2015 MANAGEMENT REPORT

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, 2015 (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, 2015.

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 NYSE Euronext Paris (Compartment A) and are included in the SBF 120 index.

1. OPERATIONS DURING 2015

1.1 Consolidated results of the Nexans Group

In 2015, Nexans took further steps to put into practice its corporate vision embodied in the slogan "Nexans brings Energy to Life". All of the Group's teams are motivated and determined to achieve this objective, which for Nexans means providing the energy and data that is essential for development in today's society (in view of population growth, increasing urbanization, energy transition and climate change, the exponential increase in data transmission, mobility and transport).

In the energy infrastructure sector this resulted in the Group winning contracts for major projects in the submarine high voltage business in 2015, including projects to create power links between Norway and Germany (NordLink) and Norway and England (NSN Link), thereby promoting the exchange of green energy between these countries.

Nexans is playing a key role in the transition to clean energy, supplying specialized photovoltaic cables and power cables for the Cestas solar farm in France and Fonte Solar in Brazil, as well as cables and special accessories for Los Cóndores (a new hydropower plant in Chile). The Group also recently signed a contract with Statoil to supply cabling and accessories for the Hywind Scotland Pilot Park – the world's first floating wind farm, located off the Scottish coast.

Nexans is also making a significant contribution to modernizing networks across the globe. Having successfully carried out the AmpaCity project in Germany, which involved supplying the utility company RWE with a superconductor cable that was integrated into the electricity grid, the Group has now been chosen by AMSC (American Supraconductor) to design and produce a test superconductor system for the urban electricity grid in Chicago.

Nexans' corporate vision also encompasses the transport sector. The Group has signed contracts with Airbus to supply in-cabin cables for aircraft and with the shipbuilders Fincantieri and Meyer Werft to cable latest-generation cruise ships. It has also been entrusted with providing Nexans Alsecure® fire-resistant cables and specific solutions for the new underground railway line in Istanbul, Turkey.

In the natural resources sector, Samsung Heavy Industries selected Nexans as its unique supplier of power, instrumentation and control cables for the new FPSO (Floating Production Storage and Offloading) platform in Egina, Nigeria, which will be brought into service for Total in 2017. This project represents the largest contract won by Nexans in this sector to date.

These examples illustrate the initial results of the Group's transformation process and demonstrate the ongoing commitment of its worldwide teams to achieving excellence in all aspects of customer service.

Detailed business review for 2015

Sales for 2015 came to 6.239 billion euros at current metal prices and 4.604 billion euros at constant metal prices, representing a 1.7%[1] organic decrease compared with 2014. Following a flat six months, during which sales edged back 0.8% on an organic basis, the second half of the year was marked by the expected slower growth in submarine projects and contraction in business in the oil & gas and mining sectors, especially for AmerCable.

Operating margin totaled 195 million euros, up 32% on 2014 (148 million euros) representing 4.2% of sales at constant metal prices versus 3.2% in 2014.

The Group's sales performance for 2015 reflects mixed operating contexts across its different businesses:

- High value-added businesses, which reported steady growth and which correspond to the submarine high-voltage, automotive harnesses and LAN cables and systems segments.
- Businesses that retreated significantly, mainly due to particularly difficult operating conditions in Brazil and Australia and in the oil & gas sector, with market environments that have progressively worsened since 2014.
- Businesses that are recovering, corresponding to cables operations in Europe and the Middle East, Russia and Africa Area, for which the Group is applying a selective commercial approach in line with the objectives in its strategic plan (sometimes to the detriment of volumes).

Year on year changes in sales by geographic area were as follows:

- Sales generated in Europe contracted by 2.1%, due to the combined effects of a still sluggish market and the Group's strategy of focusing on higher value-added sales rather than on business volumes.
- Sales in North America were down 15.2%, mainly as a result of lower investment in the oil and mining sectors.
- South America also reported a year-on-year contraction (0.2%), primarily attributable to Brazil. Sales gradually picked up in Peru, however, and continued to grow in Colombia.
- With sales down 6.6%, performance in the Asia-Pacific Area reflects the persistent sales decline in Australia partially offset by a buoyant market for industrial cables in China, particularly LAN cables, railroad cables and automotive harnesses.

[1] The 2014 sales figure used for like-for-like comparisons corresponds to sales at constant non-ferrous metal prices, adjusted for the effects of exchange rates and changes in the scope of consolidation.

- The Middle East, Russia and Africa Area posted a 4.5% sales increase. Turkey reported a steep rise for the Distributors & Installers and Industry businesses, and in Lebanon sales swung upwards in the second half of the year.
- countries concerned, and the related measures will begin to be implemented as from the beginning of 2016.

- The net reduction in **variable costs** was limited to 10 million euros on operating margin as the positive impacts of the decrease on purchase costs and the efficiency programs in the Group's plants were mitigated by volume and inventory reduction effects.
- **"Market Leadership"** initiatives generated savings of 34 million euros in 2015. This was due to better operating results, particularly for submarine high-voltage cables and automotive harnesses, and also the selective commercial streamlining of customers and products adopted in the Distributors & Installers and Industry businesses and the Distribution sector.
- Having completed the announced review to **selectively streamline its operations portfolio**, the Group has identified a number of businesses and countries, representing some 350 million euros of capital employed, for which changes of scope or asset sells are possible, as was recently the case for Nexans Indelqui in Argentina or Confecta GmbH in Germany.

These strategic initiatives contributed 106 million euros to consolidated operating margin in 2015, which demonstrates the key role they played in view of the organic decrease in sales reported for the year.

Analysis by business

Transmission, Distribution & Operators

Sales generated by the Transmission, Distribution & Operators business amounted to 2,262 million euros at current metal prices and 1,935 million euros at constant metal prices. Sales were down 1.2% on 2014 on an organic basis for the year as a whole despite a 1.0% increase in the first half.

The downward turn was due to the expected weaker performance in the second six months of the year from high-voltage cables as projects proceeded on schedule.

Distribution

Sales of distribution cables decreased by 3.8% on an organic basis in 2015, although they picked up gradually in the second half. In tandem, an upswing in demand in South America combined with measures to adjust offerings (based on the Group's selective streamlining approach) and reduce costs led to an improvement in operating margin during the second half of the year.

In Europe, sales were down 2.5% on an organic basis. The year was characterized by low business volumes, particularly in the first half of 2015 in many countries, as well as by price pressure that made it difficult to pass on raw materials costs. In view of this market situation the Group continued to apply a selective commercial approach, which paved the way for an improvement in operating margin in the second half of the year.

The plan to reduce and streamline this business's capacity in Europe will be implemented in 2016.

In the Middle East, Russia and Africa Area the growth in business that began at the start of the year continued, with operators in Lebanon relaunching capital expenditure projects.

There was also an upswing in South America in 2015, particularly in the second half, due to the completion of overhead power line projects in Brazil, where the Group nevertheless continues to apply a prudent strategy in view of the difficult context.

The situation remained depressed in Canada and Australia.

Operators

Sales to telecommunications operators in Europe – which make up the bulk of the Group's Operators business – decreased by 1.7% on an organic basis during 2015. In France, Belgium and Sweden, this business fared well mainly thanks to sales of connection accessories.

Land high-voltage cables

Billings for the land high-voltage business were down 12.5% in 2015. However, orders picked up during the year, with the order book representing 200 million euros at December 31, 2015 versus 100 million euros at the end of 2014. These orders include a contract to supply 140 km of high-temperature conductor cables to carry renewable energy from EnergoBit's new Babadag III Wind Farm in Romania.

The Group continued to implement redeployment and cost-reduction measures in this business during the course of 2015.

Meanwhile, in China and the United States, the ramp-up of the new Charleston and Yanggu production plants proved slower than expected, despite progress in their product approval processes.

Submarine high-voltage cables

The submarine high-voltage business reported second-half organic growth of 2.2%, reflecting project delivery schedules, and full-year growth of 9.0%. This increase was achieved under optimal conditions, both from a manufacturing perspective and in terms of how major projects were managed.

2015 saw the production and installation of cables for key contracts, such as for the Monita cable project linking Montenegro and Italy, the Strait of Belle Isle project in Canada, the Kintyre project in the United Kingdom, and the Mallorca-Ibiza project in Spain.

This business submitted numerous bids for contracts in 2015, winning two of its largest contracts ever (the NordLink and NSN projects to link Norway to Germany and England, respectively), along with many other contracts. Consequently, at December 31, 2015 its order book stood at a record high.

Sales of umbilical cables were strong in the first six months of 2015 for projects begun in 2014, but slowed significantly in the second half of the year as a result of the slowdown of capital expenditure projects in the oil & gas sector. Sales of cables for submarine Telecom applications advanced.

Operating margin for the Transmission, Distribution & Operators division as a whole came to 108 million euros, or 5.6% of sales at constant metal prices, up by 10 million euros on 2014. This increase was achieved due to the solid first-half performance from umbilical cables and the effects of the strategic initiatives undertaken in Europe which were felt in the second half of the year that more than offset the decline in operating margin reported in the Asia-Pacific Area.

Industry

Sales for the Industry business totaled 1,500 million euros at current metal prices and 1,250 million euros at constant metal prices, down by a slight 0.4% on an organic basis compared with 2014. This performance reflects two contrasting trends.

The transport sub-segment (which accounts for two-thirds of the Industry business' total sales) posted a 7.2% organic increase. The automotive harnesses segment continued to perform well, delivering double-digit year-on-year growth and a higher operating margin as a percentage of sales.

Sales of railway cables also increased, particularly in China. On the other hand, cable sales for the shipbuilding industry contracted in 2015, due to a slowdown in shipbuilding projects in South Korea and China, despite higher sales in Europe for cruise ships. Sales of cables to the aeronautical sector edged down compared with 2014, as a result of the scheduling of the A350 program.

Sales for the resources sub-segment (which account for approximately one-fifth of the division's total), declined by -16.7% year on year as they were weighed down by the ongoing decrease in cable sales for the Oil & Gas and Mining sectors, which were both adversely affected by falling commodities prices. Measures to reduce fixed costs were launched in the second half of the year at AmerCable in order to adapt the level of its structural costs to market conditions.

Operating margin for the Industry business overall came to 57 million euros (4.6% of sales), up 7.3% on 2014.

Distributors & Installers

The Distributors & Installers business posted sales of 1,749 million euros at current metal prices and 1,136 million euros at constant metal prices, representing a 2.7% organic decrease compared with 2014.

Following a 4.8% organic decline in the first six months of the year, sales in the second half were more or less stable compared with 2014, coming in just 0.5% lower. As in the first six months of the year, a decrease in sales of energy cables in the second half (albeit less marked than in the first half) offset the increase reported for sales of LAN cables and systems.

Despite this unfavorable context, the operating margin more than doubled, rising from 26 million euros, or 2.3% of sales in 2014 to 63 million euros (5.5% of sales) in 2015.

Organic growth in sales of LAN cables and systems (which contributes around one-quarter of the division's total) topped 10% in the second half in all geographic areas apart from South America. This showing was due to a steep increase in data center projects in the United States, Europe and China.

Sales of low-voltage power cables were down year on year, although the decline was less marked in the second half than in the first (-3.6% versus -7.3%). Markets remained weak in all geographic areas except for the Middle East, Russia and Africa Area which saw market growth.

In Europe, the combination of sales optimization measures and cost-reduction programs helped restore profit margins. This was achieved notably thanks to the selective streamlining of the customer and product portfolio, the positive impact of restructuring the manufacturing base, and the logistics optimization measures put in place in order to access new markets.

Sales in South America advanced by an overall 7.3% on an organic basis, especially in Colombia thanks to market share gains.

In Asia, sales in Australia stabilized in 2015 following sharp declines in recent years.

Other Activities

The "Other Activities" segment – which essentially corresponds to external sales of copper wires – reported sales of 728 million euros at current metal prices and 283 million euros at constant metal prices, compared with 276 million euros in 2014.

Operating margin for this segment came in at a negative 33 million euros, reflecting the combined impact of profit generated from sales of copper wires and certain centralized Group costs that are not allocated between the segments (such as holding company expenses).

1.2 Other items of the 2015 consolidated results

1.2.1 Core exposure effect

The core exposure effect represented an expense of 52 million euros in 2015 compared with an expense of 4 million euros in 2014. This year-on-year variation was mainly due to a sharp decrease in copper prices during the second half of 2015. In 2014, the decrease in copper prices was offset by the depreciation of the euro against the dollar which limited the negative effect of core exposure in the consolidated income statement.

The definition of core exposure is provided in **Note 1.e.c** to the consolidated financial statements.

1.2.2 Restructuring costs

Restructuring costs came to 100 million euros in 2015 (see breakdown in **Note 21** to the consolidated financial statements), versus 51 million euros in 2014:

- The 2015 figure primarily relates to the downsizing plans in Europe that were announced on June 12, 2015, as well as plans in the Asia-Pacific region, Norway and the United States.
- In 2014, restructuring costs corresponded primarily to downsizing plans in Belgium, France, Germany and the Asia-Pacific region, with a number of plans also implemented in South America (Brazil, Chile and Peru).

The Group's restructuring plans include assistance measures negotiated with employee representative bodies as well as measures aimed at limiting lay-offs and facilitating redeployment.

1.2.3 Other operating income and expenses

Other operating income and expenses represented a net expense of 110 million euros versus a net 129 million euro expense in 2014, chiefly comprising:

- A net asset impairment loss of 129 million euros in 2015 and 197 million euros in 2014. The Group assesses its goodwills at least annually and its intangible and tangible assets whenever there is an indication of impairment.

The main assumptions used for these impairment tests as well as explanations concerning the impairment losses recognized are set out in Note 6 to the consolidated financial statements.

The 129 million euro net impairment loss resulting from the tests conducted in 2015 mainly breaks down as follows:

- 46 million euros in impairment of assets held by the "AmerCable" cash-generating unit (CGU).
- 38 million euros in impairment of assets held by the "Brazil" CGU.
- 27 million in impairment of Australian individual intangible assets (trademark and customer relationship) within the “Asia-Pacific” CGU.

The 197 million euro net impairment loss recorded in 2014 primarily broke down as follows:

- 80 million euros in impairment of assets held by the "AmerCable" CGU.
- 66 million euros in impairment of assets held by the "Australia" CGU, comprising Nexans' operations in Australia and New Zealand.
- 40 million euros in impairment of assets held by the "Brazil" CGU.

- **Expenses and provisions for antitrust investigations:** this item represented a net income of 36 million euros in 2015, and primarily corresponded to provision reversals recorded following (i) the close – without prosecution or sanction against any Nexans Group company – of the antitrust investigation launched by the United States Department of Justice Antitrust Division into the submarine and underground power cable industry, and (ii) a revaluation of the Group’s risks related to antitrust investigations.

- **Gains and losses on asset disposals:** the Group recorded a 13 million euro net disposal loss in 2015 following its fourth-quarter sale of Indelqui – an Argentina-based entity that was wholly owned by Nexans. In 2014, the 23 million net disposal gain chiefly related to sales of non-current assets in France and Canada.

1.2 4 Net financial expense

Net financial expense amounted to 105 million euros in 2015, compared with 103 million euros the previous year.

Cost of debt (net) totaled 79 million euros versus 77 million euros in 2014. This year-on-year increase reflects the combined impact of (i) an unfavorable basis of comparison with 2014 when 9 million euros in non-recurring financial income was recorded because the investor put option related to the 4% 2016 OCEANE bonds was not exercised, (ii) a 4 million euro favorable currency effect in 2015, and (iii) a 4 million euro reduction in borrowing costs on non-bond debt.

Other financial income and expenses were unchanged year on year, representing a net expense of 26 million euros.

1.2.5 Income taxes

Although the Group reported a loss of 171 million euros before tax it recorded an income tax expense of 25 million euros in 2015 (versus 32 million euros in 2014).

1.2.6 Consolidated statement of financial position

The Group's total consolidated assets decreased to 5,029 million euros at December 31, 2015 from 5,228 million euros at December 31, 2014. Changes in the structure of the Group's statement of financial position between those two reporting dates were as follows:

- Non-current assets totaled 1,835 million euros at December 31, 2015, versus 1,890 million euros one year earlier.
- Operating working capital (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 and related liabilities held for sale) decreased by 345 million euros in 2015.
- Consolidated net debt was reduced by 259 million euros, to 201 million euros from 460 million euros, thanks to lower working capital.
- Provisions for contingencies and charges – including for pension and other long-term employee benefit obligations – decreased by 19 million euros to 690 million euros in 2015.
- Total equity stood at 1,227 million euros at December 31, 2015 compared with 1,433 million euros at December 31, 2014.

1.2.7 Principal cash flows for the period

Cash flows from operations before gross cost of debt and tax totaled 220 million euros in 2015, reflecting the Group's positive net income figure after stripping out expenses that had no cash impact during the year (notably the 52 million euros core exposure effect and 280 million euros worth of depreciation, amortization and net asset impairment).

The improvement in working capital– achieved despite slight inventory piling due to the restructuring plans in progress – reflects a better working capital position in the Transmission business as well as a significant decrease in unpaid receivables.

Net cash used in investing activities came to 173 million euros in 2015, mainly breaking down as a 176 million euro cash outflow for purchases of property, plant and equipment and intangible assets and a 6 million euro cash inflow from disposals of non-current assets.

Net cash used in financing activities totaled 133 million euros, chiefly comprising 72 million euros in repayments of borrowings and 69 million euros in interest paid.

Overall, taking into account the effect of currency translation differences, net cash and cash equivalents increased by 211 million euros during the year and stood at 998 million euros at December 31, 2015 (including 1,012 million euros in cash and cash equivalents recorded under assets and 14 million euros corresponding to short-term bank loans and overdrafts recorded under liabilities).

1.2.8 Other significant events of the year

a) Reorganization of Nexans Group operations in Europe

The initial results of the industrial and functional reorganization measures put in place in 2014 demonstrate that the Group has adopted the right transformation strategy. However, the efforts already made have proved insufficient to put Nexans on a more competitive footing for the long term. Consequently, a new cost-savings plan was launched in Europe in 2015.

This plan – which is aimed at responding to market challenges and protecting Nexans' competitiveness – is focused on four main objectives:

- Optimize the structure of the Group's support functions.
- Adapt regional structures.
- Reduce the fixed costs of Market Lines in Europe;
- Reduce production capacity for the Utilities Market Line in Europe.

This plan covers all European countries, and in particular France, Norway and Germany. The plan was approved in December 2015 and will be implemented in 2016.

The restructuring costs recognized in 2015 in respect of this plan amounted to 53 million euros.

b) HVDC (high voltage direct current) links between Norway and Germany and Norway and the United Kingdom

The Norwegian and German power grids will be able to share green energy directly for the first time thanks to Nexans' submarine HVDC cables that will be installed as part of the NordLink project. Nexans will design, manufacture and install two 525 kV cable subsystems, with a total length of more than 700 km, off the coasts of Norway and Denmark. Completion of the project – which is Nexans' largest of this type to date – is scheduled for 2019.

The Group is also involved in the NSN Link project that will interconnect the Nordic and UK energy markets using the world's longest subsea power link incorporating Nexans' HVDC cable technology. This power interconnection beneath the North Sea will enable Norway and the UK to share up to 1,400 MW of green energy. Nexans will design, manufacture and install the main section of the 730 km HVDC submarine cable on the Norwegian side. The 1,400 MW link, comprising two 525 kV cable systems, is due for completion in 2021.

The value of these contracts is approximately 0.8 billion euros.

1.3 The Company

1.3.1 Activities and results

The Company is an ultimate holding company.

For the year ended December 31, 2015, the Company reported sales of 23 million euros, derived primarily from services billed to Group subsidiaries (18 million euros in 2014).

After taking into account other income and expenses for the year, primarily 47 million euros in operating costs, 62 million euros in net financial income, and a net non-recurring expense of 38 million euros, the Company ended 2015 with net income of 2 million euros (versus a 67 million euro net loss in 2014).

The Company's equity amounted to 1,814 million euros at December 31, 2015, 10 million euros higher than the prior-year figure.

In accordance with the requirements of Articles L.441-6-1 and D.441-4 of the French Commercial Code (*Code de commerce*), it is hereby disclosed that the Company had outstanding trade payables of 111,109 euros at December 31, 2015 and 204,001 euros at December 31, 2014 (invoices not past due at December 31, 2015 and payable in full in the first quarter of 2016).

1.3.2 Proposed appropriation of 2015 results and dividend payment

The Annual Shareholders' Meeting to be held in the first half of 2016 will be asked to appropriate the Company's results for 2015 - corresponding to net income of 1,884,824 euros - as follows:

• Retained earnings brought forward from prior years	106,091,226 euros
• 2015 net income	1,884,824 euros
• Transfer to legal reserve	94,241 euros
• **Total distributable income**	**107,881,809 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 2015. The Board will present this proposal at the Annual Shareholders' Meeting scheduled to take place on May 12, 2016.

