

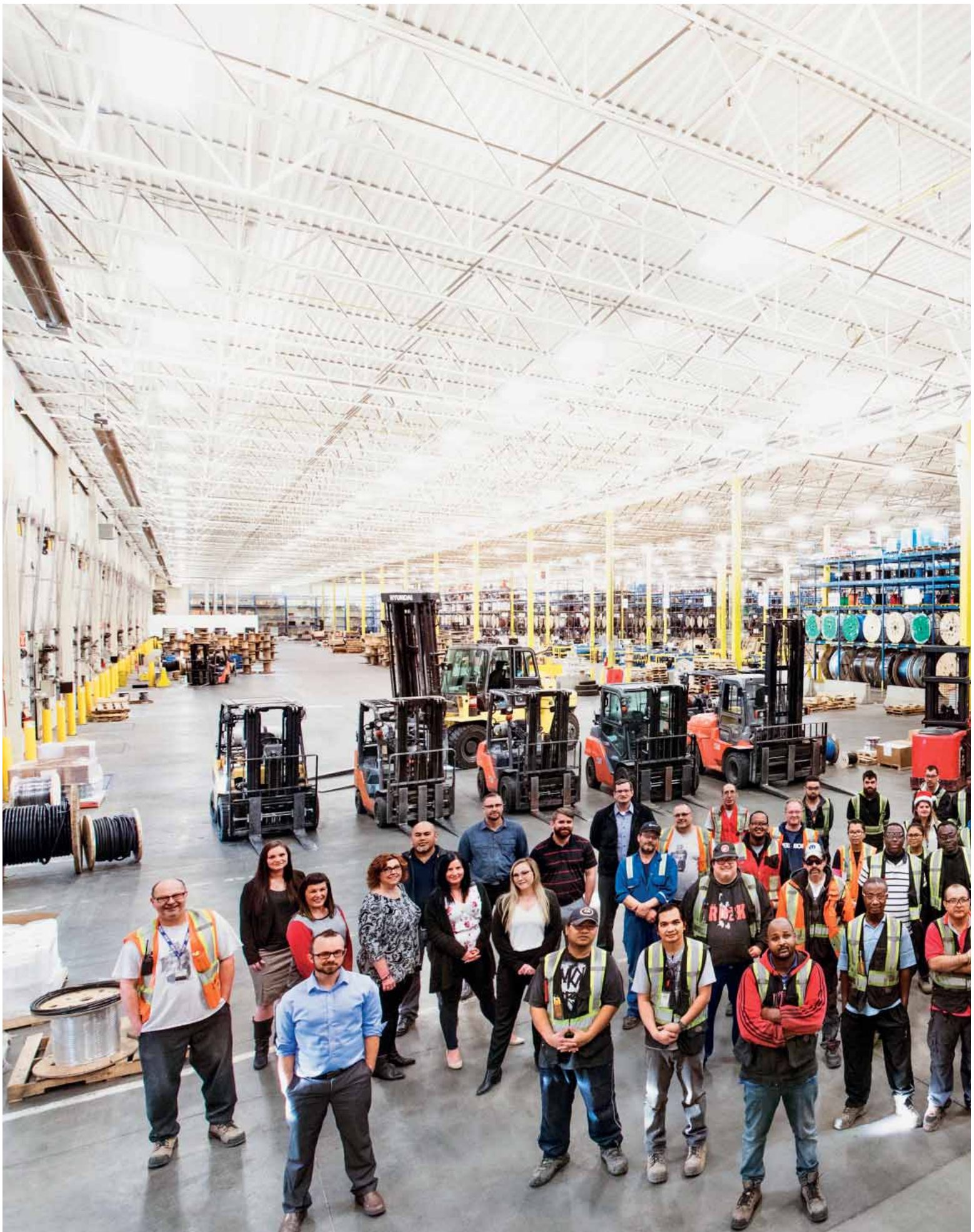


sonepar

Panorama

2018





“At Sonepar, people come first: our associates are our driving force and thanks to them we are ready for the digital transition.”

Chairman's message

+ Marie-Christine Coisne-Roquette,
Chairman, Sonepar

Our 50th anniversary is an extraordinary achievement and an incredible epic involving many people, from highly diverse backgrounds, who strive for the same goal. Throughout the years, Sonepar's hardworking teams have been constantly driven by a pioneering spirit; the very same spirit inherited from our Founder, my father Henri Coisne, who, together with all the family, is extremely proud to see how this spirit still lives on throughout the Group. In 2019, our operating companies across the globe, and Sonepar's headquarters, will be celebrating our 50th anniversary.

In 2018, the entire company pulled together to define our future. We created our first strategic plan based on collaborative input from the field. The plan focuses on four pillars: Performance, because without profit, Sonepar cannot invest and grow; People, new HR programs will be progressively rolled out to accompany our teams through the digital transition; Customers, this has always been one of Sonepar's eight values and it will now be taken up a gear as the Group becomes increasingly customer centric; and the Planet, with key priorities on compliance, the environment, long-term sustainability, and society.



Sonepar's history is one of continuous adaptation to new practices, customer and product bases. Even though the digital transformation is the biggest ever in our history, our fundamental and long-standing core values will successfully guide us through. We are, paradoxically, a step ahead of the game in becoming a digital enterprise: our unique, decentralized model is a highly modern concept which precedes the customer-centric digital enterprise. We have been applying this approach in our Group since its inception. This rare business practice is the reason for our success and is based on mutual trust. At Sonepar we intend to provide our operating companies with the most efficient, country-specific tools to make them as independent as possible and help them succeed in the transformation.

Our main core strength, however, is that because all our associates have an incredible appetite for success, conquest and profit and are therefore the driving forces behind Sonepar. The transformation will be tough industry-wide, but as we have the key levers for success, for us, it will be an exciting time, full of opportunities.

In comparison with Sonepar's industry competitors, our rapid growth over the past decade is mainly based on our long-term shareholder support. We have operated shareholding for executives for twenty-five years and in doing so, have continually driven motivation and dedication across the board. I am extremely proud of the fact that we have remained a humane, family group despite our size and our success and I thank the women and men who have made this possible. At Sonepar, we are committed for the long term; we will not let our ship sink.

+ **Marie-Christine Coisne-Roquette**





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2018 Projects

50 YEARS



1969

Comptoir d'Électricité Franco-Belge acquisition. The first electrical equipment distribution company joins Sonepar nine years after the Group's official launch by Founder, Henri Coisne.

1976

The number of Group associates reaches 1,000. This figure currently stands at 46,000.

1982

Sonepar makes its first business ventures outside France with acquisitions in Germany and the Netherlands, generating 54% of turnover outside France.

1984

Sonepar opens branches in North America (Lumen in Canada).

1998

Sonepar inaugurates branches in the United States, the Group's current market leader in terms of turnover. Marie-Christine Coisne-Roquette is appointed Chairman.

“What counts is what lasts...”

+ **Henri Coisne,**
Founder of Sonepar — CEO 1969-1998





2000

Sonepar ventures into Asia with the Supermoon acquisition in China, generating more than €5bn in turnover.

2007

Over €10bn in turnover and Sonepar branches in 35 countries.

2008

Acquisition of several operating companies of the Hagemeyer Group (the third global industry leader) based in North America and Asia-Pacific.

2015

Sonepar acquires all Rexel activities in South America, including Nortel and Etil in Brazil, Electra and Flores y Kersting in Chile, and Dirome, V&F and AMP in Peru.

2019

For the 10th consecutive year, Sonepar ranks as world leader in the distribution of electrical equipment, solutions and services for the B-to-B market.



**“... And to last,
we need to adapt.”**

+ **Marie-Christine Coisne-Roquette,**
Chairman of Sonepar — CEO 2001-2011

CEO's message

+ **Philippe Delpech,**
Chief Executive Officer,
Sonepar

It gives me great pride to report that 2018 was Sonepar's record year in terms of financial performance. This outstanding achievement is first due to our 46,000 dedicated associates who strive daily to make Sonepar the global leader in its sector. I would like to congratulate and thank them sincerely for their never-ending commitment.

The Group's record results in 2018 are also due to a rapid, seamless, and successful shift from a fully decentralized model to a better balance between global and local operations which leverage the size of the Group. We renewed part of our leadership team with a good mix of internal promotion, taking advantage of a solid talent pool, and added external hires to increase our domain expertise in fields such as Digital Enterprise, Legal, Compliance, and Communications & Sustainable Development. Sonepar took full advantage of a strong 2018 global economy, especially in the United States and most of Europe, helping the vast majority of our countries to achieve excellent year-on-year performance. In December 2018, we also finalized the first long-term strategic plan ever made by Sonepar. This five-year plan will be rolled out in 2019 and is based on four pillars: Customers, Performance, People, and Planet. The long-term plan is complementary with Sonepar's high capacity for adaptability. 2018 may have been historically our best year, but Sonepar has never been content with simply basking in its success. There is still a lot of work to be done in order to become the undisputed omnichannel electrical B-to-B distribution world leader. The Sonepar Leadership team is highly

committed to year-on-year financial performance improvement in order to finance the vast transformation ahead of us. Of course, Sonepar is not immune to the world economy and we can expect less favorable global markets in 2019. However, whilst the current, rapidly-changing global context may incite fear in some, Sonepar will be channeling its energy into positive strategic actions. We are accelerating investments and will be able to fully take advantage of all the opportunities ahead. I am convinced that our leadership, combined with a strong financial position and the right strategy, will mean that we will emerge from the transformation even stronger than ever before.

Focus on compliance and policies.

There is no future without compliance and policies. Compliance is becoming increasingly complex on a global level. Sonepar also appointed a new Group General Counsel in 2018 who has accelerated our compliance program across the Group and in the 44 countries in which we operate. In 2019, we will also deploy global policies to reinforce our corporate governance.

Become more customer centric.

Historically, Sonepar has always focused on its supplier relationships and sales process. However, we now need to concentrate more on the entire customer experience to become more customer centric and apply a strategic marketing approach to fully meet our customers' needs. Our Sales and Marketing divisions will need to work more closely together and create synergies to better leverage data, this is our biggest future cultural challenge.

Become a digital enterprise.

The target is 2025. This is when the current generation, which will have only ever known smartphones and apps, will arrive in the workplace and will only expect to find digital processes. If we are not ready for this generation, we will flounder: all our

“Sonepar has launched its digital transformation.”

“Our leading position and concrete strategy mean that we will emerge from the transformation even stronger than before.”

businesses, not only online but, also in branches, must become fully digital: a real omnichannel experience. This highly complex transition required us to create the key position of Chief Digital Enterprise Officer in 2018 and the Group intends to make future investments of €1.3 billion in digital processes.

Increase productivity. This is a must – the current lack of global inflation and widespread pricing-transparency means that prices cannot be increased easily. The only way to protect our company is to increase productivity and we will achieve this with the transition to a digital enterprise. The aim is to implement more efficient digital and productive processes, as well as improving working conditions for our associates. We need to all realize the immense opportunity in front of Sonepar. We are by far the market leader, yet our

growth potential in terms of market share is unlimited, which is very rare. We operate in a fast-growing market in which electrical power will gain shares over the next century as fossil power becomes finite. At the same time, higher life expectancy and urbanization will increase the use of electric energy by more people for longer, which will increase future market size. Lastly, the construction industry will become more environment focused with new regulations which will create growth markets for Sonepar. I am highly confident in Sonepar’s ability to meet its future challenges and successfully execute the Group’s strategic plan. Our company has everything it takes to succeed, including a clear future vision, aligned leadership, highly committed employees and clearly identified KPIs. Sonepar’s long-standing capacity to adapt, combined with strategic planning, will take it far. •





Building a solid future

Sonepar has based its model on a committed customer culture, a dynamic company ethos and responsible business practices. The Group's 46,000 employees fully adhere to these long-standing fundamentals.





Overview

Our business

We are an independent, family-owned group and world-leading B-to-B distributors of innovative electrical products, solutions and related services.

Our markets

Any time, and on time, we find the best solutions for our customers operating in major building, industry and utility markets.

Our customers

Our job is to make life easier for our customers by constantly expanding our product and service range to meet their needs.

Our goal

With our ever-increasing global footprint, we aim to be “La Référence” – the standard setter – in our industry.

