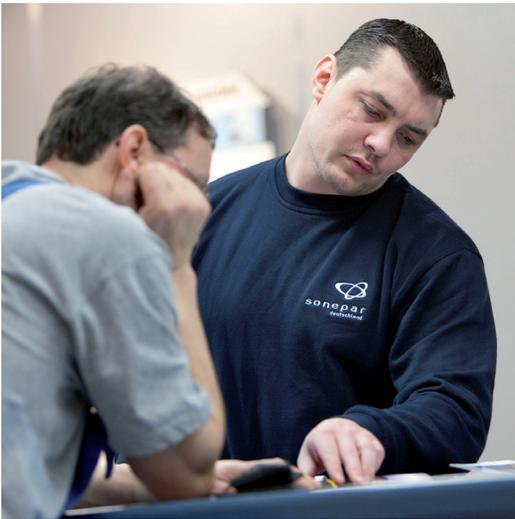




2014 PANORAMA



**ASSISTING OUR CUSTOMERS
IN A WORLD OF CHANGE**





2014 PANORAMA
FOR ADDITIONAL CONTENT
panorama.sonepar.com





We are an independent, family-owned group with global reach. Our job is to make life easier for our customers.

We span a variety of specialties in the B-to-B distribution of next generation electrical products and solutions.

We are constantly expanding our product and service range so that we can meet our customers' needs.

We support our customers as they develop their business, we work to strengthen our partnerships with suppliers, we invest in the skills and passion of our associates and we make sure they get to share in our success.

What enables us to grow our business is outstanding service, strong customer engagement and a pioneering approach that weds local, hands-on experience to global strategy.

We operate on the basis of shared values, rules of governance and principles of action, because sound, sustainable growth is our goal.

We intend to be, more than ever, "*La Référence*" in our industry.

We are Sonepar.

SONEPAR IS THE WORLD'S NUMBER ONE B-TO-B DISTRIBUTOR
OF ELECTRICAL PRODUCTS AND RELATED SOLUTIONS

17.2

BILLION EUROS
OF SALES

2,600
BRANCHES

41

COUNTRIES

40,000
ASSOCIATES

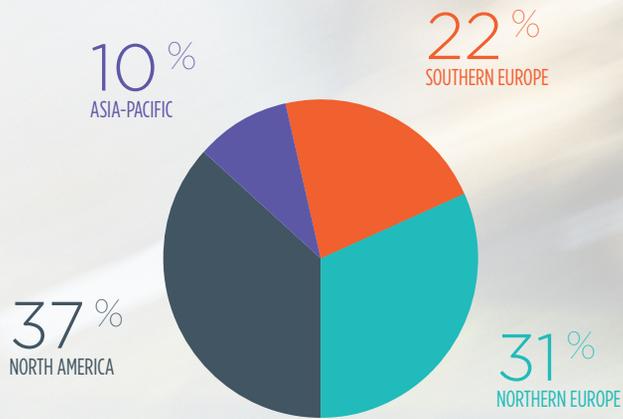
224

ENTITIES

700,000
ORDER LINES PER DAY

31 DECEMBER 2014 FIGURES

REGIONS



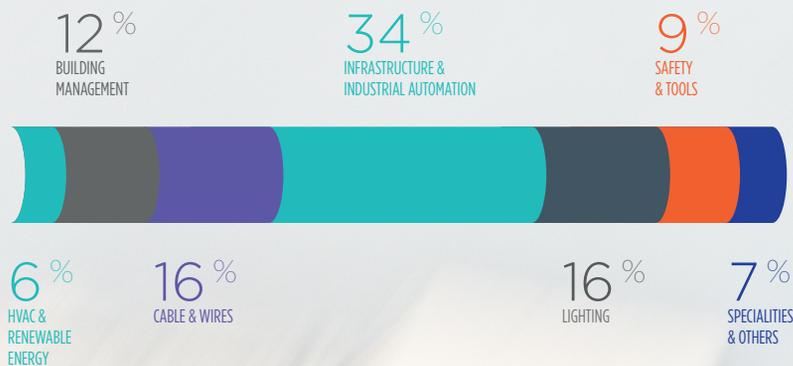
MARKETS



CUSTOMERS



PRODUCTS



SONEPAR IN 2014

CONTENTS



GROWTH



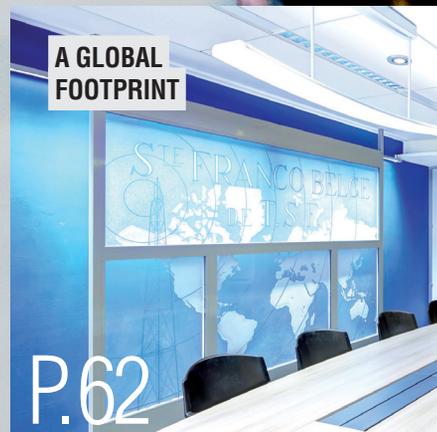
P.36

SUSTAINABILITY



P.50

A GLOBAL FOOTPRINT



P.62



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SOLID, SUSTAINABLE GROWTH

The Executive Chairman and the CEO trade views on the company in 2014.



MARIE-CHRISTINE
COISNE-ROQUETTE

EXECUTIVE CHAIRMAN



FRANCK
BRUEL

CHIEF EXECUTIVE OFFICER

MARIE-CHRISTINE COISNE-ROQUETTE: In 2014, Sonepar operated in what was still an unstable, uncertain environment. Yet the Group continued to grow, following more than ever a strategy geared to solid, sustainable growth. We achieved that through investment, which supported the outstanding work of our executive leadership and all our associates. It goes without saying that I am grateful to them, and as confident as before in their ability to keep us on track for success. But to make that happen, we definitely need to do more to turn our growth into earnings.

FRANCK BRUEL: Our results in 2014 represent an average that doesn't show the contrasting situations the Group has been confronted with. We were dealing with no or almost no growth in Europe, whereas we benefited from the unquestionable upswing in the U.S., particularly in industry. Our recent acquisitions there also worked to our advantage. At the same time, we continued to progress in Asia, where growth was high except in the Pacific sub-region. And lastly, we benefited from stable copper prices. In such a complex, uneven environment, the Group consolidated its number-one status in local markets and continued to invest in Europe, both to expand capacity and upgrade facilities, while maintaining our

vigorous external growth drive. Sonepar today is a stronger, more balanced organization in both geographic and business-sector terms. We have succeeded in gaining ground in high-growth areas and improving or maintaining our positions in no-growth markets. External growth in 2014 involved some twenty strategic acquisitions in all four of our Regions. We also took further steps to optimize our structures with the constant aim of enhancing customer service. In addition, the appointment of younger executives to head four major country organizations highlights our will to look ahead and prepare for the future.

MARIE-CHRISTINE COISNE-ROQUETTE: That's true. We have continued to progress around the world and to bring new talent on board. 40,000 associates are now working in the forty-one countries of the Group. But our growing size shouldn't distract us from the people issue, because our associates are crucial to keeping Sonepar a solid, responsive organization. Our belief in the power of trust, in the value of day-to-day initiative by associates in the field to respond to local customer needs—with corporate support when the issues are global—is what explains our commitment to delegation of authority and empowerment in all of our structures. Every associate should

**BUILDING
ON PAST SUCCESS
TO ENSURE
FUTURE
SUCCESS**



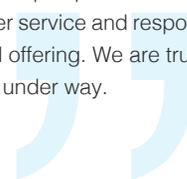
be proud and glad to work for Sonepar. We are strong because we share a passion, an understanding of how the business works and a determination to go further.

FRANCK BRUEL: A long-range outlook shapes our approach. The Mission Statement makes it clear what our shareholders have in mind. Their ambition and their request is that we bring our sales up to the €50-billion mark, which amounts to a continuation of our previous performance. To reach that goal, all Sonepar managers turn to our Mission Letter for guidance. It's a managerial "toolkit" that gives us tremendous scope for action. Across our globally operating Group, everybody knows his or her business and geography and knows how to manage that. And we all share the same values, starting with passion.

MARIE-CHRISTINE COISNE-ROQUETTE: In 2014, the family shareholders responded to the effective work of our managers with renewed commitment, showing that they are proud to support and participate in the Sonepar story. They take courses, get involved and make every effort to pass on their own enthusiasm to the younger generation. They believe in our policy of giving associates a share of the value they help create, so they support the various options for making them Group shareholders. In 2015, we will be taking our associate shareholding policy further,

because it reinforces the bond between the work performed by our associates and the commitment of our family shareholders. This is an asset that gives Sonepar added vitality.

FRANCK BRUEL: Indeed. We will be operating in 2015 with the same mindset as in 2014: confidence and vigilance. We are confident in our solidity, our size, our cohesion, the validity of our decentralized approach, our enhanced geographic and business-sector balance and our customers' recognition for the value we add. But we also pay close attention to the shifts brought about by digital and by technological change in the energy industry, which we are connected to. Even more than in the past, we keep a pulse on our markets and how they are evolving toward greater service and responsiveness. That's why we now have an omni-channel offering. We are truly determined to stay abreast of the transformations under way.



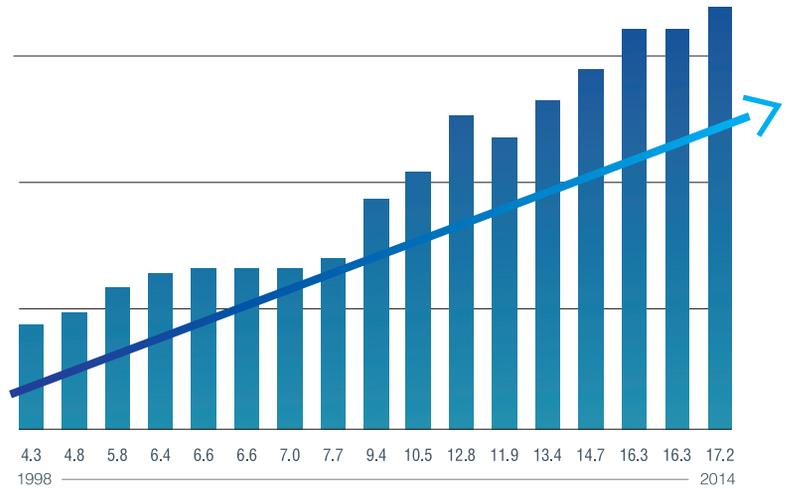
SOUND FINANCES

SALES PERFORMANCE

Despite an economic environment that remains tough and uneven, Sonepar achieved sales of €17.2 billion in 2014, with growth averaging 10% a year over the past several years.



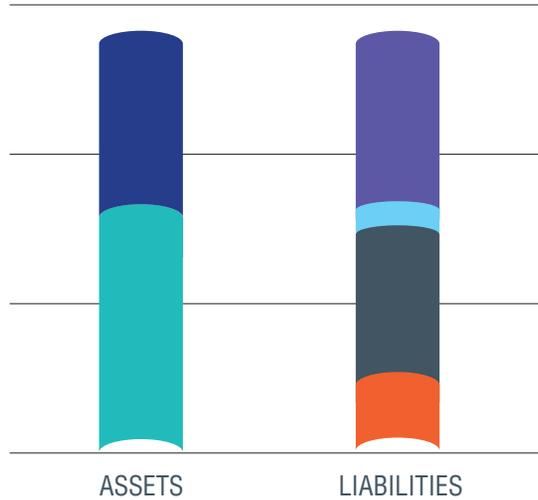
SALES IN BILLIONS OF EUROS



FINANCIAL STRUCTURE AND DEBT

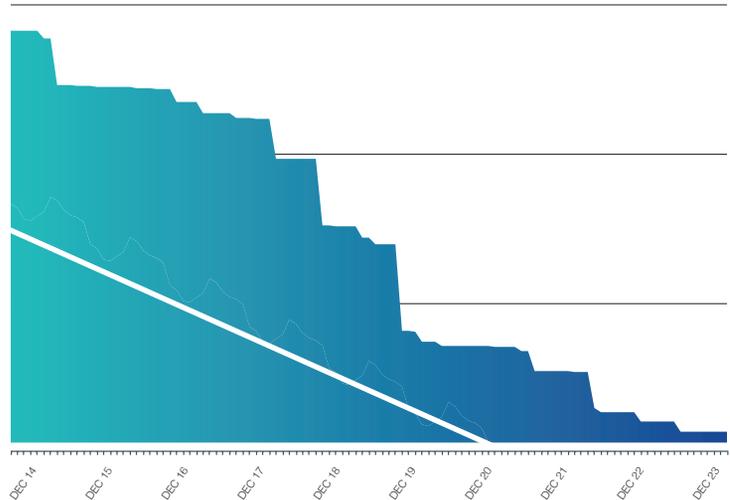
Thanks to its sound financial underpinnings, Sonepar can maintain high growth, both autonomous and external.

SIMPLIFIED BALANCE SHEET



- FIXED ASSETS
- CURRENT ASSETS
- TOTAL EQUITY
- TAXES & PROVISIONS
- CURRENT LIABILITIES
- NET DEBT

DEBT



- COMMITTED CREDIT LINES
- GROSS FINANCIAL DEBT EXCLUDING ACQUISITIONS



**FRANÇOIS
PONCET**

CHIEF FINANCIAL OFFICER



We gained ground in 2014 under highly uneven economic conditions. In Europe, where Sonepar still generates 50% of its sales, the situation remains difficult, particularly in Southern Europe, and growth has not yet returned. In North America, which accounts for 37% of sales, we reaped the benefits of robust manufacturing activity and an upturn in construction. In Asia-Pacific, where 10% of our sales are generated, we took full advantage of high growth in China, while holding our ground in Australia and New Zealand, where conditions were tough.

