

- CORPORATE
GOVERNANCE

GROUP GOVERNANCE CHARTER

- OPERATIONAL
GOVERNANCE

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INTRODUCTION

The aim of Sonepar's Charter is to:

- State the founding values and philosophy that guide the way the Group is operated and that inspire the behavior of its members, in addition to the governance rules and principles set forth below;
- Describe and implement governance rules and principles as well as common rules within Sonepar's decentralized organizational structure that comply with the principle of subsidiarity, i.e., clear responsibilities established at each level without any gaps or overlaps.

This Charter covers two governance chapters: corporate governance and operational governance, which are driven by Sonepar's founding Values and Philosophy, both presented in the introduction.



SONEPAR'S FOUNDING VALUES AND PHILOSOPHY

Founded in 1969 by the Coisne and Lambert families under the guidance of Henri Coisne, Sonepar has become an international group and market leader in electrical distribution, continually seeking opportunities to develop and progress. It has remained under the controlling ownership of the families thanks to their continuing commitment and that of their descendants, their lasting commitment and their affirmed will for a shared future with Sonepar centered on the common ambition of being “La Référence”.

The family shareholders have joined forces in the family holding company Colam Entreprendre, whose family-member Chairman is also the Chairman of Sonepar. The family holding company, Colam Entreprendre, practices a reasonable dividend policy that ensures a balance between the company's expansion and dividends paid to shareholders, defines the security rules that govern the company's debt policy, determines observance of demanding ratios and performance targets, and ensures the implementation of a calculated risk-taking policy in order to guarantee the Group's durability.

The family shareholders maintain their ties to the Group in a number of ways:

- They share the desire to enable management teams to invest in the company in order to involve them in the value they help to create by taking risks together.
- Associate shareholders are brought together within Sonepack, the holding company founded after Sonedis to develop associate shareholding.
- Together, family and associate shareholders own the majority of the Group's share capital via their respective holding companies; the aim is to ensure its lasting growth and to share the rewards of this success.

Sonepar firmly believes that the attitude of its staff is essential to giving substance to its values, and therefore expects and relies upon its executives to:

- Act and behave towards others as they would wish to be treated themselves;
- Refrain from any actions or decisions that they would not be able to defend in public;

- Promote integrity, create motivation and reward loyalty, efficiency, initiative and good service;
- Develop a mindset of mutual respect between themselves and the company.

In addition, Sonepar advocates operating principles that all executives are expected to implement:

- Giving their trust which does not exclude control.
- Conveying the idea that responsibility for security and control is everyone's business. Whenever in doubt, they should therefore ask questions and check before acting.
- Understanding that information is a source of opportunities or risks for the Group and that it should therefore be shared where needed as well as protected.
- At all levels and regardless of position, refraining from using titles as a means to procure pecuniary or other advantages for themselves or anyone else and reporting any conflicts of interest, even potential, with the Group.

CORPORATE GOVERNANCE CHAPTER

The Sonepar Group Charter was approved by the Sonepar Board on March 22, 2013.

A- General Shareholders' Meeting and Sonepar's shareholding structure

The Group's family ownership constitutes one of its main strengths. Its values and long-term commitment ensure the Group's independence and durability.

The General Shareholders' Meeting provides a forum for Sonepar's shareholders to obtain information and express their views.

Access to the General Shareholders' Meeting is extended to indirect family shareholders and associate shareholders represented by their respective holding companies Colam Entreprenre, Sonedis and Sonepack, whose stakes held in the company are governed by strict framework.

The fundamental rights and duties of Sonepar's shareholders are:

- To know how the Group is organized and the corporate governance structure in place;
- To vote at general shareholders' meetings;

- To obtain relevant and accurate information about the company's operations and results at general shareholders' meetings;
- To know about the dividend payout policy and receive dividends on profits;
- To benefit from complete administration of their shares by the company;
- To share the *affectio societatis* linking its members;
- To support Sonepar's ambitions over the long term.

B- Sonepar's Board of Directors

1. APPOINTMENTS/MEMBERS

Board members are appointed by the General Shareholders' Meeting, acting by a simple majority.

Proposed appointments and renewals of Board members come from the Board of Directors via the resolutions it proposes to the General Shareholders' Meeting.

The Chairman of the Board of Directors is elected by the Board members, who determine his/her duties and compensation.

The Board of Directors is made up of:

- Family shareholders, who are able to ensure that the Group's business development and achievements comply with its goals, values and principles;
- Independent members from the business world, whose contribution includes providing an overview of practices common in other fields of business;
- Former members of the Group's executive management, who represent in particular continuity in the Board's understanding of Sonepar's business activities.

