



# Vigilance plan. \_\_\_\_\_

**REXEL**

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## Presentation of the vigilance plan

Law No. 2017-399 of March 27, 2017 respecting the duty of care of parent companies and contracting companies requires large companies to implement vigilance measures to identify and prevent serious infringements of human rights and fundamental freedoms and the health and safety of persons and the environment that may result from the activities of their group and value chain.

Companies must implement a vigilance plan comprising five measures:

1. Risk mapping for identification, analysis, and prioritization (Section 4.6.2.1 "Risk mapping for identification, analysis and prioritization" of this Registration document);
2. Regular assessment procedures for the situation of subsidiaries, subcontractors, or suppliers with whom an established commercial relationship is maintained with regard to risk mapping (Section 4.6.2.2 "Regular assessment procedures for the situation of subsidiaries, subcontractors or suppliers with whom an established commercial relationship is maintained with regard to risk mapping" of this Registration document);
3. Appropriate actions to mitigate risks or prevent serious harm (Section 4.6.2.3 "Appropriate actions to mitigate risks or prevent serious harm" of this Registration document);
4. A whistleblowing and *reporting* mechanism for the existence or emergence of risks prepared in consultation with the representative trade union organizations in said company (Section 4.6.2.4 "Whistleblowing and *reporting* mechanism for the existence or emergence of risks prepared in consultation with the representative trade union organizations within the Group" of this Registration document); and
5. A system for monitoring the measures implemented and assessing their effectiveness (Section 4.6.2.5 "System for monitoring the measures implemented and assessing their effectiveness" of this Registration document).

To comply with the new French law and preserve the Group's values, Rexel adopted the vigilance plan described below in 2017. It is based in particular on a process to identify major risks throughout the value chain, taking into account all upstream and downstream activities of Rexel and its stakeholders

(employees, suppliers, users of products and services), and existing assessment procedures and mitigation measures at the Group and subsidiaries levels.

At the same time, Rexel has set up its whistleblowing and *reporting* mechanism to comply with various applicable regulations. This vigilance plan reinforces the actions that have been in place for several years to identify and prevent serious infringements of human rights and fundamental freedoms and the health and safety of individuals and the environment in subsidiaries and throughout the value chain.

The vigilance plan involves the Group Sustainable Development Department, the Group Legal Department, the Group Purchasing and Supplier Relationship Department, the Group Human Resources Department, the Group Finance Department, and external experts. During the year, efforts will be made to involve other internal and external stakeholders in the value chain in the development of the vigilance plan.

## Measures of the vigilance plan

### Risk mapping for identification, analysis and prioritization

Rexel has initiated a process to identify and assess its major risks related to human rights and fundamental freedoms, health and safety, and the environment through implementation of the methodology described in the 2017 vigilance plan and summarized below. In 2018, this analysis was conducted at Group level throughout its value chain for all Rexel product families.

The methodology used to perform this mapping makes it possible to assess the risks specific to Rexel's activities and value chain. This risk mapping was conducted using statistical tools which allowed to assess risks by product family and by country, supplemented by library research and interviews with internal and external experts for the types of risks most specific to Rexel, along with certain internal procedures, namely:

- Group risk mapping;
- Materiality analysis of sustainable development challenges;



- Risk Mapping related to the Statement of Non-Financial Performance;
- Reporting of environmental, social, and societal impacts;
- Whistleblowing procedures; and
- Any regulations that require the identification, assessment, or mapping of risks that may be considered non-financial (including the French “Sapin 2” Law, the French “Energy Transition for Green Growth” Law, and the EU “General Data Protection Regulation”).

Next, a group of internal experts selected the most relevant risks to the Rexel Group’s activity in working group meetings organized by the Group Sustainable Development Department. Representatives of the European Works Council take part in these meetings.

Finally, the risk selection in the vigilance plan was made in close cooperation with the risk analysis carried out pursuant to the Law on Statements of Non-Financial Performance. All risks relating to the Duty of Vigilance are summarized in the table of non-financial risk factors in Section 4.1.3 “Main non-financial risks” of this Registration document.

