NEXANS

A French limited liability company (*société anonyme*) with a share capital of 42,043,145 euros
Head office: 8 rue du Général Foy – 75008 Paris, France

Registered with the Paris Trade and Companies Register under number 393 525 852

MANAGEMENT REPORT
PRESENTED BY THE BOARD OF DIRECTORS
TO THE ANNUAL SHAREHOLDERS' MEETING

(Year ended December 31, 2013)

CONTENTS

The purpose of this report is to present an overview of the operations and results of the Nexans Group and its parent company for the year ended December 31, 2013 (also referred to herein as the Group and the Company respectively). It is based on the parent company's financial statements and consolidated financial statements at December 31, 2013.

In an attached document prepared in compliance with Article L.225-37, paragraph 6, of the French Commercial Code (*Code de commerce*), the Chairman reports on (i) the terms and conditions for the preparation and organization of the work of the Board of Directors and (ii) the internal control procedures implemented within the Group, particularly in relation to financial and accounting information.

The Company's shares are traded on the NYSE Euronext Paris market (Compartment A) and are included in the SBF 120 index. The Company's estimated ownership structure – broken down by shareholder category and based on disclosure statements received by the Company – was as follows at December 31, 2013: Institutional investors: 88.4%, of which 26.55% held by the Quiñenco group (Chile) through its subsidiary Invexans, 7.82 % by Bpifrance Participations (France), around 8% by Manning & Napier Advisors (USA), and 5% by Amber Capital (United Kingdom); Private investors and employees: 10%; Unidentified shareholders: 1.6%.

1 Operations during 2013

1.1 Consolidated results of the Nexans Group

1.1.1 Overview

2013 was a difficult year, marked by an economic environment that did not see any major improvements in Europe compared with 2012 and which deteriorated significantly in certain market segments.

Sales at current metal prices came to 6,711 million euros in 2013 against 7,178 million euros in 2012. At constant non-ferrous metal prices they totaled 4,689 million euros against 4,872 million euros in 2012, representing an organic decrease of 2.1%[1] versus 2012. This reflects a steep falloff in business in North America, as well as a lack of an overall recovery in Europe (where performance was extremely mixed across the various markets), and worsening business conditions in Australia. The decline was, however, tempered by the continued recovery experienced by the Group's submarine transmission operations. Emerging markets saw a year-on-year sales rise of 2% .

At Group level, in the fourth quarter of the year sales were however up slightly on both the third quarter of 2013 (1.1% higher) and the fourth quarter of 2012 (0.5% higher).

Operating margin came to 171 million euros (versus 202 million euros in 2012), breaking down as 141 million euros from actual operations and 30 million euros from the one-off impact of reversing pension benefit provisions in Norway and the United States following the closure or freeze of defined benefit plans. The year-on-year decrease in operating margin was mainly due to a negative volume effect in the businesses which have historically been the most profitable for the Group, i.e. the utilities market in Europe, the LAN cables sectors in North America, and cables for the building sector in Australia.

[1] Like-for-like sales correspond to sales at constant non-ferrous metal prices, adjusted for the effects of exchange rates and changes in the scope of consolidation.

1.1.2 Analysis by business line

Distributors & Installers

The Distributors & Installers division posted sales of 1,155 million euros for 2013 at constant non-ferrous metal prices, down 6.3% year-on-year on an organic basis.

Power cables

Sales of cables for the building industry saw an year-on-year decline of 4,8% convering highly contrasting trends between mature markets (Europe, North America and Australia) and emerging markets (South America, the MERA Area and Korea).

In Europe, business contracted on an organic basis in the first three quarters of the year but swung up in the last three months, with organic growth of more than 7% compared with the previous year and almost 8% on a period-on-period basis, fueled by a better operating context in Southern Europe and a to stabilization of sales in Scandinavia.

The recovery in the residential sector in the United States was not sufficient to offset the effect of the lackluster market in Canada, where there was a double-digit fall in sales as a result of a deterioration in the industrial construction sector, particularly in oil shale.

In South America, after sharp growth in the first half, the positive trend slowed in the second six months of the year due to weaker growth in the region's various countries, especially Brazil. Sales are up by around 2% on a year-on-year basis.

In the MERA Area, business remained robust in Turkey but flatter in Morocco.

Lastly, in Australia (where the Group's positioning is focused on cables for mining infrastructure) demand dropped significantly at the beginning of 2013 and remained very weak throughout the course of the year. Meanwhile, business levels in Korea remained stable.

Data cables

The situation was difficult in the data cables business in the United States in 2013, both because the market slowed during the year on some segments of the market and also because the Group's business was in a transition period following the agreement signed in the second quarter to set up an alliance with Leviton.

As a result of the above factors, the Distributors & Installers division reported an overall operating margin of 37 million euros in 2013, representing 3.2% of sales at constant metal prices, compared with 78 million euros in 2012.

Industry

In 2013, sales for the Industry division amounted to 1,222 million euros at constant non-ferrous metal prices compared with 1,195 million euros in 2012, representing organic growth of 1.4%. Performance was mixed, however, across the division's various regions and markets.

Sales in the automotive harness business remain robust, with a rise for six consecutive quarters thanks to relatively strong demand from the German customers and the development of more extensive and innovative offering.

Performance in the rest of the transport sector was driven by buoyant showings from the aeronautical and the railroad businesses – which delivered double-digit growth in Europe –, and by the sea transport sector in Asia.

Sales in the energy resources sector were severely affected bythe weakness in the mining market, in particular in Australia. IIn the North American Oil & Gas sector, a tendency towards using existing underground wells rather than building offshore platforms – which are more costly – resulted in significant postponements to projects as well as an increase in the weighting of Maintenance, Repair and Operations (MRO) within the sales figure. In other regions, however, several contracts for offshore gas projects were signed, notably in Korea, Brazil, and the North Sea that offset the North American weakness.

The renewable energy sector enjoyed very positive trends in 2013, mainly reflecting the development of wind power in Brazil.

The situation remained difficult in the other industrial applications segments, in particular in Europe, although there was an upturn in the fourth quarter for automation cables and for certain niche markets with development potential such as the medical sector.

Overall, operating margin for the Industry division was slightly below 2012 as a percentage of sales (3,4% vs. 3,7%), representing 42 million euros, confirming the relevance of the project for reorganizing production operations in Europe.

Transmission, Distribution & Operators

Sales generated by the Transmission, Distribution & Operators division amounted to 2,034 million euros at constant non-ferrous metal prices, down 1.3% on an organic basis. Once again, the picture was extremely mixed across the division's different markets, with a sharp downturn in distribution, a solid showing among telecommunications operators, a significant contraction in land high-voltage operations and another period of robust momentum for submarine high-voltage.

Distribution

Sales to energy operators retreated by 5%, with a particularly marked decrease in the third quarter, notably in France where the period-on-period decline reached 15% due to further moves by operators (especially ERDF) to reduce their capital expenditure. Business levels in Southern Europe and Germany stabilized but were still low and price pressure was strong in those regions. The robust performance delivered by Lebanon is not sufficient to offset the impact of the extremely tense situation in Egypt. The Group is in the process of selling its assets in this country.

As expected, in South America the Group enjoyed strong growth during the second half of 2013 as a result of the delivery of overhead power line projects in Brazil and ongoing positive trends in Chile and Peru.

In the Asia-Pacific region, business volumes continued to grow briskly in China and Korea reported exceptionally high sales levels. While the operating environment was extremely competitive during the year in Australia.

Despite weak demand in the utilities sector the Accessories business held firm, primarily thanks to the innovation measures put in place.

Operators

Sales for the Operators division were up by nearly 5% in 2013, propelled by very dynamic demand for fiber in Europe, where the majority of this segment's sales are generated.

Land high-voltage cables

The land high-voltage business reported negative organic growth of 18% compared with 2012, reflecting the Group's significantly smaller presence in the Middle East and political situation in the region.

The order book amounted to 250 million euros at end-2013, representing around one year of sales.

The China-based Yanggu plant is currently undergoing modernization with a view to achieving certification for the Australian market.

Production in the Charleston plant in the United States is expected to start as planned in the third quarter of 2014.

Submarine high-voltage cables

This business performed in line with its recovery plan, with sales up 13% on 2012.

Umbilical cables saw very sharp growth, led by the framework agreement signed with British Petroleum in 2012.

The order book is currently running at 2 years' worth of sales.

Overall, operating margin for the Transmission, Distribution & Operators division totaled 70 million euros in 2013, representing 3.5% of sales, and was more or less unchanged from 2012. The 2013 figure reflects the combined impacts of a steep increase in the margin for submarine high-voltage operations and a sharp decrease in sales volumes and, consequently in the margins for the distribution and land high-voltage businesses in Europe. .

Other activities

The “Other activities” segment refers to Electrical Wires activity and other activity not allocated to the business sectors. In 2013, sales amounted to 740 million euros at current metal price or 278 millions euros at standard metal price, with an organic year-on-year decline of 3.3%, mainly explained by a reduction of external sales.

The operating margin of this segment totaled 22 million euros in 2013, including 30 million euros from the one-off impact of reversing pension benefit provisions in Norway and the United States following the closure or freeze of defined benefit plans.

Also see section 1.2.11 ("Other significant events of the year").

1.2 Other items of 2013 consolidated results

1.2.1 Core exposure effect

This line of the consolidated income statement includes the following two components (see **Note 1.e.c** to the 2013 consolidated financial statements for further details):

– A "price" effect: In the Group's IFRS financial statements non-ferrous metal inventories are measured using the weighted average unit cost method, leading to the recognition of a temporary price difference between the accounting value of the copper used in production and the actual value of this copper as allocated to orders through the hedging mechanism. This difference is reinforced by the existence of a permanent inventory of metal that is not hedged (called "Core exposure").

  The accounting impact related to this difference is not included in operating margin and instead is accounted for in a separate line of the consolidated income statement, called "Core exposure effect". Within operating margin – which is a key performance indicator for the Group – inventories consumed are valued based on the metal price specific to each order, in line with the Group's policy of hedging the price of the metals contained in the cables sold to customers.

– A "volume effect": At the level of operating margin (which is a key performance indicator), Core exposure is measured at a historic cost, which is close to its LIFO value, whereas at Operating income level it is valued at weighted average cost (see **Note 1.f.d** to the 2013 consolidated financial statements) in accordance with IFRS. The adjustments recognized between the level of operating margin and operating income to reflect any changes in volumes of Core exposure during the period (i.e., sales of Core exposure inventories) are also recorded under "Core exposure effect" in the consolidated income statement.

  For the year ended December 31, 2013, the Core exposure effect was a negative 41 million euros. In 2012 it was a negative 11 million euros. The difference between 2013 and 2012 is due to a sharp decrease in copper prices (see **Note 25.d**).

1.2.2 Net asset impairment

In the fourth quarter of each year, the Group carries out impairment tests on goodwill, property, plant and equipment and intangible assets, based on estimated medium-term data provided by its business units.

The tests conducted in 2013 resulted in the recognition of a 130 million euro net impairment loss, mainly breaking down as follows:

– 80 million euros in impairment of non-current assets held by the "Australia" cash-generating unit (CGU) which comprises Nexans' operations in Australia and New Zealand acquired in December 2006. Of this total, 43 million euros related to goodwill and 37 million euros to property, plant and equipment.

– A 26 million euro impairment loss to reflect the difference between the recoverable and carrying amounts of Nexans' companies in Argentina and Egypt. At December 31, 2013 these companies were classified as assets held for sale in accordance with IFRS 5 (see **Note 8** to the consolidated financial statements).

– 7 million euros to write down property, plant and equipment held by the "Russia" CGU.

The 20 million euro net impairment loss recorded in 2012 chiefly concerned goodwill and property, plant and equipment held by the "Egypt" entity, which were fully written down in the second half of the year for a total amount of 17 million euros. This was due to the fact that business levels for power cables dropped sharply in Egypt following the country's political revolution and the ensuing tense economic and political environment, which is not likely to return to normal in the short term.

The remainder of the impairment losses related to the pursuing of impairment of the Cash Generating Unit (CGU) "Rodmill Europe" fixed assets, in Germany as well as in France, partly offset by impairment reversals on the CGUs "Rodmill Canada" and "Utilities Europe". These two CGUs benefited from strong operating results in 2012 and positive future forecasts.

1.2.3 Restructuring costs

Restructuring costs came to 180 million euros in 2013 (see the breakdown provided in **Note 22** to the consolidated financial statements), compared with 21 million euros in 2012. The 2013 figure primarily relates to downsizing plans in Europe and Asia Pacific.

The 21 million euros in restructuring costs recorded in 2012 reflected provisions set aside for downsizing plans in Germany, Australia, Italy and Brazil.

All of the restructuring plans put in place include assistance measures negotiated with employee representative bodies as well as measures aimed at limiting lay-offs and facilitating redeployment.

1.2.4 Changes in fair value of non-ferrous metal derivatives

The Group's operating companies use futures contracts negotiated primarily on the London Metal Exchange (LME) to hedge their exposure to non-ferrous metal price fluctuations (copper, aluminum and, to a lesser extent, lead).

Due to the sharp volatility in non-ferrous metal prices, the Group has taken measures to enable a large portion of these derivative instruments to be classified as cash flow hedges as defined in IAS 39. Consequently, when these instruments (i) are used to hedge future transactions (notably copper cathode purchases) that are highly probable but not yet invoiced, and (ii) meet the requirements for cash flow hedge accounting, the portion of the unrealized gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity, and the ineffective portion is recognized in the consolidated income statement under "Changes in fair value of non-ferrous metal derivatives".

Any gains or losses previously recognized in equity are recycled to the consolidated income statement and included in operating margin in the period in which the hedged item (e.g., the purchase of copper cathodes) affects income. This mechanism neutralizes the impact on operating margin of changes in the fair value of hedged metals.

At end-December 2013, only a few of the Group's units – for which the amounts concerned are not considered material – did not fulfill the conditions enabling their derivatives to qualify for hedge accounting. For these units, gains and losses arising from fair value adjustments to non-ferrous metal derivatives are recognized in the income statement under "Changes in fair value of non-ferrous metal derivatives".

1.2.5 Gains and losses on asset disposals

Gains and losses on asset disposals are non material, in 2013 as well as 2012.

1.2.6 Provision related to EU antitrust procedure

In the first half of 2011, the Group set aside a 200 million euro provision for a fine that may be imposed on it following the Statement of Objections received from the European Commission's Directorate General for Competition on July 5, 2011 for alleged anticompetitive behavior by the Company and Nexans France SAS in the sector of submarine and underground power cables as well as the related accessories and services. See section 1.2.11 below for further details.

In view of the exceptional nature of this provision and its highly material amount, in accordance with IFRS it was presented in a separate line of the income statement ("Reserve for risk related to EU antitrust procedure") between operating margin and operating income.

1.2.7 Net financial expense

The Group recorded a net financial expense of 109 million euros in 2013, compared with 112 million euros the previous year.

At 90 million euros, the cost of net debt in 2013 is stable compared to 2012.
Other financial expenses were 3 million euros lower than in 2012, mainly attributable to a lower net finance cost for pension benefit obligations.

1.2.8 Income taxes

Although it reported a loss of 291 million euros before tax, the Group recorded an income tax expense of 39 million euros in 2013.

In 2012, the income tax expense was 5 million euros.

1.2.9 Principal cash flows for the period

Cash flows from operations before cost of debt and tax totaled 217 million euros in 2013, reflecting the Group's positive net income figure for the year, before taking into account the expenses not having a cash impact (of which 41 million euro core exposure effect and 278 million euros worth of depreciation, amortization and impairment of assets).

As expected, working capital requirement for the Transmission business fell in the first half of the year before going on to improve considerably in the second half. At December 31, 2013, the working capital requirement for this business was more than 50 million euros less than one year earlier.

Net cash used in investing activities came to 205 million euros in 2013 and mainly corresponded to 194 million euros for purchases of property, plant and equipment and intangible assets, including 40 million euros in capital expenditure for the production plant under construction in Charleston.

Cash flows generated from financing activities amount to a positive net amount of 91 million euros in 2013, primarily as a result of the 279 million euros rights issue carried out on November 8, 2013. The main cash outflows for financing activities during the year comprised (i) 114 million euros in net repayments of borrowings (including 85 million euros for the OCEANE 2013 bonds), (ii) 15 million euros in dividends paid by the Company, and (iii) 64 million euros in interest paid.

Overall, taking into account the effect of currency translation differences, net cash and cash equivalents increased by 150 million euros during the year and stood at 968 million euros at December 31, 2013 (including 987 million euros in cash and cash equivalents recorded under assets and 19 million euros corresponding to short-term bank loans and overdrafts recorded under liabilities).

1.2.10 Consolidated statement of financial position

The Group's total consolidated assets decreased to 5,461 million euros at December 31, 2013 from 5,854 million euros at December 31, 2012.

Changes in the structure of the Group's statement of financial position between those two reporting dates were as follows:

- Non-current assets totaled 1,964 million euros at December 31, 2013, versus 2,210 million euros at December 31, 2012.

- Operating working capital requirement (trade receivables plus inventories less trade payables and accounts related to long-term contracts excluding the impact of foreign currency translation and reclassifications to assets held for sale) decreased by 97 million euros in 2013.

- Consolidated net debt was scaled back considerably, to 337 million euros at December 31, 2013 from 606 million euros one year earlier, due to the rights issue carried out in November 2013 and the decrease in working capital requirement.

- Provisions for contingencies and charges increased, despite a 70 million euro decrease in provisions for pensions and other retirement benefit obligations. Restructuring provisions totaled 151 million euros (versus 43 million euros at December 31, 2012).

- Total equity stood at 1,600 million euros compared with 1,843 million euros at December 31, 2012. Other than the 279 million euro rights issue, the main impacts on equity during the year came from changes in currency translation reserves, which had a negative effect of 144 million euros and the 330 million euros negative net result.

1.2.11 Other significant events of the year

a) Governance and Executive Management

Board of Directors

In March 2013, the Company set up a Strategy Committee comprising the Chairman and Chief Executive Officer and four other directors. In addition, at the Annual Shareholders' Meeting held on May 14, 2013, Nexans' shareholders re-elected as directors Jérôme Gallot and Francisco Pérez Mackenna (proposed by Nexans' principal shareholder, Invexans (formerly Madeco, Quiñenco group) in accordance with the shareholders' agreement entered into with Nexans. At the same meeting, based on recommendations by Invexans, the shareholders also elected Andrónico Luksic Craig (proposed by the Quiñenco group) as a director, to replace Guillermo Luksic Craig who passed away. Nexans' Board of Directors has comprised 14 members since the close of that meeting.

The Group's governance structure

In the summer of 2013, Arnaud Poupart-Lafarge joined the Group as Chief Operating Officer with a view to strengthening Nexans' Executive Management and helping accelerate the deployment of the Group's strategic initiatives.

At end-November 2013, the structure and membership of the Management Board (formerly called the "Management Committee") were changed. The Management Board's objective is to determine the Group's strategy as well as its resource allocation policies and organizational structure. It is chaired by Frédéric Vincent, Chairman and Chief Executive Officer, and comprises the following other members: Arnaud Poupart-Lafarge (Chief Operating Officer), Pascal Portevin (Senior Corporate Executive Vice President), Anne-Marie Cambourieu (Senior Corporate Vice President, Human Resources), Benjamin Fitoussi (Senior Corporate Vice President Strategy & Development), Nicolas Badré (Chief Financial Officer), and Patrick Noonan (General Counsel).

b) Reorganization of the Group's operations in Australia

Following a sharp deterioration in the macroeconomic context in Australia, the Group performed a strategic analysis and decided to make significant changes to its operational structure in the region. As a result, the Group recorded an 80 million euro impairment loss for the "Australia" cash-generating unit (CGU) at June 30, 2013:

- The "Australia" CGU corresponds to the activities of Nexans Olex in Australia and New Zealand.

- Like many other manufacturing companies in Australia, in recent years Nexans Olex has been confronted with tough competition from outside the region, exacerbated by the stronger Australian dollar and the elimination of import taxes.

- More recently, and particularly in the first half of 2013, the macroeconomic environment has worsened significantly, which has impacted the entity's three main markets: growth in the mining business came to a sudden halt, the non-residential construction sector experienced a sharp slowdown, and reorganization plans were implemented by energy operators following a steep falloff in electricity consumption.

- In response to this difficult situation, Nexans launched a strategic analysis in order to put in place an appropriate action plan for the requisite change measures. The underlying objectives of this plan are to more deeply integrate Australian operations into the regional supply chain, cut costs drastically, and streamline the manufacturing and purchasing processes. The rollout phase of the plan was under way at end-2013.

c) Reorganization of the Group's operations in Europe in order to maintain its competitiveness

Nexans operates in a global cable market which is currently facing a number of major challenges. This is particularly the case in Europe, where a lack of growth, overcapacity and fierce competition mean that the Group needs to envisage measures to address the situation. Consequently, in order to restore its competitiveness, as from the second quarter of 2013 the Group's subsidiaries began to draw up a draft cost-savings plan for its operations in Europe. The plan aims to maintain the Group's competitiveness in Europe and enables it to respond to the new market context by focusing on a number of different objectives:

- Streamlining the manufacturing base of the Group's Industry division in Europe.
- Optimizing the organizational structure and production sites of the land high-voltage business.
- Streamlining and adapting support functions in line with the requirements of the Group's European subsidiaries.
- Increasing R&D resources.

The plan concerns all of the Group's countries of operation in Europe but primarily France, Germany, Switzerland, Italy and Belgium. The measures adopted would lead to 468 job cuts in Europe but would also involve the transfer of 462 jobs and the creation of 39 new positions. Internal mobility – which the Group's European subsidiaries will do all they can to facilitate – is a key factor of the overall plan.

d) Rights issue

On October 15, 2013 the Company launched a share issue to be paid up in cash, with pre-emptive subscription rights for existing shareholders. The aim of the issue was to enable Nexans to strengthen its financial structure, sustain its credit profile, and offer flexibility for the deployment of the Group's strategic initiatives. The details of the issue are provided in the prospectus approved by the French financial market authorities (AMF) on October 14, 2013 under number 13-541.

The final gross proceeds of the issue amounted to 283,791,195 euros, and it involved the issuance of 12,612,942 new shares.

Total demand for the issue amounted to approximately 582 million euros, corresponding to a take-up rate of around 205%. 12,260,265 new shares were taken up by shareholders exercising their pre-emptive subscription rights in proportion to their shareholdings (*à titre irréductible*), representing approximately 97.2% of the total number of shares issued. Demand from shareholders wishing to take up a number of shares in excess of their entitlements under their pre-emptive rights (*à titre réductible*) represented a total of 13,618,412 shares, and therefore has only be partially met through the allocation of the remaining 352,677 new shares.

Settlement and delivery and the listing of the new shares on NYSE Euronext in Paris (compartment A) took place on November 8, 2013. At that date, the Company's share capital was made up of 29,430,203 shares with a par value of 1 euro each, representing a total amount of 29,430,203 euros.

The new shares carried immediate dividend rights and rank *pari passu* with the Company's existing ordinary shares already listed on NYSE Euronext in Paris under ISIN code FR0000044448.

The capital increase resulting from this rights issue will enable Nexans to:

- Strengthen its financial structure by:
  - improving the capital structure which has been impacted by various non-recurring items (e.g. adoption of IAS 19R, impact of changes in exchange rates and metals prices on the fair values of derivatives, and changes in foreign currency translation reserves);
  - reducing the net debt/EBITDA and net debt/equity ratios.
- Sustain its credit profile by:
  - helping to maintain credit ratings and optimizing finance costs, in particular – subject to market conditions – through repurchases or repayments of local borrowings (which could amount to approximately 100 million euros) or of the Group's financial instruments;
  - increasing financial flexibility by providing long-term access to diversified sources of financing.
- Offer flexibility in the deployment of the Group's strategic initiatives.

e) Investigations by the EU antitrust authorities

On July 5, 2011, the Company and its subsidiary Nexans France SAS received a Statement of Objections from the European Commission's Directorate General for Competition relating to alleged anticompetitive behavior by Nexans France SAS in the sector of submarine and underground power cables as well as the related accessories and services.

The details of the investigations and the various procedural stages are described in **Note 30** to the 2013 consolidated financial statements.

As the outcome of the proceedings will likely be known within 12 months, the 200 million euro provision recognized in connection with the investigations has been reclassified as a short-term provision in the 2013 consolidated financial statements.