Against this backdrop, we managed to consolidate our growth by rebalancing business between Europe and the other continents last year. Not only did we strengthen our positions where we were already present; we also gained entry into new markets, like Colombia, Costa Rica and the United Kingdom. In 2014, we carried out a total of twenty acquisitions, spanning Northern and Southern Europe, North America and Asia-Pacific. That made it our strongest external growth year since 2008.

And we stepped up external growth without hurting our 2014 balance sheet. Our risk management policy is governed by strict audit and

internal control procedures. We operate in accordance with recognized international standards.

The price of copper—one of the outside factors that could have influenced our sales—held fairly steady in the past year. It had little impact on our autonomous growth, reducing it by some 0.6%.

Similarly, the exchange rate fluctuations in the last four months of 2014 hardly affected the Group. The dollar-euro exchange rate was relatively stable during the year.

20 ACQUISITIONS IN 2014

Our annual sales totaled €17.2 billion, up 5.6% compared with 2013, or 4.2% through autonomous growth. Due to the many acquisitions we carried out, our debt increased, but is still well below our security ratios. All the entities acquired in 2014 have been consolidated and now provide monthly reporting as Sonepar subsidiaries.

The Group's sound finances will enable us in 2015 to sustain very high autonomous growth and to continue with our external growth policy as relevant opportunities arise.

WE LISTEN
TO **OUR CUSTOMERS**

CUSTOMERS



MERS



Keeping a close watch on market trends. Listening to customers, making their life easier. Supporting them as they grow their business. Advising and assisting them in dealing with the complexities of products and solutions. That and more is what Sonepar does every day, everywhere, in all our lines of business. And we have plenty of success stories to show for it.

P. 10 UNDERSTANDING OUR MARKETS

P. 12 ASSISTING AND SUPPORTING OUR CUSTOMERS

P. 14 SERVING CUSTOMERS WITH TAILORED SUPPORT

P. 16 CONSTANTLY ADDING VALUE TO OUR CUSTOMERS' BUSINESS

P. 18 HELPING TO MAKE EVERY CUSTOMER PROJECT A SUCCESS





UNDERSTANDING OUR **MARKETS**

HERBERT
WILLMY

GROUP EXECUTIVE VICE PRESIDENT
GLOBAL SOURCING & SERVICES

To stay one step ahead of the game, Sonepar continually tracks trends in markets, technology and customer expectations to meet partner needs. That's one of the keys to the Group's success around the world.

The people at Sonepar succeed at their jobs because they are attuned to the needs and expectations of their customers. To stay in the lead, they continually analyze market and technology trends. They go about it from two, complementary perspectives: local and global.

Sonepar's core business is still the distribution of electrical equipment, which is a worldwide market worth more than €200 billion. It spans residential, commercial and industrial buildings, as well as utilities and maintenance of production facilities. This means that we offer our customers an increasingly wide spectrum of products.

It is an expanding market. Social, societal and economic trends have spawned new products, solutions and services in response to the need

for energy management, to rising demand for security and convenience, to the desire of elderly citizens to continue to live at home. Those trends open up new vistas, especially with the emergence of connected objects, which make real interaction possible between business applications and personal devices. They also create opportunities for Sonepar to position itself at the forefront of its industry by creating more and more value for end users. And they highlight the need for information and education, for service and organization to make our customers' job easier.

Our market is local in nature, because it relates to national economies and the standards specific to each country or region. From light switches to industrial automation, from home circuit breakers to medium voltage switchgear, from computer cabling to high voltage lines—

not to mention tools and lighting, video surveillance and heating equipment—Sonepar supplies all the products and services of use to electricity businesses. In 2014, the Group further expanded the range of products it makes available to customers in the mining, oil and gas industries. It also enhanced its offer of MRO (Maintenance Repair Operations) at production facilities.

But it is also a global market that calls for constant thought and analysis. The acceleration of technological change—particularly in the digital sphere—has shortened product lifecycles. At the same time, products with an increasingly high software content are combined into systems that are then interconnected as part of larger ecosystems (Internet of Things, connected objects).

These multiple shifts can be unsettling as they create new alliances between industries, merge applications from different technologies and spark demand for new services.

To stay abreast of market dynamics, the Group has adjusted its network of marketing experts by organizing its Product Management Teams (PMT) along regional lines. They have already held a first forum to share information and good practices and build global alignment around a consistent product and supplier strategy.

But it isn't enough to maintain an open ear, anticipate change, know your business and be responsive. To keep its customers and business partners satisfied, Sonepar regularly conducts online surveys. With their help, we measure the satisfaction and track the needs of our customers, even looking into ways to exceed their expectations. We also analyze our suppliers' contribution to achievement of that goal. An online survey tool dubbed "Watson" that collects both objective quantitative and subjective qualitative feedback facilitates our approach. In 2014, we polled over 65,000 customers worldwide on the "Sonepar experience." Advice, product search and ordering, delivery, payment, subsequent servicing: the survey left no stone unturned so that we could better identify expectations and enhance customer service. In other words, stand out increasingly as "La Référence."

COMPREHENSIVE, ALWAYS AVAILABLE INFORMATION

What is the key success factor behind our webshops? A high-powered online search engine, relying on exhaustive and reliable product data. To achieve that, Sonepar has created PIM(*) Solutions, an international competence center located in Hanover, Germany, to manage the entire range of product information worldwide, putting in place the requisite tools, processes and product classification structures. The center also provides direct support for implementing the necessary tools for managing, aligning and optimizing product information exchange. Based on the ETIM(**) classification standard, PIM Solutions is already up and running in eighteen countries. PIM Solutions also offers Sonepar partners like manufacturers and customers solutions that are aligned with the specificities of each company, country, market, customer, structure and application.

HIGHLY APPRECIATED CUSTOMER SATISFACTION SURVEYS

Our Dutch subsidiary Technische Unie periodically carries out customer surveys to ascertain how satisfied its customers are and how their needs are evolving. The company has two research workers produce quantitative and qualitative analyses on the basis of questionnaires sent to customer panels, supplemented by face-to-face discussions. Twice a year, three panels of twelve customers each receive series of questions on a variety of topics like innovation and market trends. But customers also say they greatly appreciate the roundtable discussions held by Technische Unie, where they can express their opinions. These are ideal occasions for listening to what customers have to say, in addition to our day-to-day conversations with them at branch counters.

PIM (*): Product Information Management.
ETIM (**): Electro Technical Information Model.

PRODUCTS SEGMENTS





Supermoon, Hong Kong

ASSISTING AND SUPPORTING OUR CUSTOMERS

Sonepar's goal is to be ready, any time, anywhere, to step in and make life and work easier for its customers, turning complex issues into straightforward offers of products, services and solutions. That's the road to growth—and a guarantee of success.

It may look simple, but it definitely isn't. Sonepar's business consists of providing all customers with the right product at the right time and the right place (on customer premises, at Sonepar branches, at worksites or elsewhere). And doing it as simply as possible. The challenge can in fact be daunting. Sonepar has a wide variety of markets (residential, commercial, industrial, utilities) and customers, including electric and industrial businesses, craftspeople and large contractors with national scope, maintenance companies, integrators and more. It also has a broad spectrum of products and services for use by electricians, at petrochemical firms, in mining, along with consumables for manufacturers. The solutions on offer are complex and increasingly integrated. Accordingly, the many problems to be tackled call above all for an effective organization of people, but also for investment in logistics, technology and the Group's branch network. And there too, the Group's decentralized structure shows its full value and strength.

From giving advice to entering orders, from providing service to ensuring delivery and collecting payment, Sonepar covers the entire customer response chain. The goal is optimization and achieving maximum efficiency.

Let's retrace a customer's steps and follow a product or service. Before ordering, many customers need advice to determine which product or solution is best suited to their needs or offers the greatest opportunities for integration. Sonepar has developed several ways of responding to such expectations (through consulting teams, product demonstration stands, support services, customer education, etc.).

Customers can select their products and order them at a branch, over the phone, via a virtual online store, or by Electronic Data Interchange (EDI) and "PouchOut"—whichever channel suits them best.

The products or solutions ordered are then delivered to the customer. Sonepar can achieve that thanks to optimized logistics in



Technische Unie, Netherlands

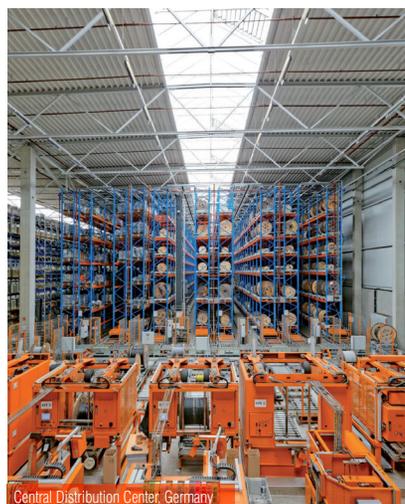
every country where it operates, managing product availability at both local branches and Central Distribution Centers. Every branch is equipped to make anywhere from 3,000 to 5,000 items immediately available. And every central warehouse stocks between 25,000 and 100,000 items, thus enabling the men and women at Sonepar to prepare 700,000 order lines per day.

Last of all, there are several payment options to meet customers' specific needs and constraints, all of them compliant with the relevant country legislation, including secure online payment.

Whether the constraints have to do with time, place or service, each customer can look forward to an appropriate, effective, rapid response to his or her needs. With its strictly organized, technologically advanced operations, Sonepar successfully manages complex processes in ways that make things simple for customers.

AN EXTENSIVE, HANDS-ON BRANCH NETWORK

Aside from using increasingly powerful digital tools, the Group works to optimize its existing branch network and enhance its market coverage to be able to cater to the full range of customers and customer needs. Sonepar believes in building close relationships, and customers appreciate the decision-making leeway that each branch enjoys. In 2014, the Group had a total of 2,600 branches in the forty-one countries in which it operates. Moreover, Sonepar is still expanding its network, either by setting up new branches (seventy-eight points of sales opened last year) or by buying up existing outlets (297 acquired in 2014).



Central Distribution Center, Germany

HIGHLY EFFICIENT LOGISTICS PLATFORMS

To respond to customer demand and manage the multiplicity of products and solutions on offer, Sonepar now operates more than eighty Central Distribution Centers.

At the two new central warehouses that came on stream in France this past year, the Group opted for cutting-edge digital technology to ensure speed and efficiency: voice picking, which uses voice recognition for order preparation, tablets to offer greater flexibility and the mini-load "Shuttle Automated Storage and Retrieval System" (AS/RS), a computer-controlled system for automatically placing and retrieving product loads.



Mobile App, Switzerland

THE CONVENIENCE OF E-SOLUTIONS

Sonepar has opened up new horizons by offering customers solutions that are effective, cost-efficient and easy to use. A prime example is "PunchOut," an application that creates a genuine interface between the Group's e-catalog and the buyer's own procurement application and management system.

The "Mobile Commerce" application used in Switzerland—and available in three languages—provides access to information about all products, both online and offline.

Sonepar PIM (Product Information Management) Solutions, a shared product information system based on the ETIM (*) classification standard, has already been installed in eighteen countries. It gives Group associates access to a high-quality information database so that they can select the most appropriate products and solutions.

ETIM (*): Electro Technical Information Model



SERVING CUSTOMERS WITH **TAILORED SUPPORT**

The Group is dedicated to giving customers personalized support, both in handling their day-to-day work and in growing their business. Tailored, integrated, high added-value service, optimized logistics and onsite delivery, constant concern for customer needs and market trends: Sonepar develops solutions to cover all requirements—anywhere, any time.

GEARING LOGISTICS TO MAJOR PROJECTS IN FRANCE

To address the constraints inherent in very large construction projects, Sonepar France has initiated a tailored service called "Logistics on Demand." It ensures electrical supply delivery and availability directly on site. Installation kits can be prepared on the Group's logistics platforms and then delivered on a detailed, pre-arranged schedule to wherever electricians are working on the site, including at height. In addition, the items included in any such order are stored at the Sonepar warehouses closest to the worksite location. In hotel construction, for example, kits will be put together for each future room and delivered to the right floor at the scheduled time and date. As a result, customers save time and operate more efficiently.



IDG, USA

SOLUTIONS TAILORED TO ALL CIRCUMSTANCES

ONSITE SERVICE IN GERMANY— IN ONE CLICK

Choose from among 300,000 electrical products, fixing materials and personal production items, 24/7, 365 days a year; order them online—and get fast delivery in a secure container, right to the construction site. That's what the Group's customers in Germany can do, without wasting time or money, thanks to the service "OnSite Station." The system automatically handles orders, replenishment of supplies and onsite delivery all year long. There is even an option for combining innovation with tradition: all you have to do is slip a written order into the dedicated "Service Station" box and the process kicks in!

INTEGRATED OFFERINGS AND INVENTORY MANAGEMENT ON CUSTOMER PREMISES IN THE U.S.

Offering customers all-inclusive packages of industrial, electrical and safety equipment, plus tools and maintenance, through a single channel is a good idea. An even better one is helping them optimize their supply chain and manage their inventory and reserves. And the best of all is providing them real expertise, identifying their needs and processes and then working with them to come up with a tailored logistics management solution that reduces their costs. By partnering closely with their customers in the United States, Hagemeyer and IDG help them streamline procurement and inventory policy. The customers come away with greater competitive strength.