Our values

We are committed to shared values, rules of governance and principles of action, to drive sound and sustainable growth.

We are Sonepar

We grow our business through outstanding service, strong customer engagement and a pioneering approach that combines local, hands-on experience with global strategy.



“We intend to be, more than ever, ‘La Référence’ in our industry.”

The graphic features a large blue quote bubble on the left. To its right, a dashed blue line curves upwards and to the right, ending in a solid blue circle containing a network icon. Along this dashed line are several electrical icons: a plug, a light bulb, a battery, and a lightning bolt. A solid blue arc connects the bottom of the quote bubble to the solid blue circle.

1 million B-to-B customers
served worldwide
46,000 associates
170 operating companies
44 countries
2,800 branches
1 million order lines per day
€22.4 billion of sales



Maintaining our solid growth momentum

For Andros Neocleous, Sonepar's newly-appointed Chief Financial Officer, the Group's main financial challenge is to maintain, and build on, its strong financial performance.

“Sonepar's financial position is more solid than that of any of our direct competitors across the globe.”

Sonepar is facing a period of accelerated change and industry digitization. This means increased demands on the Finance function. “In 2018, we completed an ambitious five-year strategic plan that will ensure we preserve our position as industry leaders which includes making significant digital transformation investments. My main priorities are to ensure that we maintain our strong financial position, and that we remain vigilant in measuring and delivering the return from these investments, so that they create value for our shareholders.

2018 was a record year for Sonepar. Excluding the impact of the movement in currency rates, sales rose by 6.7% over the previous year to an all-time high of €22.4 billion while the autonomous growth rate was 4.6%. Our operating profit grew at a very satisfactory rate and the operating profit margin improved as compared to the prior year. This was due to excellent execution, albeit in a favorable global economic context. But 2018 was also a tale of two halves: whilst the year began on a very strong 2017 momentum, the global economy began to slow down in the beginning of the third quarter. In addition, even though the Group was positively impacted by an increase of 1.2% in copper prices, an essential input in our line of business, our results were negatively impacted by currency fluctuation.

In terms of our autonomous growth performance, the Americas led the way in 2018 with an autonomous growth of 7%. Canada's autonomous growth registered 10.2%, the United States 5.9% and Mexico a very strong 21.1%. In Europe where autonomous growth was 2.6%, our growth champion was the Netherlands, at 7.7%. Spain reached 6.8% whilst Germany, our biggest European operating unit, was slower at 2.4%. Italy and Sweden reached rates of 3.8% and 4% respectively. Autonomous growth in Asia-Pacific for the year was -0.1% following a sharp decrease in the second half of

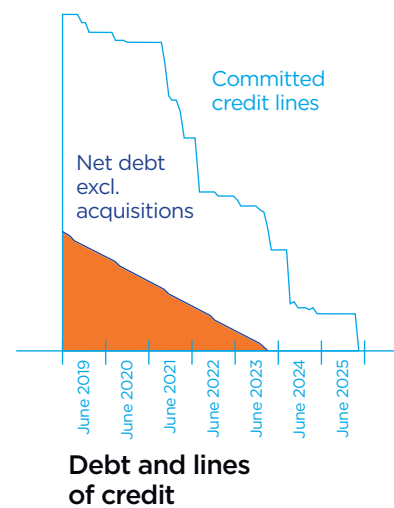
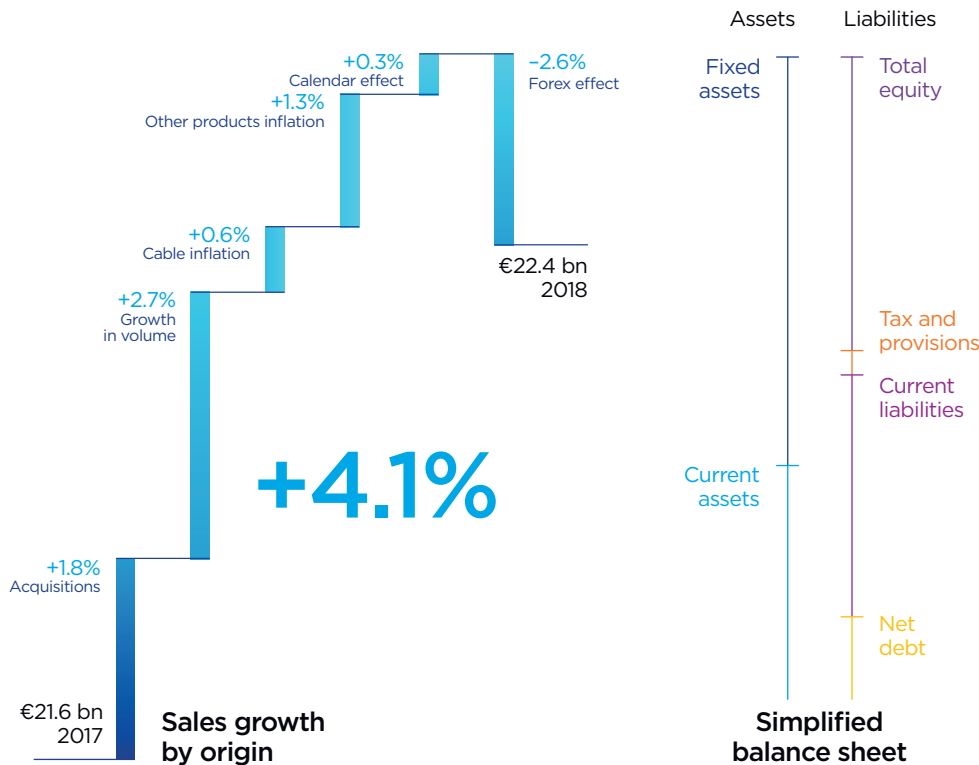
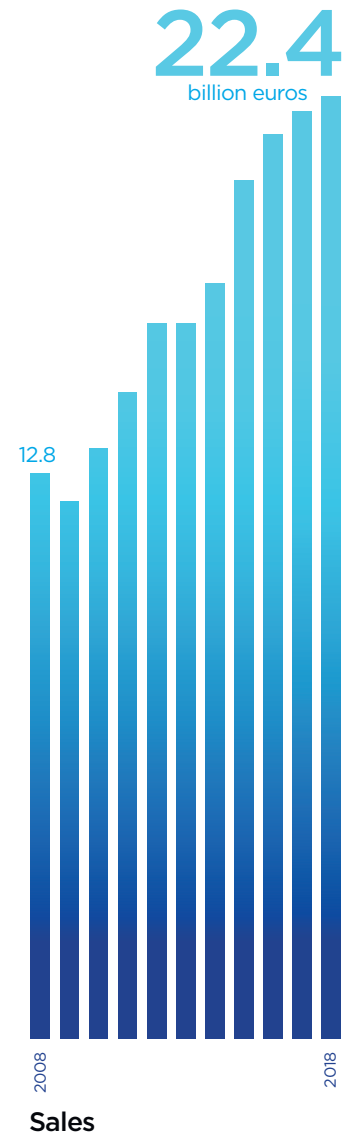
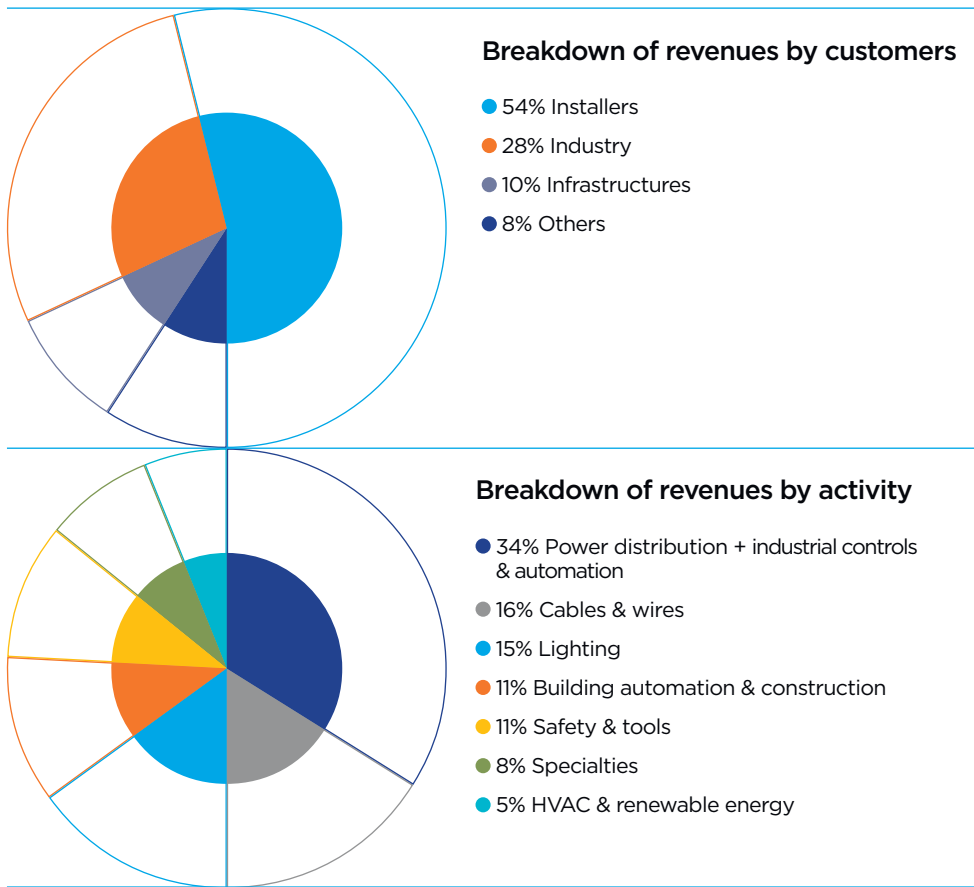
the year. Australia reported an autonomous growth of 4.3% while conditions remained difficult in China, particularly given a low level of telecom investments, an end-market in which we are very active.

The Group made six acquisitions in 2018 – in Austria, Belgium, Italy, the United States and China. These acquisitions will contribute €195 million to annual sales. Sonepar's acquisition process will continue in 2019 with a focus on entities that offer us greater market density, synergies, operational excellence and a return on investment which meets our shareholders' expectations. Sonepar's financial position is more solid than that of any of its direct international competitors, meaning that we can continue to invest in market share and continue our growth strategy through acquisitions.

In 2018, Sonepar made capital investments close to €205 million, which represents just below 1% of our sales. We have a strong Group commitment to continuing investments in areas which improve our capabilities, service offer, customer experience and productivity. Economic forecasts indicate lower economic activity in 2019 for all emerging and developed economies. For Sonepar, this means an even greater focus on execution, market share capture, and improved productivity. Productivity is a must if we are to meet our shareholder commitments in 2019.” •



+ **Andros Neocleous**,
Chief Financial Officer



2018: a year of outstanding global performance

In 2018, the Group delivered historically excellent results thanks to its long-standing strengths and Sonepar's 46,000 associates' commitment to continuous improvement.

Sonepar's growing international footprint spans across three continents, 44 countries and 2,800 branches.



Europe

In Europe, productivity, performance and profitability were improved in the Netherlands and Italy when two of the Group's operations pooled resources.

Sonepar's French market fared well despite the fact that the construction industry was weaker in 2018 and there is still another year to go before France's logistics transformation will be complete.

Belgium had a successful year, as did the United Kingdom despite the current political climate.

Sonepar's Dutch market took a major leap forward in digitization by investing in latest generation Enterprise Resource Planning IT systems. This highly complex pilot operation has been successful and a new distribution strategy will be rolled out within the Netherlands over the next several years, making the Dutch market one of the most digitally advanced in the Group.

Americas

The United States had an excellent year due to the successful appointment of a new director, Rob Taylor, excellent economy and increased balance between national and local processes.

Canada built on its strong position by focusing on the move to digital and delivered astounding growth.

Brazil made an excellent recovery and industrial business in Mexico was solid.

Asia-Pacific

The growth opportunity of the next decade will unquestionably come from Asia and this is why Sonepar has appointed new leaders in China, New Zealand and in Australia. Sonepar's global sourcing platform in Shanghai has been launched in early 2019 and the Group will be developing an investment strategy for Asia-Pacific.