1.3 The Company

1.3.1 Business overview

1.3.2 Proposed appropriation of 2013 net income and dividend payment

The Annual Shareholders' Meeting to be held in the first half of 2014 will be asked to approve the appropriation of the Company's net loss for the year – totaling 50,786,622 euros – as follows:

- Retained earnings brought forward:...223,466,198 euros
- 2013 net income...(50,786,622)euros
- Legal reserve ....0 euros
- **Total distributable income**.. **172,679,576 euros**

In view of the difficult economic context, the Board of Directors has decided that it would be prudent not to recommend a dividend payment for 2013 on the Company's ordinary shares. The Board will present this proposal at the Annual Shareholders' Meeting scheduled to take place on May 15, 2014.

The total amount of dividends paid for the last three fiscal years and the total amount of the dividends qualifying for the 40% tax relief were as follows:

	2012 (paid in 2013)	2011 (paid in 2012)	2010 (paid in 2011)
Dividend per share	€0.50	€1.1	€1.1
Number of shares qualifying	29,394,042	28,760,710	28,710,443
Total payout	€14,697,021	€31,636,781	€31,581,487

2 Progress made and difficulties encountered in 2013

In addition to the progress made and difficulties encountered described in this report and particularly in section 1 above ("**Operations during 2013**"), during the year the Group began to put in place a number of measures to transform its business and organizational structure.
The first stages of this transformation program involved strengthening the Group's governance structure by setting up a Strategy Committee (a standing committee of the Board of Directors), appointing a Chief Operating Officer who is responsible for the operational side of the Group's business, working alongside and resporting to the Chairman and Chief Executive Officer, and, towards the end of the year, restructuring the Management Committee (renamed the Management Board) and the Executive Committee (renamed the Management Council).

In addition, a Transformation Program Office has been set up with a view to monitoring the implementation of the strategic initiatives contained in the 2013-2015 strategic plan. Its team is headed by a Chief Transformation Officer and it reports to the Strategy and Development Department reporting to the Chairman and Chief Executive Officer.

The initial effects of the strategic initiatives already undertaken have begun to emerge. For example, the action plans put in place to stabilize operating conditions in the submarine high-voltage business are progressing as expected, consultation procedures on planned reorganizations are taking place with employee representatives in line with schedule, and headway is being made in the rollout of cross-business programs dedicated to operational excellence and customer-centric processes.

The Group encountered numerous operating difficulties in 2013, notably a marked slowdown in business in North America, a lack of recovery in Europe where the picture has been extremely mixed for the region's various markets, a deterioration of the situation in Australia, and tougher operating conditions in a number of countries, including Argentina and Egypt.

In addition to risk factors, the main uncertainties for 2014 concern the following:

- The cost-saving plans in Europe and Asia which may have a significant adverse impact on operations.
- The operating performance of the high voltage business, in particular compliance with delivery lead times and successful results of tests requested by customers, as well as positive outcomes for claims management procedures related to turnkey projects.
- Maintaining a sufficient level of demand and prices in Europe and North America.
- The economic environment of emerging countries (China, Brazil)
- The potential impact in 2014 of the antitrust investigations begun in 2009, consistent with the accounting options applied by the Group.
- The Group's ability to integrate newly-acquired entities, leverage its partnerships and carry out its planned divestments in the best conditions.
- Increased customer credit risks, which in some cases cannot be insured, or fully insured, in Southern Europe and North Africa and in some customer segments in China.

3 Research and Development

The Group places a particular focus on innovation and to this end has research teams dedicated to developing new materials, products and technologies.

During 2013 there was an increase in the financial resources allocated to R&D activities, which amounted to 76 million euros for the Group as a whole.

More than 600 researchers, engineers and technicians work in the Group's technical centers, which form part of four Research Centers.

The Group's technical activities are divided into three main areas: research, development and technical support for manufacturing facilities. The objective of the research function is to provide the Group with the products and technologies it requires to renew its medium- and long-term portfolio so that it can continually stand out from its competitors. The development of products, technologies and services is aimed at meeting the needs of the Group's customers in both the short and medium term. And the technical support function's responsibilities include improving the Group's manufacturing processes and products on an ongoing basis and resolving one-off problems.

Four Research Centers are tasked with carrying out upstream research activities in their specific area of expertise, in conjunction with external partners such as universities and external research centers and organizations. They help design state-of-the-art materials, fine-tune new technologies and develop new products while at the same time providing technical support to the manufacturing facilities, either for specific projects or as part of the Group's continuous improvement program for production operations. They work for all of the business units and are therefore fully financed by the Group. Two of the four Research Centers are based in France – at Lens for metallurgy and Lyon for other cross-linked materials (particularly for medium- and high-voltage cables) and digital simulation. A third Center, which specializes in rubber, is located in Jincheon County in Korea, and the fourth Research Center – dedicated to thermoplastic materials – is based in Nuremberg in Germany. The extension and renovation works undertaken on the Lens Research Center were completed in early 2013.

Priority action areas have been defined at Group level and key projects launched with a view to speeding up the rollout of new solutions in these areas. These projects – which are of strategic importance for the Group – are overseen by the Technical Department. Technical Directors allocated to each main market coordinate technical developments on a worldwide scale and manage the strategic projects portfolios.

The Group’s main R&D successes in 2013 included the following:

- Further progress in the area of high-voltage direct current (HVDC) systems, with voltage levels reaching 320 kV.
- A second trial of a new-generation overhead power line with a carbon-fiber composite core, this time installed in France.
- The development of fire-resistant cables for the merchant navy.
- Mining cables with integrated chips that use radio frequency identification.
- Launch of the Distingo™ range that features two major enhancements: length marking and color marking.
- High-speed data transmission cables for the US market.
- Aerial extractable optical fiber cables for the FTTH market.

In addition, the Group continued to develop smart grid systems and to strengthen its position in the cutting-edge area of superconductors – materials that are perfect electricity conductors when cooled to the right temperature. A 1km-long superconducting cable combined with a resistive superconducting fault current limiter has been installed in Essen in Germany and is currently undergoing tests. The Group's customer, RWE, presented Nexans with its 2013 Supplier Award for Innovation for this project.

In December 2011, the Group inaugurated a series of technical conferences. The first of these in 2011 was on superconductivity, followed by a conference on PLC technology in 2012 and then overhead lines in 2013. The 2013 conference was held in the Musée des Arts et Métiers in Paris and was attended by around a hundred people of some 17 different nationalities.

The Group currently has a portfolio of approximately 650 patent families, and 80 new patents were filed in 2013 – the second-highest number of filings in the Group's history. This achievement demonstrates the creative abilities of our technical teams and will enable the Group to strengthen its market positioning by protecting its intellectual property.

4 Significant events after the reporting period

The Group is not aware of any significant events that occurred after December 31, 2013.

5 Trends and outlook

The Group now believes that adverse economic conditions that have affected its performance in 2013 particularly in the second half will delay the worldwide progress of the cable market in the medium term and will have an impact on the pace and extent of certain strategic initiatives, especially growth initiatives.

The strategic plan 2013/2015 is therefore adjusted to incorporate a weighted average annual sales growth at constant metal around 4.5 to 5.5% per year and in 2015, an operating margin of 5.1 to 5.7% of sales at constant metal prices and a return on capital employed over 9%. The initial ambitions anounced in February 2013 were a weighted average annual growth of sales in the range of 5 to 6% per year, an operating margin in 2015 of 6,2% to 7,1% of sales at constant metal prices (350 to 400 millions euros) and a return on capital employed between 10,1 à 11,6%.

In 2014, the Group therefore expects to see an increase in its operating margin. In addition, the implementation of the reorganization measures – notably the restructuring plans – should have an impact on the net debt (not including the effect of the potential fine that may be imposed by the EU competition authorities).

6. Risk factors

The 2013 report of the Chairman of the Board of Directors prepared in accordance with paragraph 6 of Article L.225-37 of the French Commercial Code describes the organizational structures and procedures in place within the Group relating to risk management, in addition to those measures put in place to manage the risk related to the antitrust investigations described in section 6.1.1 below.

The risks described in this section are those that, at the date of this report, the Group believes could have a material adverse effect on its operations, earnings, financial position and outlook if they occurred. The Group may be exposed to other risks that were unidentified at the date of this report, or which are not currently considered significant.

6.1 Legal risks

In the same way as all other industrial players, in view of the Group's wide geographic reach it is required to comply with numerous national and regional laws and regulations, notably concerning commercial, customs and tax matters. Any amendments to these laws or regulations or how they apply to the Group could result in a decrease in its profitability and earnings.

6.1.1 Antitrust investigations

The identified legal risk to which the Group is currently most exposed is the risk relating to investigations by antitrust authorities.

In late January 2009, antitrust investigations were launched against various Group companies and other cable manufacturers in relation to anticompetitive behavior in the sector of submarine and underground power cables.

In connection with these investigations, on July 5, 2011 the Company and its subsidiary Nexans France SAS received a Statement of Objections from the European Commission's Directorate General for Competition. Consequently, Nexans France SAS recorded a 200 million euro provision in its individual financial statements for the potential fine that could be imposed on it, which was included in the Group's consolidated financial statements at June 30, 2011.

The amount of the provision corresponds, at this stage of the proceedings, and by application of the principle of prudence, to the Group's estimate of the fine that may be imposed on it, taking into account the Commission's fining policy and the methodology and elements on which the Commission indicated its intention to base its fine, as well as certain challenges that the Company and its subsidiary Nexans France SAS made in their response to the Statement of Objections which was submitted to the European Commission in 2011. As it is an estimate, the final amount of any fine may be different to the provisioned amount.

In June 2012, the Company and its subsidiary Nexans France SAS as well as the other parties involved in the proceedings were heard by the European Commission. These hearings are a procedural stage and do not prejudge the final decision that will be taken by the Commission. There is no official timetable for the overall procedure but the Commission generally issues a decision within six to eighteen months following such hearings. Consequently, the decision in this procedure will probably be issued in 2014.

Certain Group companies are also under investigation by the Competition Authorities of Australia, Korea (in addition to ongoing investigations into local activity as described below), the United States, Brazil, and Canada, in the same sector of activity. The proceedings in each of these countries are still under way.

The Group is unable to comment at this stage on the outcome of these proceedings or the ensuing consequences – notably from a financial perspective – and therefore has not made any provision in its accounts for any investigations other than for the potential fine which may be imposed on the Group by the European Commission. Investigations in Japan and New Zealand were closed in 2011 without any sanctions being imposed on the Group.

In a press release of February 12, 2009 and in its subsequent communications, the Company indicated that an unfavorable outcome for all of these proceedings as well as the associated consequences could have a material adverse effect on the results and thus the financial position of the Group, even excluding the potential fine that may be imposed by the European Commission.

In addition, as mentioned above, Nexans' Korean subsidiaries are being investigated by local antitrust authorities in relation to activities other than high-voltage cables. To date, these subsidiaries have paid fines representing approximately 4 million euros in relation to certain of these investigations. This amount corresponds to civil and criminal proceedings concerning seven cases, of which six date from 2007 and one from 2013. In the latter caser, a criminal conviction has been pronounced early 2014 against the Korean subsidiary and one of its executives. The fine on the Korean subsidiary, which will appeal against this decision, amounts to approximately 13,000 euros. A number of the related court decisions have been appealed. A 7 million euro provision has been booked in the financial statements to cover customer claims following the decisions handed down in certain procedures. Further, Nexans local subsidiaries are cooperating with local Korean authorities in additional investigations into businesses other than the high voltage business for which there is not yet a decision. The Group cannot estimate at this stage the amount of risk relating to the still outstanding investigations and customer claims.

The Group is continuing to take measures to ensure that it complies with all applicable laws and regulations, notably through its Code of Ethics and Business Conduct which is distributed widely throughout the Group and sets out the principles that the Group's employees are expected to respect in the course of their work. All new employees hired by the Group are required to sign a written undertaking to comply with this Code.

In addition, in the first half of 2009 the Group rolled out a Competition Compliance Program which describes the underlying principles for ensuring that Group employees strictly respect all the provisions of the applicable competition laws. The principles adopted included making Management accountable for rolling out the Program, effectively relaying compliance procedures and rules within the Group, requiring sales employees to undergo training on these procedures and rules, and raising their awareness about the risks and sanctions related to unfair competitive practices.

Since then, a new Action Plan has been rolled out each year as part of the Competition Compliance Program. Internal audits are performed to ensure the Plan is being properly implemented and the audit findings are relayed to the Accounts and Audit Committee.

Lastly, a procedure has been in place since September 2011 for signaling any incidents related to certain rules contained in the Code of Ethics (including those concerning competition law).

In spite of the internal control rules and procedures in place, which have been regularly strengthened over the past several years, the Group cannot guarantee that the risks and problems relating to anticompetitive practices will be fully controlled or eliminated.

6.1.2 Compliance risk

The Group has put in place rules and procedures for managing compliance risks, which have been regularly strengthened over the past several years, particularly the Code of Ethics and Business Conduct and the internal procedure on agents and consultants (see the Internal Control section of the 2013 Report of the Chairman of the Board of Directors).

In the past, the Group has discovered cases of non-compliance, such as in relation to customs regulations applicable for exports to the United States and technical standards (tests) to be respected for any product sold to the US Navy. In both of the cases in question, the Group subsidiaries concerned worked with the relevant authorities, voluntarily disclosing the non-compliance issue and introducing tighter control procedures. The authorities regularly carry out audits and draw up reports to certify that the Group is compliant. These audits are currently being performed with the US Navy. To date no penalties have been imposed on the Group for these non-compliance cases.

The procedures and processes put in place by the Group cannot, however, provide an absolute guarantee that all compliance risks and issues will be fully controlled or eliminated. Likewise, the Group cannot provide absolute assurance that it (i) has always been or will always be fully compliant with all the relevant standards and regulations in all circumstances, (ii) will not incur any major costs or be held liable for ensuring its future compliance with these regulations, or (iii) will be able to finance potential future liabilities.

6.1.3 Risks related to claims and litigation

Due to the nature of its business the Group is exposed to the risk of commercial and technical disputes.

Furthermore, as part of its day-to-day business, the Group is subject to legal risks arising from relations with partners, customers and suppliers. A number of Group subsidiaries are currently involved in disputes, primarily relating to contractual liability (see section 6.2.1 below). Disputes and contingent liabilities are also described in **Note 30** ("Disputes and contingent liabilities") and **Note 22** ("Provisions") to the 2013 consolidated financial statements.

The most significant dispute risk concerns a claim made by a European transmission link owner against a Nexans subsidiary for reimbursement of significant repair costs relating to an interconnection cable installed more than ten years ago (which is therefore no longer covered by a warranty) as well as the future costs of replacing this cable (see **Note 30** to the 2013 consolidated financial statements).

The dispute between the transmission link owner and the Nexans subsidiary is currently subject to arbitration proceedings, proceedings in which it claims a total amount of over 100 million pounds sterling (representing over 118 million euros). The Group is standing by the position of the subsidiary which accepts no liability whatsoever.

6.2 Business-related risks

6.2.1 Risks related to contractual liability

Product liability

The manufacturing and commercial activities of the Group's operating companies expose it to product liability claims and claims for damage to property or third parties allegedly caused by its products. A number of the Group's companies supply products to the automotive industry, which sometimes carries out product recalls that can affect a large number of vehicles. These recalls can be due to the alleged non-compliance of products delivered by Group companies.

The Group's operating companies provide warranties concerning the performance of their products, which may cover a long period of time. In addition, warranties given to the Group's various companies pursuant to contracts for the supply of materials and components used in these companies' products may be less extensive than the warranties that the companies give to their customers (for example steel tubes in umbilical cables and the optical fiber in optical fiber cables).

Contracts related to turnkey projects

The majority of contracts for the supply and installation of cables as part of turnkey infrastructure projects involve submarine and land high-voltage cable operations. The sales figure generated on such projects varies from one year to another and represents approximately 15% of consolidated sales at constant non-ferrous metal prices. The individual value of these contracts is often high and they contain penalty and liability clauses that could be triggered if a Group company does not comply with the delivery schedule and/or with quality requirements (for example, technical defects requiring major intervention after installation due to product non-conformity resulting from production anomalies).

Cables – which have to comply with a certain number of specifications and international standards – are tested before they are delivered or brought into service. In view of the growing complexity of technical standards, increases in transmission voltage and high customer expectations, the need to successfully complete certain tests after the contract signature can lead to delays in the manufacturing schedule and/or require certain cables to be remanufactured.

Likewise, successfully carrying out turnkey infrastructure projects can depend on and/or be affected by the occurrence of unforeseen events or the existence of circumstances that were not taken into account during the project preparation phase. When such events or circumstances arise, the Group company concerned sometimes negotiates with the customer to amend the related contractual provisions, which can result in that company having to temporarily or permanently bear extra production or installation costs.

If a Group company is held liable for a problem in connection with a turnkey contract this could have a material adverse effect on the financial position and earnings of the Group as a whole as (i) heavy penalties may be incurred, (ii) all or some of the cables concerned may have to be replaced (before or after delivery), (iii) damage claims may be filed against the Group company involved, (iv) warranty periods may have to be extended, and/or (v) the liability may result in other more far-reaching consequences such as production delays for other projects.

In addition, a number of turnkey contracts are performed as part of consortia set up between one or more of the Group's operating companies and a manufacturer and/or service provider or with the large-scale involvement of a manufacturer or subcontractor. In this case, the Group companies share to a certain extent their partners' performance risks.

If the Group or its companies are subject to any such claims, the Group takes their impact into account when calculating the margins recognized on the contracts concerned, as described in **Note 1.e.a** to the consolidated financial statements.

By way of example, in late 2009 the Group encountered difficulties relating to a contract for submarine high-voltage cables. In the first half of 2010 a provision was recorded in the consolidated financial statements, which finally covered the amounts subsequently provided for in the settlement agreement signed in early 2011 with the customer, a Chinese State-owned company. The work undertaken for this customer was completed at end-2011. However, the project also led to a dispute with the Chinese subcontractor involved in the cable-laying process, which accidentally damaged a submarine optical fiber link owned by the Chinese army. The Chinese army then impounded the ship concerned and would not allow the equipment on board – which belonged to a Group company – to be unloaded. The subcontractor is claiming the payment of invoices for the leasing costs of its equipment during the period when it was impounded by the Chinese army. Conversely, the Group company concerned is claiming from the subcontractor compensation for losses caused by the accident (notably delays in the project). This dispute has been referred for arbitration in Singapore.

At the end of 2013, certain contracts concluded by the Group could lead to performance difficulties, although the Group currently considers those difficulties do not justify the provisions in the accounts or specific disclosure as contingent.

Risk management

All major contracts entered into by the Group's operating subsidiaries are subject to a systematic risk-assessment procedure and all bids representing over 5 million euros are submitted to the Group Tender Review Committee. Particular focus is placed on ensuring that the Group's sales and technical teams are able to pinpoint the risks inherent in sales contracts and that they involve the Group's Legal Department in contractual negotiations. However, for certain contracts – notably in the transport sector – some customers will not agree to liability caps.

In order to mitigate product liability risk, the Group has set up stringent product quality control procedures. A large number of its units are ISO 9001 or 9002 certified. In addition, each unit monitors a set of indicators on a monthly basis in order to assess progress made in terms of quality and customer satisfaction.

The Group currently has third party liability insurance that covers product liability, which it considers to be in line with industry standards and whose coverage amounts largely exceed any past claims. However, the Group cannot guarantee that its insurance policies would provide sufficient coverage for all forms of liability claim (see section 6.4 below) as although the coverage amounts are high, they are capped at annual levels and the policies contain standard exclusion clauses, notably concerning the cost of the product itself and late-delivery penalties.

6.2.2 Risks related to dependence on customers

The Group's activities span a broad range of businesses, encompassing cables for the infrastructure, building and industry markets for both energy and telecommunications purposes, and it has many different types of end-customer – including distributors, equipment manufacturers, industrial operators and public operators – in a wide variety of countries. This diversity helps to mitigate the risk of customer dependency at Group level and no customer accounted for more than 5% of consolidated sales in 2013.

However, in some countries, a customer may represent a significant portion of a particular production unit’s business, and the loss of one such customer could have a significant impact on a local level, potentially leading to the closure of certain manufacturing lines.

In addition, given the level of operating income involved and the current difficult market conditions, the loss of one customer, particularly in markets with a small number of players, such as shipbuilding, aeronautics, or the automotive industry, could affect the Group's earnings.

Lastly, the demand for certain products depends on the economic environment of the related business sector, such as in the oil industry.

6.2.3 Risks related to raw materials and supplies

Copper, aluminum and plastics are the main raw materials used by the Group's operating companies, with copper and aluminum accounting for the vast majority of their raw material purchases. Therefore, price fluctuations and product availability have a direct effect on their business. A global copper shortage, interruptions of supplies or the inability to obtain raw materials at commercially reasonable prices could have an adverse effect on the Group's earnings, even though it has diversified its sources of supply as much as possible in order to reduce these risks and has developed close – but non-exclusive – partnerships with certain key suppliers. The situation is to some extent similar for petroleum byproducts such as polyethylene, PVC and plasticizers. This partnership strategy will be pursued and extended in 2014. The Group may also be in a position where it is unable to pass all supplies price increases on to its customers.

The Group's policy is to have at least two suppliers for any raw material or component used in manufacturing its products. Programs launched in 2008 in conjunction with the Research and Development Department in order to reduce situations where the Group is dependent on a sole supplier have enabled it to make major headway in this area. Consequently, in 2013 it did not experience any raw materials shortages, despite the fact that sourcing was sometimes difficult as a result of the general economic environment.

Copper consumption in 2013 amounted to around 477,000 tonnes (excluding the approximately 70,000 tonnes processed on behalf of customers). To cover their main requirements, Group companies enter into annual contracts with various copper producers for the purchase of pre-determined amounts.

The Group's aluminum consumption in 2013 totaled 139,000 tonnes.

At end-2013 the Group did not have any take-or-pay contracts other than a few local contracts in Brazil and an aluminum contract in Europe.

As metals are quoted on regulated markets, any hypothetical surplus quantities purchased but not subsequently used can be sold, although the Group may incur a potential cost resulting from price differentials.

The financial instruments used by Group subsidiaries to manage exposure to commodities risks for copper and aluminum are described in paragraph d (Metals price risk) of **Note 25** to the consolidated financial statements (Financial risks). The sensitivity of the Group's earnings to copper prices is described in paragraph f (Market risk sensitivity analysis) of the same note.

Contracts entered into by Group subsidiaries for other raw materials are generally negotiated annually without any firm purchase commitments, and orders are placed monthly on the basis of requirements.

Risks related to the supply of raw materials are specifically monitored by each purchaser for the product family concerned. The purchasing strategy based on partnerships with a number of key suppliers is aimed at reducing the Group's exposure to shortages of supplies that are essential for its business activities, including metals, plastics, equipment and services.

6.2.4 Risks related to external growth

The Group carries out external growth transactions as part of its overall expansion strategy. These include acquiring new business activities and companies, setting up joint ventures and entering into partnerships.

Aside from the difficulties involved in carrying out acquisitions or forging partnerships under satisfactory conditions, the Group may encounter difficulties with integrating acquired companies or in realizing the full potential of partnerships (notably in terms of synergies). In turn, this can limit the benefits expected from such transactions or even lead the Group to withdraw from them. Moreover, the Group may have to assume costs or liabilities that were not revealed during the acquisition phase if they are not covered by sellers' warranties or if the seller refuses to assume them itself. Likewise, integrating new businesses and teams may prove difficult and/or give rise to higher costs than initially envisaged, especially when the transactions concerned are carried out in countries whose legislation and business practices differ greatly from the conditions prevailing within the Group. For pending cases, see **Note 31** to the 2013 consolidated financial statements.

The Group has put in place specific processes for controlling these transactions. In particular it has set up a Mergers and Acquisitions Committee which is responsible for examining and approving all acquisition and divestment projects as well as possible strategic alliances or partnerships (see the Internal Control section of the 2013 Report of the Chairman of the Board of Directors). Following the preliminary agreement signed in June 2011 concerning the acquisition of a majority stake in the power cables business of the Shandong Yanggu Cables group in China the Group carried out a risk mapping process on the integration of the business before completing the transaction in late 2012.

6.2.5 Geopolitical risks

Certain high-growth regions are important for the Group's development but some of these areas are exposed to major geopolitical risks. In 2013, some 10% of the Group's sales at current non-ferrous metal prices were generated in the MERA Area (Middle-East, Russia, Africa) and 1.6% in countries which are classified by Coface as having a very unsettled economic and political environment or representing a very high risk.

