

GOVERNANCE CHARTER

Adopted on 15 December 2018

INTRODUCTION

The aim of Group Governance Charter is to:

- state the founding values and philosophy that guide the way the Group is operated and that inspire the day-to-day behavior of its members;
- describe and implement common references and governance documents 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 founding values and philosophy, both presented in the introduction.

SONEPAR 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 agreement 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 Entreprenre, whose family-member Chairman is also the Chairman of Sonepar. The family holding company, Colam Entreprenre, ensures the implementation of a calculated risk-taking policy in order to guarantee the Group's long-term growth. To that end, Colam Entreprenre determines demanding financial ratios and performance targets, defines the security rules that govern the company's debt policy and practices a reasonable dividend policy that ensures a balance between the company's expansion and dividends paid to shareholders.

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 in Sonepack, the holding company founded after Sonedis, to develop associate shareholding.

Together, family and associate shareholders own the majority of the Group's shares via their respective holding companies; the aim is to ensure the Group's lasting growth and to share the rewards of this success.

A Code of Conduct was adopted in 2017 to clarify the Group's compliance obligations, above all under the Transparency, Anti-Corruption and Economic Modernization Act, commonly referred to as the Sapin II Law.

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:

- 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 this Charter, the Code of Conduct and any currently valid rules or regulations;
- develop a mindset of mutual respect between themselves and the company, its associates and its stakeholders;
- promote integrity and security;
- reward loyalty, efficiency, initiative and good service;
- refrain from any actions or decisions that they would not be able to defend in public.

In addition, Sonepar advocates operating principles that it expects all executives involved in governance to implement:

- combining trust with adequate oversight;
- 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;
- reporting any conflicts of interest, even potential, with the Group.

CORPORATE GOVERNANCE

I – 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 guarantee 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 holdings in the company are governed by strict rules.

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

- to be acquainted with how the Group and the corporate governance structure in place are organized;
- to vote at general shareholders’ meetings;
- to obtain relevant and accurate information about the company’s operations and results at General Shareholders’ Meeting;
- 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.

II – Sonepar Corporate Board

1 – Appointments and Members

Board members are appointed by a simple majority of votes at the General Shareholders’ Meeting.

Board members are appointed by the shareholders following proposals from Sonepar’s Majority Shareholder via the resolutions it submits to the General Shareholders’ Meeting. The Chairman of the Corporate Board is elected by the Board members, who determine his/her duties and compensation.

The Corporate Board 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 current in other fields of business;
- former members of the Group’s Executive Management, who in particular represent continuity in the Board’s understanding of Sonepar’s business activities.

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

2 - Duties and Resources

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

- expressing an opinion on the appointment, assessment or removal from office of the Chief Executive Officer;
- setting the compensation of the corporate officers based on the Nomination and Compensation Committee's review and recommendations;
- validating the Group's strategy and setting targets;
- overseeing the actions of the Chief Executive Officer;
- setting guidelines for the Group's financing policy, security ratios and capital expenditure and validating the financing requirements set forth in the budget;
- ensuring that the parent company and consolidated financial statements give a balanced, fair and true picture of the limits and authorizations set;
- taking note of all reports by the Audit Committee, the External Auditors, risk management reports, especially with respect to compliance, and internal control reports;
- assessing the Group's policies on human resources, digital, information technology and logistics.

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 materials provided to Board members in advance;
- attending 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 Group;
- implementing Internal Rules of Procedure.

The express authorization of the Corporate Board is required in a number of the Group's areas of involvement. A list of these areas and the relevant materiality thresholds are provided in the Appendix to this chapter. The Corporate Board shall inform Sonepar's Chief Executive Officer of any revision thereof that it may undertake.

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

3 - Chairman of the Corporate Board

Due to the specific nature of Sonepar's shareholding structure and the Group's philosophy, which led to a change in Sonepar's legal status to that of an SAS (simplified joint-stock company), the Chairman of the Corporate Board has a constant role to play.

The Chairman's main duties are:

- to promote the image of the family Group both internally and externally;
- to ensure that the Corporate Board is fully informed and to prepare for Board meetings;
- to facilitate the work of the Chairman of each Committee of which he/she is a member by right and coordinate this work with General Management. Within this framework, the Chairman of the Corporate Board has extensive access to information, Group meetings and Country Boards.

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

III - Chairman of Sonepar

The Chairman of Sonepar is vested with the broadest powers to represent the company.

Together with the Chief Executive Officer, he/she determines the key strategic policies submitted to the Corporate Board and validates with the latter any decisions that he/she would otherwise make alone.