The Board of Directors may involve non-voting family juniors in its work, who are subject to the same confidentiality undertakings as Board members.

2. DUTIES AND RESOURCES

The Board of Directors is collectively responsible for:

- Appointing, assessing and revoking the Chief Executive Officer on the proposal of the Chairman, and the Deputy Chief Executive Officer(s) on the proposal of the Chief Executive Officer;
- Setting the compensation of the corporate officers based on the Compensation Committee's review and recommendations;
- Validating the Group's strategy and setting targets;
- Overseeing the actions of the Chief Executive Officer;
- Determining the framework of the Group's financing policy and security ratios;
- Approving the yearly budget, in particular fixed assets investment, financing requirements and acquisition capacity;
- Ensuring that the social and consolidated financial statements are balanced and give accurate and true picture of the situation as well as checking the compliance with the limits and authorizations set;
- Taking note of the reports by the Audit Committee, the statutory auditors, the risk management and internal control reports;
- Assessing the Group's policies in terms of human resources, marketing, development of distribution networks and innovation.

The Board members undertake to perform their supervisory duties by:

- Placing their trust in and giving their support and opinions to the corporate officers they appoint;
- Devoting the time needed to prepare for Board meetings and the reports provided to them in advance;
- Attending Board meetings, ensuring the confidentiality of the information conveyed and discussions held, voting consistently in the Group's interests, and informing the Chairman of any conflicts of interest, even potential, with the Group;
- Adopting Board Internal Rules.

The express authorization of the Board of Directors is required in a number of the Group's areas of commitment. A list of these areas and the relevant materiality thresholds are provided in the Appendix to this Charter. These may be revised by the Board of Directors.

In order to perform its duties, the Board of Directors has the following resources in addition to the broadest continuous right to information: an Executive Chairman, an Audit Committee and a Compensation Committee, for which it determines the duties exercised under the aegis of and for the benefit of the Board of Directors. The Board of Directors may, as required, create a new committee and appoint its members, define its duties and determine their terms of office.

C- Executive Chairman

Due to the specific nature of Sonepar's shareholding structure and the Group's philosophy, the Executive Chairman has a constant role to play.

The Chairman's main duties are in particular:

- To promote the image of the family-owned group, both internally and externally;
- To ensure that the Board of Directors is fully informed and to prepare for Board meetings;
- To 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;
- To check the major strategic decisions presented to the Board of Directors with the Chief Executive Officer;
- To enable the Chief Executive Officer to share decisions that the he/she would otherwise make by himself/herself;
- To monitor changes in the employee shareholding structure and the creation of any new employee shareholding plans.

Within this framework, the Chairman has extensive access to information, Group meetings and subsidiaries' board meetings.

The Board of Directors may at any time assign additional special duties to the Chairman as needs and circumstances dictate.

D- Executive Management

The Group's Executive Management comprises the Chief Executive Officer, the Deputy Chief Executive Officer(s) and members of the Sonepar Executive Committee (SEC).

1. CHIEF EXECUTIVE OFFICER

1.1. Appointment and Duties

On the proposal of the Chairman, the Chief Executive Officer is appointed by the Board of Directors, to which he/she reports regularly on his/her work.

He/she is vested with the broadest powers to run, manage and develop the Group in accordance with its values, with the aim of ensuring effective and lasting development and within the limits of the powers expressly reserved for the Board of Directors or its Chairman and the Rules of Procedure set out in this Charter.

1.2. Duties and Resources of the Chief Executive Officer

The Chief Executive Officer is in charge of:

- Proposing a Group strategy to the Chairman in accordance with the shareholders' long-term goals and implementing this strategy;
- Ensuring the Group's qualitative and quantitative performance on a lasting basis and to a high standard;
- Building up an organizational structure able to achieve these objectives and adapting to new challenges that arise over time;
- Applying the Group's values and the Governance Charter, raising awareness thereof and rolling them out across the various operating levels;
- Organizing powers and how they are delegated within the Group;
- Proposing, in agreement with the Chairman, the appointment of one or more Deputy Chief Executive Officers and determining their duties, objectives and priorities;
- Appointing members of the SEC in agreement with the Chairman, determining their compensation, objectives and priorities;
- Observing the Group's governance rules, the powers and duties of the Board of Directors and its Chairman;
- Informing the Chairman of SEC decisions that need to be communicated externally before they are implemented.