For example, due to the political unrest in the Middle East since 2011 (particularly in Libya, Egypt and Lebanon where there is still a high security risk), the performance of the Group's power transmission businesses in the region has declined. The Group has a subsidiary in Egypt, where the deeply unsettled economic and political environment has created very significant operational and business control risks, which have led the Group to envisage a plan to dispose of its operations in the country, against a backdrop of falling asset prices.

6.2.6 Risks related to the competitive environment of the Group's operating subsidiaries

The cable industry is still heavily fragmented both regionally and internationally, and the cable, wire and cabling system markets are highly competitive. The number and size of competitors of the Group's operating companies vary depending on the market, geographical area and product line concerned. Consequently, they have several competitors in each of their businesses. Furthermore, for some businesses and in certain regional markets, the main competitors of the Group's operating companies may have a stronger position or have access to greater know-how or resources. In Europe, where it generates around 50% of consolidated sales (by customer location), the Group has numerous competitors, the largest of which are Prysmian-Draka, NKT and General Cable.

At the same time, growing demand in emerging markets has resulted in new players and increased regional production capacity at regional level in the Middle East and Korea, which maintains a competitive pressure, particularly for energy infrastructure cables and cables for the building sector.

OEMs (Original Equipment Manufacturers) are shifting away from standardized products, and the Group's operating companies therefore have to constantly develop new products in order to accommodate increasingly demanding specifications. The principal competitive factors in the cable industry are cost, service, product quality, innovation and availability, geographical coverage and the range of products offered.

In this environment the Group must constantly invest and improve its performance in order to retain its competitive edge in certain markets. In addition, it is continuing to focus on the customer-centric, R&D, logistics, and marketing aspects of its businesses in order for its operating subsidiaries to be able to stand out from the competition. In parallel, faced with downward pressure on prices, it is striving to reduce costs by continuously streamlining the production sites of its operating subsidiaries and implementing plans to boost its manufacturing performance.

6.2.7 Risks related to technologies used

In order to remain competitive, the Group must anticipate technological advances when developing its own products and manufacturing processes. The growing demand for low-energy consumption, recyclable and less polluting products as well as value-for-money products and services requires the creation of innovative manufacturing processes, the use of new materials and the development of new wires and cables. Most of the markets in which the Group's operating subsidiaries are present tend to favor the use of highly technological products; it is therefore important that the Group undertakes research providing it with access to the technologies that are required and valued by the market.

The Group takes steps to protect its innovations by filing patent applications in key countries. However, if it does not obtain intellectual property rights in countries where there are market development prospects, or if it is unable to defend its rights, its competitors could develop and use similar technologies and products to those developed by the Group's operating subsidiaries which are insufficiently protected. Such events could have an impact on the Group’s business, image and financial results.

Moreover, despite the significant work conducted by the Group’s Research & Development Department, and the ongoing monitoring of potentially competitive technologies, there is no guarantee that the technologies currently used by the Group's operating subsidiaries will not ultimately be replaced by new technologies developed by its competitors or that its competitors will not file claims for alleged patent infringement. In the event of a patent infringement case, the Group could be compelled to stop using the technologies protected by the disputed intellectual property rights.

The Group's companies are regularly involved in patent infringement claims filed either by themselves against third parties or by competitors against them. Until now, the financial consequences of such disputes have not been material for the Group but it cannot be ruled out that legal proceedings currently in process or new proceedings could have a major impact on the Group's resources and lead to significant expenses (notably legal costs, royalty fees or compensation payments).

In 2012, a Group company based in the USA filed a procedure to invalidate a number of patents held by Belden for data network cables and Belden has lodged infringement lawsuits against said company. Although the outcome of these proceedings is not yet known, the Group believes that they will not have a material impact on its consolidated earnings although such a possibility cannot be entirely ruled out.

In 2013, a Group subsidiary received a claim alleging that the manufacture and sale of "*top drive service loop*" products infringed certain industrial property rights. The subsidiary has refuted these claims. Since then, there has been no further contact with the holder of the industrial property rights concerned. Even though no lawsuits have been filed in connection with the alleged infringement of industrial property rights this does not in any way prejudge the outcome of the claim. However, in view of the subject matter of the claim, Nexans can in turn claim compensation from a third party, which has been duly notified of the case; even if a dispute involving a higher amount than the amount of compensation payable by the third party cannot be ruled out.

6.2.8 Industrial and environmental risks

As the Group's operating companies carry out manufacturing activities, they are exposed to risks relating to the operations conducted at their production sites as well as major machinery breakdown incidents, which could lead to production stoppages and significant adverse consequences. Some of the Group's manufacturing sites are located in areas subject to natural disasters. The new Charleston plant in the United States is located close to a river and has therefore access to the sea. Therefore the site is subject to environmental risks that were taken into account at the time of construction. The Group draws up systematic audit plans in conjunction with its property and casualty insurer with a view to preventing such risks but it is impossible to rule out all risks of production stoppages. In addition, the Group has set up cost-reduction and restructuring programs at certain sites, which could be problematic to implement or may not generate all the anticipated cost-savings.

In view of the importance to the Group of the submarine high-voltage cables market, it needs a cable-laying vessel capable of performing installation contracts within the required timeframes. As there are very few of these vessels available worldwide, the Group has its own cable-laying vessel, the Skagerrak (owned through one of its Norwegian subsidiaries), which is one of the rare ships in the world specially designed to transport and lay submarine high-voltage cables over long distances and in deep waters.

As is the case for any industrial player, the Group is subject to numerous environmental laws and regulations in the countries where it operates. These laws and regulations impose increasingly strict environmental standards, particularly in relation to atmospheric pollution, wastewater disposal, the emission, use and handling of toxic waste and materials, waste disposal methods, and site clean-ups and rehabilitation. Consequently, the Group's operating subsidiaries are exposed to the possibility of liability claims being filed against them, and of incurring significant costs (e.g. for liability with respect to current or past activities or related to assets sold).

In the majority of the countries where the Group operates, specific environmental permits or authorizations are required for manufacturing sites. Internal studies are carried out to ensure that the sites have sufficient resources to identify and track regulatory developments that concern them, as well as the financial resources to ensure regulatory compliance (see section 9.1 below ("Environmental strategy and data") for a description of the Group's environmental management system). Regulatory monitoring is carried out either at country level or directly by the sites themselves.

In the United States, the Group's operating companies are subject to several federal and state environmental laws, under which certain categories of entity (as defined by law) can be held liable for the full amount of environmental clean-up costs, even if no fault against said entity is determined or even if the relevant operations comply with the applicable regulations. No Group companies are currently involved in any legal proceedings of this type but no guarantees can be given that no such proceedings will arise in the future which could negatively impact the Group.

There is also a risk that current or former facilities may have been contaminated in the past.

In general, various environmental claims are filed against the Group's companies in the normal course of business. Based on the amounts claimed and the status of the proceedings concerned, together with its evaluation of the risks involved and provisioning policy, the Group believes that there is little risk that these claims will have a material adverse effect on its future earnings or financial position.

At December 31, 2013 consolidated provisions for environmental risks amounted to approximately 8.1 million euros and mainly included amounts set aside for (i) clean-up costs for manufacturing sites (in Italy and Brazil) and (ii) a dispute with the purchasers of a plot of land and the local authorities in Duisburg, Germany concerning soil and groundwater pollution. These provisions also include amounts intended to cover clean-up costs or one-off soil cleaning operations – that are planned or in process – following the use of products such as solvents or oils.

The Group has also performed surveys at its sites in order to establish whether any environmental clean-up processes may be required. The Group estimates that any site clean-up costs it may incur that have not already been provisioned should not have a material impact on its results in view of the value of the land concerned, which in the past, has always exceeded the amount of any required clean-up costs.

The Group cannot guarantee that future events, in particular changes in legislation or the development or discovery of new facts or conditions, will not lead to additional costs that could have a material adverse effect on its business, earnings or financial position.

Finally, when implementing capital expenditure projects, the Group is exposed to the risk of failing to achieve its targets. This could have a material impact, particularly in the case of new plants built with a view to enabling the Group to break into markets where it does not have an operating presence.

6.2.9 Risks related to talent loss and reorganizations

In order to limit the risks related to talent loss, the Group has put in place procedures, programs and specific measures with a view to fostering employee loyalty and building the skill sets required for the Group's development. See section 9.2 below for further information ("Human resources policies and data").

With respect to reorganizations, the Group may negotiate restructuring plans whose final costs might exceed the related provisions initially set aside. Furthermore, although the restructuring plans implemented by the Group are carried out in compliance with the applicable laws and regulations the possibility of legal action taken by the employees affected by the plans cannot be ruled out. The total compensation claimed in this type of lawsuit can represent material amounts, especially when the restructuring concerns a site closure. Such lawsuits are currently in process in

France and Italy, with the Italian lawsuit filed by former temporary workers. In France a site closure brought more than one hundred individual proceedings by employees against the Nexans subsidiary that was their former employer for alleged damages in addition to the indemnisations agreed upon with the labor unions in the social plan. A judgment imposing sanctions on the Nexans subsidiary was handed down by the first instance court.

Lastly, the Group cannot guarantee that there will be no industrial unrest that could lead to lengthy operational stoppages. Such unrest – which has resulted in litigation in the past, some of which is still ongoing – could have a negative impact on the Group's financial position, earnings, outlook and image.

6.2.10 Asbestos

The manufacturing processes used by the Group's various operating subsidiaries do not involve any handling of asbestos.

In the past (and particularly to comply with French army specifications), asbestos was used to a limited extent to improve the insulation of certain kinds of cables designed for military purposes. It was also used in the manufacture of enamel wire furnaces at two sites in France, but this activity was discontinued several decades ago.

Several asbestos-related claims and lawsuits have been filed against the Group in France and abroad. At end-2013, approximately 60 people in France had been classified as suffering from an asbestos-related occupational illness, of whom several (fewer than ten) had filed lawsuits against their employers that are still in progress. In France, a lawsuit has been filed against the Group and a claim lodged with the relevant authorities following the closure of a site. The plaintiffs in the lawsuit are seeking compensation for anxiety as a result of alleged exposure to asbestos. The Group does not currently believe that the final or foreseeable outcomes of these claims and lawsuits would have a material adverse effect on its earnings or financial position.

6.3 Financial risks

This section should be read in conjunction with **Note 25** to the consolidated financial statements, entitled “Financial risks”, which also sets out a sensitivity analysis for 2013.

Please also refer to **Note 1.f.c** to the consolidated financial statements as well as **Note 7** ("Net asset impairment"), which sets out the assumptions used for the purpose of impairment testing.

Liquidity risks

The Group’s main liquidity risks relate to:

- its obligation to repay or redeem its existing debt, primarily corresponding to (i) two issues of bonds maturing in 2017 and 2018, (ii) two issues of convertible bonds maturing in 2016 and 2019 (including early redemption options exercisable at will by the bondholders in 2015 and 2018 respectively), (iii) a trade receivables securitization program set up by two subsidiaries, and (iv) to a lesser extent, short-term debt taken out by a number of the Group’s subsidiaries.
- the Group's future financing requirements; and
- compliance with the financial ratios provided for in the syndicated loan agreement signed by the Group on December 1, 2011 and amended on December 19, 2012 (1.1 gearing ratio; 3.5 leverage ratio until end-2014 and 3.1 thereafter) and the cross default clauses applicable to the above-mentioned bonds.

On November 8, 2013 the Company successfully carried out a 283,791,195 euro rights issue.

Details of the Group's cash resources and requirements (especially cash surpluses and credit facilities), together with its policy for managing and monitoring liquidity are described in **Note 25** to the consolidated financial statements.

Interest rate and foreign exchange risks

The Group structures its funding in order to limit its exposure to increases interest rate risk. A sensitivity analysis concerning changes in interest rates is provided in **Note 25.f** to the consolidated financial statements.

The foreign exchange risk to which the Group is exposed is described in **Note 25.c.** Apart from in relation to non-ferrous metals transactions (see below), the Group considers its exposure to foreign exchange risk on operating cash flows to be limited for the Group as a whole, due to its underlying operational structure whereby most subsidiaries primarily operate in their domestic markets, with the main exception of export contracts in the high-voltage business. Currency hedges are set up by the Group in order for operating units' cash flows to remain denominated in their functional currency. A sensitivity analysis concerning fluctuations in the two main currencies that present a foreign exchange risk for the Group (the US dollar and the Norwegian krone) is provided in **Note 25.f.**

On account of its international presence, the Group is also exposed to foreign currency translation risk on the net assets of its subsidiaries whose domestic currency is not the euro. It is Group policy not to hedge these risks.

Metal price risks

The nature of the Group's business activity exposes it to volatility in non-ferrous metal prices (copper and, to a lesser extent, aluminum and lead). The policy of the Group's operating subsidiaries concerned is to pass on metal prices in their own selling prices and to hedge the related risk either through a natural hedge or by entering into futures contracts on metal exchanges. These companies also hedge currency risks arising on their non-ferrous metal transactions, which are mainly carried out in US dollars.

The Group's strategy for managing non-ferrous metal risks, the potential impact of fluctuations in copper prices and the hedges put in place are described in **Notes 25.d** and **25.f** to the consolidated financial statements.

Credit and counterparty risk

The nature of the Group's business activity exposes it to three main types of credit risk:

- Customer credit risk relating to its trade receivables portfolio. The Group's diverse business and customer base and wide geographic reach are natural mitigating factors for customer credit risk. The Group also applies a proactive policy for managing and reducing its customer risk by means of a Group-wide credit management policy which was rolled out to Nexans' international subsidiaries throughout the course of 2013. The Group has also set up a master credit insurance program for all of its subsidiaries, although a portion of its trade receivables is not covered by this program. Credit risk has been heightened by the difficult market environment caused by the recent global economic and political crises, and the Group has experienced late and disputed payments from a number of customers. This situation means that it is more difficult – and still almost prohibitive – to obtain credit risk coverage in Greece, Spain, Argentina, Egypt and Morocco.

- Counterparty risk arising from derivatives set up to hedge currency risks and non-ferrous metal price risks.
- Counterparty risk arising from deposits placed with financial institutions.

These different types of credit risk are described in **Note 25.e** to the consolidated financial statements.

6.4 Insurance

The Group has a number of master insurance programs that have been in place since 2003 and cover companies that are over 50%-owned and/or over which Group subsidiaries exercise managerial powers. Newly-acquired entities are gradually incorporated into the majority of these programs. In view of the difficulties in applying some of the programs in certain countries, insurance policies are sometimes taken out locally in conjunction with the Group Insurance Department, such as in Brazil.

The insurance programs are negotiated with top-rated insurers in the form of multi-year policies whenever possible; they include exit clauses for the insurer in the event that the loss amount exceeds the premiums. Their coverage limits are based on a historical analysis of the Company's claims experience and the advice of its brokers. Although they generally exceed the maximum amount of insured losses incurred by the Group in the past (apart from for credit insurance), they do not always cover the entire risk as they may be capped in terms of insured amounts or do not include certain types of coverage (for example the value of replacement products and late delivery penalties are not covered in the Group's third-party liability policy).

The Group relies on the expertise of global networks of insurance brokers to assist it with managing and deploying its insurance programs in all the countries where it operates.

The overall cost of insurance policies (excluding personal insurance) taken out at Group level represents approximately 0.5% of consolidated sales at constant non-ferrous metal prices.

Apart from the directors and officers liability policy, the main insurance programs set up by the Group to cover its manufacturing and operating activities are described below.

Property damage – business interruption

The Group is covered for property claims as well as business interruption arising from damage to insured assets.

Certain geographic areas have more limited coverage for natural disaster risks, such as areas with a high risk of earthquakes (e.g., Greece, Turkey, Japan, Lebanon, Chile and Peru). These coverage limits are generally lower than the related exposure amounts and it is becoming increasingly difficult to obtain such coverage for a reasonable price.

The Group continues its drive by setting up a specific capital expenditure program to prevent industrial risks. This program is designed in close collaboration between the Industrial Management Department, the Insurance Department and expert advisors from the Group's property insurer. These advisors regularly visit manufacturing sites, making targeted recommendations on how to improve risk prevention and health and safety procedures, as well as subsequently monitoring, in conjunction with the Insurance Department, that the recommendations have been implemented.

Third-party liability (general, environmental, aeronautical and aerospatial)

General policies cover the Group's entities for third-party liability claims that may arise during the course of their business or as a result of the products they manufacture. Environmental, aeronautical and aerospatial risks are covered by specific policies.

With respect to third-party liability resulting from aeronautical or aerospace products, coverage for losses caused to third parties is limited to the occurrence of severe accidents or decisions to ground aircraft made by domestic or international civil aviation authorities, and excludes all other types of liability. It is possible that a rare but highly serious claim could considerably exceed the insured amounts (or the policy's coverage) and could therefore significantly affect the Group's earnings.

Third parties and insurers are turning increasingly toward litigation in order to either reduce or, conversely, expand the scope of contractual undertakings. The possibility of legal action being taken creates further uncertainties as to the amount of risk transferred.

Transport

Transport risks that are covered by insurance concern supplies, deliveries and transfers between sites, irrespective of the type of transport used.

Comprehensive construction insurance for laying land and submarine cables

Site work relating to the laying of both land and submarine cables is covered by two specific insurance programs tailored to the operations concerned. Whether or not such cable-laying work can be included in these two master programs depends on its specific nature and characteristics and it is sometime necessary to set up separate policies, notably for very large contracts which exceed the coverage limits in the master programs. The after-delivery warranties requested by certain customers sometimes exceed the coverage periods available in the insurance market.

Coverage for the Group's cable-ship Skagerrak

The Group's cable-ship, Skagerrak, is covered by hull & machinery/loss of hire and protection & indemnity insurance.

Short-term credit risk insurance covering receivables owed by certain domestic and export customers

A short-term credit insurance policy is in place within the Group and is renewed on an annual basis. In 2013 this policy was rounded out by a Group-wide credit management policy.

Captive re-insurance company

The Group has set up a captive reinsurance entity – Nexans Ré – which has been operational since January 1, 2008 and is aimed at optimizing and managing the Group's risk retention strategy, as well as preventing and managing risks. It reinsures recurring risks, such as property and casualty and business interruption, as well as short-term credit risks and transport risks. It operates on a program-by-program basis, with maximum coverage amounts per loss and a 4 million euro cumulative cap per insurance year.

7 Corporate officers and senior managers

See also section 1 (Composition of the Board of Directors) in the corporate governance section of the 2013 Report of the Chairman of the Board of Directors.

7.1 Directorships and other positions held by members of the Board of Directors

In accordance with Article L.225-102-1 of the French Commercial Code, the following table lists, at December 31, 2013, the directorships and other positions held by the members of the Company's Board of Directors in all companies during 2013. It also sets out directorships and other positions previously held but which have expired within the last five years.

	Directorships and other positions held during fiscal 2013 (and still in force at the year-end)	**Directorships and other positions that have expired in the last five years**
Frédéric Vincent Chairman and CEO	– Chairman of the Board of Directors of Nexans Morocco* – President of Europacable* (professional association)	– Director of International Cable Company*, Nexans Energy USA Inc.*, Nexans Canada* – Chairman of the Board of Directors of Nexans USA Inc.* – Chief Operating Officer of Nexans
Robert Brunck Independent Director	– Chairman of the Board of Directors of **CGG** (previously CGGVeritas) – President of l'Association pour la Recherche et le développement des Méthodes et Processus Industriels (ARMINES) – Director and Vice-President of Centre Européen d'Education Permanente (CEDEP) and of Ecole Nationale Supérieure de Géologie (ENSG) and Bureau de Recherches Géologiques et Minières (BRGM) – Director of Groupement des Entreprises Parapétrolières et Paragazières-Association Française des Techniciens du Pétrole (GEP-AFTP)	Within CGGVeritas (renamed CGG): – Chief Executive Officer of CGGVeritas – Chairman of the Board of Directors of CGG Americas Inc.* – Chairman of the Supervisory Board of Sercel and CGGVeritas Services Holding B.V.* – Member of the Supervisory Board of Sercel Holding S.A. Outside the CGGVeritas group: – Director of Thalès, L'Institut Français du Pêtrole (IFP), Le Consortium Français de Localisation and Le Conservatoire National des Arts et Métiers (CNAM)
Georges Chodron de Courcel Director	– Chief Operating Officer of **BNP Paribas** – Member of the Executive Committee of BNP Paribas – Chairman of BNP Paribas (Switzerland) SA* – Vice-Chairman of **Fortis Bank SA/NV*** (BNP Paribas group) – Director of **Bouygues S.A., Alstom, F.F.P. (Société Foncière Financière et de Participations)**, Erbé SA*, **GBL (Groupe Bruxelles Lambert)***, Scor Holding (Switzerland) AG*, Scor Global Life Rückversichering Schweiz AG*, Scor Switzerland AG*, and Verner Investissements SAS – Member of the Supervisory Board of **Lagardère SCA** – Non-voting director of Exane (a Verner subsidiary)	– Chairman of BNP Paribas UK (Holdings) Ltd* – Director of BNP Paribas ZAO* and CNP (Compagnie Nationale à Portefeuille)* – Non-voting director of Safran and Scor SE – Chairman of Financière BNP Paribas SAS and Compagnie d'Investissement de Paris SAS
Cyrille Duval Independent Director	– Secretary General of Eramet Alliages branch – Chief Operating Officer of EHA (previously SIMA) (Eramet group)	– Director of Stard S.A.

	Directorships and other positions held during fiscal 2013 (and still in force at the year-end)	Directorships and other positions that have expired in the last five years
	– Chief Executive Officer of CEIR SAS – Chairman of Forges de Monplaisir (Eramet group) and Brown Europe (Eramet group) – Legal Manager of Transmet (Eramet group) and Sorame SCA – Director of **Eramet**, Comilog (Eramet group) and Metal Securities (Eramet group)	
Jérôme Gallot Director	– Advisor to the Chairman of Veolia Environnement – Director of Caixa Seguros* (Brazilian subsidiary of CNP Assurances) and **Plastic Omnium** – Non-voting director of **NRJ Group**	– Chief Executive Officer of Veolia Transdev – Director of ICADE and CNP Assurances – Member of the Supervisory Board of Schneider Electric S.A. – Chairman of CDC Entreprises and Avenir Entreprises S.A. – Non-voting director of Oseo – Member of the Supervisory Board of NRJ Group
Véronique Guillot-Pelpel Independent Director	– Judge at the Paris Commercial Court	(n.a.)
Colette Lewiner Independent Director	– Advisor to the Chairman of Cap Gemini – Non-executive Chairman of TDF – Director of **Eurotunnel S.A., Lafarge, Bouygues, Colas** (Bouygues subsidiary), **TGS-NOPEC Geophysical Company ASA*** and **Compton Greaves Limited*** – Member of the Académie des Technologies – Member of the Strategic Research Council chaired by the French Prime Minister	– Director of La Poste
Andrónico Luksic Craig Director proposed by the Quiñenco group	– Chairman of the Board of Directors of **Quiñenco S.A.*** – Positions held within Quiñenco group companies: • Vice-Chairman of the Board of Directors of **Banco de Chile*** and **CSAV* (Compañia Sudamericana de Vapores S.A.)** • Chairman of the Board of Directors of LQ Inversiones Financieras* and **CCU* (Compañia Cervecerías Unidas S.A.)** (and its wholly-owned subsidiaries CCU Chile*, CCU Argentina* and ECUSA*) • Director of **Invexans***, **Antofagasta Minerals Plc***, **Madeco*** and SM Chile* – Member of the Chilean Federation of Manufacturers – SOFOFA* (Sociedad de Fomento Fabril), the Chile-Pacific Foundation* and the ABAC* (APEC Business Advisory Council) – Vice President of the International Business Leaders' Advisory Council set up by the Shanghai municipal authorities* – Member of the International Advisory Board of **Barrick Gold***, the International Advisory Council of the Brookings	(n.a.)