Towards the end of 2018, global economy began to slow down and this trend is forecast to continue in 2019, whilst inflation is predicted to continue increasing. The coming months will, therefore, be tough throughout the industry but we have momentum in Sonepar and we will succeed by focusing on customer centricity, pricing, productivity, driving the digital conversion, market execution and consistency. •

Europe

Germany (and Luxembourg)
N°1 in their markets
2,826 M€
Stefan Stegemann
& Holger Heckle
225 branches

France (and Monaco)
N°2 in the market
2,335 M€
Benoît Pédoussaut
528 branches

Netherlands
N°1 in the market
1,539 M€
Jan Ferwerda
40 branches

Italy
N°1 in the market
1,116 M€
Sergio Novello –
Marco Brunetti
155 branches

Belgium
N°1 in the market
642 M€
Alexander Dewulf
56 branches

Sweden
N°3 in the market
619 M€
Anders Nordlöw
48 branches

Spain
N°1 in the market
456 M€
Jean-Cyrille
Verspieren
120 branches

Finland
N°1 in the market
418 M€
Mika Höijer
35 branches

United Kingdom (and United Arab Emirates)
N°1 in their markets
298 M€
Ian Stewart
16 branches

Switzerland
N°2 in the market
262 M€
David von Ow
13 branches

Austria
N°2 in the market
221 M€
Bernhard Weber
9 branches

Poland
N°2 in the market
146 M€
Wieslaw Romanczuk
40 branches

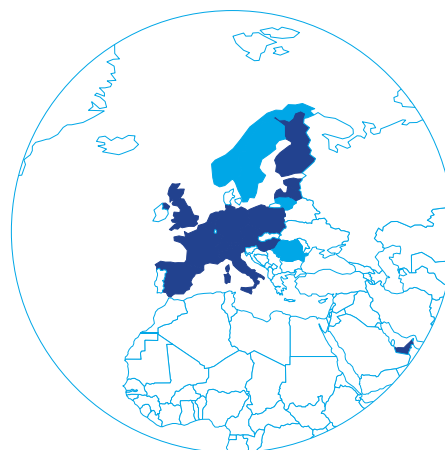
Norway
124 M€
Lars Hamborg
13 branches

Czech Republic
N°3 in the market
77 M€
Jiri Louda
30 branches

Baltic countries (Estonia, Latvia, Lithuania)
68 M€
Heiki Liiser
19 branches

Hungary
N°2 in the market
46 M€
János Ágner
14 branches

Romania
N°3 in the market
29 M€
Dan Georgia
13 branches



Americas

United States
N°1 in the market
7,382 M€
Rob Taylor
691 branches

Canada
N°3 in the market
1,099 M€
François Anquetil
113 branches

Mexico
N°2 in the market
505 M€
Urcesino Palacios
Barro – Camilo Kuri
149 branches

Brazil
N°1 in the market
285 M€
Hervé Salmon
72 branches

Puerto Rico, Trinidad and Tobago, Dominican Republic
84 M€
Oscar Villa
8 branches

Colombia
N°1 in the market
75 M€
Ricardo Rodriguez
Mutis
9 branches

Chile
N°3 in the market
58 M€
Ricardo Thomson
14 branches

Peru
N°3 in the market
28 M€
Abraham Puerta
10 branches

Costa Rica and Panama
N°2 in the market
28 M€
Miguel Muñoz
5 branches



Asia - Pacific

Australia
N°2 in the market
591 M€
Taco van
Vroonhoven
175 branches

Mainland China
N°2 in the market
387 M€
George Ko
30 branches

Malaysia
N°1 in the market
198 M€
Francis Sa
42 branches

New Zealand
N°3 in the market
98 M€
Glenn Corbett
48 branches

Vallen Asia
82 M€
Andrew Bennett
(China, Malaysia,
Singapore, Thailand)
13 branches

Oakwell group
33 M€
Alex Cheang
(China, South Korea,
Thailand, Malaysia,
Singapore, Vietnam)
5 branches

Hong Kong and Macau SAR
75 M€
Ray Chow
6 branches

Thailand
51 M€
Surote
Panasahatham
3 branches

India
48 M€
Raja Sivaji Ghosh
7 branches

Singapore
N°1 in the market
23 M€
Darren Koh –
Lawrence Tam
3 branches

Indonesia
12 M€
Chin Hon Lim
1 branch



At Sonepar, compliance is non-negotiable

Sonepar is staying ahead of the game with an integrated legal, risk management and compliance approach. Sonepar has adopted a three-fold approach to foster transversal risk management, ensure that the Group complies with the laws and regulations in force wherever it operates, and make certain the necessary standards, training programs and preventive plans are in place.



+ **Olivier Catherine,**
Group General Counsel

When I joined the Group in May 2018, my priority was to accelerate the deployment of Sonepar's compliance program.

To begin with, and in adherence with the Sapin II law⁽¹⁾ and other similar international legislations, my teams implemented four mandatory corruption, ethic and conflict-of-interest e-learning modules, which ran from July to November 2018.

The 20/30-minute-long modules are the first ever mandatory training courses to be applied Group-wide. Our objective of training half of the Group's workforce was met (approximately 23,000 associates covered) and we are proud of this excellent achievement which confirms our management and associates' ability to take action.

In 2019, other e-learning modules will be deployed to include economic sanctions and competition law for a highly-targeted population. Throughout 2018 our global teams also focused on developing SPARC (Sonepar Portal for Audit, Risk and Control), a country-specific, business partner assessment tool to analyze risks of corruption at different levels (suppliers, customers, intermediaries and joint venture partners) and to ensure that none of our business partners, if any, have been blacklisted by enforcement authorities.

The roll out will take place in 2019. In compliance with the Sapin II law, Sonepar implemented its Group-wide whistleblowing procedure in February 2018. Any Sonepar associate or third

party may report suspected wrongdoings via an alert hotline which is now effectively used for a variety of ethical queries. Sonepar's Chief Compliance Officer (CCO), Paul Trudel, handles the complaints within 24 hours with the support of SILCC (Sonepar International Legal and Compliance Committee) members and, when necessary, external counsels. All cases are reported to Management, the Audit Committee and the Board. The CCO follows up on any reported fraud or corruption case. My other priority was to establish, then roll out, a concrete action plan in collaboration with the SILCC members to develop interaction and best practices sharing among our legal and compliance community, improve our processes and disseminate standard procedures and policies.

Going the extra compliance mile in 2019

Sonepar aims to be exemplary in terms of compliance and governance: the Group specifically created a Code of Conduct and Compliance Guidelines in 2017 and added them to the Governance corpus.

SONEPAR'S FIVE MAIN RISKS

1. Compliance and legal risks
2. Cybersecurity
3. Digital disruption from pure players
4. Conversion of IT or Logistics platforms
5. Raw material price and exchange-rate fluctuation

“Compliance is above all a question of culture; we must all have the same references, values and ethics.”

They will be supplemented in 2019 by ethics policies and procedures which will equally apply to all countries, entities and associates throughout the Group. This ambitious project confirms Sonepar's commitment to rolling out exemplary ethics standards at Group level and is a means to secure the Group's decentralized model, which has proven its success since the offset. By making each and every associate accountable and responsible for their own compliance actions, Sonepar is ensuring its future long-term growth. Sonepar's message is clear: compliance is not a constraint — it brings added value. For Sonepar, sustainable business is compliant business.

Steady and significant risk reduction

The appointment of a Chief Risk Officer grew out of Sonepar's determination to establish proper governance of all risks and opportunities facing the Group. The key Risk Department priorities are to prevent compliance-related risks, and guarantee information, data and personal security.

Behind every risk lies an opportunity

Sonepar may be facing increasing risks but they are not necessarily to be feared: with the digital transformation in full swing, cybersecurity risks are a concrete threat but as the Group works to tackle them, its levels of security and efficiency are also being strengthened.

In 2018, Risk Management initially dealt with Sonepar's five primary risks and focused on implementing a corruption risk map and consolidating compliance and data security risk procedures. Once this had been achieved, the countries developed and rolled out their action plans to improve their corruption risk-monitoring processes.

An additional key milestone in the second and third quarter of 2018 was the creation and roll out of the Business Partner Assessment (BPA) throughout Sonepar's countries. The BPA process involves evaluating all third parties (supplier, customer, intermediary, agent, etc.) with regards to the corruption risk map, before starting a business relationship. This is an important pillar of the Sonepar compliance program and also a legal requirement of the Sapin II law⁽¹⁾.

Reducing risks in 2019

Sonepar will be developing the Group cybersecurity risk awareness program by extending the “Think Before You Click!” program to the countries.

The program, developed in collaboration with the IT Department and tested at headquarters, is comprised of training videos and simulated phishing e-mails, including fake links, which are sent to all associates. The aim is to train associates on how to recognize and handle phishing e-mails and, most importantly, to think before they click on a link or open an attachment. The Multi-Factor Authentication (MFA) for end users will also be implemented by the countries. •

(1) Sapin II law: a French law addressing the prevention of bribery and influence peddling which entered into force on June 1, 2017.



“In 2018, my main objectives were to carry out a risk assessment for each company, set up online and in-person training programs, implement compliance monitoring and develop a risk prevention plan. For 2019, my priorities are three-fold: implement a business partner assessment process, assist the creation of Group compliance policies and procedures, and continue to roll out associate training. In Latin America, by putting compliance first, we are achieving positive changes for our organizations, better practices and reduced risks.”

+ **Jessica Archila,**
Latin America Compliance Officer

Steering a consolidated governance

Increasingly stringent legal rules and progressively sensitive public opinion regarding business ethics and practices, mean that, as a standard-setter, Sonepar must lead by example. The Group recently reaffirmed its effective governance by strengthening its executive leadership with a newly-appointed Chief Financial Officer, Chief Digital Enterprise Officer, Group General Counsel and VP Group Communications and Sustainable Development.



The Corporate Board

The Corporate Board meets several times a year and is composed of figures from the business world, family entrepreneurs and executives with historical roots in Sonepar. The Board examines Group performance via a series of reporting tools, Audit Committee reports and Committee recommendations.

Its members monitor progress and achievements in terms of Sonepar's main growth targets and strategic priorities, examine business diversification risks and opportunities, and provide counsel to executive management.

In 2018, the Board held extensive discussions on strategic priorities, compliance program deployment and acquisition policies and targets. The Board will guide the Group's new strategy deployment in 2019.

the Chairman and assist with, and consolidate, corporate governance. Each one represents a selection of Board members and family shareholders whose role is to perform studies, make recommendations, investigate particular issues and contribute to the Corporate Board's running projects.

The Country Boards

The Board of Directors for each country, or group of countries, meet several times a year to examine performance and operational and strategic issues in its area. As hubs for discussion and analysis, that extend beyond the scope of General Management, the Country Boards are effective instruments of operational governance in Sonepar's decentralized organization. •

The Shareholders' Meeting

With over 250 direct and indirect Sonepar shareholders attending in person and nearly 1,000 others who attend online every year, the General Shareholder's Meeting provides an opportunity for shareholders, General Management and other Sonepar executives to exchange views, discover the Group's yearly results and strategic priorities.

The Audit Committee, the Nomination and Compensation Committee, and the Strategic Committee

These Committees act in support of the Corporate Board and



Colam Entreprendre, a sustainable family shareholding group

For Colam Entreprendre's 345 family shareholders, 2018 was the year to underpin their commitment to Sonepar, its operating companies, and consolidate Colam Entreprendre's innovative and sustainable Vision 2040.

Nurturing links with Sonepar's operating companies

In addition to managing the engaged and united family shareholder network, Colam Entreprendre's primary objective is to provide support for the Group and strengthen links with Sonepar. In 2018, the Group maintained constant interaction with its operating companies via a range of innovative actions.

An intergenerational approach

One of the Group's primary strengths is that it tackles the generational challenge from the offset: as early as 14 years of age, shareholders are invited to an induction course. At 18, they attend a Welcome Seminar and may apply for a Sonepar internship. The Colam Educational Path is a solid Group asset: the training program is available to all family shareholders from the age of 18 and is compulsory for mandated members and subsidiary directors. The program encourages intergenerational exchanges between experts of various disciplines and is based on three key pillars: international economy and finance, governance and tangible/intangible legacy.