### **Regular assessment procedures for the situation of subsidiaries, subcontractors or suppliers with whom an established commercial relationship is maintained with regard to risk mapping**

#### **Rexel Group subsidiaries**

The Rexel Group wants to set standards and, for several years, it has put in place measures to identify and prevent serious infringements of human rights and fundamental freedoms and the health and safety of individuals and the environment in its subsidiaries.

The Rexel Group and its network of branches are a decentralized structure that relies on the empowerment of the entire chain of command (see Section 2.3.3 “Steering and monitoring of the internal control system” in this Registration document). The Internal Control Guidelines, which were revised in 2016, incorporate controls related to ethics, employee health and safety, and compliance with environmental, fundamental freedoms, and Human Rights laws. The assessment system is based on the annual self-assessment of these controls by

the subsidiaries and the implementation of action plans to improve their control.

To guide the Rexel Group’s ethics strategy, a network of Ethics Officers has been established. They are appointed by the General Manager in each country and perform this function in addition to their other activities. They ensure that the Ethics Guide is distributed to all employees, take the initiative in implementing Rexel Group principles and ethical practices, and answer any questions that are submitted to them.

In addition to the self-assessment performed by the subsidiaries, risk mitigation actions are conducted by the internal audit and/or external audit and the functional departments of the head office, which assist the entities in the implementation of those controls. This system is managed and overseen by the Rexel Audit and Risk Committee.

#### **Supplier and subcontractor evaluation**

##### **Strategy**

In light of the positive results from a pilot project conducted in 2013 and 2014, the Rexel Group deployed a global platform in 2015 and 2016 to gather information about and assess its suppliers’ and subcontractors’ CSR (Corporate Social Responsibility) performance.

The questionnaire covers 120 criteria divided into four categories: environment, social and human rights, ethics, and responsible purchasing. Suppliers and subcontractors must provide evidence that long-term procedures are being implemented and that results are being monitored for all criteria. The questionnaires are assessed by an external expert, who assigns a score for each of the four themes.

Beyond the platform, the assessment process follows a structured methodology and timetable that guarantee its success. To support its partners in this process, for each supplier, Rexel has set up a two-person team that includes one person from the Group’s Sustainable Development Department, who guarantees compliance with the method, and a purchaser responsible for the supplier, who is responsible for explaining the process and involving the supplier and for communicating developments to all purchasing teams.

Each request for assessment is accompanied by information explaining the approach, the

methodology to be followed, and the contact details of the persons in charge for Rexel. The Group sends numerous reminders, makes several telephone calls, and mobilizes its management to encourage its main suppliers to get involved.

At the end of each campaign, suppliers receive individualized feedback. A detailed report on CSR performance and areas of progress is distributed to all suppliers who participated in the campaign. Those who have declined, however, despite the Group's efforts, receive a personalized letter restating Rexel's commitments and warning of the consequences of a refusal.

### Engagement

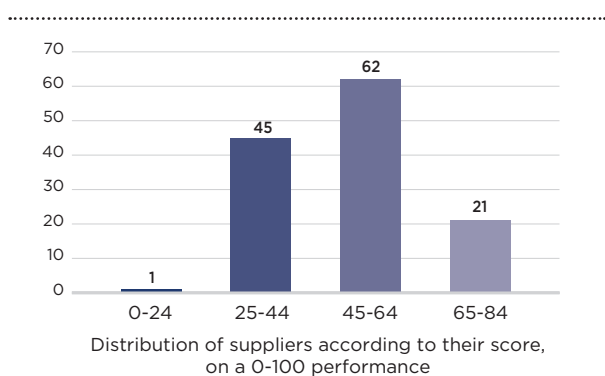
The Group's objective is to evaluate the CSR performance of 80% of its volume of direct purchases (in value) by 2020.

### Results

After an initial campaign in 2016, the Group decided to launch a second campaign in 2018. In the second half of 2018, the online questionnaire was sent to over 250 suppliers representing 59.4% of Rexel Group direct purchases.

When the campaign closed on December 31, 2018, 129 suppliers representing 48.5% of direct purchases (in value) participated in this campaign and were therefore assessed based on CSR criteria. This means that, since the beginning of the evaluation process, 161 single suppliers representing 54.0% of direct Rexel Group purchases (in value) were evaluated.