	Directorships and other positions held during fiscal 2013 (and still in force at the year-end)	Directorships and other positions that have expired in the last five years
	Institution*, the Advisory Board of the Panama Canal Authority* and the Chairman's International Advisory Council in the Council of the Americas* – Member of the Global Advisory Council of Harvard University*, the Global Advisory Board of Harvard Business School*, Dean's Council of Harvard Kennedy School*, the International Advisory Board of the Blavatnik School of Government* in Oxford, the Advisory Board of the School of Economics and Management at Tsinghua* University in Beijing, and the School of Management at Fudan University* in Shanghai. – Member of the Latin American Executive Committee at the MIT Sloan School of Management* – Emeritus Trustee of Babson College*	
Francisco PEREZ MACKENNA Director proposed by the Quiñenco group	– Chief Executive Officer of **Quiñenco S.A.*** – Director of the following companies belonging to the Quiñenco group: **Banco de Chile***, **Madeco*** (and some of its wholly-owned subsidiaries), **CCU*** **(Compañia Cervecerías Unidas S.A.)** (and various wholly-owned subsidiaries), **CSAV*** **(Compañia Sudamericana de Vapores S.A.)**, **SAAM*** **(Sudamericana Agencias Aéreas y Marítimas S.A.)**, ENEX* (Empresa Nacional de Energía Enex S.A.) and **Invexans***	– Director of Viña San Pedro Tarapacá* (Quiñenco group) – Director of Banchile Corredores de Bolsa*
François POLGE DE COMBRET Independent Director	(n.a.)	– Director of Renault, Fonds Partenaires Gestion, Sagem and Bouygues Telecom – Member of the Supervisory Board of Safran

Hubert PORTE
Director proposed by the Quiñenco group
	- Executive Chairman of Ecus Administradora General de Fondos S.A.* (private equity firm)
	- The following positions in Chilean companies whose financial investments are managed by Ecus Administradora General de Fondos S.A.:
	  - Chairman of the Board of Directors of Albia* (industrial laundry) and Green Pure* (an agri-food company)
	  - Director of Vitamina* (chain of nurseries and kindergartens) and Loginsa* (logistics)
	- Director of **Invexans*** (Quiñenco group) and Plastic Omnium S.A. Chile* (Chilean subsidiary of the Plastic Omnium group)
	- Managing Partner of Latin America Asset Management Advisors*
		– Chairman of the Board of Directors of Central Frenos S.A.

	Directorships and other positions held during fiscal 2013 (and still in force at the year-end)	**Directorships and other positions that have expired in the last five years**
Mouna SEPEHRI Independent Director	– Executive Vice-President, Office of the CEO at **Renault** and member of the Executive Committee – Director of **Danone** – Member of the Supervisory Board of **M6 (Métropole Télévision)**	(n.a.)
Nicolas de TAVERNOST Independent Director	– Chairman of the Management Board of the **M6 (Métropole Télévision) group** • Positions held within the M6 group: – Permanent representative of: - M6 Publicité, as a director of Home Shopping Service SA and M6 Diffusion S.A. - Home Shopping Services, as a director of MisterGooddeal S.A. - Métropole Télévision, as a director of SASP Football Club des Girondins de Bordeaux and Société Nouvelle de Distribution S.A. - Métropole Télévision, as Chairman of M6 Publicité SAS, Immobilière M6 SAS, M6 Toulouse SAS, M6 Bordeaux SAS, M6 Intéractions SAS, M6 Web SAS and M6 Foot SAS - Métropole Télévision, as Managing Partner of SCI du 107, av. Charles de Gaulle – Member and director of l'Association Football Club des Girondins de Bordeaux – Member of the Shareholders' Committee of Multi 4 SAS – President of the M6 group corporate foundation • Positions held outside the M6 group: – Member of the Supervisory Board of Ediradio S.A. (RTL) – Director of **Natixis, Atresmedia*** (previously Antena 3) and **GL Events S.A.**	• Positions held within the M6 group: – Director of Société Nouvelle de Distribution SA – Permanent representative of: - Métropole Télévision, as Chairman of M6 Numérique SAS - M6 Interactions, as Chairman of M6 Développement SAS - Métropole Télévision, as a director of Paris Première SA, Paris Première SAS and Mister Gooddeal SA - Home Shopping Services, as a director of Télévente Promotion SA • Positions held outside the M6 group: – Director of Business Interactif and Hotel Saint-Dominique (in a personal capacity) – President of the Association of Commercial Television in Europe (ACT)*
Lena WUJEK Director representing employee shareholders	– Member of the Supervisory Board of FCPE Actionnariat Nexans (corporate mutual fund) – Corporate Law and Securities Counsel, Nexans Group	(n.a.)

* Positions held in foreign companies or institutions.
Companies in bold in the above table are listed companies (French and non-French).

7.2 Transactions in the Company's securities by corporate officers and senior managers

In accordance with Article 223-26 of the General Regulations of the AMF (the French financial markets authority), transactions in the Company's securities carried out during fiscal 2013 by corporate officers and senior managers, as designated by Article L.621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*) are listed in the following table.

	Date of transaction	Type of transaction	Financial instrument	Unit price (in euros)	Gross amount (in euros)
Frédéric Vincent Chairman and CEO	10/18/2013 10/18/2013 8/11/2013	Purchase Sale Subscription *(capital increase)*	Shares Pre-emptive subscription right Shares	32.9164 4.6729 22.50	8,031.60 8,037.39 116,775
A person related to Frédéric Vincent, Chairman and CEO	10/18/2013 10/18/2013	Purchase Sale	Shares Pre-emptive subscription right	32.80 4.62	4,592 4,620
Andrónico Luksic Craig Member of the Board of Directors	05/20/2013	Purchase	Shares	39.45	19,672
Georges Chodron de Courcel Member of the Board of Directors	10/24/2013	Purchase	Shares	33.49	5,760.28
Cyrille Duval Member of the Board of Directors	8/11/2013	Subscription *(capital increase)*	Shares	22.50	4,792.50
Une personne physique liée à Cyrille Duval, Member of the Board of Directors	8/11/2013	Subscription *(capital increase)*	Shares	22.50	3,847.50

Further to the transactions carried out in 2013, Frédéric Vincent and his wife increased the number of shares they held in the Company by 5,434 shares from a total of 14,836 shares at end-2012 (18,625 shares held directly and indirectly, including units in the FCPE employee mutual fund invested in Nexans shares) to 20,270 shares at end-2013 (24,680 held directly and indirectly, including units in the FCPE employee mutual fund invested in Nexans shares).

7.3 Directors' compensation

At December 31, 2013 the Company's Board of Directors comprised 14 members. The aggregate annual amount of directors' fees was set at 650,000 euros at the Annual Shareholders' Meeting held on May 15, 2012, effective from the fiscal year that commenced on January 1, 2012.

Generally, the methods for allocating the directors' fees approved by the Board of Directors include the calculation of a fixed portion and a variable portion based on the directors' attendance at Board meetings and their membership of Committees.

In the revised version of the AFEP-MEDEF Corporate Governance Code issued in June 2013 it is recommended that the variable component of a director's compensation should represent a higher proportion of the overall compensation than the fixed component. In order to comply with this recommendation, at its meeting on July 24, 2013 the Board of Directors decided to amend the rules for allocating directors' fees[2] and resolved to apply these new rules with retroactive effect from January 1, 2013, i.e., in advance of the application deadline specified in the implementation guidance for the AFEP-MEDEF Corporate Governance Code published in

[2] Except for directors whose term of office expired in early 2013, i.e., before the Board amended the rules.

January 2014. Consequently the aggregate amount of directors' fees is now allocated between the individual directors as follows:

- Each director, including the Chairman but excluding the employee shareholders' representative, is allocated a fixed fee of 13,000 euros.
- Each director, including the Chairman, receives 3,000 euros for every Board meeting attended, capped at an aggregate 21,000 euros per year.
- Each member of the Accounts and Audit Committee (other than the Committee Chairman) receives 3,000 euros per meeting, capped at an aggregate 12,000 euros per year. The Committee Chairman receives 6,000 euros per meeting, capped at an aggregate 24,000 euros per year.
- Each member of the Appointments, Compensation and Corporate Governance Committee (other than the Committee Chairman) receives 3,000 euros per meeting, capped at an aggregate 12,000 euros per year. The Committee Chairman receives 4,500 euros per meeting, capped at an aggregate 18,000 euros per year.
- Each member of the Strategy Committee, other than the Chairman and Chief Executive Officer, receives 4,000 euros in fixed fees per year and 4,000 euros per meeting, capped at an aggregate 12,000 euros per year.

In accordance with the Group's policy, none of Nexans SA's directors received any directors' fees in 2013 for positions held in Group subsidiaries.

The total amount of directors' fees allocated for 2013 – including the amounts paid to members of the Strategy Committee which was set up in March 2013 – was 625,500 euros. The table below shows the allocation between the individual directors for 2013 and 2012 (in euros).

Board member	**Directors' fees allocated in 2012 (for 2012)**	**Directors' fees allocated in 2013 (for 2013)**
Frédéric Vincent (Chairman of the Board)	34,000	34,000
Robert Brunck	46,000	64,000
Gianpaolo Caccini*	46,000	16,500
Georges Chodron de Courcel	58,000	52,000
Cyrille Duval	46,000	43,000
Jérôme Gallot	64,000	73,000
Véronique Guillot-Pelpel	34,000	43,000
Colette Lewiner	34,000	46,000
Andrónico Luksic Craig**	-	20,000
Guillermo Luksic Craig***	22,000	7,000
François Polge de Combret	46,000	46,000
Francisco Pérez Mackenna	46,000	58,000
Hubert Porte	34,000	34,000
Mouna Sepehri	34,000	34,000
Nicolas de Tavernost	34,000	34,000
Lena Wujek (employee shareholders' representative)****	12,000	21,000
TOTAL	**590,000**	**625,500**

** Director whose term of office expired on May 14, 2013 and was not renewed.*
*** Director elected on May 14, 2013 to replace Guillermo Luksic Craig.*
****Director whose term of office expired end-March 2013.*
**** Director elected for the first time on May 15, 2012.*

Non-executive directors do not receive any compensation from the Company other than directors' fees, apart from the employee shareholders' representative who receives compensation from the subsidiary that employs her.

7.4 General principles – Compensation and benefits payable to the Chairman and CEO

7.4.1 General principles – Summary presentation of directors' compensation

The Company applies the AFEP-MEDEF Corporate Governance Code for listed companies in France (the AFEP-MEDEF Corporate Governance Code). The Internal Regulations of the Board of Directors – which can be viewed in full on the Company's website – include an Appendix setting out its policy on executive directors' compensation, whose principles are based on the recommendations contained in the June 2013 revised version of the AFEP-MEDEF Corporate Governance Code. The applicable recommendations in the revised version of the AFEP-MEDEF Corporate Governance Code have been followed for all of the components of the Chairman and CEO's compensation, except for one of the elements of his pension plan described in the Report of the Chairman of the Board of Directors 2013.

The Appointments, Compensation and Corporate Governance Committee recommends to the Board of Directors the compensation payable to the Chairman and CEO. When the Committee sets the rules applicable for calculating this compensation it ensures that they are consistent with the annual performance appraisal process for senior managers, the Company's medium-term strategy and market practices. When setting the overall structure of the Chairman and CEO's compensation package, the Committee draws on reports by independent consultants on market practices for comparable companies.

The compensation paid to the Chairman and CEO comprises a fixed portion and a variable portion linked to the Group's short- and medium-term performance.

Summary

	2012	2013
Compensation due for the year	€1,270,352	€800,000
Valuation of stock options granted during the year	-	-
Valuation of performance shares granted during the year*	€257,725	€919,500
Total	€1,528,077	€1,719,500

** Valuation performed at the time of the performance share grant*

Breakdown of the compensation and benefits of the Chairman and CEO

	2012		2013	
	Amounts due for 2012	Amounts paid in 2012	Amounts due for 2013	Amounts paid in 2013
Fixed compensation	€800,000	€800,000	€800,000	€800,000
Variable compensation	€430,280	€869,135	0****	€430,280
Exceptional compensation*	-	€455,000*	-	-
Directors' fees**	€34,000	€34,000	€34,000	€34,000
Other benefits***	€6,072	€6,072	€6,072	€6,072
TOTAL	**€1,270,352**	**€2,164,207**	**€840,072**	**€1,270,352**

** In accordance with the Group's long-term compensation policy applicable to senior managers until 2010, Stock Option Plan no. 9 – which was set up for Group senior managers on March 9, 2010 – was associated with a long-term incentive plan under which the beneficiaries could be eligible for a cash*

payment if a number of pre-defined financial objectives were reached. On February 9, 2012 the Board of Directors noted that the objectives under this long-term incentive plan had been attained and the Chairman was paid a long-term incentive bonus of 455,000 euros.
*** See section 7.3 above (Directors' compensation).*
**** Company vehicle*
***** No variable portion of the compensation granted for 2013.*

On February 10, 2014, the Board of Directors approved the recommendation of the Appointments, Compensation and Corporate Governance Committee and set the Chairman and CEO's fixed compensation for 2014 at 800,000 euros, unchanged since 2011.

7.4.2 Variable compensation

The criteria used to calculate the variable portion of the Chairman and CEO's compensation are determined at the beginning of each year, for that year, by the Board of Directors, based on recommendations by the Appointments, Compensation and Corporate Governance Committee. The Board also decides on the amount of variable compensation to be allocated for the prior year based on the achievement of pre-determined criteria.

The amount of the variable portion of the compensation may vary between 0% and 150% of the fixed compensation. The targeted variable compensation (bonus) amounts to a percentage of the fixed compensation at a target rate of 100%.

The majority of the Chairman and CEO's variable compensation is contingent on quantitative criteria related to the Group's performance. In addition, 30% of his variable compensation is contingent on non-financial criteria concerning the Chairman and CEO's individual performance, which are set based on a number of clear objectives considered strategic in terms of the Group's business, markets, operation, and organization. The portion based on quantitative objectives was raised to 70% for 2013 from 65%, with a view to even more closely aligning the Group's financial performance with the Chairman and CEO's compensation.

The variable portion of the Chairman and CEO's compensation for 2013 was determined as follows:

- 70% by reference to quantitative objectives related to the Group's operating and financial performance. These objectives are identical to those applied to Group senior managers for determining the variable portion of their compensation and are based on operating margin, working capital requirement and free cash flow.

- 30% by reference to specific pre-determined individual objectives. These objectives are not disclosed in detail as they are confidential but they are based on the Group's markets, business, operation and organization.

At its meeting of February 10, 2014 the Board decided that, for the determination of Frédéric Vincent's variable portion, the achievement rate of Group quantitative objectives for 2013 was 41.5%. Following an assessment of the achievement at 100% of his specific and pre-determined individual objectives – which are not publicly disclosed for confidentiality reasons – the Board decided that Frédéric Vincent's variable compensation should have been 472,000 euros.

However, upon the Chairman and CEO's initiative given the context of on-going restructuring plans, the Board of Directors decided not to pay a variable compensation to the Chairman and CEO for 2013. The Board of Directors has thus decided that the variable compensation (bonus) will be 0 for 2013, the Chairman and CEO not having participated to the discussion or the deliberation.

At the same meeting, the Board decided that the Chairman and CEO's variable compensation for 2014 (payable in 2015) may represent between 0% and 150% of his fixed compensation, as was the case for his variable compensation due for 2013 and paid in 2014, that is to say a target variable portion equal to the fixed compensation to which is applied a target bonus rate of 100%. The Board also decided to replace the objective based on working capital requirement by an objective linked to return on capital employed (ROCE), and to adjust the relative weightings of the financial objectives making up the quantitative criteria as follows: (1) Operating margin: 40%, (2) ROCE: 40% and (3) free cash flow: 20%.

7.4.3 Stock options and performance shares granted to the Chairman and CEO

Since it adopted the AFEP-MEDEF Corporate Governance Code, the Company has applied the recommendation in the Code that the exercise of stock options granted to executive directors and the vesting of performance shares should be subject to the beneficiaries meeting pre-defined performance conditions. Consequently, all of the stock options and performance shares granted to the Chairman and CEO since November 2008 have been subject to performance conditions whose attainment is assessed over several years.

Stock options granted to the Chairman and CEO

	Plan no. 5 – November 23, 2006	Plan no. 7 – February 22, 2008	Plan no. 8 – November 25, 2008	Plan no. 9 – March 9, 2010
Number of options granted*	139,872	75,764	52,452	48,723
Start date of exercise period	11/23/07	02/22/09	11/25/09	03/09/11
Expiration date	11/22/14	02/21/16	11/24/16	03/08/18
Exercise price*	€65.28	€61.11	€37.29	€46.30
Exercise conditions	One quarter each year	One quarter each year	One quarter each year	One quarter each year
Performance conditions	No	No	Yes: two performance conditions related to Nexans' comparative share performance and the free cash flow generated by the Company	Yes: two performance conditions related to Nexans' comparative share performance and the free cash flow generated by the Company

**After adjustments made following a rights issue carried out on November 8, 2013.*

In accordance with the Group's long-term compensation policy, the Chairman and CEO did not receive any stock options in 2013. In addition he did not exercise any stock options during the year.

Performance shares granted to the Chairman and CEO

	Plan no. 10 – November 15, 2011	Plan no. 11 – November 20, 2012	Plan no. 12 – July 24, 2013
Number of shares granted*	If target performance reached (100%): Between 0 and 14,570 If maximum performance reached (150%): Between 0 and 19,816	If target performance reached (100%): Between 0 and 15,153 If maximum performance reached (150%): Between 0 and 19,816	Between 0 and 58,280
Value of shares based on the method used in the consolidated financial statements	€316,188	€257,725	€919,500
Portion of total shares under the plan granted to the Chairman and CEO	Less than 12%	Less than 15%	Less than 20%
% capital represented by shares granted	0.06%	0.06%	0.2%
Vesting date	11/15/2014	11/20/2015	07/24/2016
End of lock-up period	11/15/2016	11/20/2017	07/24/2018
Performance conditions	Yes: two performance conditions - a share performance condition based on Nexans' share performance over a period of three years as compared with that of a benchmark panel made up of	Yes: two performance conditions - a share performance condition based on Nexans' share performance over a period of three years as compared with that of a benchmark panel made up of	Yes (see below)

	nine industrial companies (Alstom, Legrand, Saint-Gobain, Rexel, Schneider-Electric, Prysmian, General Cable, ABB and Leoni); and - a financial performance condition, based on the Group's operating margin on sales (at actual metal prices) measured over a three-year period, as compared with the same indicator calculated for the same benchmark panel of companies as used for the share performance condition.	nine industrial companies (Alstom, Legrand, Saint-Gobain, Rexel, Schneider-Electric, Prysmian, General Cable, ABB and Leoni); and - a financial performance condition, based on the Group's operating margin on sales (at actual metal prices) measured over a three-year period, as compared with the same indicator calculated for the same benchmark panel of companies as used for the share performance condition.	

** For plans 10 and 11, the number of shares that will vest for the Chairman and CEO may vary depending on the achievement rate of the applicable performance conditions, as determined at the end of the vesting period. The figures for plans 10, 11 and 12 take into account the adjustments decided by the Board of Directors in accordance with the law on November 20, 2013, following the rights issue carried out on November 8, 2013.*

No performance shares held by the Chairman and CEO reached the end of their lock-up period in 2013.

In accordance with the Group's long-term compensation policy and the proposal submitted at the Annual Shareholders' Meeting on May 14, 2013, on July 24, 2013 the Board of Directors approved the recommendation of the Appointments, Compensation and Corporate Governance Committee and adopted a new long-term compensation plan (Plan no. 12). This plan involves grants of performance shares and free shares to the Group's key senior managers. Under the plan the Board granted the Chairman and CEO between 0 and 58,280[3] performance shares whose vesting is subject to the attainment of two performance conditions which are of equal weighting and are applicable to all performance share beneficiaries. These conditions are as follows:

(1) A share performance condition, which applies to 50% of the shares granted and is based on Nexans' share performance over a period of three years (as from the grant date) as compared with that of a benchmark panel made up of the following ten companies: Alstom, Legrand, Prysmian, General Cable, Rexel, ABB, Schneider-Electric, Saint-Gobain, Leoni and NKT; and

(2) A financial performance condition, which also applies to 50% of the shares granted and is based on the achievement rate at end-2015 of the objectives set in the 2013-2015 three-year strategic plan issued in February 2013, in terms of operating margin and return on capital employed (ROCE). Each of these criteria accounts for half of the portion of the share grant that is subject to the financial performance condition.

Out of the performance shares granted to the Chairman and CEO, the number of shares that will actually vest at the end of the vesting period on July 24, 2016 may range between a minimum of 0 and a maximum of 58,280 depending on the attainment of the applicable performance targets (calculated based on achievement scales – see section 7.5 below).

Characteristics of stock options and performance shares granted to the Chairman and CEO

Since the Group adopted the AFEP-MEDEF Corporate Governance Code, any grants of performance shares and/or stock options to executive directors have complied with the recommendations set out in said Code and all such grants are now subject to performance conditions.

[3] After the adjustments decided by the Board of Directors in accordance with the law on November 20, 2013, following the rights issue carried out on November 8, 2013.

Timing	Annual grants, except where decided otherwise by the Board (and appropriately justified), and in exceptional circumstances.
No discount	No discounts are applied on grants of stock options.
Performance conditions	Performance shares granted to members of the Executive Committee (renamed the Management Council at end-2013) and stock options granted to members of the Management Council under plans 8 and 9 will only vest/be exercisable if the Appointments, Compensation and Corporate Governance Committee notes that the performance conditions set by the Board at the grant date (as described above) have been met.
Custody obligation (Article L.225-197-1 of the French Commercial Code)	The Chairman and CEO is required to keep a portion of any shares he receives on the exercise of stock options and must keep a significant and increasing number of any shares acquired on the exercise of stock options or the vesting of performance shares. Under the terms of Stock Option Plans 7, 8 and 9, executive directors are required to hold one quarter of the shares resulting from the exercise of stock options until the end of their term of office. Under the terms of Long-Term Compensation Plans 10, 11 and 12, the Chairman and CEO is required to hold, in registered form and as long as he remains in office, one quarter of the performance shares that he acquires at the end of the vesting period. This requirement applies unless the Board of Directors decides otherwise in view of the Chairman and CEO's situation and particularly taking into account the objective of holding an increasing number of shares acquired under such plans.
Purchase obligation	Under the terms of Long-Term Compensation Plans 10 and 11, at the end of the applicable lock-up period, the Chairman and CEO is required to purchase a number of shares equivalent to 10% of the performance shares that he acquires at the end of the vesting period. Under the terms of Long-Term Compensation Plan 12, at the end of the applicable lock-up period, the Chairman and CEO is required to purchase a number of shares equivalent to 5% of the performance shares that he acquires at the end of the vesting period.
Prohibition of hedging instruments	Stock options and performance shares granted to members of the Management Council (including the Chairman and CEO) as well as shares resulting from the exercise of stock options may not be hedged. Under Long-term Compensation Plan no. 12, this prohibition applies until the end of the lock-up period.
Recommended "black out" periods	Group procedure on insider trading.

See section 7.5 below ("Stock options and performance shares") for further details on the long-term compensation policy and the long-term compensation plans in progress, and particularly for the performance conditions applicable under the latest plan (Plan no. 12).

7.4.4 Commitments towards the Chairman and CEO

First appointed as Chairman and CEO:	May 26, 2009
Renewal of appointment as Chairman and CEO:	May 15, 2012
End of current term of office:	2016 Annual Shareholders' Meeting

Employment contract	Supplementary pension plan	Indemnities or benefits related to termination or a change in duties	Non-compete indemnity
No	Yes	Yes	Yes

Employment contract

In accordance with the recommendation of the AFEP-MEDEF Corporate Governance Code, Frédéric Vincent's employment contract, which had been suspended since May 2006, was terminated when he was appointed Chairman and CEO of the Company in May 2009.

Termination payments

As Chairman and CEO, Frédéric Vincent has received commitments from the Company concerning termination payments as described below. They were authorized by the Board and ratified at the Annual Shareholders' Meeting held on May 15, 2012.

In accordance with the Internal Regulations of the Board of Directors, total termination payments – i.e., termination and non-compete indemnities – may not exceed two years' effective compensation (fixed plus variable).

<u>Termination indemnity</u>

The termination indemnity will be payable only in the event of a forced departure resulting from a change of strategy or control, which will be deemed to be the case unless specifically decided otherwise in accordance with the Board of Directors' Internal Regulations and before the Board of Directors notes the achievement of the performance conditions.

The indemnity will be equal to one year of his total compensation, i.e., 12 times his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

The payment of the indemnity would be subject to the satisfaction of two performance conditions:

(1) A share performance condition based on Nexans' share performance measured over a three-year period (with the last measurement date corresponding the date on which the termination decision is taken), as compared with that of a benchmark panel of companies comprising Leoni, Prysmian (Draka), Legrand, General Cable, Rexel, ABB, Schneider Electric, Saint-Gobain and Alstom.