Vision 2040: for a sustainable future

In 2018, Colam Entreprendre's main goal was to determine its 2040 vision by means of a participative and creative approach: 250 shareholder collaborators identified the Group's 165 main challenges and, throughout

the year, a working group translated a selection of these challenges into key objectives and projects. The results of the year's efforts were revealed to the 186 participants during Happy Vision, an event which ran from January 25 to 27, 2019, at Aix-en-Provence's iconic The Camp.

The CSR Approach: from strength to strength

The CSR Approach, Colam Shareholder Responsibility, was initiated in 2014 and has been growing in momentum ever since. The Group's sustainable development vision for a harmonious working method is fully in line with Vision 2040 and will be progressively extended to all Colam Entreprendre actions at all levels. CSR actions such as the Colam Awards and the Colam Reporters were once again a huge success in 2018 and are set to continue in 2019.

Work in progress...

Colam Entreprendre, like any family or business, remains a work in progress. The Family Charter rules will be revisited in 2020 when the entire 6th generation has reached 18. In the shorter term, one of the Group's key priorities for 2019 is to open up to a wider business ecosystem. •



"During my internship in 2018, as Financial Assistant alongside Jérôme Baniol, Asia-Pacific SVP Finance, I was struck by Sonepar's commitment to compliance and how the Group's decentralized model provides added value to local teams. Working overseas enabled me to develop my interpersonal skills; a solid asset in the current business world."

+ Harold Breuvert,
Intern, Hong Kong

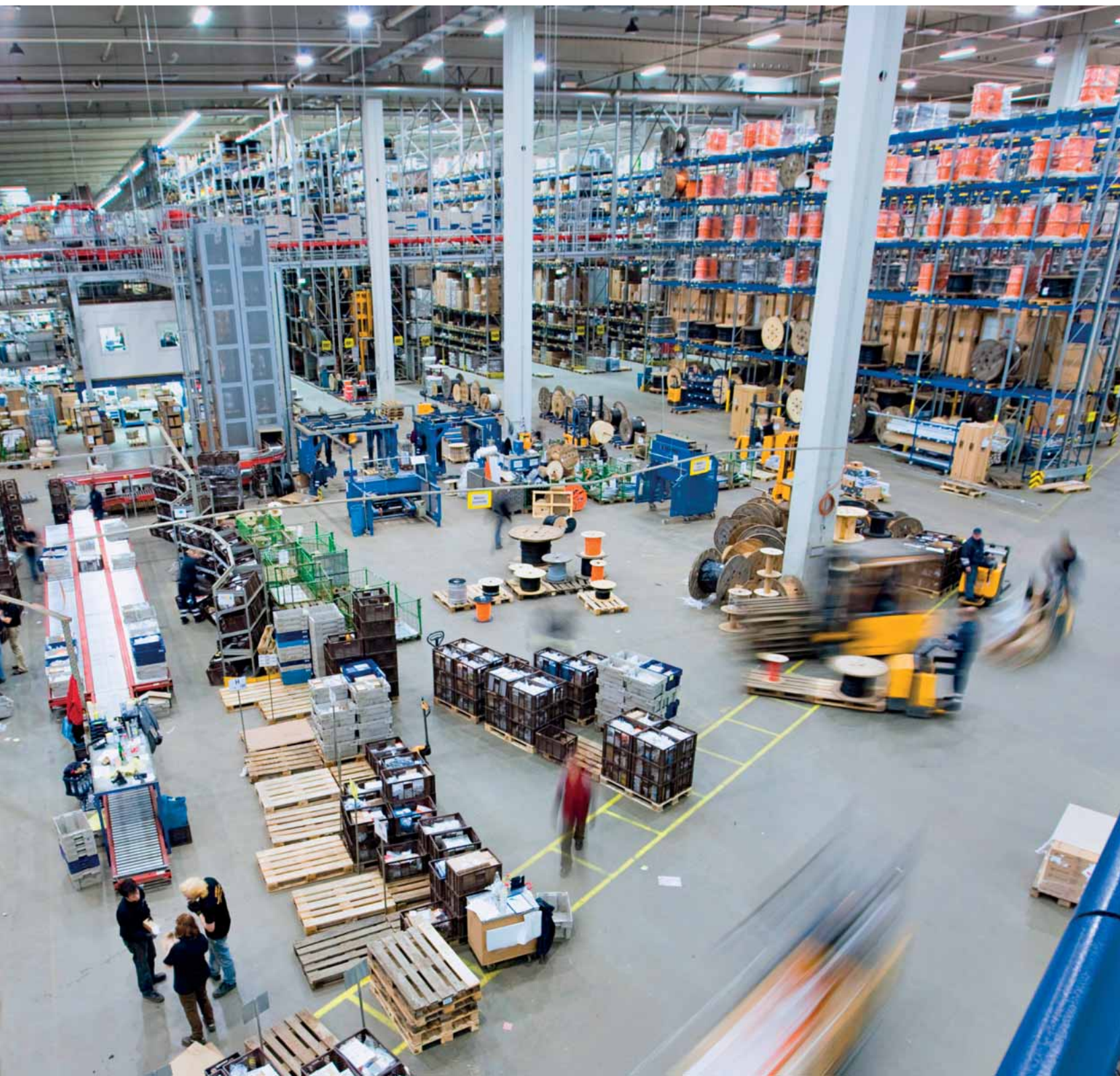


Increasing customer centricity

The digital revolution is generating extremely rapid changes which are affecting Sonepar at all levels. Switching to a digital enterprise means unlimited opportunities for Sonepar's customers, including increased customer services and support.









digital transformation Becoming “digital inside”

As Sonepar's recently appointed Chief Digital Enterprise Officer, Jérémie Profeta has the challenging task of increasing the Group's digital maturity to ensure that Sonepar becomes a digital enterprise.

“When I joined Sonepar in July 2018, I immediately identified that the Group has been leveraging digital technology for quite some time throughout our countries and that

our associates are fully committed to the switch to digital. Continuing the digital transformation is a key Group priority and part of our new five-year strategic plan. Assisting Sonepar's transition to an entirely digital enterprise will be a lengthy, complex, three-to-five-year process.

The transformation is not optional; it will make a long-term business impact and generate further growth.



An omnichannel approach, powered by digital

In a digital enterprise, silos are broken down and replaced by connected, transversal departments which are orchestrated to both cooperate and work together seamlessly. Our digital working methods have been reviewed, therefore, to create synergies between the Technology, Supply Chain and Omnichannel departments. These departments will now work as an integrated team to empower the countries with soft (policies, guidelines and standards, product shortlists, etc.) and hard (ERP, CRM, mobile apps, etc.) tools to accelerate the digital transformation. Our main short-term priority is to jointly establish a customer value-based, omnichannel, digital roadmap with our countries: this will help them to move from a supplier-centric to a customer-centric approach. Whilst many of Sonepar's industry competitors have developed a "digital outside" approach, we differ in that we are focusing on a "digital inside" strategy. By increasing our

digital maturity, we will generate customer relevance, meaning that we will be able to sell the right product at the right price from any device and channel and deliver, as promised, where needed. In transforming to a digital enterprise, Sonepar will meet its customers' expectations by continuing to improve the customer experience and increase productivity.

Sonepar's supplier processes and relationships are also part of, and improved by, the digital transformation: we will accelerate and improve the integration of new products which are being released at an increasing rate; improve how products are phased out; and increase information on new industry standards through supplier training and advice.

A three-to-five-year digital strategy

In 2018, the main priority was to build on Sonepar's solid digital approach by establishing a digital strategy which will gradually be rolled out between 2019 and 2024.

Accelerating the digital transformation in 2019

Sonepar's digital orchestra has all the necessary instruments but some need fine-tuning: we plan to provide each country with all the adequate

"The quantity of information at Sonepar represents both a major challenge and a huge opportunity."

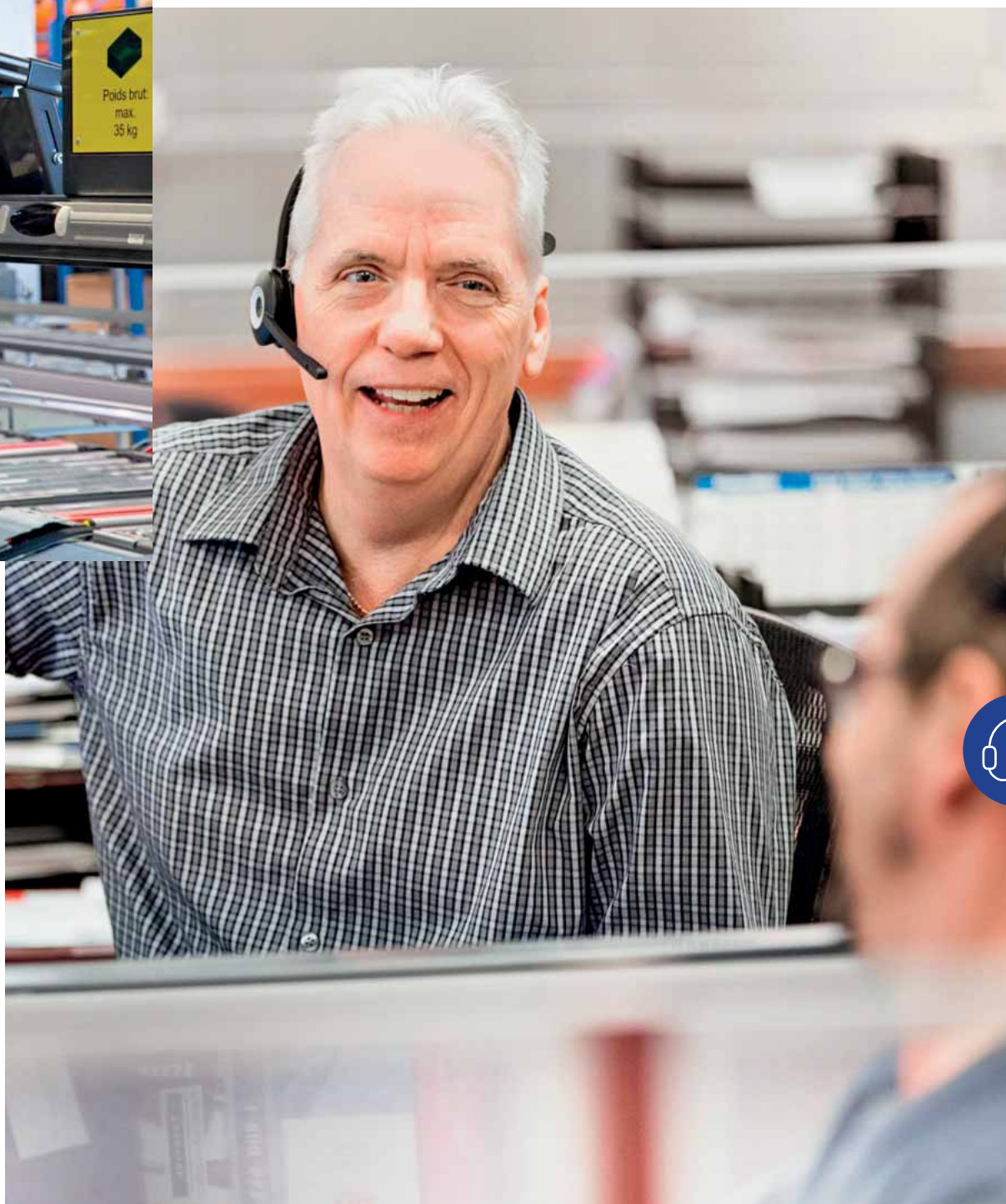
+ **Jérémie Profeta,**
Chief Digital Enterprise Officer



Sonepar's ever-improving webshops

Sonepar is committed to constantly improving its webshops throughout the world and new initiatives are implemented at an astonishing rate. Sonepar France, for example, launched a single-branded webshop (sonepar.fr) to replace more than thirty current URLs and various brands. SLO Finland, for its part, created a new, award-winning e-commerce platform which is already "La Référence" (the standard setter) in the Finnish market.