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 applicable to French tax residents were as follows:

	2014 (paid in 2015)	2013 (paid in 2014)	2012 (paid in 2013)
Dividend per share			€0.50
Number of shares qualifying	-	-	29,394,042
Total payout	-	-	€14,697,021

2. PROGRESS MADE AND DIFFICULTIES ENCOUNTERED IN 2015

In addition to the progress made and difficulties encountered described in this report and particularly in section 1 above ("*Operations during 2015*"), during the year the Group pursued its measures to transform its business, which are focused on three strategic areas: competitiveness, market leadership and selective portfolio streamlining.

In 2015 the positive impacts of the strategic initiatives already launched were:

- Improved performance in Europe, driven by a change in commercial strategy (including a review of product and

customer portfolios) and the favorable effect of the capacity reduction plan.
- Improved operating conditions in the submarine business (high-voltage and umbilical cables).
- Continued growth for automotive harnesses.
- However, the overall unfavorable market context hampered certain growth initiatives and prevented the Group from meeting all of its manufacturing cost-reduction objectives.

During the year the Group was confronted with particularly difficult market environments in Brazil, Russia and Australia, as well as in the oil & gas and mining sectors which were negatively impacted by an ongoing fall in the prices of oil and other commodities.

3. RESEARCH AND DEVELOPMENT

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

Total research and development expenses amount to 82 million euros. More than 600 researchers, engineers and technicians work in the Group's technical centers which form part of the Research Centers. The Group currently has a portfolio of approximately 670 patent families, and 53 new patents were filed in 2015. This high number demonstrates the creative abilities of our technical teams and strengthens the Group's market positioning by protecting its intellectual property.

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 continuously 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.

The Research Centers are tasked with carrying out upstream research activities in their specific areas 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.

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 project portfolios. In order to facilitate this coordination task and accelerate the development of new products, the Group has rolled out a new version of its technical project management system which can be used by all business units.

In 2015 the Group's R&D efforts were focused on energy transition, smart grids (including smart connections) and security and safety.

Major advances were achieved in the area of high-voltage direct current (HVDC) systems, which notably enable offshore wind farms to be linked up with onshore grids, including official approvals obtained for 320 kV DC cables during the year. In addition, new higher-capacity submarine cables were developed to connect wind turbines with one another within wind farms. These technological advances will enable Nexans to make an even more significant contribution to the rollout of renewable energy in Europe.

The Group also took part in a number of pilot projects in 2015, installing smart cable accessories in medium-voltage urban and rural electricity grids, with built-in current and voltage sensors.

Concerning security and safety, a new generation of fire-resistant cables was launched on the market in order to improve the competitiveness of Nexans' offering for the industrial and building markets.

In the building market, cable sheath designs were optimized and tested with a view to preparing for compliance with the CPR (Construction Product Regulation) which will come into effect in mid-2016.

Also during 2015 the Group developed a material designed for the external sheaths of industrial cables used in severe environments. This material has the unique feature of self-repairing after it has been damaged, therefore enabling the connection to be rapidly restored.

The Group has also developed a material aimed at improving the low-temperature (-65°C) performance of cables used for Arctic oil-drilling platforms.

4. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 4, 2016, all of the 4% 2016 OCEANE bonds were redeemed in an aggregate amount of over 212 million euros (see section 8.1 below, *Share capital*).

During the Board of Directors’ meeting on February 17, 2016, Frédéric Vincent announced his decision to end his term as Chairman of the company and as director effective 31st March 2016 and to retire.

The Board of Directors appointed Georges Chodron de Courcel as non-Executive Chairman of the Board of Directors, effective upon Frédéric Vincent’s departure.

No other significant events occurred after the end of the reporting period.

5. TRENDS AND OUTLOOK

In the current context of a still highly-fragmented market, acute competition and customers moving towards larger and integrated structures, competitiveness will be a determining factor for the Group going forward.

All of our measures aimed at transforming the Group will continue to be rolled out and implemented in 2016, with the key priority of improving operating performance. This will enable the Group to deal with the short-term situation and create value over the long term. The strategic goals for all of the Group's divisions comprise the following objectives:

- **Regaining our competitiveness** through three key actions:

- turn around struggling businesses by making more use of regions where production costs are lower,
- drastically reduce fixed and variable costs, including projects aimed at achieving 100 million euros in fixed-cost savings in the medium term,
- continue to optimize working capital.

- **Strengthening the Group's leadership in the four key markets** in which we are currently nurturing our competitive strengths, by expanding and enhancing our product and service offerings so that we can go beyond just supplying cables, notably through our innovation and R&D capabilities:

- energy transmission and distribution,
- the development of fossil and renewable energies and mining,
- transport,
- building.

- **Pro-actively managing our portfolio** by favoring targeted investments to accelerate growth in profitable and high-potential businesses and implementing a strategy of transforming or selling lower-performing businesses.

Underpinned by its new corporate culture, the implementation of these strategic goals represents potential average annual cost savings or improvements amounting to 125 million euros for the Group, and should more than offset the impact of price erosion and cost inflation.

Although market conditions are set to remain tense over the short term, the long-term outlook for the cable industry is positive.

Going forward, long-term economic development vectors shaped by ever-increasing demand for energy and information are expected to have a very favorable impact on the cable industry.

Additionally, the world's growing population and changing social trends are giving rise to increased urbanization and higher energy requirements. The cable industry will be a crucial partner for these changes, which will take place against a backdrop of ever-more stringent requirements in terms of respecting and protecting the environment.

Nexans actively contributes to these deep-seated changes in both of the core areas that underpin its business: energy and urban construction.

The Group's cables and systems are used at all levels of energy networks, from extraction and management of resources right through to energy transportation and distribution. For cities and communities, Nexans produces cables and solutions that enable the transport of people and goods, ensure the safety and security of infrastructure and buildings, and guarantee power supply for telecommunications.

It is for all of these reasons that the Group is confident in the strength of its businesses and in its medium-to-long-term outlook, which will be boosted by expansion within the cable industry's various businesses.

The Group's outlook for 2016-2018 is, however, subject to several major uncertainties:

- The economic and political environment in certain emerging countries where Nexans generates – or plans to generate – significant sales volumes, notably Brazil, China, Lebanon, Libya, Nigeria, Russia and Turkey.
- The impact of falling prices of oil and numerous metals which is triggering a sharp decline in capital expenditure projects for oil exploration and drilling as well as in the gas and mining sectors, and is destabilizing the economies of countries and regions such as Australia and North America that are highly dependent on these commodities.
- Certain markets in which Nexans plans to develop sales might not grow as rapidly as expected, which could lead to critical under capacity in some of the Group's plants.
- Risks related to the costs and implementation timeframes of the reorganization plans, as well as a risk that these plans could give rise to temporary inefficiencies or even loss of market share.
- The risk that market conditions will prevent the projected restructuring of the Group's business portfolio from being carried out at the planned pace.
- Inherent risks related to carrying out major turnkey projects for submarine cables.
- The risk that certain R&D and innovation programs or programs designed to improve the Group's competitiveness experience delays or do not fully meet their objectives.

6. RISK FACTORS

The 2015 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 "Risk Factors" 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 or 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 still 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.

On April 7, 2014, Nexans France SAS and the Company were notified of the European Commission's decision which found that Nexans France SAS had directly participated in a breach of European antitrust legislation in the submarine and underground high-voltage power cables sector. The Company was held jointly liable for the payment of a portion of the fine imposed by the European Commission. Nexans France SAS and the Company appealed the European Commission's decision to the General Court of the European Union.

In early July 2014, Nexans France SAS paid the 70.6 million euro fine imposed by the European Commission (within 90 days of receiving the notification of the decision as provided for in European regulations).

At June 30, 2014, Nexans France SAS booked an 80 million euro provision for risks to cover the direct and indirect consequences of the European Commission's decision and of other on-going proceedings in the same sector of activity (see **Note 29** to the consolidated financial statements for further details). As an indirect consequence of the decision, one of the Group's competitors which has been subject to follow-on damages claims in the United Kingdom since the beginning of 2015, has filed a contribution claim against the other cable producers sanctioned by the European Commission, including Nexans France SAS and Nexans.

In November 2015, the United States Department of Justice Antitrust Division closed its investigation into the submarine and underground power cable industry without any prosecution or sanctions being taken against any Nexans Group company. This was the same outcome as in previous years for the investigations initially launched in Japan, New Zealand and Canada.

Certain Group companies in this sector of business are still under investigation by the antitrust authorities in Australia, South Korea (in addition to ongoing investigations into local operations as described below) and Brazil. A hearing took place in relation to the Australian proceedings in 2015 and the Group expects the related decision to be issued during 2016.

In view of the recent events related to antitrust proceedings described above, at December 31, 2015 Nexans France SAS reduced the amount of the related provision for risks to 38 million euros.

In its communications subsequent to the launch of the antitrust investigations, 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.

As mentioned above and in the consolidated financial statements, Nexans' Korean subsidiaries are being investigated by local antitrust authorities in relation to activities other than high-voltage power cables.

As explained in the Group's previous communications, as part of several procedures related to the antitrust investigations carried out by South Korea's antitrust authority (the "KFTC"), in recent years fines of approximately 4 million euros have been imposed on two Nexans subsidiaries in South Korea, and customers have subsequently filed claims. In January 2015, a Korean civil court issued a judgment pursuant to which the Korean subsidiaries concerned paid a customer the equivalent of 2 million euros. The customer has appealed this judgment.

Nexans' local Korean subsidiaries are cooperating with the KFTC in additional investigations into businesses other than the high-voltage business for which no administrative or criminal court decisions have yet been taken, except for a case for which a ruling was handed down in 2015 and the KFTC exempted the Korean subsidiaries from paying a fine.

The Group has recorded a 5 million euro provision for these local investigations and subsequent customer claims (both existing and potential). The provision is based on management estimates made on the basis of the information available to date. There is uncertainty about the extent of risks associated with these procedures and any subsequent customer claims.

Lastly, legal procedures and local antitrust investigations have also been launched against the Group's Spanish subsidiary and one of its Australian subsidiaries (see **Note 25** to the consolidated financial statements for further details).

In spite of the internal control rules and procedures in place (see the Internal Control section of the 2015 Report of the Chairman of the Board of Directors), which have been regularly strengthened over the past several years, the Group cannot guarantee that all risks and problems relating to practices that do not comply with the applicable rules of ethics and business conduct will be fully controlled or eliminated.

6.1.2 Other 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. These include the Ethics Compliance Program, the Code of Ethics and Business Conduct, and the internal procedure on agents and consultants (see the Internal Control section of the 2015 Report of the Chairman of the Board of Directors).

In the past, the Group has been exposed to cases of non-compliance, such as in relation to customs regulations applicable to exports to the United States and technical standards (tests) that must 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 the Group's compliance. No sanctions have been imposed on the Group for these non-compliance cases.

In addition to compliance risk, the Group, like many other businesses, is also exposed to the risk of both internal and external fraud, particularly the theft of funds, notably through cybercrime. Almost all of the attacks on subsidiaries have been successfully countered, except for one case which did not represent a material amount.

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) is completely protected against the risk of fraud, (iii) 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.

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 below entitled *Risks related to contractual liability*). Disputes and contingent liabilities are also described in **Note 29** (“Disputes and contingent liabilities”) and **Note 21** (“Provisions”) to the 2015 consolidated financial statements.

The most significant dispute-related risk in 2015 concerned 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 29** to the 2015 consolidated financial statements).

The dispute between the transmission link owner and the Nexans subsidiary was subject to arbitration proceedings, in which the transmission link owner reduced its claim to approximately 33 million pounds sterling. The Group's subsidiary accepted no liability whatsoever. The case was closed in Nexans' favor in the first quarter of 2015.

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 generated on such projects vary from one year to another and represent 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). In 2015 Nexans received orders for two major high-voltage subsea power links, between Norway and Germany (Nordlink) and between Norway and the United Kingdom (NSN). These two megaprojects – which represent an aggregate 800 million euros worth of orders for Nexans and follow on from the Monita cable project linking Montenegro and Italy – illustrate the growing scale and complexity of the turnkey projects in which the Group is involved.

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.

One example of the risks related to turnkey projects is a claim that was ongoing for a number years and which has now been settled in the Group's favor. In 2009, during the performance of a contract for high-voltage submarine cables, a ship operated by a Chinese subcontractor involved in the cable-laying process accidentally damaged a submarine optical fiber link owned by the Chinese army. The Chinese army then impounded the ship and would not allow the equipment on board – which belonged to a Group company – to be unloaded. The subcontractor claimed 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 claimed from the subcontractor compensation for losses caused by the accident (notably delays in the project) in an arbitration in Singapore. The arbitration tribunal ruled in favor of the Group company.

As at end-2015, certain contracts entered into by the Group could lead to performance difficulties, although the Group currently considers that those difficulties do not justify the recognition of provisions in the accounts or specific disclosure as contingent liabilities.

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 25 million euros for the high-voltage business and 5 million euros for other businesses 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 tracks 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 below entitled *Insurance*) 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 2015.

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 or mining industries. The recent falls in the price of oil and certain other commodities could have an impact on the operating environment in general, and on certain customer projects that have been targeted as prospects by Nexans.

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 shortage of raw materials, 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. Certain suppliers of the petroleum by-products used in insulation or sheathing materials have indicated that there may be some shortages of supplies in 2016 which could prevent the delivery of certain products.

This partnership strategy was pursued and extended in 2015 and this will also be the case for 2016. In the event of price increases for supplies, the Group may not be able to pass them on in full 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 & 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 2015 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 2015 amounted to around 445,000 tonnes (excluding the approximately 83,000 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 2015 totaled 113,000 tonnes.

Non-ferrous metal markets (copper, aluminum and lead) work on the basis of take or pay contracts. Group entities enter into these types of contracts and negotiate volume flexibility clauses to avoid the risk of oversupplies. In addition, in the event of exceptional market circumstances resulting in a significant decrease in volumes, any hypothetical surpluses purchased but not subsequently used can be traded on a regulated market, with a potential loss or gain arising on any ensuing differences in prices and premiums.

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 26** 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 are carried out in countries whose legislation and business practices differ greatly from the conditions prevailing within the Group. For cases currently under way, see **Note 31** to the 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 2015 Report of the Chairman of the Board of Directors).

The Group is party to a certain number of joint venture agreements. These agreements can only work if the joint venturers have the same objectives, and there is always a risk that these objectives may diverge, leading to operational difficulties for the entities concerned.

6.2.5 Geopolitical risks

Certain high-growth regions are important for the Group's development but are exposed to major geopolitical risks. In 2015, some 11.5% of the Group's sales at current non-ferrous metal prices were generated in the MERA Area (Middle-East, Russia, Africa) and 4.8% in countries which are classified by the Group's credit insurer as having a very unsettled economic and political environment or representing a very high risk. The Group closely monitors its operations in countries exposed to geopolitical risks, such as Brazil, Ghana, Lebanon, Libya, Nigeria, Russia and Turkey.

In view of the underlying climate of economic crisis and public deficits that has prevailed over the past several years, governments are tending to introduce stricter tax laws in order to maximize their income from taxes and levies. Consequently, they sometimes take positions that could lead to legal disputes or double taxation of certain sums. This fiscal instability – which is often accompanied by fiscal uncertainty – exists not only in emerging markets but also in developed countries.

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

The cable industry is still highly fragmented both regionally and internationally, and the cable, wire and cabling system markets are extremely 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 addition to large-scale competitors, new market players have recently emerged which are drawing on low-cost production equipment and organizational structures (notably in Southern and Eastern Europe) as well as production capacity in new regions (the Middle East and Korea). These players are growing rapidly, which has led to an extremely competitive environment, particularly for cables for the energy infrastructure and building markets.

OEM (Original Equipment Manufacturers) customers 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 and availability, innovation, geographical coverage and the range of products offered.

Furthermore, the activity of certain operating subsidiaries is strongly correlated with economic cycles and capital expenditure strategies, notably for companies working in the infrastructure sector and on major projects. Some markets are changing due to the evolution of energy policies in many countries worldwide.

Exchange rate fluctuations may also affect the competitiveness of certain subsidiaries in relation to their export markets or may render them more vulnerable to imports. This is notably the case for the Group's subsidiaries in Switzerland (CHF vs EUR), Norway (NOK vs EUR or GBP or USD), and Canada (CAD vs USD).

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 introducing cost-efficiency measures in its support and procurement functions, implementing plans to boost its manufacturing performance, and continuously streamlining the production sites of its operating subsidiaries.

The Group's cost-reduction efforts can sometimes give rise to reorganization plans whose implementation involves risks both in terms of cost overruns and loss of market share.

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 solutions 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 fundamental research in its Research Centers into materials and procedures in order to have access to cutting-edge technologies. Any delay in identifying, developing and obtaining certification for new technologies could make it complicated for the Group to access specific market segments – and could even temporarily exclude it completely – particularly for segments with high added value and growth potential.

The Group takes steps to protect its innovations by filing patent applications in strategic market segments. 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 competitiveness of the Group's offerings as well as on its 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 be subject to 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, Nexans Inc. initiated proceedings to invalidate a number of patents held by Belden for data network cables, and Belden lodged infringement lawsuits against Nexans Inc. The United States Patent and Trademark Office reviewed the patents concerned and declared that they were invalid. This decision was then upheld by the Federal Court of Appeal.

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 refuted this claim. Since then, there has been no further contact with the holder of the industrial property rights concerned. 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. Although no lawsuit has been filed in connection with this alleged infringement of industrial property rights, it cannot be ruled out that such a lawsuit will be filed and that it will involve an amount higher than the compensation claimable from the third party.

6.2.8 Industrial and environmental risks

As the Group’s operating companies carry out manufacturing activities they are exposed to the risk of damage to 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. For example, the Charleston plant in the United States is located close to a river and therefore has access to the sea. This means that the site is subject to environmental risks that had to be taken into account at the time of its 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.

Some sites, particularly in Brazil, can be subject to operating risks related to potential water and electricity supply shortages.

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 below entitled *Environmental approach 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, 2015, consolidated provisions for environmental risks amounted to approximately 9.2 million euros and mainly included amounts set aside for (i) clean-up costs for manufacturing sites (in Australia, Belgium and Italy) 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. It 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 below entitled *Human resources policies and data*, for further information.

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.

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, market position, 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 furnaces for enamel wire at two sites in France, but this activity was discontinued a long time ago.

Several asbestos-related claims and lawsuits have been filed against the Group in France and abroad. At end-2015, 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.

Also 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 ("Financial risks"), which also sets out a sensitivity analysis for 2015.

Please also refer to **Note 1.f.c** to the consolidated financial statements as well as **Note 6** ("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) an issue of convertible bonds maturing in 2019 (which have early redemption options exercisable at the discretion of the bondholders on June 1, 2018), (iii) a trade receivables securitization program used by two subsidiaries, (iv) mezzanine financing and factoring programs and (v) 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 14, 2015 (net debt to equity of less than 1.1:1 and net debt expressed as a multiple of EBITDA of less than 3).

Details of the Group’s cash requirements and resources (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 financing in such a way as to limit its exposure to 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** to the consolidated financial statements. 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 being 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 functional currency is not the euro. It is Group policy not to hedge these risks.

Metal price risks

The nature of the Group’s business activities 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 price 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 activities 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 credit risk by means of a Group-wide credit management policy which was rolled out to Nexans' international subsidiaries in 2013. The Group has also set up a master credit insurance program for all of its subsidiaries, although a portion of its trade receivables in China, Morocco, Russia and Libya 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. The situation in Brazil has particularly worsened, leading the Group to be increasingly prudent about its business development in this country. In China, where the economic environment has become tougher, the Group is striving to reduce its customer payment times. It is currently more difficult to obtain insurance coverage in Brazil, Greece, Morocco and Russia, which means that the Group’s customer credit insurance is very limited in those countries. Lastly, despite divesting businesses in Egypt in 2014 and Argentina and Nigeria in 2015, the Group still has receivables there, whose recovery is uncertain due to the general economic context in the countries as well as the financial situations of the individual counterparties concerned.

The Group is also exposed to the risk of its customers terminating commercial contracts in advance of term, which could lead to (i) losses due to the liquidation of currency positions or purchases of non-ferrous metals no longer having a counterparty, or (ii) impairment losses on inventories of specific products.

- 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's Insurance Department has put in place master insurance programs since 2003, covering companies that are over 50%-owned and/or over which Group subsidiaries exercise managerial control. Local policies are issued in certain countries where there is an obligation to take out insurance, in order to remain compliant with Group policies. Newly-acquired entities are incorporated into the majority of these programs as soon as possible.

The insurance programs are negotiated with top-rated insurers, taking into account their solvency ratings. Whenever possible multi-year policies are put in place, which include exit clauses for the insurer in the event that the loss amount exceeds the premiums. The coverage limits on these policies are based on a historical analysis of the Company's claims experience and the advice of its brokers as well as on specific and/or actuarial studies. 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.

