2017 MANAGEMENT REPORT

A global player in the cable industry linking people, ideas and the future

26,000
EMPLOYEES

6.4
BILLION EUROS IN SALES(1)

MANUFACTURING SITES IN
34 COUNTRIES

WORLDWIDE
SALES PRESENCE

Cables make up a hidden network powering everything around us. Millions of homes, cities, businesses are powered every day by Nexans' high-quality sustainable cabling solutions. Both economic development and quality of life are dependent on access to energy and information, building and infrastructure safety, and the movement of goods and people.

As a global player in the cable industry, Nexans is behind the scenes delivering the innovative services and resilient products that carry thousands of watts of energy and terabytes of data per second around the world. We help our customers meet the challenges they face in the fields of energy infrastructure, energy resources, transport, buildings, telecom and data, providing them with solutions and services for the most complex cable applications in the most demanding environments.

With over 120 years of experience we drive a safer, smarter and more efficient future. On the leading edge of the cable industry, Nexans brings energy to life.

Nexans is listed on the regulated market of Euronext Paris.

(1) At current copper prices.

THE GLOBAL COMPACT
NOUS SOUTENONS LE PACTE MONDIAL

As a member of the United Nations Global Compact, Nexans is committed to supporting and implementing ten universally-accepted principles in the areas of human rights, labor, the environment and anti-corruption.

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1 Presentation of the Group and its activities

1.1. Mission, Businesses and Markets

We bring energy and information to life…

Nexans is an essential link for societies in a world undergoing constant transformation. We link people and put ideas into action to build the future. We connect industry to society and we uphold this responsibility with the utmost integrity. Our heightened sense of corporate social responsibility forms an integral part of our business strategy to the benefit of all stakeholders and the community.

- **Our Expertise:** Producing cables, we are the material link at the heart of industry with high performance characteristics developed through constant innovation for over 120 years;

- **Our Mission**: Beyond cables, our systems deliver energy & data, building the essential link that transports information & power everywhere to everyone

- **Our Purpose**: **As a life link**, we support development and social contacts. Without us, there can be no communities, exchanges, communications, energy, modern life.

…Being the essential link for energy and data revolution

In the 21st century, information and energy have become inextricably intertwined. These two fundamental trends are the key drivers of a major shift in our society and they also have the largest impact on our business and clients.

With the growth of the global population, the world's energy demand is ever-increasing. International Energy Agency (IEA) predicts that in some 20 years, we will need 48% more energy than today. By then, new energy infrastructures are likely to emerge, especially as distributed energy systems go live, bringing new challenges and opportunities to the cabling industry.

And as climate concerns push sustainable development to the top of international agenda, nations will further look to improve their energy efficiency and integrate more clean energy resources while addressing the associated intermittency issue.
This is where data will play a key role.
In order to respond to consumption peaks in times when the wind is not blowing and the sun is not shining, we will increasingly rely on data regarding power production and consumption patterns to improve the efficiency of our energy use.

In parallel, such data-based approach aimed at efficiency improvement will continue to spread across other sectors, too. Since many years in our business, we have seen the rapidly growing need for hybrid cables, capable of carrying both power and data. In the automation sector, for instance, this allows to both power industrial applications and control their processes. At the same time, in the aerospace segment, the super lightweight cables are used to power in-flight entertainment systems and transmit music, films or games to passengers' screens.

Such proliferation of smart infrastructures and devices in all industries and all areas of our daily life is not without consequences for global data volumes. By 2021, data traffic is expected to reach over 3.3 billion terabytes annually[1], i.e. an equivalent of over 108 million years of high-definition video. New data infrastructures, including cabling solutions, will be needed to support this exponential growth of transmitted information.

At Nexans, our aim is to support this global shift driven by energy and data revolutions.
Our new structure and our 'Paced for Growth' strategic plan are the foundations that will allow us to deliver on our promise and build the world of tomorrow, powered with Nexans cutting-edge cabling and connectivity solutions.

[1] https://www.cisco.com/c/en/us/solutions/collateral/service-provider/visual-networking-index-vni/vni-hyperconnectivity-wp.html

4 market segments to support the energy and information transitions

BUILDING & TERRITORIES

- Provide reliable cabling and smarter energy solutions to support buildings and territories to become more efficient, livable and sustainable.
- Building & Territories cover the following markets: Building, Smart Cities / Smart Grids, E-mobility, Local infrastructure, Decentralized energy systems, Rural electrification.

TELECOM & DATA

- Help customers to easily deploy copper and optical fiber infrastructure with “plug-and-play” cable, connectivity and solutions.
- Telecom & Data include the following businesses: Data transmission (submarine, fiber, FTTx), Telecom network, Hyperscale data centers, LAN cabling solutions.

HIGH VOLTAGE & PROJECTS

- Support customers from the beginning (design, engineering, funding, asset management) to the end (system management) in finding the right cable system solution to address their efficiency and reliability challenges.
- High Voltage & Projects include the following markets: Offshore wind farms, Submarine interconnections, Land high voltage, Smart solutions for Oil & Gas (Direct Electrical Heating, subsea heating cables).

INDUSTRY & SOLUTIONS

- Support OEMs and industrial infrastructure projects in customizing their cabling & connectivity solutions addressing their electrification, digitalization and automation challenges.
- Industry & Solutions cover the following markets: Transportation (Aerospace, Railways, Rolling Stock, Shipbuilding, Automotive), Automation, Renewables (Solar, Wind), Resources (Oil & Gas, mining), Other (nuclear, medical, handling).

BUILDING & TERRITORIES

Building & Territories remains our core business in scale and global reach, representing roughly 40% of total revenue in 2017. In mature markets, the drive towards connected cities, energy efficiency and e-mobility are key growth areas, while in regions such as Africa and South America, there is increasing demand for off-grid systems to bridge the electrification gap. Nexans is well positioned to meet these needs and provide new solutions for sustainable communities and smart cities as well as industry renowned low and medium voltage cables.

Nexans pursues a strategy of differentiation through technical performance, particularly in terms of fire resistance, energy efficiency and ease of installation. We also propose a wide range of services in this market, including professional training, paced deliveries for major projects, shared inventory management at distributors' premises, and e-services for both buyers and installers.

The Group is committed to meeting the most stringent standards of the industry, aimed at encouraging sustainable construction and renovation methods, by reconciling energy efficiency, long lasting, recyclable materials and environmental protection.

TELECOM & DATA

In line with the increasing demand for data transmission and storage capacities, expanding our telecom and data offer is core to our ambitions. In today's hyper-connected world, we see our role in connecting people, businesses, cities and continents through our full range of differentiated connectivity solutions, including LAN cabling, telecom solutions, FTTx networks, solutions for hyperscale data centers, as well as submarine backbones.

The Group can provide its customers with easy-to-install solutions and cutting-edge technologies. For example, the Group manufactures submarine telecommunications cables, including for transoceanic communications spanning several thousand kilometers, a market on which it has repositioned itself. In land-based infrastructure, Nexans focuses on high performance solutions such as copper-based networks and fiber-to-the-home (FTTH) systems intended for ultra-fast broadband applications. Nexans secures its sourcing of fiber from Sumitomo Electric Industries, one of the world's largest optical fiber manufacturers.

HIGH VOLTAGE & PROJECTS

The high voltage segment has been the main contributor to the doubling of our operating margin over the last three years. The continuing expansion of offshore windfarms and other renewable energy sources requiring local, regional and international interconnections needs ever more performant and resistant cabling and connectivity solutions. High voltage submarine installation is a particularly promising area for major players such as Nexans, as this requires extensive technical expertise.

In submarine networks, some of the most prominent Nexans know-how include network interconnections between countries as well as offshore wind farm connections and island-to-mainland links. The Group offers turnkey solutions, covering the cables' design right through to services such as installation, maintenance or repair.

In Land High Voltage networks market segment, Nexans offers advanced solutions: composite core cables for overhead lines, HVDC interconnections, superconducting cables for urban networks and superconducting fault current limiters that enhance network security.

As a leading global supplier of cables for submarine applications, we design hybrid and umbilical cables to power and control installations, as well as direct electrical heating (DEH) systems used to maintain flow in submarine pipelines. These solutions can be used in deep water oil and gas fields, including in the Arctic.

INDUSTRY & SOLUTIONS

In the attractive Industry market, our key sectors include Automation, Renewables & Wind OEMs, Aerospace, Rail & Rolling stock, as well as Downstream Oil & Gas industry. As these segments are increasingly impacted by the *megatrends* (energy revolution, global mobility, and smart infrastructures in particular), it is our goal to support OEMs with customized cabling and connectivity solutions for all their power, data transmission and automation needs.

We work in close cooperation with our manufacturing and OEM customers with a view to meeting their demand for safe, lightweight, compact, easy to install and recyclable products and in-vehicle equipment.

1.2. Strategy

Paced For Growth 2018-2022: Capitalizing on new opportunities

In a rapidly transforming world that is increasingly reliant on connectivity, Nexans is well-placed to capitalize on developing opportunities. Several interlinked megatrends such as energy transition, digital revolution and global mobility all hold vast potential.

To become a leader in advanced cabling and connectivity solutions, we have built our strategy around three strategic axis:

- Continue to improve performance through cost competitiveness
- Build on core strengths in our existing portfolio in promising markets and regions
- Accelerate growth by developing new offers linked to critical megatrends.

Anticipating customer needs
We are preparing today to meet future customer challenges in four key market segments. Each of the segments will develop its own differentiated strategic approach in line with market dynamics.

• **Building & Territories:** providing new smart solutions for buildings, cities and regions to become more sustainable in e-mobility and energy transition.

Our focus will be to maintain our leading position in core markets in construction and utilities, while focusing on productivity and competitiveness of industrial operations and fixed costs. Customer proximity is crucial in this segment, and we will leverage our local market presence in the regions where the Group is currently well positioned while expanding offers in high-growth areas, such as smart grids and smart cities, decentralized energy distribution and e-mobility. In parallel, we aim to invest selectively in emerging territories with strong potential, e.g. the rapidly developing countries of the Middle East or on the African continent, where the need for microgrid solutions is growing fast.

• **High Voltage & Projects:** continuing to grow in the subsea cabling business while improving high voltage land cabling competitiveness, helping customers find the most efficient and reliable cable solution.