(2) A financial performance condition based on the Group's operating margin on sales (at actual metal prices) measured over a three-year period (corresponding to the three full fiscal years preceding the fiscal year in which the termination takes place), as compared with the same margin for the same benchmark panel of companies as used for the share performance condition.

For both of the above criteria, the Group's performance would be compared to that of the benchmark panel and the amount of the indemnity would be reduced as shown below if Nexans' performance is not higher than the median.

Index	*Performance level and percentage of termination indemnity due*
Nexans higher than the median	100%
Nexans higher than the 4th decile	80%
Nexans higher than the 3rd decile	50%
Nexans lower than or equal to the 3rd decile	0%

Consequently no indemnity would be payable if Nexans' performance is lower than the 3rd decile.

The level of achievement of these conditions would be noted by the Appointments, Compensation and Corporate Governance Committee.

Non-compete indemnity

As compensation for an undertaking not to exercise any business that would compete either directly or indirectly with one of the Company's businesses for a period of two years from the end of his term of office as Chairman and CEO, Frédéric Vincent will receive a non-compete indemnity, regardless of the cause of termination of his duties. Said indemnity will be equal to one year of his fixed and variable compensation, i.e., 12 times his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus, paid in 24 equal and successive monthly installments.

Supplementary pension plan

As authorized by the Board of Directors on April 3, 2009 and approved in the fourth resolution of the May 26, 2009 Annual Shareholders' Meeting, in his capacity as Chairman and CEO, Frédéric Vincent is a member of the defined benefit pension plan set up by the Group for certain employees and corporate officers. The Board of Directors' meeting of February 7, 2012, ruling on the renewal of the Chairman and CEO's term of office, confirmed that Frédéric Vincent would benefit from this pension plan. This commitment was approved by the shareholders on May 15, 2012.

The regulations for this plan were adopted by the Board of Directors in 2004 (and amended on October 1, and November 25, 2008 following approval by the shareholders), and make the plan's benefits conditional upon the beneficiary ending his professional career while employed at the Company.

The lifetime pension amount, with survivor benefits, is based on the beneficiary's average annual compensation for the last three years before his retirement. This pension supplements the mandatory and supplementary basic pension plans and is limited to 30% of the beneficiary's fixed and variable compensation, i.e., below the 45% ceiling specified in the AFEP-MEDEF Corporate Governance Code.

At its meeting on November 25, 2008, the Board of Directors amended the plan's regulations by making plan benefits for new corporate officers conditional upon five years' seniority with the

Company.

The supplementary pension plan complies with the recommendations of the AFEP-MEDEF Corporate Governance Code as regards the number of beneficiaries, length of service, and limiting the percentage of the beneficiaries' fixed and variable compensation as well as the reference period used for calculating plan benefits.

The portion of the commitments given by the Group for pensions and similar benefits to which Frédéric Vincent is entitled amounted to 8,591,970 euros at December 31, 2013, excluding taxes. Payroll and similar taxes amounted to 4,678,570 euros.

Welfare plan

Frédéric Vincent benefits from the welfare plan (covering death and disability benefits and medical expenses) set up for the Company's employees.

7.5 Stock options and performance shares

Changes to the Group's long-term compensation policy

Up to and including 2010, the long-term compensation policy set up by the Group consisted of annual grants of stock options, which, as from 2007, were combined with a cash-based long-term incentive plan ("LTIP") made available to a greater number of managers. In 2011 and 2012 the long-term compensation policy was changed to comprise grants of performance shares to the Group's key senior managers (including members of the Management Council – formerly the Executive Committee) as well as grants of a restricted number of free shares to certain high-potential managers.

In 2013, the Group decided to make its long-term compensation policy a more integral part of an overall strategy aimed at motivating employees and fostering their loyalty while remaining competitive compared with general market practices. Following the adoption of its three-year strategic plan for 2013-2015 and with a view to even more closely aligning the interests of its senior managers with those of its shareholders, the Company amended its performance share grant policy as described below. No changes were made to the policy for granting free shares (i.e., grants that are not subject to performance conditions).

- Amendment to the long-term compensation policy based on the beneficiaries concerned:
  - As in the past, the Chairman and CEO will receive performance shares (which may potentially become available after a period of five years, i.e., after the expiration of the lock-up period). The number of these shares will be determined taking into account all of the components of his compensation package and will be subject to performance conditions indexed to the objectives contained in the Group's three-year strategic plan.
  - The Group's key senior managers will receive performance shares and medium-term conditional compensation based on the achievement of performance conditions indexed to the objectives contained in the Group's three-year strategic business plan.
  - A wider group of senior managers will be awarded medium-term conditional compensation based on the achievement of performance conditions indexed to the objectives contained in the Group's three-year strategic plan.

- Financial performance condition aligned with the objectives contained in the 2013-2015 strategic plan and representativeness of the share performance condition increased by extending the benchmark panel (to include ten companies for Plan 12 compared with nine for Plans 10 and 11), as well as implementation of a stricter achievement scale.

Stock options

Summary of stock option plans

Following the rights issue carried out on November 8, 2013, adjustments were made to the Company's stock option plans in terms of their exercise price in accordance with the French Commercial Code, and consequently also in terms of the number of options granted. These two adjustments were calculated in accordance with the regulations of the relevant plans, and in particular the legal formula applicable for adjusting the exercise price.

	Plan no. 4	Plan no. 5	Plan no. 6	Plan no. 7	Plan no. 8	Plan no. 9
Date of Shareholders' Meeting	06/05/03	05/15/06	05/15/06	05/10/07	04/10/08	05/26/09
Grant date	11/23/05	11/23/06	02/15/07	02/22/08	11/25/08	03/09/10
Number of options granted*	361,447	398,317	32,147	354,841	358,633	389,026
To the Chairman and CEO*	-	139,872	-	75,764	52,452	48,723
To the ten employees receiving the most options*	106,070	193,490	32,147	90,334	87,653	101,407
Total number of beneficiaries	96	29	5	180	216	240
Start date of exercise period	11/23/06	11/23/07	02/15/09	02/22/09	11/25/09	03/09/11
Expiration date	11/22/13	11/22/14	02/14/15	02/21/16	11/24/16	03/08/18
Exercise price*	€34.43	€65.28	€85.60	€61.11	€37.29	€46.30
Exercise conditions	One quarter each year	One quarter each year	50% from Feb. 15, 2009 and 25% each year thereafter	One quarter each year	One quarter each year Performance conditions	One quarter each year Performance conditions
Number of shares purchased at Dec. 31, 2013*	217,125	-	-	-	17,162	2,289
Number of options canceled*	144,322	14,829	14,663	23,680	27,186	24,323
Options outstanding at Dec. 31, 2013*	0	383,488	17,484	331,161	314,285	362,414

**After adjustments made following a rights issue carried out on November 8, 2013.*

<u>Shares subscribed in 2013 following exercise of stock options by the ten employees exercising the most options (excluding corporate officers)</u>

	Number of shares purchased	Exercise price
Plan no. 4 – November 23, 2005	30,711	€40.13

Performance shares and restricted (free) shares

Summary of performance share and restricted (free) share grants

	Plan no. 10	Plan no. 11	Plan no. 12
Date of Shareholders' Meeting	05/31/2011	05/15/2012	05/14/2013
Grant date	11/15/2011	11/20/2012	07/24/2013
Number of performance shares granted (based on target performance)*	115,558	124,008	n/a
Number of performance shares granted (based on maximum performance)*	171,298	183,099	319,007
To the Chairman and CEO (based on maximum performance)*	19,816	19,816	58,280
To the ten employees receiving the most performance shares*	35,784	38,232	167,846
Number of free shares granted*	15,679	17,470	17,534
Vesting date (French residents)	11/15/14	11/20/15	07/24/16
End of lock-up period (French residents)	11/15/16	11/20/17	07/24/18
Total number of beneficiaries	256	247	173
Number of shares vested	-	-	-
Number of shares canceled	2,867	1,395	-

After adjustments made following a rights issue carried out on November 8, 2013.

The performance conditions applicable for the performance shares granted under long-term Compensation Plans 10 and 11 are as follows: (1) a share performance condition based on the Company's share performance over a three-year period, as compared with that of a benchmark panel of companies over the same period; and (2) a financial performance condition based on the change in the Group’s operating margin on sales measured over a three-year period (at actual metal prices), as compared with the change in operating margin on sales over the same period for the same benchmark panel of companies as used for the share performance condition.

The performance shares granted under long-term Compensation Plan 12 dated July 24, 2013 will only vest if the beneficiary is still a member of the Group at the vesting date and will be subject to strict performance conditions which will each be measured over a period of three years. The performance conditions concern share performance and financial performance, as follows:

– Half of the performance shares granted will be subject to a share performance condition based on Nexans' share performance over a period of three years as compared with that of a benchmark panel made up of the following ten companies: Alstom, Legrand, Prysmian, General Cable, Rexel, ABB, Schneider-Electric, Saint-Gobain, Leoni and NKT. The number of shares that vest will be determined in line with the following achievement scale, which is stricter than the scale used for the previous plans:

Performance achieved by Nexans compared with the benchmark panel	% of shares vested based on the share performance condition
> 9th decile	100%
> 8th decile	80%
> 7th decile	70%
> 6th decile	60%
≥ median	50%
< median	0%

– The other half of the performance shares granted will be subject to a financial performance condition based on the achievement rate at end-2015 of the operating margin and return on capital employed (ROCE) objectives contained in the 2013-2015 three-year strategic plan issued in February 2013. The number of shares that vest will be determined based on the following scale, with one quarter of the shares granted contingent on the achievement rate of operating margin targets and one quarter contingent on the achievement rate of ROCE targets.

Group operating margin at end-2015	% of shares vested based on operating margin objectives
≥ €400 million	100%
≥ €390 million and < €400 million	90%
≥ €380 million and < €390 million	80%
≥ €370 million and < €380 million	70%
≥ €360 million and < €370 million	60%
≥ €350 million and < €360 million	50%
< €350 million	0%

Group ROCE at end-2015	% of shares vested based on ROCE objectives
≥ 12%	100%
≥ 11% and < 12%	90%
≥ 10% and < 11%	80%
≥ 9% and < 10%	70%
≥ 8% and < 9%	60%
≥ 7% and < 8%	50%
< 7%	0%

The dilutive impact of the performance shares and free shares granted under Long-Term Compensation Plan no. 12 was approximately 0.80% at end-2013.

8. Information concerning the Company and its capital

8.1 Share capital

Share capital at December 31, 2013

At December 31, 2013, the Company's share capital was 42,043,145 euros, divided into 42,043,145 shares with a par value of one (1) euro each. This amount includes the impact of (i) 36,161 stock options exercised between January 1 and December 31, 2013, and (ii) 12,612,942 new shares issued as part of a rights issue carried out on November 8, 2013 (see section 1.2.11 above for details of this issue). Each of the Company's shares carries one voting right.

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Changes in the Company's share capital over the last five years

Date	Transaction	Number of shares issued/canceled	Par value of transaction	Total amount of share capital (in euros) and number of shares
February 11, 2009	Capital increase following the exercise of stock options	36,250	€36,250	27,936,953
June 12, 2009	Capital increase following the exercise of stock options	33,850	€33,850	27,970,803
February 9, 2010	Capital increase following the exercise of stock options	42,125	€42,125	28,012,928
July 27, 2010	Capital increase following the exercise of stock options	89,067	€89,067	28,101,995
August 5, 2010	Employee share issue	482,467	€482,467	28,584,462
January 14, 2011	Capital increase following the exercise of stock options	19,929	€19,929	28,604,391
July 26, 2011	Capital increase following the exercise of stock options	115,639	€115,639	28,720,030
January 11, 2012	Capital increase following the exercise of stock options	3,050	€3,050	28,723,080
July 24, 2012	Capital increase following the exercise of stock options	37,630	€37,630	28,760,710
August 3, 2012	Employee share issue	499,984	€499,984	29,260,694
December 18, 2012	Conversion of "1.5% 2013 OCEANE bonds"	98	€98	29,260,792
January 14, 2013	Capital increase following the exercise of stock options	133,250	€133,250	**29,394,042**
August 31, 2013	Capital increase following the exercise of stock options	9,500	€9,500	**29,403,542**
September 30, 2013	Capital increase following the exercise of stock options	24,661	€24,661	**29,428,203**
October 31, 2013	Capital increase following the exercise of stock options	2,000	€2,000	**29,430,203**
November 8, 2013	Capital increase through the issuance of new shares paid up in cash	12,612,942	€12,612,942	**42,043,145**

Potential share capital at December 31, 2013

The following securities carry rights to the Company's shares:

(1) The OCEANE bonds issued on June 23, 2009. This public issue involved 4 million OCEANE bonds, each with a face value of 53.15 euros, and represented a total value of approximately 212 million euros (the "**4% 2016 OCEANE bonds**"). The prospectus for the issue was approved by the AMF on June 15, 2009 under number 09-187. The term of the bonds was set at six years and 192 days. If the bonds run until their scheduled redemption date they will be redeemed in full on January 1, 2016 at their face value, i.e., at a price of 53.15 euros per bond. However the Company has an early redemption option under which it is entitled to require the bondholders to convert their options into shares if the Company's share price exceeds a certain level. This OCEANE grants an early redemption right to the bondholders on January 1, 2015. The bonds bear interest at 4% per annum, payable in arrears on January 1 each year and their gross yield-to-maturity is 4% (if they are not converted and/or exchanged for shares, and if they are not redeemed in advance). The option to convert or exchange the bonds can be exercised by the OCEANE bondholders at any time until the seventh business day preceding the scheduled or early redemption date. At December 31, 2013, all of the 4% 2016 OCEANE bonds were still outstanding.

As a result of the rights issue carried out on November 8, 2013, in accordance with the adjustment formulae provided for in the issue terms and conditions of the 4% 2016 OCEANE bonds, as from November 8, 2013 one 4% 2016 OCEANE bond is now convertible into 1.1250 Nexans shares compared with the previous conversion ratio of one share per bond.

(2) The OCEANE bonds issued on February 29, 2012. This public issue involved 3,780,588 million OCEANE bonds, each with a face value of 72.74 euros, and represented a total value of approximately 275 million euros (the "**2.5% 2019 OCEANE bonds**"). The prospectus for the issue was approved by the AMF on February 21, 2012 under number 12-083. The term of the bonds was set at six years and 307 days. If the bonds run until their scheduled redemption date they will be redeemed in full on January 1, 2019 at their face value, i.e., at a price of 72.74 euros per bond. However the Company has an early redemption option under which it is entitled to require the bondholders to convert their options into shares if the Company's share price exceeds a certain level. This OCEANE grants an early redemption right to the bondholders on July 1, 2018. The bonds bear interest at 2.5% per annum, payable in arrears on January 1 each year and their gross yield-to-maturity is 2.5% (if they are not converted and/or exchanged for shares, and if they are not redeemed in advance). The option to convert or exchange the bonds can be exercised by the OCEANE bondholders at any time until the seventh business day preceding the scheduled or early redemption date. At December 31, 2013, all of the 2.5% 2019 OCEANE bonds were still outstanding.

As a result of the rights issue carried out on November 8, 2013, in accordance with the adjustment formulae provided for in the issue terms and conditions of the 2.5% 2019 OCEANE bonds, as from November 8, 2013, one 2.5% 2019 OCEANE bond is now convertible into 1.1250 Nexans shares compared with the previous conversion ratio of one share per bond.

(3) 1,408,832 outstanding stock options granted by the Company, representing approximately 3.35% of the Company's capital and exercisable for one share each.

(4) 50,438 free shares (with no performance conditions attached) granted to certain employees, representing approximately 0.12% of the Company's share capital at December 31, 2013.

(5) 537,022 performance shares (based on the achievement of maximum performance targets) granted to employees and corporate officers, representing approximately 1.27% of the

Company’s share capital at December 31, 2013.

Except for the above-mentioned instruments, at December 31, 2013 there were no securities that were convertible, redeemable, exchangeable or otherwise exercisable for the Company’s shares.

At end-2013, the Company’s potential share capital – corresponding to its existing capital plus any shares issued on the exercise of rights to the Company’s shares – represented approximately 126% of the Company’s capital at December 31, 2013.

See also section 7.5 of this Management Report (“Stock options and performance shares”).

8.2 Breakdown of share capital and voting rights

Main shareholders

On the basis of the information received in accordance with Article L.233-7 of the French Commercial Code, the shareholders holding more than 5% of the Company’s share capital or voting rights at December 31, 2013 were:

- the Quiñenco Group (Chile), which held 26.55% of the Company's capital at end-2013 through its subsidiary Invexans;
- Manning & Napier Advisors (United States), which held approximately 8% of the capital;
- Bpifrance Participations (France), which held approximately 7.82% of the capital;
- Amber Capital (UK), which held approximately 5% of the capital.

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Legal threshold disclosures filed in 2013

The following threshold disclosures were filed with the AMF in 2013:

Date threshold crossed	Date of disclosure	Declarant company or intermediary	Number of shares and voting rights held	% capital	% voting rights	Disclosure event
07/12/2013	07/18/2013	BPI Group, via Bpifrance Participations SA(1)	1,620,000	5.51%	5.51%	Upward crossing of share ownership and voting rights threshold
10/16/2013	10/22/2013	Amber Capital UK LLP	1,556,264	5.29%	5.29%	Upward crossing of share ownership and voting rights threshold
10/21/2013	10/24/2013	UBS AG	1,635,584	5.56%	5.56%	Upward crossing of share ownership and voting rights threshold
10/25/2013	10/30/2013	UBS AG	1,381,245	4.69%	4.69%	Downward crossing of share ownership and voting rights threshold
10/29/2013	10/31/2013	UBS AG	1,386,868	4.71%	4.71%	Downward crossing of share ownership and voting rights threshold
11/06/2013	11/11/2013	UBS AG	1,570,003	5.33%	5.33%	Upward crossing of share ownership and voting rights threshold
11/07/2013	11/08/2013	Quiñenco Group, via Invexans (previously Madeco)	7,376,120	25.06%	25.06%	Upward crossing of share ownership and voting rights threshold
11/08/2013	11/12/2013	Quiñenco Group, via Invexans (previously Madeco)	10,624,422	25.27%	25.27%	Upward crossing of share ownership and voting rights threshold
11/08/2013	11/12/2013	UBS AG	1,967,201	4.68%	4.68%	Downward crossing of share ownership and voting rights threshold
11/08/2013	11/12/2013	Third Avenue Management LLP(2)	1,520,890	3.62%	3.62%	Downward crossing of share ownership and voting rights threshold(3)
11/25/2013	11/26/2013	Manning & Napier Advisors LLC(4)	3,350,863	7.97%	7.97%	Downward crossing of share ownership and voting rights threshold
12/17/2013	12/19/2013	UBS AG	2,126,966	5.06%	5.06%	Upward crossing of share ownership and voting rights threshold
12/20/2013	12/23/2013	UBS AG	1,879,692	4.47%	4.47%	Downward crossing of share ownership and voting rights threshold
12/20/2013	12/30/2013	Dodge & Cox(5)	2,084,112	4.96%	4.96%	Downward crossing of share ownership and voting rights threshold

(1) This disclosure was made following the reorganization of the activities of the Strategic Investment Fund (FSI) within the French public investment bank (BPI).
(2) Third Avenue Management LLC (US) acting on behalf of clients and managed funds.
(3) Following the rights issue carried out on November 8, 2013.
(4) Manning & Napier Advisors LLC (US) acting on behalf of clients and managed funds.
(5) Dodge & Cox (US) acting on behalf of clients and managed funds.

8.3 Share buybacks

The Annual Shareholders' Meeting on May 15, 2012 authorized the Company to trade in its own shares subject to terms and conditions set by shareholders at the Meeting. At December 31, 2013 no share buyback program had been initiated by the Board of Directors and therefore the Company held none of its own shares at that date.

8.4 Employee share ownership

Following the rights issue carried out on November 8, 2013, at December 31, 2013, the proportion of the Company's share capital owned by employees – calculated in accordance with Article L.225-102 of the French Commercial Code – was 3.03% (of which 98.85% was held through employee mutual funds).

8.5 Information with a potential impact in the event of a public offer

In addition to the commitments to Frédéric Vincent as Chairman and CEO described in section 7.4 above ("Compensation and benefits payable to the Chairman and CEO"), certain salaried members of the Company's Management Council are entitled, in the event of termination of their employment contract (for any reason other than gross negligence or misconduct), to an indemnity representing one or two years of their total gross compensation.

On March 27, 2011, the Company signed an agreement with its principal shareholder, Invexans[4] (a member of the Quiñenco group). This agreement was amended on November 26, 2012 for the purpose of allowing the Quiñenco group to further increase its stake in the company. At the same time, the amendment extended the duration of the agreement to November 26, 2022. Under the amended agreement Invexans is subject to lock-up and standstill undertakings whereby during a three-year period expiring on November 26, 2015 its interest in the Company must not correspond to less than 20% (lock-up) or more than 28% (standstill). If Invexans' interest crosses the threshold of 25% of the Company's share capital during this three-year period, the lock-up undertaking will automatically be increased to 25%. Invexans is entitled to three seats on the Company's Board of Directors throughout the entire term of the agreement and either party may terminate either the agreement in its entirety or certain of their obligations in the event of a public tender offer for the Company.

The following five commitments contain provisions relating to a change in control of the Company:

(1) A multi-year securitization program set up in April 2010 under which the amount of receivables that may be sold has been capped at 250 million euros. The receivables sales are carried out through two programs: (i) an "On Balance Sheet" program, under which the sold receivables are not derecognized and the level of outstandings is currently capped at 110 million euros worth of receivables; and (ii) an "Off Balance Sheet" program, under which the sold receivables are derecognized and the level of outstandings is currently capped at 25 million euros worth of receivables. At December 31, 2013, the amounts of financed receivables under the "On Balance Sheet" and "Off Balance Sheet" programs were around 75 million euros and 19 million euros respectively. According to the terms of this securitization plan, the receivables sales and the programs themselves may be terminated in the event of a change in control of the Company.

(2) The syndicated loan agreement (Multicurrency Revolving Facility Agreement) entered into on December 1, 2011 – initially representing 540 million euros and increased to

[4] Previously Madeco.

596 million euros by way of an amendment dated December 19, 2012 – which contains a clause for accelerated repayment in certain circumstances, including in the event of a change in control of the Company.

(3) The prospectus for the issuance of the "2017 Notes" (2007-2017 5.75% bonds, issued on May 2, 2007 and quoted on the Luxembourg Stock Exchange). Under the terms of the prospectus, bondholders have an early redemption option at 101% of the notes' face value in the event of a change in control of the Company leading to a rating downgrade.

(4) The prospectuses for the issuance of the 4% 2016 OCEANE bonds and the 2.5% 2019 OCEANE bonds, which provide bondholders with an early redemption option on January 1, 2015 (or the first business day thereafter) and July 1, 2018 (or the first business day thereafter), respectively.

(5) The prospectus for the issuance of the 4.25% 2018 OCEANE bonds, which provides bondholders with an early redemption option at 101% of the bonds' face value in the event of a change in control of the Company leading to a rating downgrade.

9 Corporate social responsibility (CSR)

A **CSR**[5] Committee established in 2009 defines the Group's sustainable development and CSR policies and tracks related initiatives. It is chaired by Frédéric Vincent, Group Chairman and CEO, and meets twice a year.

The Company also has two specialized committees, made up of various working groups, which also meet twice a year and are tasked with steering and coordinating themes and projects in the following main fields:

- **"Governance and Social" Committee**: Governance, ethics and business conduct, responsible purchasing, workplace safety, labor relations, corporate sponsorship projects and community relations.

- **"Environment & Products" Committee**: On-site environmental management, soil testing, new product innovation and development, life-cycle assessment and eco-declarations, and sustainable products and solutions.

Since 2012, the Company has published a CSR and sustainable development brochure which is available in English and French on the Group's website (www.nexans.com/CSR).

Ethics and business conduct

The Code of Ethics and Business Conduct is given to all employees and all of the Group's stakeholders are informed of its contents. It establishes the principles that the Group's employees must adhere to in their professional activities and sets out the values, principles of behavior and rules of conduct which Group executives and more generally all managers of the Group's business units and subsidiaries are responsible for applying and implementing. The Code forms part of the Corporate Social Responsibility program, the reinforcement of which led the Board of Directors to approve the adhesion to the United Nations Global Compact on November 25, 2008. Its application is one of the issues verified in the regular reviews carried out by the Internal Audit Department.