In certain geographic areas with a high risk of earthquakes, such as Greece, Turkey, Japan, Lebanon, Chile and Peru, or exposed to other natural risks such as high winds and flooding (United States), insurers will only provide limited coverage for natural disaster risks. 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.

As part of its risk management process, the Group has set up a specific capital expenditure program aimed at helping 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. The Industrial Management Department, in conjunction with the Insurance Department, subsequently monitor that the relevant recommendations are followed.

Third-party liability (general, environmental, aeronautics and aerospace)

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

With respect to third-party liability resulting from aeronautics and/or aerospace products, coverage for losses caused to third parties is limited to severe accidents or decisions to ground aircraft made by domestic or international civil aviation authorities, and excludes all other types of liability. 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 and deliveries for which the Group is responsible as well as 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 sometimes necessary to set up separate policies, notably for very large contracts which exceed the coverage limits in the master programs. This was the case for example, for a project concerning a submarine cable between Montenegro and Italy, for which a specific insurance policy was set up in 2014. The after-delivery warranties requested by certain customers sometimes exceed the coverage periods available in the insurance market.

Coverage for the Group's cable-laying ship Skagerrak

The Group's cable-laying 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 reinsurance entity

The Group has 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 has reinsured the following recurring risks since 2008: property and casualty and business interruption risks, short-term credit risks, and transport risks. It operates on a program-by-program basis, with maximum coverage amounts per loss and a 3 million euro cumulative cap per insurance year.

7. DIRECTORS AND EXECUTIVES

7.1 Members of the Board of Directors

At December 31, 2015, the members of the Board of Directors were as follows:

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

Frédéric Vincent, Chairman of the Board of Directors

- First elected as a director: April 10, 2008
- Appointed as Chairman of the Board of Directors: May 26, 2009
- Expiration of current term: 2016 Annual Shareholders' Meeting
- Number of shares held: 27,986 including shares held by his wife
- Number of corporate mutual fund units invested in Nexans shares: 4,410 (value of one unit = value of one share)
- 61 years old, French nationality
- Address: 8, rue du Général Foy, 75008 Paris, France

Expertise/Experience

In 1986, Frédéric Vincent joined Alcatel after working for a major auditing firm from 1978 to 1985. He moved to Alcatel's Cables and Components sector in 1989 and in 1994 was appointed Deputy Managing Director (Administration and Finance) for Alcatel's submarine telecommunications activities, and in 1997, for Saft, Alcatel's batteries activity. He became Nexans' Chief Financial Officer and a member of the Executive Committee in 2000, was appointed Chief Operating Officer in 2006 and was elected as a director on April 10, 2008. He was appointed as Chairman and Chief Executive Office on May 26, 2009 and became Chairman of the Board of Directors on October 1, 2014

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Chairman of the Board of Directors of **Nexans**

Directorships that have expired in the last five years

- Chief Executive Officer of Nexans
- Chairman of the Board of Directors of Nexans Morocco
- Director of International Cable Company
- President of Europacable (professional association)

Georges Chodron de Courcel, independent director

- Chairman of GCC Associés (SAS)
- First elected as a director: June 15, 2001
- Expiration of current term: 2019 Annual Shareholders' Meeting
- Number of shares held: 500
- 65 years old, French nationality
- Address: 32 rue de Monceau, 75008 Paris, France

Expertise/Experience

Georges Chodron de Courcel joined BNP in 1972. After holding several management positions, he became Deputy CEO in 1993, then Managing Director in 1996. From 1999 to 2003 he was a member of the Executive Committee and Head of the Finance and Investment Bank of BNP Paribas and he served as Chief Operating Officer of the Group from June 2003 until June 2014. Since November 2014 he has held the position of Chairman of GCC Associés (SAS), a strategy and financial advisory firm.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Director of **F.F.P. (Société Foncière Financière et de Participations)**, Erbé SA*, Scor Holding (Switzerland) AG*, Scor Global Life Rückversichering Schweiz AG*, Scor Switzerland AG*, and Scor Global Life Reinsurance Ireland*
- Member of the Supervisory Board of **Lagardère SCA**
- Chairman of GCC Associés (SAS)
- President of the Ecole Centrale de Paris Foundation

Directorships that have expired in the last five years

- Chief Operating Officer of BNP Paribas
- Chairman of BNP Paribas (Suisse) SA, Financière BNP Paribas SAS and Compagnie d'Investissement de Paris SAS
- Vice-Chairman of Fortis Bank SA/NV
- Director of Alstom, Bouygues SA, CNP (Compagnie Nationale à Portefeuille), Verner Investissements SAS and GBL (Groupe Bruxelles Lambert)
- Non-voting director of Safran SA, Scor SE, Exane (BNP Paribas group)

Cyrille Duval, independent director

- General Secretary of the alloys division of the Eramet group
- First elected as a director: May 31, 2011
- Expiration of current term: 2019 Annual Shareholders' Meeting
- Number of shares held: 1,284 including shares held by his wife
- 67 years old, French nationality
- Address: Tour Maine-Montparnasse, 33 avenue du Maine, 75755 Paris Cedex 15, France

Expertise/Experience

Cyrille Duval has served as General Secretary of the alloys division of Eramet since 2007. Prior to that he held the position of Chief Financial Officer of Aubert et Duval (an Eramet subsidiary). He has been a director and member of the Finance Committee of Metal Securities (Eramet's centralized cash management company) since 2005 and a director of Comilog (the main mining subsidiary of Eramet's manganese business) since 2006.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)
- General Secretary of the alloys division of the Eramet group
- Chief Operating Officer of EHA (Eramet group)
- Chief Executive Officer of CEIR SAS
- Chairman of Forges de Monplaisir (Eramet group) and Brown Europe (Eramet group)
- Legal Manager of Sorame SCA
- Permanent representative of Sorame on the Board of Directors of **Eramet**
- Director of Comilog (Eramet group) and Metal Securities (Eramet group)

Directorships that have expired in the last five years
- Director of Stard S.A.
- Legal Manager of Transmet (Eramet group)

Jérôme Gallot, independent director

- Legal Manager of JGC
- First elected as a director: May 10, 2007
- Expiration of current term: 2017 Annual Shareholders' Meeting
- Number of shares held: 920 including shares held by his wife
- 56 years old, French nationality
- Address: 46 rue du Ranelagh, Paris 75016, France

Expertise/Experience

After serving as an Auditor at the Cour des Comptes for three years, Jérôme Gallot then worked for the General Secretariat of the French Inter-Ministerial Committee on European Economic Cooperation between 1989 and 1992, after which he joined the French Budget Directorate.

He was successively Chief of Staff at the Ministries of Industry, Post and Telecommunications, International Trade, and Public Services, before becoming Chief of Staff for the Deputy Finance Minister (1993 to 1997). Between 1997 and 2003 he served as Director General of the Competition, Consumer Affairs and Anti-Fraud Division within the French Ministry of the Economy, Finance, and Industry and was subsequently named Senior Executive Vice President and member of the Executive Committee of Caisse des Dépôts and Consignations. He was Chairman of CDC Entreprises from 2006 to March 2011. Additionally, he was a member of the Executive Committee of Fonds Stratégique d'Investissement (FSI, which was renamed Bpifrance Participations). He was appointed Chief Executive Officer of Veolia Transdev in 2011, before serving as advisor to the Chairman until 2014. Jérôme Gallot has been a member of the Supervisory Board of Acerde (a manufacturer of light rotating anodes for X-ray tubes) since January 2014 and a director of the Truffle private equity firm's business incubator holding companies.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)
- Legal Manager of JGC
- Member of the Supervisory Board of Idinvest Partners and AcerdeSAS
- Director of Caixa Seguradora* (Brazilian subsidiary of CNP Assurances), **Plastic Omnium,** SP3H
- Non-voting director of **NRJ Group**

Directorships positions that have expired in the last five years
- Chief Executive Officer of Veolia Transdev
- Director of ICADE and Abivax
- Member of the Supervisory Board of Schneider Electric S.A.
- Chairman of CDC Entreprises and Avenir Entreprises S.A.

Véronique Guillot-Pelpel, independent director

- Judge at the Paris Commercial Court
- First elected as a director: May 25, 2010
- Expiration of current term: 2018 Annual Shareholders' Meeting
- Number of shares held: 3,885
- Number of corporate mutual fund units invested in Nexans shares: 3,554 (value of one unit = value of one share)
- 65 years old, French nationality
- Address: 8 rue de Tocqueville, 75017 Paris, France

Expertise/Experience

From 1971 to 1990, Véronique Guillot-Pelpel held various public relations positions and went on to become Head of Communications of the BASF group and La Compagnie Bancaire. In 1990, she joined Paribas as Head of Communications, and then in 1997 became Head of Human Resources and Communications and a member of the Paribas Group's Executive Committee. She joined the Nexans Group in 2000 as Head of Communications and held the position of Head of Human Resources and Communications from 2006 to 2008. She was a member of Nexans' Executive Committee from October 2001 until she left the Group in 2008. Véronique Guillot-Pelpel is a judge at the Paris Commercial Court.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Judge at the Paris Commercial Court

Directorships that have expired in the last five years

- None

Philippe Joubert, independent director

- Senior Advisor and Special Envoy for Energy and Climate for the World Business Council for Sustainable Development (WBCSD)
- First elected as a director: May 15, 2014
- Expiration of current term: 2018 Annual Shareholders' Meeting
- Number of shares held: 700
- 61 years old, French and Brazilian nationalities
- Address: 19 boulevard Suchet, 75016 Paris, France

Expertise/Experience

Philippe Joubert is the Executive Chair of the Global Electricity Initiative (GEI - a partnership including the World Energy Council), Senior Advisor and Special Envoy for Energy and Climate for the World Business Council for Sustainable Development (WBCSD) and Chairman of HRH The Prince of Wales's Corporate Leaders Group on Climate Change. He is a member of the Advisory Board of A4S (Accounting for Sustainability) and is a lecturer at the University of Cambridge Institute for Sustainability Leadership (CISL). Between 1986 and 2012, he held managerial positions in the Alstom Group, including President of the Transmission & Distribution sector from 2000 until 2004, President of the Power sector from 2008 to 2011, and Deputy CEO, in charge of Strategy and Development, from 2011 to 2012. He was a member of Alstom's Executive Committee between 2000 and 2012. Philippe Joubert has been the permanent representative of The Green Option on the Board of Directors of renewable energy producer Voltalia since June 13, 2014 and a director of ENEO Cameroun S.A. since December 2014.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Senior Advisor and Special Envoy for Energy and Climate for the World Business Council for Sustainable Development* (WBCSD)
- Permanent representative of The Green Option on the Board of Directors of **Voltalia**
- Executive Chair of the Global Electricity Initiative* (GEI - a partnership including the World Energy Council)
- Chairman of The Green Option (SAS)
- Director of ENEO Cameroun S.A.*
- Chairman of HRH The Prince of Wales's Corporate Leaders Group on Climate Change*
- Member of the Advisory Board of A4S* (Accounting for Sustainability)
- Lecturer at the University of Cambridge Institute for Sustainability Leadership (CISL)*

Directorships that have expired in the last five years

- Deputy CEO of Alstom

Fanny Letier, director proposed by Bpifrance Participations

- Executive Director, Private Equity Funds at Bpifrance
- First elected as a director: May 15, 2014
- Expiration of current term: 2018 Annual Shareholders' Meeting
- Number of shares held: 110
- 36 years old, French nationality
- Address: 6-8 boulevard Haussmann, 75009 Paris, France

Expertise/Experience

Since March 2015, Fanny Letier has been Executive Director, Private Equity Funds at Bpifrance, with responsibility for a 1.3 billion-euro program comprising actively managed investments in 450 SMEs. She was previously Director of the France Investissements Régions fund at Bpifrance from September 2013. Prior to joining Bpifrance she served with the French civil service, holding various posts within the Ministry of Finance (notably head of the Corporate Financing and Development Office in the Treasury Department), as well as the position of Secretary General of the Interministerial Committee for Industrial Restructuring (2010-2012) and Deputy Chief of Staff at the Industrial Recovery Ministry (2012-2013). She was also a financial advisor for the Permanent Representation of France to the EU in Brussels from 2008 to 2010.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Executive Director, Private Equity Funds at Bpifrance

Directorships that have expired in the last five years

- None

Colette Lewiner, independent director

- Advisor to the Chairman of Cap Gemini
- First elected as a director: June 3, 2004
- Expiration of current term: 2016 Annual Shareholders' Meeting
- Number of shares held: 2,287
- 70 years old, French nationality
- Address: Tour Europlaza - La Défense 4, 20 avenue André Prothin, 92927 Paris La Défense Cedex, France

Expertise/Experience

Following several years of physics research and university lecturing (Maître de conférences at the University of Paris VII), Colette Lewiner joined Electricité de France in 1979 where she set up the Development and Commercial Strategy Department in 1989. She was appointed Chair and Chief Executive Officer of SGN-Réseau Eurysis in 1992, before joining Cap Gemini in 1998 to set up the International Utilities Department. After Cap Gemini's merger with Ernst & Young, she was made Head of the extended Energy, Utilities & Chemicals Department. In 2004, she also set up the Global Marketing Department of Cap Gemini which she managed until 2007. In September 2010, in addition to her role at Cap Gemini, Colette Lewiner became non-executive Chair of TDF, a position she held until March 2015. In 2012, she became Advisor to the Chairman of Cap Gemini on "Energy and Utilities" matters. She is a director of several major industrial groups, including EDF, Eurotunnel and Bouygues, as well as the Indian industrial group Crompton Greaves**. She has also been a director of Ingenico since October 22, 2015.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Advisor to the Chairman of **Cap Gemini**
- Director of **Ingenico, EDF, Eurotunnel, Bouygues, Colas** (Bouygues subsidiary), and **Crompton Greaves*** (until March 2016)
- Member of the Académie des Technologies
- Member of the Strategic Research Council chaired by the French Prime Minister

Directorships that have expired in the last five years

- Director of La Poste and Lafarge
- Director of TGS-NOPEC Geophysical Company ASA
- Non-executive Chairman of TDF

** Her term as a director of Crompton Greaves expires at the end of March 2016.

Andrónico Luksic Craig, director proposed by Invexans (Quiñenco group)

- Chairman of the Board of Directors of Quiñenco
- First elected as a director: May 14, 2013
- Expiration of current term: 2017 Annual Shareholders' Meeting
- Number of shares held: 500
- 61 years old, Chilean nationality
- Address: Enrique Foster Sur 20, piso 15, Las Condes, Santiago - Chile

Expertise/Experience

Andrónico Luksic Craig is currently Chairman of the Board of Directors of Quiñenco, one of the main conglomerates in Chile, and has been a member of the Board of Directors since 1978. He holds several offices within the companies of the Quiñenco Group, including Banco de Chile, one of the main financial institutions in Chile, where he has served as Vice Chairman of the Board of Directors since 2002. Also, within the Quiñenco Group, he is Chairman of the Board of Directors of LQ Inversiones Financieras, Chairman of the Management Board of Compañia Cervecerías Unidas (CCU), Vice Chairman of the Board of Directors of Compañia Sudamericana de Vapores (CSAV) and a member of the Board of Directors of Tech Pack and Antofagasta Minerals Plc. He is also advisor to the Board of Directors of Enex.

Outside the Quiñenco group, Andrónico Luksic Craig has non-executive duties within Barrick Gold as a member of the International Advisory Board. He is also an active member of several leading organizations and advisory boards, both in Chile and internationally, including the Federation of Chilean Industry (Sociedad de Fomento Fabril – SOFOFA), the Chile-Pacific Foundation, the International Business Leaders Advisory Council of the municipality of Shanghai, the International Advisory Council of the Brookings Institution and the APEC Business Advisory Council. Andrónico Luksic Craig is extremely committed to education. He helps manage the educational foundation that he created and takes part in advisory committees for Columbia and Harvard Universities, MIT, the University of Oxford, Tsinghua University, Fudan University and Babson College.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- 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***, **Tech Pack S.A.*** (formerly Madeco) and SM Chile*
  - Advisor to the Board of Directors of Enex
- Member of the Federation of Chilean Industry – SOFOFA* (Sociedad de Fomento Fabril), the Chile-Pacific Foundation* and the ABAC* (APEC Business Advisory Council)
- Member of the International Business Leaders Advisory Council of the municipality of Shanghai*
- Member of the International Advisory Board of **Barrick Gold***, the International Advisory Council of the Brookings 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*, the Global Leadership Council of Columbia University*, the International Advisory Board of the Blavatnik School of Government* at the University of Oxford, and the Advisory Boards 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 Board at the MIT Sloan School of Management*
- Emeritus Trustee of Babson College*

Directorships that have expired in the last five years

- None

Francisco Pérez Mackenna, director proposed by Invexans (Quiñenco group)

- Chief Executive Officer of Quiñenco
- First elected as a director: May 31, 2011
- Expiration of current term: 2017 Annual Shareholders' Meeting
- Number of shares held: 500
- 57 years old, Chilean nationality
- Address: Enrique Foster Sur 20, piso 14, Las Condes, Santiago - Chile

Expertise/Experience

Francisco Pérez Mackenna has served as Chief Executive Officer of the Chilean company Quiñenco S.A. since 1998. He is also a director of some Quiñenco group companies, including Banco de Chile, Tech Pack, CCU (Compañía Cervecerías Unidas S.A.), CSAV (Compañía Sud Americana de Vapores), SM SAAM (Sociedad Matriz SAAM S.A.) and Enex (Empresa Nacional de Energía Enex S.A.). Before joining Quiñenco, between 1991 and 1998 Francisco Pérez Mackenna was Chief Executive Officer of CCU. He is also on the advisory boards of the Booth School of Business at the University of Chicago (USA) and of the EGADE Business School of the Monterrey Institute of Technology (Mexico). Francisco Pérez Mackenna teaches at the Catholic University of Chile.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Chief Executive Officer of **Quiñenco S.A.***
- Chairman of the Board of Directors of the following Quiñenco group companies: **CSAV* (Compañia Sud Americana de Vapores S.A.)** and Enex* (Empresa Nacional de Energía Enex S.A.)
- Vice Chairman of the Board of Directors of **Invexans S.A.*** (formerly Madeco), owned by the Quiñenco Group
- Director of the following Quiñenco group companies: **Banco de Chile***, **CCU* (Compañia Cervecerías Unidas S.A.)** (and various wholly-owned subsidiaries), **SAAM*** **(Sudamericana Agencias Aéreas y Marítimas S.A.)**, **Tech Pack*** and **Hapag Lloyd AG***

Directorships that have expired in the last five years

- Director of Banchile Corredores de Bolsa*

Hubert Porte, director proposed by Invexans (Quiñenco group)

- Executive Chairman of Ecus Administradora General de Fondos S.A.
- First elected as a director: November 10, 2011
- Expiration of current term: 2019 Annual Shareholders' Meeting
- Number of shares held: 571
- 51 years old, French nationality
- Address: Magdalena 140, Oficina 501, Las Condes, Santiago - Chile

Expertise/Experience

Hubert Porte is Executive Chairman of the private equity firm Ecus Administradora General de Fondos S.A., which was founded in 2004 and invests in Chile through private equity funds Ecus Private Equity I and Ecus Agri-Food. He is Chairman of the Board of Directors of the Chilean company AMA Time, and is a director of Invexans S.A. (Quiñenco group), Plastic Omnium Chile S.A. and Loginsa. He is also managing partner of Latin American Asset Management Advisors Ltd (LAAMA), which he founded in 2004 and which is the exclusive distributor for the Chilean and Peruvian pension funds of AXA Investment Managers' mutual funds. LAAMA currently manages US$2 billion worth of investments for these funds.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Executive Chairman of Ecus Administradora General de Fondos S.A.* (private equity firm)

The following positions in Chilean companies included in the portfolios of funds managed by Ecus Administradora General de Fondos S.A.:

- Chairman of the Board of Directors of AMA Time* (agri-food company)
- Director of Loginsa (logistics company)
- Director of **Invexans*** (Quiñenco group) and Plastic Omnium S.A. Chile*
- Managing Partner of Latin America Asset Management Advisors* (asset management firm)

Directorships that have expired in the last five years

- Chairman of the Board of Directors of Central Frenos S.A.
- Chairman of the Board of Directors of Albia S.A.
- Director of Vitamina S.A.
- Director of Tabali S.A.