Our aim is to be the premium provider of high voltage connectivity solutions, capitalizing on the ongoing energy transition. Manufacturing, installation and maintenance of submarine cabling systems remains a key focus, with particularly strong demand in Europe, North America and the Asia-Pacific region. The interest for ultra-high voltage land cabling is also growing, with several large-scale projects currently underway. To address these needs, we are developing turnkey subsea and land cabling solutions that support customers at all stages of the process, from design and engineering to installation and system management.

• **Telecom & Data:** supporting customers in selecting the right optical fiber infrastructure including submarine backbones and providing ‘plug-and-play’ cable and connectivity solutions, with a specific offer for hyperscale data centers.

It is our ambition to reinforce our position in the Telecom and Data market by increasing our production capacities and supporting the digital economy driven by 5G, smart devices, connected and autonomous cars. We intend to develop “ready-to-install” cable and connectivity solutions as well as full turnkey solutions for submarine fiber installations. We will also maintain our position in the LAN sub-market and continue to focus on hyperscale data centers with a tailored approach based on quick and easy installation, cost-efficiency and optimized space use.

• **Industry & Solutions:** partnering with original equipment manufacturers to develop customized cabling and connectivity solutions for power, data transmission and automation needs.

Our goal is to continue to provide added-value connectivity solutions in a highly heterogenous market, growing our market share in the most attractive segments while defending our historically strong positions in other markets and leveraging the expected partial recovery of certain segments, such as Shipyards and O&G upstream. We will boost our innovation programs aiming at complementing our offer beyond cables with new services, including connectivity solutions, engineering and asset management services.

Leveraging our capacities

To successfully implement our plan in the rapidly evolving market landscape, we will underpin our strategy with concrete enablers that will help us to achieve our goals:

• **Cost competitiveness:** To offset price cost squeeze, we will keep on improving our operational performance and further reduce our variable and fixed costs through targeted initiatives to reduce the purchasing cost of raw material as well as their consumption by redesign to cost analysis. The same rigorous approach applies to sales, general and administration functions for example through organizational effectiveness and workforce planning.

• **Operational Efficiency:** We will increase our productivity by upgrading our assets, focusing on operational reliability, lean manufacturing, and optimized processes (such as supply chain, standardization, machine intelligence) enabled by the development of factories of the future in Nexans manufacturing facilities.

• **Agile Innovation:** Innovation will remain at the core of Nexans' activity with 70% of our R&D investment dedicated to the optimization of core existing products for our customers. At the same time, 20% of Nexans R&D budget will be allocated to adjacent innovation aimed at expanding from existing business to 'new to the company business", while the remaining 10% will be dedicated to transformational activities, including industry breakthroughs and new inventions for markets that do not yet exist.

• **Sales Excellence:** In the framework of its five-year plan, Nexans will boost its salesforce, notably through training and increased customer focus based on global client relationship management and a dedicated Key Account Management program.

In addition, new differentiated 'beyond the cable' offering with a new portfolio of services and solutions will be developed and coupled with a new Artificial Intelligence (AI)-based pricing management strategy.

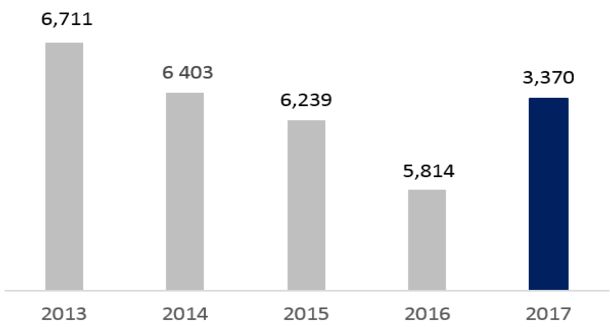
• **Digital Transformation:** To deliver on our promises, Nexans will leverage the potential of technology, driving digital transformation across the entire Group. We will build on automation and data & analytics platforms to streamline operations and accelerate the adoption of Industry 4.0 across our factories. In parallel, we will harness the technology to transform our organization and develop new competencies through dedicated training programs. From a sales perspective, digital technology will serve to improve customer experience and, at the same time, to refine our understanding of evolving client needs in order to adapt our offers accordingly.

• **Organization and People:** To successfully pursue our vision, we will continue to rely on Nexans people. In addition to training programs and the reallocation of resources internally in order to support our major development areas, we will acquire new skills and capabilities in some of the priority functions, including sales, customer services, as well as product design and development.

1.3. Key figures

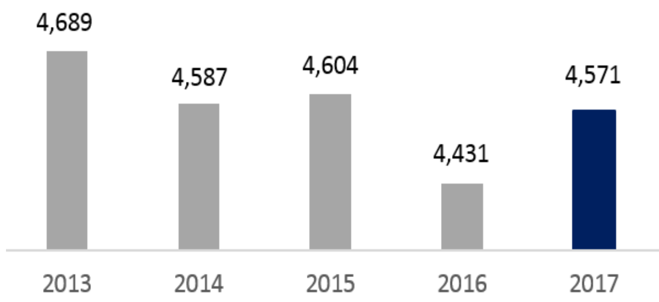
SALES
AT CURRENT METAL PRICES

(in millions of euros)

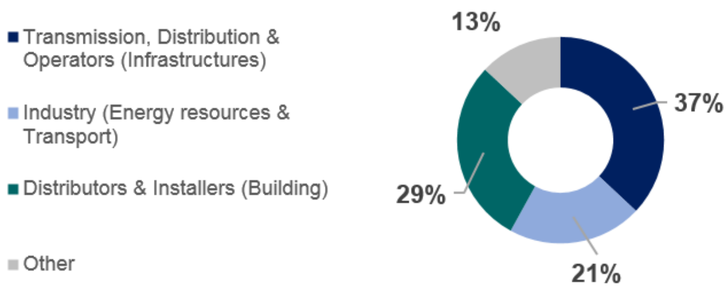


SALES
AT CONSTANT METAL PRICES(1)

(in millions of euros)



2017 SALES BY BUSINESS
AT CURRENT METAL PRICES



SALES BY BUSINESS AT
CONSTANT METAL PRICES

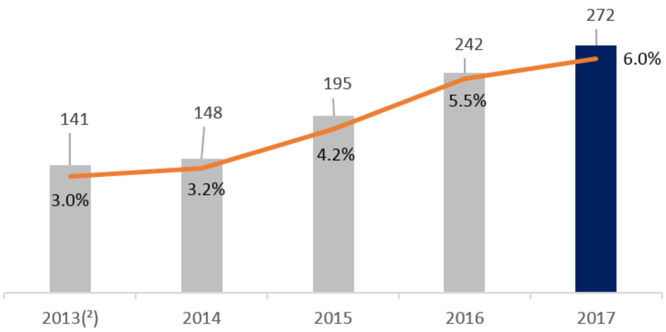
(in millions of euros)

	2 016	2 017
Transmission, Distribution & Operators	1,842	2,029
Industry	1,171	1,126
Distributors & Installers	1,127	1,125
Other	291	290
TOTAL	**4,431**	**4,571**

(1) To neutralize the effect of fluctuations in non-ferrous metal prices and measure the underlying sales trend, Nexans also calculates its sales using constant copper and aluminum prices.

OPERATING MARGIN

in millions of euros and as a % of sales at constant metal prices)



(2) Excluding the 30 million euro non-recurring impact of pensions on operating margin.

OPERATING MARGIN BY BUSINESS

(in millions of euros and as a % of sales at constant metal prices)

	2 016		2 017	
Transmission, Distribution & Operators	122	6.6%	155	7.7%
Industry	59	5.0%	56	5.0%
Distributors & Installers	78	6.9%	53	4.7%
Other	(17)	N/A	7	N/A
TOTAL	**242**	**5.5%**	**272**	**6.0%**

As a result of the 2018-2022 five-year strategic plan, Paced for Growth, unveiled on December 13, 2017, Nexans' operating activities have been reconfigured around four new segments, each with its own strategy and identified growth levers:

- The **Building & Territories** segment comprises the current sales of cables to the building market (Distributors) and to energy operators (Distribution). This segment offers moderate growth prospects in mature economies. Nevertheless, future challenges such as smart cities, the energy transition and e-mobility are creating new opportunities. Combined with strict cost discipline, the Group believes that these opportunities will deliver profitable growth.

- In the **High Voltage & Projects** segment, the Group intends to continue leveraging its competitive advantage. Growth will be driven by the energy transition in Europe, North America and Asia-Pacific, thanks in particular to the Group's strong pipeline of offshore wind farm and interconnector projects. Past and future investments in production and installation capacity and R&D will allow the Group to keep pace with the very promising growth outlook.

- In the **Telecom & Data** segment, the Group intends to double its market presence with a unique point-to-point connectivity offer (telecom infrastructure and data cabling systems) that responds to the exponential growth in demand for bandwidth.

- Lastly, in the **Industry & Solutions** segment, global mobility, the energy revolution and industry 4.0 are driving growth. The Group will focus on expanding its positions in the markets where it has the greatest competitive advantage. Aeronautics, railway, power generation renewables, automation and Oil & Gas upstream are just a few examples of the Group's high value-added Industry & Solutions product categories.

The table below lists the pro forma sales and operating margin based on the new configuration:

2017 SALES AND PROFITABILITY BY NEW SEGMENT (in millions of euros)

	SALES	EBITDA	OPERATING MARGIN
Building & Territories	1,757	126	77
High Voltage & Projects	885	118	80
Telecom & Data	512	62	52
Industry & Solutions	1,126	89	56
Other	290	16	7
Total Group	**4,571**	**411**	**272**

2017 SALES AND PROFITABILITY 2017 BY NEW SEGMENT (in millions of euros) BY QUARTER AND HALF-YEAR

	SALES				EBITDA		OPERATING MARGIN	
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Half	2nd Half	1st Half	2nd Half
Building & Territories	427	456	436	438	59	67	33	44
High Voltage & Projects	207	239	214	224	62	56	43	37
Telecom & Data	131	139	119	124	37	25	31	20
Industry & Solutions	295	292	268	271	50	40	33	23
Other	76	72	72	68	3	13	-1	9
Total Group	**1,137**	**1,199**	**1,109**	**1,126**	**211**	**200**	**140**	**132**

SPLIT OF MARKET SEGMENTS

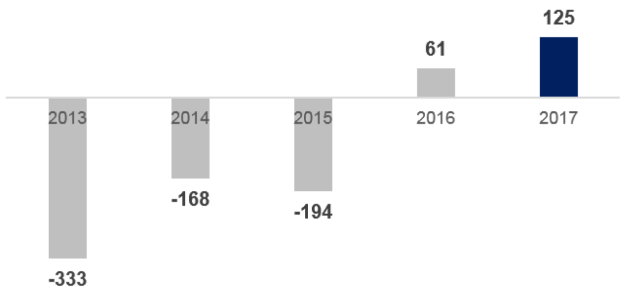
Previous

TRANSMISSION, DISTRIBUTION & OPERATORS	INDUSTRY	DISTRIBUTORS & INSTALLERS	OTHER
Land High Voltage	Harnesses	Building	Rodmill
	Shipbuilding		
Submarine High Voltage	Railways		
Special Telecom	Aerospace		
	Mining		
Umbilicals	O&G	LAN cables & systems	
Utilities	Renewables		
	Automation		
Operators	Others (Medical, Nuclear, ...)		