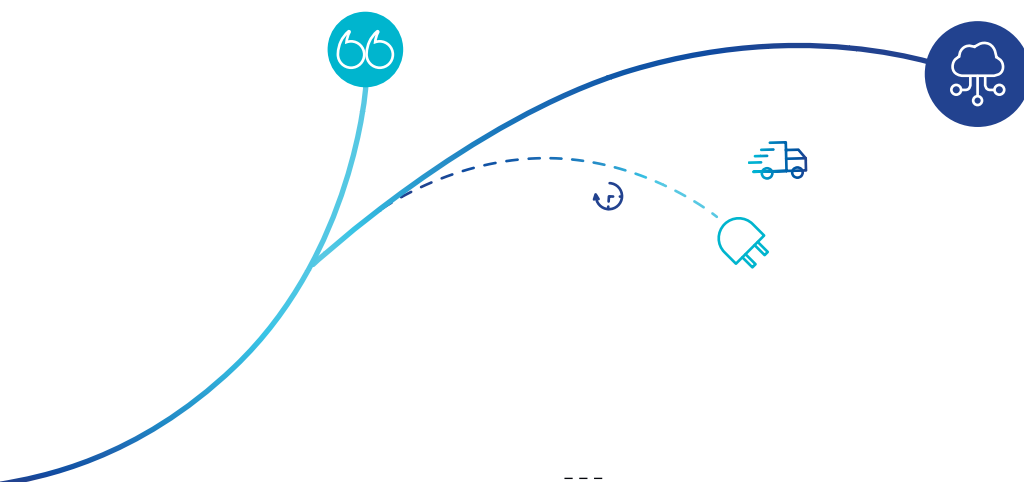
“At Cebeo, we decided to launch a Net Promotor Score (NPS) campaign to measure customer satisfaction. The campaign was a pilot for Sonepar and the results have enabled us to identify our quick wins and how to improve current, and implement new, projects. Thanks to the NPS campaign, in 2019 we will be focusing on customer services, customer care and in-house training.”

+ **Kurt Vandoorne,**
Head of Marketing and Digital Development, Cebeo, Belgium



New MobilShop in Hungary

Sonepar Magyarország (Sonepar Hungary) rolled out its MobilShop app in less than three months. This is the only mobile application in the Hungarian electrical wholesale market. The new product was marketed at various events, including the 11th Sonepar Fair during which more than 1,500 customers discovered the new e-business channel.



digital tools and processes to create solid digital foundations across the board. In 2019, Sonepar's digital priority will be to accelerate the digital transformation in selected countries and comprehensively modernize, harmonize, transform, anticipate and innovate.

Leveraging data as a strategic asset – Sonepar's data lake

The vast quantity of information at Sonepar represents both a major challenge and a huge opportunity. Our teams aim to firstly collect, structure and extract data to create quality, granular and cross-functional data which will then be selected and

used to provide the best possible customer experience. We will create an omnichannel experience and increase operational productivity by building relevant data systems to provide management teams with business intelligence and analytics to assist their decision-making processes. Data will be central to strengthening Sonepar's assets, reinforcing customer segmentation, and improving commercial efficiency (customer segmentation and product suggestion), internal processes and supplier relationships. Sonepar has made great headway in creating its own data lake and this will be achieved in the near future.” •



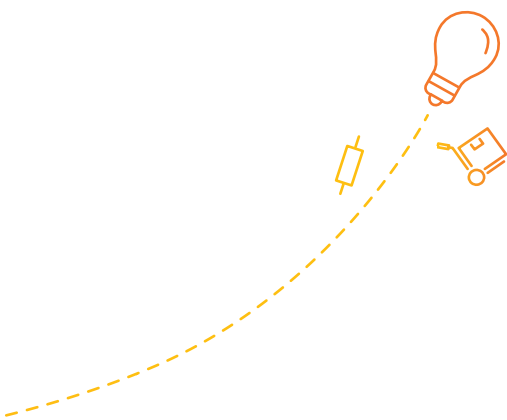


operational excellence

An efficient network for ongoing operational excellence

Sonepar's long-term commitment to customer satisfaction is stronger than ever as the digital revolution continues its course. Operational excellence means providing the best products, solutions, services and advice to customers in the right place at the right time. Sonepar's move to a fully-digital enterprise will

increase customer centricity and improve productivity and relevance. To meet such a complex challenge on a daily basis, Sonepar relies on its 46,000 dedicated associates throughout the world, impeccable organization, powerful logistics and a solid, omnichannel distribution network.



“SupplyFORCE delivers multi-category MRO (maintenance, repair, and operating) solutions to large Fortune 1,000 companies through their large network of trusted local member distributors and more than 2,500 branch locations. SupplyFORCE chose Irby as the 2018 TCO (total cost of ownership) Excellence Award recipient. The award recognizes Irby for going the extra mile to deliver value and drive savings.”

+ **Tim Park,**

VP Commercial & Industrial Sales and Operations, Irby, United States



A strong logistics network

Sonepar's increasingly efficient supply chain means that the Group can tackle challenges of every kind. The Group's cutting-edge equipment, digital technology and automated distribution centers are obvious strategic priorities for a company which is committed to customer

satisfaction. While the Group's supply chain is invisible to customers, it requires substantial investments, as well as highly complex, seamless operations. In response to this daily challenge, the Group works tirelessly to optimize logistics with large, centralized warehouses which are connected across the supply chain, and to ensure the availability of products and solutions, flexibility in ordering, and rapid, flawless delivery, along with the ability to offer customers integrated services.

Unequalled customer service

Sonepar's 2,800 international branches offer customers expert advice and handle close to 5,000 items in stock. The Group's showrooms display increasingly interconnected and innovative, end-to-end solutions under real operating conditions with specialized on-hand teams to assist customers with the design and implementation

of even the most complex projects, performing technical studies and audits when appropriate. Product renewal and the growing complexity of increasingly integrated and interconnected solutions means that product knowledge must be shared and consolidated. For that reason, the Group offers a wide variety of product training courses for its associates around the world and holds specific customer-training sessions.

As technology evolves, Sonepar offers a constantly expanding range of omnichannel digital solutions, hence empowering customers to access extensive product information anytime, anywhere, from any device with visibility on availability, delivery time frames, prices and relevant recommendations.





“The DW Roadshow is strategic in repositioning our brand in the electrical distribution and personal protective equipment markets. More than 700 professionals attended the fourth edition which showcased knowledge exchange, innovations and industry-trend forecasting. We showed how DW and our suppliers can help customers find optimal solutions for their projects, optimize their assets, reduce their maintenance costs and reduce risks.”

+ **Ricardo Garcia,**
Chief Executive Officer
Jaqueline Cordeiro,
Marketing Coordinator, DW, Brazil

“The Sonepar InnovationLab was launched to inform our customers and colleagues about future electrical industry trends. Visitors experience these trends and learn about Sonepar’s key topics through state-of-the-art technology. Pioneering design and interactive elements. The contents of customized per country and the InnovationLab can be booked Europe-wide.”

+ **Bernhard Köthenbürger**,
Marketing Manager, Sonepar Deutschland, Germany





"In 2018, Vallén was commissioned to supply electrical, personal protective equipment and spare parts for all General Motors plants in Mexico. The contract has just been extended for another four years and I believe that this is both due to Vallén's operational excellence and the fact that it is part of the Sonepar Group."

+ **Daniel Castro,**
General Motors Account Manager,
Vallén, Mexico



Spotlight on e-commerce

The 10th edition of the Salon Lumen, Quebec's largest electrical technical trade show, was held in April 2018. The event utilized 50,000 square feet, 125 booths and was attended by a record-breaking 6,500 professionals who were able to benefit from technical seminars and training classes. The 2018 edition showcased e-commerce with a VIP conference on artificial intelligence and industry 4.0. Lumen featured their digital solutions and technical capabilities and reinforced why they are Quebec's leading electrical wholesaler.

Product Management Teams (PMT)

The role of the Product Management Teams is to implement at country level the International Suppliers Committee and Sonepar Executive Group decisions in terms of business development, product portfolio and supplier management. Sonepar has dedicated PMTs for Asia-Pacific, Europe, Latin America and North America to cater for market specifics and dynamics.

Accelerating Sonepar's services offer

Sonepar is gearing up to face new market realities by improving our strategic marketing capabilities and providing enhanced support to the Group's strategic suppliers and Sonepar operational companies. This role is performed by Sonepar International Services (SIS) whose main objective is to support the group in developing growth opportunities. In 2018, and in line with Sonepar's five-year plan, the Marketing Department's priority was to establish a clearer overview of the Group's markets and its product and customer bases. Two major projects were launched in 2018.

- The first was the creation of Sonepar's Global Suppliers Portal. The portal will improve the data exchange in terms of quality, speed and content. The Global Suppliers Portal intends to strengthen vendor relations and accelerate business development with key Sonepar Suppliers for sustainable and profitable growth. In this purpose the Sonepar data lake is under construction.

- The second major project in 2018 was the creation of a fully digital global sourcing platform. This platform will offer to Sonepar's Operating Companies a complementary e-catalog with non-electrical products portfolio. The team, based in Shanghai, started to operate early 2019.

Standardizing product and customer segmentation

In 2019, Sonepar's strategic marketing priorities will be to consolidate and update 2018's strategic five-year plan and also to focus on developing the Group's strategic marketing analysis via improved market intelligence data analytics. Sonepar is standardizing its segmentation and, in particular, creating a joint customer segment approach for the entire Group. Close collaboration with the Digital Department on all its current projects, and also in its vital tasks of collecting data, ensures that data is permanently reviewed and updated. ●





human resources Powered by Difference

For Sara Biraschi Rolland, Chief Human Resources Officer: “At Sonepar, people come first. The Group is making major investments to accompany its associates through their career path and the digital transition. Sonepar’s commitment to its associates is demonstrated around the globe by the company’s highly decentralized structure which ensures flexibility and autonomy, along with the power of shared processes. The Group strives to accelerate its performance by attracting the best talent and fostering commitment. 2018 was a year of consolidation in which Sonepar reaped the results of its ambitious 2016-2018 human resources plan. The plan was established in cooperation with the countries and the International HR Committee to consolidate Sonepar’s

HR foundations via three interlinked projects: Employer Branding, Organizational Development and Talent Management. One of the key highlights in 2018 was the launch of “Powered by Difference”, Sonepar’s unique employer brand which gives the Group a leading edge in the talent market.

The collaborative project was coordinated across functions, countries, and headquarters, and was immediately met with great enthusiasm from associates, Sonepar’s ambassadors. In terms of organizational development, Sonepar implemented dual reporting between geographical and functional leaders in the Finance, Human Resources and Legal departments, to improve alignment, leverage functional expertise across the Group and highlight local talent.

For the first time, talent reviews were carried out as part of the Sonepar leadership model and have become essential as a means of boosting succession planning, internal promotions, careers and development. Sonacademy, Sonepar's corporate university, supports our associates' with tailor-made programs including Diving into Sonepar and serious games for Customer Service and Negotiation Skills. Last year, the Group pursued the implementation of a global HR information system to digitally manage and support HR processes and help associates to connect with each other faster by identifying and mapping experts in the different domains. Sonepeople, Sonepar's associate database, is concrete proof of the Group's commitment to providing a digital user experience for all. The real-time database will evolve in 2019 and will be gradually rolled out to all countries within the next five years. It will include features such as performance and talent reviews, career succession and development, compensation and rewards, and a learning catalog and job base. In 2018, a survey was held to establish our leaders' views

on transitioning to a high-performing digital organization. A total of 19 Sonepar executives and experts were interviewed, and their feedback will be integrated into the Sonepar leadership model.

Committing Sonepar's associates to a long-term future

Sonepar's future lies in its associates' capacity to adapt, be flexible and remain united. Now that we have started to establish Sonepar's talent pool, the next priorities will be to identify all talents locally, decide how to manage data, create career paths,

promote internal development, build succession planning and develop new competencies as the Group moves forward. Sonepar will be primarily focusing on helping its associates adapt to, and adopt, the new processes that digitization will generate. These priorities form part of the Group's five-year strategic HR plan which is built on three axes:

1. The associate experience

The main aim of the associate experience is to promote fair and individual career development, ensure the right people are assigned to the right role, cascade the Sonepar leadership model and attract external talent.

2. A highly efficient organization

With performance as the key driver, HR use selected KPIs to structure activity follow-up and generate a highly efficient organization: HR follow-up; the correlation between performance and rewards; best organizational model design; and the analysis of existing gaps.

