

**A-2**  
Short-term  
S&P

**SR1**  
Short-term  
Quivalio

#### Our impacts

##### For customers



- Omnichannel experience
- Logistics suited to needs
- Expertise and consulting
- Resilience and robustness in response to electronic component and raw material shortages

##### For associates



- Contribution to employment : **8,338** hires in 2021 representing **18%** of the Group's workforce
- Employee share ownership:
  - **2.11%** indirect ownership of Sonepar SAS capital by associates (via a dedicated structure)
  - **2,100** associate shareholders
  - **21,106** associates receiving free shares or stock options
- Payroll: **+5.7%**<sup>(2)</sup>

##### For suppliers and partners



- **48** strategic suppliers, representing approximately **38%** of the Group's purchasing volume
- **100%** of suppliers audited on the basis of CSR criteria (own brand activity)

##### For the climate



- GHG reduction commitments in line with the 1.5°C Science Based Targets trajectory
- Contribution, through the products and services provided, to the renovation and energy transition
- **230 local initiatives** for sustainable development

##### For society

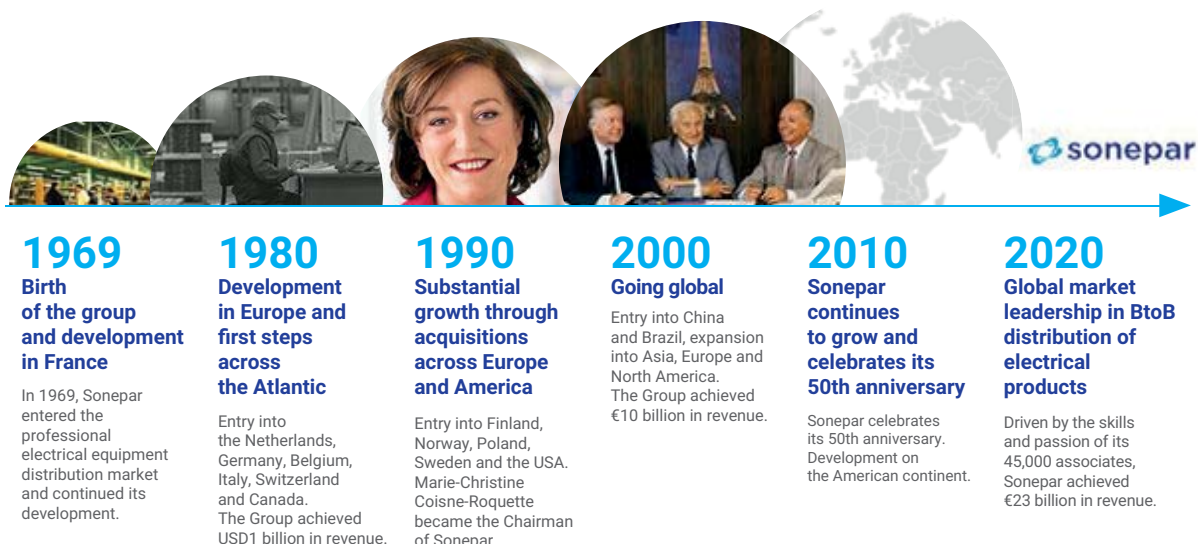


- Adhesion to the United Nations Global Compact
- 100% of strategic suppliers audited on the basis of compliance criteria
- Contribution to the local economy and job pools through our territorial network
- **€1.6 million** in donations and sponsorship

(2) Restated to reflect government assistance packages in 2020.

## 1.2 HISTORY AND ORGANISATION OF THE GROUP

### 1.2.1 HISTORY



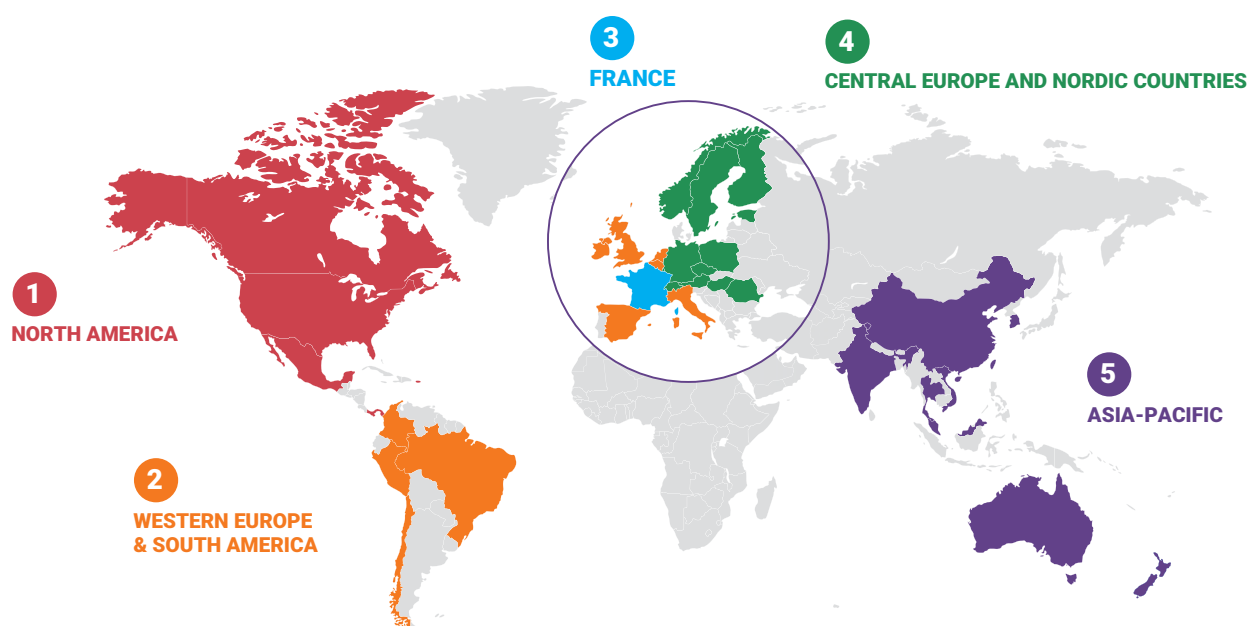


## 1.2.2 ORGANISATION

The Group has been organised around five operational Regions since 2019:

- North America;
- Asia-Pacific;
- Western Europe and South America;
- Central Europe & Nordic countries;
- France.

This structure enables the Group to more effectively roll out governance, strategy and shared initiatives to grow and create synergies, while allowing for better coordination between countries operating in the same geographic areas.



Each of the five Regions is led by a member of the Sonepar Executive Committee, who reports to Sonepar's Chief Executive Officer.

In keeping with the spirit of subsidiarity set out in the Group's Governance Charter, the Regional Presidents take on duties from the Group's Executive Management.

The Regional Presidents' duties are to:

- promote and monitor the ethics of Sonepar's operations in its host countries by implementing the rules and procedures for preventing fraud, corruption, influence peddling and other similar offences, and the related penalties;

- run the business within the scope that they oversee and control;
- meet pre-defined strategic and operational performance and growth objectives;
- propose an annual budget to the Group's Executive Management and implement it once approved;
- monitor the performance of their Region and its development compared to past results and external benchmarks, in addition to the budget.

## 1.3 PRESENTATION OF BUSINESS ACTIVITIES

### 1.3.1 PRODUCTS AND SOLUTIONS

#### A wide range of products

We select products and solutions offered by manufacturers that are best suited to the local needs of our customers. Depending on the country, we have between 25,000 and 100,000 products for different needs, made available in the right place at the right time.

We offer products  
in the following areas



## Product to solution

Thanks to the expertise of our electrical equipment teams, we combine the best products to offer solutions that meet the specifications of our customers and the needs of end users.

Some examples of proposed solutions:



### Smart lighting

Automatic presence detection increases your visual comfort and saves energy. With connected lighting, you can control all your installations and create customised environments.

The Melbourne Central Tower in Australia is a commercial building with 46 floors of office space and a car park with 850 spaces. Lawrence & Hanson assisted the building manager with the renovation of the lighting system. One of the main objectives was to reduce wasteful energy

consumption. Lawrence & Hanson supervised the project, from design to installation, supplying and recommending the best suited products at every stage. For example, the integration of motion detectors that allow lights to be dimmed to "energy saving" mode when the premises are unoccupied. Ideal for less-crowded areas such as fire escapes or service corridors, they have reduced energy consumption by 93%.

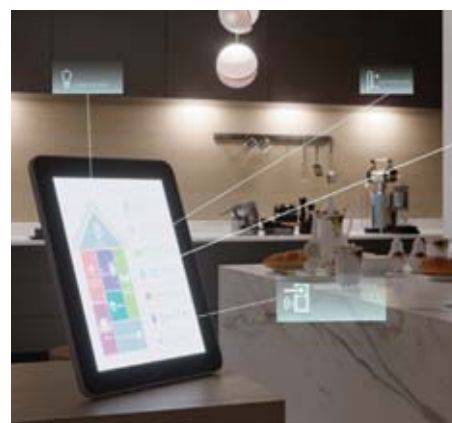
### Connected homes

We offer efficient home automation products and systems. Smartphones and/or tablets can be used, locally or remotely, to control heating, roller shutters, alarms or garage doors.

In January 2019, Sonepar launched the latest and most innovative tool in the **Smart Home** field, Smarango, aimed at addressing end customers (B2C) needs for the first time. On the website, customers can set up a **Smart Home** configuration to get an approximate overview of costs, as well as a selection of local Smart Home experts. If an electrician is selected, he/she will contact the customer within one working day, making Smarango a

platform for connecting electricians and end clients.

Whether it be security, smart lighting control, energy or multimedia, it allows you to get a free price estimate in just a few clicks – either with a fully integrated installation or with a Plug & Play system. Through our B2B customers, end consumers benefit from solutions developed by renowned manufacturers and expert advice.



### Building energy management

We help you to optimise the energy performance of buildings, thanks to eco-efficient equipment, automatic presence and heat detection systems, as well as consumption measurement and analysis tools.

The Karlsruhe Institute of Technology (KIT) laboratory in Germany, which is working on the energy transition, has developed a "smart" platform, a network of installations linking

electrical, thermal and chemical flows and digital technologies, in collaboration with the Jülich Research Centre (FZJ) and the German Aerospace Centre (DLR). Sonepar is supplying and delivering the electrical control cabinets for part of the installation for this ambitious program, after working with its technical team on the dimensioning process.

### 1.3.2 CUSTOMERS

Every day, around the world, Sonepar helps its customers get the job done. Its mission is to make life easier for its customers by providing them with a hands-on local service grounded in lasting interpersonal relationships, thanks to its vast network of brands and branches.



#### AVAILABILITY

Sonepar meets customer requirements through tailored, cutting-edge logistics. The Group places a premium on product availability and fast delivery. This eliminates the need for customers to stock materials, allowing them to operate on a just-in-time basis.

#### SERVICE

The Group continually enlarges its range of services. It regularly draws on the latest in new technology to enrich its engineering and training services and customised logistics solutions.

#### INNOVATION

To optimise the customer experience, Sonepar develops innovative solutions at its branches and *via* its applications and webshops.




#### Key customers in 2021

Sonepar's three main customer groups are:

- **building installers**, who account for 57% of Sonepar's revenue. The Group supports them in all their construction and renovation projects, regardless of their type or size. It offers logistical strength, technical expertise and a full line of products via its omnichannel platform;
- **industry**, which accounts for 24% of Sonepar's revenue. The Group helps customers to address new industry challenges with systems that are more automated, more productive, less costly and more environmentally friendly. It also provides expertise, services and integrated solutions that cater to the needs of equipment manufacturers, system integrators and other industrial customers;
- **utility operators**, which account for 11% of Sonepar's revenue. The primary role of a power utility is to deliver electricity without threatening the safety of people or property. Sonepar's solutions are durable, reliable and aligned with the utilities' power needs and uses.

### 1.3.3 MARKETS

Sonepar's customers operate in different end markets, broken down as follows:

 <h4>BUILDING</h4> <ul style="list-style-type: none"> <li>✓ Installers (small, medium and large companies)</li> <li>✓ Manufacturers</li> <li>✓ Specialists installers / System integrators</li> <li>✓ Government agencies</li> <li>✓ Offices</li> </ul>	 <h4>INDUSTRY</h4> <ul style="list-style-type: none"> <li>✓ Industrial installers</li> <li>✓ EPC (Engineering, Procurement, and Construction)</li> <li>✓ Panel builders</li> <li>✓ System integrators</li> <li>✓ OEM (Original Equipment Manufacturer)</li> <li>✓ MRO (maintenance, repair and overhaul) by the end user</li> </ul>	 <h4>UTILITY</h4> <ul style="list-style-type: none"> <li>✓ Public service companies belonging to the private sector</li> <li>✓ Municipals / Cooperatives</li> <li>✓ Public works companies</li> <li>✓ Energy installers renewable</li> </ul>
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## 1.4 VALUES

1

### CUSTOMER

#### *Customer centric*

Deliver better solutions through proximity and understanding of our customers.  
Make customers' lives easier by bringing the magic of simplicity.  
Anticipate needs and deliver improved customer benefits.

### PEOPLE & PLANET

#### *Committed to People and the Planet*

Celebrate our diversity and inclusivity because collectively we develop better solutions.  
Build long-term relationships built on mutual respect.  
Champion sustainable practices, driving the clean energy transformation.

### LEAD

#### *Lead by example*

Give our best performance in everything we do.  
Do what is right, making integrity and ethics the foundation of everything we do.  
Encourage the energy transition, inspiring customers and co-workers.

### DARE

#### *The will to dare*

Bring an entrepreneurial approach to the problems we solve.  
Dare to push boundaries to accelerate energy transformation.  
Always question, always explore.





In a constantly changing world, the Group relies on its governance to ensure its resilience and achieve sustainable growth.



# Governance

## 2

<b>2.1</b>	<b>GOVERNANCE ORGANISATION</b>	<b>14</b>	<b>2.3</b>	<b>SONEPAR MANAGEMENT</b>	<b>24</b>
2.1.1	Guiding principles	14	2.3.1	The Chairman	24
2.1.2	Governance players	14	2.3.2	Executive Management	25
2.1.3	Share ownership and role of the Shareholders' Meeting	15	2.3.3	Executive Committee	26
2.1.4	Corporate Board	17	2.3.4	Operational governance	27
2.1.5	Ethics – Conflicts of interest	19	<b>2.4</b>	<b>INTERNATIONAL COMMITTEES</b>	<b>27</b>
<b>2.2</b>	<b>DUTIES AND WORK OF THE CORPORATE BOARD AND COMMITTEES</b>	<b>20</b>	Committees	27	
2.2.1	The Corporate Board	20	Communities	27	
2.2.2	Board Committees	22			



## 2.1 GOVERNANCE ORGANISATION

### 2.1.1 GUIDING PRINCIPLES

The organisation of Sonepar's governance is governed by the Articles of Association, the Governance Charter and the Corporate Board's Internal Rules of Procedure.

The Articles of Association set out the Company's fundamental principles<sup>(1)</sup>:

- its private nature;
- the strong *affectio societatis* (spirit of cooperation) between its shareholders;
- a determination to develop the Company's share ownership by allowing its associates to participate in its share capital;

- the long-term commitment of the Majority Shareholder, Colam Entreprendre, to retaining its interest in the Company's share capital.

Sonepar's decentralised organisational structure complies with the subsidiarity principle, which aims to establish clear responsibilities within the Group at the most relevant level, with no gaps or overlaps.

The Code of Conduct serves as the Group's reference document for all compliance and integrity issues.

### 2.1.2 GOVERNANCE PLAYERS

#### SHAREHOLDER HOLDING COMPANIES

##### COLAM ENTREPRENDRE

Société de Négoce et de Participation SAS, Majority Shareholder  
Family shareholding  
More than 400 family shareholders

##### SONEPACK SAS

Main minority shareholder  
Associate share ownership  
2,100 shareholders

##### SONEPAR SAS

###### Corporate governance

Corporate Board  
Chairman of the Corporate Board  
Audit Committee  
Nomination and Compensation Committee

###### Operational governance

Chairman  
Chief Executive Officer  
Deputy Chief Executive Officer  
Executive Committee

(1) Sonepar, a French simplified joint stock company, with share capital of €107,936,507.94, with its registered office at 25, rue d'Astorg in Paris, registered with the Paris Trade and Companies Registry under unique identification no. 585 580 202 (also referred to in this chapter 2 as "Sonepar SAS" or the "Company").

## 2.1.3 SHARE OWNERSHIP AND ROLE OF THE SHAREHOLDERS' MEETING

### RIGHTS AND OBLIGATIONS OF SONEPAR'S SHAREHOLDERS

Sonepar's family-owned shareholding base is one of its main strengths. The values and long-term commitment of the family shareholders guarantee the Group's independence and longevity.

The family shareholders, brought together within Colam Entreprendre, maintain their ties to Sonepar in a number of ways. They are united in their commitment to making managers shareholders, giving them the opportunity to share in the value they help to create by taking risks together.

Together, the Group's family shareholders and associates own all of the Company's shares via their respective holding companies with the aim of ensuring its lasting growth and sharing the rewards of this success.

Shareholding in the Company is governed by strict rules. All transfers of securities are subject to the prior approval of the Corporate Board. The voting rights attached to shares are proportional to the share capital represented by such shares and each share entitles the holder to one vote.

The fundamental rights and obligations of Sonepar's shareholders are to:

- share the *affectio societatis*, or spirit of cooperation, between its members;
- be acquainted with how the Group and the governance structure in place are organised;
- obtain relevant and accurate information about the Group's operations and results at the General Shareholders' Meeting;
- approve the dividend policy and receive dividends on profits;
- vote at Shareholders' Meetings;
- benefit from the full administration of their shares by the Company;
- support Sonepar's ambitions over the long term.

### REMIT OF THE SHAREHOLDERS

The shareholders are consulted at the initiative of the Chairman of the Company or the Corporate Board as often as required in the Company's interest.

The Shareholders' Meeting provides a forum for Sonepar's shareholders to obtain information and express their views. The indirect, family and associate shareholders are represented by their respective holding companies, Colam Entreprendre and Sonepack.

Without prejudice to the laws and regulations in force, the following decisions fall within the exclusive remit of the shareholders:

- the approval of the statutory financial statements;
- the appropriation of net income and the distribution of dividends, reserves or premiums;
- the approval of agreements referred to in article L. 227-10 of the French Commercial Code;
- the appointment of one or more Statutory Auditor(s);
- the appointment and removal of Corporate Board members;
- the setting of the overall amount of compensation to be paid to Corporate Board members;
- the increase, reduction or redemption of capital as well as any issues of securities granting access to the capital, immediately or in the future, and any share buy-backs;
- any merger, demerger or partial transfer of assets of the Company;
- the change in the Company's legal status;
- any extension of the Company's term;
- the future of the Company if, as a result of losses reflected in the financial statements, the Company's equity falls below half of its share capital;
- dissolution of the Company;
- the insertion of or amendment to clauses referred to in article L. 227-19 of the French Commercial Code;
- any change of the Company's nationality; and
- any amendments to the Articles of Association, except those regarding the transfer of the Company's registered office or the change of the Company's legal name.

Any decisions that do not fall expressly within the remit of the shareholders or of the Corporate Board or of another governance body shall fall within the remit of the Chairman of the Company.



10

MEMBERS



4

NATIONALITIES



5

MEETINGS



98%

ATTENDANCE  
RATE

3.4 YEARS\*

SENIORITY ON  
THE CORPORATE  
BOARD

40%

WOMEN

CHANGES IN THE  
CORPORATE BOARD  
IN 2021:  
APPOINTMENT OF  
QUENTIN DEVILDER AND  
CHRISTOPHE LAMBERT\*\*

# Composition of the Corporate Board

at 31 December 2021

Corporate Board members are appointed by a collective decision of the shareholders, upon the recommendation of the Majority Shareholder of Sonepar. The Corporate Board is made up of family members, independent members from the business world, and a former member of the Group's Executive Management.



**Henri Coisne**  
Honorary Chairman



**Marie-Christine Coisne-Roquette**  
Chairman of Sonepar SAS



**Patricia Bellinger**



**Jean-François Cirelli**



**Nathalie Coisne**



Permanent representative  
of Société de Négoce  
et de Participation  
**Stéphane Coisne**



**Quentin Devilder**



**Maria Götsch**



**Frank H. Lakerveld**



**Christophe Lambert**



**Christian Maurin**



## AUDIT COMMITTEE



chaired by  
**Christian Maurin**

→ 7 MEMBERS  
→ 4 MEETINGS  
→ 100% ATTENDANCE



## NOMINATION AND COMPENSATION COMMITTEE



chaired by  
**Patricia Bellinger**

→ 4 MEMBERS  
→ 3 MEETINGS  
→ 100% ATTENDANCE

\* Seniority is calculated from the conversion of the company into an SAS in 2016.

\*\* Appointed by the Shareholders' Meeting of April 2021.

## 2.1.4 CORPORATE BOARD

### 2.1.4.1 COMPOSITION OF THE CORPORATE BOARD

#### PRINCIPLES

The Corporate Board comprises between three and twelve members (Board members) appointed by a collective decision of the shareholders, by simple majority and upon the recommendation of the Majority Shareholder.

Board members are appointed for a term of four years, with half of the members renewed every two years. Notwithstanding this principle, to ensure the staggered renewal of terms of office, one or more members of the Corporate Board may be appointed for a term of between one and three years.

No more than one-quarter of the members of the Corporate Board may be 70 years old or more.

Particular attention is paid to ensuring that the composition of the Corporate Board reflects a balanced representation of:

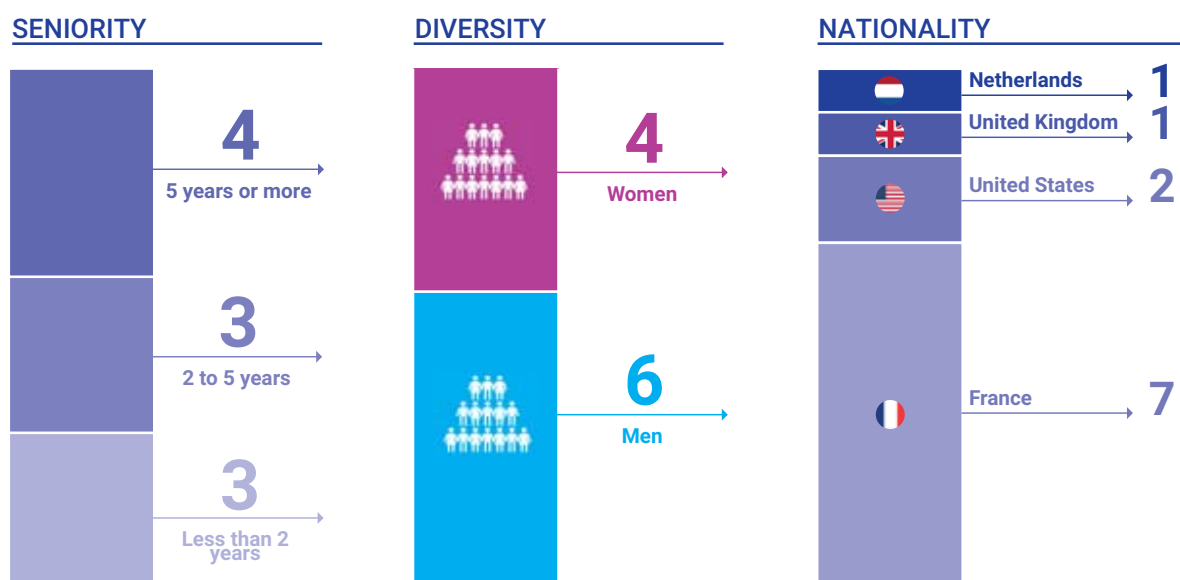
- family shareholders, who are able to ensure that the Group's business development and achievements are consistent with its goals, values and principles;
- independent members from the business world or the Group, who contribute insight and practices from various skill sets and business areas.

The Corporate Board may involve non-voting family advisers in its work, who are subject to the same confidentiality requirements as Board members.

2


### COMPOSITION OF THE CORPORATE BOARD AT DECEMBER 31, 2021

At December 31, 2021, the Corporate Board comprised ten members, four women and six men, of four different nationalities<sup>(1)</sup>.



(1) One member of the Board has dual nationality (American and British).

		POSITION	NATIONALITY	AGE	END OF CURRENT TERM OF OFFICE	SENIORITY (IN YEARS)	COMMITTEE(S)
Family members							
	Marie-Christine Coisne-Roquette	Board member and Chairman of the Corporate Board		65	2024	5.6	 
	Nathalie Coisne	Board member		37	2022	3.6	
	Stéphane Coisne	Permanent representative of Société de Négoce et de Participation		58	2022	5.6	
	Quentin Devilder	Board member		39	2025	0.6	
	Christophe Lambert	Board member		63	2025	0.6	
Independent members and former members of the Group's Executive Management							
	Patricia Bellinger	Board member	 	60	2025	4.6	 
	Jean-François Cirelli	Board member		63	2022	3.6	
	Maria Götsch	Board member		60	2024	1.7	
	Frank H. Lakerveld	Board member		74	2023	5.6	
	Christian Maurin	Board member		74	2022	5.6	 
Auditors to the Corporate Board							
	Stanislas Francin	Auditor to the Corporate Board		26	2022	1.4	
	Lucien Roquette	Auditor to the Corporate Board		29	2022	1.4	
Committee members (excluding the Corporate Board)							
	Aude Beurrier-Coisne	Member of the Audit Committee		38	2022	2.4	
	Hubert Coisne	Member of the Audit Committee		70	2022	5.4	
	Juliette Roquette	Member of the Audit Committee		32	2024	0.4	
	Olivier Verley	Member of the Nomination and Compensation Committee		67	2022	5.4	

16  
members37.5%  
womenAverage age of  
53.4  
years AUDIT COMMITTEE NOMINATION AND  
COMPENSATION  
COMMITTEE

C: CHAIRMAN

## CHANGES IN THE CORPORATE BOARD DURING THE YEAR

The composition of the Corporate Board remains unchanged since the Shareholders' Meeting of April 2021, which approved the appointments of Quentin Devilder and Christophe Lambert to replace Olivier Verley and Paul-René Lambert.

The Audit Committee was expanded with the appointment of a seventh member, Juliette Roquette, in July 2021.