Lena Wujek, director representing employee shareholders

- Senior Manager Strategy & Institutional Relations at Nexans
- First elected as a director: May 15, 2012
- Expiration of current term: 2016 Annual Shareholders' Meeting
- Number of shares held: 10
- Number of corporate mutual fund units invested in Nexans shares: 50 (value of one unit = value of one share)
- 40 years old, French nationality
- Address: 8, rue du Général Foy, 75008 Paris, France

Expertise/Experience

Lena Wujek has worked with the Nexans group since 2008. She holds degrees in business and law and served as Legal Counsel for the Nexans Group in the areas of company law and securities law before being appointed to her current position of Senior Manager Strategy & Institutional Relations. Prior to joining Nexans she worked as an attorney at the Paris Bar for seven years for the law firm Cleary Gottlieb Steen & Hamilton LLP, where she focused primarily on international financial transactions. She is a member of the Supervisory Board of the Group's corporate mutual fund, FCPE Actionnariat Nexans.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Member of the Supervisory Board of FCPE Actionnariat Nexans
- Senior Manager Strategy & Institutional Relations within the Nexans Group

Directorships that have expired in the last five years

- None

Kathleen Wantz-O'Rourke, non-voting director

- Group Performance & Transformation and Corporate Finance Director, Engie
- First elected as a director: November 24, 2015
- Expiration of current term: November 24, 2017
- Number of shares held: 0
- 50 years old, French and Australian nationality
- Address: 20 avenue du Recteur Poincaré, 75016 Paris, France

Expertise/Experience

Kathleen Wantz-O'Rourke joined the Engie Group in 2012 as Group Action Plan and Performance Director. Between 1984 and 2012, she held various positions within the Siemens Group, in finance, business development and general management in large regional companies. She is a director of Storengy and the Trust Management Institute (TMI), and a member of the Supervisory Board of Compagnie Nationale du Rhône (CNR). She is also a member of the Audit Committees of Storengy and Compagnie Nationale du Rhône.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Director of Storengy (a subsidiary of the Engie Group) and the Trust Management Institute (TMI)
- Member of the Supervisory Board of Compagnie Nationale du Rhône

Directorships that have expired in the last five years

- Director of EFACI
- Director of Siemens SAS, Siemens France Holding SAS, Siemens Financial Services SAS, Siemens Immobiliers Management SAS, and the Siemens France Foundation

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

In accordance with the disclosure requirements in 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 2015 by the corporate officers and executives referred to in 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)*
None					

Pursuant to Article 11 of the Company's bylaws, all directors must own at least 10 shares. This principle is respected by all directors. Furthermore, the Directors' Charter appended to the Board of Directors' Internal Regulations recommends that each Board member apart from the director representing employee shareholders should own at least 500 shares. This recommendation is complied with by all the directors concerned. The Board of Directors therefore considers that its non-employee members comply with the recommendation of the AFEP-MEDEF Corporate Governance Code according to which each director must own a significant number of shares in view of the attendance fees they receive.

The Board of Directors has set at 15,000 the minimum number of shares to be held by Frédéric Vincent in his role as Chairman of the Board in order to meet the objective prescribed by Recommendation 23.2.1 of the AFEP-MEDEF Corporate Governance Code. At December 31, 2015, Frédéric Vincent held 27,986 Nexans shares (directly and indirectly), therefore meeting the Board's minimum shareholding requirement. Frédéric Vincent has held a consistently increasing number of the Company's shares since he was first appointed as Chairman in 2009. In addition, Frédéric Vincent holds a number of unexercised stock options as well as performance shares that are not yet fully vested, under plans that provide for minimum holding periods and include purchase requirements for the shares concerned.

The Board of Directors has also set the minimum number of shares to be held by Arnaud Poupart-Lafarge in his capacity as Chief Executive Officer at 15,000 shares, and decided that these shares may come from the final vesting of performance shares granted to him. At December 31, 2015, Arnaud Poupart-Lagfarge held 740 Nexans shares (directly and indirectly).

7.3 Directors' compensation

At December 31, 2015 the Company's Board of Directors comprised 12 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 predominant variable portion based on the directors' attendance at Board meetings and their membership of Committees.

Effective from January 1, 2013 and until the 2016 Annual Shareholders' Meeting, the aggregate amount of directors' fees is allocated between the individual directors as follows:

- Each director, including the Chairman but excluding the director representing employee shareholders, 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.

At its meeting on November 24, 2015, the Board of Directors decided to amend the rules for allocating directors' fees with effect from the 2016 Annual Shareholders' Meeting. As from that date, directors will receive:

- A fixed fee of 13,000 euros.
- A fee of 3,000 euros for every Board meeting attended, capped at an aggregate 21,000 euros per year.
- If they are a member of a Board Committee (other than the Committee Chairman), a fee of 3,000 euros per Committee meeting attended, capped at an aggregate 12,000 euros per year.
- If they are the Chairman of a Board Committee, a fee of 6,000 euros per Committee meeting attended, capped at an aggregate 24,000 euros per year.

The Chairman of the Board of Directors and the director representing employee shareholders will not receive any directors' fees.

In accordance with the Group's policy, none of Nexans SA's Board members received any directors' fees in 2015 for positions held in Group subsidiaries, except for Philippe Joubert, who received 4,000 euros from Nexans Brazil in his capacity as a member of that company's Strategy Committee (for more details, see the Independence section of the 2015 Report of the Chairman of the Board of Directors).

Non-executive directors did not receive any compensation from the Company in 2015 other than that shown below, apart from the director representing employee shareholders, who receives compensation from the subsidiary that employs her.

As a result, the total amount of directors' fees allocated for 2015 was 614,073 euros. The table below shows the allocation between the individual directors for 2015 and 2014 (in euros).

Board members in 2015	Directors' fees allocated in 2014 (for 2014)	**Directors' fees allocated in 2015 (for 2015)**
Frédéric Vincent (Chairman of the Board)	32,620	34,000
Robert Brunck(1)	61,402	34,857
Georges Chodron de Courcel	55,646	70,000
Cyrille Duval	44,133	46,000
Jérôme Gallot	67,159	70,000
Véronique Guillot-Pelpel	44,133	52,000
Philippe Joubert(2)	33,699	46,000
Fanny Letier(2)	48,090	58,000
Colette Lewiner	44,133	46,000
Andrónico Luksic Craig	32,620	25,000
François Polge de Combret(3)	30,701	-
Francisco Pérez Mackenna	55,646	58,000
Hubert Porte	32,620	34,000
Mouna Sepehri(1)	32,620	13,507
Nicolas de Tavernost(4)	14,631	-
Lena Wujek (Director representing employee shareholders)	20,148	26,710
TOTAL	**650,000**	**614,073**

(1) Director whose term of office expired on May 5, 2015.
(2) Director elected on May 15, 2014.
(3) Director whose term of office expired on May 15, 2014.
(4) Director who resigned from the Board on March 31, 2014.

7.4 Compensation policy for executive directors

The Company applies the AFEP-MEDEF Corporate Governance Code for listed companies in France (the AFEP-MEDEF 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 November 2015 revised version of the AFEP-MEDEF Code. The applicable recommendations in the revised version of the AFEP-MEDEF Code have been followed for all of the components of executive directors' compensation.

Each year the Appointments, Compensation and Corporate Governance Committee puts forward recommendations to the Board of Directors concerning executive directors' compensation. When the Committee sets the rules applicable for calculating this compensation it ensures that they are consistent with the annual performance appraisal process for executives as well as the Company's medium-term strategy and market practices. When setting the overall structure of the compensation packages for executive directors, the Committee draws on reports by independent consultants on market practices for comparable companies. Executive directors' compensation also takes into account both individual performance and the Group's performance.

7.5 Compensation payable to Frédéric Vincent, Chairman of the Board of Directors

The Board of Directors decided in agreement with the Chairman of the Board that there would be no variable in his compensation in 2015. Also, the Board of Directors decided to not include the Chairman in the possible future long term share-based incentive plan.

Summary of Frédéric Vincent's compensation and benefits

	2014[2]	2015
Compensation due for the year	€1,385,579	€560,072
Valuation of stock options granted during the year	-	-
Valuation of performance shares granted during the year[1]	€813,092	-
TOTAL	**€2,198,671**	**€560,072**

(1) Valuation performed at the time of the performance share grant using the Monte Carlo method.
(2) Compensation as Chairman and CEO until September 30, 2014 and as Chairman of the Board from October 1, 2014.

Breakdown of Frédéric Vincent's compensation and benefits

	2014		2015	
	Amounts due for 2014 [4]	Amounts paid in 2014	**Amounts due for 2015**	**Amounts paid in 2015**
Fixed compensation	€730,000	€730,000	€520,000	€520,000
Variable compensation [1]	€616,887	-	-	€616,887
Exceptional compensation	-	-	-	-
Directors' fees [2]	€32,620	€32,620	€34,000	€34,000
Benefits-in-kind [3]	€6,072	€6,072	€6,072	€6,072
TOTAL	**€1,385,579**	**€768,692**	**€560,072**	**€1,176,959**

(1) Compensation as Chairman and CEO until September 30, 2014 and as Chairman of the Board from October 1, 2014.
(2) See section 7.3 above (Directors' compensation).
(3) Company car.

7.5.1 Compensation of the Chairman of the Board of Directors

The compensation of the Chairman of the Board of Directors was set by the Board of Directors at its meeting on July 24, 2014, and was kept at the same amount for 2015 by decision of the Board on March 17, 2015. The Board also approved the recommendation of the Appointments, Compensation and Corporate Governance Committee to pay the Chairman of the Board of Directors fixed compensation of 520,000 euros in 2016, unchanged from 2015, and not to pay him any variable compensation.

7.5.2 Stock options and performance shares granted to Frédéric Vincent in his capacity as Chairman and CEO (until September 30, 2014)

Stock options granted to Frédéric Vincent in his capacity as Chairman and CEO (until September 30, 2014)

	Plan no. 7 February 22, 2008	Plan no. 8 November 25, 2008	Plan no. 9 March 9, 2010
Number of options granted*	75,764	52,452	48,723
Start date of exercise period	02/22/09	11/25/09	03/09/11
Expiration date	02/21/16	11/24/16	03/08/18
Exercise price*	€61.11	€37.29	€46.30
Exercise conditions	One quarter each year	One quarter each year	One quarter each year
Performance conditions	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.

Frédéric Vincent did not receive and did not exercise any stock options in 2015.

Frédéric Vincent decided to give up his rights to exercise outstanding stock options. Their estimated value was about 368,000 euros[2] as at February 1, 2016 (see paragraph 7.5.4 below).

Performance shares granted to Frédéric Vincent in his capacity as Chairman and CEO (until September 30, 2014)

At its meeting on November 24, 2015, the Board of Directors noted that the performance conditions for Plan no. 11 of November 20, 2012 had been partially met, with the result that a certain proportion of the performance shares granted to employees and officers (including Frédéric Vincent in his capacity as Chairman and CEO on the grant date) had vested. In the case of Frédéric Vincent, 7,576 shares vested in 2015, representing 38.23% of the original grant (19,816 shares based on maximum performance). No vested performance shares reached the end of their lock-up period in 2015.

	Plan no. 12 – July 24, 2013	Plan no. 13 – July 24, 2014
Number of shares granted	Between 0 and 58,280	Between 0 and 50,000
Value of shares based on the method used in the consolidated financial statements	€919,500 (2)	€813,092
Portion of total shares under the plan granted to Frédéric Vincent	Less than 20%	Less than 20%
% capital represented by shares granted	0.2%	0.12%
Vesting date	07/24/2016	07/24/2017
End of lock-up period	07/24/2018	07/24/2019
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 ten companies (Alstom, Legrand, Prysmian, General Cable, Rexel, ABB, Schneider-Electric, Saint-Gobain, Leoni and NKT); and • a financial performance condition based on the achievement rate at end-2015 of the operating margin and ROCE objectives contained in the 2013-2015 three-year strategic plan issued in February 2013.	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 ten companies (Alstom, Legrand, Prysmian, General Cable, Rexel, ABB, Schneider-Electric, Saint-Gobain, Leoni and NKT); and • a financial performance condition based on the achievement rate at end-2016 of operating margin on sales at constant metal prices and ROCE.

(1) The figures for Plan 12 take into account the adjustments applied by the Board of Directors on November 20, 2013, in accordance with the applicable law, following the rights issue carried out on November 8, 2013.

Frédéric Vincent decided to give up his rights to all his non vested performance shares. Their estimated value was approximately 1.79 million euros[3] as at February 1, 2016 (see paragraph 7.5.4 below).

7.5.3 Commitments given to Frédéric Vincent

First appointed as Chairman and CEO: May 26, 2009
Renewal of appointment as Chairman and CEO: May 15, 2012
End of duties as Chief Executive Officer and start of position as Chairman of the Board of Directors: October 1, 2014
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 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.

[2] valuation made by independent actuaries, in accordance with IFRS 2 and the method used in the consolidated accounts based on a current value at 01/02/16

[3] valuation made by independent actuaries, in accordance with IFRS 2 and the method used in the consolidated accounts based on a current value at 01/02/16

Termination payments

As Chairman of the Board of Directors, Frédéric Vincent has received the following commitments from the Company concerning termination payments. They were authorized at the Board Meeting of July 24, 2014 and ratified at the Annual Shareholders' Meeting held on May 5, 2015.

In accordance with paragraph 3 of the Appendix to the Internal Regulations of the Board of Directors and Article 23.2.5 of the AFEP-MEDEF Code, Frédéric Vincent's total termination payments – i.e., termination and non-compete indemnities – may not exceed two years' worth of his actual compensation (fixed plus variable) received prior to his departure.

Termination indemnity

As Chairman of the Board of Directors, Frédéric Vincent is entitled to a termination indemnity. This indemnity would be payable only in the event of a forced departure due to a change of control or strategy (the latter condition shall be deemed satisfied unless otherwise decided by the Board such as in the case of serious misconduct), which shall be assumed in compliance with the Internal Regulations of the Board of Directors, and after the Board has established that the performance conditions have been met. Frédéric Vincent's removal from office or a decision by the Shareholders' Meeting not to re-elect him as a director, contrary to the Board's recommendation, would constitute cases of forced departure. However, his departure would not qualify as forced if the Board decided not to propose his re-election as a director to the Shareholders' Meeting.

The indemnity would be equal to two years of his total fixed and variable compensation, i.e., 24 times his most recent monthly base compensation (fixed portion) prior to the month of his termination plus the most recent corresponding percentage of his bonus (an amount equal to his most recent monthly base compensation (fixed portion) multiplied by his most recent nominal bonus rate).

The payment of the indemnity would be subject to three performance conditions, each measured over a three-year period:

(1) A share performance condition based on Nexans' share performance as compared with that of the SBF 120 index (or any equivalent index that may replace it in the future), measured over a three-year period ending on the date of his forced departure. This condition would be deemed to be met if during the 60-day period ending on the date of forced departure, the average of Nexans' share price ratio on the SBF 120 index (based on closing prices) equals at least 50% of the same average calculated over the 60-day period ending three years before the date of forced departure.

(2) A financial performance condition based on achievement of the Group's annual operating margin objective. This condition would be deemed to be met if the average achievement rate of the Group's annual operating margin objectives for the three calendar years preceding the date of forced departure were at least 50%.

(3) A financial performance condition based on free cash flow, which would be deemed to be met if free cash flow was positive for each of the three calendar years preceding the date of forced departure. Free cash flow corresponds to EBITDA less CAPEX and less the change in average working capital for the year concerned and the previous year.

The amount of the termination indemnity would be determined as follows: (i) 100% of the indemnity would be due if at least two of the three conditions were met, (ii) 50% of the indemnity would be due if one of the three conditions was met, and (iii) no indemnity would be due if none of the conditions were met.

The Appointments, Compensation and Corporate Governance Committee would determine the achievement rate of the applicable performance conditions and submit its findings to the Board for a final decision.

The final amount payable in relation to the termination indemnity would be paid in one installment within a maximum of one month after the Board of Directors' assessment of whether the applicable criteria had been met.

In compliance with the provisions of the Internal Regulations of the Board of Directors, the termination indemnity may not exceed two years of actual compensation (fixed and variable).

Non-compete indemnity

Frédéric Vincent has undertaken not to exercise any business that would compete either directly or indirectly with any of the Company's businesses for a period of two years from the end of his term of office as Chairman of the Board of Directors.

In return for this undertaking he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond to one year of his total fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

In accordance with Article 23.2.5 of the AFEP-MEDEF Code, in the event of Frédéric Vincent's departure, the Board of Directors will decide whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no non-compete indemnity will be payable).

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 was a member of the defined benefit pension plan (Article 39 of the French Tax Code) set up by the Group for certain employees and corporate officers. He continues to be a member of this pension plan in his capacity as Chairman of the Board of Directors, following the Board's decision of July 24, 2014 as approved at the Annual Shareholders' Meeting of May 5, 2015. The regulations for the defined benefit plan – which the Board of Directors adopted in 2004 and subsequently amended in 2008 – make the plan’s benefits conditional upon the beneficiary ending his professional career while still with the Company. The beneficiary shall also have at least five years of seniority in the Group, be aged at least 60 years and have obtained the liquidation of his basic and supplementary pension rights.

This defined benefit pension plan stipulates the payment of a supplemental retirement benefit corresponding to 10% of the reference income (average of the sum of the fixed compensation, variable compensation, and benefits paid during the three years preceding his retirement), plus 1.70% of tranche D per year of seniority since 1 January 2001.

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 supplemental retirement plan is in addition to the mandatory and base supplemental plans and cannot lead to a replacement rate of less than 30% of the reference income, with all mandatory retirement plans taken together. The supplemental benefit is therefore equal to the difference between the total benefits receivable under mandatory plans and other supplemental plans and 30% of the reference income, representing a replacement rate that is lower than the 45% rate provided for in the AFEP-MEDEF Code. The amount of the supplemental benefit alone may not exceed 30% of the reference income.

Rights under the supplementary pension plan are funded through quarterly contributions from Nexans with an insurer in a dedicated fund. The amounts necessary to serve pensions of retired beneficiaries are taken from this dedicated fund as of retirements.

The pension calculated with the rules laid down in this plan was estimated at around 301,000 euros per year. The total amount of social charges and taxes associated born by the Company are estimated at 1,423,590 euros.

This plan was closed to new entrants in 2014. The beneficiaries are the members of the former Executive Committee of Nexans and previously other employees of the Group eligible to a former Alcatel’s pension plan together with compensation requirements.

Changes to executive directors and corporate officers’ retirement plan are currently being examined, to comply with Act no. 2015-990 of August 6, 2015 in favor of economic growth and activity and equal economic opportunity (the "Macron Act").

Welfare plan

Frédéric Vincent is a member of the welfare plan (covering death and disability benefits and medical expenses) set up for the Company’s employees.

7.5.4 Termination of the Chairman of the Boardof Directors’ mandate

At the Board of Directors’ meeting held on February 17, 2016, Frédéric Vincent announced his decision to retire and consequently resign as Chairman of the Board of Directors and as Director effective on end of business day March 31, 2016.

His voluntary retirement does not constitute a forced departure. Consequently, the Board confirmed that no payment will be made of the termination indemnity. In accordance with Article 23.2.5 of the Afep-Medef Code, the Board decided to not activate the non-compete commitment and accordingly to not pay a non-compete indemnity to Frédéric Vincent.

The Board acknowledged that Frédéric Vincent is a member of the defined benefit pension plan set up by Nexans for certain employees and corporate officers.

Frédéric Vincent decided to give up his rights to exercise outstanding stock options and to all his non vested performance shares. Their estimated value was approximately 2.16 million euros[4] as at February 1, 2016. The Board acknowledged his decision and thanked him for his initiative.

7.6 Compensation payable to Arnaud Poupart-Lafarge, Chief Executive Officer

The compensation paid to the Chief Executive Officer comprises a fixed portion and a variable portion linked to the Group's short-and medium-term performance. His overall package takes into account the fact that he is a member of a supplementary pension plan and includes the benefits shown in the table below.

Summary of Arnaud Poupart-Lafarge's compensation and benefits

	2014	**2015**
Compensation due for the year	€964,381	€1,549,941
Valuation of multi-annual variable compensation granted during the year	€110,000 (3)	-
Valuation of stock options granted during the year	-	-
Valuation of performance shares granted during the year(1)	€398,415	€702,642
TOTAL	**€1,472,796**	**€2 252 583**

(1) Valuation performed at the time of the performance share grant using the Monte Carlo method.
(2) Including 412,500 euros payable for his salary as Chief Operating Officer prior to October 1, 2014 and 175,000 euros in his capacity as Chief Executive Officer from October 1, 2014.
(3) Granted as Chief Operating Officer prior to October 1, 2014.

Breakdown of Arnaud Poupart-Lafarge's compensation and benefits

	2014		2015	
	Amounts due for 2014	Amounts paid in 2014	Amounts due for 2015	Amounts paid in 2015
Fixed compensation	€587,500 (2)	€587,500 (2)	€700,000	€700,000
Variable compensation	€372,681	€417,907	€814,803	€372,681
Multi-annual variable compensation	-	-	€30,938	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits-in-kind (1)	€4,200	€4,200	€4,200	€4,200
TOTAL	**€ 964,381**	**€ 1,009, 607**	**€1,549,941**	**€ 1,076,881**

(1) Company car
(2) Granted as Chief Operating Officer prior to October 1, 2014
(3) Including 412,500 euros for his salary as Chief Operating Officer prior to October 1, 2014 and 175,000 euros in his capacity as Chief Executive Officer from October 1, 2014.