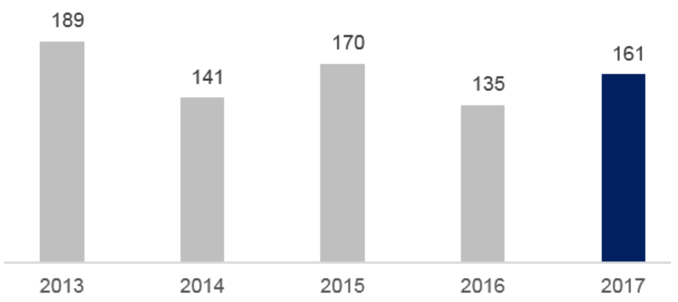
New

HIGH VOLTAGE & PROJECTS	TELECOM & DATA	INDUSTRY & SOLUTIONS	BUILDING & TERRITORIES	OTHER
Land High Voltage	Operators	Harnesses	Building	Rodmill
		Shipbuilding		
		Railways		
Submarine High Voltage	Special Telecom	Aerospace		
		Mining		
		O&G	Utilities	
Umbilicals	LAN cables & systems	Renewables		
		Automation		
		Others (Medical, Nuclear, ...)		

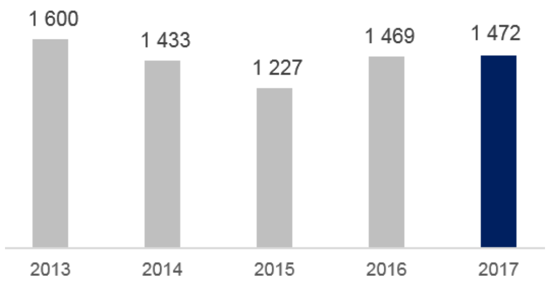
NET INCOME/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT *(in millions of euros)*



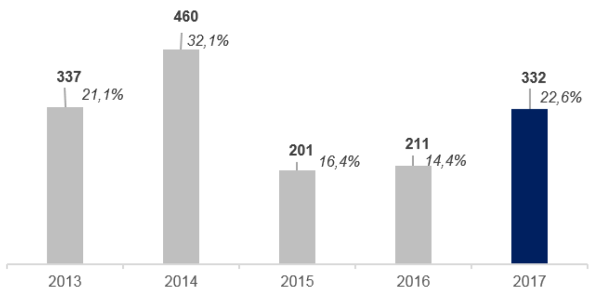
NET CAPITAL EXPENDITURE
(in millions of euros)



EQUITY
(In millions of euros)



NET DEBT
(in millions of euros)



1.4. Operations during 2017

1.4.1. Consolidated results of the Nexans Group

1.4.1.1. OVERVIEW

Organic growth accelerated to 8.2% in the second half of the year from 2.4% in the first half, despite slowdowns in businesses in South America and in Oil & Gas business in Asia.
Growth was led by a strong 45% increase in sales by the submarine high-voltage business, continuing a trend that was also a feature of first-half performance, and by a second-half recovery in cable sales to the building industry and energy operators.

In this environment, the performances of the project-based businesses helped to drive a 30 million euro increase in the Group's consolidated operating margin (to 272 million euros in 2017 from 242 million euros in 2016) and a 36 million euro increase in EBITDA[2] (to 411 million euros from 375 million euros).

Sales for 2017 came to 6.370 billion euros at current metal prices and 4.571 billion euros at constant metal prices[3], representing organic growth of 5.1% compared with 2016. Organic growth accelerated in the second half to 8.2% from 2.4% in the first half, led by a recovery in demand for low-voltage power cables in the building market and for medium-voltage cables among energy operators.

Operating margin totaled 272 million euros compared with 242 million euros in 2016, corresponding to 6.0% of sales at constant metal prices versus 5.5% in 2016.

These figures reflect mixed operating environments across the different businesses:

- The high-voltage projects business enjoyed robust 34.3% organic growth thanks to the efficient execution of submarine high-voltage contracts for which sales were up 44.9%. With a solid order book, the Group is guaranteed a high level of sales over the next two years.

- Organic growth in sales of low- and medium-voltage cables to energy operators was a negative 3.0%. However, demand from energy distributors recovered in the third quarter of 2017 after twelve months of flagging sales.

- Telecom infrastructure cable sales continued to enjoy strong momentum, with organic growth reaching 10.5%. However, the LAN cables business contracted by 6.9%, reflecting period-on-period declines of 11.4% in the first half and 1.3% in the second.

- Oil & Gas sector activities (cables and umbilical projects) ended the year down 14%, posting 14.4% growth in the second half following a 31.7% fall in the first six months of the year.

Sales by geographic area can be analyzed as follows:

- In Europe, excluding high-voltage projects (up 36.8%) and automotive harnesses (up 2.3%), sales grew 2.7% thanks to stronger demand for specialty cables in certain markets, the second-half recovery in sales of power cables for the building market and growing demand from telecommunications operators.

- Sales in North America contracted by 4.0%, with resilient demand for cables in the building market and among energy operators only partly offsetting weak sales of LAN cables and systems.

- Difficult economic conditions in South America led to an 18.7% decline in sales.

- In the Asia-Pacific region, sales were down 1.4%. The renewed momentum enjoyed by most businesses in China, combined with market share gains in Australia and New Zealand, softened the negative impact of lower cable sales to South Korean and Chinese shipyards.

- Sales in the Middle East/Africa region rose 9.2%, reflecting gains in all countries except for Morocco.

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[2] Consolidated EBITDA is defined as operating margin before depreciation and amortization.
[3] To neutralize the effect of fluctuations in non-ferrous metal prices and therefore measure the underlying sales trend, Nexans also calculates its sales using a constant price for copper and aluminum.

1.4.1.2. ANALYSIS BY BUSINESS

Transmission, Distribution & Operators

Sales generated by the Transmission, Distribution & Operators division amounted to 2,387 million euros at current metal prices and 2,029 million euros at constant metal prices, with organic growth at 13.0%. This performance reflects strong 34.3% growth in sales by the project-based businesses and stable sales in the Distribution & Operators sub-segment.

Land high-voltage

The recovery that began in the first quarter of 2017 continued over the rest of the year. Organic growth for the year of 9.5% was led by the Europe region. Plants in China (Yanggu) and in the United States continued to operate below capacity.

Operating margin remained negative, with profits in Europe failing to cover the losses generated by the Goose Creek plant. The decision has been made to convert Charleston to submarine cable manufacturing to meet this business's need for additional capacity in a cost-efficient manner while also enabling the plant to return to profit.

Submarine high-voltage

Organic growth in the submarine cables business stood at 44.9%. The plants are operating at full capacity and installation activity was at an historic high in 2017, at nearly double the 2016 level, creating the need for a second cable laying ship.

In the Oil & Gas sector, Direct Electrical Heating (DEH) systems and umbilical cables grew at a more subdued rate of 5.4%. In total, 2017 saw deliveries on contracts continue in line with expectations both in terms of revenue and margin at completion.

Several capacity extension initiatives were launched during the year: such as the buyout of the Group's joint venture partner, Viscas, in NVC, the extension of the Goose Creek plant and decision to implement a two-year plan to convert this plant to submarine cable manufacturing, the construction of a new cable laying ship, etc. In view of the time necessary for these facilities to come online, a step up in productivity is anticipated for 2020-2022, following 2018-2019 levels similar to the peak in 2017.

Distribution

After a contraction of sales both in second-half 2016 and first-half 2017 (negative 9.7% in the first half), sales of distribution cables started to recover in the second half 2017 (4.8% organic growth) to reach with negative organic growth of 3.0% overall the full year.

In Europe, the upturn in demand among energy operators that began in third-quarter 2017 continued through the end of the year, with growth reaching 9.9% in the second half compared with a negative 17.7% in the first half. The situation was generally difficult in Germany, Italy, Greece and the Nordic countries. However, the industrial restructuring operation carried out two years ago helped to keep the business in profit.

Sales increased in the other regions, except for South America where business continued to be hampered by a lack of overhead power line contracts in Brazil and low levels of investment in Chile.

In the Asia-Pacific region, sales growth was limited in China and sharper in Australia and New Zealand, where the Group won back market share.
Operating margin for the Distribution business as a whole was adversely affected by the negative performance in South America.

Operators

Organic growth in sales of cables to telecommunications operators was 10.5% year on year. All regions contributed to the increase, which was accompanied by an upturn in operating margin driven by higher demand for optical fiber cables and telecom accessories.

Operating margin for the Transmission, Distribution & Operators division as a whole came to 155 million euros, or 7.7% of sales at constant metal prices versus 6.6% in 2016.

Industry

Industry division sales totaled 1,332 million euros at current metal prices and 1,126 million euros at constant metal prices. Organic growth was a negative 1.6%.

Sales of automotive harnesses rose 2.3% over the year. Operating margin for this business reflected the Group's investment in developing new models, notably for hybrid and electric vehicles. Initiatives to optimize production costs were pursued in Europe, including by reallocating production between the plants in Eastern Europe and those in Tunisia.