Telecom Tower, ESK, India

SONEPAR TELECOM BUSINESS

Sonepar has become a worldwide supplier of base station antenna accessories for mobile telecom manufacturers and network operators. After rollout in Sweden, a pioneering country in this regard, Sonepar has responded to customer expectations by exporting ready-to-assemble kits, accompanied by a strict commitment to quality. In China and India, for example, Sonepar has set up dedicated supply chain and logistics units, based on its local market knowledge and strong partnerships with its customers and suppliers. Best of all, the Group has structured its entire approach around "Sonepar Telecom Innovation Center" in order to accelerate synergy capture in the various geographic areas—offering customers effective coverage of their country together with global tech expertise.



Offshore platforms, Asia

OIL AND GAS: INTEGRATED ENGINEERING AND SOURCING IN MEXICO AND ASIA

Big companies in the oil and gas industry have special needs and must deal with extremely strict technical requirements. In response, Vallen Proveedora has put in place a fully integrated system in Mexico. The company directly takes and fills online orders through its supply chain, with delivery time and location set by the customer. In this way, Vallen Proveedora provides its key accounts with seamless management of procurement and inventory, equipment maintenance and servicing, and any repairs required, sending out its staff as needed.

Oakwell, a company with a strong track record in engineering, sourcing and supplies, has gradually extended its range of products and services for offshore platforms, offering not only electrical and mechanical products, but also fire safety and communication equipment. The payoff for customers? Expertise, availability, reliability, transparent organization, optimized scheduling and lower costs.



2014 PANORAMA
MORE ONLINE
panorama.sonepar.com



CONSTANTLY **ADDING** **VALUE** TO OUR CUSTOMERS' BUSINESS

Every year, new products make up approximately 15% of what we offer our customers. Such a steady stream of innovations obviously requires information, demonstrations under real life conditions, advice and training—all of which we provide. Sonepar puts its efficiency and expertise to work for its customers.

Just as accelerating technological change is shortening product lifecycles, the rise of integrated services is transforming products, sometimes making them more complex. Products get bundled together, forming end-to-end solutions that are then offered to customers, whether installers, facilities operators or basic end-users. Industry professionals therefore turn to Sonepar for the innovative, added-value responses they are looking for to questions about energy efficiency, HVAC, building automation, security, comfort, pricing and other such issues. By responding, Sonepar facilitates

and accelerates market uptake of the innovations offered by manufacturers. But this trend highlights the need to focus more than ever on the technical know-how of the men and women at Sonepar, and how it can help customers. To achieve that, all available channels for presenting products and services, explaining how they work and how they fit together are used. Branches immediately come to mind. They are where Sonepar associates meet and

advise customers, a setting in which human contact is and always will be essential. And

then there are newsletters and web shops, which function as online virtual store counters.

In many instances, however, it is crucial to be able to see a product work, handle it and experiment with it to solve real problems.

So not only installers and end users, but also influencers may go to showrooms to test out products and solutions

15%
OF ALL PRODUCTS
ARE NEW
EACH YEAR

they are interested in. In areas like lighting, heating and home automation, demonstrations are often the most relevant approach. And there too, Sonepar is up to the task.

But the Group goes even further, sharing technical know-how that customers will need to get their job done, especially if it involves complex or large-scale projects. At residential, commercial and industrial work sites, technical and technological specifications call for an increasingly broad range of knowledge. When customers consider it necessary, Sonepar therefore offers support service provided by its own technical staff. For example, these experts can carry out studies on lighting, air conditioning or electrical cabinets for customers, enabling them to make better-informed choices regarding the products and solutions best suited to them.



Technical services, Cebeo, Belgium

A final point is that technological change requires additional, deeper know-how. To address the diverse needs of its customers in this area, Sonepar can link up with the best training programs organized by its supplier partners. The Group also offers its own programs. And whatever the approach, training can be provided either on the supplier's premises or at Sonepar locations. As always, the goal is to satisfy the customer by delivering personalized support, additional know-how, added-value and optimized solutions. That means complexity and technical parameters for Sonepar, and easier decision-making for the customer.



Cebeo, Belgium

THE TREND TOWARD SELF-SERVICE BRANCHES

Saving time is the key consideration for customers placing orders. But the ability to offer them advisory services is also a major asset. For that reason, in the United States, Germany, France, Finland and many more countries, the Group has successfully developed a self-service approach. Customers go to a branch and freely select the products they need, and can still get the advice they are looking for at the counter.

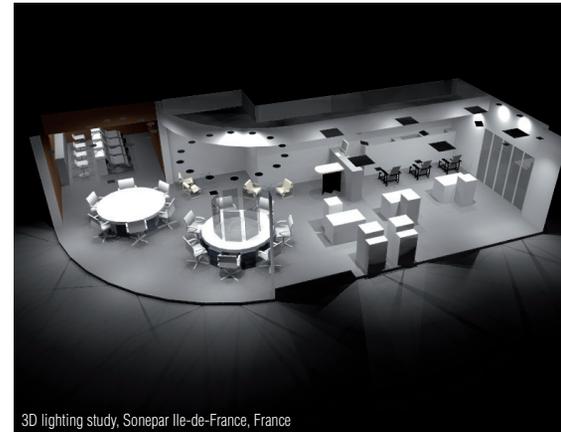


Showroom Cebeo, Belgium

SHOWROOMS FOR OUR CUSTOMERS— AND THEIR CUSTOMERS

Sonepar teams regularly help installers design or refine their lighting projects for buildings under construction or renovation by letting them present examples to the end customer in a dedicated showroom, as at Cebeo in Belgium, and Mat' Electrique and Luminter in France.

A large number of decorative lighting fixtures are on display, along with examples of lighting choices for sites and their architecture, and home automation solutions that include atmosphere light and sound scenarios.



3D lighting study, Sonepar Ile-de-France, France

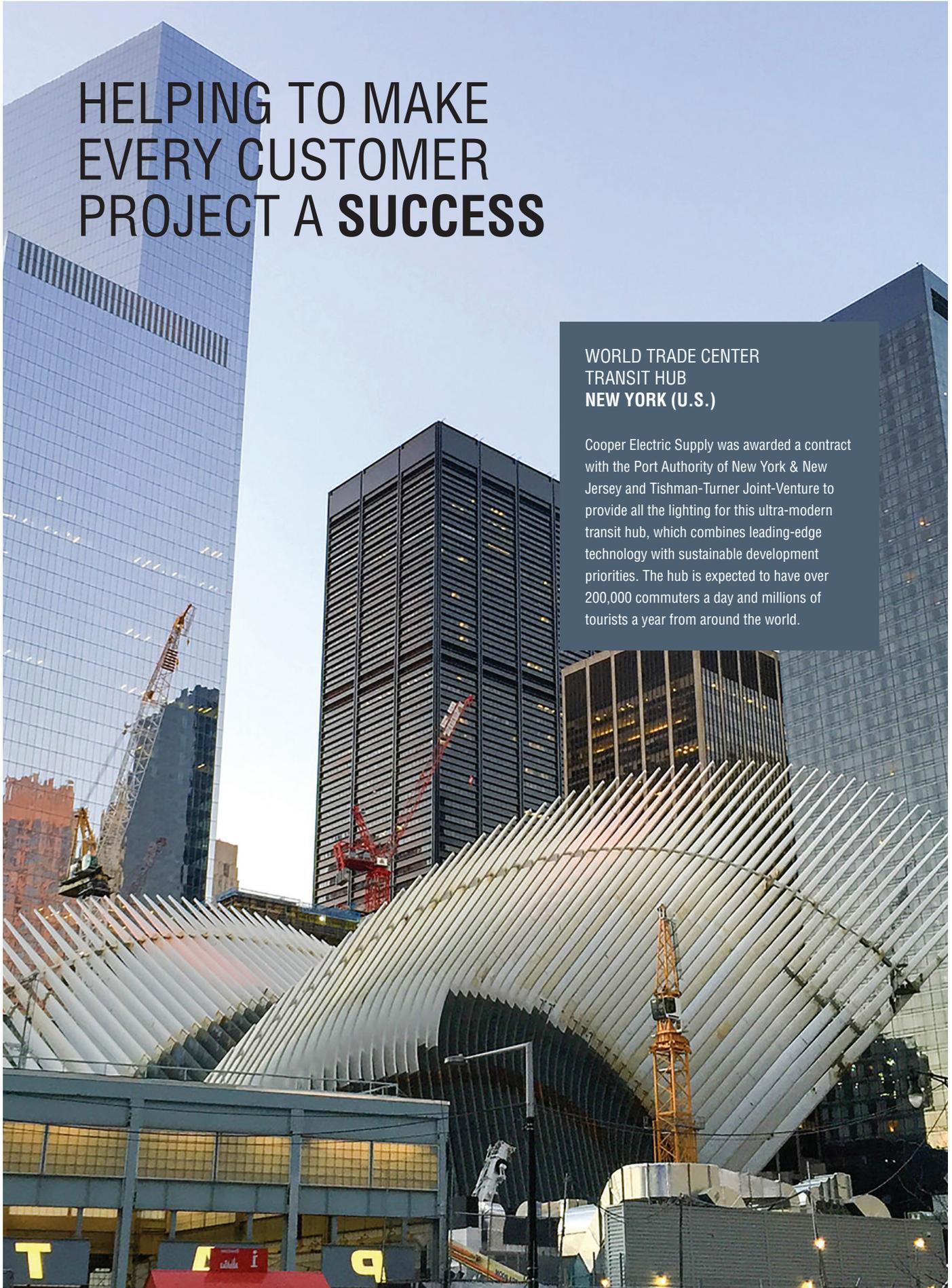
TECHNICAL TEAMS FOR COMPLEX PROJECTS

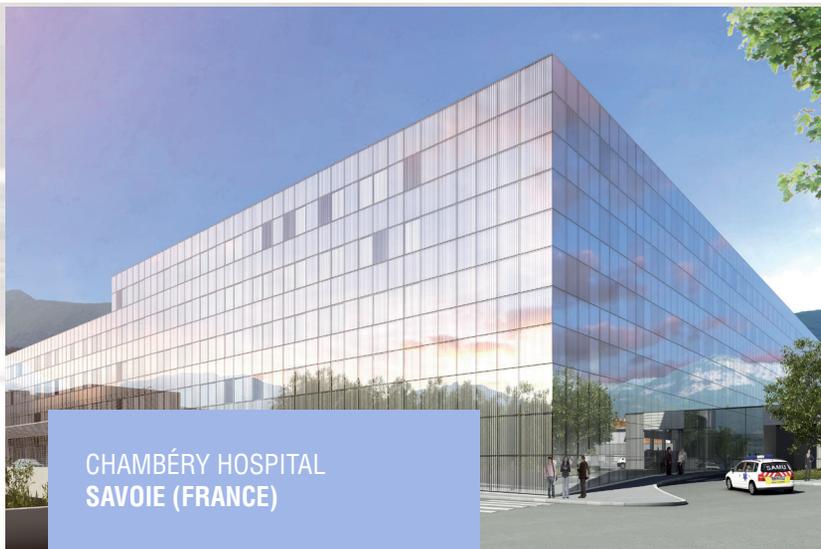
Whether lighting projects are simple or highly complex, in-depth studies are often a prerequisite to verifying that visual comfort goals will be met, developing one or more appropriate ambiances or merely minimizing electricity. Our technical teams work with customers and architects to turn project specifications into comprehensive lighting plans for the entire space involved in ways that optimize light. The deliverables include atmosphere, luminous flux, type of lighting, technology, energy efficiency and product design. Our people in France (NRA Lighting), China (Shunmoon Shanghai Lighting), Australia (SLS) and Belgium (Cebeo) use computer-aided design technology to produce 3D models, photos and videos and create lighting effect simulations for homes, offices, retail and industrial spaces as well as for museums and historical monuments. In addition to conducting lighting studies, Sonepar has separate teams dedicated to industry, building management systems and sub-areas like heating, ventilation and air-conditioning.

HELPING TO MAKE EVERY CUSTOMER PROJECT A **SUCCESS**

WORLD TRADE CENTER TRANSIT HUB NEW YORK (U.S.)

Cooper Electric Supply was awarded a contract with the Port Authority of New York & New Jersey and Tishman-Turner Joint-Venture to provide all the lighting for this ultra-modern transit hub, which combines leading-edge technology with sustainable development priorities. The hub is expected to have over 200,000 commuters a day and millions of tourists a year from around the world.





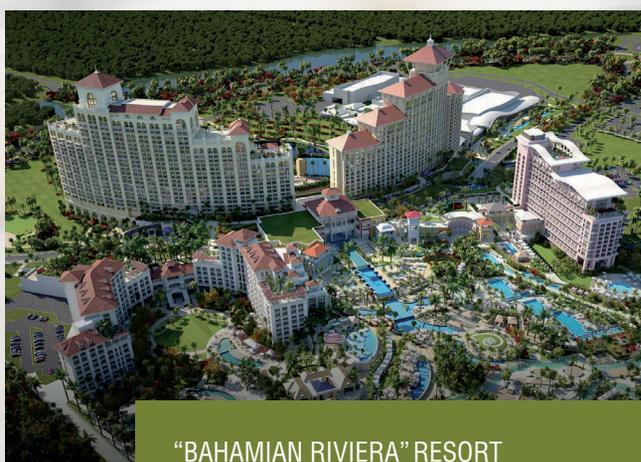
**CHAMBÉRY HOSPITAL
SAVOIE (FRANCE)**

Sonepar France was awarded a major contract to provide lighting, cable and installation material for this hospital built in 2014, including installation of a container to ensure availability of equipment at the construction site. And, as always, a nearby branch provided ongoing support.