3. Leadership

The coming years will be dedicated to ensuring that the Sonepar leadership model is embedded in Sonepar's culture and that everyone is onboard." •

"We aim for consistency and efficiency across the board in Sonepar whilst staying close to our values."

+ Sara Biraschi Rolland,
Chief Human Resources Officer



Powered by Difference: a unique employer brand

Sonepar's strong family roots, years of experience and global reach mean that we occupy a unique position in the market. Through our employer brand, we raise awareness of our career opportunities, differentiate ourselves from our competitors, and establish Sonepar as an employer of choice. As a decentralized company, we are used to operating at a local level. When targeting talent, however, leveraging our international presence is a must; our employer brand makes this possible.



Mentoring program in Brazil

The Mentoring Process was launched in September 2018. The program was created to develop potential talent and is part of the Nortel/Etil New Talent Program. Twenty-two participants chose a trained mentor to guide them over the course of a year. Even though the program is only halfway through, positive results have already been obtained due to high-level participant and mentor commitment.







sustainable development Accelerating the energy transition

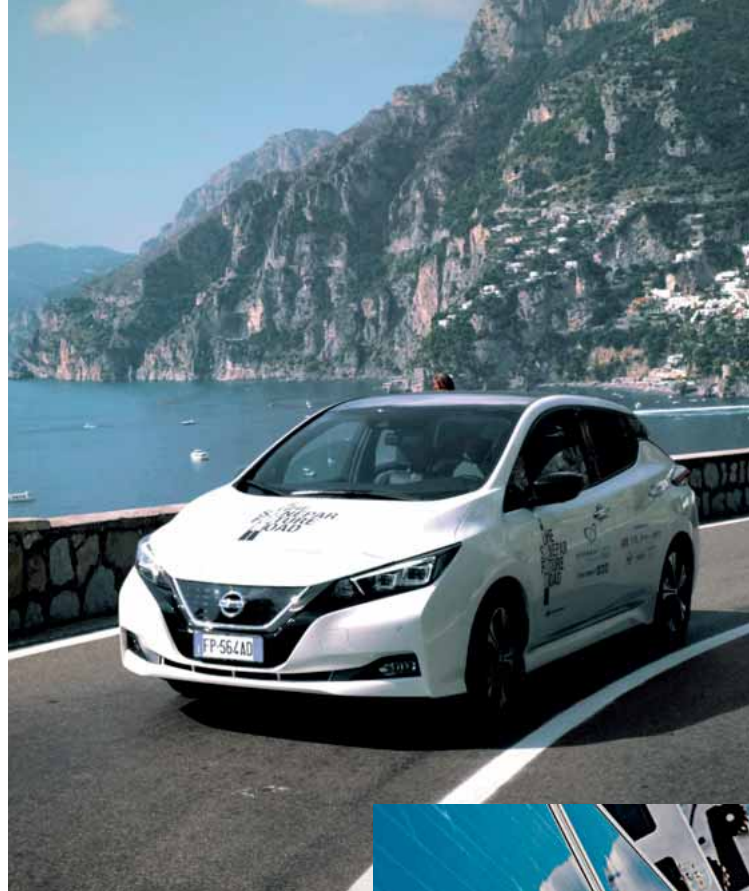
Sonepar is committed to global, responsible, sustainable development. For Matt Potheary, VP Group Communications and Sustainable Development: "The Group takes good care of its people and strives to mitigate its day-to-day impact on the environment and aims to be a responsible actor in the business environments and ecosystems in which it operates. Upon the impulse of its family shareholding and the expectations from customers,

consumers, suppliers, associates and future talents, it has become important for Sonepar to develop a new long-term sustainable development strategy, capitalizing on all the existing initiatives. As a global leader in the building and industry sectors (which represent respectively 82% and 50% of estimated energy savings), Sonepar is at the heart of the energy transition. The Group is fully committed to placing the planet at the core of its business activities



“The Sonepar Future Road tour, an electrical-vehicle road trip, was the first in its kind to have been created and managed by an electrical distributor. 500 customers took part in the seven-stage, tour which ran from Sardinia to Padua. The event focused on showing how Sonepar Italia plays a central role in sustainable development.”

+ **Davide Lombardi**,
Marketing and Digital Manager
Fabio Matta,
Promotion and Communication
Specialist of Central Division,
Sonepar Italia, Italy



and is preparing for future energy transition challenges around four pillars:

Bring energy-efficient solutions to the market.

As a distributor of electrical material, solutions and associated services, Sonepar is in the front line to answer customers' requests related to energy savings, energy efficiency and renewable energy production. The Group intends to meet the energy transition head on by offering a wider range of innovative energy-management solutions and energy-efficient products. Sonepar also promotes complementary services, develops configurators and increases strategic partnerships with suppliers.

Empower people to lead transitions.

Sonepar will prepare both its customers and associates for major future developments through awareness programs and training. Through the 'Powered by Difference' strategy, the Group is focusing on becoming an employer of choice and is currently reviewing its leadership model. By preparing associates to

adapt to new situations, to dare to appropriately challenge the status quo and to learn and (self) improve, they will be able to take initiatives, delegate and empower others.

Reduce its environmental footprint.

Even if numerous carbon-neutral initiatives are continually being implemented in Sonepar's branches in 44 countries around the globe, there is still progress to be made. The Group, therefore, intends to optimize its supply chain, measure CO₂ emissions, establish a CO₂ reduction plan and adequate waste-management procedures, both inhouse and for its customers.

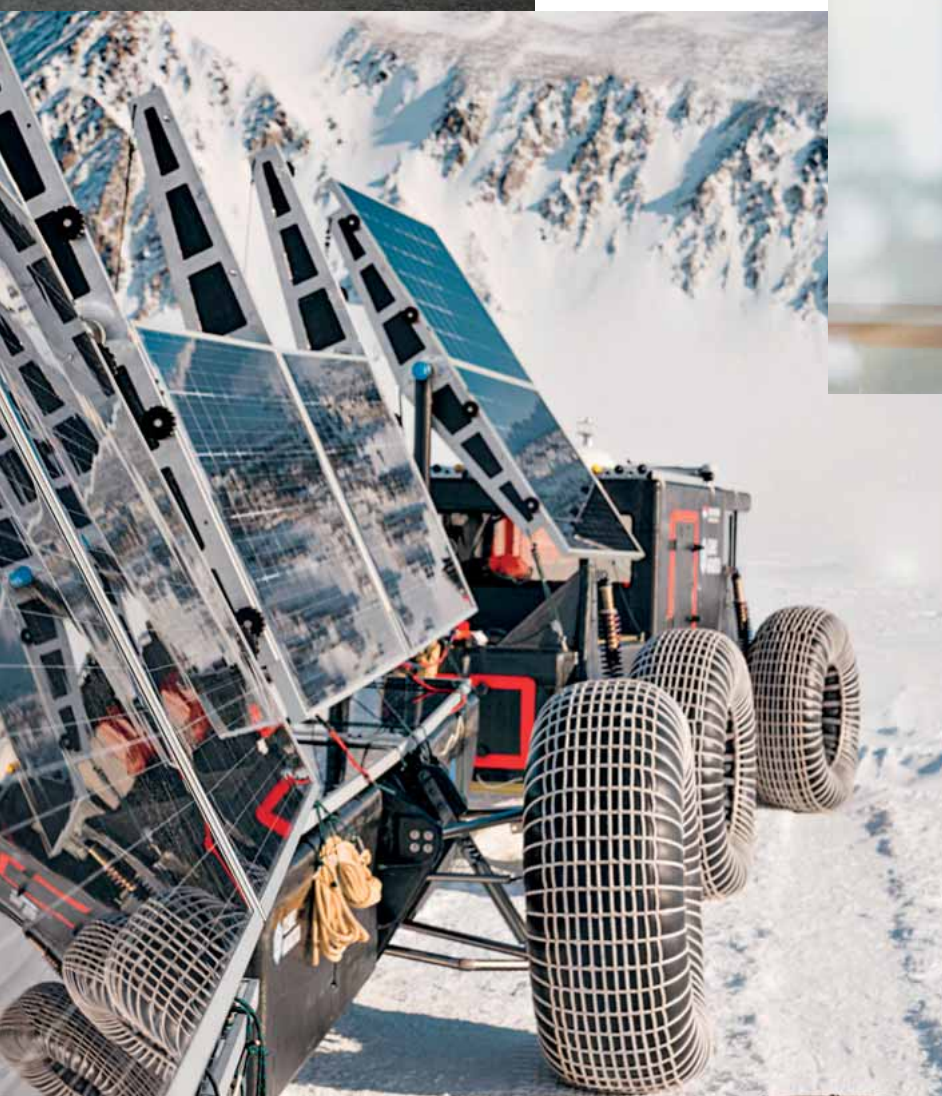
Positively impact communities via energy initiatives.

This goal has characterized Sonepar from its inception. In day-to-day practice it is reflected in the Group's work to foster countless Group subsidiary initiatives to serve nearby communities in the field. These projects also help to raise energy-saving and environmental protection awareness.” •



“Sonepar will establish a clear vision, ambition and indicators for its sustainable development strategy, in which our associates will be positioned as the Group’s key development drivers.”

+ **Matt Potheary,**
VP Group Communications and Sustainable Development



Clean2Antarctica expedition

As Technische Unie actively supports its stakeholders in the transition to a sustainable world and a circular economy, sponsoring the Clean2Antarctica expedition was an obvious choice. The first solar-powered expedition to the South Pole set off in a vehicle made of plastic waste. The sailing “think tank” will accelerate change by encouraging students and young professionals to work on real-world solutions for sustainability challenges. For Technische Unie, the project is in line with its waste-reduction program.



Delivering sustainable solutions

At Sonepar, we strive daily to invent tomorrow's solutions. Our associates' innovative and sustainable ideas and initiatives drive the Group forward and open up new horizons for our customers.



Upgrade of
the electrical
installations for
the Corcovado
in Rio de Janeiro,
Brazil.