7.6.1 Fixed compensation of the Chief Executive Officer

The Chief Executive Officer's compensation package is determined taking into account the level and complexity of his responsibilities, his experience in the position and market practices for comparable groups and companies. The Board of Directors approved the recommendation of the Appointments, Compensation and Corporate Governance Committee and maintained the Chief Executive Officer's fixed compensation at 700,000 euros for 2016. This amount has been unchanged since Arnaud Poupart-Lafarge was appointed as Chief Executive Officer in 2014.

[4] valuation made by independent actuaries, in accordance with IFRS 2 and the method used in the consolidated accounts based on a current value at 01/02/16

7.6.2 Variable compensation of the Chief Executive Officer

As decided by the Board of Directors at its meeting on March 17, 2015, for 2015, the targeted percentage of Arnaud Poupart-Lafarge's variable annual compensation for 2015 will represent 100% of his fixed annual compensation and will be determined 70% based on the fulfillment of quantitative objectives and 30% based on the achievement of specific pre-determined individual objectives that are not disclosed because of confidentiality. Arnaud Poupart-Lafarge's variable compensation for 2015 paid in 2016 may vary based on the achievement of objectives set by the Board of Directors, from 0% to 150% of his fixed annual compensation.

The Board of Directors set the financial objectives for the quantitative portion and their relative weighting as follows: (1) Operating margin: 40%; (2) ROCE: 40% and (3) Free cash flow: 20%. Furthermore, if a minimum level for the operating margin objective is not reached, no quantitative portion of the variable compensation will be paid for 2015.

On February 17, 2016, the Board of Directors voted on the determination of the amount of Arnaud Poupart-Lafarge's variable compensation for 2015 and decided:

- as regards the quantitative portion of the variable compensation, under strict application of the level of achievement of the objectives set for 2015 (40% operating margin, 40% ROCE and 20% free cash flow),
  - The achievement rate for operating margin is 71.4% of the maximum, and this indicator improved 31% compared with 2014 at constant exchange rates.
  - The achievement rate for ROCE of 87.3% of the maximum shows an increase in this indicator compared with 2014.
  - The achievement rate for free cash flow is 100% of the maximum, representing a total of 381 million euros.

Based on these figures, the Board of Directors noted that the quantitative portion came to 615,303 euros (with a maximum potential amount of 735,000 euros, or 84% of the maximum amount).

- as regards the portion related to individual objectives, they are specific and pre-determined and their achievement was assessed for the period from January 1, 2015 to December 31, 2015. After assessing the extent to which they were achieved, the Board of Directors set the amount of the variable portion at 199,500 euros (with a maximum potential amount of 315,000 euros, or 63% of the maximum amount). These objectives involved implementing short- and medium-term initiatives related to the transformation of the organizational structures, implementing strategic plans, improving the Group's competitive edge and managing human resources.

The total amount of the variable compensation paid to Arnaud Poupart-Lafarge as determined by the Board for 2015 was thus 814,803 euros or78% of the maximum amount.

7.6.3 Stock options and performance shares granted to Arnaud Poupart-Lafarge

Stock options granted during the year to the Chief Executive Officer

In accordance with the Group's long-term compensation policy, the Chief Executive Officer did not receive any stock options in 2015. Since 2010 the Company no longer grants any stock options.

Performance shares granted to Arnaud Poupart-Lafarge

	Plan no. 13 – July 24, 2014	Plan no. 14 – July 28, 2015
Number of shares granted	Between 0 and 24,500 (2)	Between 0 and 42,000
Value of shares based on the method used in the consolidated financial statements(1)	€398,415	€702,642
Portion of total shares under the plan granted to the Chief Executive Officer	7.85%	12%
% capital represented by shares granted	0.06%	0.10%
Vesting date	07/24/2017	07/28/2018
End of lock-up period	07/24/2019	07/28/2020
Performance conditions	Yes (see below)	Yes (see below)

(1) Valuation performed at the time of the performance share grant using the Monte Carlo method
(2) Granted as Chief Operating Officer prior to October 1, 2014.

In accordance with the Group's long-term compensation policy and the decision of the Annual Shareholders' Meeting of May 5, 2015, on July 28, 2015 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. 14). This plan involves grants of performance shares and free shares to the Group's key senior managers. Under the plan the Board granted Arnaud Poupart-Lafarge between 0 and 42,000 performance shares. The vesting of these shares 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.

(2) A financial performance condition, which also applies to 50% of the shares granted and is based on the achievement rate at end-2017 of operating margin on sales at constant metal prices and ROCE.

No vested performance shares held by Arnaud Poupart-Lafarge reached the end of their lock-up period in 2015.

7.6.4 Other compensation payable to Arnaud Poupart-Lafarge in his capacity as Chief Operating Officer prior to October 1, 2014

In his capacity as Chief Operating Officer (i.e. prior to October 1, 2014), Arnaud Poupart-Lafarge was entitled in 2013 to a long-term bonus whose target amount was set at 22.5% of his fixed annual salary, i.e. 123,750 euros. The payment of this bonus – which is due in March 2016 – is subject to (i) Mr. Poupart-Lafarge still being a member of the Group and (ii) the level of attainment at end-2015 of the objectives set for the two financial indicators in Long Term Incentive Plan n°12 of July 24, 2013. These economic performance conditions are the same as for the grant of a maximum amount of 23,312 performance shares under this plan (after adjustment made following a rights issue carried out on November 8, 2013), authorized by the Shareholders Meeting of May 14, 2013. At its meeting on March 14, 2016, the Board of Directors noted that the economic performance conditions for Plan no. 12 of July 24, 2013 had been partially met, with the result that Arnaud Poupart Lafarge's compensation is 25% of the target value, i.e. 30,938 euros.

Moreover, under the Long-Term Incentive Plan no. 13, Arnaud Poupart-Lafarge also received performance shares whose performance conditions have been submitted to the General Meeting of May 14, 2014, and whose maximum amount will be 24,500 shares (see paragraph 7.6.3 above), and a long-term cash bonus of a maximum amount of 110,000 euros which was submitted to the consultative vote of shareholders at the General Meeting on May 5, 2015.

7.6.5 Commitments given to the Chief Executive Officer

First appointed as Chief Executive Officer: October 1, 2014

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 Code, Arnaud Poupart-Lafarge's employment contract was terminated when he was appointed Chief Executive Officer of the Company on October 1, 2014.

Termination payments

As Chief Executive Officer, Arnaud Poupart-Lafarge has received commitments from the Company concerning termination payments. They were authorized at the Board Meeting of July 24, 2014 and ratified at the Annual Shareholders' Meeting held on May 5, 2015.

In accordance with paragraph 3 of the Appendix to the Internal Regulations of the Board of Directors and Article 23.2.5 of the AFEP-MEDEF Code, Arnaud Poupart-Lafarge's total termination payments – i.e., termination and non-compete indemnities – may not exceed two years' worth of his actual compensation (fixed plus variable) received prior to his departure.

Termination indemnity

As Chief Executive Officer, Arnaud Poupart-Lafarge is entitled to a termination indemnity. This indemnity would be payable only in the event of a forced departure due to a change of control or strategy (the latter condition shall be deemed satisfied unless otherwise decided by the Board such as in the case of serious misconduct), which shall be assumed in compliance with the Internal Regulations of the Board of Directors, and after the Board has established that the performance conditions have been met. Arnaud Poupart-Lafarge's removal from office or a decision by the Shareholders' Meeting not to re-elect him as a director, contrary to the Board's recommendation, would constitute cases of forced departure. However, his departure would not qualify as forced if the Board decided not to propose his re-election as a director to the Shareholders' Meeting.

The indemnity would be equal to two years of his total fixed and variable compensation, i.e., 24 times his most recent monthly base salary (fixed portion) prior to the month of his termination plus the most recent corresponding percentage of his bonus.

The payment of the indemnity would be subject to three performance conditions, each measured over a three-year period:

(1) A share performance condition based on Nexans' share performance as compared with that of the SBF 120 index (or any equivalent index that may replace it in the future), measured over a three-year period ending on the date of his forced departure. This condition would be deemed to be met if during the 60-day period ending on the date of forced departure, the average of Nexans' share price ratio on the SBF 120 index (based on closing prices) equals at least 50% of the same average calculated over the 60-day period ending three years before the date of forced departure.

(2) A financial performance condition based on achievement of the Group's annual operating margin objective. This condition would be deemed to be met if the average achievement rate of the Group's annual operating margin objectives for the three calendar years preceding the date of forced departure were at least 50%.

(3) A financial performance condition based on free cash flow, which would be deemed to be met if free cash flow was positive for each of the three calendar years preceding the date of forced departure. Free cash flow corresponds to EBITDA less CAPEX and less the average change in working capital for the year concerned and the previous year.

If Arnaud Poupart-Lafarge's forced departure were to take place before the end of three full fiscal years as from the date he took up his position, the operating margin and free cash flow conditions would be assessed based on the number of full fiscal years completed (i.e. either one or two years). In this case, the period used for measuring the attainment of the share performance condition would be the period between the date he took up his position and the date of his departure.

The amount of the termination indemnity would be determined as follows: (i) 100% of the indemnity would be due if at least two of the three conditions were met, (ii) 50% of the indemnity would be due if one of the three conditions was met, and (iii) no indemnity would be due if none of the conditions were met.

The Appointments, Compensation and Corporate Governance Committee would determine the achievement rate of the applicable conditions.

The final amount payable in respect of the termination indemnity would be paid in one installment within a maximum of one month after the Board of Directors' assessment of whether the applicable criteria had been met.

In compliance with the provisions of the Internal Regulations of the Board of Directors, the termination indemnity may not exceed two years of actual compensation (fixed and variable).

Non-compete indemnity

Arnaud Poupart-Lafarge has undertaken not to exercise any business that would compete either directly or indirectly with any of the Company’s businesses for a period of two years from the end of his term of office as Chief Executive Officer, irrespective of the reason for the termination of his duties.

In return for this undertaking he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond to one year of his total fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

In accordance with Article 23.2.5 of the AFEP-MEDEF Code, in the event of Arnaud Poupart-Lafarge's departure, the Board of Directors will decide whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no non-compete indemnity will be payable).

Supplementary pension plan

Arnaud Poupart-Lafarge is a member of the defined benefit pension plan (Article 39 of the French Tax Code) set up by the Group for certain employees and corporate officers. The regulations for the defined benefit pension plan were adopted in 2004 and amended in 2008 by the Board of Directors and make the plan's benefits conditional upon the beneficiary ending his professional career while still with the Company. The beneficiary shall also have at least five years of seniority in the Group, be aged at least 60 years and have obtained the liquidation of his basic and supplementary pension rights.

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 supplemental retirement plan is in addition to the mandatory and base supplemental plans and cannot lead to a replacement rate of less than 30% of the reference income, with all mandatory retirement plans taken together. The supplemental benefit is therefore equal to the difference between the total benefits receivable under mandatory plans and other supplemental plans and 30% of the reference income, representing a replacement rate that is lower than the 45% rate provided for in the AFEP-MEDEF Code. The amount of the supplemental benefit alone may not exceed 30% of the reference income.

This defined benefit pension plan stipulates the payment of a supplemental retirement benefit corresponding to 10% of the reference income (average of the sum of the fixed compensation, variable compensation, and benefits paid during the three years preceding his retirement), plus 1.70% of tranche D per year of seniority since 1 January 2001.

Rights under the supplementary pension plan are funded through quarterly contributions from Nexans with an insurer in a dedicated fund. The amounts necessary to serve pensions of retired beneficiaries are taken from this dedicated fund as of retirements.

The pension calculated with the rules laid down in this plan was estimated at around 94,000 euros per year, being specified that this amount is calculated as if Arnaud Poupart-Lafarge could benefit from the pension as of January 1, 2016, and without taking into account the fact that the conditions of seniority, the retirement age, career achievement in the Company and obtaining the liquidation of basic and complementary retirement rights are not met. The total amount of social charges and taxes associated born by the Company are estimated at 1,413,077 euros.

This plan was closed to new entrants in 2014. The beneficiaries are the members of the former Executive Committee of Nexans and previously other employees of the Group eligible to a former Alcatel’s pension plan together with compensation requirements.

Changes to executive directors and corporate officers’ retirement plan are currently being examined, to comply with Act no. 2015-990 of August 6, 2015 in favor of economic growth and activity and equal economic opportunity (the "Macron Act").

Welfare plan and unemployment insurance plan

Arnaud Poupart-Lafarge is a member of the welfare plan (covering death and disability benefits and medical expenses) set up for the Company's employees. He is also the beneficiary of an unemployment insurance plan, effective beginning on October 1, 2014, with an insurance agency, guaranteeing him, in case of an involuntary loss of professional activity, daily indemnities in the amount of 55% of 1/365th of tranches A, B, and C of his professional income for the fiscal year preceding his departure, for a period of twelve months after the loss of employment. The annual cost of the premiums for the Company is 11,982 euros.

7.7 Stock options and performance shares

The Group's long-term compensation policy

The Group's long-term compensation policy is part of a global strategy for retention and motivation of its employees under competitive market practices. The long-term remuneration policy of the Group is adjusted according to the population concerned.

For the Chief Executive Officer, the long-term incentive policy is based on the granting of performance shares which are subject to vesting conditions linked to the Group's financial performance over three years, as measured by operating margin on sales at constant metal prices, return on capital employed (ROCE) and stock market performance. These vesting conditions apply to all performance shares granted to senior executives. The performance and continuing employment conditions, the vesting period and the lock-up period are the same for all grantees, whatever their level of responsibility (although local differences may exist depending on where the grantee is domiciled for tax purposes).

Senior managers (except for the Chief Executive Officer) also receive a long-term incentive bonus calculated by reference to the Group's performance over a three-year period.

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. 7	Plan no. 8	Plan no. 9
Date of Shareholders' Meeting	05/10/07	04/10/08	05/26/09
Grant date	02/22/08	11/25/08	03/09/10

Number of options or shares granted (1)	354,841	358,633	389,026
To the Chief Executive Officer (1)	75,764	52,452	48,723
To the ten employees receiving the most options (1)	90,334	87,653	101,407
Total number of beneficiaries	180	216	240
Start date of exercise period	02/22/09	11/25/09	03/09/11
Expiration date	02/21/16	11/24/16	03/08/18
Exercise price (1)	€61.11	€37.29	€46.30
Exercise conditions	One quarter each year	One quarter each year Performance conditions	One quarter each year Performance conditions
Number of shares purchased at Dec. 31, 2015 (1)	-	18,270	2,289
Number of options canceled (1)	34,875	42,985	43,339
Options outstanding at Dec. 31, 2015 (1)	319,966	297,378	343,398

(1) After adjustments made following the rights issue carried out on November 8, 2013.

Shares purchased in 2015 following exercise of stock options by the ten employees exercising the most options (excluding corporate officers)

	Number of shares purchased	Exercise price
None		

Performance shares and restricted (free) shares

Summary of performance share and restricted (free) share grants

At its meeting on November 24, 2015, the Board of Directors noted that the performance conditions for Plan no. 11 of November 20, 2012 had been partially met, with the result that a certain proportion of the performance shares granted under the plan had vested, corresponding to 38.23% of the total number of shares originally granted (based on maximum performance).

	Plan no. 11	Plan no. 12	Plan no. 13	Plan no. 14
Date of Shareholders' Meeting	05/15/12	05/14/13	05/15/14	05/05/15
Grant date	11/20/12	07/24/13	07/24/14	07/28/15
Number of performance shares granted (based on target performance) (1)	124,008	N/A	N/A	N/A
Number of performance shares granted (based on maximum performance)(1)	183,099	301,473	296,940	291,000
To the Chief Executive Officer (based on maximum performance) (1)	19,816	58,280	50,000	42,000
To the ten employees receiving the most shares (1)	38,232	167,846	162,800	121,100
Number of free shares granted (1)	17,470	17,534	15,000	29,960
Vesting date (French tax residents)	11/20/15	07/24/16	07/24/17	07/28/18
End of lock-up period (French tax residents)	11/20/17	07/24/18	07/24/19	07/28/20
Total number of beneficiaries	247	173	172	187
Number of shares vested	38,917	-	-	-
Number of performance share rights canceled	70,111	15,161	7,200	-

(1) After adjustments made following the rights issue carried out on November 8, 2013.

The Board of Directors also decided to use the authorization given by the Annual Shareholders' Meeting of May 5, 2015 to grant 30,000 performance shares under Plan no. 15 of January 1, 2016.

The performance conditions applicable for the performance shares granted under Plan no. 12 are as follows: (1) A share performance condition based on the Company's share performance over a period of three years as compared with that of a benchmark panel, and (2) a financial performance condition 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 ROCE.

The performance conditions applicable for the performance shares granted under Plan no. 13 are as follows: (1) A share performance condition based on the Company's share performance over a period of three years as compared with that of a benchmark panel, and (2) a financial performance condition based on the achievement rate at end-2016 of objectives based on two long-term indicators: operating margin on sales at constant metal prices and ROCE.

The performance conditions applicable for the performance shares granted under Plan no. 14 of July 28, 2015 and Plan no. 15 of January 1, 2016 are as follows: (1) A share performance condition based on the Company's share performance over a period of three years as compared with that of a benchmark panel, and (2) a financial performance condition based on the achievement rate at end-2017 of operating margin on sales at constant metal prices and ROCE.

The dilutive impact of the performance shares and free shares granted under Long-Term Compensation Plans no. 14 and no. 15 was approximately 0.82% at end-2015.

Characteristics of stock options and performance shares granted to executive directors

Since the Group adopted the AFEP-MEDEF 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.

Frequency	Annual allocation, except by duly justified decision and in exceptional circumstances
Performance conditions	Performance shares granted to executive directors will only vest if the Appointments, Compensation and Corporate Governance Committee notes that the performance conditions set by the Board at the grant date have been met.
Extended lock-up	Executive directors are required to hold, in registered form and for as long as they remain in office, one quarter of the performance shares that they acquire at the end of the vesting period. This requirement applies unless the Board of Directors decides otherwise in view of the executive director's situation and particularly taking into account the objective of holding an increasing number of shares acquired under such plans.
Purchase obligation	As the AFEP-MEDEF Code recommends the implementation of a purchase obligation, at the end of the applicable lock-up period, executive directors are required to purchase a number of shares equivalent to 5% of the performance shares acquired at the end of the vesting period.
Prohibition of hedging instruments	The performance shares allocated to executive directors may not be hedged during the vesting period and, for the beneficiaries who are French residents on the allocation date, until the end of the lock-up period.
Recommended "blackout" periods	Group procedure on insider trading.

8. INFORMATION CONCERNING THE COMPANY AND ITS CAPITAL

8.1 Share capital

At December 31, 2015, the Company's share capital amounted to 42,597,718 euros, divided into 42,597,718 fully paid up shares.

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

Date	Transaction	Number of shares issued/canceled	Nominal amount of the transaction	Total amount of share capital (in euros) and number of shares
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
May 31, 2014	Capital increase following the exercise of stock options	175	€175	42,043,320
June 30, 2014	Capital increase following the exercise of stock options	933	€933	42,044,253
November 19, 2014	Capital increase following the vesting of free shares	7,184	€7,184	42,051,437
January 21, 2015	Employee share issue	499,862	€499,862	42,551,299
November 24, 2015	Capital increase following the vesting of free shares and performance shares	46,419	€46,419	42,597,718

Potential share capital at December 31, 2015

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. However the Company had an early redemption option under which it was entitled to require the bondholders to convert their bonds into shares if the Company's share price exceeded a certain level. Bondholders also had an early redemption option exercisable on January 1, 2015, which was taken up by three bondholders for a total of 388 bonds. The bonds bore interest at 4% per annum, payable in arrears on January 1 each year and their gross yield-to-maturity was 4% (if they were not converted and/or exchanged for shares, and if they were not redeemed in advance). The option to convert or exchange the bonds could be exercised by the OCEANE bondholders at any time until the seventh business day preceding the scheduled or early redemption date. At December 31, 2015, 3,999,612 4% 2016 OCEANE bonds were still outstanding. All of these bonds were redeemed on January 4, 2016 at their face value, i.e., at a price of 53.15 euros per bond.

(2) The OCEANE bonds issued on February 29, 2012. This public issue involved 3,780,588 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 bonds into shares if the Company's share price exceeds a certain level. This OCEANE grants an early redemption right to the bondholders on June 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, 2015, 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, since November 8, 2013, one 2.5% 2019 OCEANE bond has been convertible into 1.1250 Nexans shares compared with the previous conversion ratio of one share per bond.

(3) The 960,742 outstanding stock options granted by the Company, representing approximately 2.25% of the Company's capital and exercisable for one share each.