**CHRIST THE REDEEMER
CORCOVADO, RIO DE JANEIRO
(BRAZIL)**

The electrical installations for Brazil's best-known monument have been revamped and improved by Sonepar and its supplier partners. Lightning protection was a key issue.



**"BAHAMIAN RIVIERA" RESORT
NEW PROVIDENCE ISLAND
(BAHAMAS)**

World Electric Supply provided the solutions and electrical equipment required for this vast four-year hotel construction project. In the process, the company had to tackle a number of logistical, delivery and labor challenges.

**MARKET HALL
ROTTERDAM (THE NETHERLANDS)**

For this unconventional structure—a combination of covered market, food court, cooking school and over two hundred private apartments—Sonepar not only provided the electrical supplies; it also handled all the "smart" logistics of onsite delivery.





**MENARA TELEKOM SKYSCRAPER
KUALA LUMPUR (MALAYSIA)**

KVC selected the equipment and solutions best suited to this major skyscraper construction project. Working closely with suppliers and the end customer, the company also delivered and tested the equipment.

**DAIMLER FACTORY
SPIRE (GERMANY)**

Built in 2014, the assembly plant covers 250,000 square meters. Sonepar Deutschland and its partner firm Siteco designed and installed all the lighting for the buildings, including forty meter towers supporting nineteen projectors, all the outdoor LED lighting and the video surveillance equipment.

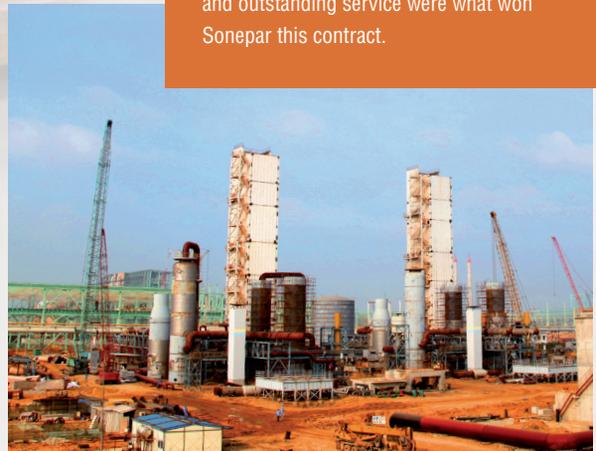


**THE QUEBEC ARENA
QUEBEC (CANADA)**

The new multi-use indoor arena, designed to replace the current arena built in 1949, will be used mainly for ice hockey, but also for concerts. Lumen and its partner suppliers got the contract to provide the switchgear equipment for this ultra-modern sports facility.

**BAOSTEEL STEEL MILL
ZHANJIANG (CHINA)**

For this industrial facility under construction, Sonepar helped with design, delivery of industrial automation equipment, variable speed drives, equipment for cold rolling units, converters, etc. Partnerships with suppliers and outstanding service were what won Sonepar this contract.



**FACULTY OF ENGINEERING
AND INFORMATION TECHNOLOGY
SYDNEY (AUSTRALIA)**

Pacific Datacom provided the entire copper and optical fiber cabling for this new, sixteen-floor building. The company's technical know-how, advice and necessary customer services were also part of the deal.



WE RECOGNIZE
TALENT

TALENT





NIT



Dimensional, Brazil



Dimensional, Brazil

At Sonepar, we take good care of our people. We make sure that we spot and recognize talent, and that we train and promote the men and women who work for our Group around the world. Whatever their job may be. Because genuine sharing of experience and good practices is our constant concern. Our associates can attest to that.

- P. 24 **RECOGNIZING AND PROMOTING TALENT**
- P. 26 **INTEGRATING, PROMOTING, TAKING CARE OF TEAM MEMBERS**
- P. 28 **TRAINING OUR PEOPLE SO WE CAN MOVE AHEAD TOGETHER**
- P. 30 **SHARING VALUES, KNOWLEDGE AND EXPERIENCE**
- P. 32 **SONEPAR'S TEAMS: FILLED WITH PASSION AND COMMITMENT**

PIERRE
SOUSSAND

SENIOR VP
GROUP HUMAN RESOURCES



RECOGNIZING AND **PROMOTING** TALENT

In 2014, the men and women at Sonepar drove our success—even more so than in the past. We have therefore maintained our focus on talent recognition, training and internal promotion, as well as on empowering our associates at all levels of the Group.

40,000
ASSOCIATES

6,500
NEW HIRES
A YEAR



We have continued with our recruitment policy, and because of the many companies we acquired last year, we have been rewarded with the contributions of all the new associates who have joined us.

Sonepar has historically served as a go-between, as a B-to-B distributor of electrical products. So ours is very much a “people” business, involving constant contact. That means that in every country and on any given day, our staff is on the front line. Our associates maintain strong, ongoing relationships with hundreds of thousands of customers, suppliers and partner companies. It also means that their commitment and passion are a key concern for us, as is training them and enhancing their skill sets. Meanwhile, our business is evolving. We increasingly deliver solutions and services that call for more collaborative forms of work.



13
AVERAGE NUMBER
OF YEARS WITH
THE GROUP

43
AVERAGE AGE

23%
WOMEN

At the same time, our Group is branching out into areas like end-to-end, high added-value and digital solutions. The growth strategy dictating these choices provides Sonepar with new businesses that give our associates a broader range of activities than ever before.

So we now have the means to attract people with a wider variety of profiles. And that is a source of enrichment. In 2014, we hired over 6,500 new associates from every conceivable educational background, with a broad spectrum of diplomas and experience. In the past few years, we have recruited more engineers and people with higher education degrees to deal with our expanding e-business and automated distribution centers. But we are interested in all kinds of profiles. And that is our strength.

Along with ongoing recruitment, business acquisitions automatically bring us additional staff with plenty of experience and in-depth knowledge of their markets. In 2014, a total of 3,000 associates entered our Group on this basis. We make a concerted effort to familiarize them with our history and our values, so that they can fit in at Sonepar faster.

We invest heavily in training—the best way to identify potential, wherever it may lie, and to facilitate internal promotion. Our goal, which we repeatedly stress, is as clear as can be: develop talent, train people and help them move forward. Because when they succeed, we all do. The key task in 2014 involved welding all those profiles together, whether they were people who have joined us via acquisitions, long-standing Sonepar associates, or new recruits. That will be on the 2015 agenda as well. So far, we have succeeded in integrating everyone: newcomers and long-standing associates, degree-holders and associates with less education, men and women, people from every country. The challenge confronting us is to continue to recruit new high-potential people.

DEVELOPING ASSOCIATE SHAREHOLDING

The family shareholders have been concerned for several years with giving Sonepar managers a stake in their company and a share in its success. While associate shareholding initially took the form of direct investment by executives, it has since been broadened. Over 4,000 managers are now involved, whether through stock purchases,

stock options or occasional awards of free shares (Sonepack Fidelity Shares).

The six plans launched since 2005 have amply vindicated this approach. For executives, associate shareholding is now part of their long-term compensation.

For a broader range of managers, it is a reward for their loyalty to Sonepar. However, legal requirements in a number of countries have compelled the Group to put in place appropriate arrangements so that all of the managers targeted can benefit. The family shareholders aim in the long run for at least 10% of all associates to own Sonepar shares.

PLACING A PREMIUM ON TRAINING



INTEGRATING, PROMOTING, TAKING CARE OF **TEAM MEMBERS**

In response to the commitment shown by its associates, Sonepar goes to great lengths to help them fit in, advance their careers and ensure their safety. The Group knows how to manage talent and give due recognition to the men and women around the world who work for it, day after day.

Welcoming each new associate individually and providing him or her with months of guidance, maintaining an internet/intranet portal dedicated to internal job opportunities, opting for internal promotion whenever possible, constantly upholding the highest safety standards in every country where we operate: that and more is what Sonepar does so that its people can give free rein every day to their passion for their work. Such a policy requires a robust, smoothly functioning outfit and proper procedures. A number of managers have aptly described this constant

commitment by the Group as enabling each person, each new associate, to "be part of the Sonepar Family."

INTEGRATION GOES FAST...

In every country where the Group operates, effective integration procedures have been put in place. In the Netherlands, for example, newcomers spend their first day on the job making contact and getting informed. They attend a meeting with the CEO, where they learn about the company's strategy, their own

development prospects and subjects like how the warehouse operates. Then, over the next two months, a variety of training modules are made available to them. Best of all, each person is entitled to six months of mentoring. And new associates can always find all the basic information they need on their company's intranet or social network. In other words, you're never alone and it's easy to find your way inside the company. Similar procedures, but suited to specific local conditions, have been developed in operating companies in the Group's four regions.



... AND INTERNAL PROMOTION COMES FIRST

All vacant positions throughout Sonepar are first offered to existing associates, and as quickly as possible. They are posted on the relevant company's intranet and left there for a limited period of time, but for long enough to give every interested associate a chance to apply. That approach basically applies to all functions at all levels. For future Group executives, there are dedicated programs for spotting high-potential people and identifying their career aspirations. In general, Sonepar goes to great lengths to ensure all its people success. A striking example is provided by the Asia-Pacific region, where two thirds of all branch managers got their jobs through internal promotion. The stated policy of giving precedence to internal promotion has in fact become a major stimulus for people working for the Group to move their careers forward.

SAFETY FIRST AND FOREMOST

Ensuring staff safety, everywhere and at all times, is one of Sonepar's primary commitments. This is a bedrock value governing how we manage our daily operations. In addition to the necessary safety equipment, workplace quality and inspections, every Group company in every country holds training programs for its people that are suited to their positions and working environment.

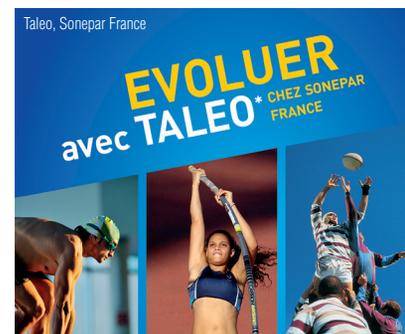
Safety requirements obviously vary greatly between a customer worksite, a central warehouse and a Sonepar branch counter. As they say at Sonepar Canada, "Health and safety are an integral part of our culture." It's hard to be clearer than that. Similarly, Vallen Provedora in Mexico has made "health, safety and the work environment priorities in all of the company's activities." Every associate thus contributes to environmental protection and the prevention of accidents. Because prevention is essential. In addition to being trained, associates are informed in the workplace via email, brochures handed out onsite, the company's in-house magazine, posters and even situational exercises.



PROMOTING PERSONAL GROWTH

THE TALEO CAREER PORTAL IN FRANCE

"Taleo" is a Human Resource management portal started up in 2013 at Sonepar France. Associates can post their résumés, specify their career preferences and share them with managers and the Human Resources department. Over 3,600 people have already taken advantage of this option, which is also used to prepare and formalize annual performance evaluations. As of 2014, "Taleo" offers other advantages as well. It allows every associate at Sonepar France to view Sonepar job openings across the country via the SoneCarrières website—and to apply for the jobs that appeal to them. Here as elsewhere, the Group gives precedence to disseminating information, sharing knowledge and above all making the most of talent.



EMPLOYER OF CHOICE IN GERMANY AND THE NETHERLANDS

The Group's organization in Germany has adopted a boldly original approach to making its associates feel they belong to the "Sonepar Family": by having them take part in an independent annual survey conducted by the German magazine Focus. Over 200,000 employees of different companies from everywhere in Germany respond to the survey. The results are determined by questions that leave no room for doubt, e.g., whether you would recommend your company or manager, how high you rank them and whether you would recommend other companies. In 2014, the outcome also left no room for doubt. For the second year in a row, Sonepar Deutschland emerged as one of the top employers. It is worth pointing out that Technische Unie in the Netherlands has also been recognized for several years as an "employer of choice" in equipment distribution.



TRAINING OUR PEOPLE SO WE CAN **MOVE AHEAD TOGETHER**

For the Group to grow, each associate needs to succeed. This is why Sonepar provides its teams around the world with training opportunities to develop their skills, help them learn from each other, broaden their horizons and continue to improve how they work together.

SONACADEMY

For ten years, this corporate university has offered Group executives worldwide a full range of training programs. In 2014, more than 500 participants of twenty-nine different nationalities took at least one of these courses with a practice focus, each lasting a day or more. Among the topics covered in these programs were developing managerial ability, increasing self-awareness and learning to work collaboratively, especially in an international environment.

These training modules, which are very popular wherever they are held, also strengthen ties with the Group. For its participants coming from all countries, they provide a particularly rewarding opportunity to meet and share experiences.

DEVELOPING SKILLS

THE SONEPAR LEADERSHIP PROGRAM (SLP)

This core Sonacademy program was developed in partnership with the INSEAD business school. It offers selected Group executives from all over the world a chance to participate in one of

three one-week sessions held in Singapore, the United States and France. During the program, they reinforce their managerial skills and clarify their strategic vision,

beyond the scope of their country or mission, while creating ties with other executives. About thirty leaders participate in the workshops, tours of other companies and case studies that are organized for them every year.

THINKING ABOUT TOMORROW: SONEPAR JUNIOR COMMITTEE (SJC)

Established in 1991, the SJC is made up of managers in the Group under the age of forty, from any region of the world. In 2014, fourteen associates were selected to join a regional SJC for two years before moving to the Group SJC for their third year.