Sales of other industrial cables contracted by 4.0% due to the 30.1% decline in cables for Oil & Gas sector business, particularly in Asia.
For example, in South Korea, cable sales to shipyards fell 32.0% compared with 2016. In China, demand from the shipbuilding industry declined at a similar rate; however, the 12.4% growth in sales of cables for railway networks and completion of the new plant in Suzhou helped to drive a sharp improvement in operating margin.
In Europe, organic growth came to 4.1%, reflecting robust sales of railway and automation cables. Growth in other flagship sectors, such as renewable energies and aeronautics, reached a plateau but their performance over the year was still positive.
In North America, AmerCable staged a recovery, with sales rising 6.9% in 2017. The turnaround was helped by renewed demand for mining extraction cables, leading to an 18.4% increase in sales, and stable sales of extraction cables for the Oil & Gas sector versus 2016.
The operating margin remained stable at 5% totaling 56 million euros versus 59 million euros in 2016. The erosion of margins for the automotive harnesses activity and the continued decrease in Oil & Gas sector business were offset by higher margins for other industrial cables.

Distributors & Installers

The Distributors & Installers division posted sales of 1,823 million euros at current metal prices and 1,125 million euros at constant metal prices, representing organic growth of 0.9% that reflected contrasting trends between power cables and LAN cables.

Organic growth in sales of power cables for the building industry came to 3.5% in 2017, thanks to a sharp acceleration in the second half after the 0.4% negative growth in the first six months. All regions contributed to the recovery, except for South America where demand remained flat.

In Europe, demand picked up strongly in most countries, led by France, once the new EU Construction Products Regulation (CPR) came into effect. Although margins were broadly stable compared with 2016, they increased in the second half of the year. Range enhancements have not yet translated into extra margin points.
In North America, sales were comparable between the first and second halves, with each period seeing around 2.0% growth compared with the year earlier period. Growth continued to be more robust in the United States than in Canada, although Canadian volumes recovered in the second half. Margins narrowed due to the time lag before higher copper prices could be passed on to customers.
In the other regions, sales grew throughout the year, particularly in the Middle East/Africa region thanks to strong momentum in the Lebanese and Turkish markets.

Sales of LAN cables and systems remained on the downward trend that began in the second half of 2016. Organic growth for the year was a negative 6.9%, although the downtrend flattened in the second half when sales contracted 1.3%. The Europe, Asia-Pacific, South America and Middle East/Africa regions all returned to growth in the second half.
In China, the Group installed an optical fiber and optical fiber connectors assembly line to meet local demand.
Overall demand contracted in North America, where the LAN sales represents approximately 50% of the total Group sales in this segment. Margins in the United States were eroded by volume-led pricing pressures.

Overall operating margin stood at 53 million euros, representing 4.7% of sales at constant copper prices, compared with 78 million euros in 2016.

Other Activities

External sales of copper wires came to 828 million euros at current metal prices and 290 million euros at constant metal prices, representing negative organic growth of 0.5%.
Operating margin for this segment was 7 million euros versus a negative 17 million euros in 2016. It corresponds to the profit on sales of copper wires offset by central costs that cannot be allocated to the other divisions, as well as provision reversals.

1.4.2. Other items in the 2017 consolidated financial statements

1.4.2.1. CORE EXPOSURE EFFECT

The core exposure effect represented income of 64 million euros in 2017 compared with an expense of 6 million euros in 2016. The positive effect on 2017 consolidated net income was attributable to the sharp rise in copper prices during the year.
The expense in 2016 was mainly due to a volume effect.

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

1.4.2.2. RESTRUCTURING COSTS

Restructuring costs came to 37 million euros in 2017 (see breakdown in Note 22 to the consolidated financial statements), versus 33 million euros in 2016:

- The 2017 figure corresponds mainly to provisions recognized for employee-related costs (notably in Brazil, Europe and the United States), and costs recognized on a cash basis in accordance with IFRS.
- The 2016 figure primarily concerned (i) provisions recognized for employee-related costs (notably in the United States, Europe and the Asia-Pacific area), (ii) costs recognized on a cash basis in accordance with IFRS and (iii) proceeds from the sale of a land use right in China.

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.

1.4.2.3. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses represented a net expense of 19 million euros in 2017 versus 22 million euros the previous year, chiefly comprising:

- **Net asset impairment** of 8 million euros in 2017 as in 2016. The Group carries out impairment tests on goodwill at least once a year and on other intangible assets and property, plant and equipment whenever there is an indication of impairment. The main assumptions used for these impairment tests as well as explanations concerning the impairment losses recognized during the period are set out in Note 6 to the consolidated financial statements.

  The 8 million euro net impairment loss resulting from the tests conducted in 2017 concerned intangible assets allocated to the “Asia-Pacific” cash-generating unit (CGU).

  In 2016, the 8 million euro net impairment loss concerned property, plant and equipment allocated to the “Asia-Pacific” cash-generating unit (CGU).

- **Expenses and provisions for antitrust investigations** amounted to a net 6 million euros in 2017, and as in 2016 corresponded chiefly to an addition to a contingency provision, on top of the additional amount set aside in 2016, to cover the potential cost of the investigations described in Note 30 to the consolidated financial statements. In 2016, the net expense was 20 million euros.

- **Gains and losses on asset disposals**: this item represented a net gain of 1 million euros in 2017.

  In 2016, the Group recorded a 7 million euro net loss on the sale of Nexans Russia LLC, a wholly-owned subsidiary, in the fourth quarter.

- **Acquisition-related costs on completed and planned acquisitions**: an expense of 6 million euros was recorded in 2017.

1.4.2.4. NET FINANCIAL EXPENSE

Net financial expense amounted to 62 million euros in 2017, compared with 88 million euros in 2016.

Cost of net debt totaled 56 million euros in 2017, versus 64 million euros the previous year. The year-on-year decrease mainly reflects a reduction in borrowing costs on ordinary and convertible bond debt following the redemption on May 2, 2017 of the bonds due in 2017.

Other financial income and expenses represented a net expense of 6 million euros compared with 24 million euros in 2016. The improvement was mainly due to a more favorable currency effect.

1.4.2.5. INCOME TAXES

The Group’s income tax expense for 2017 was 91 million euros, versus 37 million euros the previous year. The increase was mainly due to the 122 million euro growth in income from ordinary activities before tax and to the roughly 15 million euro negative effect of US and Belgian tax reforms on the carrying amount of deferred tax assets.

1.4.2.6. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Group’s total consolidated assets declined slightly, to 5,147 million euros at December 31, 2017 from 5,296 million euros at December 31, 2016. Changes in the structure of the Group's statement of financial position between those two reporting dates were as follows:

- Non-current assets amounted to 1,767 million euros at December 31, 2017, versus 1,840 million euros one year earlier.
- Operating working capital requirement (trade receivables plus inventories less trade payables and accounts related to long-term contracts, excluding the impact of foreign currency translation, changes in scope of consolidation, the core exposure impact and reclassifications to assets and related liabilities held for sale) increased by 94 million euros in 2017.
- Net debt amounted to 332 million euros at December 31, 2017 versus 211 million euros at the previous year-end.
- Provisions for contingencies and charges – including for pension and other long-term employee benefit obligations – decreased by 80 million euros over the year to 560 million euros at December 31, 2017.
- Total equity stood at 1,472 million euros at December 31, 2017 compared with 1,469 million euros at December 31, 2016.

1.4.2.7. MAIN CASH FLOWS FOR THE PERIOD

Cash flow from operations before gross cost of debt and tax totaled 332 million euros in 2017.

The increase in working capital requirement amounted to 111 million euros. The increase concerned the cables businesses and was due to less favorable cash flow patterns compared with the end of 2016 as well as to the business growth observed in the fourth quarter of 2017. The working capital requirement for the project-based businesses was flat compared with 2016, despite last year's rapid business growth.

Net cash used in investing activities came to 191 million euros in 2017, chiefly corresponding to purchases of property, plant and equipment and, to a lesser extent, share acquisition costs (25 million euros).

Net cash used in financing activities totaled 178 million euros, primarily reflecting:

- Redemption of 2017 bonds, representing an outflow of 350 million euros.
- The 199 million euro proceeds from a new bond issue due April 5, 2024.
- Interest payments of 61 million euros.
- Dividend payments of 23 million euros.
- Share buybacks, representing an outflow of 11 million euros.

Overall, taking into account the effect of currency translation differences, net cash and cash equivalents decreased by 223 million euros during the year to 794 million euros at December 31, 2017 (including 805 million euros in cash and cash equivalents less 11 million euros of short-term bank loans and overdrafts).

1.4.2.8. OTHER SIGNIFICANT EVENTS OF THE YEAR

a) Issuance of 200 million euros worth of bonds due April 5, 2024

During the first half of 2016, Nexans issued 200 million euros worth of 7-year 2.75% fixed-rate bonds due April 5, 2024. The bonds were issued at par and their initial yield to maturity was therefore 2.75%. The bonds were issued at par and have an annual coupon of 2.75%.

The issue was successful, with some 160 international institutional investors taking up the bonds. HSBC and Société Générale acted as global coordinators and book runners for the issue. BNP Paribas and Banco Santander also acted as book runners.

The bonds have been listed on Euronext Paris since April 5, 2017.

b) Redemption of 2007-2017 bonds

All of the 2007-2017 bonds were redeemed in cash at maturity on May 2, 2017 for 370 million euros including accrued interest.

c) Consolidation of the sector

On March 1, 2017, NKT Cable (Denmark) completed the acquisition of ABB's (Switzerland) high-voltage cable business, creating a world leader in submarine projects.

On December 4, 2017, the Prysmian Group (Italy) announced the acquisition of General Cable (USA). This transaction will lead to the creation of the world's leading cable industry player with sales of around 11 billion euros. These developments show an acceleration in the consolidation of the sector.

1.4.3. The Company

1.4.3.1. ACTIVITIES AND RESULTS

The Company is an ultimate holding company.

For the year ended December 31, 2017, the Company reported sales of 27 million euros, derived primarily from services billed to Group subsidiaries (22 million euros in 2016).

After taking into account net operating expense of 45 million euros, net financial income of 49 million euros and non-recurring expenses of 6 million euros, the Company ended 2017 with net income of 25 million euros (versus 7 million euros in 2016).

The Company's equity amounted to 1,853 million euros at December 31, 2017, 7 million euros higher than the prior-year figure.