The Code of Ethics and Business Conduct has been translated into 16 languages and may be viewed on the Group's website (www.nexans.com) or on the Group or country intranets. It is given to each new employee when they join the Group.

Independent data verification

The accuracy and completeness of the social, environmental and societal data disclosed in this report in accordance with Article R. 225-105-2 of the French Commercial Code.

9.1 Environmental approach and data

The Industrial Management Department oversees the Group's industrial strategy, investment budgets, and the management of major industrial projects. In each of these areas, it ensures that the applicable laws and regulations and the Group's policies on conservation and environmental protection are respected.

[5] Corporate Social Responsibility

The environmental rules and targets set by the Industrial Management Department apply to Group operations worldwide.

The Group's main environmental objectives are as follows:

- respecting regulatory requirements;
- controlling energy and water consumption;
- preventing pollution risks by controlling the impacts of our businesses, products and services;
- reducing the volume of waste generated and improving waste recovery and recycling;
- rolling out the Group's internal Highly Protected Environment (HPE) certification program.

The continuous performance improvement program for production sites is steered by the Environment and Products CSR Committee.

Environmental evaluation and certification

In line with the ISO 14001 standard (67% of the Group's sites are ISO 1400-certified), the environmental risk management system – which is overseen by the Group HSE[6] Department – is underpinned by close monitoring of all sites through an annual environmental assessment process coupled with an audit program under which the Group's sites are systematically audited by the HSE Department.

In 2013, the HSE Department audited 11 sites, of which 2 were awarded the Group's internal HPE certificate. The aim of these audits is to ensure that the Group's standards are being properly applied at each of the sites and, if appropriate, to award them the HPE certificate, for which a site is required to (i) systematically review all risks inherent in its operations and the risk prevention measures in place; (ii) recycle at least 50% of cooling water; (iii) control the quality of its effluents; (iv) ensure that it does not store any hazardous liquids without adequate safety precautions; (v) no longer hold any PCBs on site; and (vi) operate a waste sorting policy and an environmental crisis management plan.
At end-2013 most of the Group's sites had been awarded the HPE certificate and almost all of its production sites were at least either ISO-14001 or HPE-certified.

Providing training and information to employees on environmental protection

The Group Environmental Manual sets out the various types of training, information and awareness-raising measures available to employees based on their level of responsibility, as well as the environment-related skills and knowledge they are expected to have. It shows the departments and positions that could have a significant influence on the environment and for which specific training may therefore be required.

The regular audits performed by the Industrial Management Department also raise awareness about our environmental management strategy among production site teams.
In 2013 the Group continued to roll out its training program for production site managers, which comprises some 30 modules (12 days' training), including one dedicated to environmental management.

A total of 41 site managers – split into three new different training groups – followed this program during the year.

[6] Health, Safety and Environment

The Group also offers its employees training in other specific areas, such as REACh[7].

In addition, diverse and targeted communications campaigns are regularly carried out jointly by the Industrial Management Department and the Communications Department in order to update employees on the Group's environmental policy and rally support for the measures and initiatives adopted. Best environmental practices can be viewed by all employees on the Group's intranet.

Resources allocated to preventing environmental risks and pollution

Crisis management: All of the Group's sites draw up environmental crisis management plans. These plans are audited by the Group HSE Department and are backed by investments in protective equipment such as containment basins and valves to prevent external pollution, as well as emergency intervention kits (contaminant booms, mobile valves etc.). This protective equipment is regularly tested during dedicated verification exercises.

Asbestos: The Group's environmental policy provides for continuous monitoring of asbestos at its operational sites. 62% of the Group's sites have carried out asbestos surveys on their buildings and equipment. These surveys – which are updated annually for all manufacturing sites – provide a precise inventory of any materials still present in buildings or equipment that contain bonded asbestos (i.e., not likely to release fibers into the atmosphere). Where risk areas are identified, specific instructions are provided to anyone who may be required to work in those areas in order to ensure that all necessary protective measures are taken and respected.
The Group uses non asbestos-containing materials in its buildings (leased or owned) and in the equipment it uses worldwide (including in countries where asbestos is authorized).

Environmental expenditure and investments

In 2013, environmental-related expenditure amounted to 4.2 million euros (versus 4.8 million euros in 2012) and mainly concerned the following items: environmental taxes (e.g., water tax), maintenance (purchase of filters, for example), analyses and tests, royalties and licenses, and waste-related expenses. A total of 2.4 million euros worth of environment-related investments were approved for 2013. Other expenses may be incurred for the clean-up of closed sites and sites earmarked for sale, but the Group expects the related amounts to be less than the market value of the sites in question.

Provisions for environmental risks

See section 6.2.8, "Industrial and environmental risks".

9.1.1 Pollution and waste management

Environmental impact

One of the objectives of the Group's environmental policy is to gradually reduce the environmental impact of its operations. It has therefore analyzed the sources of pollution within its business activities, based on the key processes used and the overall risks they generate.

Continuous casting: These operations require large volumes of water and gas and cause air pollution. Smoke generated by the casting furnaces is processed and monitored based on the thresholds set in the applicable regulations. The Group's copper and aluminum continuous casting facilities also use stripping and passivation products (alcohol and acid). These hazardous

[7] EU Directive on the Registration, Evaluation, Authorization and Restriction of Chemicals

products are stored and transported in accordance with both the applicable local regulations and Group standards.

Metallurgy: The main resources used by metallurgy operations (wire drawing) are electricity and water, which is used for emulsions and cooling. Emulsions used for wire drawing purposes are processed and filtered in order to extend their duration of use and are subsequently eliminated by specially authorized service providers.

Cable manufacturing: Extrusion cable manufacturing requires large quantities of water for cooling. Most of this water is recycled, ensuring that consumption remains low. Air emissions are processed by filter extractors specific to each facility and subject to the emissions thresholds established by each country. Solvent consumption primarily concerns marking inks, for which special processing is required by the Group, such as solvent storage cabinets and fume hoods used when cleaning ink jets and wheels.

Compound production: The production of compounds (such as PVC, rubber and HFFR[8]) – which are used as raw materials for insulating cables – requires the use of certain products that are potential pollutants (peroxide, silane and plasticizing agents) and which require the 26 sites concerned to take particular precautions for their storage, transport and utilization in accordance with the relevant regulations in force in each country (e.g. ventilation of premises, storage with adequate containment facilities and the use of spill pallets for on-site transport).

Discharges into water:

In order to mitigate the risk of an accidental spillage into water networks which could pollute surface water or public facilities, certain specific measures are taken by the Group's sites, including the installation of network valves that could stop the spread of a major spill or prevent discharge of water used to extinguish fires. A total of 37 sites have already been equipped with this type of valve.

Discharges into the soil:

The Group's sites are subject to the risk of causing gradual or accidental pollution as they store hazardous products. In order to mitigate such risk, the Group is taking steps to prohibit certain practices, such as product storage without the use of containment tanks and the use of unprotected underground storage tanks.

In 2013, the Group's manufacturing companies continued to dismantle their underground storage tanks and closely monitor the containment systems used for pollutant liquids in both storage and operational areas. Each site has emergency intervention kits that can be used in the event of a spillage.

Concerning Persistent Organic Pollutants (POPs), a program to replace equipment containing PCBs has been put in place for the Group's manufacturing companies. By the end of 2013, almost all of the Group's sites no longer had any equipment containing PCBs.

The Group has set up a special committee to deal with the pollution risks related to its sites' environmental liabilities, as well as an environmental management procedure for its real estate assets, applied when sites are acquired or sold. The committee also ensures that it is consistently and pro-actively implemented across all of the Group's sites. Its aim is to enable the Group to identify and effectively control pollution risks and to mitigate their potential consequences.

[8] *Halogen-Free Flame Retardant* .

Air emissions:

The Group is not subject to European carbon emissions quotas but it measures its emissions of greenhouse gases (GHG) annually on a worldwide basis. It monitors emissions related to the use of fossil fuels and fugitive GHG emissions (scope 1), indirect emissions related to the purchase of electricity and steam (scope 2), and emissions arising from waste management (partial scope 3).

The main source of direct GHG emissions within the Group is energy consumption. Improving energy efficiency is therefore its priority in reducing the impact of the Group's operations on climate change.

The operations carried out by the Group's manufacturing companies do not usually generate emissions of atmospheric pollutants. Industrial pollutants caused by burning fossil fuels (SOx and NOx) are channeled and treated by filters where necessary, notably in casting operations.

Emissions of Volatile Organic Compounds (VOCs) are limited as the Group only uses a low amount of solvents (occasional use of inks). In general, the Group considers that its emissions of atmospheric pollutants do not represent significant amounts and has therefore not set up a Group-wide reporting process for them.

The Group is aware that SF6 is a potent greenhouse gas with an extremely long atmospheric lifetime and has joined other manufacturing groups in Switzerland to reduce its SF6 emissions.

Waste management

Waste management has important environmental and financial implications for the Group and as a result we have put in place a waste-reduction policy with two main objectives:

- Reducing waste: production waste is monitored monthly by each individual site and the Group Industrial Management Department. In 2013, the proportion of production waste per tonne of cable produced was 4.9%.
- Increasing our waste recycling rate.

Sorting and recovery: All of the sites have put in place a waste sorting program at source (for wood, cardboard, metals, etc.) and wherever possible production waste is re-used directly by the site as a secondary raw material (PVC purge, for example). Hazardous waste (which requires specific processing) is identified, sorted and then processed by specially authorized service providers in accordance with the applicable local rules and regulations.

Processing and recycling: The Group is highly committed to recycling its manufacturing waste, notably through Recycable, a company in which it owns a 36% interest.

In 2013, it sent 10,023 tonnes of cable waste from its manufacturing sites to Recycable for recycling, and additional cable waste was sent to local recyclers.

By sorting factory waste and recycling cable waste, most of the Group's waste – including wood, paper, cardboard, ferrous metals, machine oil, batteries, and special waste – is re-used in some way.

Noise and other types of pollution

Noise pollution

Noise pollution is also an area that the Group takes care to address. For example, it is one of the criteria taken into account when purchasing manufacturing equipment.

Machinery and equipment can also emit noise, including those used for transport and handling, and we take precautions to limit their noise impact through measures such as providing special training sessions and personal protective equipment for operators.

Sound levels are checked regularly and measured at site perimeters when applying for operating permits from the local authorities in the light of applicable regulations.

The few sites whose activities could give rise to noise pollution have adopted appropriate solutions such as reducing noise at source thanks to quieter equipment, covering machines with soundproof enclosures, installing noise barriers, and setting specific times for noise-generating activities.

If, despite all of these measures, any case of noise pollution were brought to the Group's attention, it would take all possible steps to reduce it through appropriate corrective measures.

Vibrations

The Group takes great care to ensure that the equipment used by its manufacturing companies does not generate vibrations that could be a source of disturbance for either its employees or local residents. However, should any of the manufacturing companies be informed of such a disturbance, it would take all possible steps to reduce the vibrations concerned through appropriate corrective measures.

Odors

Our operations do not give rise to any significant odor pollution as our manufacturing activities do not generally generate any odors. As far as the Company is aware, no complaints have been filed against the Group with respect to odor pollution.

9.1.2 Sustainable use of resources

Water consumption

A large amount of water is used for cooling operations in the cable manufacturing process. In order to limit the environmental impact of this water consumption, the Group has invested in closed-loop cooling systems. To date, out of the 75 sites that use water for cooling, 67 have a recycling rate of over 75%.

For information purposes, the total water consumed per tonne of cable produced in our cable manufacturing operations is 4.5 cu.m.

As water management forms part of our continuous improvement process, the sites with the highest water consumption are individually monitored and specific action plans have been put in place.

Utilization of raw materials

The Group's manufacturing companies are taking measures to increase the portion of recycled copper used in their cables. In 2013, 12,858 tonnes of copper obtained from recycled waste were used in the Group's continuous casting operations.

The Group has also taken the initiative to reduce the impact of packaging, notably for cable drums. In line with this, the majority of cable drum supplies for our European sites are PEFC certified, which guarantees that the wood is sourced from sustainably managed forests. In the same vein, we have set ourselves the objective of rolling out Group-wide our program for collecting and reusing drums. Already, over 260,000 drums used by our manufacturing companies have been collected and reused between 1 and 5 times.

Nexans

Energy consumption and efficiency

Saving energy is a major focal point for the Group. The Group's strategy for reducing its energy consumption is made up of two action areas: enhancing energy efficiency at production sites and optimizing the transportation of products.

Various energy-saving investments have already been made. For example, in the Group's plants, air compressors have been replaced with state-of-the-art less energy-hungry equipment, and three-phase motors that run on less than 20 kW have been replaced by highly energy-efficient motors. Concerning our products we have invested in improving the power factor (i.e., reducing idle power) and enhancing electricity grids.

In order to enhance the structure of our energy efficiency program, audits have been performed on our 16 sites that use the most energy and which represent 50% of our total consumption in order to identify the most significant potential savings. Recommendations on 10 utilities management priorities have been relayed within the Group and will be gradually implemented, and detailed studies have been carried out on the manufacturing processes that use the most energy.

Land use

The Group's activities have very little impact on the soil as they do not involve any extraction operations and are located in dedicated industrial areas. For its underground and submarine cable laying operations, the Group strictly complies with the applicable regulatory requirements.

9.1.3 Climate change

The Group has not identified any significant impacts related to climate change.

9.1.4 Conserving biodiversity

The Group's manufacturing operations only have a limited impact on biodiversity. Nevertheless, a number of sites have put in place biodiversity conservation initiatives, such as tree planting programs organized by our sites at Bucaramanga in Colombia, Americana in Brazil and Karmoy in Norway.

9.1.5 Data compilation methodology

The Group's environmental data is tracked, analyzed and consolidated by the Group Industrial Management Department.

The information disclosed in section 9.1 above is based on environmental data collected annually, by entity, through an internal data collection system (EMP – Environmental Management Plan), as well as discussions with teams during site visits and internal audits.

Scope: The scope of consolidation for the data covers all of the Group's manufacturing sites (93 sites) and covers companies that are over 50%-held by the Company, either directly or indirectly. Administrative and logistics sites are not included in the scope of consolidation as their environmental impact is not significant. Sites acquired in year N are included in the scope of environmental reporting in year N+1. It is for these reasons that data for the Tianjin, Yanggu and Gelnica sites has not been included in the scope of consolidation for 2013. Where information is provided on resource consumption per tonne of cable produced, the scope is limited to the Group's cable entities (excluding harnesses, accessories and metallurgy), corresponding to 58 sites.

Nexans

Referential: The indicators referred to are based on the Group's standard definitions set out in the Group Environmental Manual.

Definitions of indicators used:
Energy consumption
Fuel oil consumption corresponds to purchases of fuel oil made during the year rather than actual consumption.

Raw materials
Use of solvents corresponds to purchases of solvents made during the year rather than actual consumption.

Waste production
Waste sent by one Nexans manufacturing site to another Nexans site – whether for recycling or not – is counted as waste.

Controls: Consistency controls are performed at the end of the data collection process, using prior-period comparisons, and any corrections are made following discussions with the entities concerned.

9.1.6 Environmental indicators

*See **Appendix 3** to this Management Report.*

9.2 Human resources approach and data

9.2.1 Human resources strategy

The Group's Human Resources (HR) strategy is consistent with its business strategy and focuses on two main objectives:

- developing collaborators managerial performance; and
- partnering the Group's transformation.

In order to achieve these objectives the following actions were carried out in 2013:

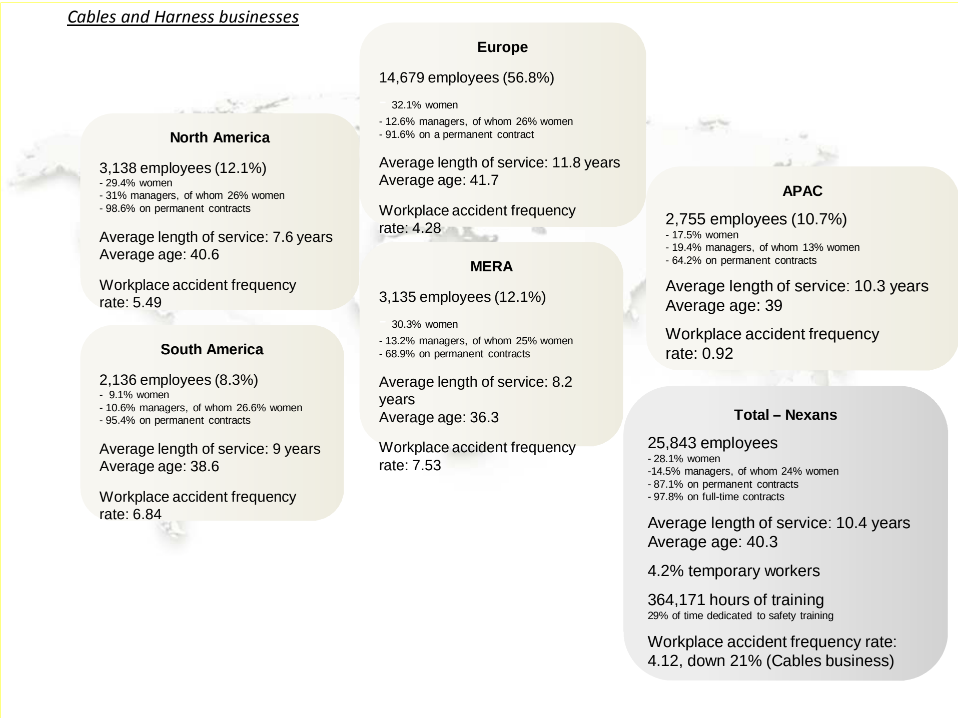
- The Group's main HR processes (for recruitment, mobility, career management, compensation & benefits, and appraisals) were reviewed in order to reflect the Group's new strategic focus and to make them more standardized, straightforward and effective.
- The performance management process for managers was reworked and harmonized across the Group. It will now be gradually rolled out to cover all of Nexans' managers by the end of 2014.
- A management competency model – which forms an integral part of this process and draws on the Group's core values – was developed and will be put in place for all Group managers via their annual performance appraisal.
- An IT tool called the *Learning Management System* was launched with a view to facilitating access to the training programs offered in Nexans University's catalog, increasing the use of e-learning, encouraging the development of networks and knowledge sharing, and consolidating the tracking of the implementation of individual career development plans.
- Nexans' HR function was reorganized in order to more effectively reflect the Group's actual organizational structure and enhance the level of services provided to operations. The Corporate HR Department – which acts as a center of expertise – was strengthened

through the creation of specific HR Development posts dedicated to talent management for each of the Group’s cross-functional business lines. HR Business Partner posts were also created for the Group's operational structures (on a regional or Market Line basis), to provide them with operational HR support.

This policy, which fully complies with local legal requirements, is intended to:

- improve organizational efficiency;
- enhance the efficiency of HR;
- boost our people's employability and offer them career opportunities;
- ensure that occupational health and safety remains an absolute priority.

9.2.2 International employee data



At December 31, 2013 the Group employed 25,843 people worldwide. The breakdown of this global headcount by geographic area and level of responsibility illustrates the fundamental characteristics that shape the Group’s HR policy:

- its international scope: 86.4% of the Group’s employees work outside France;
- a substantial proportion of headcount (14.5%) made up of engineers, specialist technicians and managers;
- the proportion of women within the Group (28.1%); and
- a high proportion of employees on long-term contracts (87.1%) and in full-time employment (97.8%).

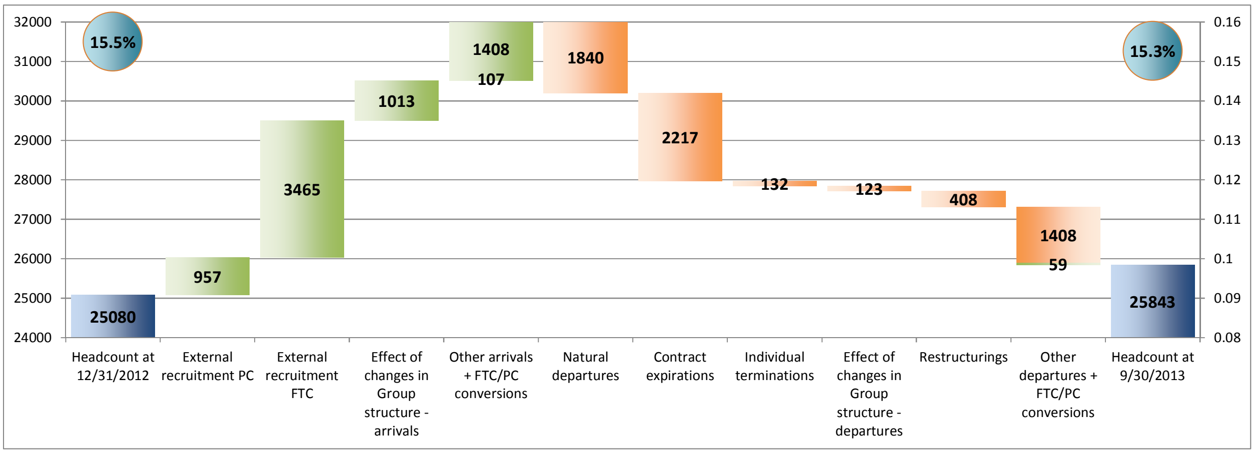
Movements during the year

The information disclosed in this report in relation to the Group’s total headcount and the breakdown of headcount by geographic area covers all employees present within the Group at December 31, 2013.

Total headcount rose by 3% in 2013 to 25,843 from 25,080 in 2012. This year-on-year increase was due to the acquisition of the Yanggu plant in China (1,031 employees at end-December 2013) and the steady growth in recent years of the harness business in Mexico and Tunisia.

The number of employees on permanent contracts accounts for 87.1% of the Group's headcount. The breakdown between permanent and fixed-term contracts for new hires during the year was mixed across the Group, however, as a result of the specific characteristics of each business. For example, in the Cables business, Nexans hired as many employees on permanent contracts as on fixed-term contracts, whereas in the Harness business, fixed-term recruitments represented almost 97% of total hires in 2013 owing to this business's seasonal nature. Although the proportion of employees hired on fixed-term contracts was fairly high, over the year 1,408 fixed-term contracts were converted into permanent contracts (with 83% of conversions occurring in the Harness business).

Fixed-term contracts are used to give the Group the flexibility it needs to deal with changes in production workloads. In the Cables business, China (64.4%) and Germany (10.8%) accounted for the largest proportion of fixed-term contracts in 2013.



The number of departures in 2013 (excluding conversions of fixed-term to permanent contracts) totaled 4,779, which was less than the number of arrivals (5,542). The net 763 increase in total Group headcount reflects rises for both the Cables and Harness businesses and was mainly due to the integration of Yanggu (1,032 employees at December 31, 2013).
The main reason for employee departures during the year was the expiration of fixed-term contracts (accounting for 2,217 or 46.4% of the total), followed by resignations (1,630 or 34%).

The staff turnover rate[9] for the Group as a whole was 15.3% in 2013 compared with 15.5% in 2012.

As part of a retention plan, Nexans' businesses in Australia and South Korea have set up projects enabling employees to take on short-term international assignments with a view to developing their multi-cultural skills. These measures are particularly attractive to young employees seeking to develop their career internationally, who cite this factor as critical in a decision to stay with the Group.

[9] *Personnel turnover rate = number of departures (resignations, contract expirations, individual terminations, death) excluding departures due to retirement, restructurings, business disposals and employee mobility transfers/average headcount x 100.*

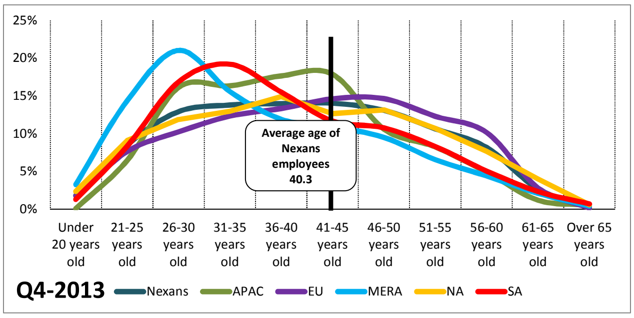
In Chile, following the findings of a social climate survey carried out in 2010 and 2011, a number of improvement areas were identified for encouraging employee retention, including the working environment, remuneration and career development. Working groups were then set up for managers, focusing on skills development and enhancing internal communications.