Each year, a total of about forty of these junior managers, representing diverse countries and job positions, contribute to the development of the Group's strategy. The program helps to identify and develop talented people, expand their vision and promote dialogue with other countries, functions and brands in the Group. In this way, Sonepar prepares for its future and reinforces the "togetherness" attitude that makes it such a strong force around the world.



Sonepar Leadership Program, 2014, France

NEW TRAINING APPROACH AT SONEPAR FRANCE IN 2015

Leveraging talent, motivating teams and developing each individual's skills: those are the aims of the many training programs available to the people at Sonepar France. Starting in 2015, these programs will be sorted into various "training paths," with a distinction being made between "business line" paths and the more innovative "career change" path for those who want to learn new skill sets. The latter includes training to become a branch manager or a sales advisor, for example. These paths, which lead to certification, span several months during which a tutor provides support. The training is validated by a final exam and a certificate that is recognized by the Wholesale branch. The programs are a success: in 2015, a seventh group will graduate from the branch manager training program known as "*Horizon Directeur d'Agence*." Sonepar France is now working on implementing an e-training platform.

A HOST OF TRAINING INITIATIVES AT SONEPAR DEUTSCHLAND

The company has decided to establish a particularly active training and talent development policy. An important tool it uses is a sophisticated career management software program called ADAM, which associates can check on a regular basis, either to update their data or find out about available training programs. When necessary, Sonepar Deutschland also sets up orientation days for new hires or apprentices. The latter also have the opportunity to participate in a two-day immersion in the production unit of one of the Group's suppliers. Prior, the company sometimes organizes speed interviews to attract young talent. Then, the company expands the range of training opportunities, adapting them to all of the company's businesses and functions. As a result of this personal development-based policy, the latest in-house survey reported that 90% of associates were happy, and 85% of them were proud, to be working at Sonepar Deutschland.

REAL-LIFE SITUATIONS FOR SONEPAR USA MANAGERS

Since 2011, more than 900 managers from all the various Sonepar USA entities have undergone the "Leadership from the Inside Out" training program, gaining detailed, concrete knowledge about financial issues as well as personal skills during these two-and-a-half days. The workshop's success can be attributed to the incredibly authentic simulation of the business of a distribution company, including its operating strategy, financial management, cash flow, customer needs analysis and the targets set to increase profitability while meeting market expectations and supplier constraints. This role-playing activity uses realistic scenarios and brings teams and leaders together, enabling each participant to better understand and appreciate the major financial and management challenges in running a company, while upholding Sonepar's values.



E-business Managers Meeting, Zurich, Switzerland

SHARING VALUES, KNOWLEDGE AND EXPERIENCE

With its expert committees, meetings of company leaders and effective enterprise social network, Sonepar constantly facilitates and develops networking among associates, dialogue, and the dissemination of information, innovations and good practices. The Group has made sharing a true strength.

INTERNATIONAL COMMITTEES: NETWORKS OF EXPERTS LEADING TO INNOVATION

Gathering information from local activities, sharing good practices and deciding on strategic developments are all in the job descriptions of our Committees. Chaired by members of the Sonepar Executive Committee (SEC), these groups of operational decision-makers who are experts in their fields make it easier to develop and disseminate concrete solutions, both at Group level and locally around the world. Nine committees examine topics related to Sonepar's organization and activities and issue recommendations:

- E-business Committee (EBC)
- Information & Communication Technology Committee (ICT)
- International Logistics Committee (ILC)
- International Suppliers Committee (ISC)
- Product Management Teams (PMT)
- Sonepar International Key Accounts (SIKA)
- International Finance Committee (IFC)
- International Human Resources Committee (IHRC)
- Sonepar Junior Committee (SJC)



2014 PANORAMA
MORE ONLINE
panorama.sonepar.com

DISSEMINATING GOOD PRACTICES



E-business Managers Meeting, Zurich, Switzerland

PRODUCT MANAGEMENT TEAMS: A NETWORK OF MARKETING EXPERTS

Working through their regionally-based teams, these experts manage and optimize supplier and product strategy by sharing their extensive technology and market knowledge. They did just that in 2014 at a first global forum where they hosted marketing and procurement managers from the various countries.

SONEPAR GROUP LEADERS: CONTRIBUTING TO GROUP STRATEGY

Twice a year, the Sonepar Executive Committee brings together the Group's fifty leading executives to enhance strategic thinking. In 2014, they not only contributed in producing and broadcasting the Mission Statement and Mission Letter; they also defined and worked on Group key priorities.

SONEPAR LEADERSHIP MEETINGS: SHARING IDEAS AND EXPERIENCE

In March every year, nearly 650 Sonepar executives meet in their own region (Europe, North America, Asia-Pacific) for the Sonepar Leadership Meetings. These events are an invaluable source of information (objectives and trends for the year) about the Group and its main activities. They are also vital for interacting with others and sharing experiences. Workshops are held on specific themes to pool knowledge and good practices, discover local innovations and benefit from the knowledge of experts from outside the Group.

SONEPAR'S SOCIAL NETWORK

Sonepar's social network, launched in 2013, was extended in 2014 to include all Group associates working in any country and in any position. Thanks to the network, Sonepar people around the world can create or strengthen their bonds, get to know each other better and share experiences and good practices. This enterprise social network ensures that information can be widely disseminated in real time. Thanks to the contributions of its members, concrete problems can be solved, specific topics can be discussed and innovative solutions can emerge. Nearly 1,000 associates have already joined the network, and Sonepar hopes to increase this number to 5,000 by 2016. Already, users post more than 1,000 messages every month and participate in 110 active discussion groups. Although most messages are still sent from a computer, 10% are posted from a smartphone or tablet.

CONSTANTLY STRENGTHENING BONDS



Logistics Info Meeting, Augsburg, Germany

A PRODUCTIVE GET-TOGETHER FOR LOGISTICS EXPERTS

Logistics Info Meeting's 8th annual meeting was held last year in Augsburg, Germany. Sixty participants of twenty-two different nationalities and from more than thirty different companies gathered to explore "Leveraging Technology to Enable Best-in-class Supply Chains."

During the various conferences, presentations of new technologies and workshops, a number of issues were addressed in addition to logistics, such as e-business, operational safety, warehouse organization and inventory optimization systems. Every year, logistics experts around the world eagerly look forward to this event; they see it as an opportunity to discover and share good practices and innovations across the Group and provide the best possible service to their customers.

SONEPAR'S TEAMS: FILLED WITH PASSION AND COMMITMENT

The men and women around the world who work in the Group share a passion for their profession, projects and values and, most of all, a sense of belonging to the "Sonepar family." They talk here about their day-to-day commitment.



"This company values and listens to the opinions of its associates and considers them seriously. That's what really makes us feel like an integral part of the organization."

MARIO, DIMEL CASTILLA, SPAIN



"What I like about Sonepar is the autonomy we have in making decisions."

BERND, SONEPAR DEUTSCHLAND, GERMANY

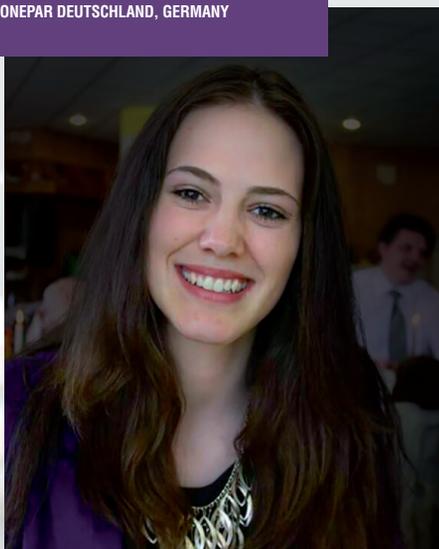
"The Group is always very attentive to our safety. I feel perfectly safe at work."

SIMON, WINTERHALTER FENNER AG, SWITZERLAND



"I entered the Group as an apprentice and I am now training to become a sales representative. I received a warm welcome and support as soon as I arrived. The fact that I am treated as part of the team, with responsibilities, and am given quality training, instead of being considered a "mere" apprentice, is something I appreciate."

MARTINA, SONEPAR DEUTSCHLAND, GERMANY



"This organization makes everyone feel like part of a big, close-knit team, going after the same goal. And at Sonepar, your work is recognized and rewarded."

SAM, TEXCAN, CANADA

"Thanks to the Group, I have been able to broaden my product knowledge and develop new skills, while being promoted to a sister company in my home country Thailand."

PRAKASIT, SONIC AUTOMATION, THAILAND



"I love coming into the office every day, and I think that's pretty rare! I can really picture my future in this company, and when I look at the people I work with, that feeling is confirmed."

RACHEL, SONEPAR USA, UNITED STATES





"I think that Sonepar veers somewhat off the beaten path, and that's good. Because they give you the tools to succeed."

BILL, COOPER ELECTRIC, UNITED STATES



"What has kept me at Sonepar is the friendly work environment and the Group's leadership position. Sonepar trusts me and takes good care of its people."

SUSANNE, SONEPAR DEUTSCHLAND, GERMANY



"I joined the Group in 1991 and I am as delighted as ever with the family atmosphere. After barely six months with the Group, I was already being given training opportunities, and I've had a lot more since then. The training has helped me to improve my skills and be more confident and professional in my work."

SANDY, VALLEN, CANADA



"Sonepar stands apart from other companies as a very solid, professional group that pays attention to market trends and technological advances. It also has its own specific culture."

PEDRO, GUERIN, SPAIN



"I don't want to sound too family-oriented, but what I love at Sonepar is that it really is a family organization. Everyone is very close."

MICHAEL, SONEPAR USA, UNITED STATES



"I joined Sonepar in 2003—the ability to work independently in such a strong company appealed to me. I was given a very warm welcome. I started out as a simple salesperson, and today I am the Deputy Director and head of projects at the Augsburg subsidiary. This goes to show that there are always opportunities for career development in the Group, especially since I was given training on a regular basis."

WOLFGANG, SONEPAR DEUTSCHLAND, GERMANY



"Sonepar doesn't just offer a job; the Group offers a career and real potential for personal growth. Furthermore, we receive training that enables us to improve our skills."

PETER, L&H GROUP, AUSTRALIA



"What I like best about Sonepar is its entrepreneurial mindset; you can work like a true entrepreneur."

JOHN, COOPER ELECTRIC, UNITED STATES

WE MEAN BUSINESS
ABOUT **GROWTH**

GRO



W T H



World Trade Center transportation hub, New York, USA



Market Hall, Rotterdam, Netherlands

To consolidate its global presence, Sonepar operates on a decentralized basis, organizing its business into four Regions: Southern Europe, Northern Europe, North America and Asia-Pacific. A key outcome of that approach is growth. Consistently solid growth, generated by both autonomous expansion and acquisitions. And every company that joins us becomes a full-fledged member of our Group.

P.38 SOUTHERN EUROPE

P.40 NORTHERN EUROPE

P.42 NORTH AMERICA

P.44 ASIA-PACIFIC

P.46 THEY HAVE ALL COME ON BOARD SONEPAR

SOUTHERN EUROPE ADAPTATION

Patrick SALVADORI, President



FRANCE (AND MONACO)

NO. 2 IN THE MARKET

2,356 M€

Benoît Pedoussaut

544 branches

Although our markets in Southern Europe shrank on the whole in 2014, we managed to limit the falloff in our sales to -2.5%, thanks to our expanding share of the market. The real challenge involved constantly adapting our organization and our approach to marketing, while continuing to invest.

In France, we went further with the self-service overhaul of our branches and opened two new distribution platforms. In Belgium, our acquisition of an electrical installation supplier has given us a broader range of products and customers. In Italy, we grew our business despite a declining market. In Spain, the implementation of our expansion plan brought us real growth and enabled us to double our market share between 2008 and 2014.

3.8 BILLION EUROS
822 BRANCHES
7 COUNTRIES



Belgium, Brazil, France, Italy,
Monaco, Romania, Spain.



BELGIUM

NO. 1 IN THE MARKET

447 M€**Alexander Dewulf****33 branches****SELF-SERVICE OUTLETS AND SALES COUNTERS IN ITALY**

In Italy, the drive to overhaul our sales outlets went further. We now offer customers two types of branches: self-service stores where contractors can swiftly purchase common products, and sales counters, where they can get practical information and advice. At two branches, large display centers have been opened, where customers can try out the latest products in any business line they choose.

**TWO NEW CENTRAL DISTRIBUTION CENTERS IN FRANCE**

In 2014, two large logistics platforms came on stream in France, one in the Mediterranean area and the other in the southwest. To meet customer needs more effectively, Sonepar France will be opening a new such platform in 2015, this time in the West of the country.

**ITALY**

NO. 1 IN THE MARKET

417 M€**Carlo Mazzantini****94 branches****SPAIN**

NO. 1 IN THE MARKET

276 M€**Luis Arconada****106 branches****BRAZIL**

NO. 1 IN THE MARKET

224 M€**Hervé Salmon****37 branches****ROMANIA**

NO. 3 IN THE MARKET

13 M€**Dan Georgia****8 branches**

NORTHERN EUROPE INNOVATION

Johan VERBEEK, President



Despite the uncertain economic environment, our business showed an increase of almost 3%, driven in equal measure by internal and external growth. Both sales and profitability came in better than budgeted. Our growth champions were Hungary, Poland and Sweden, where R&D projects were the big driver. We added forty points of sales and achieved a further increase in our e-commerce as a result of strong innovation.