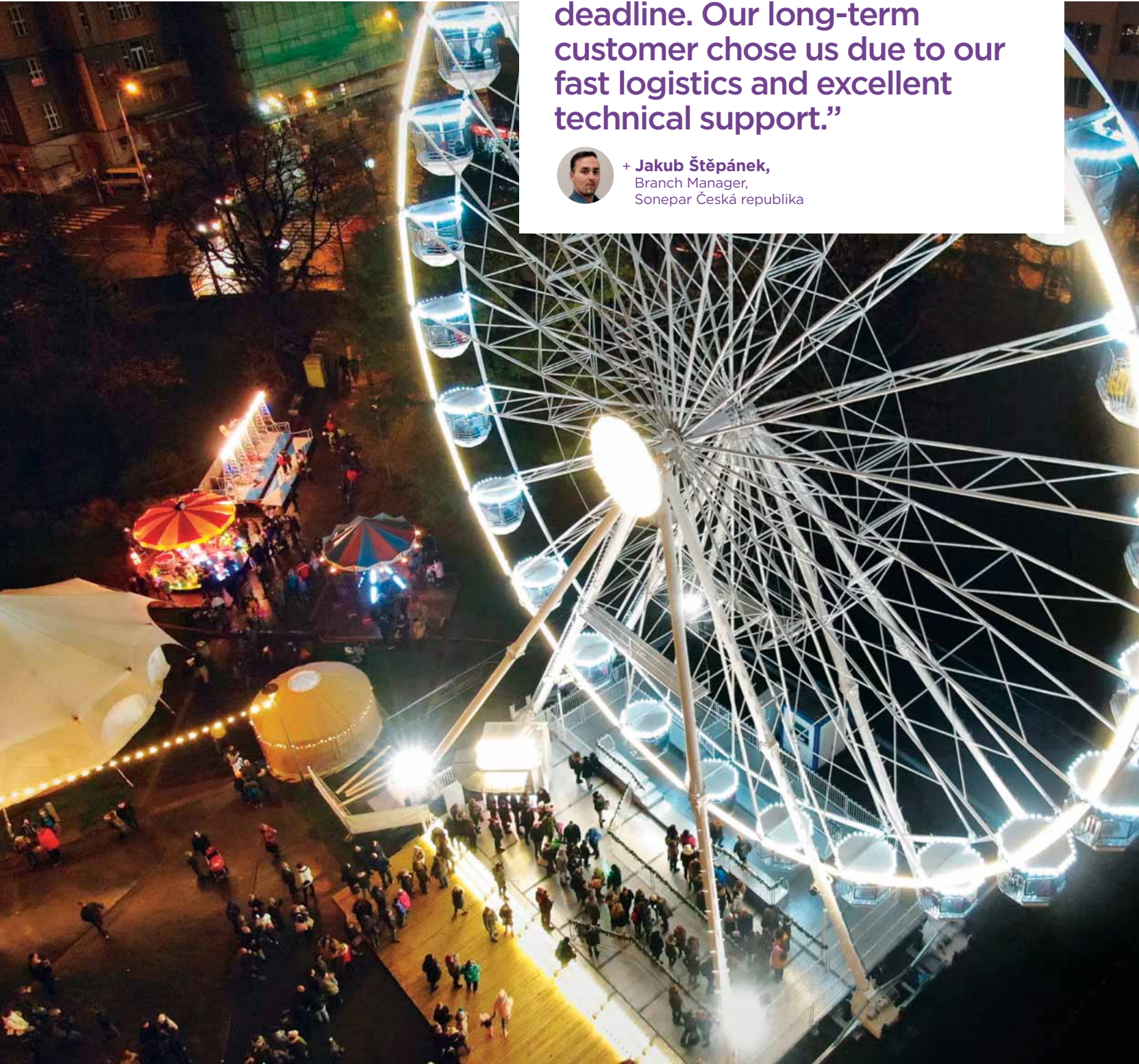
Sonepar - 2018 Panorama

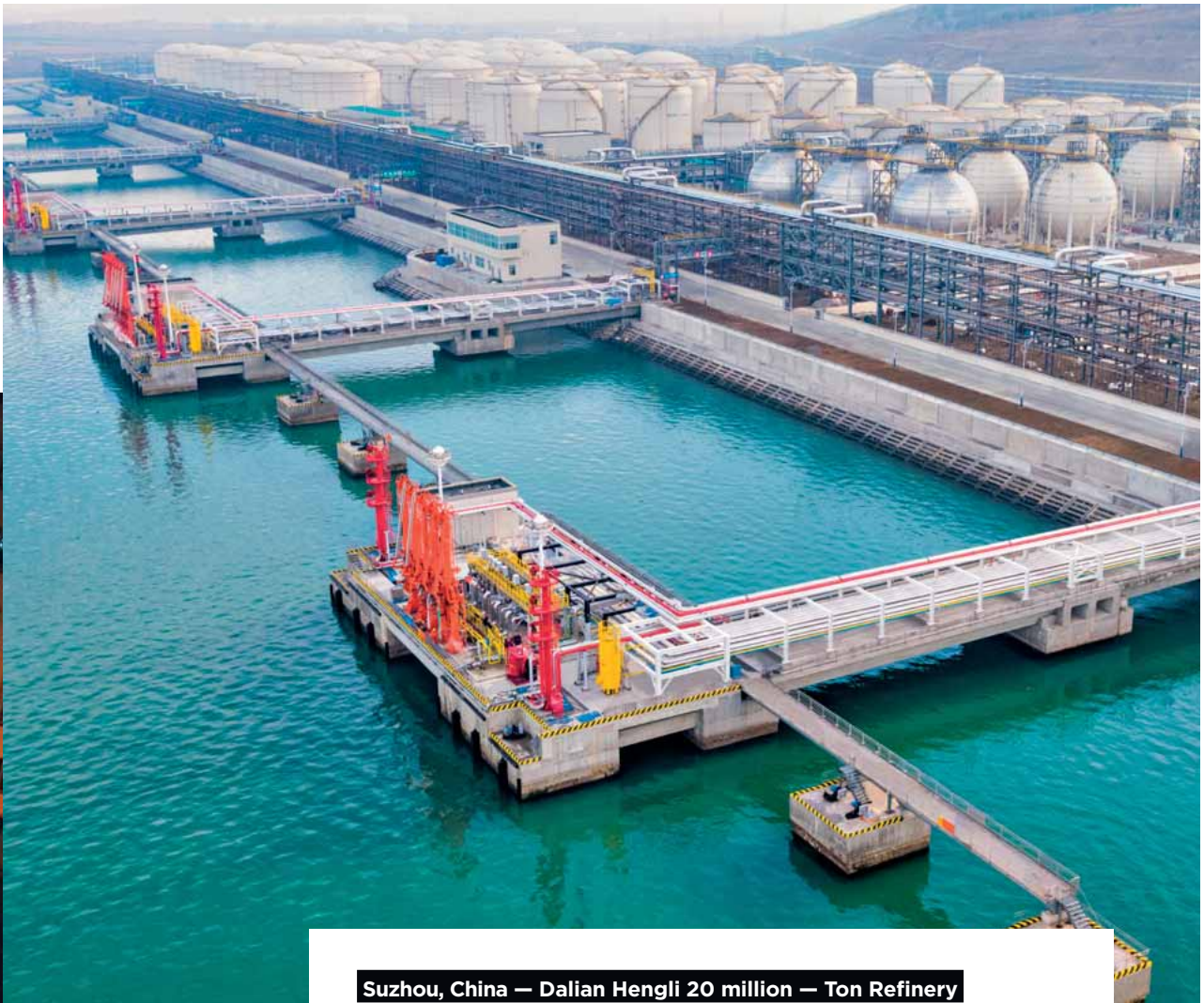
Brno, Czech Republic — Ferris wheel

“We provided cables, connectors, safety features and designed high-performance LED reflectors for this project which ran on a very short deadline. Our long-term customer chose us due to our fast logistics and excellent technical support.”



+ **Jakub Štěpánek,**
Branch Manager,
Sonepar Česká republika





Suzhou, China — Dalian Hengli 20 million — Ton Refinery

“Hagemeyer China provided the low voltage electrical distribution package for the assembly of the 2,000 power distribution cabinets used in this project and offered comprehensive customer support throughout the entire process. The project was finalized in February 2019.”



+ **Lisa Gao,**
Sales Engineer,
Hagemeyer China



Eeklo, Belgium — General Hospital Alma

“Our customer required both technical and logistical support for this two-year project for which we supplied general electrical equipment and data center components. Our experience meant that we provided added value through our ability to act as an interface for all involved.”



+ **Rik Desmet,**
Key Account Manager,
Cebeo

Paris, France — The new Roland-Garros

“This massive-scale project required high-level professional expertise. We were commissioned to provide on-site logistics including low and high voltage power installations and 250 km of cables.”