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

As the figure in charge of guaranteeing that the Group's ethics and integrity are upheld, he/she ensures that appropriate rules and procedures are in place to prevent and sanction fraud and corruption.

IV – General Management of Sonepar

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

1 – Chief Executive Officer of Sonepar

The Chairman of Sonepar is empowered to appoint and remove the Chief Executive Officer, after consulting with the Corporate Board and Sonepar's Majority Shareholder.

Through delegation by the Chairman of Sonepar, the Chief Executive Officer 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 Corporate Board or its Chairman and rules and procedures set out in this Charter.

The Chief Executive Officer is in charge of:

- devising a Group strategy in accordance with the shareholders' long-term goals, submitting that strategy to the Chairman of Sonepar and implementing it after consulting the Corporate Board;
- building up an organizational structure able to achieve these objectives and adapt to new challenges that arise over time;
- ensuring the Group's qualitative and quantitative performance on a lasting basis and to a high standard;
- proposing, in agreement with the Chairman, the appointment of one or more Deputy Chief Executive Officers and determining their duties, objectives and priorities;
- organizing powers and how they are delegated within the Group;
- putting in place any circle of executives he/she may deem capable of assisting him/her with the execution of his/her duties and setting the goals and overseeing the work of those executives;
- observing the Group's governance rules, the powers and duties of the Corporate Board and its Chairman;
- applying the Group's values, this Governance Charter, the Code of Conduct and any currently valid rules or regulations raising awareness thereof and rolling them out across the various operating levels;
- informing Sonepar's Chairman of any decisions that need to be communicated externally before they are implemented.

In order to enable the Corporate 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 condition. He/She is also required to inform the Corporate Board of any major changes concerning the Group's main executives.

2 – Deputy Chief Executive Officer(s) of Sonepar

In agreement with the Chairman of Sonepar and after duly informing the Corporate Board, the Chief Executive Officer may appoint one or more Deputy Chief Executive Officers. The Chairman of Sonepar is empowered to remove the latter from office in agreement with the Chief Executive Officer, and after informing the Corporate Board thereof.

In accordance with the values, rules and procedures of the Group, the Deputy Chief Executive Officer(s) is/are in charge of:

- exercising in full the General Management duties in the areas assigned to him/her/them by the Chief Executive Officer;
- supervising as a whole the work of managers of these areas;
- taking part in appointing and defining the duties of managers in these areas.

The Deputy Chief Executive Officer(s) shall keep the Chief Executive Officer regularly informed of his/her/their work and any operations that may have a material influence on the Group's performance and financial condition.

APPENDIX – CORPORATE GOVERNANCE

Areas requiring prior authorization by the Corporate Board

> Financing

- Any increase in draw-downs on credit facilities granted by banks that exceeds the levels authorized by the Corporate Board;
- Any interest rate or currency hedge transactions that exceed the authorized credit levels;
- Any security or guarantees given to third parties in favor of a Group subsidiary that are not counter-guaranteed by the subsidiary's inventories, accounts receivable and buildings, and provided that such guarantees or direct commitments have not already been given by the subsidiary itself.

> Development

- Any investment in property, plant and equipment exceeding by 20% the level budgeted by the Group;
- Any acquisitions with an enterprise value exceeding:
 - either 10% of the Group's consolidated equity;
 - or 50% of the acquiring country's capital employed;
 - or sales of €300 million.
- Any acquisition of a company posting heavy losses;
- 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.

> Human resources

- Any uncapped incentive plan for executives 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.

> Miscellaneous

- 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 Sonepar associates shall familiarize themselves with and take on board the values specific to the Group, as presented in the introduction to this Charter, the Code of Conduct and any currently valid rules or regulations, and to adopt its principles of management and behavior. In addition, if you are in any doubt, it is essential to ask or check out the situation with your direct superior before taking any action.

I – Country Boards

Country may refer to one country or a group of countries that form a Strategic Operating Area (SOA) under the management of a joint Country Board reflecting Sonepar's internal organization.

1 – Appointments and Members

The members and the Chairman of the Country Board are appointed by the Country General Shareholders' Meeting following proposals from either the Group's General Management or the Majority Shareholder, represented by the Chairman of Sonepar.

Each Country Board consists of:

> Permanent members

- Family shareholders proposed by the Majority Shareholder following a selection process;
- Members of the Group's General Management;
- In some cases, local people from outside the Group.

> Participants

- Permanent representatives of the Country's General Management in the case of SOA Boards;
- Occasional attendees, such as independent auditors, External Auditors and speakers wished for or approved by the Country Board Chairman, depending on the agenda.