Payment periods of trade payables

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 2,812,803 euros at December 31, 2017 and 812,425 euros at December 31, 2016.
Information on supplier payment periods is set out below:

At December 31, 2017	1 to 30 days	30 to 60 days	Beyond 60 days	Total
Invoices received not past due by maturity				
Total amount of invoices concerned in euros (including taxes)	1,713,019	12,420	-	**1,725,439**
Number of invoices concerned	9	1	-	10
Invoices past due by late payment tranche*				
Total amount of invoices concerned in euros (including taxes)	1,065,861	6,913	14,590	**1,087,364**
Number of invoices concerned	7	1	3	11
Percentage of Purchases	2.82%	0.02%	0.04%	2.88%
Accrued invoices not received at December 31, 2017				**15,961,738**
Accrued external Supplier invoices (including taxes)				*2,703,567*
Accrued Intra-Group invoices (including taxes)				*13,258,170*

* The reference payment terms used to calculate late payment are contractual dates (of 30 days most often) or 15 days from the invoice date

Payment terms for trade receivables

With the Company's receivables comprising only amounts receivable from Group companies, certain information required by Article D.441-4 of the French Commercial Code (*Code de commerce*) is not included below as it is deemed irrelevant. Trade receivables totaling 4,344,348 euros (including taxes) at December 31, 2017 break down as follows:

- Trade receivables not past due: 4,012,618 euros
- Trade receivables past due: 331,730 euros

At the year-end, unbilled revenue amounted to 10,705,014 euros (including taxes) and concerned only intra-Group receivables.

1.4.3.2. PROPOSED APPROPRIATION OF 2017 RESULTS AND DIVIDEND PAYMENT

The Annual Shareholders' Meeting to be held on May 17, 2018 will be asked to appropriate the Company's results for 2017 – corresponding to net income of 25,332,856 euros – as follows:

n Retained earnings brought forward from prior years	92,939,188 euros
n 2017 results	25,332,856 euros
n Transfer to legal reserve	835,668 euros
n Total distributable income	117,436,376 euros

At the same meeting, the Board of Directors will recommend a dividend payment of €0.70 per share.

In the event that the Company holds any treasury shares at the time the dividend is paid, the amount corresponding to the dividends not paid on these shares will be allocated to the retained earnings account.

In compliance with Article 243 *bis* of the French Tax Code (*Code général des impôts*), it is hereby disclosed that all of the Company's shares are of the same class and that all dividends paid will be eligible for the 40% tax relief applicable to French tax residents as referred to in Article 158, section 3, subsection 2 of said Code.

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

	2016 (paid in 2017)	2015 (paid in 2016)	2014 (paid in 2015)
Dividend per share	€0.50	-	-
Number of shares qualifying for the dividend	43,210,277	-	-
Total payout	€21,605,138.50	-	-

1.5. Progress made and difficulties encountered in 2017

The Nexans in Motion **strategic initiatives** helped drive a 333 million euro improvement in operating margin between 2014 and 2017, with some delivering better results than others. These initiatives will be pursued over the duration of the 2018-2022 strategic plan. They will include actions to improve the Group's cost competitiveness that are projected to have a total impact of some 270 to 290 million euros over the five-year period.

- Measures to reduce **fixed costs** had a 31 million euro positive effect on 2017 operating margin before inflation, on top of the previous year's 22 million euro impact.
  In all, fixed cost efficiency measures added around 115 million euros to operating margin over the past three years.

- **Variable cost** savings (in the form of lower purchasing costs and improved industrial efficiency measures) had a positive net impact on operating margin of 26 million euros in 2017 and 58 million euros in 2016. Price rises for chemicals and plastics over the year were passed on in sales prices with a time lag, resulting in a more contained reduction in variable costs.

-
  All told, over the past three years, the Group has delivered a 94 million euro reduction in variable costs.

- **"Market Leadership"** initiatives had a positive 51 million euro effect on operating margin for 2017. The strong performance by the submarine high-voltage business and robust cable sales to telecommunications operators offset downturns in North and South America.
  The cumulative gain over the three-year period was 124 million euros, with the decline in Oil & Gas business eroding the positive contribution of the high-voltage and telecommunications cables businesses.

Over the three-year period 2015-2017, cost and pricing pressures squeezed operating margin by 208 million euros, including 77 million euros in 2017 alone.

1.6. Innovation and technology (R&D)

The Group places particular importance on innovation and technology, and its total research and development expenses amounted to over 100 million euros in 2017, including significant increases in the budgets allocated to High-Voltage and electric vehicle projects. More than 900 researchers, engineers and technicians work in the R&D centers and local product development units. The Group currently has a portfolio of approximately 615 patent families, and 53 new patent applications were filed in 2017. This high number attests to the creative abilities of our technical teams and strengthens the Group's market positioning by protecting its intellectual property and innovation-led differentiation.

The Group's technical activities are divided into four main areas, which are referred to together as PACT:

- **P**roduct innovation, focused on incorporating technological advances, enhancing product performance, creating offerings that stand out from others in the market, and renewing the products and services making up the Group's portfolio.
- **A**dvanced development of innovative materials and processes enabling new technical solutions to be identified in the medium term.
- **C**ompetitiveness projects focused on redesigning products to achieve cost and manufacturing efficiencies and streamline manufacturing processes in order to boost the Group's financial performance.
- **T**ests and technical support in all of our plants to ensure that product performance is managed sustainably and that we continuously improve our manufacturing processes.

The objective of the Group's Innovation and Technology teams is to work closely with the Marketing teams to identify technological developments in our customers' applications and then devise new products and services accordingly. In so doing, we can build strong positions in these new developments by creating value for customers and standing out from the competition. At the same time, the Group contributes to these technological developments through its ongoing work on standardization, notably by participating in the drafting of new international standards.

The Nexans Research Centers (NRCs) work with external partners (such as universities, laboratories and research organizations) to help design state-of-the-art materials, fine-tune new technologies and develop new products.

Our Process Centers are tasked with streamlining and improving production processes. These Centers provide technical support to the Group's plants, either for specific projects or as part of its continuous improvement program for product operations.

With the view to creating a closer fit between technical priorities and commercial developments within the Group, we have also set up Technology, Engineering and Knowledge Centers (TEK Centers) in which operations-based technical teams are grouped by market. The TEK Centers are coordinated by the Innovation & Technology Department in order to ensure that the Group's technical developments are aligned with its commercial priorities and to benefit from the resources and support of the Research and Process Centers.

In 2017, Nexans pursued its action to support and accelerate energy transition projects with a particular focus on grid systems.

By including smart connections in energy grids, with connectors incorporating current and voltage sensors, power fluctuations can be managed in real time, leading to improved management of power flows when renewable energy sources (solar power and wind farms) are connected to the grid.

Leveraging the qualifications obtained in 2016 in high-voltage direct current (HVDC) extruded insulation cables, last year the Group won its first contract to supply 320kV DC submarine cables to transport electricity from offshore wind farms in Germany. We also continued the development effort to have our HVDC extruded insulation cables qualified to 600kV, in order to prepare a highly competitive offer for new interconnection contracts.

Following the successful initial demonstrations of our new electric vehicle smart recharging solutions for apartment blocks, Nexans worked in partnership with a start-up to add a dynamic load management system to our offer.

2017 was an important year for fire safety in Europe, with the implementation of the EU Construction Product Regulation (CPR). For Nexans, this was an opportunity to upgrade all of our cable ranges for the building market, not only to incorporate the requirements of the new regulations but also to enhance their performance.

Nexans continues the deployment of eco-design with its technical teams, in order to reduce the environmental impact of products throughout their life cycle, by working in particular on the choice of materials and manufacturing processes.

All of these development projects comply with Eco-design principles and use environmentally friendly materials and processes. They demonstrate our technical teams' ability to incorporate environmental aspects into cable design with a view to reducing both the cables' CO_2 impact and the joule losses when they are used.

The new Digital Lab created to support the Group's digital transformation has delivered its first innovative prototypes incorporating connected objects and software in cable offers. The aim is to add new functions to the cables installed in the Group's customers' applications that provide them with more information and allow them to manage the applications more efficiently.

1.7. Significant events after the reporting period

No significant events occurred between the end of the reporting period and the date on which this Registration Document was approved for issue.

1.8. Trends and outlook

The "Nexans in Motion 2015-2017" transformation plan delivered the expected results. Consolidated operating margin was almost doubled and return on capital employed rose twofold, despite flat sales and an economic environment shaped by the global oil crisis and very challenging market conditions in South America. The plan enabled the Group to return to and increase profit, while reducing its debt from 460 million euros at the end of 2014 to 332 million euros at the end of 2017.

Today, thanks to its new "Paced for Growth" plan, Nexans is aiming for a 25% increase in sales at constant non-ferrous metal prices by 2022, as well as a roughly 50% increase in EBITDA to about 600 million euros and a return on capital employed of over 15% (for further details on Nexan's "Paced for Growth" plan, see the Group's website for a presentation made at the Investor Day event held on December 13, 2017).

The Group's outlook is, however, subject to several major uncertainties:

- The impact on O&G customers' exploration-production of oil and gas price fluctuations.
- The worsening political and economic situation in South America, which is affecting the building market and major infrastructure projects in the region as well as creating exchange rate volatility and an increased risk of customer default.
- The political crisis between Qatar and its fellow members of the Gulf Cooperation Council (GCC), political instability in Libya and Côte d'Ivoire, and persistent geopolitical tensions in Lebanon, the Persian/Arabian Gulf and the Korean peninsula.
- The sustainability of the high rates of growth in the data center, renewable energy and energy transmission segments.
- The economic and political environment in the United States and Europe, with potential major changes in US trade policy on one side of the Atlantic and the possible consequences of Brexit and the Catalan crisis on the other.
- The impact of changes in exchange rates on the conversion of the financial statements of the Group's subsidiaries located outside the euro zone.
- Inherent risks related to carrying out major turnkey projects for submarine high-voltage cables, which will be exacerbated in the coming years as this business becomes increasingly concentrated and centered on a small number of large-scale projects (Beatrice, Nordlink, NSL, East Anglia One and DolWin6, which will be our first contract to supply and install HVDC extruded insulation cables), and the high capacity utilization rates of the plants involved.
- The risk that certain programs designed to improve the Group's competitiveness, certain R&D and innovation programs, or certain business development plans targeting new markets experience delays or do not fully meet their objectives.
- The inherent risks associated with major capex projects, particularly the risk of completion delays. These risks notably concern the construction of a new submarine cable laying ship and the extension of the Goose Creek plant in North America to add production of submarine high-voltage cables, two projects that will be instrumental in ensuring that we fulfil our 2021-2022 objectives.