Our experienced and stable teams allowed us to make more and larger acquisitions. The acquisition of Routeco has put us back on the map in the UK. Our customers can benefit from our continuing investments in our associates, supply chain, IT and e-commerce system and new and refurbished branches.



NETHERLANDS

NO. 1 IN THE MARKET

1,104 M€

Jan Ferwerda

35 branches

UNITED KINGDOM

NO. 1 IN ITS MARKET

23 M€

Ian Stewart

15 branches

5.3 BILLION EUROS

503 BRANCHES (and 45 SATELLITES)

15 COUNTRIES



Austria, Czech Republic, Estonia, Finland, Germany, Hungary, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Sweden, Switzerland, United Kingdom.

STRATEGIC OPERATING AREA CENTRAL

Stefan Stegemann & Holger Heckle

GERMANY (AND LUXEMBOURG)

NO. 1 IN THE MARKET

2,420 M€

Stefan Stegemann & Holger Heckle

234 branches

SWITZERLAND

NO. 2 IN THE MARKET

234 M€

David von Ow

12 branches

AUSTRIA

NO. 2 IN THE MARKET

150 M€

Bernhard Weber

10 branches

CZECH REPUBLIC

52 M€

Jiri Louda

30 branches

HUNGARY

NO. 2 IN THE MARKET

30 M€

János Ágner

14 branches

STRATEGIC OPERATING AREA NORDIC

Anders Westmark

SWEDEN

NO. 1 IN THE MARKET

649 M€

Anders Nordlow

47 branches

FINLAND

NO. 1 IN THE MARKET

351 M€

Mika Höijer

35 branches

NORWAY

118 M€

Lars Hamborg

12 branches

POLAND

NO. 1 IN THE MARKET

112 M€

Wieslaw Romanczuk

41 branches

BALTICS (ESTONIA, LATVIA, LITHUANIA)

NO. 1 IN THE MARKET

66 M€

Heiki Liiser

18 branches

ONLINE TRAINING IN POLAND

At Alfa Elektro in Poland, an e-learning program was initiated to give new associates a clearer picture of the company, its procedures, its values and how it operates. Each participant can learn at a distance and move forward at his or her own pace. Not only does the program save time; it's also highly effective.



A MOBILE APP FOR CUSTOMERS IN THE NETHERLANDS

The new application "Mobile Commerce", originally from Switzerland, has been adopted in the Netherlands. A major plus point is that it works both on- and offline. Customers who use it enjoy several immediate advantages: product searches take next-to-no time, they can directly access their orders and they can check prices and find out about product availability instantly. With the help of the in-built barcode scanner, customers can instantly read the description and price of the product they are looking for. So the new app makes their job just that much easier. An app downloaded 15,000 times in its first month.



NORTH AMERICA DYNAMISM

Dave GABRIEL, President



2014 was a year of building momentum with 12% total sales growth taking market share in the region. Bottom line profitability outpaced sales growth through pricing discipline and increased productivity. Despite a slow growth environment, Canada again delivered solid performance. The addition of IDG in the USA added significant growth, diversity and expansion in the close to core industrial products and integrated supply solutions.

We entered Columbia, Costa Rica and Panama through acquisition. Over 150 customer serving locations were added in the region in 2014 building density. These investments have the region well positioned for growth and expansion.

USA
(AND DOMINICAN REP.,
PUERTO RICO, TRINIDAD
& TOBAGO)

NO. 1 IN THE MARKET

5,004 M€

Halsey Cook

712 branches

6.4 BILLION EUROS

934 BRANCHES

9 COUNTRIES



Canada, Colombia, Costa Rica,
Dominican Republic, Mexico, Panama, Puerto Rico,
Trinidad and Tobago, USA.



CANADA

NO. 3 IN THE MARKET

961 M€

François Anquetil

103 branches**STRATEGIC OPERATING AREA
CENTRAL AMERICA**

Urcesino Palacios Barro

MEXICO

NO. 1 IN THE MARKET

392 M€Sonepar Mexico:
Urcesino Palacios Barro
Vallen Proveedora (*):
Camilo Kuri**106 branches****COLOMBIA**

NO. 1 IN THE MARKET

49 M€

Ricardo Rodriguez

8 branches**COSTA RICA**

NO. 2 IN THE MARKET

12 M€

Rodrigo Esquivel

4 branches**PANAMA****2** M€

Ricardo Rodriguez

1 branch**VIDEOS IN CANADA**

The Human Resources department in Canada has designed and recorded recruitment videos that introduce and spotlight the company, the industry it is part of, its various businesses and its associates. To attract new talent, these short films describe a wide range of hands-on activities, from sales to logistics and inventory management—not to mention the role of branch manager.

**SAFETY INITIATIVES
IN NORTH AMERICA**

In the United States, Sonepar USA developed a comprehensive catalog of personal protective equipment (PPE), including hard hats, face shields, ensembles, gloves and tools for electrical installers and industrial customers. In Canada, Vallen and Lumen partnered with its suppliers to hold a dedicated Health & Safety at Work Week at its branches. This was an opportunity to acquaint customers with the latest in PPE, safety training programs and special offers on specific equipment.



(*) Reporting directly to Region President

ASIA-PACIFIC ACCELERATION

Keith MOSS, President



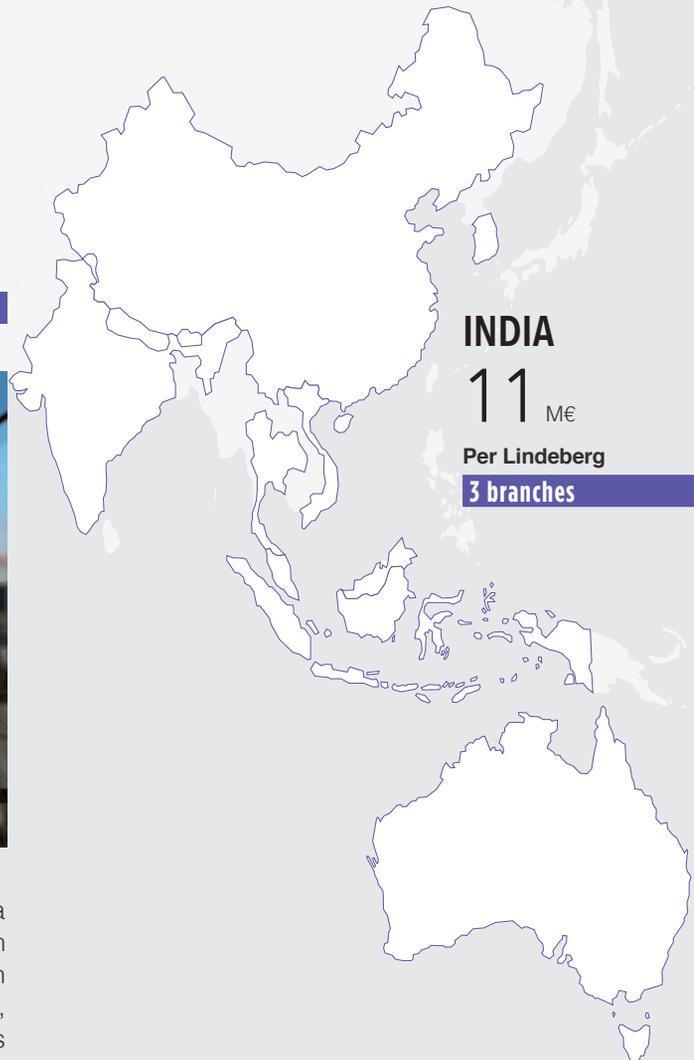
“Accelerate” was the Asia-Pacific region’s theme for 2014: a natural continuation on the path of our long-term strategic plan to be “La Référence” in the Asia-Pacific market. With growth in volume exceeding 20%, the acceleration clearly materialized, thanks to the initiatives taken, to the dedication of our associates and to the continuation of the acquisition strategy.

We are happy to report that nine new companies have joined us during the year and that we have successfully launched three new operating companies in India and in China.

1.7 BILLION EUROS
341 BRANCHES
10 COUNTRIES



Australia, China, India, Indonesia, Malaysia, New Zealand, Singapore, South Korea, Thailand, Vietnam.



INDIA

11 M€

Per Lindeberg

3 branches

STRATEGIC OPERATING AREA PACIFIC

Robin Norris

AUSTRALIA

NO. 2 IN THE MARKET

572 M€

Robin Norris

190 branches

NEW ZEALAND

NO. 3 IN THE MARKET

84 M€

Steve Priest

45 branches

STRATEGIC OPERATING AREA CHINA

Yuxiao Xu

MAINLAND CHINA

NO. 2 IN THE MARKET

575 M€

Yuxiao Xu

31 branches

HONG KONG & MACAU SAR

NO. 1 IN THE MARKET

42 M€

Alvin Mok

9 branches

STRATEGIC OPERATING AREA SOUTH-EAST ASIA

Alex Cheang

SINGAPORE

10 M€

HoST: **See Howe Ho**
Cable Solutions: **Lawrence Tam**

2 branches

MALAYSIA

NO. 1 IN THE MARKET

163 M€

Francis Sa

38 branches

INTEGRATED SUPPLY VERTICAL

48 M€

Hagemeyer Asia:
Andrew Bennett
(Malaysia, Singapore, Thailand)

3 branches

THAILAND

NO. 2 IN THE MARKET

50 M€

DEP:
Suchart Bandithsuwan
Sonic Automation:
Surote Panasahatham

12 branches

OAKWELL GROUP

97 M€

Per Lindeberg
(China, Malaysia, Singapore,
South Korea, Thailand, Vietnam)

7 branches

INDONESIA

9 M€

Fanah Jaya: **Chin Hon Lim**

1 branch

NEW SHARED ERP IN CHINA

To simplify, improve efficiency and create a better customer interface, a single ERP solution is being rolled out to all operating companies in the country. This tool is a critical part of a comprehensive solution that will help strengthen our growing position in this large and strategic market. Making its name particularly apt: "Acceleration Program"



AN ECO-AUDIT SOLUTION IN AUSTRALIA

Specialized Lighting Solutions (SLS) now delivers a turnkey lighting solution to its customers who are looking to be more energy efficient. Whatever type of customer (retail stores, shopping centers, hospitals, schools etc.) they can enjoy more effective lighting while reducing energy consumption, with simplified maintenance, reduced carbon footprint and a guaranteed return on investment.



THEY HAVE ALL COME ON BOARD SONEPAR

A large number of companies—and their people—have joined Sonepar over the years. In 2014, as many as twenty acquisitions were made, all around the world. Each company was rapidly and comprehensively integrated, thanks to Sonepar’s values the transparency and flexibility of our organization and our focus on people. The following testimonials recount success stories, both old and new.

2011

BOB ZAMARRIPA
President of Sonepar USA’s Western Region and founder of OneSource

UNITED STATES

“I remember the transition not being very disruptive; there were no sudden changes and no differences for our customers. That’s the main reason why Sonepar is such an attractive Group for businesses looking to sell. Sonepar’s team was extremely considerate and welcoming. From the start, we were on the same wavelength in terms of company culture, and that hasn’t changed since. Joining Sonepar enabled us to share good practices and opened up global perspectives for us.”



2014

RODRIGO ESQUIVEL MORA
CEO of IESA

COSTA RICA

“I have been with IESA for 32 years and with Sonepar for eight months now. The transition phase, which is ending, was a huge piece of work, but it was also a very inspiring period for us, because we knew we were joining a global leader. During the early months, we received a welcome letter and a Mission Letter from Sonepar. Even better, the CEO, Franck Bruel travelled from France to meet and talk with us. It didn’t take us long at all to welcome the rigorous management and control processes, but also the autonomy we were given. And we now have exciting projects underway.”

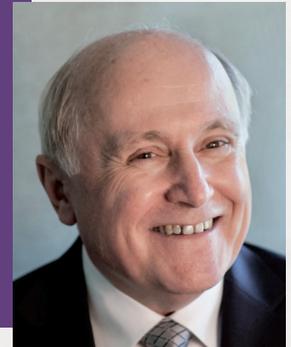


2014

CHARLES LINGENFELTER
President and CEO of IDG

UNITED STATES

“We are delighted to join Sonepar, a leader in the distribution of electrical products and related services. Merging our teams, processes and resources will create many opportunities for our customers, suppliers and shareholders.”





IAN STEWART
CEO of Routeco Group

**UNITED KINGDOM,
AUSTRIA AND THE
NETHERLANDS**

"It's been almost three months now since my company joined Sonepar, and I have been working in it for twenty-eight years. We are in the integration phase: it's a difficult, but exhilarating, time. We are now part of a global group that is a market leader. Sonepar's teams have gradually introduced us to its procedures, its organization and its culture. In addition, we have already received training in the financial reporting system used by the Group, for example. What first amazed me was how Sonepar trusts us when it comes to managing our business. We already feel like we are part of the "family"."

2014

2014

SEE HOWE HO
CEO of HoST

SINGAPORE

"I have been with HoST, which just joined Sonepar, for ten years. The Group's Asia-Pacific Region organized many meetings with our executive team and managers to reassure us and answer all our questions. What has surprised me the most is the autonomy we are given to achieve our objectives and optimize our organization. We truly appreciate the knowledge-sharing and good practices developed in the Group."