Employees

- Breakdown by socio-economic category

14.5% of the Group's headcount is made up of managers, of which 24.2% are women. The proportion of female managers within the Group is fairly homogeneous, apart from in the Asia-Pacific area where it is 13.1%.

- Breakdown by age and length of service



In 2013 the average age of employees was 40.3, with the breakdown of employees by age bracket reflecting the structure of each market. Europe and North America – which have been the most affected by high percentages of older employees in their age pyramids – have a lower staff turnover than other geographic areas.
In the Cables business, employees aged over 50 accounted for 32.4% of the total headcount in Europe and 37.7% in North America, and only 15% in the Asia-Pacific region and 16.4% in South America.

In 2013, 61.2% of the Group's new hires were under 30, with the proportion fairly homogeneous across the Group's geographic areas (except North America, at 46.9%).

Average length of service for the Group's employees was 10.4 years, unchanged from 2012.

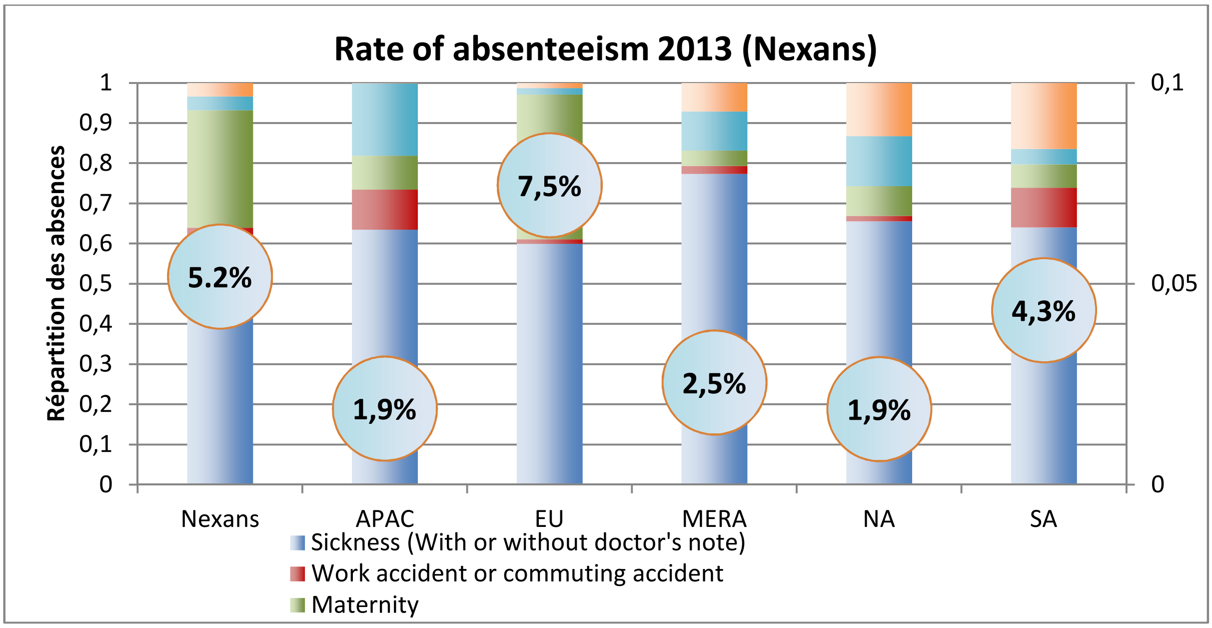
In France, discussions with labor representatives since 2010 concerning the employment of seniors led to the signature in 2013 of a company-level agreement on cross-generational contracts. The aim of this agreement is to define action to promote the employment of young people on permanent contracts and encourage the hiring and retention of seniors in order to ensure that skills and competencies are passed on to the next generation. It meets the objectives of the agreements on employment and career planning (2008), psycho-social risks (2011), and gender equality (2012). The first stage involves an assessment of the employment situation of young employees and seniors, and the commitments made will then be timetabled and tracked with a set of specific indicators.

- Working schedules

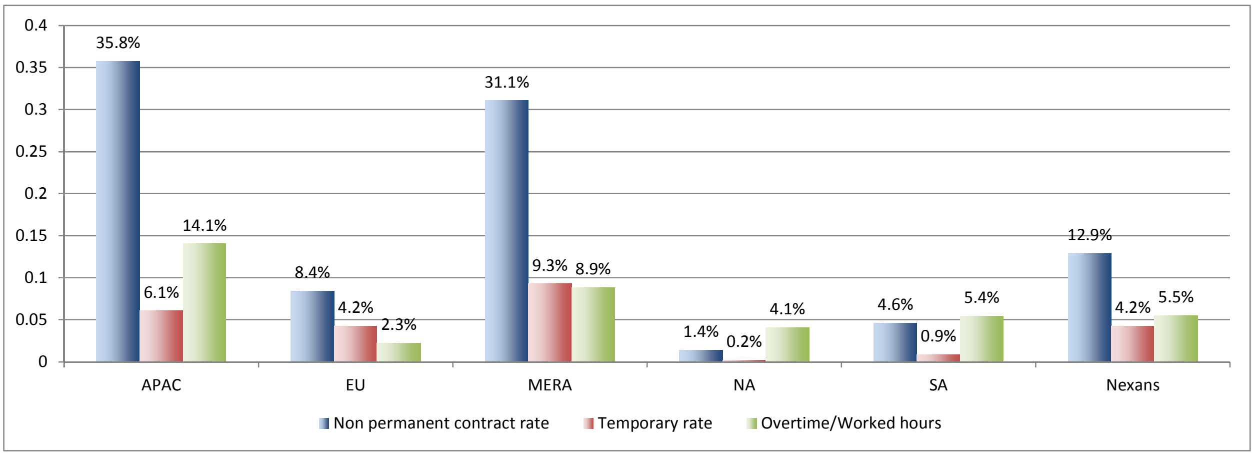
The working hours of the Group’s employees are structured according to the local statutory and contractual frameworks, which can vary from one country to another. Whenever the total number of an employee’s working hours is less than the standard number applicable within the entity concerned the position is considered to be part time.
Part-time employees accounted for 2.16% of total Group headcount in 2013. A total of 91.6% of the Group’s part-time workers are based in Europe, with Benelux representing 28.8%, Germany 21.6% and France 13.4%.

In Germany, Nexans has put in place a phased early retirement program, which allows employees to opt to work part-time until they reach statutory retirement age so that knowledge transfer can be optimized. This means that experienced specialists can move towards consultancy, enabling them to train their successors as well as apprentices, therefore ensuring that the Group's qualified workforce is renewed.

Monitoring absenteeism is a key element of human resources management. It is conducted at all levels of the Group and helps to guarantee that the overall organization runs smoothly. In 2013, the Group's absenteeism rate remained stable overall at 5.2%, with a rate of 4.1% for Cables (down 12.2% on 2012) and 8.1% for the Harness business (up 16.9% on 2012).
Illness is the primary cause of absence within the Group. The other causes differ depending on the geographic area concerned. For example, unauthorized absences due to lateness were the second cause of absence in South America in 2013 whereas in Europe, maternity leave was practically the only reason for absence other than illness.



The Group has put in place local measures to reduce the impact of absenteeism on its business. By working with management on the causes of absenteeism, appropriate solutions can be found for replacing employees (e.g. fixed-term or temporary contracts or overtime).



In 2013, employees on fixed-term contracts accounted for 12.9% of the Group's headcount (44.7% for the Cables business and 55.3% for the Harness business). In the Cables business, temporary workers represented 5.8% of the average number of permanent employees during the year (versus 6.9% in 2012).

For the Cables business and for the Harness business, overtime was also used in 2013, accounting for 5.5% of total worked hours compared with 5.4% in 2012.

9.2.3 Skills management and employment policy

Managing and building skills

The main aim of our skills building process is to develop our people and our organizational structures so that they can continuously adapt to changes in our business environment and deliver the performances expected of them.

- **Managerial skills**

In 2013 the Group drew up a new Leadership model that breaks down the Group's six core values into the attitudes and behaviors expected of all managers. An assessment of managerial skills will be incorporated into the annual performance appraisal, which demonstrates Nexans' commitment to steering a change of culture within the Group.

This overall approach forms part of the Group's business transformation plan and will help ensure that all managers adopt the correct attitudes and behaviors. The new leadership model will be integrated into managers' performance appraisals as from 2014.

- **Functional skills**

Since 2007, the Group has built up competency models that align its strategic objectives with its organizational structures and the professional development of each of its employees in order to:

- build up the professional skills of employees in each of the Group's businesses;
- guarantee that we have the skills and competencies required both for today and the future;
- draw up individual career plans for all employees and give them the tools to steer their own careers.

These models are used in numerous HR processes, such as analyzing training requirements, developing the Nexans University programs, drawing up recruitment profiles and mapping out career paths.

Career management

The Group continually seeks to identify and develop talent within the organization. The career plans put in place are based on career management rules that guarantee balanced evaluations which apply across the Group. These rules – which draw on Group-wide processes and tools – are designed to:

- give priority to internal candidates wherever possible;
- encourage cross-business or project-based career development;
- promote international mobility.

International mobility is an important means of retaining key talent and is being offered to an increasing number of employees from all countries. It is also a way of transferring expertise and experience and relaying the Group's corporate values throughout the world.

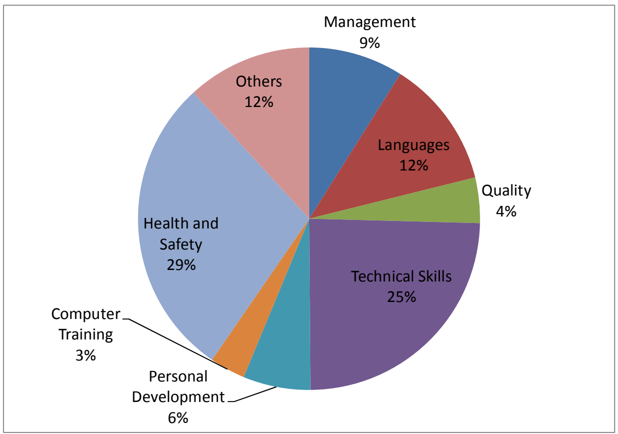
At end-2013, 78 employees were on international mobility assignments, all of whom are covered by a formal policy which ensures equal treatment for everyone.

A few key indicators at end-December 2013:
- 70% of the expatriate population have been with the Group for over 5 years;
- women represent 15% of the Group's expatriates;
- Finance employees represent the highest proportion of expatriates (25% of all international assignments);
- 90% of employees on international mobility assignments are from the Group's European sites;
- the MERA, Asia-Pacific and Europe Areas are the main host regions for expatriates.

Training policy

Training is primordial for the Group's growth. Each year, we invest in training at both local and Group level in order to ensure that we are prepared for market changes in the short, medium and long term. Training is offered to all employees and is the main driver for building their skill sets.
The training provided by the Group can form part of individual training plans or can be the result of specific plans drawn up based on requirements expressed for particular projects (e.g., strategic plans and industrial, corporate or commercial programs).

The Group's training policy has three main aims:
- professionalizing the educational expertise within the Group;
- encouraging a culture of training and skills development within our core businesses and support functions;
- offering effective training for the allocated budget.



In 2013, the total number of hours devoted to training (in the workplace or outside the company) amounted to 364,214, of which the Cables business accounted for 91.5%. A total of 13,149 employees (50% of the Group's average headcount in 2013) followed one or more training courses during the year, representing 27.7 hours' training per employee per year. Managers represented 17.% of the total training numbers.

As in 2012, the theme-based breakdown of training time in the pie chart for 2013 highlights the predominance of courses concerning workplace health and safety. In 2013 the Group also continued to step up its training courses on competency models and leadership programs.

In line with Nexans' objective of relaying its values across the Group, the Chinese business set up a program to encourage its employees to buy into those values. It involved presentations, videos and discussion groups which allowed participants to debate the subject. Over 250 employees have already taken part and drawn up lists of practical measures and initiatives that could be taken to implement the Group's values. At the end of their training, each participant prepares an action plan for the next year.

Nexans University

The role of Nexans University is to help the Group partner its people during business transformation programs, promote knowledge management and help disseminate best practices.

It also helps optimize the cost and quality of training and of maintaining a high level of educational expertise throughout the Group. In 2013 the University's efforts were recognized and rewarded when it received the Bronze Award from the Global Council of Corporate Universities in the category of "Best Innovative Corporate University".

Nexans University helps the Group Academies design training programs in all areas and for all levels, including skills-based training for operators in the Group's core businesses (extrusion, metallurgy etc.), as well as training in technical, support services and managerial domains. The assistance provided by Nexans University mainly concerns course design techniques, training internal trainers and selecting external trainers, as well as cascading training to a large number of employees in order to disseminate knowledge rapidly.

In order to enhance the assistance it gives to the Academies for managing their skills-building efforts across the Group, in 2013 Nexans University acquired a Learning Management System (LMS). In addition to providing technical and administrative support, this system helps the Group's training programs to cover a larger number of employees by facilitating the set-up of e-learning modules and developing access to distance learning, and will also be a valuable tool for the training programs put in place in connection with the Group's transformation. Thanks to the LMS, in 2013 alone over 1,500 employees followed an e-learning course.

Compensation policy

The main underlying goals of the Group's compensation policy are to strengthen employees' commitment, reward skills acquisition and encourage individual and team performance.

At the same time it aims to ensure that the Group's entities offer fair and competitive compensation packages by providing for regular and systematic use of compensation surveys and for salary increase budgets to be set in line with local market trends in each country concerned.

For the Group's managers, the compensation policy is underpinned by a job classification system (Nexans Grading System), which began to be rolled out in 2011.

Individual salary rises are granted based on the relevant budgets and each employee's pay positioning by reference to both the market and in-house practices. They also take into account assessments of employees' actual and potential performance as well as the skills they have acquired and demonstrated.

Short-term variable compensation (for managerial and specialist staff) is based on target amounts which may represent up to 50% of the employee's basic annual salary (depending on his or her level of responsibility). The amount of variable compensation actually paid is calculated by reference to the achievement of both individual and Group objectives.

The Group's long-term compensation strategy was amended in 2013 to align it with Nexans' three-year strategic objectives, and is now based on the following:

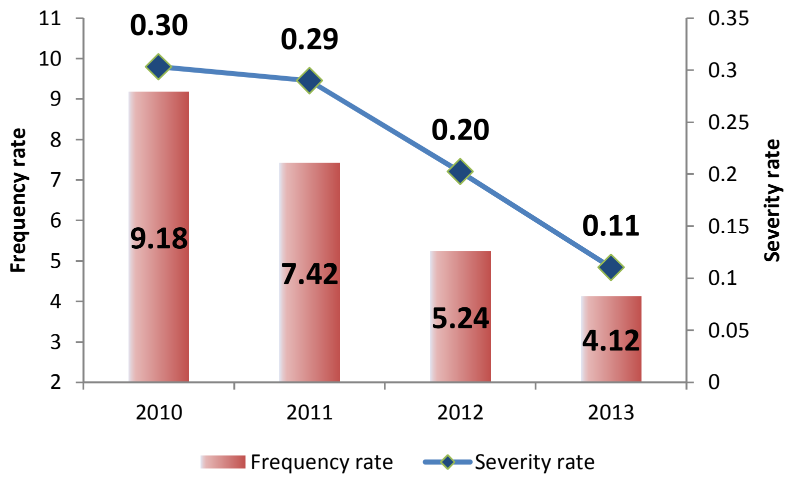
- For senior managers – a mix of performance shares and long-term bonuses, the vesting and payment of which are contingent on the Group's share performance and financial performance as assessed at end-2015.
- For high-potential managers, or managers who have made an exceptional contribution, free shares granted with the aim of giving them a stake in the Group's future and providing them with a differentiated form of compensation.

9.2.4 Workplace health and safety

Employee health and safety is an absolute priority for the Group, both in relation to its own employees and those of all its partners (subcontractors, temporary staff, customers, etc). Consequently, workplace health and safety is a key performance indicator.

With a view to encouraging risk prevention, in 2008 the Group set up a dedicated Health and Safety unit reporting to the Industrial Management Department which relays standards and implements related initiatives across the Group.

2013 work accident frequency rate



In 2013, the Group's ongoing efforts in all of its geographic areas enabled it to achieve a work accident frequency rate of 4.12 at the year end, representing a reduction of close to 21% compared with 2012 and a sharp 29% decrease in the number of accidents involving lost workdays. A total of 29 sites did not record any occupational accidents involving lost working time in excess of 24 hours.

The Group's work accident severity rate in 2013

The number of lost workdays due to occupational accidents stood at 5,569 in 2013.
The Group's severity rate was 0.11. The year-on-year decrease on the 0.2 severity rate for 2012 testifies to the Group's vigilance towards workplace health and safety.

A broad-based approach

During 2013, the Group's measures in this area were underpinned by the following programs and initiatives, in line with its health and safety roadmap:

- Safety Standards: In view of the main risks inherent in its business, the Group has defined a set of basic rules to guarantee its employees' safety. In 2013, 12 safety standards were approved and a campaign was launched to assess compliance at the Group's manufacturing facilities and put in place improvement plans. This campaign identified 13 other standards for implementation, which are currently being drafted and will enhance the health and safety program in the coming years.
- The Basic Safety Tools used by production teams with the support of the HSE and Continuous Improvement teams (as part of the Nexans Excellence Way program):
    - Job Safety Analysis: A tool based on the active participation of production teams under the supervision of their production managers which is used to analyze tasks performed, identify the risks to which operators are exposed, and determine corrective measures. It is now a standard tool within the Group and specific training is available on its utilization.
    - Safe Unsafe Act *(SUFA)*: A method that involves the observation of working behavior to identify any situations or acts that could lead to risks for operators.
    - Safety Proactivity: A tool used for monitoring, compiling and analyzing on-site alerts which forms part of the Nexans Excellence Way manufacturing performance program. It measures Safety Proactivity at Group level, i.e., how the Group is progressing in resolving routine safety issues and its ability to significantly reduce situations that present the potential for an incident, accident or near-accident.
- In 2012 the Group set up its own safety and quality Alert Management System (AMS) with a view to achieving two main objectives: first, to put in place a shared base for safety and quality incidents which can be accessed by all of the Group's operating units, and second, to generate a real-time data flow in order to speed up overall responsiveness and optimize the time taken to deal with problems and share standard solutions for avoiding recurring incident factors.
- Boost Plan: This is a specific action plan that is put in place at sites that encounter the most safety problems. Each plant concerned receives specific support from the Group's HSE team in order to help them with their improvement measures.

Employee health and safety – a primary concern for the Group

In addition to its standard tools, the Group implemented a large number of local health and safety measures in 2013:

- In Brazil, a specialist was appointed to carry out an in-depth analysis of health in the workplace, with the aim of drawing up a long-term action plan in 2014 for the prevention of occupational illnesses.
- In France, "PRAP" training courses (Prevention of Risks related to Physical Activity) were set up to improve working conditions by focusing on movement and posture.

  The Group also continued to deploy the measures set out in the three-year agreement on preventing psycho-social risks that was signed in 2012. Nexans France set up a Human Impact Assessment (HIA) to identify how the reorganization project presented in late 2013 may impact working conditions, so that the company can assist them along the change process.

The HIA is a voluntary process, with employees asking to take part and then being offered an individual, anonymous and confidential meeting. The anonymous results of these meetings are then passed on to Management and the members of the Health, Safety and Working Conditions Committee who draw up a change management plan.

- In Korea a "comprehensive medical examination" program was set up, based on both vigilance (with a second, more in-depth medical examination offered to employees if their first examination raises a particular issue about their health), and prevention (referral to an external specialist to improve working conditions at the plant).
- In North America, the safety team for all plants launched a specific "handling" program aimed at progressively improving workstations and reducing their impact on employees' health.

9.2.5 Social dialogue during the business transformation process

Proactive social dialogue

Labor relations at Nexans are rooted in freedom of expression, mutual respect and open discussion, demonstrating the Group's ongoing commitment to building high-quality social dialogue and creating the right conditions for lasting, constructive working relations with all employees and their representatives.

This commitment is relayed on a daily basis by local management with the employment representative bodies at Nexans' various entities, as well as at Group level through the European Works Council (NEWCO).

In 2013, the Group's subsidiaries entered into more than 50 agreements with employee representative bodies, in 15 countries. The main agreements signed concerned the following topics:

- *compensation and benefits* (salaries, bonuses, profit sharing etc.);
- *organizational issues* (skills and performance, job classifications, restructuring etc); and
- *working conditions* (working time, training, paid leave, health and safety, psycho-social risks, strenuous working conditions, non-discrimination, gender balance etc.).

The Group's employee representative bodies

- o Nexans European Works Council (NEWCO)

Set up on July 16, 2003, NEWCO is dedicated to sharing information, exchanging views and opinions, and discussing labor issues at European level.

It serves as a veritable cross-border body, with a role that is separate from but complementary to that of the national employee representative bodies and it has its own specific prerogatives. NEWCO's members were renewed in early 2013 and it was extended to include the Czech Republic, Romania and Slovakia.

Ordinary plenary meetings are held twice a year and it is informed and – if necessary consulted – on cross-border issues that have an impact on Group employees. NEWCO has a bureau of four members (elected by their peers) which meets at least twice a year to prepare and review issues to be raised at the two annual plenary meetings, as well as to discuss and share information with Group Management.

In 2013, NEWCO's ordinary plenary meetings took place on April 18 and November 20. The main information provided to its members at these meetings concerned the Group's economic and financial situation, a number of HR indicators, the Group's business activity, and its prospects and strategy going forward.

In late 2013 an information and consultation procedure was carried out with NEWCO on the project to reorganize Nexans' activities in Europe that was announced on October 15, 2013, in line with the national consultative procedures required in each of the five European countries affected by the reorganization plan.

- Nexans France Works Council

Set up in April 2002, Nexans France Works Council is an employee representative body governed by French law that holds plenary meetings twice a year. Its members – who were last renewed in 2010 – are informed of the Group's strategic objectives, economic and financial situation, and the human resource management measures taken in France. Each plenary meeting is preceded by a preparatory meeting attended by the Council's members which takes place the day before the plenary meeting.

In 2013, this Works Council's plenary meetings took place on April 30 and November 28.

9.2.6 Diversity

The Group places great importance on eliminating all forms of discrimination in terms of employment and professional activities and pays special attention to gender equality, the employment of seniors, young people and people with disabilities, as well as access to training.

The Group has made it a priority to respect the equality of men and women working in similar jobs with similar qualifications. Not also does this principle form part of the Group's overall Human Resources policy, it is also enshrined in the Nexans Code of Ethics and Business Conduct.

The Group's subsidiaries respect the applicable local legislation on the employment of people with disabilities and the Nexans Code of Ethics and Business Conduct specifically prohibits all forms of discrimination based on health or disability.

9.2.7 Data compilation methodology

The Group's human resources data is tracked, analyzed and consolidated by the Group Human Resources Department as follows:

- Quantitative human resources data is compiled in each country or entity on a quarterly basis using an internal data system and is then accessed using a business intelligence system.
  The data compilation process is subject to internal consistency checks. Data on health and safety are analyzed jointly with the Industrial Management Department. Headcount data are reconciled with the figures reported in the Finance Department's system and discussions may take place between head office and the entities concerned in relation to other data. If any differences or inconsistencies are identified during these analyses then the data can be adjusted, although post-entry data correction is only performed on an exceptional basis.

- Qualitative human resources data is compiled both quarterly – via the internal system – and annually, with a questionnaire sent to each of the Group's countries. Discussions may take place on the information provided in this questionnaire to obtain further details and to fine-tune snapshot analyses of the Group's HR situation.

The scope of consolidation for human resources data is the same as that used for the Group's consolidated financial statements. In 2013, the Yanggu plant in China was incorporated in the HR reporting process, while the Nanning plant in China, the Alsafil plant in France and the Vietnamese plant were removed.

The Group's reporting process is based on a pre-defined timeline that is reiterated in the guide listing the definitions of the Group's HR indicators which is sent at the beginning of each year to all contributors to the Group's HR reporting process.