In order to enable the Board to carry out its supervisory duties, the Chief Executive Officer is required to inform it of any transactions, operations and events that may have a material influence on the Group's financial statements, future performance or financial balances. He/she is also required to inform the Board of any major changes concerning the Group's main executives.

2. DEPUTY CHIEF EXECUTIVE OFFICER(S)

The Deputy Chief Executive Officer, a member of the SEC, is in charge of:

- Exercising in full the duties of executive management in the areas assigned to him/her by the Chief Executive Officer;
- Supervising across the Group as a whole the work of managers of these areas in each country and region;
- Taking part in appointing and defining the duties of managers in these areas.

The Deputy CEO keeps the Chief Executive Officer regularly informed of his/her work as well as any operations that may have a material influence on the Group's performance and the development of its balances.

3. SONEPAR EXECUTIVE COMMITTEE – SEC

3.1. Composition

The Chief Executive Officer is the President of the SEC and appoints its other members.

The SEC includes the Deputy CEO(s), Regional Presidents and one or more Group Functional Officers.

The Regions are geographical areas encompassing all the countries in which Sonepar controls part or all of an operating company ("opco") or intends to do so.

3.2. Role of the SEC

The role of the SEC is to participate in defining the Group's strategy and objectives ratified by the Board, and then to implement policies and measures in all organizational, operational and functional areas to achieve them in accordance with the Group's values.

The SEC formulates Group-wide procedures and organizational rules and guarantees compliance therewith. It makes arrangements for and facilitates audit assignments conducted to verify their application and relevance.

3.3. Mission assignment of SEC Members (Regional President and Group Functional Officers)

Each member must participate and contribute actively, efficiently and positively to the SEC's meetings and work. At all times, members must express themselves in an entirely objective manner and in the interest of the Group as a whole.

Individually and collectively, SEC members must abide by and implement the decisions reached by the Board of Directors, the Chief Executive Officer or the SEC collectively.

As part of their personal assignment as Regional President or Group Functional Officer assigned by the Chief Executive Officer, each SEC member is responsible, in support of the Group's strategy, for:

- Defining strategic and operational objectives related to his/her duties and submitting them to the Chief Executive Officer;
- Proposing to the Chief Executive Officer and implementing the requisite organization structures and operational, functional and human resources;

- Conducting activities in his/her Region/Function with a view to achieving sustainable and effective development, while providing the highest possible level of transparency vis-à-vis the SEC, as well as the Group's budgeting and reporting processes;
- Ensuring at all times that the Group's values are upheld by himself/herself and his/her teams, as well as within the Group, particularly compliance with the law and respect for individuals.

In addition to his/her principal assignment, a SEC member may coordinate one or more international/regional committees, charged with protecting and developing synergies, sharing information and experience, enhancing the effectiveness of organizations, boosting returns on investment and productivity, disseminating best practices and accelerating implementation of joint projects.

On these assignments, the member will report primarily to the SEC, complying with the same procedures and duties listed in the previous paragraphs.

APPENDIX – CORPORATE GOVERNANCE

Areas requiring prior authorization by the Board:

Financing

- Any increases in drawings on credit facilities granted by banks in excess of authorized levels;
- Any interest rate or currency hedging beyond authorized credit levels;
- Any security or guarantees given to third parties in favor of subsidiaries, not counter-guaranteed by the subsidiary's inventories, accounts receivable and buildings.

Development

- Any investment in property, plant and equipment exceeding by 20% the level budgeted by the Group;
- Any acquisitions with either:
 - an Enterprise Value exceeding 10% of the Group's consolidated equity;
 - an Enterprise Value exceeding 50% of the acquiring country's External Financing Requirement;
 - an annual sales over €300 million;
- The launch of any operations in a new country or material divestments;
- Any start-up or acquisitions in a non-core business area;

- Any companies created at the initiative of the holding company with a financing requirement exceeding 10% of the Group's consolidated equity;
- Any acquisition of a company posting heavy losses.

Human Resources

- Any uncapped incentive plan for executive directors linked to the Group's earnings;
- Any shareholding, pension, personal risk insurance, deferred compensation or other plans involving commitments on top of annual contributions;
- Compensation paid to corporate officers.

Other

- Deconsolidation and off-balance sheet transactions in a material amount with a maturity date beyond the end of the financial year.

OPERATIONAL GOVERNANCE

To begin with, all those affected by or reading this section are urged to familiarize themselves with and take on board the values specific to Sonepar and to adopt its principles of management and behavior. In particular, if you are in any doubt, it is essential to ask or check out the situation with your direct superior before taking any action.