2008

CAMILO KURI
CEO of Vallen Proveedora Industrial

MEXICO

"I worked for this company for 30 years before coming on board Sonepar six years ago. When we joined the Group, we were very warmly and openly welcomed. What came as a surprise at the time was the Group's ambition, its decentralized organization, its working methods and the professionalism of its teams. Sonepar has brought out our fighting spirit, helped us clarify our objectives, and boosted our self-confidence."



RICARDO RODRIGUEZ MUTIS
CEO of Melexa

2014

COLOMBIA & PANAMA

"Our company joined Sonepar in May 2014. We were warmly welcomed and received kind messages from the Group's general management. We are getting familiar with Sonepar's reporting methods and procedures and we know that this is a necessary step. Meanwhile, we have strengthened our partnerships with suppliers, and our customers are impatient to find out what new services and solutions we will be offering. It's incredible what expectations our customers have, just from hearing the Sonepar name!"



2012

YUXIAO XU
President of Strategic Operating Area China and founder of Witjoint Automation

CHINA

"I have been the President of Greater China since October 2014. I worked at Witjoint for twelve years, and we joined Sonepar a little over two years ago. The transition went well. We were warmly welcomed by Sonepar. We travelled to Europe before the acquisition was made and got a feel for the Group's culture and mindset. That visit was very important. The Sonepar China team prepared for the integration of all teams very effectively. What really surprised me in the Group was its decentralized organization and the diversity of the companies it includes. What I appreciate are our similar values and company culture: passion, pragmatism, respect, creativity and transparency."

2014

BILLY YAP
CEO of Interstate Group

MALAYSIA

"I founded Interstate twenty-five years ago, and we joined Sonepar in May 2014. The transition was completed smoothly and without any significant problems. What we appreciated was having the Executive Chairman of Sonepar, Marie-Christine Coisne-Roquette visit us two weeks after joining the Group. Since then, I haven't noticed any radical changes. On the other hand, we now feel like part of one big family. It's almost intimidating, but very rewarding! I am proud to work at Sonepar."



2014

JOHN MOORE
CEO and co-founder of Electrical
Distributors of Western Australia

AUSTRALIA

"It has been nine months since we joined Sonepar. I have worked at Electrical Distributors ever since it was founded, almost twenty-seven years ago. Overall, the transition went well: the trickiest part was setting up the financial and accounting procedures—including reporting—used at Sonepar, but today we are starting to understand them better. What is really great is the independence we are given to keep on managing our businesses as we see fit."



STEVE PRIEST
CEO of Corys Electrical

NEW ZEALAND

"I am CEO of Corys Electrical, and I have been working in this company for a whole thirty-five years! We went through a phase of adaptation to the new organization and the new teams. It was a relatively anxious time but, in the end everyone considered the transition a positive experience. We were very warmly welcomed and quickly felt that we were "part of the family." Sonepar is a very large group, and yet I was surprised by the warmth and support we were shown by all. New Zealand may be far from everything, but we really don't feel as though we're entirely on our own. Being a part of Sonepar will enable us to develop our business: it opens doors to suppliers and gives us the freedom and confidence to innovate."

2012

WE ARE GEARED TO SUSTAINABILITY

SUSTAIN



ABILITY



Sonepar is an independent company with a united family shareholder base. We operate on the basis of shared values and sound governance principles and structures. We voluntarily align our rigorous management and oversight policies with the highest international standards. Because achieving sound, sustainable growth is the name of the game.

P. 52 THE STRENGTH OF A UNITED FAMILY SHAREHOLDER BASE

P. 54 OUR VALUES: THEY DRIVE THEM. THEY REFLECT ON THEM.

P. 56 A GOVERNANCE CHARTER AND GOVERNANCE BODIES GEARED TO EFFICIENCY AND GROWTH

P. 58 RIGOROUS, DEMANDING MANAGEMENT

P. 60 SUSTAINABLE DEVELOPMENT: A STRONG COMMITMENT COMBINED WITH COLLECTIVE ACTION





THE **STRENGTH** OF A **UNITED** FAMILY SHAREHOLDER BASE

**STRICT MANAGEMENT
COMBINED WITH FAMILY
SPIRIT IS PART
OF WHY WE'VE
LASTED SO LONG.**

One shareholder's words

**DISTRIBUTION, ACTING
AS GO-BETWEEN, ISN'T
RANKED VERY HIGH
OR CONSIDERED A
PARTICULARLY SEXY
BUSINESS, BUT PEOPLE ARE
WHAT MAKES IT WORK.**

Henri Coisne, founder

The family shareholders grouped together in the family holding company, Colam Entreprenre, share in the Group's growth and provide the necessary long-term support. They do so not only through governance bodies like shareholders' meetings and the Boards of Directors either for the Group and for the subsidiaries, but also through study trips, informal meetings and training programs. And in the process, they maintain and consolidate the already strong ties they have together and with Sonepar. The shared determination to keep everyone connected to the strategy and growth of the Group, its values, its commitment to mutual respect between shareholders and staff, its policy of sharing knowledge and good practices, is one of the Group's unquestionable strengths. In fact, building that connection is a constant and constantly evolving process, one that gives concrete form to the long-term commitment of all. What gradually emerges is thus a shareholder's reference for helping Sonepar realize its ambitions. The governance and oversight arrangements in place, the effective management of the family's collective holdings and its strong

sense of togetherness all make for a solid, yet constantly evolving family group. Addressing the generational challenge has joined the list of issues on the family group agenda. Young shareholders over the age of eighteen are now treated to an Introductory Seminar where they learn all about the Group's history and how it is organized. They can also sign up for internships that allow them to "experience Sonepar from the inside." The Colam Education Path gives all shareholders opportunities to get acquainted with business economics, the world of Sonepar, family group governance and transmission of the founders' intangible values. In addition, working groups on selected topics often stimulate discussion and encourage people to put forward proposals. In 2014, for example, an opinion poll of family shareholders was conducted on the issue of corporate social and environmental responsibility. As a result, a steering committee was set up to define the responsible shareholder of tomorrow. We must build the future together, and invent it today.



MARIE-CHRISTINE COISNE-ROQUETTE: ASSOCIATE SHAREHOLDING AS SHARED CHALLENGE AND ADDITIONAL GUARANTEE OF SUCCESS

Sonepar associates are major contributors to the Group's success, and giving them a share of the capital provided by the family shareholders is a key prerequisite for our long-term growth. Associate shareholding, which has been steadily gaining ground in our Group, reflects both the trust we place in the people whose efficiency on the job has done so much to make us successful, and their own desire for a share of the added-value they help generate.

Since 2005, shareholding in the Group has gradually taken on a variety of forms, which now range from stock options to bonus stock awards. Initially limited to optional direct investment by Sonepar executives, associate shareholding has since become an integral part of their compensation. And it is now offered to a broader group of associates the world over. Sonepar's long-term aim is for 10% of all associates to own Sonepar shares. This realizable goal stems from our shared conviction that we are necessarily stronger together.

**YOU WAKE UP EVERY
MORNING, WITH THE
PASSION TO WIN,
ALL OF US TOGETHER.**

One shareholder's words

**RESPECT IS PROBABLY
THE VALUE
SHARED BY THE
GREATEST NUMBER
OF PEOPLE AT
SONEPAR AND COLAM
ENTREPRENDRE.**

One shareholder's words

PREPARING FOR TOMORROW WITH THE 3J

The sharing of knowledge, which bears witness to strong ties to the business, also involves inducting and educating young people during the "3J," an event held for the second time in 2014. The "3J" should be seen as a response to the serious demographic challenge the family group will soon be confronted with. By 2030, there may be as many as 1,000 family shareholders!

Shepherded by older shareholders, twenty-five family members aged 14 to 17 attend a three-day gathering every year, where they can get to know each other, find out about Sonepar and gain a basic or deeper understanding of their family ties. The event also provides an occasion for introducing them to the Group's most critical values. This unconventional initiative emerged out of a Colam Entrepreneurs working group. One of the key payoffs is to boost family cohesion, help disseminate the lessons of experience and enhance understanding of Sonepar's long-range growth strategy among those who will soon be its co-owners.

**STRENGTH AND
AMBITION ROOTED
IN VALUES FROM THE
PAST—YET ENTIRELY
RELEVANT TO THE
WORLD OF TOMORROW.**

One shareholder's words

OUR VALUES

THEY DRIVE THEM. THEY REFLECT ON THEM.



Xavier

PASSION

Ingeborg, Cebeo, Belgium

"Last month, one of our colleagues retired after working in the Group for more than forty years. In his farewell speech, he told us, "Every day, I worked for this company as though it were my own."

Angela, L&H, Australia

"Passion—when you love what you do and you do what you love—nurtures excellence for our business and for our customers."



Géraldine

SYNERGIES

Alexander, Cebeo, Belgium

"Sharing good practices, working as a team, striving to reach a common goal, creating platforms and achieving results by respecting our values and shared objectives."



Ludovic

PEOPLE

Walter, Sonepar Canada, Canada

"The men and women in the Group are the roots of the "mighty tree" that is Sonepar."

Marie-José, Technische Unie, Netherlands

"To build partnerships with customers, we need the men and women in the Group. They are the key to success."



Sidi

PROFIT

Brian, Sonepar USA, United States

"A healthy profit is proof that a company succeeds by upholding its values. And in return, it enables the company to invest more in all of its values."



Marc

CUSTOMERS

Marie-José, Technische Unie, Netherlands
 "Everything begins and ends with the customers. They are the resource that determines the success of an organization like ours."



Hélène

RESPECT

Vincent, Sonepar, Suisse
 "When asked, "Why did you choose Sonepar rather than another distributor?", the answer came right away: mutual respect and the quality of our relationship."



José

"LA RÉFÉRENCE"

Stefan, Elektroskandia Sverige, Sweden
 "For me, it means that your customers, suppliers, associates and shareholders truly see you as the leader. You become "La Référence", but you should never take this for granted. You need a lot of modesty and determination to become "La Référence." And it's a source of nonstop improvement for us."

FUTURE



Marie-Lucile

Miguel, Alcione, Mexico
 "Each Sonepar associate's "raison d'être" is to contribute to the company's lasting success. With this ability to anticipate and adapt to changes, we can reach more ambitious objectives and build an even better future."

Edie, KVC, Malaysia
 "The future is what we are all working together to accomplish at Sonepar today. Sonepar doesn't offer us the future, but it does provide a foundation on which we can shape the future we want and build the legacy we want, together."

A GOVERNANCE CHARTER AND **GOVERNANCE** BODIES GEARED TO **EFFICIENCY** AND **GROWTH**

Sonepar, the global leader in its business, has succeeded in combining decentralized operations, a strategy for lasting growth and allegiance to its values by establishing a corporate philosophy and principles of action that all its members share.

That philosophy and those values are embodied in a Governance Charter for the shareholders and the various executive bodies. Responsibilities at every decision-making level are clearly spelled out with the overriding aim of making the Group “La Référence.”

A holding company, Colam Entreprendre, brings together the family shareholders. Colam Entreprendre defines the rules on debt levels, sets demanding ratios and performance targets and ensures the implementation of a calculated risk-taking policy. The Group's dividend policy ensures balance between the company's expansion and returns to shareholders.

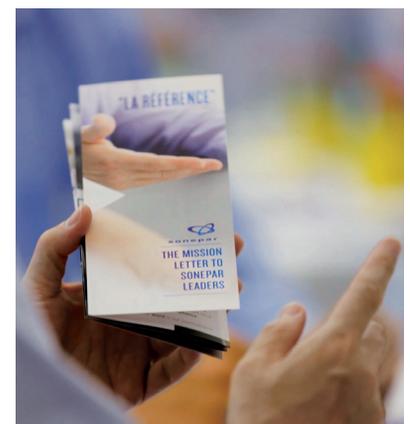
The family shareholders also wanted to offer a stake in the Group to those who work for it. All associate shareholders hold their shares through an entity called Sonepack. Together, the family and associate shareholders hold Sonepar's share capital.

The Charter requires everyone to:

- Treat others with respect
- Refrain from any actions or decisions they would not be able to defend in public
- Promote integrity, create motivation and reward loyalty, efficiency and initiative
- Develop a mindset of mutual respect between the company and its members

Everyone is also expected to implement the following operating principles:

- Combine trust with adequate control
- Make responsibility for security and control everyone's business
- Ensure that information is protected and shared where needed within the Group
- Refrain from using one's title or position as a means to procure pecuniary or other advantages; the obligation to report any conflict of interest, even potential



“The Mission Statement and the Mission Letter: explaining who we are, what we do and what we want.”



Sonepar Board of Directors / Honorary Chairman: Henri Coisne / Chairman: Marie-Christine Coisne-Roquette
Directors: Michel Bon, Henri Paul Coisne, Stéphane Coisne, Denis Gonseth, Frank H.Lakerveld, Paul-René Lambert, Christian Maurin, José Maria Pena Rich Möller, Olivier Verley.

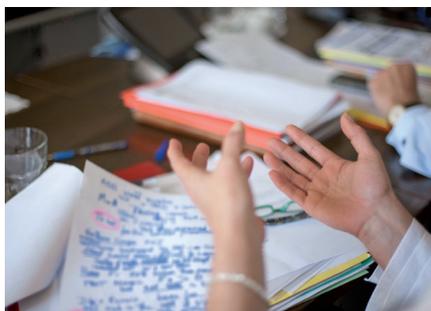
THE SHAREHOLDERS' MEETING

With roughly 250 attendees every year, the general shareholders' meeting provides an information forum at which shareholders, General Management and other Sonepar executives can exchange views. Along with a presentation of Sonepar's results, the various aspects of Group strategy are addressed, so that a common vision of Sonepar's business performance can be reached and ratified by a family shareholders' vote. In 2014, as in every preceding year, all the major issues facing the Group were carefully examined. The terms of office of several members of the Board of Directors, including Marie-Christine Coisne-Roquette, the Chairman of the Board, were renewed. The resolutions submitted for approval were passed unanimously.