+ **Michael Sillam**,
Commercial Specialist,
Sonepar France Interservices

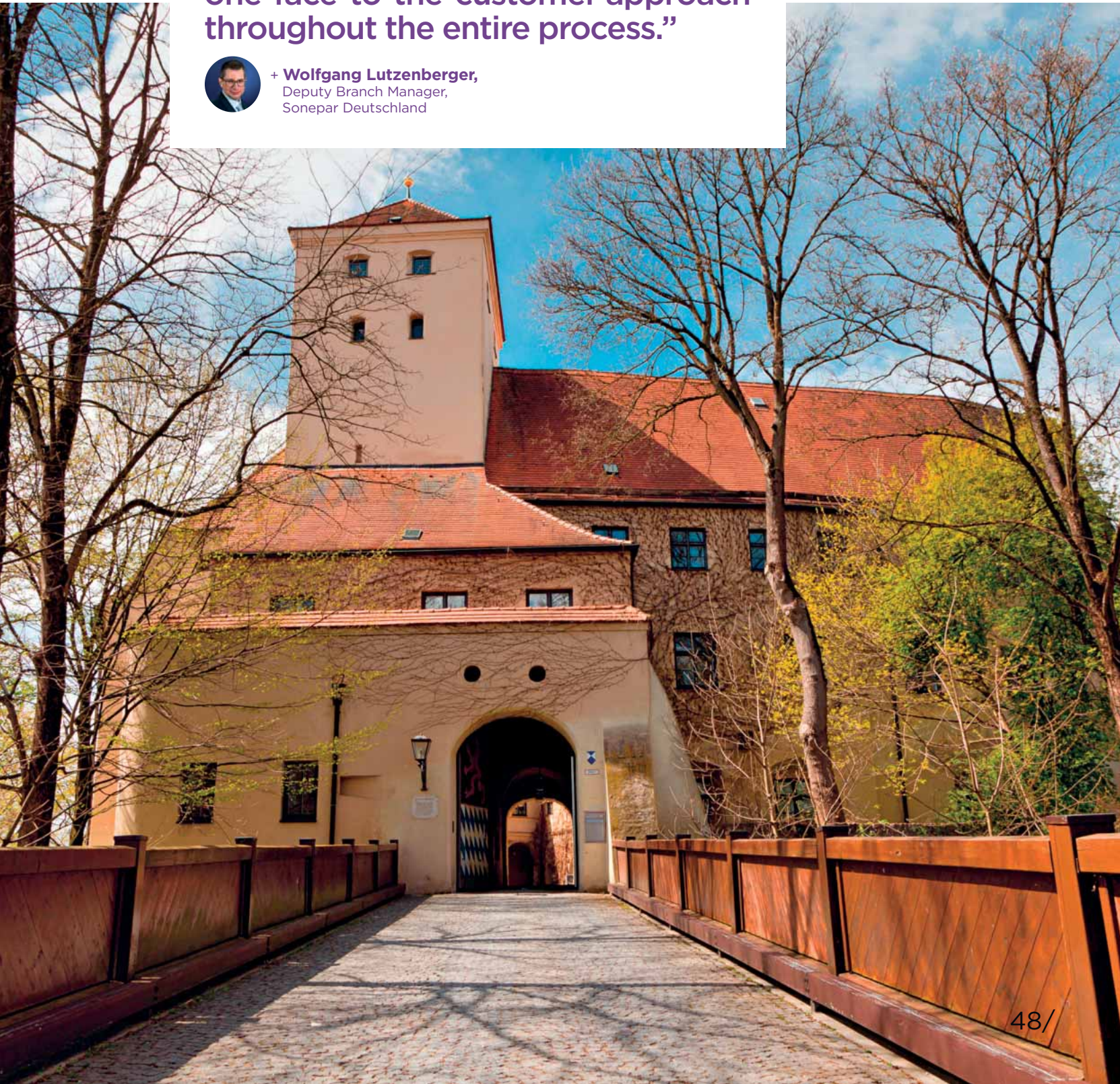


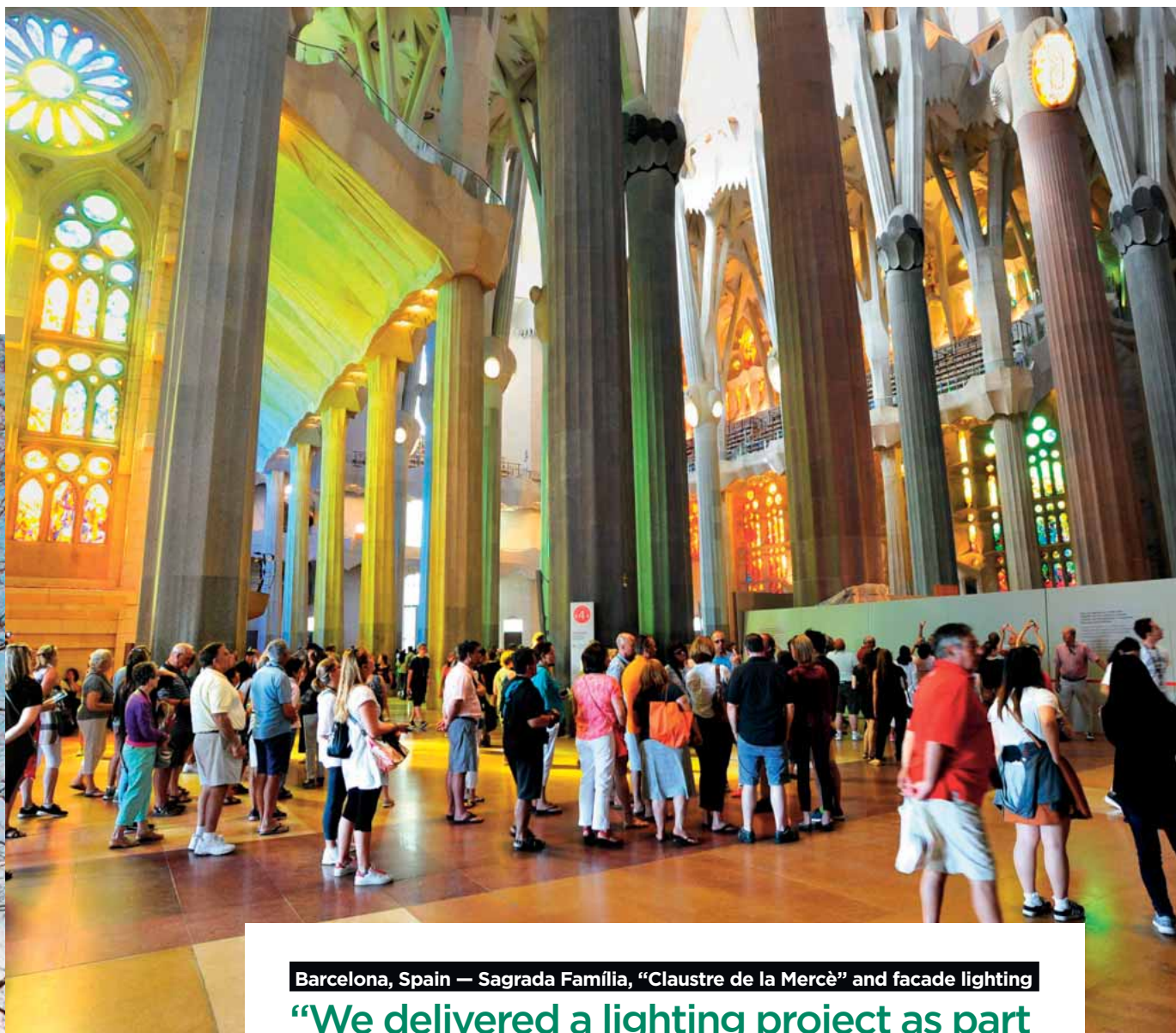
Friedberg, Germany — Wittelsbach Castle

“Our company contributed the cable and wire installation material and building systems technology for the restoration of this listed castle. We simplified the project for the customer by guaranteeing a one-face-to-the-customer approach throughout the entire process.”



+ **Wolfgang Lutzenberger**,
Deputy Branch Manager,
Sonepar Deutschland





Barcelona, Spain — Sagrada Família, “Claustre de la Mercè” and facade lighting

“We delivered a lighting project as part of the permanent illumination of an interior area of the Sagrada Família. We will also light other parts of the building like the remaining towers, in construction, which will be the tallest ones. Our in-depth product experience and site knowledge were key in winning the project and we have been commissioned for further work.”



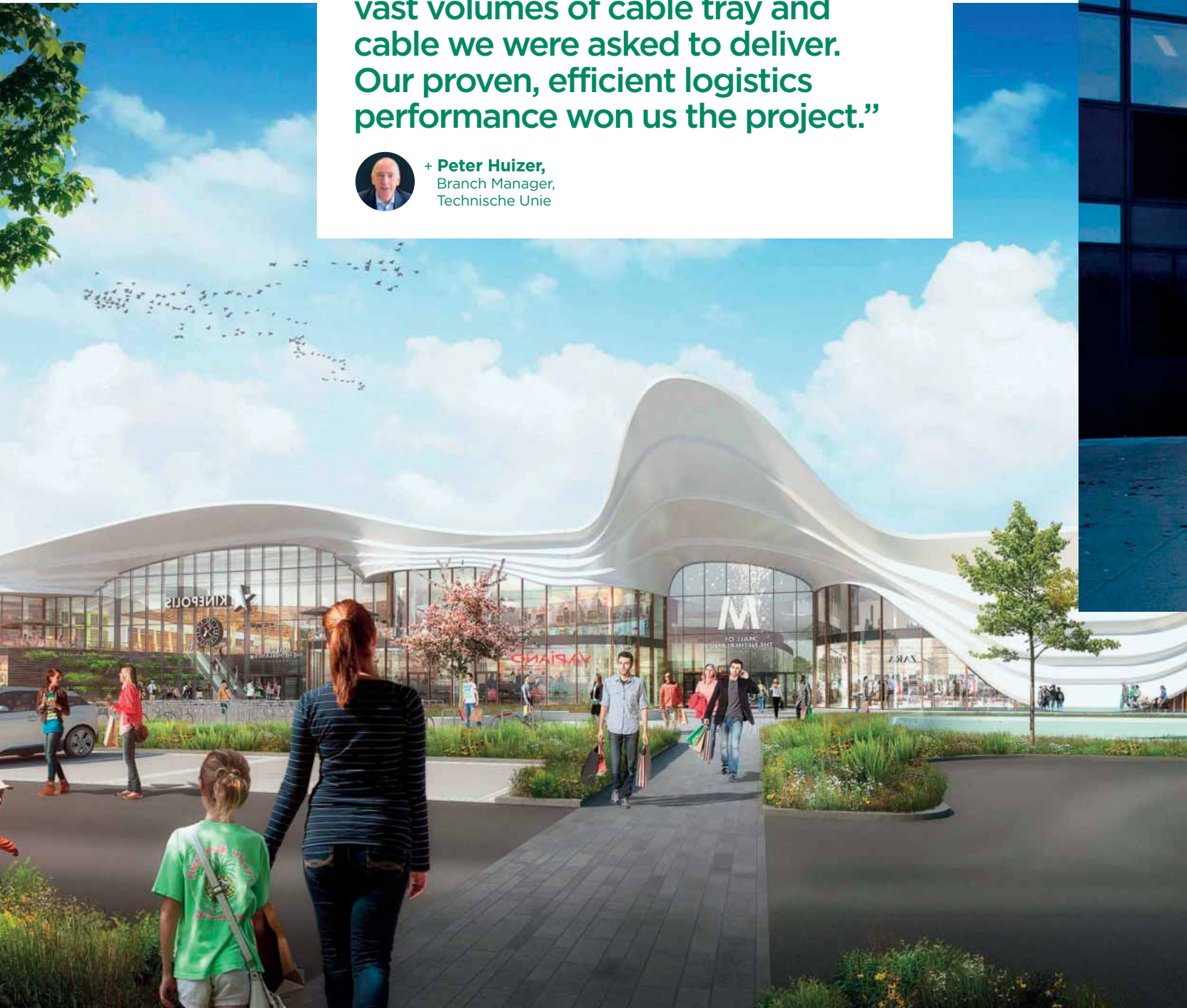
+ **Fernando Rojo Mardones**,
Lighting Project Director,
Dielectro Balear

The Hague, the Netherlands — Mall of the Netherlands

“This shopping center overhaul is our biggest contract ever and was challenging in terms of the vast volumes of cable tray and cable we were asked to deliver. Our proven, efficient logistics performance won us the project.”



+ **Peter Huizer**,
Branch Manager,
Technische Unie





Wick, Scotland — Wick High School

“The Excel cabling infrastructure solution we provided was designed with the school and the wider community in mind to mirror the community’s pride in the project. Our brand’s reputation, coupled with prior experience with the product range, gave our customer confidence.”



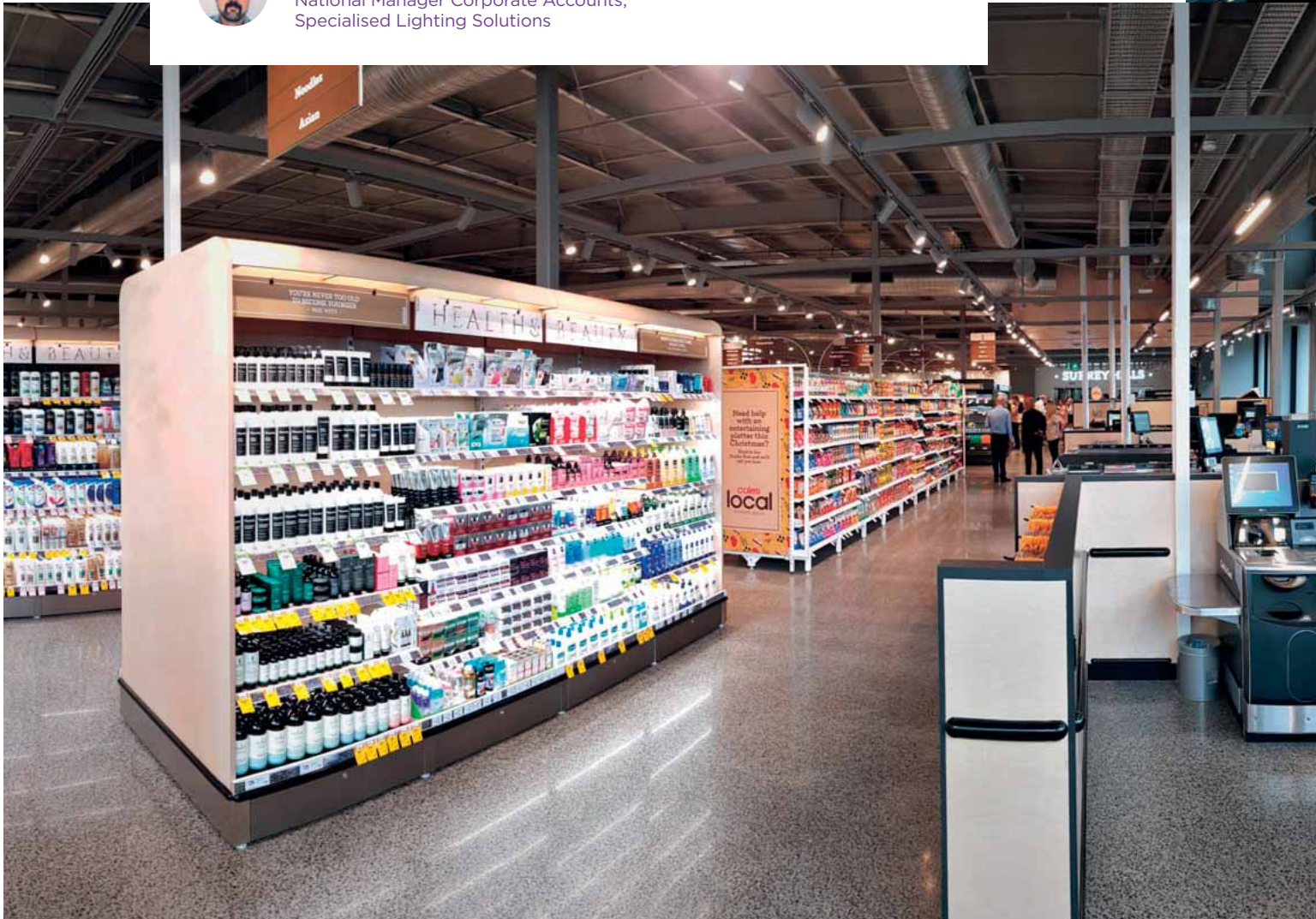
+ **Drew Alexander,**
Account Manager,
Mayflex

Melbourne's Surrey Hills, Australia — Coles Local Surrey Hills

“We were commissioned to provide bespoke, energy-efficient LED lighting and a luminaire infrastructure profile as part of the project to develop the first small-format supermarket. Our thorough specification understanding and ability to provide a compliant lighting design made us the preferred solution provider for this project.”



+ **David Haegens,**
National Manager Corporate Accounts,
Specialised Lighting Solutions





New York City, United States — LaGuardia Airport, Delta Terminal

“We were required to deliver substation equipment for this very challenging project which needed precise coordination between four major manufacturers. Our past performance and experience with the building team meant that the project ran smoothly.”



+ **Joe Tobia,**
Senior Account Executive,
Cooper Electric

Local presence, global reach

Europe



Americas



Asia-Pacific



Find out more about Sonepar's operating companies at: www.sonepar.com

(1) Brand operating in more than one country.

(2) Brand to become Sonepar Connect (French market).

A few words of thanks...

Thanks to all our customers who agreed to let us present and share their accomplishments.

Thanks to the associates who provided the testimonials featured in the printed or digital Panorama 2018.


Thanks to those who let us use their photos to illustrate our materials.

Thanks to all the members of our Group for their daily, constant and passionate commitment to service which helps our customers succeed in what they do.

And most importantly, thanks to all our associates for helping us achieve our shared goal of being “La Référence”.

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