The terms of office of Corporate Board members expiring in 2022 are set out below:

Christian Maurin	Appointed in 2018 for a four-year term
Nathalie Coisne	Appointed in 2018 for a four-year term
Jean-François Cirelli	Appointed in 2018 for a four-year term

### 2.1.4.2 CHAIRMAN OF THE CORPORATE BOARD

#### APPOINTMENT

The Chairman of Sonepar's Corporate Board was appointed from among the Board's members, upon the recommendation of and in consultation with the Majority Shareholder. It is the members that determine his/her duties and compensation. The Chairman of the Corporate Board may appoint a Deputy who will perform all of the duties entrusted to the Chairman in the event that he/she is prevented from doing so. The Deputy does not have the deciding vote conferred upon the Chairman of the Corporate Board.

- ensure that the Corporate Board is fully informed and prepare for Board meetings;
- report on the work of the Corporate Board to the shareholders;
- facilitate the work of the Chairman of each Board Committee, of which he/she is a member by right, and coordinate this work with Executive Management.

Within this framework, the Chairman of the Corporate Board has extensive access to information and Group and Country Board meetings.

The Corporate Board may at any time entrust the Chairman of the Corporate Board with additional responsibilities as required.

#### DUTIES

Due to the specific nature of Sonepar's shareholding structure and the Group's philosophy, the Chairman of the Corporate Board has a permanent role, which includes the following main duties:

- promote the image of the family Group both inside and outside the Group;

### 2.1.5 ETHICS – CONFLICTS OF INTEREST

Sonepar applies certain operating principles that it expects all those with roles in governance to implement:

- combine trust with oversight;
- convey the idea that responsibility for security, integrity, environment and control is everyone's business; when in doubt, ask questions and check before acting;
- understand that information is a source of both opportunities and risks for the Group and that it should therefore be protected and shared where appropriate;
- at all levels and regardless of position, refrain from using titles or positions as a means of procuring financial or other advantages for themselves or anyone else;
- report any conflicts of interest, even potential, with the Group.

The Code of Conduct contains the ethical, social and environmental standards applicable within the Group, especially those concerning the prevention of and fight against corruption and influence peddling, deriving from the French law of December 9, 2016 on transparency, anti-corruption and economic modernisation (the "Sapin II" Law).

Sonepar believes that having the right attitude is essential to promote its values. Accordingly, Sonepar expects its executives to:

- give top priority to the ethics of their actions and decisions;

- act and behave towards others as they would wish to be treated themselves;
- comply with and enforce the Governance Charter, the Code of Conduct and all applicable rules;
- promote integrity, security and protection of the environment;
- develop a mindset of mutual respect between themselves and the Group, its associates and its stakeholders;
- reward loyalty, efficiency, initiative and good service;
- refrain from any actions or decisions they would not be able to defend in public.

The Chairman, the Company's Executive Management, and the members of the Corporate Board and its Committees are required to inform the Chairman of the Corporate Board of any potential conflict of interest situations concerning them or of which they are aware. In the event of an actual or potential conflict of interest, they refrain from participating in the discussions and in any decision on the matters concerned.

## 2.2 DUTIES AND WORK OF THE CORPORATE BOARD AND COMMITTEES

### 2.2.1 THE CORPORATE BOARD

#### 2.2.1.1 DUTIES OF THE BOARD

In accordance with Sonepar's Articles of Association and its own Internal Rules of Procedure, the Corporate Board is collectively responsible for:

- appointing and dismissing the Company's Chairman, on the proposal of the Majority Shareholder, based on the Nomination and Compensation Committee's review and recommendations;
- expressing an opinion on the appointment, assessment or removal of the Chief Executive Officer;
- setting the compensation of the Company's Chairman and of the Chief Executive Officer based on the Nomination and Compensation Committee's review and recommendations;
- validating the Group's strategy and setting targets, as proposed by the Chairman or the Executive Management, in agreement with the Chairman of the Company;
- overseeing the actions of the Chairman and the Executive Management of the Company;
- setting guidelines for the financing policy, security ratios and capital expenditure; specifying the off-balance sheet commitments that are subject to authorisation; setting the Company's authorised debt limits on an annual basis;
- validating the financing requirements with respect to the budget;
- ensuring that the parent company and consolidated financial statements give a balanced, true and fair view and that the limits and authorisations set are respected;
- reviewing the Company's financial statements and management reports;
- reviewing the reports of the Audit Committee, the Statutory Auditors, the risk management team, the compliance team and the internal control team;
- assessing all policies, including on Human Resources, digital, IT, logistics, and Social and Environmental Sustainability;
- allocating the compensation granted by the shareholders to the Corporate Board members and, where appropriate, the Auditors and members of Corporate Board Committees who are not members of the Corporate Board itself.

The Corporate Board also has competence to adopt and amend the Company's Internal Rules of Procedure, upon the recommendation of the Chairman of the Corporate Board after consulting the Majority Shareholder.

In addition to the Articles of Association, certain decisions of the Chairman and Executive Management of the Company require the prior authorisation of the Corporate Board:

#### FINANCING

- any increase in drawdowns on the Company's bank credit lines in excess of the limits authorised by the Corporate Board;
- any interest rate or currency hedges in excess of the credit limits authorised by the Corporate Board;

- any guarantee or security granted to third parties on behalf of Group subsidiaries and not counter-guaranteed by the subsidiary's inventory, accounts receivable and property, where such commitments or guarantees have not already been given directly by the operating subsidiary.

#### DEVELOPMENT

- any acquisition or disposal of assets, stocks or shares for more than €250 million;
- creation of a subsidiary in a new country.

#### HUMAN RESOURCES

- any uncapped incentive plan for management linked to the Group's earnings;
- any shareholding plan;
- compensation of the Company's corporate officers.

#### LEGAL AND ACCOUNTING

- any off-balance sheet commitment exceeding €100 million (for example: a guarantee);
- recording of a provision for disputes, impairment and/or the signature of a settlement for an amount exceeding €100 million;
- appointment of the Company's Statutory Auditors;
- any other transaction or operation provided for by law or the Articles of Association.

The Board members agree to perform their supervisory duties by:

- placing their trust in and giving their support and recommendations to the corporate officers they appoint;
- devoting the necessary time to preparing for Corporate Board meetings and reviewing the materials provided to them prior to meetings;
- attending Corporate Board meetings, ensuring the confidentiality of the information conveyed and discussions held, voting consistently in the Group's best interests and informing the Chairman of any conflicts of interest, even potential, with the Company and/or Group;
- complying with the Internal Rules of Procedure of the Corporate Board.

The Corporate Board must inform Sonepar's Chief Executive Officer of any revisions made to this list or to the materiality thresholds.

In order to perform its duties, the Corporate Board has full and permanent access to information, which right it exercises through its Chairman. It may also draw on the work of the Audit Committee and the Nomination and Compensation Committee, of which it determines the membership and the duties to be exercised under the Board's supervision. It may create any new working committee it deems necessary.

The Corporate Board occasionally devotes an agenda item to the assessment of its organisation, composition and practices and procedures, and to the review and revision of management information and documents.



### 2.2.1.2 MEETING PREPARATION AND ORGANISATION

Corporate Board meetings may be called by the Chairman of the Corporate Board at his/her own initiative or at the request of the Chairman of the Company. In addition, a minimum of one-third of the total number of members may jointly request that a Board meeting be held if no such meeting has taken place within the last four months.

It meets at least four times a year or more often if required.

It determines the meeting timetable for the following year and a provisional list of the matters to be addressed at each one.

The agenda is set by the Chairman of the Corporate Board or by the person(s) who requested the meeting, if it was not requested by the Chairman.

Decisions are adopted by a majority of members present or represented. Each member shall have one vote. In the event of a tied vote, the Chairman of the Corporate Board shall have the deciding vote.

The Chairman of the Corporate Board chairs Corporate Board meetings and directs proceedings. He/she ensures that the Corporate Board is fully informed and makes the necessary preparations for Board meetings. He/she ensures that discussions are constructive and decisions taken by consensus.

The Chairman of the Corporate Board may invite the Chairman of the Company (if this is not the same person as the Chairman of the Corporate Board), the Chief Executive Officer, Deputy Chief Executive Officers, or any other persons of his/her choice to attend meetings.

The Chairman of the Corporate Board reports on the work of the Corporate Board to the shareholders at least once a year at the Annual Shareholders' Meeting.

### 2.2.1.3 COMPENSATION

The Corporate Board members' compensation was set by Sonepar's 2017 Annual Shareholders' Meeting. This meeting set the overall amount of Corporate Board members' compensation at €650,000, and this has not changed since that date.

The Corporate Board members' compensation includes:

- a fixed component of €23,700 per Board member for their engagement; increased by 50% to €35,550 for the Chairman of each Board Committee;
- a variable component of €3,000 for each effective participation in meetings of the Board and its Committees. This variable component is increased to €9,000 for Board members with a nationality other than French.

Committee members who are not members of the Corporate Board do not receive a fixed component, but only a variable component of €3,000 per effective participation in the meetings of the Committees of which they are members.

The Honorary Chairman receives an annual allowance of €23,700.

The compensation of the Auditors to the Board includes:

- a fixed component of €500; and
- a variable component of €500 per participation in the meetings of the Corporate Board.

Members of the Corporate Board and its Committees may be reimbursed for reasonable costs and expenses incurred in the performance of their duties on presentation of supporting documents.

The total amount paid to Board members for 2021 was €638,100, which is within the overall amount set by the shareholders.

#### 2021 compensation

From January 1 to December 31

	Gross total (in €)
Board members (excluding the Chairman of the Corporate Board)	599,100
Committee members (excluding the Corporate Board)	33,000
Auditors to the Corporate Board	6,000
<b>TOTAL</b>	<b>638,100</b>

## 2.2.2 BOARD COMMITTEES

### 2.2.2.1 JOINT PROVISIONS

The Corporate Board may create permanent or temporary Committees from among its members.

Each Committee is composed of at least two members of the Corporate Board. Members of the Committees and their respective Chairmen are appointed by the Corporate Board upon the proposal of its Chairman. They may be reappointed. The Chairman of the Corporate Board is a permanent member of all the Committees.

The Committees review matters put to them by the Corporate Board or the Chairman of the Board, prepare the Corporate Board's work and decisions and inform it of their conclusions. Their reports are reviewed at the Board meetings.

The Committees carry out their duties under the responsibility of the Corporate Board and have no decision-making powers of their own. However, the role of a Corporate Board Committee may also be to take decisions delegated to it by the Corporate Board with the agreement of the Chairman of the Company, with the responsibility to report on their work and deliberations to the Corporate Board.

The practices and procedures of the Committees are determined in accordance with their specific duties. They are brought to the attention of the Corporate Board by the Chairman of each Committee, appointed from among its members for a renewable three-year period.

The Committees meet as often as is necessary and whenever the Corporate Board meetings and agendas so require. The agenda of each meeting is set by the Chairman of the Committee, after consulting with the Chairman of the Corporate Board.

The Committees may appoint a secretary to organise meetings and take minutes. The Chairman of the Corporate Board shall keep the minutes of the meetings. The Chairman of the Committee shall report to the Corporate Board in this respect.

The Chairman of the Corporate Board (in his/her capacity as a permanent member) is systematically invited to participate in the meetings of the Audit Committee and the Nomination and Compensation Committee. The Chief Executive Officer and Deputy Chief Executive Officer(s) may also be invited.

The Audit Committees and each of their members may obtain all information they deem useful for the purpose of fulfilling their duties. After consulting the Chairman of the Corporate Board, the Committees may commission any external research or studies they deem necessary to fulfil their duties.

### 2.2.2.2 AUDIT COMMITTEE

#### AWARDS

The Audit Committee continues to focus on accounting and finance, internal control and audit, external audit, risk management and compliance, cybersecurity and governance; its duties are described in the Corporate Board's Internal Rules of Procedure.

#### COMPOSITION

The Board's Internal Rules of Procedure state that the Audit Committee shall consist of between two and eight members.

The Audit Committee holds discussions with the Statutory Auditors, the Chairman of the Company, members of Executive Management, the Finance Department (and the departments reporting to it), Human Resources and the General Counsel.

At December 31, 2021, the Audit Committee, chaired by Christian Maurin, comprised seven members:

- Marie-Christine Coisne-Roquette, Chairman of the Corporate Board and the Company;
- Aude Beurrier-Coisne;
- Christian Maurin, Board member;
- Colam Entreprendre, Board member represented by Stéphane Coisne;
- Hubert Coisne;
- Maria Götsch, Board member;
- Juliette Roquette (since July 2021).

#### MAIN WORK OVER THE PAST YEAR

- legal, risk and compliance: the Group's legal structure, whistleblowing procedures, personal data, insurance, risk mapping, CSR policy, COVID-19, litigation;
- finance: 2020 results, Statutory Auditors' report, 2021 interim financial results, reporting and accounting, 2022 budget;
- internal control: results of the 2020 campaign, 2020 fraud and corruption report, periodic fraud and corruption reports, 2021 Internal Control priorities, Capex approval process, Eye2Scan solution;
- internal audit: 2020 results, periodic reports on the status of action plans, 2022 action plan;
- other: external audits, cybersecurity, acquisition process (M&A), the Committee's programme for 2022.

### 2.2.2.3 NOMINATION AND COMPENSATION COMMITTEE

#### AWARDS

The Nomination and Compensation Committee has competence with respect to executive compensation and the Group's shareholding policy; it puts forward recommendations concerning the appointment and reappointment of the members of the Corporate Board, its Committees, the Chairman, and Sonepar's corporate officers.

Its duties are described in the Corporate Board's Internal Rules of Procedure.

#### COMPOSITION

The Internal Rules of Procedure provide that the Nomination and Compensation Committee shall have between two and four members.

The Nomination and Compensation Committee may hold discussions with the Group Head of Human Resources.

At December 31, 2021, the Committee, chaired by Patricia Bellinger, comprised four members:

- Marie-Christine Coisne-Roquette, Chairman of the Corporate Board and the Company;
- Patricia Bellinger, Board member;
- Christophe Lambert, Board member;
- Olivier Verley.

#### MAIN WORK OVER THE PAST YEAR

- reviewing the compensation of Executive Management and Deputy Executive Management (2020 and 2021);
- compensation of Sonepar's Chairman;
- defining and reviewing the achievement of Executive Management and Deputy Executive Management targets;
- talent review of Executive Committee members and succession plan;
- opinion on the compensation policy and the Executive Committee's targets;
- recommendation on the associate share ownership policy (amount and distribution, architecture, non-performance conditions, performance indicators, monitoring of employee share ownership awards and trends);
- validating Board members' compensation;
- reviewing the results of the Open Voices associates' engagement survey.



## 2.3 SONEPAR MANAGEMENT

### 2.3.1 THE CHAIRMAN

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The Chairman of Sonepar is appointed and removed from office by the Corporate Board, upon the recommendation of the Majority Shareholder.

The age limit for the position of Chairman of the Company is set by the Articles of Association at 70 years.

He/she is vested with the broadest powers to represent the Company, which may be delegated as he/she deems fit. Together with the Chief Executive Officer, he/she determines the key strategic policies submitted to the Corporate Board.

The Chairman of Sonepar is responsible for monitoring associate shareholding and preparing new associate shareholding plans.

He/she guarantees that the Group's ethics and integrity are upheld and ensures that appropriate rules and procedures are in place to prevent, detect and control fraud, corruption and influence peddling.

Marie-Christine Coisne-Roquette has been Chairman of Sonepar since 2016<sup>(1)</sup>.

*(1) Date of the Company's conversion into a société par actions simplifiée (simplified joint stock company, or SAS).*

## 2.3.2 EXECUTIVE MANAGEMENT

Sonepar's Executive Management comprises the Chief Executive Officer and the Deputy Chief Executive Officer.

### 2.3.2.1 CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is appointed by the Chairman of Sonepar, in consultation with the Corporate Board and the Majority Shareholder.

The age limit for the position of Chief Executive Officer is set at 65 years.

The Chief Executive Officer is vested with the broadest powers to run, manage and develop the Group in accordance with its values and Code of Conduct, with the aim of ensuring effective and lasting development and within the limits of the powers expressly reserved for the Corporate Board or its Chairman and the internal rules set out in the Governance Charter.

The Chief Executive Officer's role is to:

- develop a Group strategy in accordance with shareholders' long-term goals, submit that strategy to the Chairman of the Company and implement it after consulting the Corporate Board;
- build an organisational structure capable of meeting these objectives and of adapting to new issues and challenges over time;
- ensure the Group's qualitative and quantitative performance on a lasting basis and to a high standard;
- appoint, in agreement with the Chairman of Sonepar, one or more Deputy Chief Executive Officer(s) and determine their duties, objectives and priorities;
- organise powers and how they are delegated within the Group;
- observe the Group's governance rules, the powers and duties of the Corporate Board and its Chairman, and ensure they are observed by others;
- apply the Group's values, the Governance Charter, the Code of Conduct, the Group Compliance Policies and Procedures Manual, the Group Approval Matrix and all applicable rules and regulations, raising awareness thereof and rolling them out across the various operating levels, and ensure that others do the same;
- inform the Chairman of the Company of any decisions that need to be disclosed outside the Group before they are implemented.

The Chief Executive Officer is assisted by Sonepar's Executive Committee to carry out his/her duties. He/she appoints the members, sets the goals and oversees the work of the Executive Committee.

To enable the Corporate Board to fulfil its role, the Chief Executive Officer is required to inform it of any and all internal and external transactions, operations and events likely to have a material influence on the financial statements, future performance or financial position of the Group. He/she is also required to inform the Board of any major changes concerning the Group's main executives.



Philippe Delpech was appointed Chief Executive Officer of Sonepar in September 2017. His term of office was renewed in September 2021.

### 2.3.2.2 DEPUTY CHIEF EXECUTIVE OFFICER

In agreement with the Chairman of the Company and after duly informing the Corporate Board, the Chief Executive Officer may appoint one or more Deputy Chief Executive Officer(s).

The age limit for the position of Chief Executive Officer is set by the Articles of Association at 65 years.

In compliance with the values, rules and regulations of the Group and the powers specified in the decision appointing him/her, the role of a Deputy Chief Executive Officer is to:

- exercise all executive management duties in the areas assigned to him/her by the Chief Executive Officer;
- supervise these areas across the Group;
- take part in appointing and defining the duties of the managers responsible for these areas.

Deputy Chief Executive Officers keep the Chief Executive Officer informed of their work and any operations that may have a material influence on the Group's performance and position, including its financial position.



Andros Neocleous was appointed Deputy Chief Executive Officer of Sonepar in March 2020. He is also the Group's Chief Financial Officer.

2



### 2.3.3 EXECUTIVE COMMITTEE

The Chief Executive Officer is supported by the Sonepar Executive Committee (SEC), which comprises the Regional Presidents and the heads of the Group's support functions.

The Executive Committee reviews and approves issues and decisions relating to the Group's strategy and general organisation, and adopts the policies and procedures to be applied for the entire Group.



**Philippe Delpech**  
Chief Executive  
officer



**Rob Taylor**  
President  
North America



**Andros Neocleous**  
Chief Financial  
Officer



**Barbara Garcia Floren**  
CEO Office and Merger  
& Acquisition Director



**Jérémie Profeta**  
Chief Digital  
Enterprise Officer



**Jérôme Malassigne**  
President France  
& International Services



**Taco van Vroonhoven**  
President Sonepar Asia Pacific



**Jo Verbeek**  
Chief Supply Chain Officer



**Matt Potheary**  
Chief Communications Officer  
& Sustainability



**Patrick Salvadori**  
President Western Europe  
& South America



**Olivier Catherine**  
General Counsel



**Stefan Stegeman**  
President Central  
& Nordic Europe



**Sara Biraschi Rolland**  
Chief Human Resources  
Officer



13

MEMBERS



10

NATIONALITIES

## 2.3.4 OPERATIONAL GOVERNANCE

### 2.3.4.1 REGIONAL CHAIRMEN

In 2019, the Group set up five operating Regions (North America, Central and Northern Europe, Western Europe and South America, Asia-Pacific and France). This structure enables it to more effectively roll out governance, strategy and shared initiatives to grow and create synergies, while allowing for better coordination between countries operating in the same geographic areas.

Each of the five Regions is chaired by an experienced Group executive, a member of the Sonepar Executive Committee, who reports to the Chief Executive Officer of Sonepar.

### 2.3.4.2 COUNTRY BOARDS

Country Boards are formed in accordance with local business laws and may be made up of members of Sonepar's Executive Management, the Regional Chairman, members of local management, one or more executives of another Group Region, one or more family shareholders, recommended by the Chairman of Sonepar following a selection process managed by the Majority Shareholder, and persons from outside the Group or former Group executives.

The Country Boards contribute to Group governance by providing a key forum for information and discussion on the main areas in which the local organisation operates, within the scope of Group strategy.

Based on an agenda set annually and in line with local business laws, the duties of a Country Board are to:

- monitor the Country's performance and development compared to previous results and external benchmarks, in addition to the budget;
- monitor the Country's strategy, particularly the pace and strategy of development in terms of distribution networks and market segments;
- stay abreast of and discuss the Country's policies concerning compliance, Human Resources, marketing, logistics, IT and digital;
- ensure compliance with local laws and regulations, as well as with the Governance Charter, the Code of Conduct, the Group Compliance Policies and Procedures Manual, the Group Approval Matrix, the Internal Control Manual and all applicable Group rules and regulations.

Each Country Board must also ensure the establishment of internal rules and/or a Code of Conduct integrating local requirements.

Today, Sonepar has 16 Country Boards throughout the Group's different Regions.

### 2.3.4.3 COUNTRY EXECUTIVE MANAGEMENT

Country Executive Management teams are appointed by the Regional Chairman after consulting the Chief Executive Officer of Sonepar.

Within Sonepar, Country Executive Management teams have the broadest powers to run the business, in compliance with local business laws, along with the duty to take initiatives, oversee operations and assume a high level of responsibility, while acting transparently by regularly exchanging information with and reporting to the Regional Chairman.

## 2.4 INTERNATIONAL COMMITTEES

Since the early 1990s, Sonepar's international communities and Committees have brought together managers and experts from different Countries and fields throughout the Group. Their mission is to share best practices and collaborate on Sonepar's strategic developments.

Sonepar currently has ten international communities and Committees:

### COMMITTEES

- ICT (Information & Communications Technology);
- ICC (International Communication Committee);
- IHRC (International Human Resources Committee);
- EBC (E-Business Committee);
- SILCC (Sonepar International Legal & Compliance Committee);
- IFC (International Finance Committee);
- ISC (International Suppliers Committee);
- SLC (Sustainability Leadership Committee);
- ISMC (International Sales & Marketing Committee);
- IIC (International Industry Committee).

### COMMUNITIES

- PM Teams (Product Management Teams);
- GSC (Global Supply Chain).



Thanks to its position at the epicentre of the electrical value chain, Sonepar upholds business values that focus on people, boldness and ethics throughout its ecosystem.



# Corporate Social Responsibility

3

<b>3.1</b>	<b>OUR VISION</b>	<b>30</b>	<b>3.2</b>	<b>MATERIALITY MATRIX</b>	<b>32</b>
3.1.1	CSR policy in line with Group strategy	30	<b>3.3</b>	<b>GOVERNANCE</b>	<b>33</b>
3.1.2	Environment: reducing the Group's impact throughout the value chain	30	<b>3.4</b>	<b>CONTRIBUTION TO THE UNITED NATIONS GLOBAL COMPACT AND SUSTAINABLE DEVELOPMENT GOALS (SDGS)</b>	<b>34</b>
3.1.3	Social and human capital: developing a responsible business model within the ecosystem	30			
3.1.4	Governance and integrity: defending sustainable operational efficiency by protecting the Group and its stakeholders	31			

## 3.1 OUR VISION

Three key characteristics guide Sonepar's social responsibility goals, strategy and actions.

Sonepar has a family shareholding base that takes a long-term approach to business, reinforces its independence and emphasises a stable and reasonable dividend policy. By leveraging this unique combination of driving forces, Sonepar can make strategic decisions aimed at lasting, socially responsible growth, without giving in to short-sightedness or economic fluctuations.

As the world leader in the distribution of electrical products and related solutions and services, Sonepar is an influential player throughout its value chain. The Group encourages its suppliers to innovate, transition towards green products and produce more

efficiently. It also focuses on shaping customers' behaviour by providing transparent, educational information about the social and environmental impact of products, as well as delivering targeted advice.

With operations in 42<sup>(1)</sup> countries and 45,401 associates strong, the Group builds close relationships with its customers and local know-how, making it a leader in its industry.

True to the legacy of its founding Chairman, Henri Coisne, an aviator with the Free French Forces during World War II and later a business court judge, Sonepar has upheld its business values that focus on people, boldness and integrity throughout its ecosystem for over 50 years.

### 3.1.1 CSR POLICY IN LINE WITH GROUP STRATEGY

The Group's Impact strategic plan, updated in 2021, is based on four pillars: Customers, Performance, People and Planet. Its CSR policy is an integral part of this five-year roadmap, particularly the People and

Planet pillars. Structured around three key focuses and 14 commitments, the policy formally outlines stakeholder expectations, the risk map, and issues covered in the materiality matrix.

### 3.1.2 ENVIRONMENT: REDUCING THE GROUP'S IMPACT THROUGHOUT THE VALUE CHAIN

Climate change is one of the most critical challenges facing society. With a business at the heart of the electrical ecosystem and a unique position within the value chain of electrical equipment

manufacturers, suppliers and other partners, the Group contributes to the energy transition by promoting more sustainable energy solutions among its customers.

### 3.1.3 SOCIAL AND HUMAN CAPITAL: DEVELOPING A RESPONSIBLE BUSINESS MODEL WITHIN THE ECOSYSTEM

Sonepar works to promote a responsible business model that can benefit its associates and society at large. This responsibility is reflected in the People pillar of the "Impact" strategic plan, which is built on three priorities:

→ the Sonepar Leadership Model (see also section 5.4 below);


→ management skills and development of associates;  
→ diversity and inclusion actions to optimise engagement of associates.

(1) Presence of at least one legal entity in the Country.

### 3.1.4 GOVERNANCE AND INTEGRITY: DEFENDING SUSTAINABLE OPERATIONAL EFFICIENCY BY PROTECTING THE GROUP AND ITS STAKEHOLDERS

To ensure a bright future, the Group implements a robust compliance programme. Clear governance rules, with a long-term focus, and a rigorous risk management process support the Group's business and digital transformation to enhance customer satisfaction.