A- Region

1. APPOINTMENTS/MEMBERS

The Region's Executive Management comprises at least the Regional President and Senior Vice-President Finance for the Region.

The Region's Executive Management is appointed by the Group's Chief Executive Officer (CEO).

The appointment of the Regional President is ratified by the Group's Board of Directors.

The Regional SVP Finance is appointed after consultation with the Chief Financial Officer.

2. ROLE

The Region's Executive Management is responsible for and is tasked with

contributing to and supporting the Group's strategy within a defined and controlled scope, and in particular with:

- Coordinating and managing teams, including motivating associates and planning ahead for current and future staff requirements;
- Promoting Sonepar's values;
- Helping the Group's Executive Management to identify and track key associates within the Region;
- Conducting business activities within the scope of responsibility entrusted to and controlled by it with a view to developing them and achieving sustainable growth with a high level of performance;
- Monitoring the Group's budgeting and reporting process, in line with its governance rules;
- Defining the strategic and operational objectives for the companies or divisions within the scope of responsibility and pursuing them effectively;
- Organizing and defining the powers and delegations of powers within the scope of its responsibility;
- Making suggestions and contributing to Group-wide initiatives to facilitate its development within its scope of responsibility (monitoring, acquisitions, image, etc.).

3. DUTIES

The Region's Executive Management has been entrusted with the broadest powers to carry out the task of executive management in the Region in accordance with the Group's procedures.

The Region's Executive Management must:

- Be accountable to the Group's Chief Executive Officer for performing its role in accordance with the Group's values and operating rules;
- Guarantee the reliability of the financial statements and effective management to the Group's Chief Executive Officer and Audit Committee;
- Ensure that the Group's governance rules are upheld by all the corporate entities within its scope of responsibility and pay particular attention to keeping any family shareholders on the Boards of such entities informed;
- Provide the Group's Chief Executive Officer with appropriate information about its Region's development, risks and opportunities, and pass on any questions or urgent information in a timely fashion and separately from monthly URS reporting;
- Request/obtain from the Chief Executive Officer or, where appropriate, the Chief Financial Officer the authorizations required in certain areas, a list of which is shown below or in the Internal Rules of Procedure.

Moreover, it must inform the Chief Executive Officer or the Chief Financial Officer of any transactions and operations likely to have an impact on the financial statements, future performance and financial equilibrium of its region or that of the Group.

B- Country

Country may refer to one country or a group of countries (cluster) under joint management. Within a Region, a cluster may span several countries. It does not necessarily exist as a legal entity.

1. COUNTRY BOARD OF DIRECTORS

1.1. Appointments/Members

The members of the Country Board of Directors are appointed by the Country General Shareholders' Meeting.

The Board of Directors is chaired, subject to certain exceptions, by a SEC member, in accordance with the Chief Executive Officer.

It consists of:

- Permanent members:
 - family shareholders;
 - members of the Group's Executive Management;
 - in certain cases, other members providing local or external insight and external points of view.
 - Participants:
 - permanent representatives, such as the Country's Executive Management (Chairman and VP Finance at the very least);
 - occasional attendees, such as independent auditors, Statutory Auditors and speakers wished for or approved by the Chairman of the Board, depending on the agenda.
- Controlling the Country's performance against the budget and internal and external benchmarks;
 - Issuing an opinion on the Country's strategic goals, especially the pace of development and expansion strategy;
 - Supervising the Country's policies and practices concerning internal audit, risk management, human resources, marketing, logistics, information technology, distribution network developments and market segments;
 - Maintaining the accuracy of the consolidated financial statements by preparing and controlling compliance with the security ratios through authorizations for external financing levels;
 - Ensuring that the rules formulated locally are compliant/compatible with this Charter;
 - Ensuring that local laws and regulations are abided by, in particular shareholders' rights.

1.2. Role

As members of the Sonepar Group, the Country Boards of Directors contribute to the governance of Sonepar's decentralized organization by handling at their level the tasks of the Group's Executive Management and the Group's Board of Directors, in accordance with local legislation, and in keeping with the spirit of subsidiarity restated in this Charter. The principal aspects of this assignment are:

In addition, each Country Board of Directors will have to ratify the introduction of internal rules of procedure that incorporate specific local adjustments while abiding by the organizational arrangements set out in this Corporate Governance Charter.