(4) The 888,552 performance shares (based on the achievement of maximum performance targets) granted to employees and corporate officers, representing approximately 2.08% of the Company's share capital at December 31, 2015.

(5) The 70,544 free shares (with no performance conditions attached) granted to certain employees, representing approximately 0.16% of the Company's share capital at December 31, 2015.

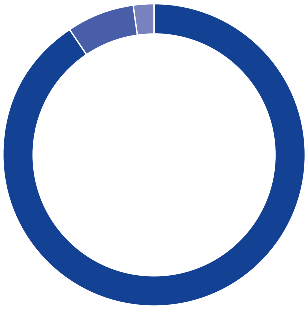
Except for the above-mentioned instruments, at December 31, 2015 there were no securities that were convertible, redeemable, exchangeable or otherwise exercisable for the Company's shares.

The Company's potential share capital – corresponding to its existing capital plus any shares to be issued on the exercise of rights to the Company's shares – represented approximately 125.05% of the Company's capital at December 31, 2015 and 114.49% at January 4, 2016, after giving effect to the redemption of the 4% 2016 OCEANE bonds.

Using the authorization given at the Annual Shareholders' Meeting of May 5, 2015, during its meeting on November 24, 2015 the Board of Directors decided to launch a new employee share issue ("Act 2016") involving the issue of up to 500,000 new shares.

8.2 Breakdown of share capital and voting rights at December 31, 2015

Breakdown of share capital and voting rights [1] at December 31, 2015



Institutional investors: 86.8% o/w:

- Invexans (Quiñenco Group, Chile): approximately 28.8% (12,284,094 shares)
- Bpifrance Participations (France): 7.9% (3,363,446 shares)
- Financière de l'Echiquier (France): 4.8% [2] (2,025,000 shares)
- Other institutional shareholders: 45.3% (17,116,163 shares)

Private investors and employees: 9.7% (4,140,157 shares), o/w:

- Private investors: 6.6%
- Employees: 3.1%

Unidentified shareholders: 3.5% (1,490,920 shares)

Sources: Euroclear France, Nexans share register, shareholder identification survey and threshold disclosures filed with the AMF.

(1) For resolutions in Extraordinary Shareholders' Meetings that relate to major structural transactions (such as mergers and significant capital increases) no single shareholder may exercise voting rights representing more than 20% of the total voting rights of shareholders present or represented at the meeting concerned (see Article 21 of the Company's bylaws).
(2) By way of a letter received on January 27, 2015, Financière de l'Echiquier S.A. informed the Company that, acting on behalf of managed funds, on January 23, 2015 it had reduced its interest to below the threshold of 5% of the Company's capital and voting rights, and that at that date it held 2,107,300 Nexans shares and voting rights, representing 4.95% of the capital and voting rights.
(3) By way of a letter received on June 29, 2015, Manning & Napier Advisors, LLC informed the Company that, acting on behalf of clients and managed funds, on June 29, 2015 it had reduced its interest to below the threshold of 5% of the Company's capital and voting rights by selling shares on the market, and that on that date it held 2,092,526 Nexans shares and voting rights, representing 4.92% of the capital and voting rights.

8.3 Employee share ownership

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 3.1% at December 31, 2015.

8.4 Share buybacks

The Annual Shareholders' Meeting on May 5, 2015 authorized the Company to trade in its own shares subject to terms and conditions set by shareholders at the Meeting. At December 31, 2015 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.

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

In addition to the commitments given in favor of Arnaud Poupart-Lafarge as Chief Executive Officer and Frédéric Vincent as Chairman of the Board of Directors, as described above in section 7 – Compensation and benefits payable to the Chairman and the Chief Executive Officer, certain salaried members of the Company's Management Council would be entitled, in the event of termination of their employment contract (for any reason other than gross negligence or serious misconduct), to an indemnity representing one or two years of their total gross compensation.

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 and rolled over in March 2015 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, 2015, the amounts of financed receivables under the "On Balance Sheet" and "Off Balance Sheet" programs were around 21.2 million euros and 13.4 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 14, 2015 for an amount of 600 million euros contains an acceleration clause that would be triggered by 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, noteholders 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 prospectus for the issuance of the 2.5% 2019 OCEANE bonds, which provides bondholders with an early redemption option on June 1, 2018 (or the first business day thereafter).

(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)

Since 2009, the **CSR**[7] **Committee** defines the Group's sustainable development and CSR policies and tracks related initiatives. It is chaired by Arnaud Poupart-Lafarge, Chief Executive Officer of the Group.

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

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

- **Environment and 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 Group 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 is in compliance with the fundamental conventions of the International Labour Organization. The Code 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. It forms part of the Corporate Social Responsibility program, the reinforcement of which led the Board of Directors to adhere 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 presence and accuracy of the social, environmental and societal data disclosed in this report is 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.

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 ISO 14001 (73% of the Group's sites are ISO 14001-certified), the environmental risk management system – which is overseen by the Group HSE[8] 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 2015, the HSE Department audited 17 sites, of which 14 were awarded the Group's internal HPE certificate or reapproved for HPE certification. 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[9] on site; and (vi) operate a waste sorting policy and an environmental crisis management plan.
At end-2015 the majority 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.
Most of our production sites in France comply with ICPE[10] regulations. These sites are required to monitor and report on areas which mainly include waste management, noise pollution, water and soil pollution and greenhouse gas emissions. The information reported is included in the consolidated Group data below. ICPE sites are closely monitored to ensure they meet all regulatory requirements.

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

[7] CSR: Corporate Social Responsibility.

[8] HSE: Health, Safety and Environment.
[9] PCBs: Polychlorinated biphenyls.
[10] Installations classified for the protection of the environment.

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 2015 the Group continued to roll out its training program for production site managers. The program comprises some 30 modules (12 days' training), including one on environmental management, one on CSR, and one on relations with stakeholders.

In all, 104 site managers have received training since the program was launched. In 2015, two new different training groups were created for 25 site managers.
The Group also offers its employees training in other specific areas, such as REACh[11].

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. Fifty-five of the 59 sites concerned 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 2015, environment-related expenditure amounted to 4.7 million euros (versus 4.4 million euros in 2014) 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 external environmental services. The Group continued to invest in environmental initiatives within its plants through awareness and the rollout of its environmental program launched the previous years. A total of 2.9 million euros worth of environment-related investments were approved for 2015 (versus 5.5 million euros in 2014). 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 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[12]) – 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 20 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 transportation).

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

[11] REACh: EU Directive on the Registration, Evaluation, Authorization and Restriction of Chemicals.

[12] HFFR: Halogen-Free Flame Retardant.

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 34 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 2015, the Group's manufacturing companies continued monitoring and ensuring the safety of pollutant liquids in storage. 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 2015, most 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.

Air emissions: 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 SF_6 is a potent greenhouse gas with an extremely long atmospheric lifetime and has joined other manufacturing groups in Switzerland to reduce its SF_6 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 2015, the proportion of production waste per tonne of cable produced was 4.7%;
- 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 RecyCâbles, a company in which it owns a 36% interest.
In 2015, it sent 10,203 tonnes of cable waste (10,593 tonnes in 2014) from its manufacturing sites to RecyCâbles for recycling (8,320 tonnes of copper cable and 1,883 tonnes of aluminum cable versus 8,836 tonnes and 1,757 tonnes respectively in 2014), 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. In 2015, one of our factories in Morocco invested in a cable recycling line and a purge grinder for in-process production waste recovery.

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, including those used for transportation and handling, can also emit noise 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: The Group's operations do not give rise to any significant odor pollution as its 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 71 sites that use water for cooling, 62 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 2.28 cu.m (versus 2.54 cu.m in 2014).

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. In 2015, one of the sites with the highest water consumption in Norway invested in new equipment to recycle its cooling water, which reduced its water consumption by nearly 30%.

Certain sites, particularly in Brazil, may be subject to operating risks due to potential disruptions in water and electricity supply (see 6.2.8, *Industrial and environmental risks*).

Utilization of raw materials

The Group's manufacturing companies are taking measures to increase the portion of recycled copper used in their cables. In 2015, around 22,699 tonnes of copper waste (19,285 in 2014) were used in the Group's continuous casting operations in Montreal, Canada and Lens, France.

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.

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.

Regulatory energy audits were performed at the European sites concerned.

Over 34% of the Group's environment-related investments in 2015 focused on making equipment and production lines more energy efficient, for example by replacing air compressors or cooling towers or installing highly energy-efficient motors.

While the Group does not have a specific approach to promote the use of renewable energy, certain countries have access to renewable energy through the energy mix provided in the countries where they operate.

Note, for example, that the Cortaillod, Switzerland site has installed solar panels, the Suzhou, China site has put in a solar heating system, and the Buizingen, Belgium site is currently installing a wind turbine.

Land use

The Group's activities have 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.

Regarding discharges into the soil, see section 9.1.1, *Pollution and waste management – Environmental impact – Discharges into the soil*.

9.1.3 Climate change

Due to the low carbon intensity of its operations, the Group is not subject to European carbon emissions quotas but it measures its emissions of greenhouse gases (GHGs) 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. In an example that illustrates this, our Belgian sites have all signed regional industry-level agreements that set targets for reducing GHG emissions.

Every year the Group's property insurer visits our production sites to assess our risks, including risks related to climate change (see section 6.4, *Insurance – Property damage – business interruption*).

9.1.4 Conserving biodiversity

The Group's manufacturing operations only have a limited impact on biodiversity. Nevertheless, certain sites have put in place biodiversity conservation initiatives. The site in Paillart, France teamed up with the regional chapter of the Bird Protection League (*Ligue pour la Protection des Oiseaux de l'Oise*) to protect 16 swallow nests on its grounds.

9.1.5 Data compilation methodology for environmental indicators

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.

If an error is brought to the attention of the person in charge of the Group's reporting process, only he or she can make the necessary changes.

If an indicator has already been officially published (registration document), it will not be amended after the fact in subsequent publications (comparison table). However, a footnote will be added for the indicator showing the change and the reason for it.

Scope: The scope of consolidation for the environmental data covers all of the Group's manufacturing sites (90 sites) and covers companies that are over 50%-held by the Company, either directly or indirectly. Sites acquired in year Y are included in the scope of environmental reporting in year Y+1. Administrative and logistics sites are not included in the scope of consolidation as their environmental impact is not significant. It is for these reasons that data for the Sidi Abdelhamid (Tunisia) site have not been included in the scope of consolidation for environmental data in 2015. 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 55 sites.

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

Definitions of key 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 by entities when data are entered and by the Group at the end of the data collection process. Any inconsistency in data are discussed with the entities concerned, and corrected as necessary.

9.2 Social approach and data

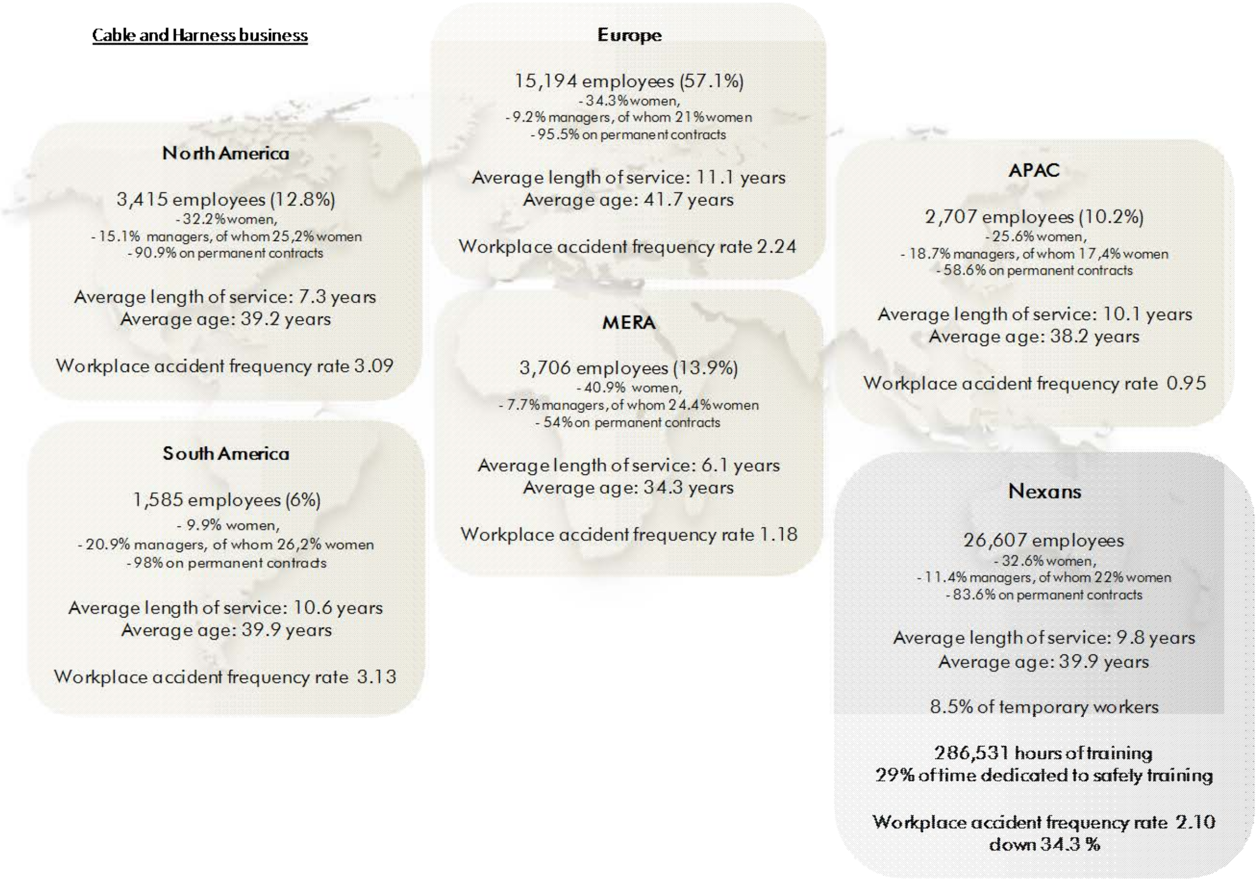
9.2.1 Human resources strategy

The Group’s Human Resources (HR) policy, which is consistent with its business strategy, focuses on the following main objectives:

- Participating in initiatives to make Nexans more competitive by creating and implementing more efficient and effective organizational structures;
- Contributing to the Group’s leadership on its markets by selecting and attracting managers and executives and developing their talent;
- Offering Group employees a promising career path, development and compensation;
- Guaranteeing and engaging in open, collaborative and continuous social dialogue in strict compliance with all applicable regulations and agreements;
- Promoting the occupational safety and well-being of all employees through long-term initiatives and programs.

In 2015, the following achievements were made in application of these overarching objectives:

- Following on from the Group’s international opinion survey poll in 2014, a global feedback analysis and sharing program was initiated at the different Nexans entities. This program aims to define and carry out specific action plans to address the concerns expressed by Group employees.
- The definition and implementation of a new Group-wide system, initiated in late 2014 to monitor manager performance, was completed in 2015. Covering goals management, managerial skills assessment and individual development plans, this program now applies to over 4,000 employees throughout the Group.
- The Group continued to build its global HR IT system, which it has been developing since 2013 and expects to complete in 2018. This solution is designed to protect and facilitate HR reporting, support the rollout of its main Group-wide HR management processes (performance, talent, training, recruitment and compensation) and give managers and their staff more autonomy.
- The Group deployed or strengthened corporate communities, which aim to provide employees and managers in some of its key businesses with greater visibility within the Group, career prospects, recognition and development potential (such as the TESLA program for the Research and Development division).
- The efforts made in 2014 (Finance and IT) to shift the Group’s corporate functions toward a more vertical structure, in order to improve their efficiency and help make the Group more competitive, continued in 2015 (Purchasing).
- Ongoing support was provided for all the different restructuring plans carried out within several Group entities through the communication and implementation phases.



At December 31, 2015, the Group's 26,607 employees broke down as follows:

- its international scope: 88.5% of the Group's employees work outside France and 42.9% work outside Europe;
- a substantial proportion of headcount (11.4%) made up of executives, engineers or equivalent;
- the proportion of women within the Group (32.6%); and
- a high proportion of employees on permanent contracts (83.6%) and in full-time employment (98%, including both permanent and fixed-term contracts).

Movements during the year

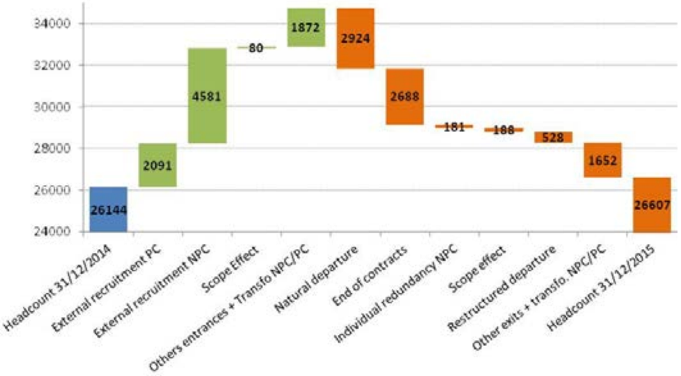
The information on headcount disclosed in the following tables covers all employees present within the Group at December 31, 2015.

Total headcount rose by 1.8% in 2015 to 26,607 from 26,144 in 2014, for an additional 463 employees. This increase in headcount is mainly due to the growth in the Harness business. Staff numbers in this business have risen steadily since 2014, especially in Ukraine, Tunisia, Mexico and the United States. Two new entities were opened in China and Bulgaria. Meanwhile, the European Cables business was heavily restructured. In South America, the Group sold its Argentine subsidiary in November 2015.

The number of employees on permanent contracts accounts for 83.6% of the Group's headcount. The breakdown between permanent and fixed-term contracts for new hires during the year varied across the Group, however, as a result of the specific characteristics of each business. For example, for 2015, in the Cables business, Nexans hired 779 employees on permanent contracts and 660 employees on fixed-term contracts, whereas in the Harness business, fixed-term recruitments represented almost 74.8% of total hires owing to this business's seasonal nature. Although the proportion of employees hired on fixed-term contracts was fairly high, over the year 1,592 fixed-term contracts were converted into permanent contracts (with 84.3% 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 (52.2%), Morocco (11.9%) and Germany (9.8%) accounted for the largest proportion of fixed-term contracts in 2015.

In China, the Shanghai site will be relocated to Suzhou in September 2016. To prepare for the opening of the new plant, hiring began in August 2015. Recruitment has primarily involved operators, as an estimated 170 new employees will be needed in this field. Newly hired operators receive between three and six months of training. Various communication channels are used at the site to promote the smooth integration of new hires and strong labor relations, including meetings with executive management, employee updates from the country director about current and future projects, achievements and performance, ongoing internal communication on the Group's operations and programs (e.g., *The Nexans Personnel Newsletter in Greater China*, *Footprint News*) and manager awareness programs about their role in coaching their teams.



The number of departures in 2015 (excluding conversions of fixed-term to permanent contracts) totaled 7,450 (5,281 in 2014), which was less than the number of arrivals (7,032). The main reason for employee departures during the year was the expiration of fixed-term contracts (accounting for 2,688 or 36.1% of the total), followed by resignations (2,520 or 33.8%). The Group takes all steps to support and guide staff to be redeployed as a result of restructuring plans. The net 418 decrease in total Group headcount from 2014 to 2015 reflects a drop for the Cables business (down 514) and a rise for the Harness business (up 96).

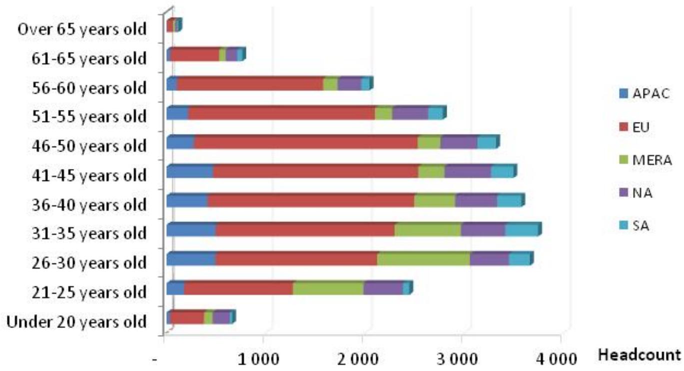
The employee turnover rate[1] for the Group as a whole rose slightly in 2015 to 20.5%, compared with 15.1% in 2014. This rate stood at 7.9% for the Cables business (8.3% in 2014) and 43.4% for the Harness business (30.9% in 2014). This difference is due to both the different nature of the Group's businesses and the number of fixed-term contracts in the Harness business.
In the Cables business, sites in Norway, Greece, Romania, Russia, Chile, Argentina and Peru significantly reduced their employee turnover rate in 2015, by more than four percentage points compared with 2014.

Employees

- **Breakdown by socio-economic category**

11.4% of the Group's headcount is made up of managers, of which 22% are women. The proportion of female managers within the Group is fairly homogeneous, apart from in the Asia-Pacific area where it is 17.4%.