#### CHALLENGES AND PRIORITIES OF SONEPAR'S CSR POLICY

Pillar	Strategic focuses and SDGs	Priority commitments
Environment	Reduce our impact throughout the value chain         	1 Take action on climate change 2 Limit greenhouse gas (GHG) emissions 3 Develop the circular economy 4 Innovate with a Green Offer
Social and human capital	Developing a responsible business model within our ecosystem          	5 Retain talent and develop skills 6 Promote quality of life in the workplace and associate engagement 7 Promote diversity and inclusion 8 Guarantee associates' health and safety 9 Source ethically and responsibly 10 Respect and promote human rights
Governance and integrity	Defend sustainable operational efficiency by protecting the Group and its stakeholders       	11 Implement robust and long-term governance 12 Ensure and promote compliance and business ethics 13 Protect data, combat cybercrime 14 Maintain a robust crisis management system

## 3.2 MATERIALITY MATRIX

### METHODOLOGY

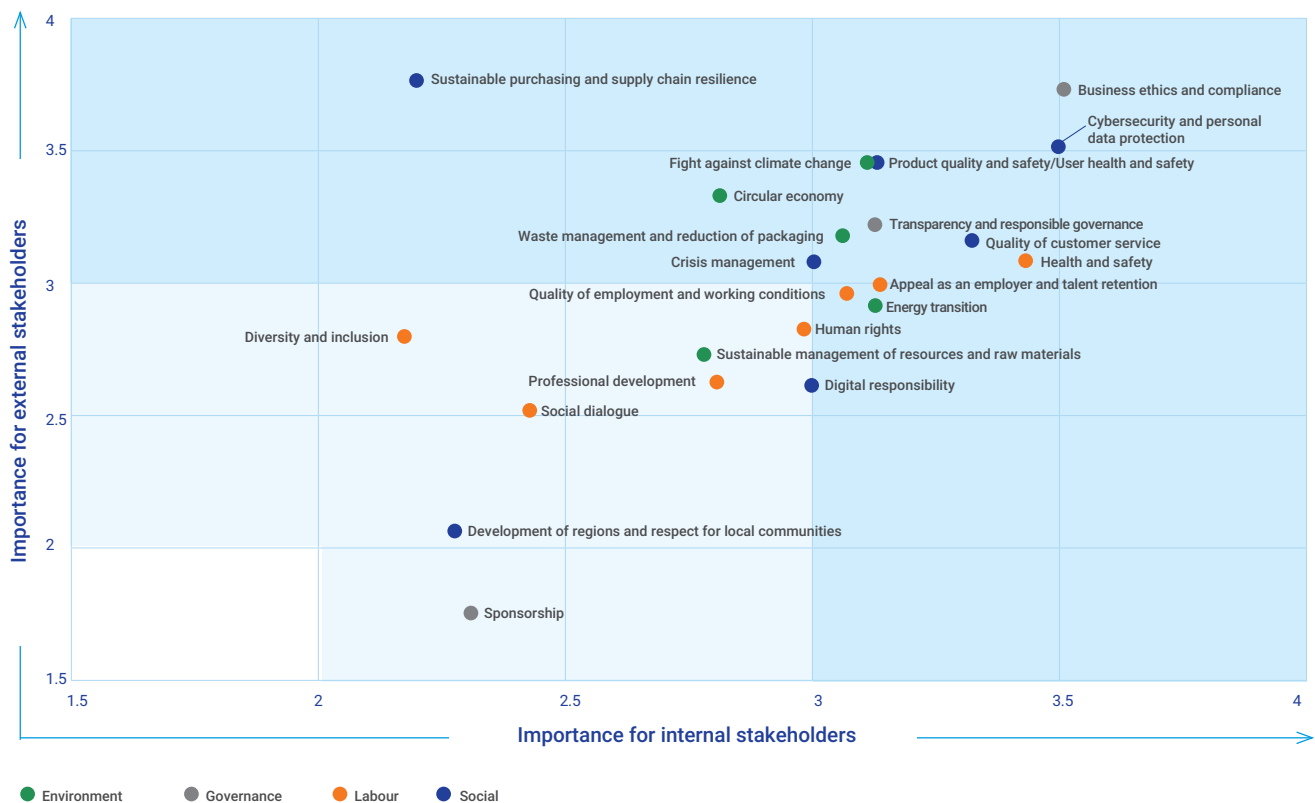
Sonepar issued its first formal materiality matrix in 2021. Internal and external stakeholders identified and prioritised issues via an online questionnaire. Associates from the Human Resources, Sustainability, Legal and Compliance Departments were also asked to comment on these issues.

This work was carried out as part of the Group's oversight policy (see also section 7 below).

The interviews documented:

- stakeholders' CSR expectations;
- the Group's positioning within its competitive environment;
- identification and prioritisation of the Group's main CSR challenges;
- local best practices (Group Regions, Countries and operating subsidiaries);
- their perception of the non-financial risks associated with Sonepar's business and the perception of its suppliers;
- CSR actions and commitments expected from Sonepar.

These contributions have been integrated into the dedicated CSR risk map (see also section 7.3 below) and used to build the materiality matrix below.



## 3.3 GOVERNANCE

CSR governance comes under the responsibility of the General Counsel. It is coordinated jointly with the Communications and Sustainability Department and the Human Resources Department and covers:

→ operational governance: action plans are managed at the level of the operating subsidiaries, Countries and Regions, in line with the organisational structure in place at each level, to be more effective in the local context;

→ functional governance: each functional department involved is responsible for establishing strategy and actions to be implemented within its respective scope to address relevant non-financial risks. The functional departments work with their networks and representatives within the Group to deploy actions and compile local initiatives relating to their respective scope.

### ENCOURAGING YOUNG MANAGERS TO TAKE ACTION FOR SUSTAINABILITY

The Sonepar Junior Committee (SJC) is a unique programme that brings together young managers from across all Group entities to discuss new approaches and ideas and submit them to the Executive Committee (see also section 5.4 below).

The 2020 SJC cohort spent 18 months examining sustainability and ways to reduce the Group's Scopes 1 and 2 CO<sub>2</sub> emissions (see also section 4.4 above). SJC members worked on eight actionable projects, from both a technical and financial point of view. Examples include the 2020 cohort's initiative to retrofit two branches in the United States and Finland with LED lighting, helping to

save 316 MWh of electricity per year, or 180 tonnes of CO<sub>2</sub>. The SJC also helped configure solar panels for Capital Electric's new distribution centre in the United States, reducing CO<sub>2</sub> by 1.628 tonnes per year. The financial savings will have covered the investment in this project in less than five years' time. Lastly, Sonevolve is now available. All associates can use the tool to calculate the profitability and CO<sub>2</sub> savings of emission reduction initiatives.

The 2021 SJC cohort is pressing ahead with this work, focusing on the logistics chain.





## 3.4 CONTRIBUTION TO THE UNITED NATIONS GLOBAL COMPACT AND SUSTAINABLE DEVELOPMENT GOALS (SDGs)

In September 2021, Sonepar joined the UN Global Compact and pledged to support the Ten Principles of this voluntary international initiative promoting human rights, international labour standards, environmental protection and anti-corruption.

Sonepar has incorporated the United Nations Sustainable Development Goals (SDGs) for 2030 into its CSR policy. These goals are deployed through its core business, as well as through actions and initiatives at Group or operating subsidiary level.

### WE SUPPORT



### Our contribution to the SDGs and Global Compact principles

SDG	Global Compact principles	Sonepar's commitments	Section
Good health and well-being	1 / 2 / 3 / 4	Health and safety of associates and users Quality of life in the workplace Product quality and safety	5.7 5.5
Quality education	1 / 2	Skills development Appeal as an employer and talent retention	5.3 and 5.4
Gender equality	1 / 2	Diversity and inclusion	5.6
Affordable and clean energy	1 / 3	Energy transition Fight against climate change	4.3 to 4.6
Decent work and economic growth	1 / 2	Human rights Stable employment and quality of working conditions	5.9 5.5
Industry, innovation and infrastructure	2 / 3	Circular economy Green Offer	4.5 4.6
Reduced inequalities	1 / 2 / 4	Business ethics and compliance Diversity and inclusion	Section 6 5.6
Sustainable cities and communities	1 / 3 / 4	Regional development Support for local communities Circular economy	Best practices 5.10 4.5
Responsible consumption and production	3	Circular economy	4.5 4.6
Measures to combat climate change	3	Fight against climate change	4.3 to 4.6
Peace, justice and strong institutions	1 / 2 / 4	Business ethics and compliance Transparency and responsible governance Human rights Cybersecurity and personal data protection Crisis management	Section 6 Section 2 5.9 6.3 to 6.5

1 – Human rights, 2 – International labour standards, 3 – Environmental protection, 4 – Anti-corruption.





**Sonepar's aim is to become the leader in the energy transition by accelerating the market's adoption of more sustainable solutions.**



# Environment

## 4

4.1	VISION AND STRATEGY	38	4.4	LIMITING GREENHOUSE GAS EMISSIONS	40
4.2	GOVERNANCE	39	4.5	DEVELOPING THE CIRCULAR ECONOMY	45
4.3	TAKING ACTION ON CLIMATE CHANGE	39	4.6	INNOVATING WITH A GREEN OFFER	47

The health crisis has accelerated citizens' awareness to the energy transition and revealed just how vulnerable the economy is to societal and environmental factors.

Sonepar operates in an environment ready for radical change in the way industries and buildings work, with fossil fuels giving way to decarbonised renewable electric energy. The take-up of clean energy solutions is an essential vector for limiting CO<sub>2</sub> emissions and working to achieve carbon neutrality.

The transformation in this sector is also accelerating through technological and operational innovations, which are shaping a more sustainable and responsible society.

## 4.1 VISION AND STRATEGY

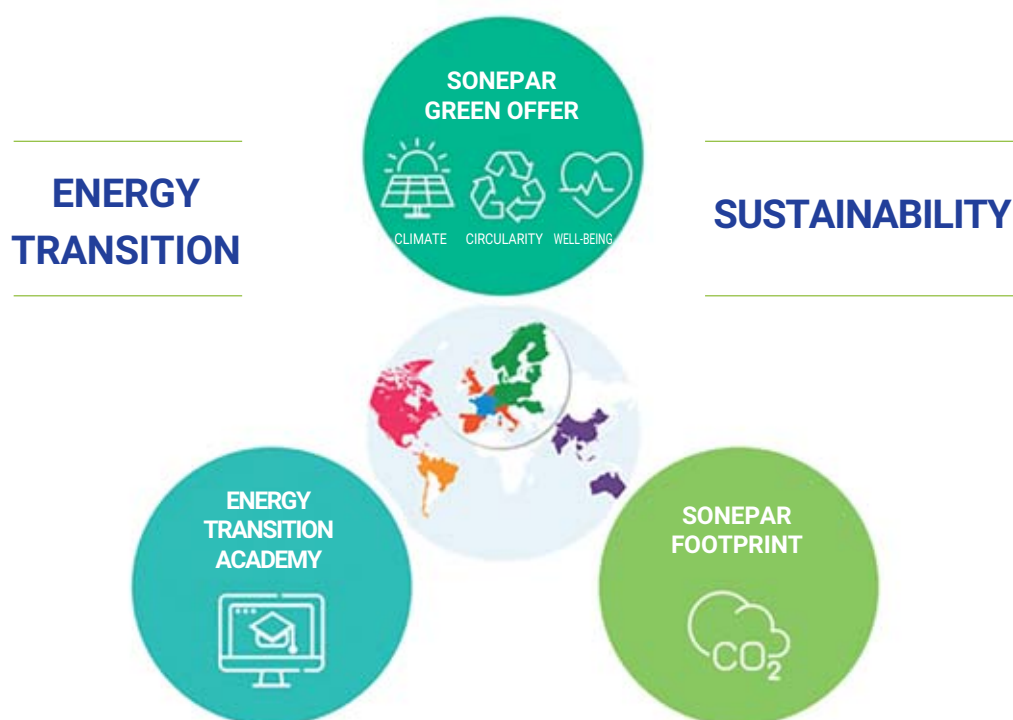
To reduce its carbon footprint throughout its value chain, Sonepar is capitalising on its leadership as an electrical distributor. With a portfolio of nearly one million customers, strong relationships with the world's leading electrical equipment manufacturers and the motivation of its 45,401 associates, the Group is well positioned to promote and develop sales of energy-efficient solutions that are better for the environment.

Sonepar pledges to mobilise and work with its partners and suppliers to reduce its CO<sub>2</sub> emissions and waste in order to limit global warming to 1.5°C, consistent with the Paris Agreement. This is precisely the goal of the Planet pillar of its "Impact" strategic plan.

### THREE PRIORITIES

Sonepar's environmental strategy focuses on three priorities that are integrated into its business strategy and aligned with the main commitments of its roadmap:

- the Energy Transition Academy aims to create a generation of Clean First advocates by educating all associates. This training will then be adapted for Sonepar customers;
- the development of a range of green products and solutions that promote energy efficient solutions to customers (Green Offer);
- carbon footprint reduction, which impels the Group to set targets in line with the Net-Zero Standard from the Science Based Target initiative (SBTi).



### KEY FIGURE

The Group tallies more than 230 internal initiatives that support sustainability and progress towards meeting the SDGs. For more information: <https://www.sonepar.com/media/sustainability-map>.

## 4.2 GOVERNANCE

Sonepar has set up a dedicated department to structure its environmental policy. The Chief Energy Transition and Sustainability Officer coordinates actions under the supervision of the Chief Communications and Sustainability Officer, who is a member of the Executive Committee.

Sonepar International Services (SIS), the entity dedicated to supporting suppliers, is responsible for relaying our approach to the Group's international partners and suppliers. This organisation ensures consistency between the initiatives put in place and the effective roll-out of action plans on a global scale.

At the local level, the Chief Executive Officers report on the commitments, action plans and results of the Planet pillar of the "Impact" strategic plan at the Country Board meetings. Cross-functional working groups are also formed to handle these matters with local Purchasing, Logistics, Human Resources and Finance Departments.

### ORGANISATION

The Group has brought together a network of 27 internal experts worldwide to form the Sustainability Leadership Committee (SLC).

This network in turn receives input from some 133 ambassadors representing the Group's operating entities. Together, they manage the local implementation of the actions determined by the SLC.

### CEBEO DEPLOYS A NEW GREEN & SMART PLATFORM FOR ITS CUSTOMERS

In July 2021, Cebeo, the Group's Belgian brand, launched Green & Smart, a platform for sharing product and market information on the latest innovations for customers.

Green & Smart provides residential electricians with content and tools to adapt their business to the energy transition.

The platform features:

- products and solutions such as photovoltaic panels, heat pumps, energy flow management, batteries and e-mobility;
- videos with experts on business trends for residential electricians with tutorials to demonstrate solutions;
- a Q&A page to find answers about the impact of the energy transition on their business;
- information on the subsidiary's sustainability projects.

4

## 4.3 TAKING ACTION ON CLIMATE CHANGE

### CHALLENGES

As a logistics operator, with a network of 2,740 local branches and 150 distribution centres spanning 42<sup>(1)</sup> countries, the Group is aware of its impact on natural resources and climate change.

To limit its carbon footprint, Sonepar has set a trajectory for reducing its GHG emissions based on the Science Based Targets initiative (SBTi) methodology. These targets aim to:

- for direct emissions (Scopes 1 and 2): achieve results in line with the 1.5°C trajectory;
- for indirect upstream and downstream emissions (Scope 3): achieve results in line with the 2°C trajectory.

These targets have not yet been validated by the SBTi. Sonepar will begin this validation process in 2022.

Action plans were drawn up for each Country in 2020 and presented to the Sonepar Corporate Board. The Group endeavours to take the necessary measures to speed up the energy transition and meet these targets.

### AN ENERGY TRANSITION ACADEMY TO ENGAGE ASSOCIATES

Since associate engagement is essential to any action that promotes sustainability, Sonepar launched its Group-wide Energy Transition Academy in 2020.

The Energy Transition Academy is an online training course designed to raise awareness among all associates on climate change and sustainability.

The first e-learning module encourages all associates to get involved in the energy transition from all individuals, whether they work in branches, logistics platforms, offices, or on the road. The 30-minute module presents sustainability actions implemented by the Group and its carbon footprint. It empowers everyone to take action and to become actively involved in its practices to promote the energy transition.

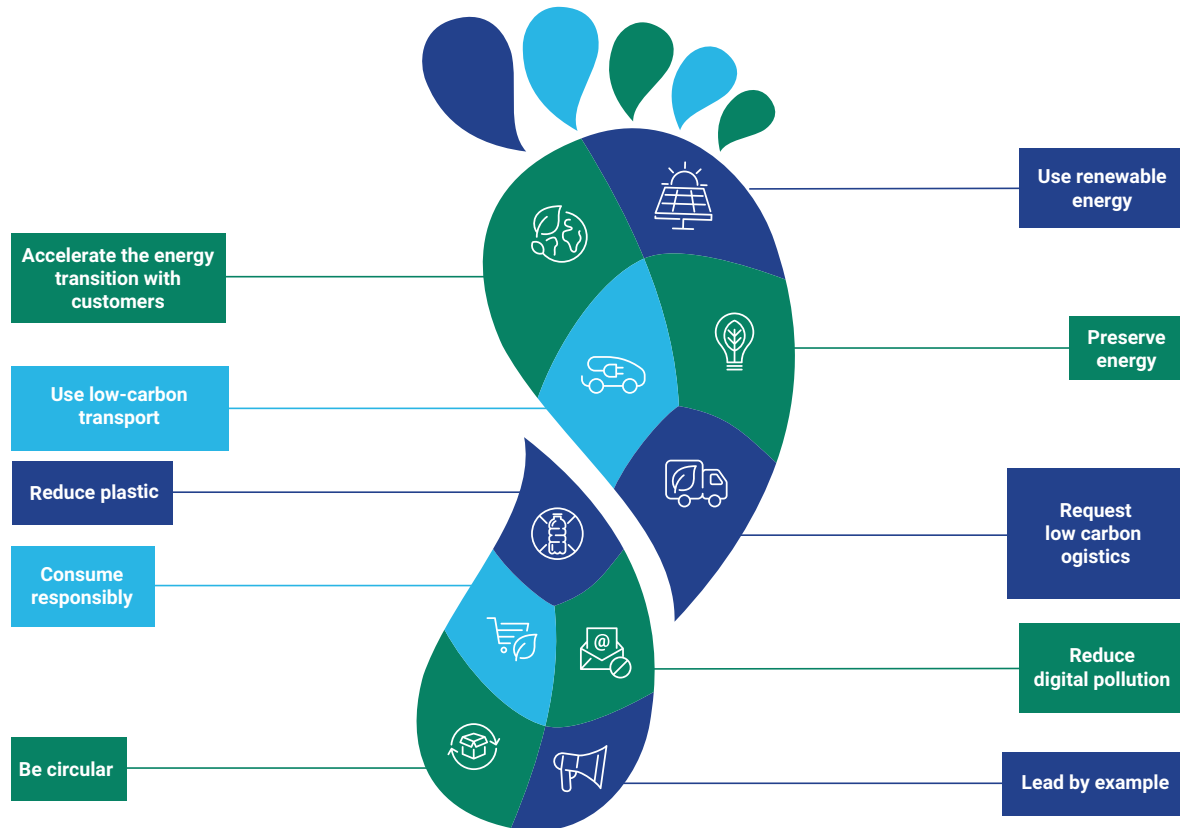
Two new modules will be created for the programme, one on the circular economy and the other on the Green Offer. They will be launched separately starting in 2022.

Associates are trained through e-learning or through in-person courses with local managers if they do not have access to a computer. The e-learning module is available in 11 languages.

(1) Presence of at least one legal entity in the Country.

## KEY FIGURE

At December 31, 2021, more than 27,000 associates had received training, representing 59.5% of the Group's workforce. Sonepar has set a target to train 100% of associates by 2023.



## 4.4 LIMITING GREENHOUSE GAS EMISSIONS

An assessment of the Group's greenhouse gas (GHG) emissions was carried out for the first time in 2019, with the help of a specialised external consultancy firm, for all Countries in line with GHG Protocol guidance and ISO 14064.

### ACTION PLANS

This assessment pinpointed which sources have the highest emissions. The operating subsidiaries can therefore act in the most effective areas (buildings and vehicles) to reduce their carbon footprint. A separate assessment was carried out in each Country to provide operating subsidiaries with the tools they need to deploy the most relevant action plans with regard to local circumstances.

The carbon footprint reduction programme covers Sonepar's entire value chain, spanning Scopes 1, 2 and 3.

Scopes 1 and 2 cover direct GHG emissions, such as:

- buildings (energy used for heating branches, offices and platforms, refrigerant leakage);
- purchases of electricity for buildings and/or on-site renewable electricity generation;
- travel using the Group's fleet of vehicles (cars, trucks, handling equipment).

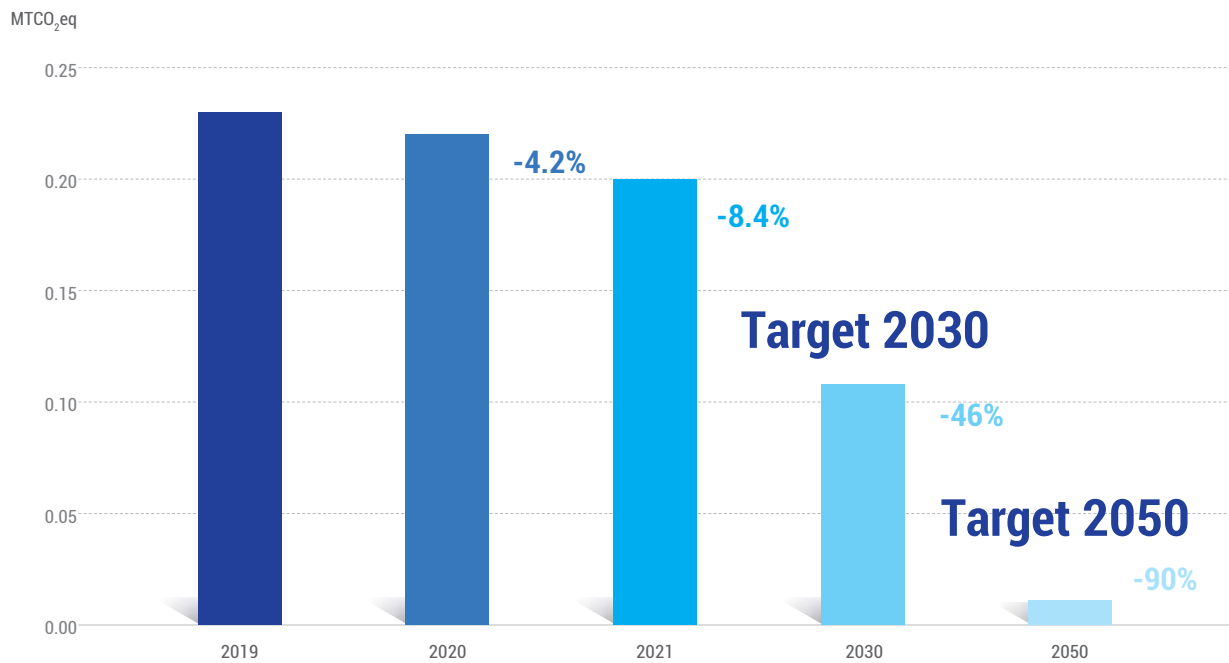
Scope 3 covers the Group's indirect emissions, such as:

- upstream activities, including transport of products delivered by suppliers to distribution centres or branches, home-work travel and business travel by our associates, packaging purchases and waste, and upstream energy production;
- downstream activities, including logistics operations by Sonepar's partners.



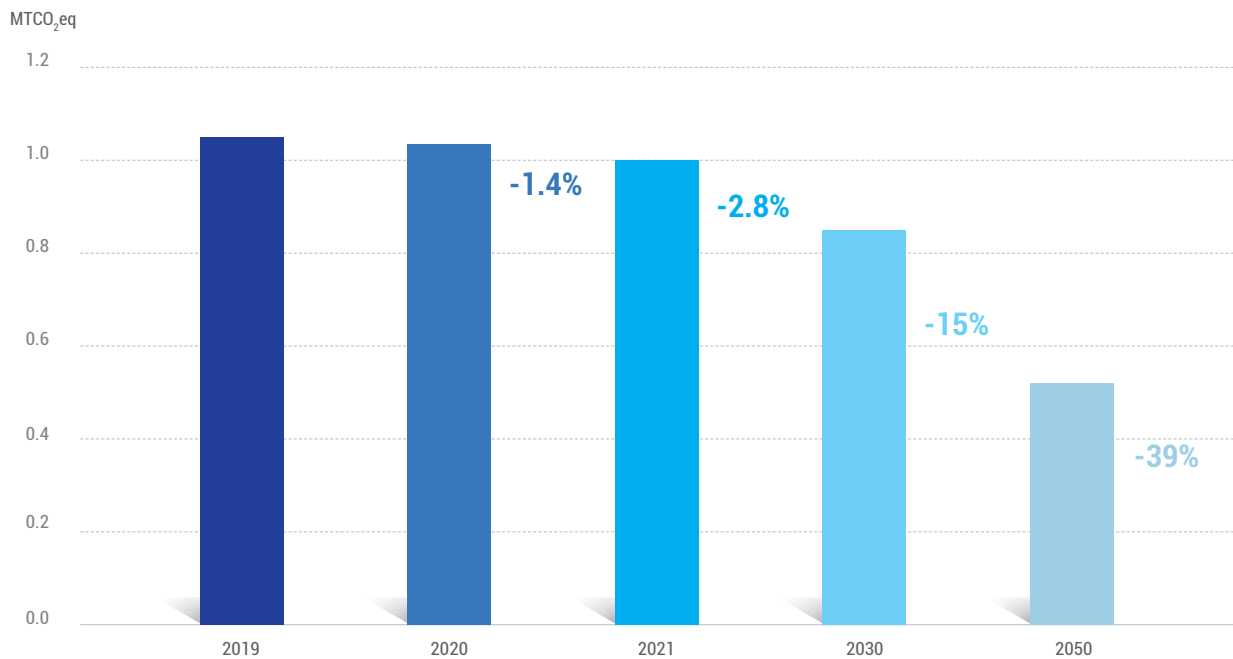
GHG EMISSIONS REDUCTION TARGETS<sup>(1)</sup>:

## SCOPES 1 AND 2

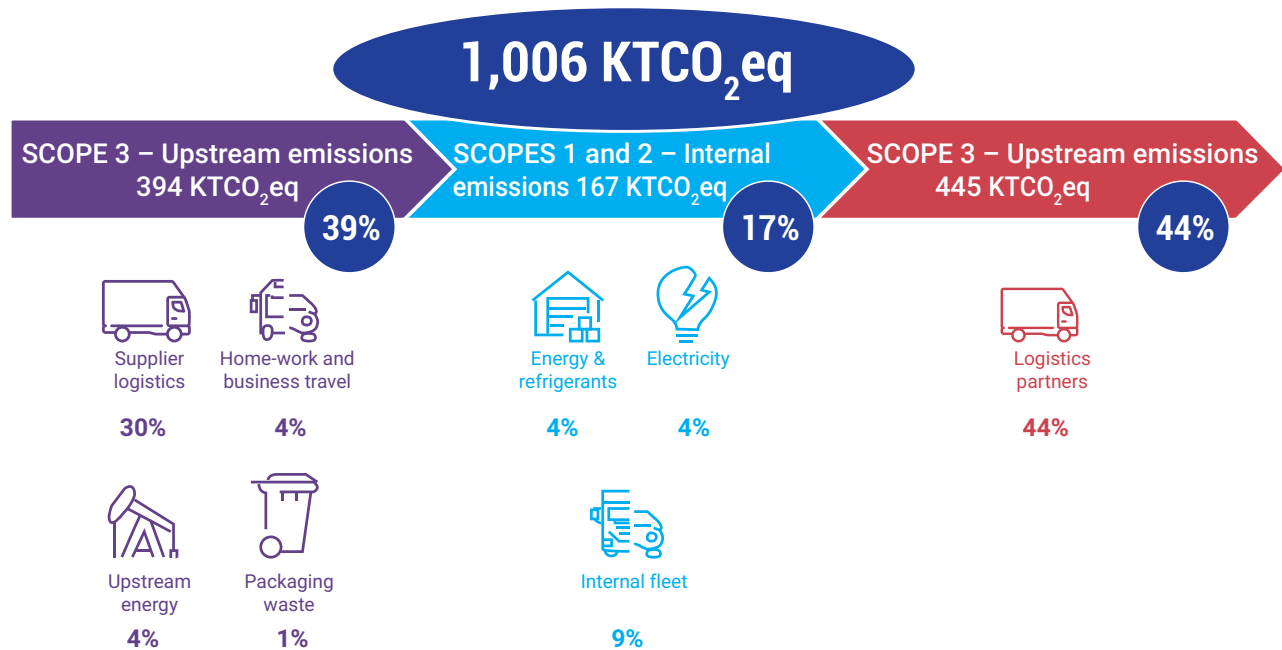


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## SCOPE 3 (LOGISTICS)



(1) As of December 31, 2021, the targets had not been validated or audited by independent third parties or the Science Based Targets initiative.