The results of the 2018 campaign are presented below:



### Supplier on-site audits

In addition to these assessments, based on the risk mapping, in particular the cross-referencing of product-specific risks with country-specific risks, Rexel conducts on-site audits for certain targeted suppliers. In 2018, as part of the implementation of the vigilance plan, the Group undertook two actions:

- Extend the scope of on-site audits to ensure that they cover all due diligence themes; and
- Increase the number of on-site audits by focusing on the countries most at risk.

As a result of the work done on the vigilance plan, Rexel reviewed the scope of suppliers and subcontractors' on-site audits, incorporating additional controls relating to social, environmental and human rights performance. 8 audits or visits including CSR criteria were carried out in 2018 by a third party, compared to 18 in 2017. In addition, 26 specific CSR audits have been contracted and will be carried out in early 2019. 20 audits will be conducted in Asia and 6 in Europe.

Following these audits, progress plans may be put in place. If the level of compliance is not satisfactory and the corrective measures requested are not implemented, collaboration with the supplier is terminated.

### Appropriate actions to mitigate risks or prevent serious harm

In addition to the supplier assessments described above, Rexel requires its suppliers and subcontractors to comply with the principles set out in its Ethics Guide and, through contracts, with the general terms and conditions of purchase, which include clauses that mandate compliance with the fundamental conventions of the International Labour Organization and local legislation, especially with respect to minimum wages, working time, environment, health, and safety.

Internally, compliance with the rules of ethics implies continuous mobilization of employees. For this reason, team training and information sessions are indispensable. These special sessions focus on competition, anti-corruption, data protection and trade restrictions. They are available in the Group's languages. Special face-to-face programs are also

offered to the employees who are most exposed to certain risks.

The integration of the Group's values and ethical principles in behaviors is a key factor for the strategy's success. This requirement is supported by a network of Compliance Officers and a network of Ethics Officers who work closely with local management. The establishment of a collaborative and decentralized structure enables the understanding of the ethical principles and the deployment of the action plans in the various countries where the Group operates.

The effectiveness of this structure is reflected in the results of the most recent Satisfaxion internal engagement survey conducted by the Group in 2018: *"Eighty-six percent of respondents are fully aware of Rexel's ethical commitments through the Ethics Guide"*, a five-point increase over the previous campaign (2015).

However, no control system, regardless of how old or well tested it is, can guarantee the absence of risk, and it is the responsibility of the Group and its subsidiaries to develop collaboration and control systems with suppliers and subcontractors to minimize risk and implement corrective action in cases where non-compliance is identified.

### **Whistleblowing and reporting mechanism for the existence or emergence of risks prepared in consultation with the representative trade union organizations within the Group**

In 2018, Rexel updated its whistleblowing procedures for employees, external and temporary workers, suppliers, customers, and stakeholders in all countries. The new system allows incidents to be reported in all Group languages. The whistleblowing procedures are available on the dedicated website (<http://ethique.rexel.com/en>). It is centralized and confidential. Each alert is handled by the Ethics Committee, an *ad hoc* committee composed of the General Secretary, the Human Resources Director, and the Compliance Officer. This new alert line takes into account the requirements of French laws relating to transparency, the fight against corruption and the modernization of economic life and the duty of vigilance of parent companies and contracting companies. The procedures meet all legal requirements, including guarantees of the rights of whistleblowers.

The Ethics Officers also answer questions concerning the Rexel Group's ethical practices that may be addressed to them. Whether or not they are an employee, anyone can ask questions with full confidentiality.

The table below summarizes the questions received in 2018 by all Ethics Officers according to their type, author, subject, and geographical area.

63 ethics cases were submitted to Rexel Group Ethics Officers during the year. All queries were processed, verified, and followed by preventive and/or corrective actions as appropriate.

The remaining cases are still being investigated or resolved.