Breakdown by age and length of service



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

In 2015 the average age of Group employees remained stable at 39.9 (40.1 in 2014). In the Cables business the average age was 43.5 and 33.9 in the Harness business. The breakdown of employees by age bracket reflects the demographics of the main geographic areas. Europe and North America – the areas that 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 34.3% of the total headcount in Europe and 43.3% in North America, and only 15.6% in the Asia-Pacific region and 18.7% in South America.

The most affected sites by high percentages of older employees in their age pyramids have implemented concrete knowledge transfer plans to avoid losing key Group skills.

- In Germany, the age pyramid shows that about 400 employees (out of a total 1,824) will reach retirement age within the next eight years. To prevent losing the human capital vital to its business when these employees retire, the site has identified the sectors and businesses at risk and improved talent management programs (recruitment, professional development, management training, etc.).
- In Chile, employees with technical expertise in areas such as maintenance, mechanics and electricity are expected to retire within the next few years. The site has introduced a program to maintain and transfer their know-how within the company before their departure. These employees will receive in-house training to guide them in transferring their knowledge to junior experts.

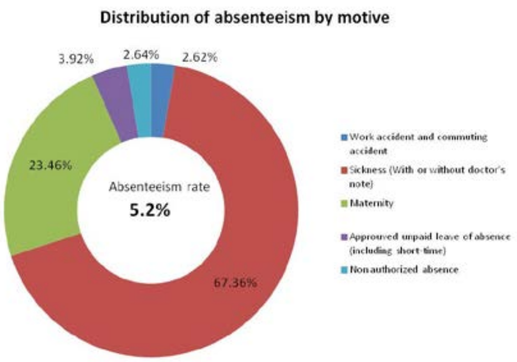
Group hires by age bracket broke down as follows in 2015: 61% of employees were under 30, a total of 24.5% were between 31 and 40, another 10.7% were between 41 and 50 and 3.8% were over 50.
Average length of service for the Group’s employees was 9.8 years, stable compared with 2014.

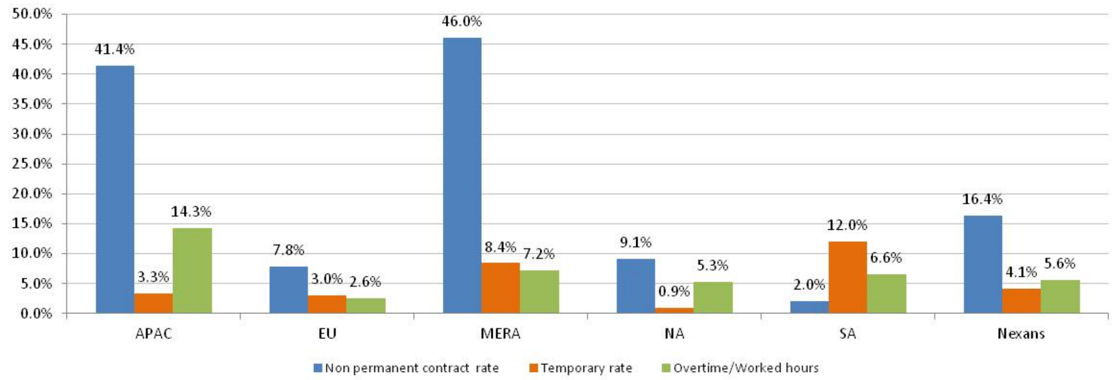
• **Working schedules**

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 2.19% of total Group headcount in 2015. The majority of these workers (90.3%) are based in Europe, with Benelux representing 27%, Germany 17.9% and France 12.7%.

Monitoring absenteeism is a key element of management. In 2015, the Group's absenteeism rate remained stable overall at 5.2%, with a rate of 4.8% for Cables (up from 4.2% in 2014) and 5.9% for the Harness business (down from 7.1% in 2014).

Illness is the primary cause of absence within the Group.





In 2015, employees on fixed-term contracts accounted for 16.4% of the Group’s total headcount (7.9% of total headcount for the Cables business and 30.5% of total headcount for the Harness business).

In the Cables business, temporary workers represented 8.5% of the average number of employees during the year (5.8% in 2014). The Harness business did not use temporary workers.

Overtime was also used in 2015, accounting for 5.6% of total worked hours at the Group, compared with 6% in 2014.

9.2.3 Skills management and employment policy

Managing employees 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, deliver the performances expected of them and position the Group as a leader in its markets.

Managers have a responsibility to ensure that they have all the skills they need to fulfill their duties and prepare the future for their own area and for the Group.

- **Managerial skills**

In the context of the Group's transformation, the behavioral skills of its employees and its managers are very important when it comes to the Group's performance, both in terms of its governance structure and its markets.

Following on from the strategic plan for 2014, the Group continued to develop managerial skills, which have been set out and aligned with its values.

They focus on keys skills: employee engagement, the ability to share the Group's strategic vision, agility, competitiveness and customer orientation.

The leadership development programs designed for executives and their potential successors moved forward based on a new leadership model. In 2015, the executives who took part in the external "leadership in motion" assessment in 2014 benefited from 360° feedback to analyze and enhance the relevance of their individual development plan. This feedback will better prepare them to motivate their teams in their own development.

Two specific groups, sales executives and finance executives, also took part in this external assessment in 2015.

- **Functional skills**

The Group has a set of technical competency models, which it uses to align its strategic objectives with its organizational structures and professional development. These models form a solid base for building up the professional skills of employees and ensuring that the Group has the skills and competencies required both for today and the future.

Nexans upholds a corporate culture in which individuals are encouraged to build their own development plans with the support of their managers. The Group diversifies the development opportunities it offers, which include on-the-job experience, mentoring programs and one-off work events, while working to better target opportunities for more traditional training.

- **Technical excellence**

The Group created a career path in 2014 to identify technical experts in key areas. The program is designed to ensure that these experts are recognized as they should be with the Group, offer them an appropriate career path, retain them and provide them with development opportunities.

The TESLA program focuses on recognizing technical experts within the Group in areas such as modeling, metallurgy, polymers, super-conductivity and smart grids.

This initiative makes it possible to leverage know-how in research and the development of innovative products and solutions, and to meet the technical challenges that the Group must face by making its key areas of expertise and technical knowledge sustainable.

This program is designed to offer all identified experts a career plan that is in line with their function.

TESLA continues to grow, with 49 members at December 31, 2015.

The first TESLA symposium was held in 2015 to discuss the Group's core technologies and set new goals to shape its future.

Career paths

The Group continually seeks to identify talent within the organization. Professional development is planned and monitored during the Group's performance appraisals and "people reviews". This cross-analysis by business or organizational structure creates a shared language and opens horizons for candidates and in-house recruiters to advance mobility and internal promotion.

The SPID (Succession Plan and Individual Development) is a unique process that makes it possible to identify talent and develop succession plans. This process, which involves all key managers, was reviewed and rolled out in 2014 throughout all the countries where the Group operates. In 2015, over 60% of the Group's key managers were reviewed before the career committee.

For some executives, international mobility accelerates their development or leads them to gain specific expertise. It also provides a means of retaining talent, transferring expertise and experience, relaying the Group's corporate values throughout the world and bringing our international customers Group representatives with a global perspective.

At end-2015, 84 employees were on international mobility assignments, all of whom were covered by one of two versions of a formal policy – one for within Europe and one for outside Europe – which ensures equal treatment for everyone.

Training policy

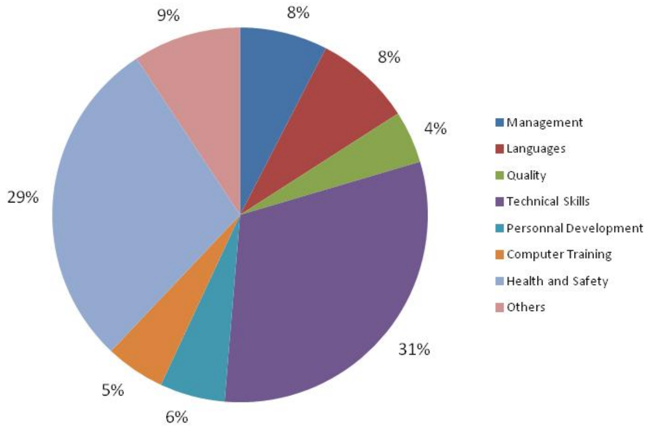
Training is primordial for everyone's growth. Each year, we invest in training at both local and Group level in order to ensure that we are prepared for market changes in the short, medium and long term. Training is offered to all employees and is the main way to build their skill sets.

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 training policy is managed locally to meet operational needs and it focuses on three main areas at Group level:

- 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 2015, the total number of hours devoted to training (in the workplace or outside the company) amounted to 286,631, of which the Cables business accounted for 83%. A total of 13,963 employees (52.2% of the Group's average headcount in 2015) followed one or more training courses during the year, representing 20.5 hours' training per employee per year. Managers represented 20.1% of the total training numbers.



As in 2014, the theme-based breakdown of training time in the pie chart for 2015 highlights the predominance effort of courses concerning workplace health and safety.

Turkey has introduced a new approach for rolling out its IT solutions. The key users of this new Enterprise Resource Planning, or ERP, system took a Nexans University course on project management, process design and change management. Local trainers were trained so that the courses could be given in Turkey at a reasonable cost and on request by employees. Over 50 employees have already requested to take the course.

Through Nexans University, the Group provides support to its people during business transformation programs, promotes knowledge management and helps disseminate best practices.

Nexans University makes it possible to optimize the cost and quality of training and maintain a high level of educational expertise throughout the Group.

Nexans University supports the Group Academies in designing 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 deploying training using a cascade model with a view to rapidly passing on knowledge to a large number of employees.

In order to strengthen cooperation, synergy and a cross-business approach with the Group's entities, in 2015 Nexans University continued offering training sessions such as Process Design, Change Management and Project Management to support current transformation programs. Seeking to optimize costs, Nexans University rolls out the training sessions using two innovative methods: the cascade model and in-house video.

Safety courses are expanding with the development of cascade training.

SUSA (Safe and Un-Safe Acts) and JSA (Job Safety Analysis) are two courses planned for mass deployment. These programs have made their way through several continents, including Europe, Asia, Africa and North and South America, to support safety measures in workshops. They promote individual responsibility in maintaining safety for all. Every time they visit a country, SUSA and JSA trainers prepare local trainers who in turn disseminate this safety culture locally and encourage their coworkers to change their behavior.

Video comes to Nexans University
E-learning modules have been available for several years to train employees on legal issues, safety and self-learning programs.
Having gained some expertise in video production (script writing, filming, framing and editing), Nexans University has begun to shoot specialized or local talks for the entire Group to view. This provides a new way of capitalizing on the Group's knowledge at an optimized cost, and passing it on. Nexans University plans to develop and standardize this learning method in 2016.

Finding the best ways to share skills, harmonize working methods and improve cooperation among business units was Nexans University's biggest concern in 2015. This work will make it possible to strengthen development support for employees.

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.

These budgets are determined based on a standardized process that integrates potential local wage changes and inflation rates in the countries where the Group operates. This approach helps manage the budget process and prepare for annual salary negotiations.

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.

Changes in the Group's payroll, excluding the impact of changes in the number of employees, primarily result from collective and individual pay increases.

In 2015, Nexans continued to apply its standard Group-wide approach, introduced in 2014, for establishing pay raise projections for each of the countries where the Group operates based on local trends in terms of wage and inflation changes. This approach, adjusted for the outcome of annual salary negotiations in each country, is used to set both collective and individual salary increase budgets.

Individual salary raises are also granted based on 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.

Information on the Group's total payroll and its changes is available in the parent company financial statements (wages and salaries) published in the registration document.

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

- For senior managers – a mix of performance shares and long-term bonuses, the vesting/payment of which are contingent on the Group's share performance and financial performance as assessed at the end of a three-year period.
- 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 health and safety standards and implements related initiatives across the Group.

In 2014, the Group created an annual day dedicated to safety for all of its operations.

On June 16, 2015, for the second year in a row, Nexans organized a **Group Safety Day** simultaneously at 154 sites worldwide.

Throughout the day, over 25,000 employees took part in a variety of activities focusing on workplace health and safety.

Each site established a Safety Day Challenge, using a shared format, to set a goal for 2015 and the initiatives to be taken to reach this goal.

The day provided an opportunity to remind each entity how important safety is and to share best practices through a specially created Group-wide forum that brings together all sites worldwide.

In 2015, the Group highlighted management involvement, administrative head offices, behavioral activities and the simulation of real risks in the field.

Several entities decided to devote an entire day to on-site working groups, with all employees, and managers, together focusing on topics such as analyzing risks, understanding working conditions in the field, using work equipment, environmentally friendly driving techniques, workstation ergonomics and first aid.

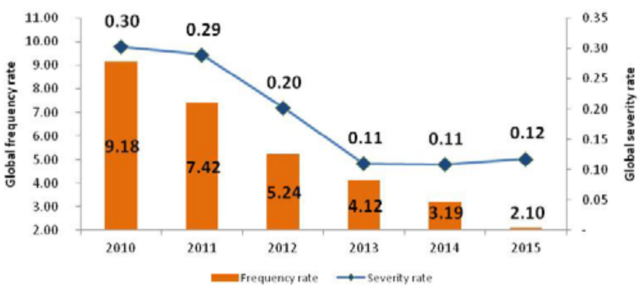
The Group's ongoing safety efforts in 2015 in all of its geographic areas enabled it to achieve an overall work accident frequency rate of 2.10 at the year end (as against an annual target of 2.6), representing a 34% reduction compared with 2014.
This frequency rate breaks down as follows:

- Frequency rate for internal employees: 1.99;
- Frequency rate for external employees: 4.32.

A total of 35 sites did not record any occupational accidents involving lost working time in excess of 24 hours. Unfortunately, one fatal accident occurred at the Tuzla site in Turkey.

The number of lost workdays due to occupational accidents stood at 6,031 in 2015.

The Group's severity rate was 0.12. The stability of this rate compared with 2014 testifies to the Group's vigilance towards workplace health and safety.



The definitions of the frequency rate and severity rate are included in the HR indicators in Appendix 3.

The Group plans to continue its work on workplace health and safety in 2016.

Entities identify and monitor possible occupational illnesses according to their local legislation. Currently these figures are not consolidated at the Group level.

Given our activity, the following may be identified as occupational illnesses: musculoskeletal disorders, hearing problems and exposure of employees to chemical risks.

Some sites have started offering special awareness training sessions as well as regular check-ups for staff to monitor for musculoskeletal, cardiovascular and psychosocial issues. In addition to regular health check-ups, employees were surveyed to assess their stress level, exposure to noise pollution and hazardous substances, workstation ergonomics, etc., to prevent health and safety risks and invest in the appropriate equipment.

Information on asbestos is provided in section 6.2.10, *Asbestos*.

A broad-based approach

During 2015, 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. As at the end of 2015, 26 safety standards covered technical aspects, methodology and behavior.

- **The Basic Safety Tools** used by operations teams with the support of the HSE and Continuous Improvement teams (as part of the Nexans Excellence Way program) include:
  - Job Safety Analysis (JSA) to analyze tasks performed, identify risks of exposure and determine corrective measures;
  - Safe Un-Safe Act (SUSA) to report safety problems and suggestions;
  - Safety Proactivity to calculate performance criteria by monitoring the number of issues resolved compared with the number of issues observed.

  In 2015, the Group stepped up the use of these basic safety tools by integrating them into Nexans University courses and developing a train-the-trainer program to expand their application across the different operational regions. In late 2015, 23 people attended a seminar to learn about training operations teams in their respective countries (in Autun in France, in Sweden and in Russia).

- **Accident analysis**: The Group made the 8D problem solving methodology the standard for analyzing all accidents involving lost working time. Each accident analysis is shared in the Group-wide Alert Management System base (AMS), which is used to manage alerts in real time and generate flash reports to be distributed to all employees.

- **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. Five plants were part of the plan in 2015, considerably improving their safety performance (lower number of accidents, robust and comprehensive action plans, involvement of plant management teams, etc.).

9.2.5 Social dialogue during the business transformation process

Proactive social dialogue

Labor relations at the Group are rooted in freedom of expression, mutual respect and open dialogue. This demonstrates the Group's ongoing commitment to building high-quality social dialogue and creating the right conditions for long-lasting and constructive working relations with all of its 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 2015, the Group's subsidiaries entered into nearly 45 agreements with employee representative bodies in some 15 countries in all regions of the world. The main agreements signed during the year 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, psychosocial risks, strenuous working conditions, non-discrimination, gender equality, etc.).

A European body focusing on social dialogue

- **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 representative bodies and it has its own specific prerogatives.

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 comprising four members (elected by their peers) which meets at least twice a year to prepare and review issues to be raised at the plenary meetings, as well as to discuss and share information with Group Management.

In 2015, NEWCO held four extraordinary meetings in addition to its two annual ordinary plenary meetings.

On June 12, an information and consultation procedure was submitted to NEWCO on the project to reorganize Nexans' European activities. The council's ruling on the project was handed down on September 15. At the two meetings held during the procedure, the Group's Management answered all questions and met all information requests put forth by NEWCO representatives.

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.

In particular, the Group has made it a priority to respect the equality of men and women working in similar jobs with similar qualifications. Not only does this principle form part of the Group's overall Human Resources policy, it is also reminded 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 Internal HR barometer – employee survey

In 2015, Nexans implemented action plans based on the findings of the worldwide internal opinion poll initiated in 2014. The survey allowed the Group to assess how its employees view topics related to their work life (management, organizational structure and operating efficiency, training and personal development, etc.). This study serves as a precious tool to guide operational managers and helped provide the Group with effective analysis.

The action plans focused on the Group's strategic vision, streamlining reporting processes and stepping up employee commitment, as well as recognition and development.

Within the scope of this progress-oriented initiative put in place by the Group, Nexans' next survey scheduled for 2016 will make it possible to assess the headway made since 2014.

This Group-wide survey was supported by local initiatives taken in 2015, in countries including Chile, Sweden and Belgium to periodically measure employee perception of well-being, working conditions, recognition and job satisfaction and appeal.

Following this survey, the Group's European businesses set up employee forums to take dialogue with employees further. The purpose of these forums is to provide staff members with a platform for expression with a view to improving performance, to working together on trouble-shooting and problem-solving and to coming up with concrete action plans hand in hand to solve identified problems.

The European Human Resources Department organizes these forums at as many sites as possible in the region, more specifically the sites directly affected by the Group's transformation program.

European Employee Forums

Employee forums offer a special opportunity for sharing and dialogue to work towards success in transforming our professional practices.

Sixteen employee forums have been held to date in seven European countries. Each forum has produced an action plan that has been monitored and widely disseminated among all staff.

9.2.8 Data compilation methodology for social Indicators

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 via 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 is analyzed jointly with the Industrial Management Department. Headcount data is reconciled with the figures reported in the Finance Department's system and discussions may take place between the head office and the entities concerned in relation to other data.

- Qualitative human resources data is compiled both quarterly – via the internal system – and annually, through a questionnaire sent to each of the Group's countries. Discussions may take place on the information provided in this questionnaire in order to obtain further details and to fine-tune snap-shot 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 2015, Argentina was removed from the scope of consolidation for human resources data for the fourth quarter being outside the Group since November 2015. Also not included in the human resources data reported are the following non-significant entities of the Group: Nigeria, Qatar and Ghana (representing about 1% of total headcount).

The Group's reporting process is based on a pre-defined timeline that is reiterated in the guide on 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.

If an error is brought to the attention of the person in charge of the Group's reporting process, only he or she can make the necessary changes.

If an indicator has already been officially published (annual report), it will not be amended after the fact in subsequent publications (comparison table). However, a footnote will be added for the indicator showing the change and the reason for it.

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 contract has been suspended).

- Absenteeism rate: This indicator is calculated based on the ratio of the number of hours' absence compared with the theoretical, contractual number of hours worked. The number of hours' absence includes absences for illness, work accidents or commuting accidents, maternity leave, and unauthorized absences. It does not include absences that are longer than six months.

- Workplace health and safety: Workplace accident frequency and severity rates are calculated 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. The frequency rate also takes into account the fatal accidents when occur. Note: This data is for Nexans employees and subcontactors.

- 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**.

9.2.9 Social 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 non-financial analysts. This policy is underpinned by a rigorous and proactive ethical and CSR approach.

The framework for stakeholder dialogue

The Group seeks to promote corporate social 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.