BREAKDOWN OF CO<sub>2</sub> EMISSIONS BY SCOPE<sup>(1)</sup> AND BY CATEGORY (2021 DATA)

## TARGETS AND RESULTS

	Target 2020*	Results 2020**	Target 2021*	Results 2021
GHG emissions – Scopes 1 and 2***	-4.2%	-17%	-8.4%	-15%
GHG emissions – Scope 3 (logistics)	-1.4%	-7%	-2.8%	+1.4%

**Results (compared to baseline year 2019)**

\* The 1.5°C trajectory applies to Scopes 1 and 2.

\*\* Significant decrease with the business decline caused by the COVID-19 pandemic.

\*\*\* Market-based method of the GHG Protocol.

Sonepar's GHG reduction targets for Scopes 1 and 2, on a constant methodology and scope basis since 2019, are as follows:

- reduction of 4.2% per year;
- reduction of 46% by 2030;
- reduction of 90% by 2050.

Sonepar's GHG reduction targets for Scopes 3, on a constant methodology and scope basis since 2019, are as follows:

- reduction of 1.4% per year;
- reduction of 15% by 2030;
- reduction of 39% by 2050.

The Group's Scope 3 commitments currently cover logistics activities. Given the high degree of uncertainty in calculating CO<sub>2</sub> per product, a common language was defined in collaboration with Group suppliers, as part of the Green Offer, to standardise the measurement of CO<sub>2</sub> per product over its entire life cycle. The targets for the "product" component of Scope 3 will be defined accordingly.

The medium-term GHG reduction trajectory is less ambitious, since emissions primarily concern upstream and downstream transport carried out by third parties.

The Group again exceeded its GHG emission reduction targets in 2021 for Scopes 1 and 2. This is mainly due to the Countries' investment in renewable energy, green electricity, electric mobility and energy-efficient solutions for their buildings. However, the Group did not meet its targets for Scope 3 (logistics). These targets are more complex to achieve due to the Group's interdependence with its suppliers and logistics partners. Scope 3 covers the CO<sub>2</sub> generated by two types of flows: upstream flows, which include deliveries from our suppliers to our distribution centres or our customers, and downstream flows, which include direct deliveries to customers by Sonepar (from its distribution centres or branches).

(1) For Scope 3: data excluding product purchases, sales and end of life.

Consolidated CO<sub>2</sub> emissions for 2021 from Scope 3 upstream activities increased 1.4% in 2021. Sonepar therefore did not meet its target to reduce emissions by 2.8% in 2021. This increase is mainly due to the Group's record revenue, which had risen 13% since 2019. Over the same period, however, the Group reduced its CO<sub>2</sub> intensity (ratio of CO<sub>2</sub> emissions per euro of revenue) by 12% on this segment of Scope 3. Nor did Sonepar meet its 2021 targets to reduce emissions from its Scope 3 downstream activities, with a 1.8% reduction in CO<sub>2</sub> emissions (versus a target reduction of 2.8% in 2021). At the same time, however, the CO<sub>2</sub> intensity for this scope was reduced by 13%. These reductions are mainly the result of using

or converting the Group's fleets of vehicles or trucks, as well as increasing the use of electric vehicles or fuels that emit less CO<sub>2</sub>. These efforts were supported by the standardisation of our transport optimisation systems to improve the utilisation of available truck capacity. Thanks to these optimisation measures, the Group has been able to absorb most of its growth without increasing its CO<sub>2</sub> emissions from this category.

Sonepar plans to ramp up its actions to reduce its CO<sub>2</sub> emissions from Scope 3 upstream activities and intensify the trend to meet its 2030 targets.

## MAIN ACTIONS UNDERTAKEN AT COUNTRY LEVEL SINCE 2019 TO REDUCE LOCAL GHG EMISSIONS:

### Scopes 1 and 2

- Energy efficiency measures in branches and warehouses;
- Roll-out of a fleet of hybrid or electric vehicles, plus eco-driving practices;
- Installation of renewable energy production systems such as photovoltaic panels on roofs and car parks;
- Implementation of Transport Management Systems (TMS);
- Implementation of Energy Management Systems (EMS).

### Scope 3

- Supply chain improvements;
- Higher lorry loading rates;
- Shorter distances or lighter delivery weights;
- Modular packaging and boxes;
- Reduction in travel (especially air travel);
- Fewer home-work journeys, with the increase in remote working.

This would require precision tracking for more than 50,000 data items from some 40 countries, a task for which Sonepar has developed a dedicated data science system. The system makes it possible to manage the complexity of the processing required to monitor the various emission sources and to improve the accuracy of results.

### SONEPAR FRANCE JOINS AMBITION 4 CLIMATE

In 2021, Sonepar France joined Ambition 4 Climate, an initiative supported by Afep (French Association of Private Enterprises) to illustrate the concrete commitment of large companies in combating climate change.

The initiative is made up of emblematic projects implemented by member companies that wish to address climate change through real-world solutions.

For example, Sonepar France's low-carbon fleet project aims to gradually replace the internal fleet of commercial vehicles with hybrid and electric models.

With 2,000 vehicles, this represents 10% of Sonepar France's carbon footprint (Scopes 1 and 2). The project targets a 30% reduction in the fleet's carbon footprint and at least 25% electric vehicles in the fleet by the end of 2023.

This commitment will gradually be extended to all countries where the Group operates. The first pilot projects have launched in Austria, Belgium, Brazil, Germany, Italy, the United Kingdom, Mexico, Spain, Sweden, Switzerland, the Netherlands and the United States.

### SACCHI UNVEILS A PLAN TO CONVERT ITS FLEET TO 100% LOW-CARBON VEHICLES

Sacchi unveiled its green mobility plan in 2020. The programme was introduced to replace the 400 vehicles in its fleet with more environmentally friendly hybrid and electric models. Through this

initiative, the Italian subsidiary expects to reduce its carbon footprint by 800 tonnes of CO<sub>2</sub> per year.

### INNOVATIVE PARTNERSHIP

Codale Electric, a US subsidiary of Sonepar, has partnered with solar panel battery supplier Sonnen to build Soleil Lofts in Herriman, Utah.

This planned development is the world's first to be powered entirely from solar energy produced on site. The project involves

the construction of a rental flat complex fitted with energy-efficient appliances, water management systems, and solar panels integrated into the roofs. Cutting-edge storage batteries will supply backup power in the event of an outage.

### SONEPAR ITALIA COLLABORATES WITH GREEN SOLUTION TO RENOVATE A TRANSPORT SYSTEM IN BOLOGNA

Sonepar Italia has capitalised on its expertise in digital solutions, electricity, lighting and renewable energy to forge an exciting partnership with Green Solution, a company specialising in the installation and maintenance of electrical and photovoltaic systems.

The two companies have joined forces to build an innovative transport and photovoltaic system in Bologna called the “People Mover”. The monorail runs exclusively on solar power to connect Bologna airport to the city centre train station at a speed of 40 km/h in just 7 minutes and 20 seconds.

### BEST PRACTICES BY COUNTRY

Organisation	Country	Initiative
Sonepar Deutschland	Germany	<ul style="list-style-type: none"> <li>Installation of LED lighting with a smart light management solution to reduce CO<sub>2</sub> emissions by 1,200 tonnes by the end of 2022.</li> <li>Use of renewable energy to power sites and branches.</li> </ul>
Sonepar Ibérica	Spain	<ul style="list-style-type: none"> <li>Optimisation of energy consumption in workspaces: installation of LED lighting and presence detectors in offices.</li> <li>Use of photovoltaic (PV) modules (where possible).</li> <li>Installation of electric vehicle charging stations for associates and customers on all premises.</li> <li>60% of the fleet is made up of electric, hybrid or low-emission vehicles.</li> </ul>
Technische Unie	Netherlands	<ul style="list-style-type: none"> <li>25% reduction in the carbon footprint between 2009 and 2019.</li> <li>Purchase of Windenergy Europe certificates, which cover 95% of its total electricity consumption in accordance with ISO 14064-1.</li> </ul>
Lawrence & Hanson	Australia	<ul style="list-style-type: none"> <li>Lawrence &amp; Hanson Specialised Lighting Solutions (SLS) is allocating AUD 500,000 to La Trobe University to fund research, scholarships and student initiatives that will help the university in meeting its goal to become carbon neutral by 2029.</li> </ul>
Texcan	Canada	<ul style="list-style-type: none"> <li>Project launch to convert propane-powered forklifts to electric. This is a major initiative given the key role these vehicles play in the warehouse.</li> </ul>
Melexa	Colombia	<ul style="list-style-type: none"> <li>Refurbishment of warehouse and offices with LED lighting. Combined with the installation of motion detectors, this results in a significant reduction in energy consumption.</li> </ul>
Corys Electrical	New Zealand	<ul style="list-style-type: none"> <li>Partnership with Ecotricity to use 100% renewable and carbon-neutral electricity certified “CarbonNZero” in branches and for support services.</li> </ul>
Sonepar Österreich	Austria	<ul style="list-style-type: none"> <li>Project to convert in-house diesel and petrol vehicles to electric. Target: 50% of the fleet converted by December 2023 and 95% by 2025.</li> </ul>
Mayflex	United Kingdom	<ul style="list-style-type: none"> <li>Installation of 12 electric vehicle charging stations that associates can use <i>via</i> a mobile app.</li> </ul>
Sonepar USA	United States	<ul style="list-style-type: none"> <li>Partnership with the National Forest Foundation to plant 10,000 trees in the Region. Customers buying products online contribute to reforestation.</li> </ul>
Sonepar France	France	<ul style="list-style-type: none"> <li>Launch of a new reforestation project to mark Air Quality Day in September 2021, where associates could take part in planting trees to combat desertification around the world.</li> </ul>

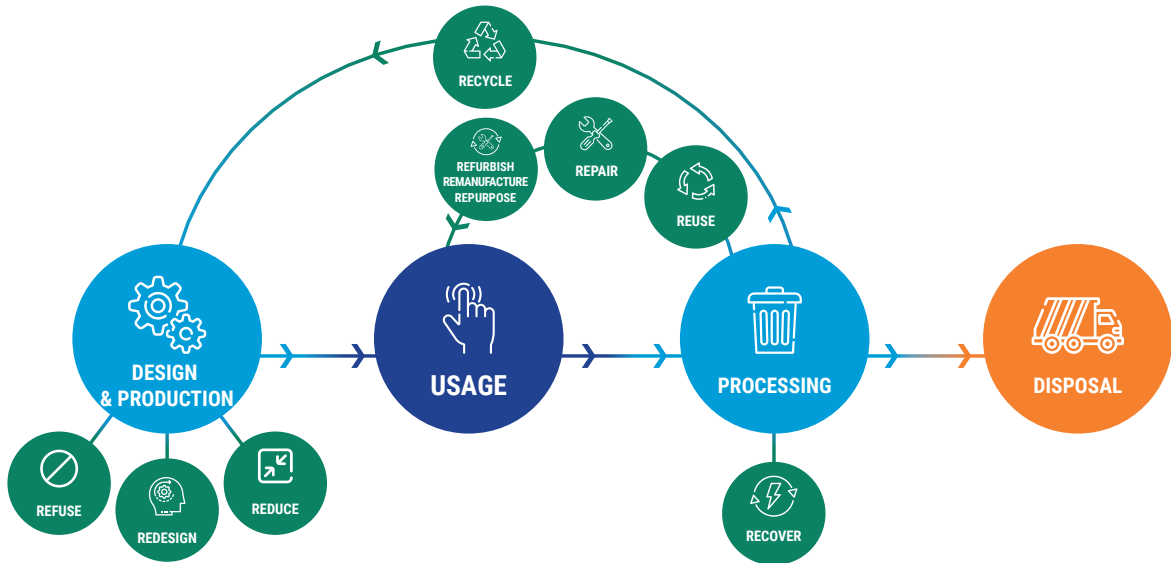
## 4.5 DEVELOPING THE CIRCULAR ECONOMY

The circular economy is one of the key challenges facing society today. In contrast to the linear, “take-make-waste” economic model, the term essentially refers to recycling, reusing and refurbishing.

The circular economy revolves around action in three interdependent areas: the supply side of the economy, the demand side or consumer behaviour, and waste management. These pillars are broken down into ten strategies (the “10 Rs”), which can produce a real impact on the economy: Refuse, Reduce, Redesign, Reuse, Repair, Refurbish, Remanufacture, Repurpose, Recycle and Recover.

### CHALLENGES

Transitioning from a linear to a circular economy requires a complete overhaul of how people use and consume resources. This paradigm shift is necessary to conserve resources, protect the future of society and safeguard generations to come. And this momentum towards a circular economy clearly responds to what customers and stakeholders expect from Sonepar. The Group also sees new opportunities for innovation through the development of sustainable business models and new customer services.



### ELEKTROSKANDIA SVERIGE INTRODUCES RECYCLABLE PACKAGING SOLUTIONS

Elektroskandia Sverige, a Swedish subsidiary of Sonepar, has taken a proactive approach to using packaging for its products that is almost entirely recyclable. Some 80% of its products are now delivered in eco-friendly packaging.

Cardboard boxes, pallets and plastic packaging form the bulk of the direct waste from the Group's own business operations. Best practices are encouraged in each Country, which include:

- use of plastic bins in logistics circuits to reduce single-use packaging;
- use of thinner packaging, elimination of packaging for certain product lines;
- pallet recycling;
- appointment of a Packaging Designer in charge of optimising packaging (own brand business).

### ACTION PLANS

Sonepar's circular economy approach draws on local initiatives. To reduce their waste, the Group's operating subsidiaries work with local services in charge of recovering, reusing and processing waste.

Some entities have established partnerships with suppliers to provide customers with products that are more easily recycled, which means they can be disassembled or are made from materials that are efficiently handled by the waste recovery chain. Sonepar hopes to create more of these partnerships to better structure waste collection and product end of life.

### KEY FIGURE

1,338 tonnes of products (WEEE) recovered from branches and recycled in 2021.

### EDUCATING CUSTOMERS ABOUT THE CIRCULAR ECONOMY

Sonepar has a global network of 150 distribution centres and 2,740 branches, which represent “points of contact” through which the Group offers its customers services that support the circular economy (including collection for recycling, product repair service and a pilot project to sell second-hand products, depending on location).

### TECHNISCHE UNIE TAKES ACTION FOR THE CIRCULAR ECONOMY

Sonepar's subsidiary in the Netherlands has implemented numerous initiatives to limit its environmental impact.

#### WASTE REDUCTION

- Installation of green bins for customers. Green bins are the main system used for all small products and an important instrument for fully automated order preparation systems. They save 3.3 million kg of cardboard per year;
- Repair policy for returned products;
- Advanced recycling system for used work clothes, wood, paper and cardboard;
- Eco-responsible packaging policy:
  - use of packaging that is 30% thinner, with no impact on quality,
  - reduction of certain packaging adapted to product format,
  - use of recycled materials promoted in supplier packaging and elimination of plastics.

Results: 30,000 kg reduction in plastic packaging.

### RAISING CUSTOMER AWARENESS ABOUT SUSTAINABLE SOLUTIONS

In 2008, Technische Unie introduced Green Leaf, a symbol deployed on its website to indicate sustainable products. Highly appreciated by customers, this initiative accounts for 10% of sales.

The operating subsidiary also offers sustainability training for its customers, attracting more and more participants every year.

#### RAISING ASSOCIATE AWARENESS

- Involvement of associates to come up with sustainable actions and solutions for customers;
- Compliance with packaging policy and company instructions;
- Creation of a poster to raise associates' awareness about the organisation's commitments.

### REDUCING THE IMPACT OF ENERGY CONSUMPTION ON ITS BUSINESS OPERATIONS

- Choice of renewable energy: 95% of Technische Unie's electricity purchases are covered by Windenergy Europe certification and comply with ISO 14064-1;
- Technische Unie aims to obtain ISO 50001 certification for all its facilities;
- Launch of delivery in city centres using light electric vehicles.

### ELIMINATING PLASTIC PACKAGING AT MAYFLEX

Mayflex, one of the Group's UK subsidiaries, has been working with its suppliers to eliminate plastic packaging in over 1,800 industrial product ranges of all weights, sizes and shapes. The subsidiary achieved its target in less than a year for more than 90% of the products concerned, without any increase in costs or repercussions on the production line.

The biggest challenge was to convince manufacturers to take into account the expectations of electrical equipment installers and make sure these new packaging methods were in line with

their needs. Through a combination of creativity and teamwork, the stakeholders involved in this project designed a new packaging solution that is more economical, easier to use for installers and less cumbersome for distributors. It also reduced preparation times by up to 60%.

This innovative approach has reduced the amount of non-reusable plastic waste and the number of transport containers, and received a positive response from all partners.

### REDUCING THE DESTRUCTION OF UNSOLD ITEMS

One of Sonepar's major circular economy goals is to reduce the destruction of unsold items (supplier recovery, reuse, donations) from its business activity.



## BEST PRACTICES BY COUNTRY

Organisation	Country	Initiative
Sonepar France	France	Every year, Sonepar's Majority Shareholder Colam Entreprendre holds the Colam Sustainability Awards to honour commendable CSR initiatives launched by operating subsidiaries or associates. In 2021, Sonepar France won the environmental award at the Colam Sustainability Awards for its digital application StockPro. This marketplace lets electrician customers buy or sell depreciated products in inventory. Sonepar can also sell its unsold items on this online platform as a way of reducing its waste. In partnership with Ecosystem (formerly Recylum), Sonepar France continues to recycle waste equipment dropped off by customers at its branches.
Sonepar Ibérica	Spain	Sonepar Ibérica and its operating subsidiaries promote a zero-paper policy. All entities have implemented the digital signature of delivery notes, installed a software for their warehouses to track inventories and picking processes, and send digital invoices with every order.
Sonepar Deutschland	Germany	Implementation of new packaging standards: <ul style="list-style-type: none"> <li>• 100% recycled paper materials;</li> <li>• Bubble wrap made from 50% recyclable materials used to pack fragile products;</li> <li>• Delivery boxes collected from customers on the next delivery.</li> </ul>

4

## 4.6 INNOVATING WITH A GREEN OFFER

### CHALLENGES

Innovation in technology and society brings with it a radical change in electrical equipment usages, products, solutions and services, which are in demand from both customers and end users. The energy transition also raises challenges in terms of profitability and the creation of a positive impact offer.

In order to meet the growing demand of its customers and end users, Sonepar is developing a Green Offer with three key objectives:

- improving climate performance;
- circularity;
- customer and end user well-being.

This Green Offer is aimed at giving more visibility to sustainable products and solutions in areas such as renewable energy (solar panels), HVAC (heat pumps), energy management and lighting systems (LED).

As part of this offer, a green assessment will be conducted to attribute scores on each of these three points (see the "Action plans" section below). Sonepar is currently working with international partners on the design phase of the assessment methodology, which began verification by an independent third-party organisation at the end of 2021.

Thanks to its objectives and selected criteria (reusable, recyclable or repairable products), the Green Offer will also actively contribute to promoting the circular economy. The initiative is part of Sonepar's commitment to collecting, recovering and processing end-of-life products through various partnerships with its suppliers and specialised organisations.

The Green Offer will meet a number of internal and external objectives:

- reduce product emissions: the most significant emissions are generated during the product purchase and sale phases (Scope 3), due to product manufacturing and use. The Green Offer will help to reduce each product's CO<sub>2</sub> footprint throughout the value chain based on its life cycle analysis;

- boost profitability: optimise the visibility of the most sustainable products and support the profitability of suppliers who invest in these innovations;

- reduce customers' footprint: limit their electricity and/or energy consumption by using solutions that are more energy-efficient and more environmentally friendly.

The following challenges had to be overcome to build this offer:

- obtain relevant environmental data, which is sometimes not readily available from suppliers;
- create a standard that can be used to compare products with very different characteristics;
- define a straightforward, transparent and holistic approach to measuring different criteria with a minimal amount of data, to current standards or standards being developed by regulatory bodies; (ISO, European Commission);
- develop a more accurate calculation of the "product" category of Scope 3.

### ACTION PLANS

The first Green Offer pilot project will be launched in 2022.

In parallel to this initiative, Sonepar continues to support, encourage and urge suppliers to innovate and develop ever more sustainable offers, services and solutions. Sonepar acts as an interface with its customers to promote the adoption of these innovations and continuously improve its ecosystem.

### KEY FIGURES

- 70% of customers are seeing growing demand for eco-friendly and circular products (Sonepar internal qualitative study of 50 customers conducted in France and the Netherlands).
- The world leader in energy efficient products and solutions with more than €3 billion in sales in the manufacturing and construction industry, Sonepar also tops the renewable energy market (approximately €800 million in sales by 2021).

Acting as a responsible player within its ecosystem, as close as possible to its customers and associates, is a key driver of the Group's success and prosperity.





# 5

## Social and human capital

5.1	VISION AND STRATEGY	50	5.6	PROMOTING DIVERSITY AND INCLUSION	61
5.2	GOVERNANCE	50	5.7	GUARANTEEING ASSOCIATES' HEALTH AND SAFETY	64
5.3	ATTRACTING TALENT	51	5.8	SOURCING ETHICALLY AND RESPONSIBLY	64
5.4	RETAIN TALENT AND DEVELOP SKILLS	53	5.9	RESPECTING AND PROMOTING HUMAN RIGHTS	65
5.5	PROMOTE QUALITY OF LIFE IN THE WORKPLACE AND ASSOCIATE ENGAGEMENT	58	5.10	COMMITMENTS TO LOCAL COMMUNITIES AND OUR STAKEHOLDERS	65

One of the pillars of the “Impact” strategic plan is its focus on associates. The ability to attract and retain talent is a key driver of the Group’s success. Sonepar deploys a Group-wide Human Resources policy that is adapted locally in liaison with employee representative bodies and in compliance with applicable laws.

## 5.1 VISION AND STRATEGY

Relations with associates are stable at the Group. Human Resources priorities are focused on improving quality of life in the workplace, creating and maintaining an inclusive environment, and retaining talent through the following commitments:

- implement motivating management policies, such as the Sonepar Leadership Model, and the digitalisation of career management tools *via* Sonepeople, the Group’s HRIS;
- enhance associate engagement, with regular satisfaction surveys (Open Voices);
- promote diversity, equity and inclusion at every level of the organisation;
- endorse a talent management policy for all associates, *via* the Sonepar Potential Model, identify and train young talent with the Sonepar Junior Committee (SJC), and encourage the professional development of high-potential managers with the Sonepar Leadership Programme (SLP);
- apply relevant key performance indicators, e.g., to measure gender equality and non-discrimination and support dialogue with Countries that need to improve.

## 5.2 GOVERNANCE

Sonepar’s Advisory Board assesses Human Resources policies and approves the compensation packages of the Group’s top executives and employee share ownership plans, with the support of the Nomination and Compensation Committee.

At Group level, Human Resources is overseen by the Chief Human Resources Officer, who reports to the CEO and is a member of the Executive Committee. She is surrounded by a central team that defines, leads, coordinates and monitors the following teams:

- the Organisational Development unit, in charge of executing the “Impact” strategic plan under the People pillar, with strategic workforce planning and organisational optimisation;
- the Diversity, Inclusion, Talent Management and Training unit, which defines and leads actions that address these issues, and provides tools and processes to develop associates’ skills to fit with the Group’s priorities;
- the Benefits and Compensation unit, which leads compensation review campaigns and guarantees global consistency in workforce classification;
- the HRIS Department, which is in charge of rolling out its information system, Sonepeople.

In addition, a local network of 39 Human Resources Managers cover the countries where the Group operates. These managers are members of the International Human Resources Committee (IHRC).

The Human Resources network includes three regional managers who coordinate global initiatives within their remit and communicate with Head Office teams on major progress. They report directly to the Regional President and on a dotted-line basis to the Group’s

Chief Human Resources Officer. These managers are members of the Human Resources Leadership Team (HRLT).

Given Sonepar’s decentralised organisational structure and significant differences in local legislation, Human Resources is for the most part managed at the level of operating subsidiaries, Countries or Regions.

Governance and the liaison between the central and local functions are therefore covered by two international Committees:

- the HRLT, made up of members from the Group’s Human Resources Department and from Countries generating the highest revenue;
- the IHRC, which brings together the Group Human Resources Department and the Human Resources Departments from all Countries once a year.

### SOLUTION

Sonepar is currently rolling out Sonepeople, its Group HRIS. This platform aims to facilitate discussions and information sharing between the Head Office and Group countries. Once fully deployed, Sonepeople will provide the Group with a consistent interface and language for managing Human Resources data.