1.3. Duties

The main duties of members of the Country's Board of Directors are:

- Actively supporting Management without interfering in operations, and sharing information and issues related to the Region so that Management can perform its duties as effectively as possible;
- Authorising formally the decisions subject to local legal authorization by the Board of Directors, as well as those provided for in the Country Board Internal Rules, in keeping with the spirit rather than the letter thereof;
- Devoting the time needed to preparing Board meetings and the materials provided to Board members in advance;
- Attending Board meetings, ensuring the confidentiality of the information conveyed and discussions held, and voting consistently in the Company's best interests;
- Setting investment and financing limits for the year in line with the ratios and objectives set by the Group's Chief Executive Officer, and making sure that they are not exceeded.

2. COUNTRY EXECUTIVE MANAGEMENT

2.1. Appointments/Members

The Country's Executive Management is appointed by the Region's Executive

Management with the consent of the Group's Chief Executive Officer.

The Country's Executive Management comprises, at the very least, its President and its Finance Director, concerning whom the Group Chief Financial Officer will issue an opinion in advance.

2.2. Role

Within the Sonepar organization, operational management has the broadest powers to run the business, along with the duty to take initiatives, implement controls and assume a high level of responsibility, while acting transparently by regularly exchanging information and reporting to Regional and Executive Management, if needed.

Accordingly, the Country's Executive Management is responsible for:

- Running the business within the scope that it oversees and controls with a view to developing it sustainably and profitably;
- Setting, implementing and executing strategic and operational objectives for the companies and/or divisions under its responsibility;
- Monitoring the Group's and Region's budgeting and reporting process;
- Proposing an annual budget and implementing it when it has been approved by the Chief Executive Officer;

- After seeking prior approval from senior management, appointing and dismissing key personnel and setting their compensation;
- Participating with Regional Executive Management in identifying and tracking key personnel within the Country;
- Making suggestions and contributing to Group-wide initiatives to facilitate the Group's development within its scope of responsibility (monitoring, acquisitions, image, suppliers, etc.).
- Formulating and implementing a "Business Project";
- Reporting regularly on performance and other key areas of responsibility to the Region's Executive Management and, where appropriate, to the Country's Board of Directors;
- Organizing the powers and delegations of powers within its scope of responsibility.

2.3. Duties

The Country's Executive Management has the broadest powers to carry out the task of executive management in the Region in accordance with the procedures laid down in this Charter.

Accordingly, the Country's Executive Management is specifically responsible for:

- Coordinating and managing teams to perform its role and in particular motivating associates and planning ahead for current and future

Human Resources requirements within its scope of responsibility;

- Complying with local laws and regulations;
- Guaranteeing "effective management" of the operations within its scope of responsibility, internal control and reliability of the financial statements to the Group's and Region's Executive Management and the Country Board of Directors;
- Providing appropriate information concerning Country development, risks and opportunities and passing on in a timely fashion any question or urgent information separately from monthly URS reporting.

The express authorization of the Region's Executive Management, the Group's Executive Management or the Country's Board of Directors is required in certain areas, a list of which is shown below or in the Country Board Internal Rules. If asked to do so by a Board member, the Country's Board of Directors may change and revise this list at any time.

In addition to listed areas requiring express authorization, the Country's Executive Management is obliged to inform the Region's Executive Management of transactions and operations that may have an impact on the Company's financial statements, future performance or financial equilibrium.

APPENDIX – OPERATIONAL GOVERNANCE

Rules applicable to implementation of certain decisions

Aside from those made by the Board of Directors, two types of decision may require prior authorization by management.

A- Decisions that need to be approved in advance by the decision-maker's direct superior:

- Any appointment or dismissal of direct employees;
- Any increase or reduction in the compensation of a direct employee or affecting more than 20% of the staff reporting to the decision-maker; all ancillary benefits (benefits in kind, pension plan, etc.) are also covered;
- Any overrun on the investment budget;
- Disposal of any asset for more than €0.5 million;
- Any overrun on financing authorizations;
- Any interview in any media outlet whatsoever;
- Any substantial commercial change.

B- Decisions requiring the prior approval of the Group's Chief Executive Officer or of a Deputy CEO, who is to inform the Group's Chief Executive Officer as rapidly as possible:

- Any off-balance sheet commitment, such as a security deposit, guarantee or endorsement;
- Any treasury or foreign currency transaction not authorized by the central treasury department;
- Any operational move into a new country, irrespective of the size;
- Any acquisition with an Enterprise Value in excess of €5 million;
- Any creation of a new legal entity or reactivation of a dormant company;
- Any commitment amounting to over €20 million, including over several years (lease, etc.);
- Disposal of any asset for more than €5 million;
- Any communication campaign that may significantly affect the Group's image or the value of its brands.



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