2 – Role

In keeping with the spirit of subsidiarity restated in this Charter, the Country Boards contribute to governance of Sonepar's decentralized organization by handling at their level the tasks of the Group's General Management and Sonepar Corporate Board. In addition to ensuring adherence to local legislation as well as to compliance and internal control rules, they provide a key forum for information and discussion on the main areas in which the country organization operates and takes action pursuant to Group strategy.

Based on an agenda set annually, the principal aspects of a Country Board's role are:

- monitoring the Country's performance, not only against the budget, but also against prior results and external benchmarks;
- issuing an opinion on the Country's strategic goals, especially the pace of development and expansion strategy, in particular with respect to distribution networks and market segments;
- staying abreast of and discussing the Country's policies and practices concerning human resources, marketing, logistics, information technology, digital and competition;
- ensuring compliance with local laws and regulations, as well as with this Charter and the Code of Conduct.

In addition, each Country Board is required to ensure that internal rules of procedure are introduced that incorporate specific local adjustments.

3 – Rights and Duties

Country Board members are to be regularly informed of how Country operations are progressing, most notably via Unified Reporting Sonepar (URS) and internal memos.

Their main duties are:

- actively supporting Management without interfering in operations, and sharing any information liable to help Management perform its duties;
- formally authorizing any decisions subject to local legal authorization by the Country Board;
- devoting the time needed to preparing Country Board meetings and the materials provided to Board members in advance;
- attending Country Board meetings, ensuring the confidentiality of the information conveyed and discussions held, and voting consistently in the Group's best interests;
- monitoring the investment and financing limits for the year and making sure that they are in line with the ratios and objectives set by the Group's General Management.

II – Country General Management

1 – Appointments and Members

The Country's General Management is appointed by the Group's General Management after consulting the Chairman of Sonepar.

2 – Role

Within the Sonepar organization, each Country General 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 with and reporting to the Group's General Management.

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

- promoting and monitoring the ethics of Sonepar's operations in the Countries by implementing the rules and procedures for preventing and sanctioning fraud and corruption.
- running the business within the scope that it oversees and controls;
- executing the strategic and operational performance and growth objectives set in advance;
- monitoring the budgeting and reporting process in coordination with the Group's Finance Department;
- submitting an annual budget and implementing it when it has been approved;
- participating with the Group's General Management and Human Resources Department in identifying and tracking key personnel within the Country;
- appointing and removing from office key Country associates and setting their compensation, after consulting the Group's General Management and Human Resources Department;
- making suggestions for the process of drafting the Group's multi-year strategic plan;
- contributing to any Group-wide efforts required to ensure the Group's sustainable, profitable growth;
- reporting regularly on the performance of its duties to the Group's General Management;
- organizing the powers and delegations of powers within its scope of responsibility.

3 – Rights and Duties

The Country's General Management has the broadest powers to carry out its duties in accordance with the procedures laid down in this Charter, the Code of Conduct and any currently valid rules or regulations.

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

- providing appropriate information concerning Country development, risks and opportunities and passing on in a timely fashion any question or urgent information separately from URS;
- ensure the quality and development of customer relations and logistical, information technology, marketing and digital tools;
- guaranteeing effective management of the operations within its scope of responsibility, internal control and reliability of the financial statements to the Country Boards and the Group's General Management.

The express authorization of the Country Boards or the Group's General Management is required in certain areas. The Group's General Management may change and revise this list at any time.

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

APPENDIX – OPERATIONAL GOVERNANCE

> Rules applicable to implementation of certain decisions

Aside from those made by Country Boards, two types of decision may require prior authorization by the relevant level of management

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

- Any appointment or dismissal of direct associates;
- Any increase or reduction in the compensation of a direct associate or affecting more than 20% of the staff reporting to the decision-maker; any increase or reduction in ancillary benefits (benefits in kind, pension plan, etc.) granted to those associates;
- Any overrun on the investment budget;
- Disposal of any asset for more than 5% of net assets (excluding goodwill);
- Any overrun on financing authorizations;
- Any interview in any media outlet whatsoever;
- Any substantial change in sales activity.

> Decisions requiring the prior approval of the Group's Chief Executive Officer or of a Deputy Chief Executive Officer, 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;
- Any creation of a new legal entity or reactivation of a dormant company;
- Any commitment amounting to more than €10 million in aggregate or to more than 10% of net assets (excluding goodwill), including over several years (lease, computer license, etc.);
- Disposal of any asset for more than €5 million or equal to more than 5% of net assets (excluding goodwill);
- Any communication campaign that may significantly affect the Group's image or the value of its brands.



If you have any questions, please do not hesitate
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