Sonepeople can also be used to coordinate the management of career plans, performance and talent reviews, and local training. Countries can additionally request for the recruitment, onboarding and compensation processes to be integrated.

## 5.3 ATTRACTING TALENT

### CHALLENGES

The Group operates in a competitive environment where “B-to-B” businesses are relatively unknown to the general public, as well as to young people and professionals looking for a job. Furthermore, the Sonepar brand is not easily recognisable because the Group is made up of many local entities operating under different brands and a recruitment process that is usually managed at Country level.

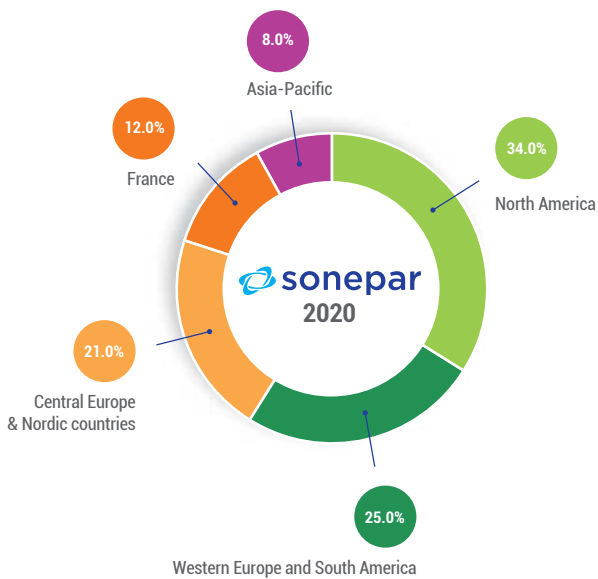
### SOLUTION

To increase recognition, Sonepar has been developing its employer brand since 2018, under the slogan “Powered by Difference”. This campaign is the result of a collective effort initiated by the IHRC in collaboration with Country teams and the Communications and Sustainability Department. It was born out of the need for an impactful visual to boost the Group’s visibility among candidates and strengthen associate engagement. The brand is adapted to each local context and used as a tool for recruitment by the operating subsidiaries in France and abroad.

Employer branding is currently applied outside of Human Resources in all of Sonepar’s communications, which reflects its success within the Group.

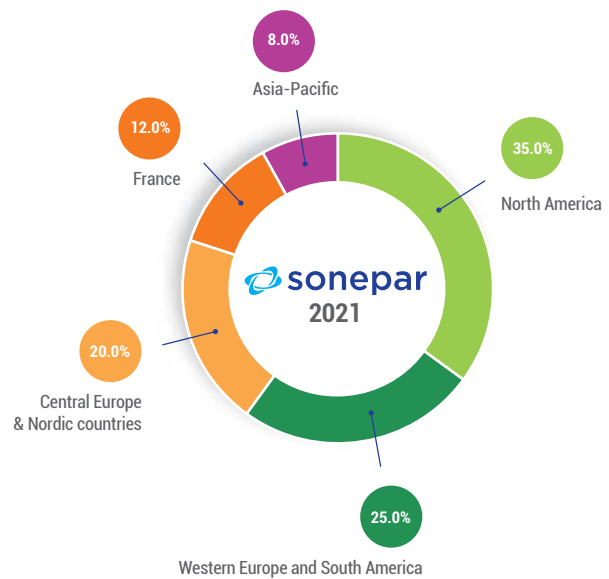
### BREAKDOWN OF WORKFORCE BY REGION\*

2020

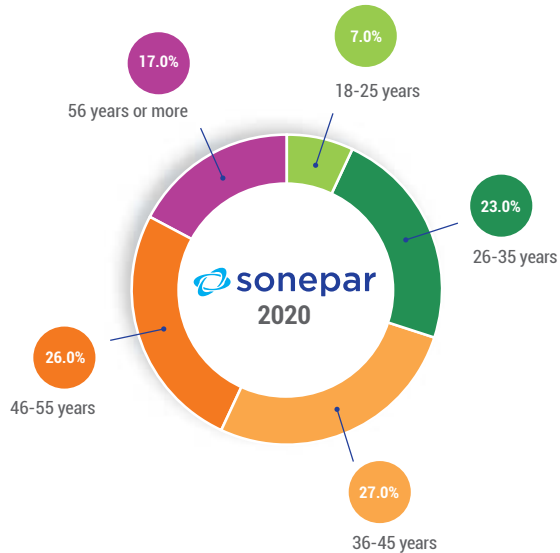
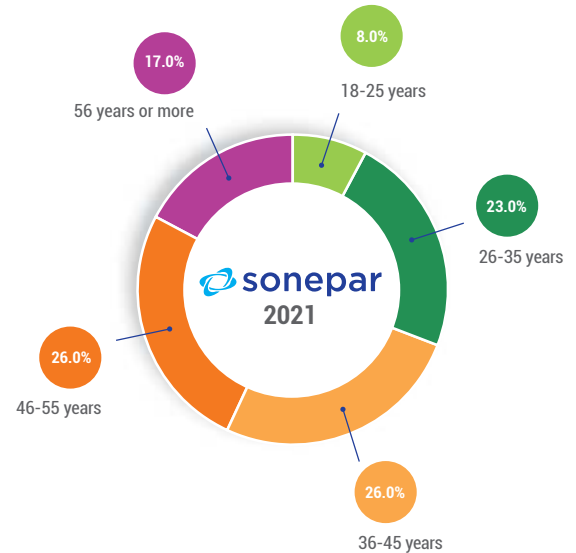


\* Scope: “Impact” strategic plan.

2021



5

**BREAKDOWN OF WORKFORCE BY AGE GROUP\***
**2020**

**2021**


\* Scope: "Impact" strategic plan.

**ATTRACTING TALENT**

The Group launched a number of initiatives to enhance its "Powered by Difference" employer brand in 2021, including the launch of its new visual brand identity and the ramp-up of its external communication on corporate social responsibility.

As part of the deployment of the Sonepeople HRIS, a Recruiting module was rolled out at the local level in 2021. It is designed to improve the candidate experience through a dedicated recruitment area with easy access to all the Group's job offers.

The Group plans to introduce additional measures in 2022, with a focus on Diversity and Inclusion.

**KEY FIGURE**

Sonepar recruited 8,338 associates in 2021, representing 18% of the Group's workforce at December 31, 2021 (base reference: 45,401 associates).



## 5.4 RETAIN TALENT AND DEVELOP SKILLS

### CHALLENGES

Sonepar has used a number of tools over the years to build its talent pool. Associates are trained, supported and assessed so that they can grow within the Group. Two structures are dedicated to identifying and training future leaders: the Sonepar Junior Committee and the Sonepar Leadership Programme.

### SOLUTIONS

#### TRAINING

Through Sonacademy, the Group provides a range of training programmes to round out the training courses available at each local level.

Sonacademy is Sonepar's university created in 2005 to develop associates' skills through training programmes covering leadership, management skills and team building, all in an international environment. This programme has five main objectives:

- share and maintain Sonepar's spirit and values;
- contribute to developing talent and enable everyone to benefit from individual development possibilities;
- strengthen synergies within the Group;
- identify and deploy best practices across the Group;
- offer training at Country level.

### SONEPAR JUNIOR COMMITTEE (SJC)

Created in 1991 by Sonepar's Chairman Marie-Christine Coisne-Roquette, the Sonepar Junior Committee is an incubator that prepares young talent to become the leaders of tomorrow. The programme facilitates networking between young people from different countries, operating subsidiaries and businesses. Programme participants are grouped into teams of eight to work on the Group's strategic issues, which have been defined in advance by the Executive Committee.

This 18-month programme is divided into two stages. Over the first nine months, SJC members study an issue, carry out analyses and make recommendations. In the second phase, the group implements one of its recommendations, with approval from the Executive Committee. They are supervised by an experienced team: two mentors who are members of the Executive Committee, two business experts and a coach.

5



**Marie-Christine Coisne-Roquette**  
Chairman of Sonepar



**The SJC** is an incredible opportunity. It's a mutually beneficial experience: the more you give, the more you receive in return.



## SONEPAR LEADERSHIP PROGRAMME (SLP)

The Sonepar Leadership Programme is conducted in partnership with INSEAD graduate business school. Some 30 Sonepar executives participate in the one-year programme. The SLP is structured around three key areas: finance, marketing and digital transformation. In 2021, for the first time, Module 2 focused entirely on gender diversity. Two workshops were also dedicated to sustainability in September 2021.

The SLP aims to fast-track the professional development of talent within the Group while respecting their individual personality and aspirations. The programme is also designed to strengthen ties between the Group and the Countries where it operates, as well as between countries.

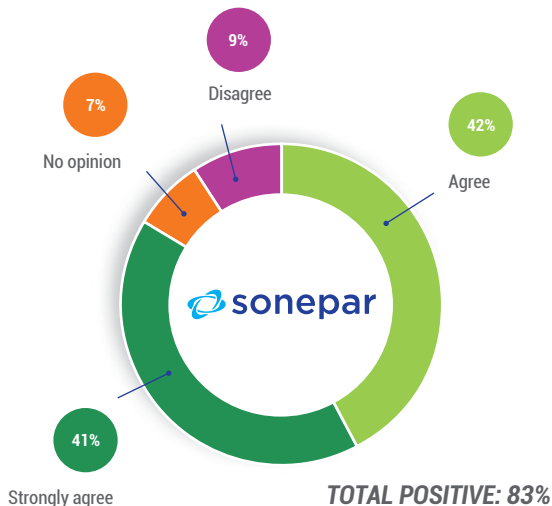
## SONEPAR LEADERSHIP MODEL

The Sonepar Leadership Model presents the missions and goals of team leaders and executives. This tool aims to promote management practices in line with Group strategy that focus on three key aspects of leadership: vision, commitments and performance. The Sonepar Leadership Model is detailed below:



Results of the 2021 Open Voices associate satisfaction survey about the Sonepar Leadership Model (question put only to team leaders):

*I know about the Sonepar Leadership Model and I apply it in the management of my team*



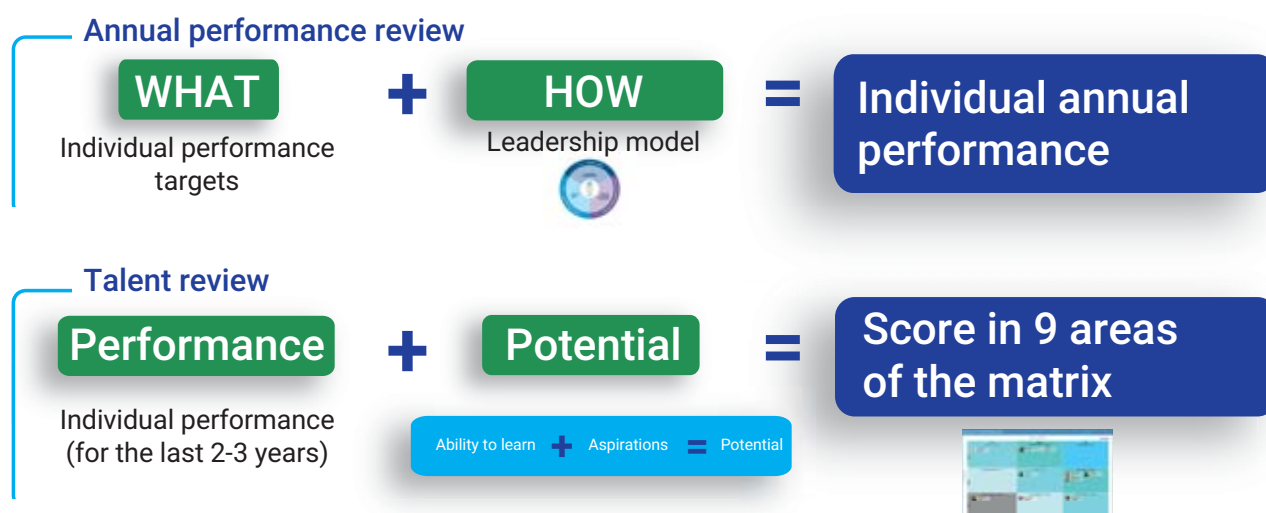
## SONEPAR POTENTIAL MODEL

The Sonepar Potential Model, or Potential@Sonepar, is a tool for assessing associates' potential. This model also:

- aligns all Countries under a common assessment process and guidelines;
- ensures that efforts do not focus solely on high-potential profiles, but identify the potential of each associate, so that all individuals can benefit from personalised options and suggestions for their career path.

This model is based on the Korn Ferry method and adapted to Sonepar's culture and business model. In 2021, training was provided in all Countries to assess executives. All associates will benefit from the programme in 2022. The Sonepar Potential Model has also been integrated into the HRIS tool, Sonepeople.

## LEADERSHIP MODEL VS. POTENTIAL MODEL



The diagram above shows the differences between the Sonepar Leadership Model, which is used in the annual performance review process, and the Sonepar Potential Model, which is used in the talent review process.

The annual performance review consists in assessing the individual objectives for the past year and the successful implementation of the Leadership Model.

In contrast, the talent review looks at performance over the previous two or three years, as well as learning agility and career aspirations. This provides an assessment of each associate's overall potential by positioning the individual on the nine-box grid, which helps to identify high-potential leaders.

## ASSOCIATE SHARE OWNERSHIP

Sharing the value generated by Sonepar with Group associates has been an integral part of the Company's philosophy since it was formed. Associate share ownership has been in place at Sonepar since 1996.

### Associate share ownership

Associate share ownership has been in place since 2005, through Sonepack<sup>(1)</sup>. Sonepack was created in 2004 in response to a desire to expand associate share ownership and make the plans accessible to as many employees as possible.

With assets comprised exclusively of 8,965,020 Sonepar shares, the value of Sonepack's shares, as well as the dividends paid each year to its shareholders, mirror the value of Sonepar shares and dividends.

Sonepar guarantees the availability of the funds required to purchase Sonepack shares from shareholders.

Sonepar's Corporate Board has the decision-making power to approve new share ownership plans, acting upon the recommendation of the Chairman, the Chief Executive Officer and after consulting the Nomination and Compensation Committee. Plan implementation is coordinated by the Human Resources, Communications and Securities teams.

The Securities Department, which reports to Sonepar's General Counsel, manages securities transactions, relations with shareholders and beneficiaries of associate share ownership plans, as well as their legal and administrative aspects. It is supported by a banking partner as well as internal correspondents in the various countries where the Group operates.

### History of stock option and share award plans

Since 2005, seven stock option plans, 12 free share plans, the latest of which is the 2021 plan detailed below, and three synthetic option plans for the United States have been set up for the Group's associates, making a total of 22 plans covering nearly 7,218,500 Sonepack shares.

Since 2018, Sonepar's shareholder policy has been focused on introducing free Performance Share Plans on a yearly basis, for a target number of more than 500 Group associates, who are key contributors to value creation. Under these plans, the final number of shares delivered to beneficiaries at the end of a three-year period is conditional on the achievement of increasing share value targets.

On June 5, 2019, Sonepar decided to celebrate its 50th anniversary with the Group's associates by awarding five free shares, to be received three years later, to all associates with at least one year's service as of January 1, 2019. This anniversary plan expires on June 5, 2022 and is expected to give almost 20,000 Group associates the opportunity to become Sonepack shareholders, subject to the activation of their securities account.

(1) Sonepack, a French simplified joint stock company with its registered office at 25, rue d'Astorg, 75008 Paris, France, registered with the Paris Trade and Companies Registry under unique identification no. 479 679 938.

## THE 2021 PLAN

The 2021 plan, implemented on October 29, 2021, awarded a total of 127,960 Sonепack performance shares to 542 Group associates. This award was very well received by the beneficiaries, garnering a 100% acceptance rate.

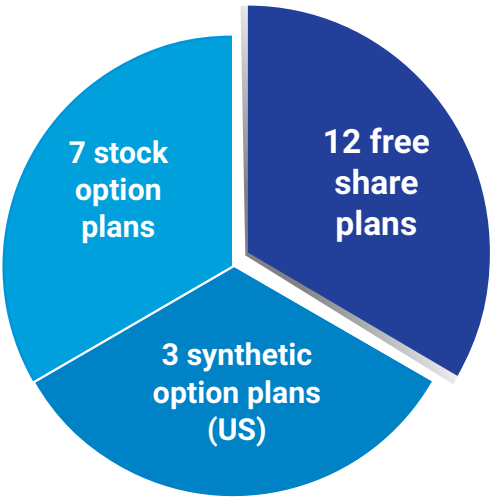
### SUMMARY TABLE OF ALL PLANS – NUMBERS AT AWARD

Award	Maturity	Type of rights	Number of beneficiaries	Sonepack shares
2005	Expired	Stock options	2,163	2,612,670
2006	Expired	Stock options	467	410,550
2008	Expired	Stock options	671	414,600
2010	Expired	Stock options	196	542,000
2012	Outstanding	Stock options	98	423,500
2014	Outstanding	Stock options	242	622,000
2016	Outstanding	Stock options	265	603,500
<b>SUBTOTAL</b>				<b>5,628,820</b>
2011	Expired	Free shares	2,733	187,950
2012	Expired	Free performance shares	340	47,350
2015	Expired	Free shares	3,164	221,200
VLTI 2015 & 2018	Pending	Free performance shares	3	220,000
2018	Expired	Free performance shares	543	142,760
2019 Anniversary	Pending	Free shares	35,383	176,915
2019	Pending	Free performance shares	587	143,645
2020	Pending	Free performance shares	496	122,530
VLTI 2021	Pending	Free performance shares	1	30,000
2021	Pending	Free performance shares	542	127,960
<b>SUBTOTAL</b>				<b>1,420,310</b>
2012	Expired	US synthetic options	109	73,254
2014	Expired	US synthetic options	77	49,933
2016	Outstanding	US synthetic options	87	47,301
<b>SUBTOTAL</b>				<b>170,488</b>
<b>TOTAL</b>				<b>7,219,618</b>

### SUMMARY TABLE OF PLANS OUTSTANDING AT DECEMBER 31, 2021

Award	Type of rights	Number of beneficiaries	Sonepack shares
2012	Stock options	10	25,114
2014	Stock options	62	110,289
2016	Stock options	103	182,346
<b>TOTAL</b>			<b>317,749</b>
VLTI 2015 & 2018	Free performance shares	3	220,000
2019 Anniversary	Free shares	22,844	114,220
2019	Free performance shares	513	134,975
2020	Free performance shares	476	120,125
VLTI 2021	Free performance shares	1	30,000
2021	Free performance shares	536	127,610
<b>TOTAL</b>			<b>746,930</b>
2016	US synthetic options	48	8,262
<b>TOTAL</b>			<b>8,262</b>

SONEPACK AT A GLANCE



## 5.5 PROMOTE QUALITY OF LIFE IN THE WORKPLACE AND ASSOCIATE ENGAGEMENT

### CHALLENGES

Sonepar takes care to create a work environment that is conducive to the well-being of associates. Maintaining work-life balance, cultivating long-term success and capitalising on the potential of each individual are challenges that the Group takes seriously. Associate engagement is measured to guide strategic decisions and to identify and monitor areas for improvement in France and internationally.

### SOLUTIONS

Every two years, Sonepar measures associate engagement via a global satisfaction survey (Open Voices). For the first time in 2021, the survey was conducted exclusively in digital format.

The online questionnaire is translated into 19 languages and in 2021 had 46 questions grouped into five categories: engagement index, diversity index, associates, customers, and planet.

Associates who do not have a work email address were able to take the survey via a QR code using computers available on site.

In addition to this Group-wide campaign, Countries have the option of conducting “pulse checks”, surveys carried out during the year to ensure that progress strategies are on track.

Sonepar’s proactive employee share ownership policy is another tool used to enhance associate engagement (see also section 5.4 above).

### ACTION PLANS

All Country HR Managers conduct a detailed analysis of results, communicate key indicators to associates, define action plans with Country managers, and monitor progress. The Head Office team ensures that actions taken to implement Human Resources strategy are identified and coordinated, especially diversity and inclusion initiatives.

#### SONEPAR INDIA CERTIFIED “GREAT PLACE TO WORK®”

For the second consecutive year, Sonepar India was awarded “Great Place to Work®” certification in 2021. This honour reflects the subsidiary’s commitment to quality of life in the workplace and the well-being of its associates.



## KEY FIGURES

71% of associates participated in the Open Voices satisfaction survey. Engagement index: 86%.

Sonepar Group  
Respondents: 30,234  
Participation: 71%

*Open Voices is aimed at enhancing the "associate experience" pillar of Sonepar's HR strategy and gives management a more comprehensive view of the situation and areas for improvement.*

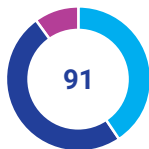
### ENGAGEMENT INDICES (%)



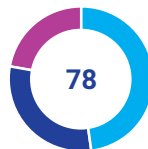
### DIVERSITY & INCLUSION INDICES (%)



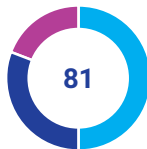
### PERFORMANCE (%)



I am **confident** that my company can achieve its objectives

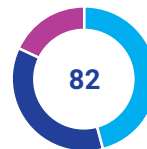


We **achieve/meet** the standards of operational excellence in my company

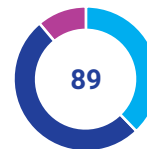


In my company, the teams **work together** easily

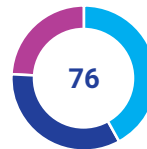
### PEOPLE (%)



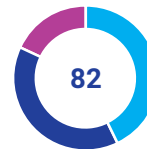
My line manager is committed to **developing** my skills



I am **encouraged** to take initiative in my work

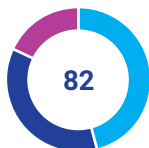


I feel **appreciated** and **valued** in my work

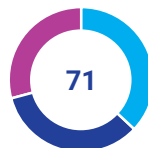


I have a good **work-life balance**

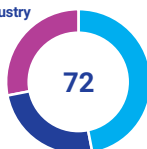
### CUSTOMERS (%)



We are sufficiently **customer-oriented** to **adapt** to the transformation of our industry/to meet the challenges of our industry

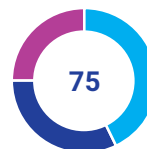


In my company, we offer our customers a **better experience** than we did two years ago

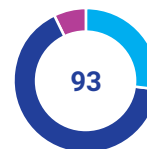


In my company, **digital solutions** and **services** meet our customers' expectations

### PLANET (%)



My company is **active** in **sustainable development** through **practical initiatives**



**Compliance** with applicable laws and regulations and Sonepar's Code of Conduct and policies is taken seriously

Strongly agree  
Somewhat agree  
Other

<b>Absenteeism worldwide (percentage):</b>	2.3% (2021 calendar year)
Hires and departures: At December 31, 2021	
Hires*:	18% of the total workforce, broken down as follows:
	Asia-Pacific: 10%
	Central Europe & Nordic countries: 13%
	France: 9%
	North America: 52%
	Western Europe and South America: 16%
Departures**:	7,557 (17% of the Group workforce)

\* Hires: includes associates who joined the Group in 2021 under a direct employment contract and appear on the payroll on the last day of the month. The figure for hires excludes temporary employment contracts, interns and associates who joined the Group through acquisitions.

\*\* Departures: includes associates on fixed-term and permanent employment contracts who left the Group in 2021 (for all reasons) and excludes temporary and internship contracts.

	2020 (vs. 2019)	2021 (vs. 2020)
Payroll and change (Group scope)	-0.8%	+5.7%*

\* Restated for government subsidies received in 2020.

## BEST PRACTICES BY COUNTRY

Organisation	Country	Initiative
Sonepar Ibérica	Spain	Seventh edition of the scholarship programme launched to encourage and reward young talent. Counselling programme implemented in 2020 for people struggling to cope with the COVID-19 pandemic.
Sonepar India	India	Associate family support initiative launched to provide employment opportunities for family members in the event of the associate's death. The dependent family member must be eligible and suitable for the position.

## 5.6 PROMOTING DIVERSITY AND INCLUSION

### CHALLENGES

Sonepar has made diversity and inclusion (D&I) one of the central focuses of the People pillar in its "Impact" strategic plan. D&I is also a priority for the Human Resources Department which works to define a common language and implement indicators adapted to the local context.

Sonepar France is a member of the nationwide Collective of French Companies in favour of a more Inclusive Economy. Many leading companies in the French economy have also joined this movement. Together, they are committed to implementing concrete actions to promote access to employment and safeguard career paths.

### GOVERNANCE

A project team was created in 2021 to define and deploy Sonepar's Diversity and Inclusion strategy. The team includes Human Resources experts in diversity and inclusion, members of the Human Resources Leadership Team (see also section 5.2 above) and Executive Committee members who are part of a dedicated Steering Committee.

Sonepar's Head Office has created a section on its intranet where associates can submit ideas to improve or expand on D&I initiatives within its scope.

### STRATEGY

Sonepar's Diversity and Inclusion Roadmap for 2021 included:

- raising awareness among all Sonepar associates and managers about diversity and inclusion issues;
- identifying, consolidating and communicating diversity and inclusion initiatives in various Countries and the actions to be deployed;
- submitting the Group's strategy and the 2022-2025 roadmap for approval by Sonepar's CEO.

### ACTION PLANS

Sonepar implemented eight key actions in 2021:

- awareness and educational sessions were conducted with Sonepar's Executive Committee and the broader Human Resources network (over 50 people);
- INSEAD business school's Gender Diversity module was included for the first time in the Sonepar Leadership Programme (over 30 participants);
- a Diversity and Inclusion Index was integrated into the Open Voices associate satisfaction survey;
- diversity and inclusion were added as a performance objective in calculating executives' annual bonuses. Executives are expected to identify and implement action plans for three diversity and inclusion priorities;

- information meetings were initiated with the Arborus fund for the Human Resources network on the Gender Equality European & International Standard (GEEIS) on deploying the standard locally on a voluntary basis;
- additional people were brought on to the Diversity and Inclusion team;
- a diversity and inclusion maturity audit was carried out in Countries covered by the "Impact" strategic plan;
- the Diversity and Inclusion strategy was presented to the Sonepar Executive Committee and communicated to the Human Resources community and Country Committees in early 2022. The strategy is based on four commitments:
  - awareness and take-up: raising awareness at all levels of the organisation about the importance of diversity and inclusion (beyond gender diversity) and developing inclusive management,
  - governance: building a network of experts, ensuring adequate support to roll out the strategy, and applying key indicators,
  - employer branding and HR processes: reviewing talent management from a D&I perspective and promoting D&I internally to elicit support from high levels in the organisation,
  - work environment: promoting an inclusive and flexible working environment to attract and retain talent, ensuring that communications and operational processes are accessible to all.