2 Corporate governance

For corporate governance matters, Nexans refers to the Corporate Governance Code for listed companies published by the *Association Française des Entreprises Privées* (AFEP) and *Mouvement des Entreprises de France* (MEDEF), as amended in November 2016 (the “AFEP-MEDEF Code”). The AFEP-MEDEF Code is available on the MEDEF website, www.medef.com, and the AFEP website, www.afep.com.

Nexans’ application of the AFEP-MEDEF Code recommendations is presented in section 2.3.4., Corporate governance code.

The Board of Directors’ report on corporate governance was reviewed by the Appointments, Compensation and Corporate Governance Committee on February 12, 2018. It was approved by the Board of Directors at its meeting of February 14, 2018, as required by Article L.225-37 of the French Commercial Code (*Code de commerce*), and is included in this section.

2.1. Governance structure

Splitting the duties of Chairman of the Board and Chief Executive Officer

On May 15, 2014, on the recommendation of its Chairman, the Board of Directors approved the principle of splitting the duties of Chairman of the Board and Chief Executive Officer.

This organization allows the Company and Executive Management to concentrate on its strategic priorities and implement the strategic plan under the best possible conditions. It is carried out in conjunction with the Group’s transformation. It also helps ensure that the Board of Directors operates better. The validity of this separation of duties has been confirmed by the Board appraisals carried out each year since 2014.

2.2. Management bodies

Chief Executive Officer

Arnaud Poupart-Lafarge has been the Chief Executive Officer of Nexans since October 1, 2014.

Number of shares held: 27,738
Number of corporate mutual fund units invested in Nexans shares: 1,780
52 years old, French nationality
Address: 4 Allée de l'Arche, 92400 Courbevoie, France

Expertise/Experience

Arnaud Poupart-Lafarge joined Nexans in July 2013 as Chief Operating Officer. Previously, he managed various operations in Europe, Africa and the Commonwealth of Independent States (CIS) for the ArcelorMittal group. He was also a member of the ArcelorMittal management council until July 2013.
Arnaud Poupart-Lafarge is a graduate Engineer from Ecole Polytechnique and Ecole des Ponts et Chaussée and holds a Master of Science in Economics from Stanford University in the United States.

Directorships and other positions held during 2017 (and still in force at the year-end)

Director of HSBC France

Directorships and other positions that have expired in the last five years

None

Management Board

The Management Board is chaired by Arnaud Poupart-Lafarge. It is responsible for determining the Group's strategy, allocation of resources, and organization. It is also tasked with ensuring that the Group is managed efficiently and effectively.

The Management Board's members are:

1 Benjamin Fitoussi, Senior Executive Vice President, MERA (Middle-East Russia Africa) and Industry Solutions & Projects Business Group

2 Dirk Steinbrink, Senior Executive Vice President, High Voltage and Underwater Cable Business Group

3 Anne-Marie Cambourieu, Senior Corporate Vice President, Human Resources in charge of Communications and Corporate Social Responsibility

4 Arnaud Poupart-Lafarge, Chief Executive Officer

5 Pascal Portevin, Senior Corporate Executive Vice President, International and Operations

6 Nicolas Badré, Chief Financial Officer

7 Christopher Guérin, Senior Executive Vice President, Europe and Telecom/Datacom and Power Accessories Business Groups

Management Council

The Management Council is chaired by Arnaud Poupart-Lafarge. Its role is to reflect on, debate and discuss the challenges facing the Group and it is responsible for defining the Group's overall strategic vision, driving breakthrough projects, and monitoring and enhancing the Group's operating procedures. It brings together the members of the Management Board, the Group's main functional departments, as well as Executive Vice Presidents in charge of areas and business groups:

- Kamil Beffa,
  Executive Vice President, Controlling, Strategy and Clusters Europe
- Norbert Bluthé,
  Executive Vice President, Asia-Pacific Area
- Giuseppe Borrelli,
  Executive Vice President, Land High Voltage Business
- Vincent Dessale,
  Executive Vice President, Submarine High Voltage Cables
- Paul Floren,
  Senior Corporate Vice President, Communications
- Pierre Kayoun,
  Corporate Vice President, Innovation & Technology
- François Lavernos,
  Chief Information Officer
- Vijay Mahadevan,
  Executive Vice President, Middle-East Russia Africa Area (MERA)
- Marc Mertens,
  Executive Vice President, Power Accessories Business Group
- Patrick Noonan,
  Senior Corporate Vice President, General Secretary
- Jean-Marc Réty,
  Executive Vice President, Purchasing
- Heike Sengstschmid,
  Executive Vice President, Industrial Operations
- Steven Vermeulen,
  Executive Vice President, North and South America Areas
- Andreas Wolf,
  Executive Vice President, Automotive and Industrial Harness Business Group

2.3. Administrative body

2.3.1. Composition of the Board of Directors

In accordance with Article 11 of the Company's bylaws, the Board of Directors may have between 3 and 18 members at the most.
As of December 31, 2017, the Board of Directors comprised 13 members from diverse backgrounds. Members are selected for their expertise and experience in varied fields, and taking into account the Board's diversity (representation of men and women, nationalities, international experience).

In accordance with Recommendation 6.2 of the AFEP-MEDEF Code, the Board discussed the balance reflected in its composition and that of its committees at its meeting of January 22, 2018:

- The directors considered that given the breakdown of its share capital and the fact that three representatives of the main l shareholder Invexans (Quiñenco group) sit on the Board, the size and independence rate of more than 54.5%(1) at the end of 2017 were satisfactory. The Board set itself the objective of maintaining an independence rate of at least 50% in accordance with Recommendation 8.3 of the AFEP-MEDEF Code.
- The proportion of women on the Board, currently 41.7%(2), is satisfactory and in line with the provisions of Article L.225-18-1 of the French Commercial Code.
- With four foreign residents and three foreign nationals on the Board, as well as two members who have dual nationality, the Board further strengthened its international dimension in 2017.

Pursuant to Article 12 *bis* of the bylaws, one of the members of the Board of Directors is appointed at the Ordinary Shareholders' Meeting, based on the proposal of the Board of Directors, from among the salaried members of the Supervisory Board(s) of the corporate mutual fund(s) (*fonds commun de placement d'entreprise* — FCPE), to represent employee shareholders.

Pursuant to Article 12 *ter* of the bylaws, as amended by the Annual Shareholders' Meeting of May 11, 2017, a director representing employees was designated for the first time by the Group Works Council in France on October 11, 2017. Angéline Afanoukoé, External Affairs Senior Manager for the Nexans Group, was therefore appointed as a director for a four-year term.

Pursuant to Article 12 of the bylaws, the term of office of directors is four years. The terms of office of directors appointed by the Annual Shareholders' Meeting expire as follows:

2018 ANNUAL SHAREHOLDERS' MEETING	Véronique Guillot-Pelpel, Fanny Letier(1), Philippe Joubert
2019 ANNUAL SHAREHOLDERS' MEETING	Georges Chodron de Courcel, Cyrille Duval, Hubert Porte(2)
2020 ANNUAL SHAREHOLDERS' MEETING	Marie-Cécile de Fougières(3), Colette Lewiner, Kathleen Wantz-O'Rourke
2021 ANNUAL SHAREHOLDERS' MEETING	Marc Grynberg, Francisco Pérez Mackenna(2), Andrrónico Luksic Craig(2)

(1) Director proposed by the shareholder Bpifrance Participations.
(2) Directors proposed by the main l shareholder Invexans (Quiñenco group).
(3) Director representing employee shareholders.

(1) Independence rate calculated without counting the director representing employee shareholders, in accordance with Recommendation 8.3 of the AFEP-MEDEF Code.

(2) Proportion of women on the Board calculated without counting the director representing employees, in accordance with paragraph 2 of Article L225-27 of the French Commercial Code.

The summary table below lists the changes that occurred in the composition of the Board of Directors during fiscal 2017:

Date of event	Person concerned	Change that occurred
May 11, 2017	Jérôme Gallot	Expiration of term of office
May 11, 2017	Marc Grynberg	Election as a director
October 11, 2017	Angéline Afanoukoé	Designation by the Group Works Council in France as director representing employees

At the Annual Shareholders' Meeting held on May 11, 2017, Nexans' shareholders also re-elected Andronico Luksic Craig and Francisco Perez Mackenna as directors.

On November 22, 2017, the Board of Directors appointed Anne Lebel as a censor with a view to proposing her as a candidate to become a director at the 2018 Annual Shareholders' Meeting. Since that date, Anne Lebel has attended Board meetings in an advisory capacity.

2.3.1.1. MEMBERS OF THE BOARD OF DIRECTORS

At December 31, 2017, 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).

Georges Chodron de Courcel, Chairman of the Board of Directors

- Chairman of the Board of Directors of Nexans
- First elected as a director: June 15, 2001
- Appointed as Chairman of the Board of Directors: March 31, 2016
- Expiration of current term: 2019 Annual Shareholders' Meeting
- Number of shares held: 500
- 67 years old, French nationality
- Address: 4 Allée de l'Arche, 92400 Courbevoie, 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. In March 2016, he was appointed as Chairman of the Board of Directors of Nexans.

Directorships and other positions held during 2017 (and still in force at the year-end)

- Director of **F.F.P. (Société Foncière Financière et de Participations)**, Scor Holding (Switzerland) AG*, Scor Global Life Rückversicherung 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 and other positions that have expired in the last five years

- Chief Operating Officer of **BNP Paribas**
- Chairman of BNP Paribas (Switzerland) S.A.*
- Vice-Chairman of Fortis Bank S.A./N.V.*
- Director of **Alstom**, **Bouygues SA**, CNP (Compagnie Nationale à Portefeuille)* and **GBL (Groupe Bruxelles Lambert)***
- Censor of Exane (BNP Paribas group)

Angéline Afanoukoé, director representing employees

- External Affairs Senior Manager for Nexans
- First elected as a director: October 11, 2017
- Expiration of current term: October 10, 2021
- Number of shares held: 0
- Number of corporate mutual fund units invested in Nexans shares: 738
- 47 years old, French nationality
- Address: 4 Allée de l'Arche, 92400 Courbevoie, France

Expertise/Experience

Angéline Afanoukoé has been External Affairs Senior Manager for the Nexans Group since January 2017. In this role, Angéline is in charge of improving the Group's visibility and enhancing the brand image among Nexans stakeholders by managing the Group's media relations as well as its external and institutional communications on a global scale.