Definitions of HR indicators:

- Headcount: This indicator includes employees who have an employment contract with the Group (permanent or fixed-term contracts, people on work placements, and employees whose employment contracts have been suspended).
- Absenteeism rate: This indicator is based on the ratio of the number of hours' absence compared to the theoretical number of hours worked. The number of hours' absence includes absences for illness, work accidents or commuting accidents, maternity leave, and strikes and other unauthorized absences. It does not include absences that are longer than six months. The hours used to calculate the indicator are the theoretical contractual hours that should be worked.

- Workplace health and safety: Workplace accident frequency and severity rates are based on the actual number of hours worked, the number of workplace accidents with more than 24 hours of lost time, and the number of calendar days lost due to workplace accidents.

- Training hours: The number of training hours includes hours of training delivered both at or outside Nexans sites. It does not include training followed outside working hours.

A number of calculation formulae are provided below the table on HR indicators provided in Appendix 3.

9.2.8 Human resources indicators

*See **Appendix 3** to this Management Report.*

9.3 Societal approach and data

The undertakings given by the Group and formally documented in its Code of Ethics and Business Conduct are a clear demonstration of its intention to be a responsible corporate citizen.

9.3.1 Regional, economic and social impact of the Group's businesses

The Group's interaction on a regional level is based on fostering close links with local organizations and communities. Through the nature of its business, the Group contributes to local employment and therefore plays a role in regional development.

It places great importance on building up close ties with local and regional communities, economic and social players, universities, schools and training centers with a view to capitalizing on its strong local presence.

The Group also contributes to community projects and its subsidiaries' sites seek to forge high-quality relationships with their neighboring communities and to limit the environmental impact of their operations.

9.3.2 Relations with stakeholders

Thanks to the partnerships it has built with numerous organizations, the Group can share best practices with other companies and keep ahead of changes in regulations and standards.

The Group also has a policy of encouraging frequent high-quality dialogue with its stakeholders, particularly the financial community, socially responsible investment funds, rating agencies and extra-financial analysts. This policy is underpinned by a rigorous and proactive ethical and CSR approach.

Lastly, the Group regularly coordinates with NGOs such as Electricians without Borders (*Electriciens Sans Frontières*), notably concerning issues related to access to energy for disadvantaged populations (see "Partnerships and Corporate Sponsorship" below).

The framework for stakeholder dialogue

The Group seeks to promote corporate social and societal responsibility in its areas of influence. Its underlying approach is directly related to the sustainable development challenges faced by its businesses on both a global and local scale.

Examples of dialogue with stakeholders:

Stakeholder	Type of dialogue	Department
Customers	• Regular satisfaction surveys • Online publication of environmental data on products • Trade fairs and exhibitions • Customer events	Market lines, Marketing, Technical, Communications
Shareholders and investors	• Quarterly conference calls to present results • Meetings with investors (roadshows etc.) • Meetings with all shareholders (AGMs etc). • Regular meetings with private shareholders • Information meetings • Annual report • Quarterly shareholder newsletters • Shareholders' e-club and toll-free shareholder hotline	Finance, Communications, Legal, Site Management
Suppliers	• CSR Charter (2) • Supplier CSR risk mapping	Purchasing
Employees	• Intranet • *NewsWire*, internal newsletter • Surveys • Corporate values • Individual skills development meetings • Social dialogue with employee representative bodies	Human Resources, Communications, Site Management
ESG (1) analysts and investors	• Response to rating questionnaires • Individual meetings	CSR, Finance
Research centers	• Collaborative approach, setting up and participating in competitiveness clusters, R&D	Technical

	programs, university chairs and trade associations. • Partnerships with universities • Taking on apprentices and interns	
Communities, NGOs	• Corporate citizenship programs • Partnerships with local NGOs • Open days	CSR, Communications, Countries

(1) Environment, Social and Governance
(2) CSR: Corporate Social Responsibility

Partnerships and corporate sponsorship

In most countries in which it is present, the Group contributes both financial and human resources to supporting associations, aid programs, voluntary work, and partnerships with schools.

Many of the Group's entities go one step further than simply applying Group policies and local legislation, by making specific commitments with respect to education and their social environment.
The following are just a few examples of the initiatives supported in 2013:

- Local economic and industrial development projects organized through employer federations, chambers of commerce and industry and cooperatives (for example in Sweden, the Group is an active participant in a project concerning manpower and infrastructure issues).
- Well-being programs in France, Germany, Sweden, Japan, New Zealand, Lebanon, Russia, North America and Chile for both employees and their families (addiction counseling, massage, dietary advice, vaccinations etc).
- Higher education: in Germany the Group helps students and young engineers build up their knowledge and interest in local plants; in Lebanon it has participated in the construction of a university and has decided to finance four-year electromechanical training courses for employees; in Switzerland it awards a prize to a student selected by a university jury; and in Greece, Norway, France, Russia and Chile it works with schools by providing pupils with training and internships.
- Children's programs and education: the Group supports children's programs in Peru, Australia, China and Sweden.

Creation of the Nexans Foundation

Nexans' ongoing international growth has naturally led the Group to create a more global framework for practicing its corporate values through support for community projects and charitable causes. The creation of the Nexans Foundation in early 2013 was a natural expression of this commitment, enabling us to coordinate the many actions and initiatives taken by our employees in the areas and countries where the Group operates and give them a single overriding objective – promoting access to energy for disadvantaged communities worldwide – a philanthropic pledge to meet a major challenge.

Access to energy is a critical concern in today's world

Over 1.3 billion people currently have no access to energy and at least 2.7 billion do not have clean cooking facilities. More than 95% of these people live in Sub-Saharan Africa or in developing Asia. An estimated[10] 1 billion people will not have access to energy by 2030, and access to clean cooking facilities will have seen no improvement.

Through its Foundation, Nexans has decided to make a real commitment to help bring electricity to disadvantaged communities throughout the world by giving priority to grassroots-level organizations and sustainable solutions.

Following the launch of its first call for projects in April 2013, the Foundation's Selection Committee and Board of Directors decided to sponsor 12 projects for villages, schools and training centers in Togo, Burkina Faso, Mali, Morocco, Laos, Madagascar and Cameroon. The Foundation will also support a project aimed at combating energy insecurity in the Isère region of eastern France.
In addition, following Typhoon Haiyan in the Philippines, the Nexans Foundation's Board of Directors decided to allocate a special grant to the NGO Electricians without Borders (*Electriciens sans Frontières*) for the construction of a village that can house up to 2,000 people.

Giving a new dimension to the sponsorship of the Palace of Versailles

The Group intends to pursue its partnership with the Palace of Versailles through the Nexans Foundation. This demonstrates Nexans' long-standing commitment to this partnership which has been built up over the years in order to keep alive the creativity and artistic excellence that have characterized the Palace of Versailles for centuries.

9.3.3 Subcontracting and suppliers

One of the objectives of the Group's Purchasing policy is to ensure that we work with a base of high-performing and reliable suppliers who can help us achieve our business objectives while at the same time respecting export control requirements and environmental, financial, ethical and social obligations, as well as national and international compliance rules.

The Group carefully monitors that human rights and its rules on ethics are respected at every stage of the supply chain, by asking "Class A" suppliers (representing 80% of total purchases) and new suppliers to sign its CSR Charter. A total of 65% of the Group's Class A suppliers have already agreed to sign the Charter. A CSR risk map has also been drawn up, which identifies the Group's few suppliers whose awareness needs to be more acutely raised about sustainable development issues and respecting CSR principles.

The Group's subsidiaries strive to develop fair and sustainable relations with their subcontractors and suppliers while taking into account the social and environmental impacts of their activities.

9.3.4 Fair practices

Preventing corruption is a key focus of the Group's Code of Ethics and Business Conduct signed by the Company's Chairman and CEO. The Code clearly prohibits employees from directly or indirectly making any payment or gift, or officially or secretly granting any other advantage in order to influence any public or private person or entity.

A specific procedure has also been put in place within the Group's subsidiaries that provides a framework for selecting and handling relations with agents, consultants and international distributors. The procedure is applicable worldwide and sets out a certain number of checks that have to be carried out prior to selecting an intermediary.

[10] www.iea.org

For several years now, the training programs given on the governance of subsidiaries have included presentations designed to raise managers' awareness about anti-corruption measures. Since 2010, this presentation has been given to management teams in countries in several different continents (Europe and the Middle East, Africa, Asia and South America).

In addition, the Group's Internal Audit Department regularly carries out compliance verification and integrity assignments to check that the procedures put in place by the Group are being respected.

9.3.5 Measures taken to protect consumers' health and safety

Protecting consumers' health and safety is an absolute priority for the Group. Before its products are launched on the market they undergo rigorous health and environmental tests to ensure that they comply with all of the safety rules in force in the countries in which they are marketed. This testing process is based on a multidisciplinary approach that also takes into account the life cycle of the products concerned. Where necessary, qualified external laboratories are asked to perform additional studies.

The Group also takes particular care to comply with the requirements of the European Union's REACh directive and strictly monitors the composition of materials it uses to manufacture its products. This regulation has also provided the Group with an opportunity to launch programs aimed at finding substitutes for hazardous materials, replacing them with materials that are less hazardous for the health and safety of its customers.

9.3.6 Data compilation methodology

The data set out above was compiled as follows: ethics data was compiled by the Internal Audit Department, anti-corruption data by the Legal Department, and the other data by the Departments concerned (Communications Department, Human Resources Department, Purchasing Department, Technical Department).

Appendix 1

Parent company results for the last five years

	2013	2012	2011	2010	2009
I- Share capital at the end of the fiscal year					
a) Share capital (in thousands of euros)	42,043	29,394	28,723	28,604	28,013
b) Number of shares issued	42,043,145	29,394,042	28,723,080	28,604,391	28 ,012,928
II- Results of operations (in thousands of euros)					
a) Sales before taxes	17,899	25,970	17,922	12,882	14,498
b) Income before tax, employee profit-sharing, depreciation, amortization and provisions	32 794	41,291	45,072	38,136	71,586
c) Income taxes	(295)	(777)	(824)	(672)	(256)
d) Employee profit-sharing due for the fiscal year	89	142	138	121	95
e) Income after tax, employee profit-sharing, depreciation, amortization and provisions	(50 787)	(35,486)	35,422	28,684	61,743
f) Dividends	-	14,697	31,637	31,581	28,101
III- Income per share (in euros)					
a) Income after tax and employee profit-sharing but before depreciation, amortization and provisions	0,78	1.43	1.57	1.33	2.56
b) Income after tax, employee profit-sharing, depreciation, amortization and provisions	(1,21)	(1.21)	1.23	1.00	2.20
c) Dividend per share		0.50	1.10	1.10	1.00
IV- Personnel					
a) Average headcount during the year	8	8	7	6	6
b) Total fiscal year payroll (in thousands of euros)	4 797	5,475	3,605	3,101	4,924
c) Total amount paid for employee benefits during the fiscal year (in thousands of euros)	1 599	1,825	1,206	1,023	1,641

Appendix 2

Summary of authorizations to increase the Company's share capital and their use during fiscal 2013

Resolutions approved at the Annual Shareholders' Meetings of May 15, 2012 and May 14, 2013	Limit for each resolution[11]	Sub-limits applicable to several resolutions	Limits applicable to several resolutions	Use during fiscal 2013
Allocation of performance shares **(R9 – 2013 AGM)**	€260,000	-		Allocation of 259,300[2] performance shares (if 100% performance target reached) decided by the Board of Directors on July 24, 2013
Allocation of free shares **(R 10 – 2013 AGM)**	€15,000	-		Allocation of 15,000[2] free shares (with no performance conditions attached) decided by the Board of Directors on July 24, 2013
Employee share issue **(R11 – 2013 AGM)**	€400,000	-		/
Issue of **ordinary shares** with pre-emptive subscription rights (**R14 – 2012 AGM**) with a greenshoe option if oversubscribed (**R17- 2012 AGM**)	€14,000,000 *(< 50% of the share capital)*	-	**€14,000,000** (< 50% of the share capital)	Issue of 12,612,942 ordinary shares decided by the Board of Directors on September 30, 2013 and the Chairman and Chief Executive Officer on October 14, 2013
Issue of **debt securities** carrying rights to shares (convertible bonds, equity notes, bonds with stock warrants, OCEANE bonds etc.) without pre-emptive subscription rights, **through a public offering** (**R15 – 2012 AGM**) or a **private placement** (**R16 – 2012 AGM**) with a greenshoe option if oversubscribed (**R17 – 2012 AGM**)	Shares: €4,000,000 *(< 15% of the share capital)* Debt securities: €300,000,000	€4,000,000 *(< 15% of the share capital)*		/
Issue of shares and/or securities carrying rights to shares in payment for securities transferred to the Company (**R18 – 2012 AGM**)	5% of the share capital	-		/
Issue of shares to be paid up by capitalizing additional paid-in capital, reserves, income or any other eligible items (**R19 – 2012 AGM**)	€10,000,000	-	-	/
	Total limit €24,675,000			

In the above table, the abbreviation "R..." stands for the number of the resolution submitted for approval at the Annual Shareholders' Meetings of May 15, 2012 and May 14, 2013.

(1) The maximum nominal amount of the capital increases which could take place corresponds to the maximum number of shares that may be issued as the par value of a Company share is equal to 1 euro.

(2) After the adjustments applied following the rights issue carried out on November 8, 2013, the number of performance shares and free shares total 319,007 and 17,534 respectively.

Appendix 3

Environmental and social indicators

Environmental indicators

	2013	2012	2011
Number of sites monitored	93	94	92
Consumption of raw materials			
Energy purchased (MWh)	1,459,725	1,454,155	1,442,089
o/w electricity (MWh)	826,949	830,138	842,225
o/w fuel oil (MWh)	94,783	93,406	75,786
o/w gas (MWh)	516,720	513,249	523,049
o/w steam (MWh)	21,273	17,363	14,399
Water consumption (m^3)	2,942,549	2,984,044	3,011,044
Solvent purchased (tonnes)	497	579	757
Copper consumption (tonnes)	477,000	492,000	468,000
Aluminum consumption (tonnes)	139,000	148,000	155,000
Waste and Emissions			
Waste tonnage (tonnes)	96,821	104,458	99,337
of which hazardous waste (tonnes)	6,652	5,776	7,166
CO_2 emissions (1) (tonnes CO_2 eq.)	409,910	442,000	416,000
Management			
Number of ISO 14001 certified sites	63	62	56
% of sites with ISO 14001 certification	67	66	61

(1) Direct and certain indirect emissions of CO_2 (from electricity and steam consumption, power line losses, use of fossil fuels and waste treatment, as well as fugitive emissions). Reporting scope covering 85 sites as of 2013.

Social indicators

	2013	2012	2011
Nexans Group			
Total headcount	25 843	25 080	24 561
Europe	14 679	14 752	14 896
Asia-Pacific (8)	2 755	2 022	2 214
North America	3 138	3 100	2 395
South America	2 136	2 262	2 309
Middle East, Russia, Africa	3 135	2 944	2 747
Cable Business			
Headcount Cable Business	18 673	18 306	18 026
% female employee	15.42%	15.1%	15.19%
% female managers (into manager population)	20%	21%	19%
Average age (years)	42,6 ans	42.7	42.4
Average length of service (years)	12,7 ans	12.8	12.8
% temporary employees	5.84%	6.9%	6.7%
Disabled employees (1)	322	334	323
Employment data			
Natural departures	-1 869	-1 707	-1 704
Restructurings (6)	-408	-299	-554
New hires	1 706	1 846	2 269
Impact of changes in Group structure	1013	485	10
Transfers	-59	-4	-2
Employee turnover rate (2) (7)	8.8%	8.4%	8.6%
Overtime rate (3)	6.4%	5.7%	6.5%
Part-time contracts	460	452	419
% fixed-term contracts	8.0%	5.7%	6.5%
Absenteeism rate	4.10%	4.67%	4.27%
Health and Safety			
Workplace accident frequency rate (4)	4.52	6.4	8.3
Number of sites with a zero accident	29	28	30
Workplace accident severity rate (5)	0.15	0.3	0.4
Training			
Total number of training hours	333 214	293 292	379 000
Labor relations			
Number of collective agreements signed across countries	> 50	95	> 90
Harnesses Business			
Headcount Harnesses Business	7 170	6 774	6 535
Europe	4 769	4 681	4 840
North America	1 341	1 252	1 049
Middle East, Russia, Africa	1060	841	646
% female overall employees	61%	62%	63%
% female managers (into manager population)	38.5%	25.4%	35%
Average age (years)	34,5 ans	34.6	34.3
Average length of service (years)	4,6 ans	3.6	3.9
Employment data			
Natural departures	-2 320	-2 331	-2 078
Restructuring	*0*	*0*	0
New hires	2 716	2 570	2 972
Impact of changes in Group structure	0	0	0
Transfers	0	0	0
Health and Safety			
Workplace accident frequency rate (4)	3.0	1.8	4.5
Workplace accident severity rate (5)	0.00	0.03	0.09
Training			
Total number of training hours	30 795	31 522	13 785

(1) this figure does not take into account countries where this information is not diclosed due to local regulation

(2) Personnel turnover rate = number of departures (resignations, contract expirations, individual terminations, death) excluding departures due to retirement, restructurings, business disposals and employee mobility transfers/average headcount x 100

(3) Overtime rate = number of overtime hours worked/total number of hours worked

(4) Workplace accident frequency rate = total number of workplace accidents with more than 24 hours of lost time / total number of hours worked x 1 000 000

(5) Workplace accident severity rate = total number of lost work days (due to accident at work) / total number of hours worked x 1 000

(6) Restructurings for 2012 are 299 instead of 332

(7) The employee turnover rate for 2012 is 8,4 % instead of 6,3 %

(8) The Yanggu site has been integrated in the consolidated scope of HR as from January 1, 2013. It had a total of 1. 032 employees at december 31, 2013.

Appendix 4

Report of the Statutory Auditor, as designated independent third-party body, on the social, environmental and societal information provided in the Report of the Board of Directors

This is a free translation into English of the Statutory Auditor' report issued in French and is provided solely for the convenience of English speaking readers.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2013

To the shareholders

In our capacity as Statutory Auditor of NEXANS and designated independent third-party body whose application for accreditation has been deemed admissible by COFRAC, we hereby present to you our report on the social, environmental and societal information (the "CSR Information") in the Report of the Board of Directors for the year ended 31 December 2013. This report is prepared in accordance with the provisions of Article L.225-102-1 of the French Commercial Code.

Responsibility of the company

The Board of Directors is responsible for establishing a report that includes the CSR Information specified in Article R.225-105-1 of the French Commercial Code, prepared in accordance with the guidelines used by the company (the "Guidelines"), available at its head office and summarised in the Report of the Board of Directors in article 9.

Independence and quality control

Our independence is defined by regulations, the code of ethics for our profession and the provisions of Article L.822-11 of the French Commercial Code. We have also set up a quality control system that includes policies and documented procedures to ensure compliance with rules of ethics, professional standards and applicable laws and regulations.

Responsibility of the Statutory Auditor

On the basis of our work, our responsibility is to:

- attest that the required CSR Information appears in the Report of the Board of Directors or that the exclusion of any information is explained in accordance with paragraph 3 of Article R.225-105 of the French Commercial Code (Attestation of completeness of CSR Information);
- express a limited assurance on the fact that the Information is presented fairly, in all material aspects, in accordance with the Guidelines (opinion on the fair presentation of CSR Information).

We performed the procedures below in accordance with professional standards applicable in France, with the order dated 13 May 2013 establishing the manner in which independent third-party body must carry out their work, and with ISAE 3000[12] concerning our opinion on the fair presentation of CSR Information.

To assist us in conducting our work, we referred to the corporate responsibility experts of our Firm and our work was conducted between August 2013 and February 2014.

1. Attestation of completeness of CSR Information

We conducted the procedures below:

- On the basis of interviews with the individuals in charge of the relevant departments, we reviewed the company's sustainable development strategy with respect to the social and environmental impact of its activities and its societal commitments and, if applicable, any initiatives or programmes it has implemented as a result.
- We compared the CSR Information included in the Report of the Board of Directors with the list provided in Article R.225-105-1 of the French Commercial Code.
- If certain information was excluded, we verified that an explanation was provided, in accordance with Article R.225-105, paragraph 3.
- We verified that the CSR Information covered the consolidated scope, i.e. the company and its subsidiaries as defined in Article L.233-1 and the companies it controls, as defined in Article L.233-3 of the French Commercial Code, subject to the limitations described in the note on the methods used in article 9 of the Report of the Board of Directors.

Based on these procedures and taking into account the limitations mentioned above, we inform you that the following information is not communicated with the required explanations:

- "Remunerations and their evolution", information for which the evolution is not mentioned;
- "Occupational accidents, including accident frequency and severity rates, and occupational diseases", information for which the topic related to the occupational diseases is not fully addressed.

2. Opinion on the fair presentation of CSR Information

Nature and scope of our procedures

We conducted one interview with 3 people responsible for preparing CSR Information in departments in charge of data collection processes and, where appropriate, those responsible for internal control procedures and risk management, to:

- assess the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account best practices in the industry, if applicable;
- verify that a data collection, compilation, processing and quality control process has been implemented to ensure the completeness and consistency of the Information and review the internal control and risk management procedures involved in the preparation of the CSR Information.

We determined the nature and scope of tests and quality control processes, based on the type and importance of the CSR Information with respect to the characteristics of the company, the social and environmental impacts of its business activities, its sustainable development strategy, and industry best practices.

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[12] ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*

Nexans

For the CSR information we considered to be most important[13]:

- at the parent company level, we consulted documentary sources and conducted interviews to corroborate qualitative information (organisation, policies, actions, etc.), verified that this information was coherent and consistent with the rest of the information in the Report of the Board of Directors, implemented analytical procedures, and verified the calculation and the consolidation of data on a sample basis;
- at the entity level, for a representative sample of entities selected[14] on the basis of their business activity, contribution to consolidated indicators, where they operate and a risk analysis, we conducted interviews to verify the proper application of procedures and performed substantive tests using sampling techniques, to verify calculations and reconcil data with supporting documents. The selected sample accounted for 18% of the workforce and between 13% and 100% of the Group's quantitative environmental information.

For the rest of the CSR information, we assessed whether it was consistent with our knowledge of the company.

Lastly, we assessed the adequacy of the justifications provided to explain the entire or partial exclusion of certain information.

We consider that the sampling methods and sizes of the samples used, based on our professional judgment, enable us to form a conclusion of limited assurance; a higher level of assurance would have required more extensive work. Due to the use of sampling techniques and other inherent limitations of the functioning of any information or internal control system, the risk of non-detection of a material misstatement in the CSR Information cannot be completely eliminated.

The definition of the indicators related to worked hours has not been applied homogeneously among all sites which have consequences on information related to absenteeism, frequency rate and the severity rate of work accidents.

Moreover, the indicators related to training have some uncertainty due to anomalies identified during our works.

Conclusion

Based on our work, and except for qualifications mentioned above, we did not identify any material anomaly likely to call into question the fact that the CSR Information has been presented fairly, in all material aspects, in accordance with the Guidelines.

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[13] Social Indicators : Total Workforce (repartition by gender and by age), Hirings and dissmissals, Absenteeism rate, Frequency and severity rate of work accidents, Total number of training hours
Environmental Indicators : Proportion of sites certified ISO 14001, Quantity of solvent bought, Quantity of produced waste, Copper consumption, Water consumption, Energy consumption (electricity consumption, natural gas consumption), Fuel bought

[14] Social and environmental indicators (except copper consumption and proportion of sites certified ISO 14001) : Mohammedia and Casablanca (Morocco), Cheongwon and Jincheon (South Korea)
Social indicators : Nexans France and Nexans Brazil
Environmental indicators : Charleroi (Belgium), Santiago (Chile), Chester (USA) and Halden (Norway) for the indicator « Quantity of produced waste » ; Americana (Brazil) and Fergus (Canada) for the indicator « Electricity consumption » ; Montreal (Canada), Jeumont (France) and Cortaillod (Switzerland) for the indicator « Natural gas consumption » ; Nahr Ibrahim (Lebanon) and Messaieed (Qatar) for the indicator « Fuel bought » ; Karmoy and Namsos (Norway), New Holland (USA) and Elm City (USA) for the indicator « Water consumption » ; Noyelles casting (France) and New Holland (USA) for the indicator « Quantity of solvent bought » ; Nexans France for the copper consumption ; the indicator "Proportion of sites certified ISO 14001" has been reviewed at headquarter level (France).

Paris La Défense, February 10, 2014

KPMG Audit
Department of KPMG S.A

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