This general framework is then adapted to local structures through the following measures:

- global strategy is rolled out with an action plan implemented locally based on at least three criteria set by the Group (gender equality, diversity of origin, disability);
- a special dashboard designed for all operating subsidiaries;
- an online training module currently under development to promote a common knowledge base that raises awareness of all associates about this issue. Operating subsidiaries are encouraged to supplement this system with training adapted to their local context.

#### GUERIN COLLABORATES WITH THE SPANISH RED CROSS TO PROMOTE THE TRAINING AND EMPLOYABILITY OF WOMEN

In line with its commitment to equality, diversity and inclusion of associates, Guerin, Sonepar's Spanish subsidiary, has offered six women the opportunity to participate in this programme. They are currently training as logistics assistants. This collaboration takes Sonepar Ibérica one step further on its path towards the United Nations' Sustainable Development Goal 10 for 2030, Reduced Inequalities.

## SOLUTIONS

The 2021 Open Voices associate satisfaction survey asked nine questions on diversity and inclusion, divided into three categories: well-being at work, respect, and inclusion in key processes. These issues were used as a basis in creating the Diversity and Inclusion Index (D&I Index). With strong support from associates (85%), the index will be maintained and further developed in future surveys.

### SOUTH-EAST ASIA: SONEPAR RECOGNISED FOR ITS COMMITMENT TO DIVERSITY

An initiative in South-East Asia won the Diversity and Inclusion Award at the Colam Sustainability Awards held by Sonepar's majority partner.

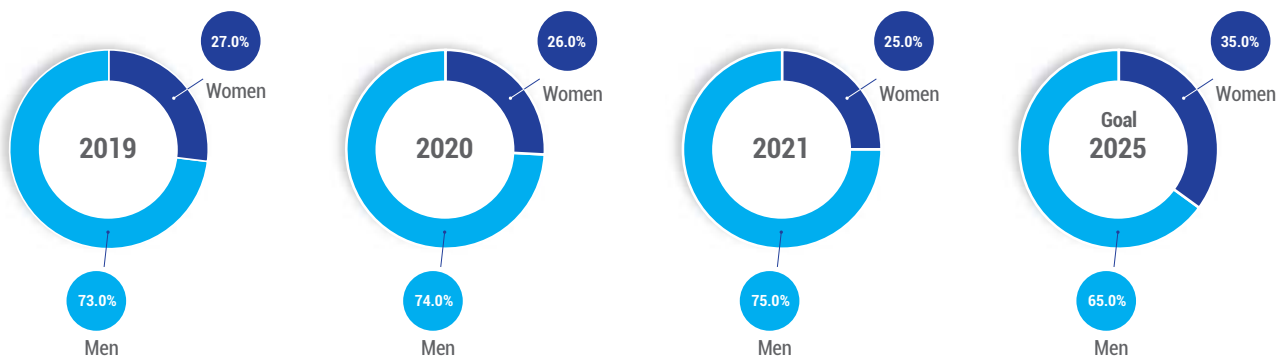
Local HR teams have implemented a number of initiatives, including:

- a new recruitment policy that promotes gender equality and diversity, and considers candidates from all races, gender, and physical conditions;
- support for women returning from maternity leave (lactation rooms and special refrigerators available for storing breast milk);
- prayer rooms for associates.

## KEY FIGURES

14% of executives<sup>(1)</sup> are women at Sonepar.

Target 2025: 35% women in the Group workforce.



Scope: "Impact" strategic plan.

### TECHNISCHE UNIE IS COMMITTED TO SOCIAL ENTREPRENEURSHIP

Technische Unie, a subsidiary of Sonepar in the Netherlands, has reached Level Two on the Inclusive Employment Performance Ladder (PSO). This measurement tool and quality seal, which has been developed since 2010 by the Netherlands Organisation for Applied Scientific Research (TNO), objectively assesses a company's degree of social entrepreneurship. The PSO is regularly fine-tuned by industry players and updated with

findings from the latest scientific studies. As such, it has become the national standard against which employers can measure CSR performance.

Level Two means that Technische Unie performs well above average when it comes to employing candidates from vulnerable backgrounds.

(1) Executives are defined as associates who are responsible for financial performance and for leading and managing teams in line with Group strategy.

## INITIATIVES TO PROMOTE INCLUSION AT SACCHI

In Italy, Sacchi has launched several diversity and inclusion initiatives:

### Diversity

- Recruitment and integration of people with disabilities over and above minimum legal requirements;
- Participation in Disability Days organised by universities (pre-pandemic);
- Part-time work policy and flexible working hours for women returning from maternity leave to improve work-life balance.

### Inclusion

- Sacchi won the Social Award at the Colam Sustainability Awards 2021 held by Sonepar's Majority Shareholder Colam Entreprendre for its collaboration, now going on for 15 years, with an NGO named the AVSI Foundation. The award recognises initiatives that have a positive impact on society (health, well-being in the workplace, education creating job opportunities, reducing poverty, or the circular economy). The AVSI Foundation emphasises action in the areas of education and the promotion of human dignity. To date, Sacchi has helped over 250 children. Each child is mentored by an associate who is responsible for ensuring the child's well-being. Sacchi's partnership with AVSI has grown and developed over the years;
- Sacchi has launched an external counselling programme for associates experiencing personal difficulties and seeking support.

## BEST PRACTICES BY COUNTRY

Organisation	Country	Initiative
Sonepar Ibérica	Spain	<p>The Powered by Women programme won two GEMCAT awards for best equal opportunity initiatives.</p> <p>Implementation of the Women Empowerment programme, which is centred on creating a diversity and inclusion policy, developing STEM (science, technology, engineering and mathematics) workshops in schools for 8- to 9-year old girls, and collaborating with the Senara Foundation to provide women at risk of social exclusion with career guidance.</p> <p>The Emplea programme aims to attract young talent: 200 cooperation agreements with technical schools, business schools and universities, and 150 students hired as interns.</p> <p>Policy of hiring people with disabilities and raising associates' awareness about disability, with a target for the number of people with disabilities recruited out of all hires to reach 3% in 2022.</p> <p>Partnerships with special employment centres.</p>
Routeco & Mayflex	United Kingdom	<p>Launch of a system to track the number of women applying for job vacancies compared to the number of women hired.</p> <p>Maternity leave policy under review to raise paid maternity leave above the statutory minimum.</p> <p>Menopause policy being developed as part of the associate wellness programme.</p>
ElectraFK	Chile	<p>Development of a D&amp;I policy, including a questionnaire, training module and communication initiative aimed at increasing recruitment rates for women and people with disabilities.</p>
Sonepar USA	United States	<p>Top management investment to meet D&amp;I targets and tools implemented to measure and promote inclusion.</p> <p>Subsidiary monitoring of turnover by gender, ethnicity and age.</p> <p>Employee Resource groups set up to serve as platforms to promote discussion and awareness about social and labour-related issues. Executive leaders support these groups and actively participate in their initiatives.</p> <p>Mandatory D&amp;I training for all associates (including executives). Associate training on microaggressions and unconscious bias.</p> <p>Recruitment from educational institutions with a high degree of diversity and social inclusion.</p> <p>Awareness campaign on mental health.</p>

## 5.7 GUARANTEEING ASSOCIATES' HEALTH AND SAFETY

### CHALLENGES

Protecting the health, safety and well-being of associates is one of Sonepar's priorities. Associates must work in an environment that complies with the applicable standards, which takes into account the specific risks associated with the position they hold.

### GOVERNANCE

The strategies and action plans to promote associates' health and safety are developed locally to make sure they take into account the specific challenges, regulations and risks in each country.

The Group also deploys a risk prevention policy, which covers the security of physical assets and personal safety. As part of the property insurance programme, prevention audits were carried out in 2021 at 20 representative sites worldwide, including both distribution centres and offices. This annual programme of prevention audits at a selection of existing sites is supplemented with support for project teams in charge of renovating or building new sites. These measures are aimed at increasing the security of physical assets, and some also address personal safety on site to prevent certain health and safety risks. Additionally, the strategy covers the safety and security of associates on work assignments.

### ACTION PLANS AND TOOLS

- Compliance with applicable health and safety legal requirements;
- Clearly defined safety rules that are communicated to associates, depending on the site and the person's position;
- Personal protective equipment provided based on requirements for the site and the person's position;
- Continual training for associates (on arrival and then according to the frequency defined at the level of their team or site);
- Brief activities to raise awareness (regular 5-minute meetings on health and safety at logistics platforms – France);
- Implementation and enforcement of health restrictions due to the COVID-19 pandemic;
- Assistance and insurance programme covering associates on business trips (security and medical risks);
- Integration of a Country risk analysis into the travel authorisation process via the business travel management solution currently being deployed throughout the Group;
- Health and safety indicators monitored at local level.

In the associate satisfaction survey conducted in 2021, 95% of the Sonepar team leaders surveyed considered that measures were in place to avoid security risks within their entity.

## 5.8 SOURCING ETHICALLY AND RESPONSIBLY

### CHALLENGES

With more than 100 distribution brands operating in some 40 countries, Sonepar is an essential link in the value chain of the electrical ecosystem. The Group aims to establish its position as a trusted partner to its suppliers, customers and end users.

Sonepar's suppliers and partners contribute to the Group's growth through their capacity for innovation and their high standards of product quality and compliance. As a multi-specialist in cutting-edge electrical products and solutions, Sonepar requires its suppliers to meet the highest standards of business ethics and human rights.

### ACTION PLANS AND TOOLS

Sonepar has introduced procedures to assess its major suppliers (more than 15,000 legal entities concerned) and measure risks of corruption and influence peddling. The Group also takes specific measures for handling whistleblower reports and controversial or

special risk situations. Due diligence covers compliance with business ethics standards in the supply chain, especially checking that suppliers comply with the Sonepar Supplier Code of Conduct. The Code specifies the level of compliance expected from Group suppliers. It includes sections on human rights, working conditions, the environment, health and safety.

Sonepar has developed specific, stricter actions as part of its "own brand" activity. Cross-functional audits of suppliers covering work conditions, health and safety, and the environment are conducted by Sonepar Global Sourcing and the sourcing office in China. Suppliers that fail to meet mandatory requirements are not retained (see also section 7.4 below).

To implement a continuous improvement process, in 2022 the Group plans to continue streamlining its supplier portfolio and to develop CSR assessments.

The Group also maintains continuous and constructive dialogue with its ecosystem, in particular through its Strategic Supplier Event.

## 5.9 RESPECTING AND PROMOTING HUMAN RIGHTS

### CHALLENGES

The local political and legal context, crises (especially human conflicts), natural disasters and pandemics can have a direct, negative impact on human rights and affect the Group's associates and partners in countries where they carry out their respective business activities.

### SOLUTIONS

To limit this risk, the Group deploys the following procedures:

- measurement and prioritisation of risks within Sonepar's risk maps (global risk map, specific risk map for corruption and influence peddling, specific CSR risk map);
- Code of Conduct, Compliance Policies and Procedures Manual, Supplier Code of Conduct;
- Group whistleblowing procedure open to associates, as well as suppliers and customers; after investigation, sanctions are systematically applied to the staff members at fault;

- systematic assessment of third parties (customers, suppliers, intermediaries) based on a risk analysis that includes a monitoring and whistleblowing component related to any "negative" information (particularly, but not limited to, potential human rights violations).

### ACTION PLANS

- Supplier audits covering human rights issues (own brands);
- Monitoring and investigation of human rights and other controversial issues in a Region or sector in which Sonepar or its suppliers operate;
- Actions to raise awareness or supervise the Human Resources function at the local level regarding human rights risks in the workplace (harassment, unsuitable pay, excessive working hours, dignity of working conditions) (see also section 7 below);
- Risk Observatory created in 2022, which covers issues relating to Country risk.

5

## 5.10 COMMITMENTS TO LOCAL COMMUNITIES AND OUR STAKEHOLDERS

Sonepar aims to be a corporate citizen that plays an active role and serves its ecosystem and its stakeholders, at both the global and local levels. Sonepar makes it a goal to have a positive impact on society.

In addition to its internal CSR actions, the Group participates in global initiatives (e.g., the Global Compact – see section 3.4 above) and local initiatives as a member of professional organisations or industry-based initiatives (French Association of Private Enterprises, European Union of Electrical Wholesalers, Electro-Technical Information Model, etc.).

The Group is a Global Industry Leader in the Electro-Technical Information Model (ETIM) initiative, with several operating subsidiaries also having joined as members of national ETIM organisations. The ETIM provides a uniform, international classification and information standard for electrical and HVAC products. The organisation is involved in changes relevant to the industry. Sonepar plays an active role in determining the structure and content of the ETIM, which is revised every two years. Sonepar also participates in defining data formats and interfaces for sharing

product information between electronic systems, under ETIM guidelines.

In 2021, Sonepar joined the PEP-Ecopassport programme for environmental declarations of electric, electronic and heating and cooling equipment.

Sonepar's commitment also shows through charitable and sponsorship initiatives, which serve society or the community of associates and their families. Sonepar leaves each Country, Region or operating subsidiary the latitude to define which solidarity programmes to implement or promote in line with its local needs and challenges.

The Head Office has also launched several initiatives to promote charitable organisations, giving associates the chance to make donations *via* a clothing drive for underprivileged women and children, and a toy drive at Christmas.

### KEY FIGURE

€1.6 million for charitable and sponsorship actions in 2021.



## MAIN MEANS OF DIALOGUE WITH OUR STAKEHOLDERS

Stakeholders	Expectations	Dialogue procedures
Civil society	Sonepar's exemplary business conduct in terms of CSR Reduction of the Group's environmental footprint Interactions with local communities and residents	Website, social media and publications Integration of external stakeholders into CSR policy (risk mapping, materiality matrix) Participation in sector-based working groups and initiatives Solidarity and sponsorship actions Adhesion to the Global Compact
Customers	Service quality Operational excellence Business ethics and compliance Sustainable purchasing and supply chain resilience	Satisfaction survey (NPS) Customer advice and service Whistleblowing procedure
Associates	Training and skills development Health and safety Diversity and equality Quality of life in the workplace	Annual performance reviews Open Voices satisfaction surveys Social dialogue Code of Conduct Compliance Policies and Procedures Manual Seminars and information meetings Intranet Whistleblowing procedure
Shareholders	Financial performance CSR policy Protection against CSR risks	Ongoing dialogue through the Group's governance bodies and reporting procedures
Suppliers/partners	Cooperation and shared CSR commitments Sustainable relations Waste management and carbon footprint Business ethics and compliance Sustainable purchasing and supply chain resilience	Assessments and qualification processes Supplier Code of Conduct Whistleblowing procedure Supplier meetings Strategic Supplier Event

## BEST PRACTICES BY COUNTRY

## Getting involved in the community

Organisation	Country	Initiative
Sonepar India	India	Participation in the construction of a school for children from disadvantaged backgrounds, especially orphans, to promote access to education. Surgery covered for 12 children from the Rehabilitation Centres for Children (RCFC) in West Bengal, which provide free medical treatment for children from poor backgrounds with disabilities. Support for NGO The Earth Saviours Foundation, which provides care and shelter for people from disadvantaged backgrounds, people with mental disabilities, bed-bound people suffering from illness, and people with incurable diseases. Help for children who have been victim to sexual abuse through the Counsel to Secure Justice, which provides legal, psychological and other support to children and their families during criminal proceedings. Participation in the construction of a factory supplying oxygen machines to hospitals in India.
Sonepar Brasil	Brazil	Sonepar Brasil is actively involved in the community and in NGOs dedicated to the education and development of children and teens by donating building materials, food, clothing and personal protective equipment.

## Making a positive social impact

Organisation	Country	Initiative
Sonepar Perú	Peru	Sonepar Perú and Ledvance contributed to the construction of a community kitchen in the Carabayllo district, donating €3,000 to the NGO Aldeas Infantiles SOS Perú. This contribution is the latest example of Sonepar Perú's commitment to supporting vulnerable communities.
Sonepar Deutschland	Germany	Sonepar's German subsidiary based in Kiel was approached by a customer to support the One Earth – One Ocean programme, "marine litter cleanup", by providing free electrical equipment to remove plastic waste from rivers and seas. The collected plastic was processed for recycling or used to generate energy and fuel.

Sonepar sees integrity as a source of added value and sustainability. This belief is reflected in our activities around the world through the commitment of our associates.





# 6

## Governance and integrity

6.1	VISION AND STRATEGY	70	6.4	PROTECTING DATA AND COMBATING CYBERCRIME	74
6.2	CULTIVATING ROBUST AND LONG-TERM GOVERNANCE	70	6.5	MAINTAINING A ROBUST CRISIS MANAGEMENT SYSTEM	75
6.3	ENSURING AND PROMOTING COMPLIANCE AND BUSINESS ETHICS	71			

Sonepar firmly believes that integrity, fairness, trust and respect are key levers for generating sustainable growth. The Group views compliance as a source of value creation by improving processes, analysing and reducing risks, and bringing people together around shared values.

## 6.1 VISION AND STRATEGY

Sonepar endeavours to meet the highest social, environmental and ethics standards and to act responsibly in all its countries of operation. This goal is expressed through a Compliance Programme,

which is part of a continuous improvement process to meet the new challenges facing the Group and its stakeholders.

## 6.2 CULTIVATING ROBUST AND LONG-TERM GOVERNANCE

The impetus and strategic direction for compliance and integrity are determined by Sonepar's Chairman and Executive Management, under the supervision of the Corporate Board and the Audit Committee.

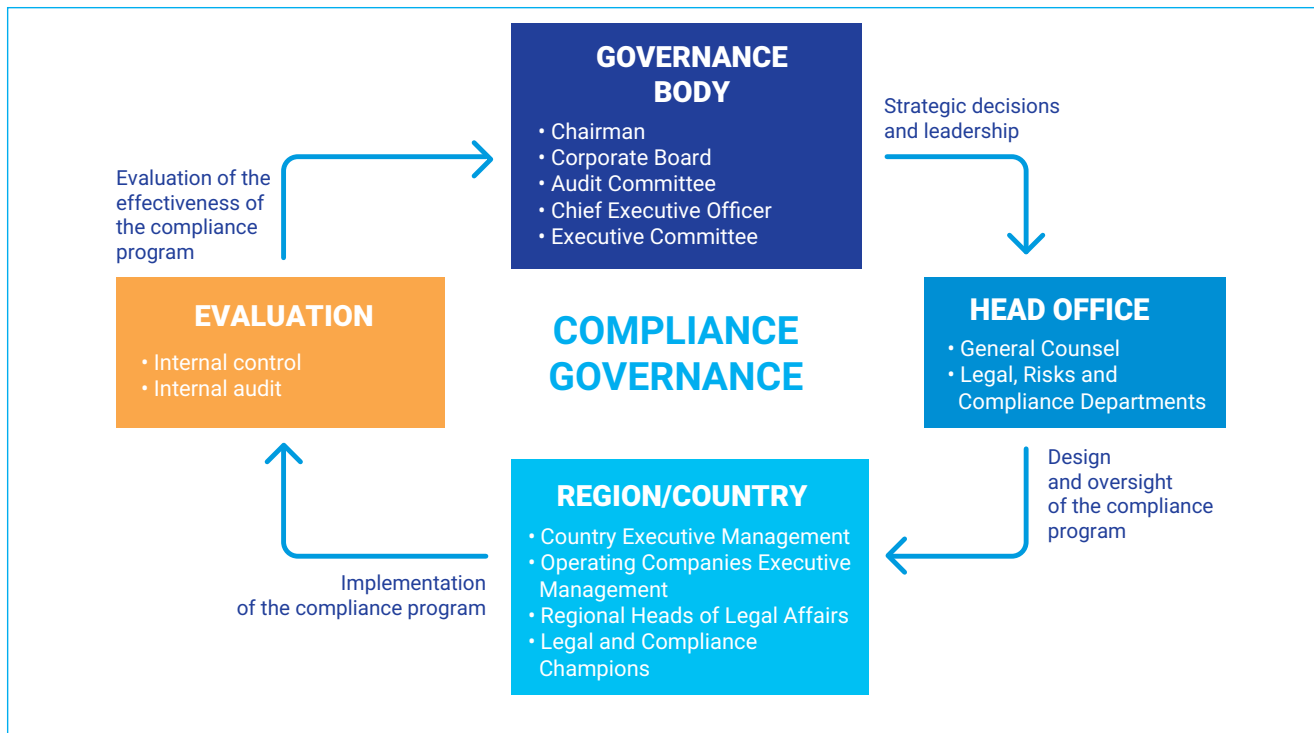
The Group's compliance and integrity policies come under the responsibility of the Head Office, working with either the Legal and Compliance Department or the Risk and Insurance Department, depending on the issue. Both departments report to the General Counsel and work in liaison with the other functional departments concerned.

Sonepar's compliance and integrity function is managed operationally by the General Counsel, who in turn reports to the CEO and is a member of Sonepar's Executive Committee. The Group's Vice President Legal and Compliance promotes the best practices set out in the Code of Conduct and related policies, in collaboration with heads of legal affairs in the Regions and operating subsidiaries.

Regional Presidents work with subsidiary executives in implementing the Compliance Programme within their scope. The governance bodies oversee the implementation of policies and procedures at the regional and local level.

All Sonepar associates and governance bodies take an active role in ensuring that Group standards are met, particularly those set out in the Compliance Programme.

Measures to do so are supported by the Sonepar International Legal and Compliance Committee (SILCC), which is made up of legal advisors and "compliance champions" in Group subsidiaries, Countries and Regions. The SILCC implements and monitors projects relating to legal and compliance issues, as well as risk, insurance and, where necessary, security. This network supports Sonepar's operating subsidiaries in deploying and coordinating the Group Compliance Programme, monitors regulations and shares best practices from the field.



## 6.3 ENSURING AND PROMOTING COMPLIANCE AND BUSINESS ETHICS

Sonepar's Compliance Programme mainly covers the Group's current policies and rules relating to corruption, influence peddling, competition law, international sanctions, procurement policy and human rights.

This programme is the cornerstone of the Group's non-financial policies. It sets out rules and processes that underpin most of Sonepar's social and environmental responsibility actions. In 2020, the Compliance Programme was overhauled and expanded in scope to enhance its effectiveness.

It includes:

- the Code of Conduct, translated into 20 languages and available on the Group's website. This document sets out Sonepar's principles and standards in its role:
  - as an employer, covering human rights, bullying, harassment and discrimination, health and safety, privacy and personal data,
  - as a business, covering business integrity, gifts and invitations, conflicts of interest, fraud prevention, fair competition, and supplier selection,
  - as a corporate citizen, covering the environment, contribution to local communities, political contributions and lobbying, international trade control, preventing money laundering, and accurate financial reporting;
- the Compliance Policies and Procedures Manual, for internal use only and available in 15 languages, which supplements the Code of Conduct with detailed policies and procedures in the areas of

corruption and influence peddling, anti-competitive practices, compliance with international sanctions, managing conflicts of interests and personal data protection;

- a Supplier Code of Conduct, which spells out the standards that Sonepar requires from its suppliers, mainly in terms of human rights, working conditions, the environment, health and safety, corruption and competition;
- a whistleblowing procedure that enables associates, partners and third parties to report suspected violations of the Code of Conduct, the Supplier Code of Conduct, Sonepar's Policies and Procedures, or applicable laws and regulations either to their contacts at Sonepar or through a confidential and secure platform administered by a third-party organisation;
- the Internal Control Manual and Internal Audit Charter, which also provide important assessment and audit guidelines for the Compliance Programme.

Procedures applied Group-wide may be supplemented by local procedures.

### KEY FIGURE

98% of the team leaders surveyed in the 2021 Open Voices associate satisfaction survey felt that compliance with applicable laws, regulations and procedures at Sonepar is taken seriously within their entity.

## DASHBOARD

## DEPLOYMENT OF THE «SAPIN II» COMPLIANCE PROGRAMME

PILLAR	SUMMARY OF THE OBLIGATION
 <p><b>1</b> CODE OF CONDUCT</p>	Preparation and rollout of a Code of Conduct defining and providing examples of the different types of practices that must be avoided in so far as they are likely to fall within the scope of corruption or influence peddling.
 <p><b>2</b> INTERNAL WHISTLEBLOWING SYSTEM</p>	Implementation of an internal and external whistleblowing system.
 <p><b>3</b> CORRUPTION AND INFLUENCE PEDDLING RISK MAPPING</p>	Preparation and updating of a corruption and influence peddling risk mapping.
 <p><b>4</b> THIRD-PARTY ASSESSMENT PROCEDURES</p>	Implementation of procedures for assessing where customers, first-tier suppliers and intermediaries are situated with respect to the corruption and influence peddling risk mapping.
 <p><b>5</b> ACCOUNTING CONTROL PROCEDURES</p>	Implementation of accounting control procedures.
 <p><b>6</b> TRAINING SYSTEM</p>	Implementation of a training programme for managers and staff most exposed to risks of corruption and influence peddling.
 <p><b>7</b> DISCIPLINARY SYSTEM</p>	Implementation of a disciplinary system to sanction employees for breaches of the Code of Conduct.
 <p><b>8</b> INTERNAL CONTROL AND ASSESSMENT SYSTEM</p>	Implementation of an internal control and assessment system for the measures in place.



## STATUS/COMMENT

- Code of Conduct, translated into 20 languages and available on the Group's intranet and website.
- Distributed to and accepted by all employees.
- Supplemented by a Compliance Policies and Procedures Manual, translated into 15 languages and available on the Group's intranet.
- Code of Conduct dedicated to the Group's Suppliers.



98.3%

of employees have access to the Code of Conduct in at least one official language of their country

100%

of employees have received and read these documents

100%

of strategic suppliers have signed the Supplier Code of Conduct

100%

of risks identified in the corruption risk map are addressed in the Code of Conduct

- Dedicated alert policy, procedure and external (multilingual) platform.
- All proven alerts are subject to appropriate corrective and/or preventive measures.

174

alerts received since 2018, including 91 in 2021

100%

of alerts processed

88%

of employees and 95% of team leaders say they are comfortable raising concerns about suspected breaches of applicable laws and regulations and Sonepar's Code of Conduct and policies (Open Voices 2021 employee satisfaction survey)

- 5 updates to the corruption and influence peddling risk mapping since introduction of the Sapin II law.
- The last update (2020) involved over 90 employees from 35 countries (representing 99% of the Group's revenue) and led to the identification of 26 specific risks.
- 16 Group action plans formulated in 2021.