From 2001, Angéline was in charge of communications with individual and employee shareholders within the Investor Relations department, before taking over the Group's press relations activities in 2012. Angéline first joined the financial department of the Metallurgy division of Alcatel Cables and Components in 1998. She started her career in 1991, working in small and medium-sized companies in the sales and events sector.

Angéline holds a Master's in International Business (Master 1) from University Paris V René Descartes as well as a Certified European Financial Analyst (CEFA) certificate from Société Française des Analystes Financiers (SFAF). She has also completed the Company Director certificate program run jointly by Sciences-Po and Institut Français des Administrateurs (IFA), the French institute of company directors.

Directorships and other positions held during 2017 (and still in force at the year-end)

- None

Directorships and other positions that have expired in the last five years

- None

Cyrille Duval, independent director

- Chief Executive Officer of Sorame
- 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)
- 69 years old, French nationality
- Address: 38 rue Guersant, 75017 Paris, France

Expertise/Experience

Cyrille Duval is Chief Executive Officer of Sorame and Chairman of CEIR – two companies that together hold a 37% interest in Eramet. He was General Secretary of the Alloys division of Eramet from 2007 until April 2016. Prior to that he served as Chief Financial Officer of both Eramet's Alloys division and Aubert & 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 (a mining subsidiary of Eramet's Manganese division) since 2006.

Directorships and other positions held during 2017 (and still in force at the year-end)

- Chief Executive Officer of Sorame SAS
- Chairman of CEIR SAS
- Permanent representative of Sorame on the Board of Directors of **Eramet**
- Director of Comilog* (Eramet group) and Metal Securities (Eramet group)

Directorships and other positions that have expired in the last five years

- Legal Manager of Transmet (Eramet group) and SCI Grande Plaine (Eramet group)
- Chairman of Forges de Monplaisir (Eramet group) and Brown Europe (Eramet group)
- Chief Operating Officer of EHA (Eramet group)

Marie-Cécile de Fougières, director representing employee shareholders

- Industry & Solutions Europe Customer Service Manager EPC[(1)]'s and Operators at Nexans
- First elected as a director: May 12, 2016
- Expiration of current term: 2020 Annual Shareholders' Meeting
- Number of shares held: 10
- Number of corporate mutual fund units invested in Nexans shares: 1,907
- 47 years old, French nationality
- Address: 4 Allée de l'Arche, 92400 Courbevoie, France

Expertise/Experience

Marie-Cécile de Fougières began her career in 1996 in the logistics department of a leading sports retailer. In 1999, she joined the Nexans Group where she has held both on-site operations positions as well as corporate head-office posts in management control/finance, IT, project management, and logistics and supply chain management, in both France and abroad. After helping the project managers implement the Group's strategic transformation projects, she was appointed as Industry & Solutions Europe Customer Service Manager EPC[(1)]'s and Operators on February 1, 2018. She holds a Master's in Fundamental Physics and is also a graduate from Lyon Management School where she studied financial and management control for the industrial sector – a program that was run in conjunction with the Ecole Centrale de Lyon.

Directorships and other positions held during 2017 (and still in force at the year-end)

- Chair of the Supervisory Board of FCPE Nexans Plus 2014 (corporate mutual fund)
- Member of the Supervisory Board of FCPE Nexans Plus 2016 (corporate mutual fund)

Directorships and other positions that have expired in the last five years

- None

Marc Grynberg, independent director

- Chief Executive Officer of Umicore
- First elected as a director: May 11, 2017
- Expiration of current term: 2021 Annual Shareholders' Meeting
- Number of shares held: 500
- 52 years old, Belgian nationality
- Address: Rue du Marais 31, 1000 Brussels, Belgium

Expertise/Experience

Marc Grynberg was appointed Chief Executive Officer of Umicore in November 2008. He was head of the Group's Automotive Catalysts business unit from 2006 to 2008 and served as Umicore's CFO from 2000 until 2006. He joined Umicore in 1996 as Group Controller. Marc holds a Commercial Engineering degree from the University of Brussels (Ecole de Commerce Solvay) and, prior to joining Umicore, worked for DuPont de Nemours in Brussels and Geneva.

Directorships and other positions held during 2017 (and still in force at the year-end)

- Chief Executive Officer of **Umicore***
- Other positions held within the **Umicore*** group
  - Director of Umicore Marketing Services (Hong Kong) Ltd*, Umicore Japan KK*, Umicore Marketing Services Korea Co., Ltd* and Umicore International (Luxembourg)*
  - Chairman of the Supervisory Board of Umicore Management AG (Germany)*

Directorships and other positions that have expired in the last five years

- Director of Agoria (Belgium Federation of Technological Industry)

1 EPC = Engineering, Procurement and Consulting

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: 1,898
- 67 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 2017 (and still in force at the year-end)

- Judge at the Paris Commercial Court

Directorships and other positions 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
- 63 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 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 is also a director of a number of companies, as listed below.

Directorships and other positions held during 2017 (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.*
- Trustee of ClientEarth*
- 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 and Advisory Board member at the University of Cambridge Institute for Sustainability Leadership (CISL)*

Directorships and other positions that have expired in the last five years

- None

Fanny Letier, director proposed by Bpifrance Participations

- Executive Director, Small and Mid Cap Investments and Accelerator Programs at Bpifrance
- First elected as a director: May 15, 2014
- Expiration of current term: 2018 Annual Shareholders' Meeting
- Number of shares held: 110
- 38 years old, French nationality
- Address: 6-8 boulevard Haussmann, 75009 Paris, France

Expertise/Experience

Fanny Letier has been Executive Director for Small and Mid Cap Investments at Bpifrance since March 2015. She also manages Bpifrance's advisory services and coordinates its Accelerator Programs for SMEs and mid-market companies. Fanny Letier previously held several positions in the French civil service, including Deputy Chief of Staff in the Industrial Recovery Ministry in 2012-2013, Secretary General of the Interministerial Committee for Industrial Restructuring (CIRI) in 2010-2012 and various positions within the Treasury Department. She was also a financial advisor for the Permanent Representation of France to the EU in Brussels from 2008 to 2010. She is currently a member of the boards of directors of the BioMérieux group and of non-profit organization Alliance Industrie du Futur.

Directorships and other positions held during 2017 (and still in force at the year-end)

- Executive Director, Small and Mid Cap Investments and Accelerator Programs at Bpifrance
- Director of the BioMérieux group and of Alliance Industrie du Futur

Directorships and other positions 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: 2020 Annual Shareholders' Meeting
- Number of shares held: 2,287
- 72 years old, French nationality
- Address: Capgemini, 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 University 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. Colette Lewiner is also a director of several major companies, as listed below.

Directorships and other positions held during 2017 (and still in force at the year-end)

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

Directorships and other positions that have expired in the last five years

- Director of **Lafarge** and **Crompton Greaves***
- Director of **TGS-NOPEC Geophysical Company ASA***
- Non-executive Chair of TDF

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: 2021 Annual Shareholders' Meeting
- Number of shares held: 500
- 63 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 Chilean Federation of Manufacturers (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 Advisory Board of the Panama Canal Authority. 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 2017 (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.*** and SM Chile*
  - Advisor to the Board of Directors of Enex*
- Member of the Chilean Federation of Manufacturers – SOFOFA* *(Sociedad de Fomento Fabril)* and the Chile-Pacific Foundation*
- 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 and other positions that have expired in the last five years

- Member of the APEC Business Advisory Council* (ABAC)

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: 2021 Annual Shareholders' Meeting
- Number of shares held: 500
- 59 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 a number of 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 (United States). Francisco Pérez Mackenna teaches at the Catholic University of Chile.

Directorships and other positions held during 2017 (and still in force at the year-end)

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

Directorships and other positions that have expired in the last five years

- Director of Banchile Corredores de Bolsa*

Hubert Porte, director proposed by Invexans (Quiñenco group)

- Founding Partner and CEO 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
- 53 years old, French nationality
- Address: Isidora Goyenechea 3477, 7th floor, Las Condes, Santiago, Chile

Expertise/Experience

Hubert Porte is Founding Partner and CEO of the private equity firm Ecus Administradora General de Fondos S.A., which was founded in 2004 and invests in Chile through the private equity funds Ecus Private Equity I and Ecus Agri-Food. He is a director of the Chilean companies Invexans S.A. (Quiñenco group), AMA Time, Plastic Omnium Chile S.A. and Loginsa S.A. He is also managing partner of Latin American Asset Management Advisors Ltda (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 USD 1.2 billion worth of investments for these funds.

Directorships and other positions held during 2017 (and still in force at the year-end)

- Director of **Invexans*** (Quiñenco group) and Plastic Omnium S.A. Chile*
- The following positions in Chilean companies whose financial investments are managed by Ecus Administradora General de Fondos S.A.:
  - Director of AMA Time* (agri-food company)
  - Director of Loginsa* (logistics company)
  - Managing Partner of Latin America Asset Management Advisors* (asset management firm)

Directorships and other positions that have expired in the last five years

- Executive Chairman of Ecus Administradora General de Fondos S.A.* (private equity firm)
- Chairman of the Board of Directors of Central Frenos S.A.*, Albia S.A.* and AMA Time*
- Director of Vitamina S.A.* and Tabali S.A.*
- Executive Chairman of Ecus Administradora General de Fondos S.A.*

Kathleen Wantz-O'Rourke, independent director

- Group Senior Vice-President Operations & Performance at AKKA Technologies in 2017
- First appointed as censor: November 24, 2015
- First elected as a director: May 12, 2016
- Expiration of current term: 2020 Annual Shareholders' Meeting
- Number of shares held: 500
- 52 years old, French and Australian nationalities
- Address: 20 avenue du Recteur Poincaré, 75016 Paris, France

Expertise/Experience

Kathleen Wantz-O'Rourke held the position of Group Senior Vice-President Operations & Performance at AKKA Technologies in 2017. Prior to that, she was Senior Vice-President of Group Performance and Transformation and of Finance "Métiers" at Engie, which she joined in 2012. 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 member of the Board of Directors of the Trust Management Institute (TMI)

Directorships and other positions held during 2017 (and still in force at the year-end)

- Member of the Board of Directors of the Trust Management Institute (TMI)

Directorships and other positions that have expired in the last five years

- Director of Storengy (Engie group)
- Member of the Supervisory Board of Compagnie Nationale du Rhône
- Censor of **Nexans**

Anne Lebel, Censor

- Chief Human Resources Officer of Natixis
- Appointed as censor: November 22, 2017
- Number of shares held: 0
- 51 years old, French nationality
- Address: 30 avenue Pierre Mendès France, 75013 Paris, France

Expertise/Experience

Anne Lebel has been Chief Human Resources Officer of Natixis since July 1, 2016. She began her career in 1987 at Bossard Consultants as an organization and change management consultant. In 1997, Anne joined Schering Plough France as Human Resources and Training Manager for France and later headed up HR Organization and Development in Europe. In 2004, she joined Serono France as Head of Human Resources in France. In 2008, Anne moved to Allianz Global Corporate & Specialty where she was appointed Head of Human Resources for France, Italy and Spain, and later for Europe and Asia, before becoming Global Head of Human Resources between 2012 and 2016. Anne Lebel is a graduate of the Institute of Political Studies in Strasbourg and holds a postgraduate diploma in Business Management and Administration (DESS CAAE) from the Institut d'Administration des Entreprises graduate school of management in Paris.