		NUMBER OF QUERIES RECEIVED BY ETHICS OFFICERS
Type of query	Information	27
	Complaint	36
	Legal dispute	0
	Other	0
Source of query	Customers	5
	Rexel employees	49
	Suppliers	4
	Local authorities	0
	Employee representatives / trade unions	0
	Anonymous	4
	Other	1
Subject of query	Customer relations	6
	Supplier relations	0
	Relations between employees	12
	Discrimination	7
	Working conditions	12
	Anti-corruption	1
	Anti-fraud and anti-theft	25
	Environmental protection	0
Type of measures implemented	Preventive	16
	Corrective	18
Region	Europe	1
	North America	31
	Asia-Pacific	31

### System for monitoring the measures implemented and assessing their effectiveness

Rexel has established a Steering Committee tasked with the implementation of due diligence. The Committee coordinates and verifies the risk mapping as well as the action plan and its implementation. In 2018, the Steering Committee assessed the relevance of the risk mitigation actions and decided to put in place the following action plans:

- Launch of a new assessment campaign for the CSR assessment of suppliers in 2018 that covers around 60% of the Group direct purchases (see Section 4.6.2.2 “Regular assessment procedures for the situation of subsidiaries, subcontractors or suppliers with whom an established commercial relationship is maintained with regard to risk mapping” of this Registration document).
- 2018 update to the whistleblowing mechanism (see Section 4.6.2.4 “Whistleblowing and *reporting* mechanism for the existence or emergence of risks prepared in consultation with the representative trade union organizations within the Group” of this Registration document).
- Review of suppliers and subcontractors audits’ perimeter to incorporate CSR criteria (see Section 4.6.2.4 “Whistleblowing and *reporting* mechanism for the existence or emergence of risks prepared in consultation with the representative trade union organizations within the Group” of this Registration document).
- Ethics Guide update  
The Ethics Guide is regularly updated. As a result, the anti-corruption commitments were reviewed in 2018 in the French context of the December 9, 2016 law on transparency, the fight against corruption and the modernization of economic life. This key support was enriched with specific documents such as the Anti-Corruption Code of Conduct, the Competition Law Guide, and the Environmental Charter, which clarify the Group’s more specific commitments.
- Continued deployment of the anti-corruption program

In 2018, Rexel strengthened its program to detect and prevent corruption with the publication of its Anti-Corruption Code of Conduct. This code meets the requirements of French law. It defines

and illustrates the different types of behavior to be avoided. The code is appended to the rules of procedure, and it invites employees to tell all stakeholders (customers, suppliers, and partners) about the company’s commitment to corruption prevention and the anti-corruption rules themselves. This document is available on the ethics and compliance website <http://ethique.rexel.com/en>.

- New gift and invitations and travel compliance business trip guidelines

The Group is a key link in the value chain between electrical equipment suppliers, customers, and end-users. The proximity of 16,000 salespeople to their suppliers and customers is an advantage. This commercial proximity must remain exemplary so that lasting business relationships can be maintained in a climate of trust and mutual respect. To provide a clear and structured framework for all its employees, the Group has put in place specific rules relating to business travel and gifts and invitations offered and received.

- Stronger personal data protection

In 2018, the Group drew up an internal personal data charter that defines a set of rules to be respected within the framework of Rexel’s activities. This charter incorporates the major personal data protection principles and consists of several policies and procedures to support Rexel’s employees and partners in the performance of their activities.

Various training and information sessions are offered to employees, in particular e-learning modules and special poster campaigns.

More targeted presentations are planned for the teams that process personal data more specifically, such as the human resources, e-commerce, IT, and general services departments.

Rexel’s suppliers and service providers may process personal data on behalf of the Group. Rexel must ensure that its partners and suppliers apply adequate data protection levels. This involves reviewing and updating contractual commitments and the security policies put in place by those service providers.

On a general manner, the risks identification process will be reviewed regularly to incorporate potential changes in the Group’s supply chain as well as

changes in the assessment of impacts or probability of occurrence.

Rexel will ensure that the vigilance plan follows developments that affect the Group, particularly

in the event of a change in strategy, significant acquisitions, or the acquisition of new markets with new risks.





**Rexel**

13, boulevard du Fort-de-Vaux  
75838 Paris Cedex 17 - France  
Tel: + 33 (0)1 42 85 85 00  
Fax: + 33 (0)1 42 85 92 02  
[www.rexel.com](http://www.rexel.com)