87.5%

of 2021 action plans carried out by the end of December 2021

99%

of action plans from the previous update (2018) carried out

99%

of Group revenue covered by the latest update to the risk map for corruption and influence peddling

- Implementation in 2020 of a Group policy incorporating the principles of the guidelines issued in July 2018.
- Use of specialised databases (Dow Jones Risk Center, Bureau Van Dijk Compliance Catalyst, Trace, AML Risk for Latin America).
- Twice-yearly monitoring of key indicators.
- Over 15,000 legal entities assessed.



100%

of acquisition targets assessed

100%

of intermediaries approved

100%

of major suppliers assessed

- 90 Internal Control points related to the Sapin II law, including 2/3 Accounting Controls in the 2021 Internal Control Manual.
- Internal Control Manual revised annually.
- Rollout of the Concur expense report tracking software launched in 2020 and Eye2Scan software (data analytics tool), implemented at Sacchi (Italy) and currently being introduced in France.



60

Internal Control points related to the Compliance Programme dedicated to accounting controls

- E-learning modules for employees on anti-corruption and influence peddling and global conflicts of interest, as well as awareness-raising and on-the-job or remote training.
- Compliance posters displayed at all Group sites across the world.



32,642

employees trained since 2018

100%

rollout of compliance posters

- Disciplinary system for all French operating entities taking into account the Group Code of Conduct.
- Corrective measures are applied in the event of a breach.



100%

of proven alerts have had corrective measures applied

24

disciplinary sanctions since 2018, including 7 in 2021

100%

disciplinary system in all French entities

- 22 dedicated Group Anti-Corruption Compliance Programme audits carried out since 2018, covering 94% of the Group's revenue by the end of 2021.
- Twice-yearly Legal/Compliance/Risk/Internal Control/Internal Audit meetings to monitor the Group's compliance KPIs.
- Interim engagements by Statutory Auditors.



94%

of Group revenue audited by end-2021

57

control points related to the Sapin II law in the 2021 Internal Control campaign

1 "red" audit only, the main points of which have already been remedied

## COMPLYING WITH COMPETITION LAW

The Compliance Policies and Procedures Manual published in 2020 includes a Fair Competition Policy detailing the basic principles of competition law (prohibition of cartels, supplier and customer agreements, abuse of dominant position, mergers), challenges and sanctions, appropriate conduct and actions to avoid. These principles are illustrated with concrete examples.

Sonepar offers a training module on competition law. It rounds out the Code of Conduct and Compliance Policies and Procedures Manual, which set out applicable rules and examples of anti-competitive practices. Since its launch, more than 4,500 Sonepar associates have been trained via this e-learning programme, which is aimed at associates who are most at risk due to their position.

## INTERNATIONAL SANCTIONS

The Compliance Policies and Procedures Manual includes an International Trade Control Policy, which specifies procedures for conducting business with a country or third party subject to international sanctions or economic restrictions. These may include economic sanctions such as an embargo on a country (North Korea) or restrictions limited to a business sector or specific goods (Russia or Ukraine). Sanctions may target identified individuals or legal entities, by restricting business carried out with them, or specific regulated goods. For example, some subsidiaries may export goods that are classified as dual-use items, meaning that they can have both civilian and military applications. These goods require a specific licence to be exported to certain countries. Any such project must be submitted, reviewed and approved in advance by the head of legal affairs in the Country or Region in question.

A new e-learning module will be rolled out in 2022 to help associates working in export procedures to better understand risk situations. This training is mainly designed for sales representatives, Country managers, legal managers, compliance champions, and risk management and insurance managers.

# 6.4 PROTECTING DATA AND COMBATING CYBERCRIME

## CHALLENGES

The information systems and data disclosed by the Group's partners are essential for managing Sonepar's strategy and growth. Remote working and the digital transformation increase threats and expose significant cybersecurity risks. Sonepar is taking proactive measures to protect its business and safeguard the strategic and financial information most exposed to these risks.

## STRATEGY AND POLICIES

Coordinated by a new IT Security Director, Sonepar launched a tactical action plan in September 2020, designed around 13 cyber-hygiene practices. The plan is aimed at reducing the probability that a security incident could affect the Group's main Countries.

It is supplemented with a strategic roadmap structured around five projects: Secure Digital Workplace, Security Operation Centre, Critical Infrastructures, Digital Factory & Omnichannel, and Data Protection. The roadmap consists of measures to be carried out by the Group and by the IT teams in Group Countries and operating subsidiaries. It is planned out over three years and reviewed annually.

A set of documents on the Group's security policy is currently being drafted. The tactical action plan has been translated into minimum safety rules for Countries and operating subsidiaries. These rules will be reviewed annually and completed after the projects from the strategic roadmap have been implemented.

In its Compliance Policies and Procedures Manual, Sonepar formally defined its personal data protection policy for associates with regard to data processed by Sonepar SAS, which will implement its new data privacy management software in 2022. A Data Protection Officer will also be appointed within the year.

## TOOLS, ACTION PLANS AND GOALS

Countries and operating subsidiaries send a monthly dashboard report to track progress on the strategic roadmap. Individual follow-up sessions (by Country) are organised every quarter.

An annual cybersecurity audit was launched at the end of 2021 to assess the maturity of each Country's system.

Cybersecurity goals are set to protect the organisation against three main types of risks:

- interruption or disruption of operations due to a security incident;
- interruption or disruption of online activities due to a security incident on webshops;
- loss or theft of strategic or personal data.

Data protection audits were initiated at operating subsidiaries in the last quarter of 2021 and will inform the Group's Compliance Programme. Findings will be used to identify priority actions that meet the following goals:

- provide a Group-wide personal data protection standard;
- ensure compliance with legal frameworks across the Group's entire scope, through local compliance officers.

## MANAGING CYBER ATTACKS

In 2021, Sonepar, like most organisations, was the target of various cyber attacks or threats to identified vulnerabilities (e.g., Log4J breach in December 2021). Each incident was handled by adapting the crisis management system to the threat, and with strong support from the Cybersecurity and Risk and Insurance Departments.

## 6.5 MAINTAINING A ROBUST CRISIS MANAGEMENT SYSTEM

### CHALLENGES

Action is needed to strengthen the collective effectiveness of risk management in response to current challenges of the value chain. For the Group, these challenges are accentuated by:

- Sonepar's unique internal business context, combining sustainability issues, strong growth, digital and organisational transformation;
- exogenous factors, such as escalating dangers (geopolitical and social unrest, global warming, cyber and health risks, etc.);
- tension on the commercial insurance market.

The pandemic has emphasised the importance of crisis planning, which involves identifying risks ahead of time and implementing prevention measures, combined with a robust crisis management strategy and business continuity plans.

As some risks become systemic, risk management is more indispensable than ever in navigating complex and changing environments. It contributes to maintaining the Group's performance and resilience by making effective use of various tools and methods, including insurance.

### TOOLS AND ACTION PLANS

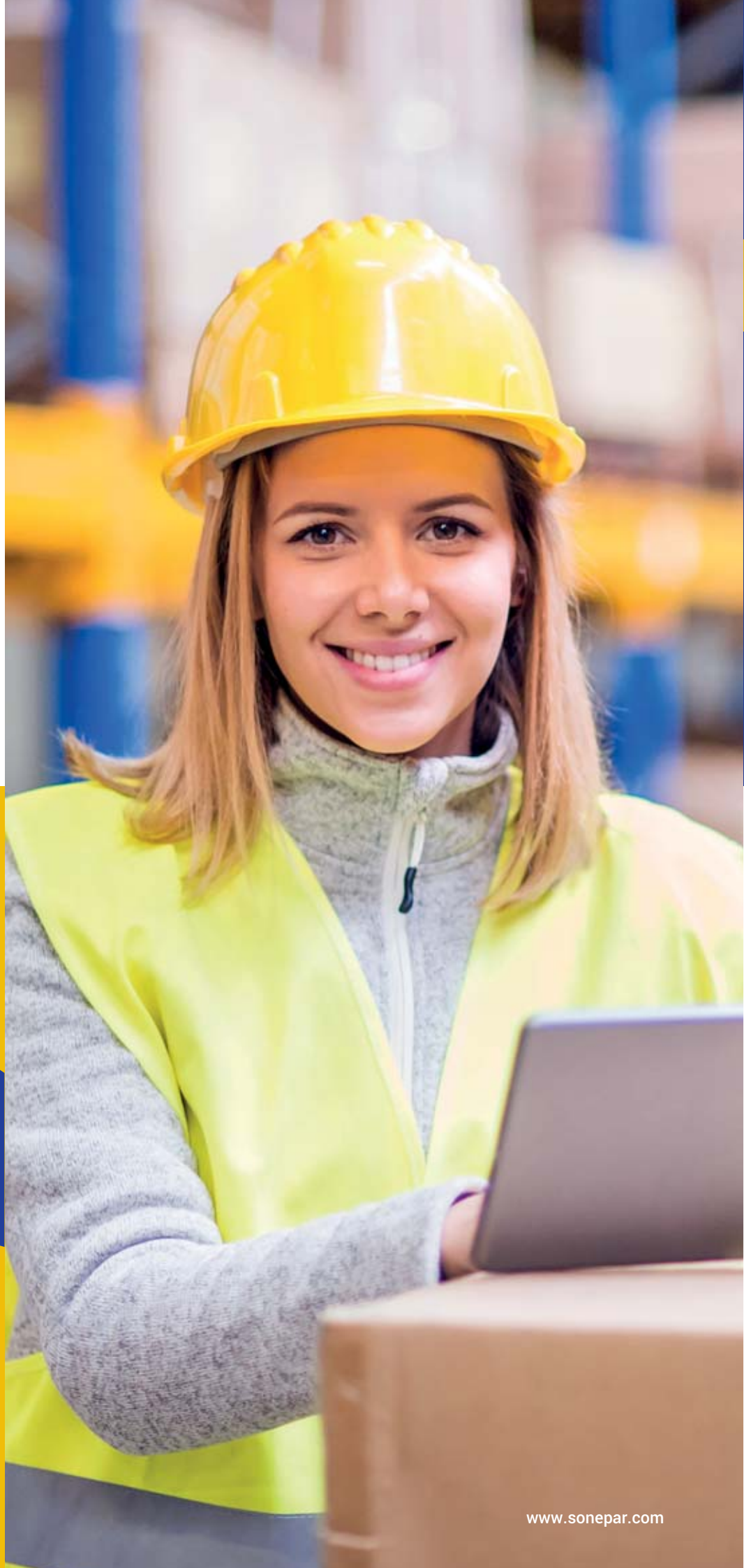
- Business continuity plans and business resumption plans defined and maintained locally;
- Systems reviewed by the Internal Control and Internal Audit teams;
- Development of the crisis management system for dealing with cyber risks;
- Creation of a Risk Observatory (2022).

### COVID-19: ONGOING ACTION PLANS AND HEALTH AND SAFETY MEASURES

Sonepar has achieved a high level of maturity in managing COVID-19 risk. Health measures were put in place to ensure the safety of associates who have continued to work on site or are returning to their place of work. Set up in 2020 and coordinated by the Group's Risk and Insurance Department, the crisis unit maintained its activity in 2021, adapting as health risks and the

regulatory environment evolved. The teams, especially COVID-19 representatives, remain mobilised to ensure the safety of associates, while still respecting their privacy, and to enable safe interactions with customers, suppliers and service providers at the Group's sites.

Sonepar deploys an oversight policy to identify, prevent and mitigate the risks that its operations and those of its stakeholders pose to the planet, local communities and citizens.



# Oversight

## 7

<b>7.1</b>	<b>SCOPE</b>	<b>78</b>	<b>7.5</b>	<b>MONITORING AND EVALUATION PROCESS</b>	<b>83</b>
<b>7.2</b>	<b>GOVERNANCE</b>	<b>78</b>	7.5.1	Organisation	83
<b>7.3</b>	<b>DEDICATED CSR RISK MAPPING: METHODOLOGY</b>	<b>79</b>	7.5.2	Internal control	83
<b>7.4</b>	<b>RISK ASSESSMENT PROCESS</b>	<b>79</b>	7.5.3	Internal audit	85
			7.5.4	Insurance and risk coverage	86
			7.5.5	Procedures for preparing and processing accounting and financial information (statutory and consolidated financial statements)	87



Sonepar endeavours to take the necessary steps to identify, prevent and mitigate risks of major human rights, environmental, and health and safety violations associated with its activities and its suppliers' activities.

## 7.1 SCOPE

Sonepar's oversight policy covers its own activities and the activities of its operating subsidiaries and suppliers<sup>(1)</sup>.

The Group's business model is mainly based on the distribution of electrical solutions and equipment. This business requires paying close attention to core business suppliers (electrical equipment manufacturers), to safeguard against current CSR risks and ensure compliance with applicable regulations.

The oversight policy is designed to ensure compliance with CSR risk prevention and mitigation requirements at all Group operating subsidiaries, including the local environment and regulations.

## 7.2 GOVERNANCE

The Group's oversight policy is coordinated by the General Counsel, in close collaboration with the Group Communications and Sustainability Department and Human Resources Department. The policy draws on various internal and external standards and guidelines, including:

- internal reference documents (Code of Conduct, Compliance Policies and Procedures Manual, Supplier Code of Conduct, and other procedures and policies applicable to the whole Group);

- risk mapping: CSR risk map, global risk map, corruption and influence peddling risk map;
- external standards: United Nations Global Compact principles, UN Guiding Principles on Business and Human Rights.



*(1) As Sonepar does not subcontract on a regular basis, this aspect was not specifically addressed in 2021.*

## 7.3 DEDICATED CSR RISK MAPPING: METHODOLOGY

As part of its oversight policy, in 2021 Sonepar initiated a process to identify and assess the major inherent CSR risks generated by its own activities and the activities of its suppliers. This will enable the Group to analyse in more detail and systematise the measures aimed at limiting the occurrence and consequences of these risks, with a view to continuous progress.

The oversight policy was developed in collaboration with the Group's internal and external stakeholders listed below.

Internal contributors:	External contributors:
<ul style="list-style-type: none"> <li>• associates from the Group's Legal and Compliance, Human Resources and Sustainability networks (materiality matrix);</li> <li>• Sonepar's CSR managers and buyers;</li> <li>• representatives from other key functions associated with CSR (risks and insurance, digital, logistics, purchasing, etc.).</li> </ul> <p>All of Sonepar's regions were represented through these contributors.</p>	<p>Sonepar worked with a range of external contributors, including:</p> <ul style="list-style-type: none"> <li>• customers;</li> <li>• suppliers;</li> <li>• a logistics company;</li> <li>• Colam Entreprendre, Majority Shareholder of Sonepar;</li> <li>• an insurance company;</li> <li>• financial institutions.</li> </ul>

This dedicated CSR risk mapping complements and aligns with Sonepar's overall risk mapping process, which includes:

### → Global risk mapping:

The Group's Risks and Insurance Department has developed and implemented a common process for identifying, assessing and ranking risks, which are defined as events that may prevent the Group or its different components from achieving their objectives. This Group-wide methodology makes it possible to consolidate major risks at Country, Region or Group level.

The Group's risk map is now updated every year and in 2021, the updating process involved more than 300 internal contributors. The risk mapping process is continuously evolving to keep pace with improvements in the methods for identifying, assessing and quantifying risks. For example, there were significant changes in 2021 designed to create a more detailed assessment of risks and reinforce the effectiveness of action plans.

### → CSR risk mapping:

The Legal and Compliance Department headed up the CSR risk mapping process, performed for the first time in 2021. This required support from the Group's Risks and Insurance Department, Human Resources Department and Communications and Sustainability Department and altogether, more than 40 people from inside and outside the Group were involved.

### → Mapping risks of corruption and influence peddling:

This exercise was carried out for the first time in 2018 and has been updated regularly since then. The fifth and most recent update was performed in 2020 and presented to the Executive Committee, the Audit Committee and the Corporate Board.

## 7.4 RISK ASSESSMENT PROCESS

Sonepar has opted for an integrated risk management policy that aims to provide a comprehensive and up-to-date overview of the risk portfolio through the use of common standards and applications right across the Group. By deploying a coordinated risk prevention and management system, the Group is addressing a fundamental challenge to its development and resilience, as well as responding to the expectations of its stakeholders, particularly its Majority Shareholder.

The key watchwords of Sonepar's risk management system are:

→ **knowing and anticipating:** regularly tracking risks that have been deemed material throughout the Group, being familiar with and monitoring the environments in which the Group operates and anticipating how these risks are likely to evolve;

→ **organising:** ensuring that the main risks identified are effectively addressed at the appropriate level. Many operational risks are managed at operating subsidiary, Country or Region level, while others that require specific expertise or have cross-cutting or strategic implications are handled at Headquarters level;

→ **managing:** ensuring that appropriate and effective organisation structures and resources have been deployed to control the identified risks as effectively as possible, in line with the Group's values and strategy;

→ **raising awareness and informing:** communicating about the Group's risks to the different stakeholders.

The risk mapping described above is performed at Group level by the different departments of the Group General Counsel's office, in liaison with the other Headquarters support functions and the local networks involved in the process.



## MAJOR RISKS ASSOCIATED WITH THE ACTIVITIES OF SONEPAR AND ITS OPERATING SUBSIDIARIES

Eight major inherent risks associated with the Group's own activities have been identified as part of the dedicated CSR risk mapping. The five major risks with a CSR impact identified in the global risk mapping are also presented in the table below:

### MAJOR RISKS ASSOCIATED WITH THE GROUP'S OPERATIONS

Risk category	Type of risk	Policies/Actions	Mitigation measures
Human rights	1. Poor or non-existent crisis management system	Risk mapping Code of Conduct Adhesion to the United Nations Global Compact	Sections 6.5 and 7.3
Environment	2. Climate change	GHG assessment – Scopes 1, 2 and 3 Energy Transition Academy	Section 4 Sections 4.3 and 4.4
Health and safety	3. Occupational accidents 4. Poor health and safety conditions in the workplace 5. Safety rules and protective equipment non-existent or ill-adapted to the site or the person's position 6. Buildings or facilities that do not meet adequate safety standards	Safety rules communicated to associates, depending on the site and the person's position Risk monitoring at country level	Section 5 Section 5.7
Environment	7. Poor or non-compliant waste management	Compliance with regulations Branch collection systems for end of life equipment	Section 4 Section 4.5
Environment	8. Greenhouse gas emissions (GHG)	Carbon footprint assessment (Scopes 1, 2 and 3)	Section 4 Section 4.4
Environment	9. Country risk	Third-party assessment procedures Creation of the Global Supply Chain organisation (2021) Creation of a Risk Observatory (2022) COVID-19 monitoring	Sections 5.8 and 5.9 Risk Management Information System Tools for the assessment and monitoring of third parties
Environment	10. Non-compliance risk	Code of Conduct, Compliance Policies and Procedures Manual Training and awareness-raising Mapping risks of corruption and influence peddling Tools for the assessment of business partners	Sections 5.8, 5.9, 6.3 and 7.3 Tools for the assessment and monitoring of third parties
Human rights	11. Talent attraction risk	Human Resources strategy Strengthening the employer brand "Powered by Difference"	Section 5.3
Human rights	12. Associate retention risk	"Impact" strategic plan Open Voices associate satisfaction survey Continued rollout of the Sonepar Leadership Model	Section 5.4
Human rights	13. Data protection risk	Introduction of a classification nomenclature for all Group information (2022) Internal cybersecurity audits with a data protection component (from 2022) Tactical cybersecurity action plan	Section 6.4

## MAJOR RISKS ASSOCIATED WITH SONEPAR'S SUPPLY CHAIN

Sonepar's oversight policy covers risks associated with suppliers' activities relating to their business relationship. Eleven major risks have been identified as part of the dedicated CSR risk mapping.

### MAJOR RISKS ASSOCIATED WITH THE ACTIVITIES OF SONEPAR'S SUPPLIERS, IN ORDER OF PRIORITY

Risk category	Risk	Description of risk	Mitigation measures
Environment	1. Climate change 2. Greenhouse gas emissions	The production and transport of equipment distributed by Sonepar generates greenhouse gas emissions. These emissions must be controlled and limited to reduce the environmental and climate impact of all upstream processes in Sonepar's value chain.	Contribution of suppliers to the Group's GHG policy Contribution of suppliers to the Green Offer Carbon footprint assessment Supplier Code of Conduct
Environment	3. Poor management of natural resources (inefficient, inadequate, non-compliant, etc.)	The production of electrical equipment requires resources and energy which are inherently finite and can cause serious environmental damage if not used in an efficient, controlled and environmentally friendly manner.	Regular discussion with suppliers Supplier audits (own brand activity) Supplier Code of Conduct Green Offer* Circular economy
Human rights	4. Child labour	Sonepar's suppliers are located all over the world. Child labour risks may exist in some regions. Knowledge of suppliers and the economic and political environment in which they operate should limit this risk, which the Group deems unacceptable.	Supplier Code of Conduct Whistleblowing procedure (open to external parties) Adhesion to the United Nations Global Compact Supplier audits (own brand activity)
Health and safety	5. Poor employee health and safety conditions	The employees of Sonepar's suppliers must work in conditions that comply with safety standards. Their workstations and facilities must also comply with safety standards and be maintained on an ongoing basis. Poor health and safety conditions in the workplace can cause personal injury and eventually lead to serious health disorders or safety incidents for employees.	Supplier Code of Conduct Internal whistleblowing procedure Supplier audits (own brand) Compliance with the health and safety rules implemented by operating subsidiaries Technical prevention programme
Environment	6. Activity presenting a major threat to the environment	Some activities involved in manufacturing products distributed by Sonepar may inherently cause a serious threat to the environment, in particular accidental pollution (chemical risk, risk of explosion, etc.). The Group must be aware of these risks and manage them to prevent such threats.	Supplier audits (own brand activity) Supplier Code of Conduct
Environment	7. Poor or non-compliant waste management	The management of industrial waste and waste from upstream packaging of products or equipment by Sonepar's suppliers can have a major impact on the environment. Reducing packaging, and developing and optimising recycling and waste recovery should limit this risk.	Regular discussion with suppliers Supplier audits (own brand activity) Supplier Code of Conduct

Risk category	Risk	Description of risk	Mitigation measures
Health and safety	8. Poor health and safety conditions in the workplace (warehouses, etc.)	The buildings and facilities where suppliers operate must meet adequate health and safety levels, and in any event comply with applicable standards and laws, in order to limit the risk of injury or illness for employees, visitors and local residents.	Supplier Code of Conduct Supplier audits (own brand activity)
Human rights	9. Forced labour	As Sonepar's suppliers are located worldwide, the Group cannot rule out the risk of people involuntarily being required to perform work or provide a service under duress. Knowledge of suppliers, their economic and political environment, and their sources and means of recruitment should limit the risk of forced labour in Sonepar's upstream value chain.	Adhesion to the United Nations Global Compact Supplier audits (own brand activity) Whistleblowing procedure open to external parties Supplier Code of Conduct
Environment	10. Soil pollution	Equipment production and management of the resulting waste can create a major risk of localised soil pollution. Suppliers must manage this risk to limit its occurrence and impact.	Regular discussion with suppliers Supplier Code of Conduct Green Offer* Circular economy
Health and safety	11. Occupational accidents	Supplier activities, especially production and logistics, can lead to occupational accidents. The implementation of health and safety measures for workstations, buildings and facilities should prevent this risk and limit its consequences.	Supplier Code of Conduct Discussion with suppliers Supplier audits (own brand activity)

\* Green Offer under development, not currently deployed.

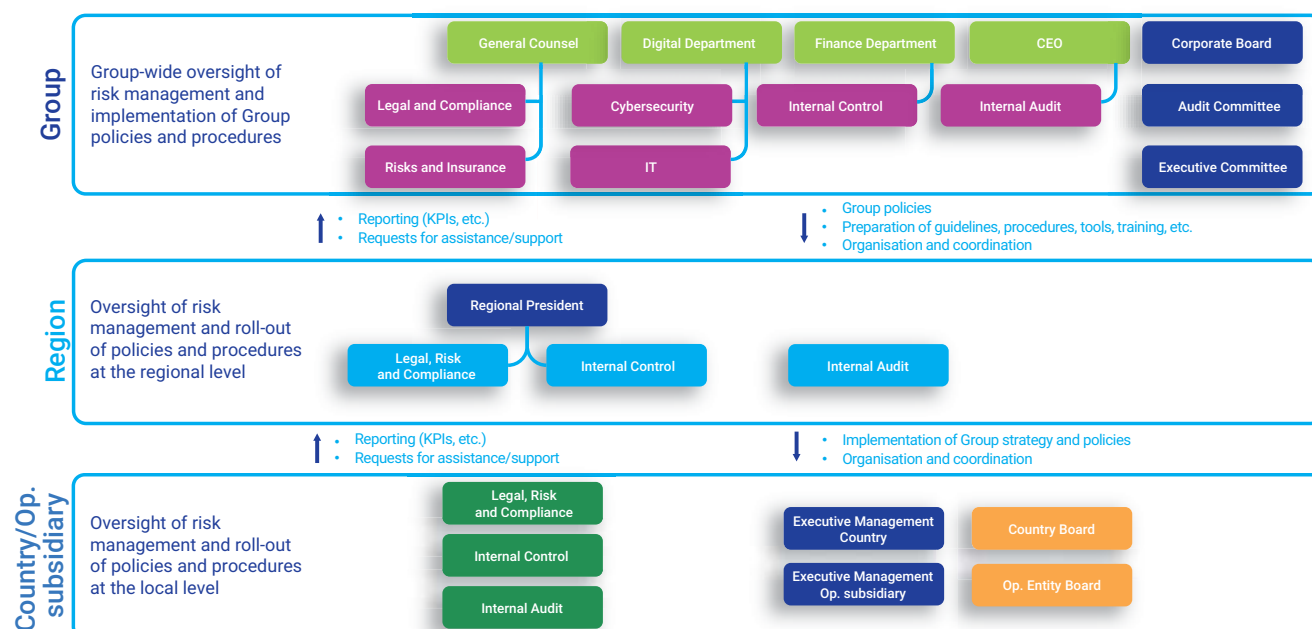
## 7.5 MONITORING AND EVALUATION PROCESS

In accordance with the Group's decentralisation principles, the organisation, monitoring and evaluation of risk prevention and mitigation is performed at the most effective local level and rounded out by actions taken under the responsibility of Headquarters functional departments, particularly the Internal Control Department, the Communications and Sustainability Department, the Human Resources Department and the General Counsel.

From 2022 on, Sonepar will step up its efforts to formally document its processes for monitoring and assessing the effectiveness of CSR risk prevention and mitigation measures.