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

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.) • Information meetings • Registration document • Quarterly shareholder newsletters • Shareholders' e-club and toll-free shareholder hotline	Finance, Communications, Legal, Site Management
Suppliers	• CSR Charter(2) • Supplier CSR risk map	Purchasing
Employees	• Intranet • NewsWire, electronic newsletter • Surveys • Employee forum at European sites • Corporate values • Safety day • 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 programs, university chairs and trade associations • Partnerships with universities • Taking on apprentices and interns	Technical
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 2015:

- 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);
- Contribution to organizations that take measures to improve the environment (litter pick-up, recycling, energy spending awareness, pollution, etc.) in Japan, Korea, Benelux, France, Germany, Sweden, Switzerland, Russia, North America and Peru;
- Well-being programs for both employees and their families (addiction counseling, dietary advice, sports facilities, massages, etc.) and sponsorship of disease control and disaster relief organizations in France, Germany, Italy, Norway, Sweden, Turkey, North America, Chile, Colombia and Peru:
  - ✓ In Italy, the innovative Special Stage charity project is the first music contest to take place at hospitals in cooperation with young musicians,
  - ✓ In Turkey, the Safe Life Seminar was held at a local high school to educate students, teachers and parents about the risks of natural disaster and how to stay prepared in the event of an earthquake. After the seminar, participants took part in an emergency evacuation exercise. The School Emergency Exit Planning organization was also involved. Each student who took part in the program received a CD specially designed for children entitled “Living with Earthquake” with the Nexans logo;
- Higher education: Most European countries, Turkey, Russia, North America, Chile and China work with universities and technical schools to train students with the plan of eventually hiring them as interns, recruiting young talent to take on professional positions and developing the image of Nexans:
  - ✓ In Switzerland every year, the Group gives 20,000 Swiss francs to a student selected by a jury from the University of Neuchâtel,
  - ✓ In Canada, four scholarships were granted to finance the undergraduate education of children of Group employees. Donations were also given to colleges and engineering schools,

- ✓ In China in October 2015, a recruitment session was organized for specialists and young talent at the campus of universities that cooperate with the Group to prepare for the opening of the Suzhou site in 2016. These young hires will benefit from a special training and integration program. They will change positions regularly over their first six to twelve months with the organization,
- ✓ In Chile, a program has been set up with specialized manufacturing schools under an agreement between the schools and the Group, which hires apprentices with knowledge of the machines, tools, safety and maintenance. Designated tutors at the company guide students through their apprenticeship. Following the training program, students with the best performance are hired for any positions available;

- Children's programs and education: The Group supports children's programs in China, Colombia, Korea, Morocco, Peru and Sweden. For example, Peru sponsors and collects donations for two local educational development organizations. Morocco offers tutoring sessions for children of employees (59 students in 2015) to prevent children from dropping out of school.

The Nexans Foundation: Solidarity through electrical power

Created in early 2013, the Nexans Foundation aims to help bring electrical power to disadvantaged communities throughout the world by giving priority to grassroots-level organizations and sustainable solutions. This commitment follows on from the United Nation (UN)'s call in 2012 to promote awareness worldwide about energy poverty and the importance of developing access to energy. In 2015, the UN took this initiative further by including an energy component in its new sustainability targets, a priority long recommended by the IEA[11], which advocates universal energy access by 2030.

Energy does not only provide access to light; it facilitates education, healthcare, women's empowerment, economic development and more. These are essential needs that must be met.

The IEA currently estimates that 1.2 billion people (17% of the world's population) don't have access to electricity and at least 2.7 billion people (38% of the world's population) are jeopardizing their health in using traditional solid biomass for cooking. More than 95% of these people live in sub-Saharan Africa or in developing Asia.

Supporting 22 organizations and helping over 570,000 people since 2013

Since 2013, the Nexans Foundation has supported 33 projects in 18 countries in partnership with 22 organizations. These projects have brought or plan to bring electrical power to nearly 570,000 people.

The Nexans Foundation supports large non-profits that are well known in the area of access to energy such as Electricians Without Borders, the Group for the Environment, Renewable Energy and Solidarity (GERES) and the Fondation Energies pour le Monde for large-scale projects, as well as smaller organizations, high school students, university students, etc. It works in all countries and primarily in countries affected by energy poverty. While most of the Foundation's projects are developed in sub-Saharan Africa (in 10 countries), projects also exist in Morocco, Asia (in 6 countries) and France.

The Foundation launched a volunteer program called We Are Volunteers in September. This solidarity initiative, which is currently being tested in Europe, gives Group employees the opportunity to volunteer their personal and professional skills that may be needed by the Foundation's partner organizations.

In 2015, Nexans continued to support the renovation work on the Palace of Versailles as it has done since 2007. As part of its sponsorship with this public institution, the Group supplied low- and medium-voltage cables needed to maintain and improve security for this world cultural and historical heritage site.

Nexans working to bring electricity to Africa

Nexans supports the African Renewable Energy Initiative (AREI), presented at COP21, as well as the project for a Pan-African Electrification Agency. In support of the agency, a number of French companies and institutions, with Nexans as a driving force, have banded together to bring electricity to Africa, pooling their skills and providing a comprehensive response to the needs of African nations, respecting their diversity and their sovereignty.

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[11] www.iea.org

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 81% of the Group's Class A suppliers have already agreed to sign the Charter. In addition, a CSR risk map has 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.

Subcontracting represents 2.1% of its purchases, which comes to 1.4% of its consolidated sales.

9.3.4 Fair practices

The Group’s anti-corruption rules and procedures are laid down in its Code of Ethics and Business Conduct. 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.

These rules and procedures form an integral part of the Ethical Compliance Program and the annual action plan rolled out across the Group.

A special procedure provides a framework for selecting agents, consultants and international distributors by the Group’s operating subsidiaries. The procedure also requires integrity verifications before agreements can be signed or renewed.

The Group’s sales managers exposed to this type of risk in performing their duties receive regular awareness and compliance training and sign a certificate of commitment every year to confirm that they continue to uphold these rules and procedures.

The Group’s Internal Audit Department regularly carries out compliance verification and integrity assignments to check that these rules and procedures are being respected. It also monitors the application of the annual action plan under the Ethical Compliance Program.

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 health and environmental tests. 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 directive 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.

In 2015, Nexans introduced the Nexans Tracker, a new tool used to access regulatory information on products through the Group’s website.

9.3.6 Data compilation methodology for societal data

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, Technical Department).

The Group’s subcontractor data is tracked, analyzed and consolidated by the Purchasing Department. The information disclosed in section 9.3.3 is collected annually through a survey of the Group’s different units and in this report covers the period from October 1, 2014 to September 30, 2015. Amounts include value added tax (VAT).

APPENDIX 1

Parent company results for the last five years

	2015	2014	2013	2012	2011
I - SHARE CAPITAL AT THE END OF THE FISCAL YEAR[(1)]					
a) Share capital *(in thousands of euros)*	42,598	42,051	42,043	29,394	28,723
b) Number of shares issued	42,597,718	42,051,437	42,043,145	29,394,042	28,723,080
II - RESULTS OF OPERATIONS *(in thousands of euros)*					
a) Sales before taxes	22,831	17,843	17,899	25,970	17,922
b) Income before tax, employee profit-sharing, depreciation, amortization and provisions	(101,110)	(64,817)	32,794	41,291	45,072
c) Income taxes	(816)	(901)	(295)	(777)	(824)
d) Employee profit-sharing due for the fiscal year	57	94	89	142	138
e) Income after tax, employee profit-sharing, depreciation, amortization and provisions	1,885	(66,588)	(50,787)	(35,486)	35,422
f) Dividends	--	-	-	14,697	31,637
III - INCOME PER SHARE *(in euros)*					
a) Income after tax and employee profit-sharing but before depreciation, amortization and provisions	(2.37)	(1.54)	0.78	1.43	1.57
b) Income after tax, employee profit-sharing, depreciation, amortization and provisions	0.04	(1.58)	(1.21)	(1.21)	1.23
c) Dividend per share	-	-	-	0.5	1.1
IV- PERSONNEL					
a) Average headcount during the year	6	8	8	8	7
b) Total fiscal year payroll *(in thousands of euros)*	4,365	4,514	4,797	5,475	3,605
c) Total amount paid for employee benefits during the fiscal year *(in thousands of euros)*	1,455	1,504	1,599	1,825	1,206

(1) The number of convertible bonds is set out in section 8.1 of the Management Report.

APPENDIX 2

Summary of authorizations to increase the Company's share capital and their use during fiscal year 2015

Resolutions approved at the Annual Shareholders' Meetings of May 5, 2015	**Limit for each resolution**	**Sub-limits applicable to several resolutions**	**Limits applicable to several resolutions**	**Use during fiscal 2015**
Capital increase with and without preferential subscription rights for existing shareholders				
Issue of ordinary shares with pre-emptive subscription rights (**R19**) with a greenshoe option if oversubscribed (**R23**)	10,000,000 shares	-	10,000,000 shares	-
Issue of shares to be paid up by capitalizing additional paid-in capital, reserves or income (**R20**)	10,000,000 shares	-		-
Issue of debt securities carrying rights to capital securities (convertible bonds, equity notes, bonds with stock warrants, OCEANE bonds, etc.) without pre-emptive subscription rights, through a public offering (**R21**) or a private placement (**R22**) with a greenshoe option if oversubscribed (**R23**)	4,255,000 shares Debt securities = €250,000,000	4,255,000 shares		-
Issue of shares or securities carrying rights to shares in payment for securities transferred to the Company as payment for acquisitions (**R24**)	4,255,000 shares			-
Employee incentive plans				-
Issue of shares or securities carrying rights to shares reserved for participants in employee share ownership plans (R25)	400,000 shares	-		- (2)
Issue of shares and/or securities carrying rights to shares, for a specific category of beneficiaries under employee stock ownership plans (*plans d'actionnariat salarié*) (**R26**)	100,000 shares			- (3)
Allocation of performance shares (**R27**)	350,000 shares	-	-	Allocation of 291,000 shares (if 100% performance target reached) on July 28, 2015 Allocation of 30,000 shares (if 100% performance target reached) on January 1, 2016
Allocation of free shares (**R28**)	30,000 shares			Allocation of 29,960 shares (with no performance conditions attached) on July 28, 2015
Total limit of 10,380,000 shares				

In the above table, the abbreviation "R..." stands for the number of the resolution submitted for approval at the Annual Shareholders' Meetings of May 5, 2015.

(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) Use during fiscal 2015 of the authorization approved at the Annual Shareholders' Meeting of May 15, 2014 (Resolution 16): issue on January 21, 2015 of 499,977 new shares for employees participating in share ownership plans.

(3) Use during fiscal 2015 of the authorization approved at the Annual Shareholders' Meeting of May 15, 2014 (Resolution 17): issue on January 21, 2015 of 99,885 new shares for Société Générale.

APPENDIX 3

Environmental and Social indicators

Environmental indicators

	2015	2014	2013
Number of sites monitored	90	92	93
CONSUMPTION OF RAW MATERIALS			
Energy purchased (MWh)	1,218,955	1,285,619	1,459,725
• o/w electricity (MWh)	732,011	772,200	826,949
• o/w fuel oil (MWh)	78,186	97,746	94,783
• o/w gas (MWh)	393,143	400,181	516,720
• o/w steam (MWh)	15,615	15,492	21,273
Water consumption (cu.m)	2,272,977	2,729,212	2,942,549
Solvent purchased (tonnes)	460	514	497
Copper consumption (tonnes) [(2)]	445,000	476,000	477,000
Aluminum consumption (tonnes) [(2)]	113,000	133,000	139,000
WASTE AND EMISSIONS			
Waste tonnage (tonnes)	84,832	98,712	96,821
• o/w hazardous waste (tonnes)	5,368	6,840	6,652
CO_2 emissions[(1)] (tonnes CO_2 eq.)	411,396	559,553	409,910
MANAGEMENT			
Number of ISO 14001 certified sites	66	63	63
% of sites with ISO 14001 certification	73%	68%	67%

(1) CO_2 emissions include direct and certain indirect emissions (from electricity and steam consumption, power line losses, use of fossil fuels and waste treatment, as well as fugitive emissions). Reporting scope covering 90 sites.
(2) The raw material consumed correspond to the tons sold to Group external customers during the year

Social indicators

	2015	2014	2013
NEXANS GROUP			
TOTAL HEADCOUNT	**26,607**	**26,144**	**25,843**
Europe	15,194	15,214	14,679
Asia-Pacific	2,707	2,434	2,755
North America	3,415	3,153	3,138
South America	1,585	1,882	2,136
Middle East, Russia, Africa	3,706	3,461	3,135
CABLES BUSINESS			
HEADCOUNT, CABLES BUSINESS	**16,606**	**17,543**	**18,673**
% female employees	16%	16%	15%
% female managers (out of manager population)	22%	21%	20%
Average age (years)	43.5 years	43.1 years	42.6 years
Average length of service (years)	13.1 years	12.7 years	12.7 years
% temporary employees	8.52%	5.82%	5.84%
Disabled employees(1)	333	319	322
EMPLOYMENT DATA			
Natural departures(6)	2,316	-1,631	-1,869
Restructurings	-520	-590	-408
New hires	2,289	1,573	1,706
Impact of changes in Group structure	1	6	1,013
Transfers	60	-102	-59
Employee turnover rate(2)	7.90%	7.90%	8.80%
Overtime rate(3)	5.70%	6.30%	6.40%
Part-time contracts	477	480	460
% fixed-term contracts	7.90%	8.00%	8.00%
Absenteeism rate	5.20%	4.20%	4.10%
HEALTH AND SAFETY			
Overall workplace accident frequency rate(4)	2.75	3.45	4.52
Number of sites with a zero accident rate	35	35	29
Overall workplace accident severity rate(5)	0.18	0.14	0.15
TRAINING			
Total number of training hours	237,087	322,177	333,214

	2015	2014	2013
HARNESS BUSINESS			
HEADCOUNT, HARNESS BUSINESS	**10,001**	**8,601**	**7,170**
Europe	5,836	5,348	4,769
Asia-Pacific	423	N/A	N/A
North America	1,894	1,482	1,341
Middle East, Russia, Africa	1,848	1,771	1,060
% female employees	60%	61%	61%
% female managers (out of manager population)	15%	13%	38%
Average age (years)	33.9 years	34 years	34.5 years
Average length of service (years)	4.3 years	4.4 years	4.6 years
EMPLOYMENT DATA			
Natural departures	-4,185	-2,488	-2,320
Restructurings	-8	-47	0
New hires	4,462	3,966	2,716
Impact of changes in Group structure	79	0	0
Transfers	0	0	0
HEALTH AND SAFETY			
Overall workplace accident frequency rate(4)	0.9	2.5	3.0
Overall workplace accident severity rate(5)	0.01	0.03	0.00
TRAINING			
Total number of training hours	49,444	25,586	30,795

(1) This figure does not take into account countries where this information is not disclosed due to local regulations.
(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) Global 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. This rate concerns the internals and the externals.
(5) Global workplace accident severity rate = total number of lost work days (due to accidents at work)/total number of hours worked x 1,000. This rate concerns the internals and the externals.
(6) The 2013 figure for natural departures was 1,921 rather than 1,869.

APPENDIX 4

eport by the appointed Independent Third Party on the consolidated social, environmental and societal information provided in the Management Report

This is a free translation into English of the appointed independent third party's report issued in French and it 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 2015

To the Shareholders,

In our capacity as independant third party of the company NEXANS S.A., accredited by the COFRAC registered under number 3-1049[12], we hereby present to you our report on the consolidated social, environmental and societal information (hereinafter the "CSR Information") in the Management Report for the year ended 31 December 2015, presented in the management report (hereinafter the "CSR Information"), in accordance with Article L.225-102-1 of the French Commercial Code.

Responsibility of the company

The Board of Directors is responsible for preparing a management report including CSR Information in accordance with the provisions of Article R.225-105-1 of the French Commercial Code and with the guidelines used by the company (hereinafter the "Guidelines"), summarized in the management report and available upon request from the Industrial and Logistics Department and the Human Resources Department.

Independence and quality control

Our independence is defined by regulations, the French code of ethics governing the audit profession and the provisions of Article L.822-11 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable law and regulations.

Responsibility of the Statutory Auditor

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

- attest that the required CSR Information is presented in the Management Report or in the event that any CSR information is not presented, that an explanation is provided in accordance with paragraph 3 of Article R.225-105 of the French Commercial Code
  (Statement of completeness of CSR Information);
- express limited assurance that the CSR information, taken as a whole, is presented fairly, in all material respects, in accordance with the Guidelines (opinion on the fair presentation of CSR Information).

Our work involved the expertise of five people between November 2015 and February 2016 for a total duration of around seven weeks. We called upon our specialists in Corporate Social Responsibility to assist us in carrying out our work

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

1. Statement of completeness of CSR Information

Nature and scope of the work

We reviewed, on the basis of interviews with the managers of the relevant departments, the company's sustainable development strategy with respect to the social and environmental impact of its activities and its societal commitments and, where applicable, any initiatives or programs it has implemented as a result.

We compared the CSR Information presented in the management report with the list provided in Article R.225-105-1 of the French Commercial Code.

For any consolidated information that was not disclosed, we verified that the explanations provided complied with the provisions of Article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the consolidated scope, i.e. the company, its subsidiaries as defined by Article L.233-1 and the entities it controls as defined by Article L.233-3 of the French Commercial Code, within the limitations set out in the note on the methods used presented in parts 9.1.5, 9.2.8 and 9.3.6 of the management report.

Conclusion

Based on these procedures and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the Management Report.

2. Opinion on the fairness of the CSR Information

Nature and scope of the work

We approximately forty interviews with the people responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, with those responsible for internal control and risk management procedures, in order to:

- assess the suitability of Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, taking into account best practices, where appropriate;

12 *For which the scope is available on the site www.cofrac.fr*

13 ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*

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 our tests and controls according to the nature and importance of the CSR Information with respect to the characteristics of the company, the social and environmental impact of its activities, its sustainable development strategy and industry best practices.

With regard to the CSR information that we considered to be the most important[14]:

- at the consolidated level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organization, policy, actions), we performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and consolidation of the data. We also verified that the data was consistent by cross-checking it with other information in the Report of the Board of Directors;
- at the entity level for a representative sample of entities selected15 on the basis of their activity, their contribution to the consolidated indicators, their location and risk analysis, we conducted interviews to verify that the procedures were followed correctly, and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The selected sample represents an average of 18% of headcount and between 17% and 22% of presented quantitative environmental information.

For the other consolidated CSR information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations given for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgement, were sufficient to enable us to provide limited assurance; a higher level of assurance would have required us to carry out more extensive work. Due to the use of sampling techniques and other limitations intrinsic to the operation of information and internal control systems, we cannot completely rule out the possibility that a material irregularity in the CSR Information has not been detected. For the rest of the CSR information, we assessed whether it was consistent with our knowledge of the company.

Qualifications

During our work, we observed that the data related to the working hours of external employees have not been exhaustively reported, which impact the frequency rate of external employees work accidents and severity rate presented.

Conclusion

Based on our work, and except the qualification on the risk of completeness observed on the working hours of external employees as mentioned above, we did not identify any material anomaly likely to call into question the fact that the CSR Information, taken as a whole, is presented fairly in accordance with the Guidelines.

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14 *Social Indicators: Total Workforce (repartition by gender and by age), Hirings and dismissals, Absenteeism rate, Frequency and severity rate of work accidents of Nexans employees, Total number of training hours.*
Environmental Indicators: Energy consumption (electricity consumption, natural gas consumption), Fuel bought, Water consumption, Quantity of solvent bought, Quantity of produced waste and Proportion of sites certified ISO 14001.
Societal indicator: Importance of subcontracting.
Qualitative information: Organization of social dialogue ; Occupational health and safety conditions ; Policies implemented regarding training; The organization of the company to integrate environmental issues ; Consideration in the relationship with subcontractors and suppliers of their social and environmental responsibility and actions implemented against corruption.

15 *Social and environmental indicators (excepted proportion of sites certified ISO 14001): Hanover (Germany).*
Social indicators: Nexans France and Cortaillod (Switzerland).
Societal indicator: Headquarter (France).
Environmental indicators: Monchengladbach (Germany) ; Draveil (France) ; Charleroi (Belgium);
Quantity of produced waste: Americana (Brazil), Tokyo (Japan), Mehun (France), Bohain (France), Rognan (Norway);
Electricity consumption: Jincheon (Korea), Cheongwon (Korea), Americana (Brazil), Tuzla (Turkey), Denizli (Turkey), Tokyo (Japan), Mehun (France), Rognan (Norway);
Natural gas consumption: Mehun (France), Bohain (France);
Purchased fuel: Jincheon (Korea), Cheongwon (Korea), Denizli (Turkey), Lamia (Greece), Halden (Norway), Tokyo (Japan); Water consumption: Jincheon (Korea), El dorado (USA), Americana (Brazil), Denizli (Turkey), Mehun (France);
Solvents: Lima (Cables) (Peru), Denizli (Turkey);
The proportion of sites certified ISO 14001 has been reviewed at the Group headquarter level (France).

Paris La Défense, February 17, 2016

Anne Garans
Partner
Climate Change and Sustainability services

Valérie Besson
Partner

KPMG S.A.