THE BOARD OF DIRECTORS

The Board of Directors is composed of figures from the business world, family entrepreneurs and former Sonepar executives, meeting at least once each quarter. It carries out an annual review of each of Sonepar's four Regions in the presence of the Regional President involved. The Group's head office and support functions are likewise reviewed. The Board draws on the steady output of reporting tools and Audit Committee reports to examine Group performance. In addition to renewing the Chairman of the Board's term of office, the Board's agenda last year included discussing Sonepar's strategic priorities, renegotiating its

lines of credit and approving major acquisitions and Sonepar's entry into additional countries. It also validated the compensation awarded to the Group's officers and directors and the allotment of attendance fees. And the Board authorized the Group to continue with its ambitious investment program, earmarking €230 million for that purpose in 2014.



GENERAL MANAGEMENT

The Chief Executive Officer oversees and directs Sonepar's business in accordance with the Mission Letter recently issued by the Sonepar Executive Committee (SEC). The Letter emphasizes the four key aspects of what our subsidiaries do. Last year, twenty acquisitions were carried out with the assistance of the CFO and the relevant Regional Presidents. The drive for innovation initiated in late 2012, made up of activities identified and labeled as R&D in the Group, gained momentum, with fifty-one projects approved in 2014. Every such project is managed by the subsidiary behind it and is monitored separately by Management

Control and General Management. Based on a wide range of research conducted inside and outside the Group, the CEO established a master plan for an e-business strategy.

THE AUDIT AND COMPENSATION COMMITTEES

The Board of Directors draws heavily on the studies performed and the recommendations put forward by these two committees. Composed of Board members and family shareholders, the Audit and Compensation Committees tackled several important issues in 2014, while working further on studies initiated in the previous year. The Audit Committee reviewed the Group's risk mapping and internal control processes, and issued an opinion on the annual audit program. At the same time, the Compensation Committee worked on the Group's 2014 Shareholding Plan. With respect to compensation policy for officers and directors, the Committee reaffirmed its recommendation that the variable component of compensation be based to a large extent on Sonepar's performance compared with that of a selection of representative companies.



RIGOROUS, DEMANDING MANAGEMENT

As an unlisted family-owned company with international scope, Sonepar has adopted strict audit and management control procedures. The Group upholds the most demanding international standards and provides continuous information and training to its people—so that our drive for benchmark status will be shared by all.

A RIGOROUS APPROACH TO INTERNAL AUDITING

Internal Audit has adopted the most rigorous approach, based on the highest international standards, and follows the Sonepar Internal Audit Charter approved in 2013. Its members conform to the guidance of the Institute of Internal Auditors (IIA). Its mission is to provide reasonable assurance on risk management, reporting, control and governance processes and to make recommendations to enhance their effectiveness and improve the quality of financial and management information, in keeping with Group values. Sonepar Internal Audit meets the needs of Sonepar Group, Regions, Countries and Operating Companies by focusing on protection of assets, integrity and reliability of financial data, thus contributing to process improvements and promoting good practices across the companies.

The audit team is currently made up of twenty-one members of ten different nationalities who cover the forty-one countries in which Sonepar operates. It is headed by the Vice President, Internal Audit, who reports to Group Senior Management and to the Audit Committee. In 2014, 105 internal audit assignments were conducted.

Sonepar Internal Audit takes a risk-based approach. The audit plan approved by the Audit Committee is based on a periodic risk assessment at each main subsidiary, and its audit opinions state the extent to which those risks are being mitigated. Internal audit engagements cover the primary operating and support processes: Sales and Billing, Purchasing and Inventory Management, Logistics and Warehousing, Human Resources and Payroll, IT, Finance, Business Continuity, Governance, etc. In 2014, Finance and Credit Management audits accounted for 24% of the total, Internal Control Reviews for 14% and IT System audits for 11%. Internal Audit presents its findings and recommendations to the entities audited, which respond with corrective action plans whose implementation is monitored by the internal auditors. At regular intervals, Internal Audit submits its results to Country, Region and Group Senior Management, as well as to the Country Boards of Directors and the Group Audit Committee, also indicating the extent to which management action plans have been implemented.

A steadily growing tendency to implement such plans following internal audit reports can be observed.

ENHANCED PERFORMANCE THROUGH MANAGEMENT CONTROL

There are two distinct aspects to management control at Sonepar: measuring and evaluating performance, and continuous enhancement of internal controls.

With a centrally organized staff, dedicated correspondents in every Region and responsive contacts on local teams, the Management Control Group supplies Senior Management with performance measurement and evaluation data, along with recommendations on how to achieve the company's objectives. Its job involves establishing processes for setting realistic yet ambitious goals (e.g., a three-year plan and a budget) and then regularly providing formal, shared evaluations of how actual performance by the various entities compares with planned performance. In response to an evaluation, the relevant subsidiary is expected to adopt a corrective action plan. In their work, the management controllers make extensive use of Sonepar's information systems and dashboards, particularly such central elements as the URS (Unified Reporting Sonepar) and the KOPIS (Key Operational Performance Indicators Sonepar).

Regular analysis makes it easier to identify areas of risk and progress, and to coordinate efforts at improvement. In 2014, a report was submitted to the Audit Committee on customer credit. With the help of the IFC (International Finance Committee) and local credit committees, successful actions and good practices were shared in such a way as to deliver improved results and enrich dashboards with more specific customer risk indicators.

The second aspect of management control is to promote continuous enhancement of internal controls. This involves enlisting the participation of key people at all levels of the organization by providing a set of standards, training, expertise and evaluation tools that enable everyone to find concrete responses to issues of local relevance. In 2014, a community was started up on the Sonepar social network, encompassing all the national, regional and Group internal control coordinators. This gives members better access to information on the standards and tools to be used and allows them to address issues and good practices directly with their peers.

MONTHLY CONSOLIDATED FINANCIAL STATEMENTS

Sonepar's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The annual financial statements, which meet similar standards to those of publicly listed companies, are certified by two audit firms, KPMG and Mazars.

The consolidation and reporting system implemented in every country in which it operates or plans to establish operations affords the Group a comprehensive view of the financial information for all its operating subsidiaries. In 2014, Sonepar acquired twenty companies, and has consolidated all of them. Centralized management of accounting procedures and financial reporting tools has led over the years to optimization of the processes for producing financial information. As a result, Senior Management obtains reliable monthly reporting that is shared by all decision-makers at every level of the organization.

A CENTRALLY-RUN TREASURY DEPARTMENT

The management of cash and financing in the Group is more than 90% centralized. In addition to guaranteeing adequate liquidity, this makes it possible to monitor how operating subsidiaries use cash resources and to optimize management of the associated risks (exchange-rate and interest-rate) and financing conditions. The tools and procedures involved offer maximum security. In 2014, the Group also effectively renegotiated its existing lines of credit. Maturities were extended, financing sources were diversified and the cost to Sonepar was reduced.

A CASH POOLING AWARD

In conjunction with centralized financing, cash pooling facilitates cash circulation and concentration. First introduced in the early 2000s by Sonepar France, this policy applies today to entities generating over 90% of consolidated sales, including in Asia, where the Group operates in ten countries. In fact, in the Asset Asian Awards for 2014, Sonepar was named "Treasury Team of the Year."

EDUCATION TO INCREASE UNDERSTANDING OF THE LEGAL AND REGULATORY ENVIRONMENT

Sonepar operates in an increasingly "litigious" global business environment with increasingly stiff economic regulations. In response, the Group General Counsel stepped up



its efforts in 2014 to enhance the Group's legal security by means of training, advice, recommendations and the communication of good practices. The explicit, overriding aim of Sonepar Group Senior Management is to make all management staff more knowledgeable about their legal and regulatory environment, and therefore more vigilant.

Last year, the primary focal points were competition (i.e., antitrust) law and the security of Group associates who travel regularly, along with the security of the data they transport. Several training courses have been initiated, particularly in companies recently acquired by Sonepar in order to bring them up to the same level of information and experience as the rest of the Group. At other, longer-standing subsidiaries, for example in Belgium, France, Sweden, the Netherlands and Brazil, management training consists of refresher courses that address the increasing complexity and expanding body of regulations to be dealt with.

Further education and recommendations on competition law and contract law will be on the Group's agenda in 2015 as well. As an enterprise operating in forty-one countries, Sonepar must now contend with a higher number and greater variety of legal rules. This adds having knowledgeable, vigilant executives to the growing list of determinants of our success.



SUSTAINABLE DEVELOPMENT: A **STRONG COMMITMENT** COMBINED WITH **COLLECTIVE ACTION**

Sonepar has naturally been taking measures to promote sustainable development for many years now. All of those actions are united under the BlueWay flag and consistently reflect the same compelling philosophy: by making sustainable development part of their everyday activities, together, the Group's associates, suppliers and customers around the world can be more effective.

BlueWay is a flexible framework into which any initiative can be welcomed—in any shape or form. What matters is the result. Above all, BlueWay favors creativity, adaptation, and the improvement of processes and organizations, always taking the local market into account. The areas of action are broad and include smaller environmental footprint, better energy efficiency, reduced consumption with the use of energy-efficient equipment and recycling. There are many challenges to be met and no shortage of ideas. Every year, concrete action

is taken in each country where the Group operates. Sharing these initiatives means they can be adapted elsewhere, wherever possible. In sustainable development as well, Sonepar wants to be "*La Référence*" for its customers, suppliers, associates and shareholders.



ENERGY SAVING WEEK

Every year since 2011, sustainable development has been the star of a major week-long event across the Group, called "Energy Saving Week" (ESW). Group companies around the world gather all their energies and join together to celebrate this "made in Sonepar" sustainable development week, by holding conferences, organizing customer seminars, offering special associate-training sessions, promoting innovative products or services and even running in-house contests with a prize for the best ideas. Last year, more than 400 different initiatives promoting a shared sustainable development approach, tailored to local issues and constraints on the ground, were undertaken and involved our partners, customers and suppliers. In 2015, new solutions will surface during Sonepar's "Energy Saving Week", so stay tuned!

ENERGY SAVING WEEK – FOURTH EDITION

STRONG TURNOUT FOR A CUSTOMER SEMINAR IN MALAYSIA

More than sixty-six participants from thirty-six different companies participated in a seminar organized by KVC in Kuala Lumpur. The goal was to help customers implement smart energy-saving solutions in their daily operations.

HIGHLY ENGAGED SUPPLIERS IN SPAIN

At Huerto de Valencia, AME was host to about 800 customers at various seminars in which its main suppliers participated. More than fifteen suppliers presented innovations at their booths and answered customer questions in a friendly environment.

AMAZING TALES ABOUT ENERGY HELP TO BETTER INFORM USERS IN GERMANY

“Knowledge makes us smart.” Using strange or surprising facts about energy to grab the attention of its customers, Sonepar Deutschland was able to follow up with information about Sonepar’s innovations, including direct access for website visitors to its new Energy Information Center.



CONCRETE DISCUSSIONS ON ENERGY-SAVING STRATEGIES IN CANADA

Sonepar Canada’s experts debated energy-efficiency strategies, the best ways to optimize energy use, and good practices during this sustainable development week. They kept the focus on concrete measures, sometimes giving simple but timeless advice, including “If you are not using the equipment, turn it off!”



A BUSY MONTH OF SUSTAINABLE ACTION IN THE U.S.

September is the month when, all together, Sonepar USA’s teams turn the spotlight on sustainable development, through a diverse range of initiatives. NorthEast Electrical launches competitions for its associates, awarding the best merchandising display of energy-saving products or the highest-performing sellers of energy-efficient solutions. Special campaigns in branches or over the phone are run to involve customers. Eoff Electric Supply works with Acuity to offer training to its associates. In 2014, forty-five associates completed a course in lighting controls, learning about the latest products, relevant strategies, and major trends. Regional programs also aim to encourage customers and salespeople to promote the use of products such as LED lighting and high-efficiency fluorescent lamps.

**400
INITIATIVES
IN 2014**

SONEPAR ECO INDUSTRY DELIVERS SERVICES ALL YEAR LONG TO HELP INDUSTRIAL CUSTOMERS MAKE THE ENERGY TRANSITION

Helping customers improve their energy efficiency with personalized solutions by deploying a network of expertise, building on partnerships with manufacturers, electrical specialists, and design engineers: that’s the aim of Sonepar Deutschland. Through the network, a broad spectrum of energy-efficient products and services can be offered to customers and adapted to their specific needs, even including the design and installation of comprehensive, complex

energy solutions. The network also provides the necessary training—not just internally, but for all of the professionals involved—to share its energy-efficiency know-how. By handling the management of their energy-saving processes and organizing the relevant training, Sonepar brings together installers and their end customers.

Here’s a concrete example of how a competitive edge and sustainable development can be effectively combined: thanks to the “Sonepar Eco Industry” network, Bernard Krone GmbH, a manufacturer of agricultural machinery, developed a custom lighting solution for its new factory in Spelle.

The LED-based solution offers substantial energy savings, features an easy-to-use control system that can be operated from a smartphone, and enables the company to rapidly recoup its investment.

Now that’s what you call effectively combining competitive advantage with sustainability.



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