### 7.5.1 ORGANISATION

The Group continues to reinforce and adapt its risk management procedures, which are described below:



### 7.5.2 INTERNAL CONTROL

#### MISSION

Internal Control is a process overseen by the Group Internal Control Department but involving all of the Company's important players (i.e., the Corporate Board, top management and associates in the operating subsidiaries). It is supported by the Audit Committee.

Internal Control must provide reasonable assurance regarding the achievement of objectives – and therefore the management of risks – relating to operations, the reliability of financial reporting systems, compliance with legal and regulatory requirements, and the deployment and effectiveness of the Group's Compliance Programme.

#### PROCESSES

Sonepar's internal control system is primarily based on a set of shared guidelines applicable to all Group entities: the Internal Control Manual. These guidelines are organised around the following eight macro-processes:

- sales and marketing;
- purchasing;
- logistics;
- mergers and acquisitions;
- finance and accounting;
- IT;
- Human Resources;
- governance, risk and compliance (which also includes Sustainable Development).

Each macro-process is made up of various sub-processes that can in turn be broken down into tasks. For each task, controls are defined on a centralised basis and then implemented by the various operating subsidiaries to ensure overall management of the Group's risks.

## ACTIONS

### Annual internal control self-assessment

The Group's Internal Control process is underpinned by a network of internal controllers and local coordinators tasked with supervising the application of Internal Control guidelines. They raise awareness among the operating subsidiaries of both global emerging risks and specific local risks. Local internal controllers ensure the reliability of the internal control self-assessment campaign through local reviews and they carry out additional controls based on their analysis of the risks.

Every year, all Group operating subsidiaries conduct an internal control self-assessment via the Sonepar Platform for Audit, Risks & Control (SPARC), an integrated monitoring and reporting application shared by Internal Control, Internal Audit and the risk management functions.

In 2021, the self-assessment included 100 control points (out of the 373 control points in the 2021 version of the Internal Control Manual): 70 control points selected by Internal Control at Headquarters level based on the main risks identified (France's anti-corruption law, known as Sapin II, cybersecurity, fraud) and 30 control points selected by the Countries based on their assessment of local risks.

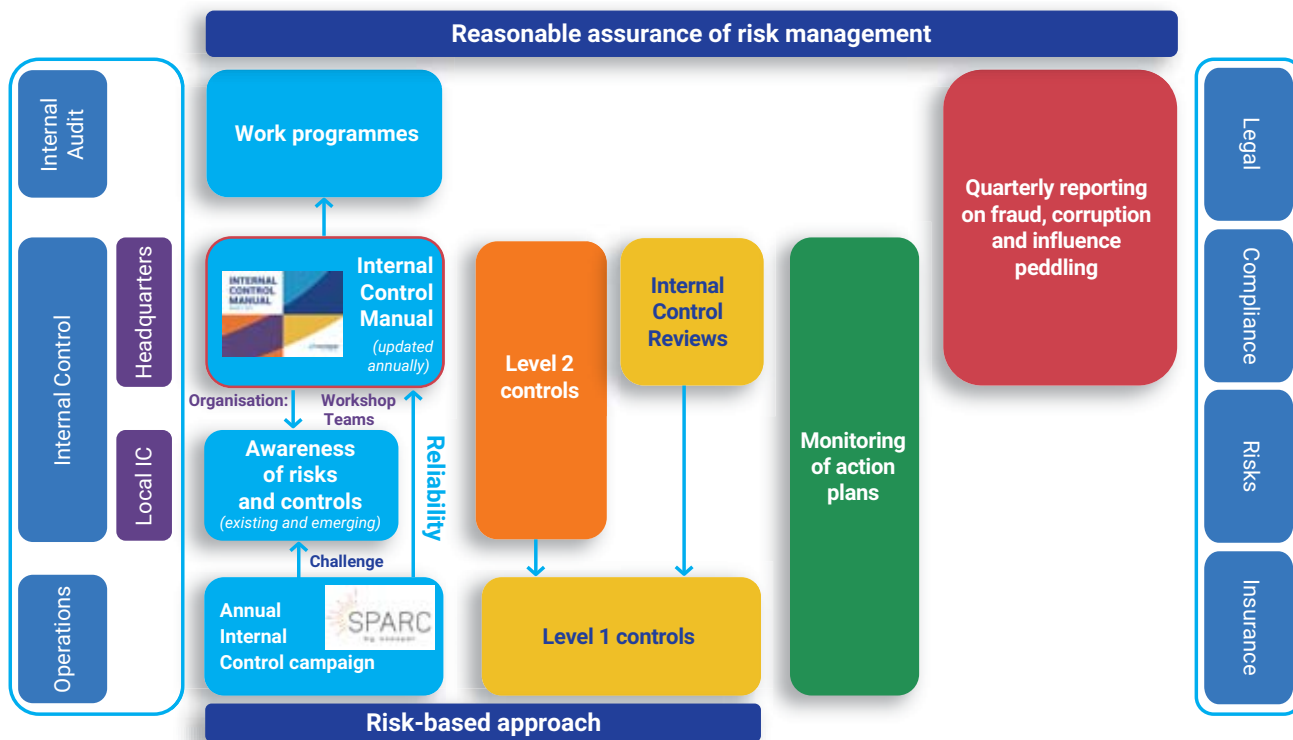
The Internal Control Manual is updated each year and enhanced with new controls that take into account emerging risks such as cybersecurity threats and risks relating to non-compliance with new regulations.

An action plan must be developed for each control deemed partially or totally ineffective and its implementation is monitored *via* SPARC. A manager, approver and validator are assigned for each action plan and they receive e-mail reminders at each stage of the process via an automatic workflow application. Local internal controllers are tasked with ensuring that these actions are effectively implemented and that their progress status is updated in SPARC.

### Quarterly reporting

A reporting campaign is organised each quarter on fraud, corruption and influence peddling. The cases reported are analysed and any deficiencies are identified and corrected. A summary of the types of fraud reported and the weaknesses identified is sent to all members of the internal control community and to the Audit Committee in order to attenuate the overall risk of fraud.

## ORGANISATION OF INTERNAL CONTROL



## 7.5.3 INTERNAL AUDIT

### MISSION

Internal Audit is an independent function that reports to the Chief Executive Officer, as well as to the Chairman of the Corporate Board and the Audit Committee.

Its role is to help the Group achieve its objectives (particularly its strategic and operational objectives but also its objectives in terms of safety, asset protection, compliance and integrity) by assessing its risk management, reporting, control and governance processes using a systematic, methodical approach and by issuing recommendations to enhance their effectiveness and improve the quality of the Group's financial and management information, in accordance with Sonepar's values.

### EXPERTISE

Since 2020, the Internal Audit Department has been developing competence centres with expertise in nine areas:

- governance, risks and compliance;
- purchasing;
- sales and marketing;
- logistics;
- finance, accounting and acquisitions;
- Human Resources;
- information systems, digital technology and cybercriminality;
- data analysis;
- risk assessment.

This organisation makes it possible to target risks more effectively and improve alignment with the Group's strategic plan, as well as to enhance Internal Audit's coordination with the various stakeholders, including the functional departments, the international Committees and the other "assurance" functions (i.e., Legal and Compliance, Risks and Insurance, and Internal Control).

### ACTIONS

Internal Audit's engagements are devised within the scope of an annual audit plan under Executive Management supervision and with Audit Committee approval. To prepare the audit plan, Internal Audit adopts a risk-based approach that takes into account the strategy, main operational objectives, associated risks and risk management processes at Group and Region/Country level.

Internal Audit may also review specific operations at the request of the Audit Committee, the Corporate Board or Executive Management or take part in internal investigations at the request and under the responsibility of the VP Legal and Compliance.

After each audit, action plans are prepared by the entities concerned, based on the recommendations made by the Internal Auditors, to correct any weaknesses identified in the audit report. The implementation of these action plans is monitored to ensure that the identified weaknesses are corrected. The results are presented at regular intervals to the Region/Country and Group Executive Management teams and to the Audit Committee.

Despite the health crisis, Internal Audit continued to work hard in 2021, achieving the following milestones during the year:

- nearly 90 audits were performed, mostly remotely, and mainly targeting the eight critical macro-processes set out in the Internal Control Manual;
- processes for tracking action plans were stepped up in the two following ways:
  - first, the number of action plans set up was replaced as a main indicator by the total number of expired or unexpired action plans in force to gain a retrospective and prospective overview, and
  - second, a dynamic and didactic digital dashboard for open action plans and an overall perspective down to the most granular level of information were shared with the stakeholders to provide more effective monitoring;
- the audit methodology was moved forward with the decision to introduce, from January 2022, a fourth audit opinion to the risk rating scale used by Internal Audit in order to highlight different opinions concerning the level of residual risk;
- intensification of the audit approach using data analysis thanks to the hiring of a Data Specialist. This also made it possible to strengthen digital monitoring and reporting tools.

## 7.5.4 INSURANCE AND RISK COVERAGE

### MISSIONS

The Risks and Insurance Department, which reports to the Group's General Counsel, provides both advice and support. Its brief includes identifying the major risks associated with the Group's activities through general and more specific risk mapping, keeping these risk maps up to date and circulating the risk management policy. This helps to foster a risk culture more generally and strengthen the Group's resilience. It also structures the approach to crisis management and security policy, and formulates and applies the Group's insurance strategy by organising centralised insurance programmes. Lastly, this department is involved in handling claims and significant complaints.

### FOCUS

In 2021, the Risks and Insurance Department team came away with the Gold Trophy for "Risks and Insurance Management" at the 6<sup>th</sup> annual Sommet du Droit en Entreprise awards (French company law awards) held in Paris.

### ACTIONS

#### Group insurance programme

Following the review of the Group's insurance portfolio initiated in 2019, certain programmes have been optimised, through better coverage or improved excess conditions, for example, and new programmes have been set up.

These initiatives are part of a strategy to centralise and optimise the Group's insurance programmes to ensure consistency between the risks transferred and the coverage purchased and therefore maximise economies of scale, while also taking into account legal constraints and specific local features.

The Group has taken out or renewed various global, centralised insurance programmes, placed through specialised insurance brokers with leading insurers. To ensure the reliability and robustness of its insurance policies, Sonepar only uses insurers with a minimum S&P rating of A-.

The Group's main insurance policies are listed below; this list does not provide details of all applicable restrictions, exclusions and limits. These policies are negotiated for periods ranging from one to three years:

- the third-party liability insurance programme covers professional, product and operational liability for all the Group's activities. It also applies in the event of differences in the conditions and/or limits in third-party liability insurance policies taken out in some of the Group's host countries;
- the directors and officers' liability insurance covers the civil liability of corporate officers of all Group entities;
- the cyber insurance programme covers data breaches and cyber extortion;
- the property damage and business interruption programme covers offices, branches, logistics centres, inventories and other locations that the Group owns, leases or operates in any capacity whatsoever;

- the business travel insurance programme for associates on professional engagements comprises a medical and security assistance programme and individual accident cover;
- the credit insurance programme provides a guarantee against the risk of non-payment of trade receivables.

Certain risks need to be managed locally, such as those relating to car fleets or occupational accidents. In this case, the insurance contracts are underwritten on a country-wide basis to ensure compliance with local practices and regulations.

#### Group self-insurance system

As part of its insurance strategy, the Group has set up a self-insurance system primarily supported by its reinsurance subsidiary. The involvement of this subsidiary in certain Group insurance programmes strengthens risk control and claims management and optimises coverage and transfer costs for the risks insured. It provides reinsurance for the cyber and the property damage and business interruption insurance programmes.

#### 2021 overview

The Group considers that the coverage and limits offered by these centralised or local insurance programmes are generally similar, if not more extensive, than those underwritten by global companies of the same size operating in the same business sector.

As insurance market conditions for businesses become tougher, particularly in terms of exclusions, limits and rate increases, the Group was able to renew all of its insurance programmes with unchanged or even extended coverage.

Generally speaking, 2021 was a relatively good year for the Group in terms of losses, claims and disputes. This favourable situation enabled the Group to limit the impact of tougher insurance market conditions during its programme renewal process.

The Group has also introduced stricter insurance requirements for its service providers. Cyber insurance is systematically requested for contracts signed at Headquarters level, depending on the nature and sensitivity of the services provided (especially for contracts that involve access to Sonepar's information systems). The Risks and Insurance Department reviews the service provider insurance cover for all major contracts signed at Headquarters level.

#### Outlook for 2022

The Sonepar Group intends to pursue its insurance strategy, consisting of taking out global insurance policies wherever possible, increasing coverage where necessary and reducing costs through self-insurance where appropriate.

The Group will continue to ensure that its principal accident and operational risks are transferred to the insurance market, where such a market exists and when this transfer is economically efficient.

Going forward, it will adjust its insurance strategy in accordance with changes to, and its continuous assessment of, risks (notably with regard to its risk assessment process), market conditions and available insurance capacity.



## 7.5.5 PROCEDURES FOR PREPARING AND PROCESSING ACCOUNTING AND FINANCIAL INFORMATION (STATUTORY AND CONSOLIDATED FINANCIAL STATEMENTS)

The Chairman of Sonepar SAS, the Group's parent company, is responsible for producing the final version of the Group's statutory financial statements. Group company management bodies are responsible for producing their own statutory financial statements and for the underlying accounting and financial information systems.

Executive Management is tasked with ensuring the Group's compliance in all accounting, financial and tax matters:

- it ensures that the Group's financial statements comply with all current IFRS standards. Sonepar's Finance Department has incorporated these standards into a set of accounting policies in the Group Finance Manual, accessible to the Group's entire financial community via the intranet. This Manual must be applied by all Group entities and is continuously being added to and updated;
  - it coordinates the Group accounts closing process in liaison with the Region and Country Finance Departments. As part of this process, Sonepar's Finance Department:
    - sends out accounts closing instructions to all Group entities prior to each consolidation phase,
    - provides assistance with accounts closing issues and processes in specific areas such as impairment testing or changes in the scope of consolidation,
    - validates the consistency of consolidation packages within the consolidation application during monthly management reviews;
  - it is responsible for producing the final version of the Group's statutory financial statements. The accounts are analysed in detail to verify the nature and correct accounting classification of the transactions recorded. Preparing and validating the consolidated statement of changes in equity and the consolidated statement of cash flows are key control points;
  - it is responsible for the integrity of the consolidation system database. The Group uses a standardised consolidation application that makes it possible to secure and standardise information right across the Group's management reporting cycle, i.e., monthly reporting, annual accounts closing and forecasting cycles.
- The Group's management reporting cycle comprises and is underpinned by:
- weekly monitoring of business activity in the main countries to analyse sales trends. This report is submitted to Executive Management every week to provide it with a dynamic overview of business activity. Weekly data are prepared using simplified assumptions to highlight general trends. At the end of the month, they are reconciled with actual figures from the monthly management reviews;
  - monthly management reviews to track the Group's key performance indicators. These financial and non-financial performance indicators are applied in a consistent manner in all Group entities. The Finance Department produces a monthly management dashboard for Executive Management and the Region Finance Departments, containing management information and analyses. It also produces a quarterly summary report that analyses the key events of the period together with the operational and financial performance of each Region;
  - the "Impact" strategic plan, which sets out and monitors the Group's economic and financial targets over the next five years. Each Group entity sets its own objectives, notably in terms of profitability and investment. The strategic focuses are approved by Sonepar's Corporate Board;
  - a budget detailing the level of investment anticipated for the following year. Two annual forecasts – one in spring and the other in autumn – are used to update period-end data for the current year.

The quality of the annual financial statements is reinforced by:

- a "fast-closing" process scheduled for November 30, during which all specific accounting issues are discussed with the operating subsidiaries prior to validation;
- the control points detailed in the Internal Control Manual. This Manual must be applied by all Group entities and lists the accounting controls that need to be performed to ensure the reliability of the financial information. Compliance with internal control procedures is reviewed annually and Group companies are regularly subject to internal audits;
- the audit and internal control review work performed by the Statutory Auditors. Recommendations and audit issues are shared with both the entities concerned and the Regions and a Group summary is provided at Headquarters level. This summary of the internal control recommendations and findings of the Statutory Auditors is presented to the Audit Committee each year.

The main CSR indicators monitored at Group level are presented in a summary table.



# Non-financial indicators

8

CROSS-REFERENCE TABLE

90

CROSS-REFERENCE TABLE<sup>(1)</sup>

Category	Topic or Indicator	2020	2021	Target
<b>I. Environmental information</b>				
<b>A) General environmental policy</b>				
Environment	Company's organisational structure to take into account environmental issues and, where applicable, environmental assessment or certification procedures	-	See section 4	
Environment	Number of associates who have taken the Energy Transition Academy training course*	-	27,000	2023: 100%
<b>B) Pollution</b>				
Environment	Measures to reduce the impact of the entire supply chain from manufacturer to end customer	-	See section 4	
<b>C) Circular economy</b>				
Environment	Waste prevention and management	-	See sections 4.5, 4.6 and indicators below	
Environment	Sustainable use of resources	-	See section 4 and indicators below	
Environment	Products recovered from branches and recycled (WEEE) in tonnes	1,487	1,338	-
Environment	Waste produced by the Group's own business operations (cardboard, wood, paper, plastic) in kt	39	36	2030: -15% 2050: -39% (compared with 2019 baseline data)
Environment	Water consumption (in thousands of cubic metres) – Scope: "Impact" strategic plan	1,472	1,491 <sup>(2)</sup>	-

(1) In this table, indicators marked with an \* refer to indicators introduced in 2021.

(2) Sonepar internal estimate.

Category	Topic or Indicator	2020	2021	Target
<b>D) Climate change</b>				
Environment	Significant greenhouse gas emissions generated by the Company's operations, mainly from the use of the goods and services it produces	-	See section 4.4	
Environment	Voluntary medium- and long-term reduction targets for greenhouse gas emissions and the resources to achieve them	-	See sections 4.4 to 4.6 and indicators below	
Environment	Energy consumption (Group scope, in GWh)	189	200	-
Environment	Electricity consumption (Group scope, in GWh)	114	115	-
Environment	Percentage of renewable energy (%) – Total production – Scope: "Impact" strategic plan	1.65%	2.8%	2030: 100% (production plus purchases)
Environment	Percentage of renewable energy (%) – Total purchases – Scope: "Impact" strategic plan	37%	40%	2030: 100% (production plus purchases)
Environment	Revenue from renewable energy (photovoltaic) <sup>(1)</sup> – in € millions	311	481	-
Environment	Revenue from energy-efficient products <sup>(2)</sup> – in € millions	2,319	2,487	-
Environment	Indirect CO <sub>2</sub> emissions or Scope 3 (in thousands of tonnes of CO <sub>2</sub> equivalent) – compared with 2019 baseline data	-7% vs. a 2020 target of -1.4%	+1% vs. a 2021 target of -2.8%	2030: -15% 2050: -39%
Environment	Targets for reducing Scopes 1 and 2 greenhouse gas emissions – compared with 2019 baseline	-17% vs. a 2020 target of -4.2%	-15% vs. a 2021 target of -8.4%	2030: -46% 2050: -90%
Environment	Emissions from the upstream and downstream transport of products (in thousands of tonnes of CO <sub>2</sub> equivalent)	686	743	-

(1) Sonepar internal estimate.

(2) Sonepar internal estimate.

Category	Topic or Indicator	2020	2021	Target
<b>II. Labour-related information</b>				
<b>A) Employment</b>				
Labour	Total workforce	44,102	45,401	-
Labour	Breakdown of associates by gender	26% women 74% men	25% women 75% men	2025: 35% women
Labour	Workforce by Region	<ul style="list-style-type: none"> <li>North America: 34%</li> <li>Western Europe and South America: 25%</li> <li>Central Europe &amp; Nordic countries: 21%</li> <li>France: 12%</li> <li>Asia-Pacific: 8%</li> </ul>	<ul style="list-style-type: none"> <li>North America: 35%</li> <li>Western Europe and South America: 25%</li> <li>Central Europe &amp; Nordic countries: 20%</li> <li>France: 12%</li> <li>Asia-Pacific: 8%</li> </ul>	-
Labour	Workforce by age	<ul style="list-style-type: none"> <li>18-25: 7%</li> <li>26-35: 23%</li> <li>36-45: 27%</li> <li>46-55: 26%</li> <li>56 and over: 17%</li> </ul>	<ul style="list-style-type: none"> <li>18-25: 8%</li> <li>26-35: 23%</li> <li>36-45: 26%</li> <li>46-55: 26%</li> <li>56 and over: 17%</li> </ul>	-
Labour	Average age	42	43	
Labour	Years of service with Group – Scope: “Impact” strategic plan	10	10	-
Labour	Hires and departures	Hires: 9% of the total workforce, broken down as follows: <ul style="list-style-type: none"> <li>Asia-Pacific: 11%</li> <li>Central Europe &amp; Nordic countries: 14%</li> <li>France: 10%</li> <li>North America: 44%</li> <li>Western Europe and South America: 21%</li> </ul>	Hires: 18% of the total workforce, broken down as follows: <ul style="list-style-type: none"> <li>Asia-Pacific: 10%</li> <li>Central Europe &amp; Nordic countries: 13%</li> <li>France: 9%</li> <li>North America: 52%</li> <li>Western Europe and South America: 16%</li> </ul>	
Labour	Redundancies	-	Data not consolidated at Group level	
Labour	Attrition rate <sup>(1)</sup>	15%	15%	2025: 12%
Labour	Internal mobility rate <sup>(2)</sup>	-	38% <sup>(3)</sup>	2025: 44%
Labour	Number of associates recruited with the Group's new “Powered by Difference” employer brand	4,010, or 9% of the Group's workforce (out of 44,102 associates)	8,338, or 18% of the Group's workforce (out of 45,401 associates)	
Labour	Payroll	-0.8%	+5.7% <sup>(4)</sup>	
Labour	Number of associate shareholders (via Sonepack)	2,169	2,100	
Labour	Number of associate option holders (via Sonepack)	24,932	21,106	

(1) Electrical Products business scope.

(2) Replaces the internal promotion rate as from 2021. Group scope excluding the United States, Canada, Spain and Italy.

(3) Group scope excluding the United States, Canada, Spain and Italy.

(4) Adjusted for government subsidies received in 2020.

Category	Topic or Indicator	2020	2021	Target
<b>B) Organisation of work</b>				
Labour	Organisation of working time -		Managed locally	
Labour	Absenteeism worldwide (percentage)	2.71%	2.2%	
Labour	Associate engagement rate* -		86%	
Labour	% of associates asked to participate in the Open Voices* associate satisfaction survey -		100%	
<b>C) Health and safety</b>				
Labour	Occupational health and safety conditions -		Local monitoring and actions mentioned in this report (see section 5.7)	
Labour	Occupational accidents -		Monitored locally	
Labour	Fatal occupational accidents*		0	0 fatal accidents
Labour	Number of associate deaths as a result of the pandemic	10	22	
<b>D) Labour relations</b>				
Labour	Organisation of social dialogue -		Managed and monitored locally (in compliance with applicable laws)	
Labour	Assessment of collective agreements -		Monitored locally (in compliance with applicable laws)	
<b>E) Training</b>				
Labour	Training policies implemented, including on environmental protection -		Sonepar's policies to supplement local initiatives (including Sonacademy) Energy Transition Academy Ethics and integrity training See in particular sections 4.3, 5.4 and 6.3	
Labour	Number of associates trained via Sonacademy (in-person)	81	32	
Labour	Total number of training hours – Group -		Data not consolidated at Group level	



Category	Topic or Indicator	2020	2021	Target
<b>F) Equal treatment</b>				
Labour	Measures taken to promote - gender equality		See section 5.6	
Labour	Measures taken to promote - the employment and social integration of people with disabilities		Local initiatives Good practices outlined in this report	
Labour	Anti-discrimination policy -		Local initiatives (monitored locally, in compliance with applicable laws) Whistleblowing procedure	
Labour	Diversity and Inclusion Index - (Sonepar SAS)*		81%	
Labour	Percentage of women executives	15%	14%	
<b>III. Social</b>				
<b>A) Social commitments to promote sustainability</b>				
Social	Impact of the Company's - business activity on employment and social development		See sections 5.3 to 5.7	
Social	Impact of the Company's - business activity on local residents		Local measures See also section 5.10	
Social	Relationships and dialogue - with Company stakeholders		See section 5.10	
Social	Customer retention rate (net - promoter score) – Scope: "Impact" strategic plan*		44.3 <sup>(1)</sup>	
Social	Partnership actions and - sponsorship		Local initiatives, see the best practices included in this report	
Social	Donations and sponsorship (in € millions)	0.973	1.6	
<b>B) Subcontracting and suppliers</b>				
Social	Consideration of labour and - environmental issues in the purchasing policy		Local initiatives and Group measures specified in sections 4 and 5.8 to 5.10	
Social	Consideration of labour and - environmental responsibility in supplier and subcontractor relations		See sections 4 and 5.8 to 5.10 Third-party assessment procedures	

(1) Scale: <0: needs improvement, 0-30: good, 30-70: very good, >70: excellent.

Category	Topic or Indicator	2020	2021	Target
<b>IV. Ethics and integrity</b>				
Ethics and Integrity	Number of reports received since 2018	83	174	
Ethics and Integrity	Percentage of reports reviewed	100%	100%	
Ethics and Integrity	Number of reports of human rights violations received (harassment, discrimination)	10	23	
Ethics and Integrity	Number of whistleblower reports from outside the Group*	1	4	
Ethics and Integrity	Number of reports on suppliers or subcontractors	0	0	
Ethics and Integrity	Percentage of actions implemented resulting from the corruption map	99% (action plans from the previous update (2018))	87.5% (2021 action plans)	
Ethics and Integrity	Assessment rate of major suppliers and acquisition targets	100%	100%	
Ethics and Integrity	Number of legal entities assessed since 2018	More than 15,000	More than 15,000	
Ethics and Integrity	Strategic suppliers that have signed the Supplier Code of Conduct	100%	100%	
Ethics and Integrity	Number of associates who have taken the e-learning modules on anti-corruption and influence peddling (anti-bribery module) and global conflicts of interest.	2,179	2,687	
Ethics and Integrity	Deployment rate of compliance posters at all Group sites	80%	100%	
Ethics and Integrity	Number of audits on the Group's Anti-Corruption Compliance Programme conducted since 2018	15 (covering 84% of the Group's revenue at end-2020)	22 (covering 94% of the Group's revenue at end-2021)	
Ethics and Integrity	Number of associates who have taken the competition law training course	1,416	3,078	
Ethics and Integrity	Number of cyber hygiene actions included in a cyber defence plan launched in 2020	12	13	
Ethics and Integrity	Number of actions in the cyber strategy roadmap (2021-2023)*	-	16	2023: 25 actions



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