Directorships and other positions held during 2017 (and still in force at the year-end)

- Director of Natixis Assurances

Directorships and other positions that have expired in the last five years

- None

2.3.1.2. INDEPENDENCE

The characterization of the independence of Nexans' directors is discussed by the Appointments, Compensation and Corporate Governance Committee and reviewed by the Board of Directors each year, whenever a new director is appointed and prior to the preparation of the report on corporate governance.

On January 22, 2018, the Board of Directors examined the individual status of each of its members in light of the independence criteria defined by Recommendation 8.4 of the AFEP-MEDEF Code and confirmed the characterization previously used, namely that, as at December 31, 2017:

- The following directors were independent: (1) Cyrille Duval, (2) Marc Grynberg, (3) Véronique Guillot-Pelpel, (4) Philippe Joubert, (5) Colette Lewiner and (6) Kathleen Wantz-O'Rourke.

- Furthermore, the Board of Directors considers that belonging to a board for more than 12 consecutive years does not automatically mean losing one's status as an independent director. The criterion of length of service on the board is designed in particular to determine whether time spent by directors impedes their economic independence, business independence, and critical judgment with respect to Executive Management. This is a legitimate concern in this case that must be analyzed and assessed by the Board of Directors.

  The Board of Directors considers **Colette Lewiner** to be independent with respect to the Group from an economic standpoint given that she has income from other various business activities. Thus, the directors' fees that she receives from Nexans only represent a small portion of her total income.

  In addition, Colette Lewiner is independent from a business standpoint as she has many other business activities that are not related to the Group.

  Lastly, through Colette Lewiner's personality, she demonstrates that her judgment is completely independent. Her length of service on the Board strengthens her understanding of challenges and risks, and her ability to question Executive Management and express herself.

  Therefore, the Board of Directors does not consider that the length of Colette Lewiner's service on the Board affects in any way her independence given the great freedom of judgment and the ability for critical thinking that she demonstrates.

- **Philippe Joubert** is a member of Nexans Brazil's Strategy Committee, a statutory body that does not have the power to make decisions or represent the Company and that is responsible for advising Nexans Brazil on its strategy. Nexans Brazil has given Philippe Joubert a specific role, which covers special technical issues for the sole benefit of Nexans Brazil, not the Group as a whole or the company Nexans. As a result, the business relationship created between Nexans Brazil and Philippe Joubert is not significant for the Nexans Group or for Philippe Joubert.

  In addition, the 4,000 euros of annual compensation represents only a small proportion of the total directors' fees received by Philippe Joubert, who also has many other business activities that are not related to the Group.

- The following directors are not independent: (1) Georges Chodron de Courcel, in view of the length of his service (16 years) and the fixed compensation paid to him for his role as Chairman of the Board of Directors; (2) Andrónico Luksic Craig, (3) Francisco Pérez Mackenna and (4) Hubert Porte, as these three directors were proposed by the main shareholder Invexans; (5) Fanny Letier, the director proposed by the shareholder Bpifrance Participations; and (6) Marie-Cécile de Fougières and (7) Angéline Afanoukoé, as employees of the Group.

At December 31, 2017, six of Nexans' eleven directors were therefore independent, representing an independence rate of more than 54.5%[1]. This exceeds the proportion of 50% recommended by the AFEP-MEDEF Code for widely held companies.

On January 22, 2018, the Board of Directors also examined the status of the censor in light of the same independence criteria.

Anne Lebel is Chief Human Resources Officer of Natixis, which is one of the banks that provides financing to Nexans. The Board of Directors has reviewed the business relationships between Natixis and Nexans, taking into account both quantitative and qualitative criteria.

(1) Independence rate calculated without counting the directors representing employees and employee shareholders, in accordance with Recommendation 8.3 of the AFEP-MEDEF Code.

The net revenues generated by Natixis' business with Nexans in 2017 amounted to less than 500,000 euros. Given that Natixis' total net revenues amounted to around 8.7 billion euros, the relationship between Natixis and Nexans is not significant for Natixis. In addition, based on the total amount of fees paid by Nexans to Natixis in 2017, which was less than 500,000 euros, Natixis does not rank as one of Nexans' top 5 banks. The relationship between the two groups is therefore not deemed significant with regard to independence criteria.

The Board also took into account other criteria such as the length and continuity of the relationship between the two companies – which existed long before Anne Lebel was appointed as censor since it dates back to Nexans' creation in 2001 – and the duties carried out by Anne Lebel within Natixis as Chief Human Resources Officer – a position that does not give her direct decision-making power over the agreements and financial arrangements that constitute the business relationship between Nexans and Natixis.

The Board therefore concluded that Anne Lebel would be characterized as independent if she was a director, due to the absence of significant business ties between the Nexans and Natixis groups.

In addition, to maintain her character of independence, Anne Lebel has undertaken not to participate in (i) the preparation or solicitation of offers of Natixis' services from Nexans or any Group company, (ii) the work performed by Natixis under a contract signed with Nexans or any Group company and, if appointed as a director of Nexans, (iii) any votes on matters discussed by the Board of Directors of Nexans relating to projects in which Natixis would or could be interested as a provider of corporate and retail banking services and financing.

2.3.2. Operation and work of the Board of Directors

2.3.2.1. INTERNAL REGULATIONS, CODE OF ETHICS, DECISIONS RESERVED FOR THE BOARD, THE CHAIRMAN OF THE BOARD AND THE CHIEF EXECUTIVE OFFICER

Internal Regulations

The Board of Directors adopted Internal Regulations in 2003. Their purpose is to supplement legal and regulatory rules and the Company's bylaws by setting out detailed operating procedures for the Board and its Committees and the duties of directors, particularly in light of the corporate governance principles contained in the AFEP-MEDEF Code, which serves as the Company's reference framework. The Internal Regulations include a Code of Ethics. They are published in their entirety on the Company's website and updated on a regular basis (and most recently on March 14, 2017).

Board decisions

The Board's Internal Regulations stipulate that, in addition to the cases set out in applicable legal provisions, some decisions require prior approval from the Board, in particular the following deals/plans:

(i) Any merger, acquisition, divestment or other industrial or finance projects with a unit value of more than 50 million euros (enterprise value for mergers, acquisitions or divestments).

(ii) Opening the capital of a subsidiary through a joint venture or initial public offering amounting to an inflow of more than 25 million euros.

(iii) Any transaction or plan representing diversification outside the Group's lines of business irrespective of its value.

The Board of Directors also reviews the principal basis for significant internal restructuring plans at the Group level, subject to any consultation procedures required by law and without prejudice to decisions relating to entities that may be concerned.

Role and powers of the Chairman of the Board of Directors

The Internal Regulations set out the role and powers of the Chairman of the Board of Directors. The Chairman represents the Board and, except under special circumstances, is the only person with the power to act and communicate on behalf of the Board.

He organizes and oversees the Board of Directors' work and ensures that the management bodies operate efficiently and in accordance with principles of good governance. He coordinates the work of the Board of Directors and that of the Committees.

The Chairman ensures that the directors are able to fulfill their duties and that they have all the information that they need to accomplish these duties.

The Chairman is regularly informed by the Chief Executive Officer of significant events or situations within the Group, particularly as regards strategy, organization, major investment and divestment projects, and major financial transactions. He may ask the Chief Executive Officer for any information that could help the Board of Directors and its Committees fulfill their duties.

He may ask to meet with the Statutory Auditors in order to prepare the Board of Directors' work. He monitors, in conjunction with the Accounts and Audit Committee, the efficiency of the internal audit system and the access to the work of the Internal Audit Department and can, on behalf of the Board of Directors and after having informed the Chief Executive Officer and the Chairman of the Accounts and Audit Committee, ask the Internal Audit Department for specific studies. He reports on his findings to the Committee. He also follows, in connection with the Accounts and Audit Committee, the financing of the Group and the risk management process. He monitors with the Strategy and Sustainable Development Committee, the good progress of annual updates and the execution of strategic plans and ensures that the short-, middle- and long-term objectives of the different stakeholders are being taken into account.

The Chairman also takes part in some of the Appointments, Compensation and Corporate Governance Committee's work. In particular, he takes part in the Board of Directors' evaluation of its operating procedures, in the work on the composition of the Board and of its Committees, and in the selection process and preliminary review of the appointment of new directors.

The Chairman may participate, with consultative input, in all meetings of the Board's committees of which he is not a member and may consult the Committees on any question within their scope of responsibility. In particular, he may consult the Appointments, Compensation and Corporate Governance Committee on governance matters and the Accounts and Audit Committee on matters relating to internal audit and internal control.

Management structure

The Chief Executive Officer is responsible for executive management of the Company. He has the broadest powers to act under any circumstances on behalf of the Company subject to the powers granted by law to the Board of Directors and the Annual Shareholders' Meeting, and the Company's own corporate governance rules.

He represents the Company and can bind the Company in relations with third parties.

He is responsible for the financial information disclosed by the Company and regularly presents the Group's results and prospects to its shareholders and the financial community.

He reports to the Board of Directors and particularly the Chairman on significant events within the Group.

Other provisions of the Internal Regulations and Code of Ethics

The Board's Internal Regulations also cover:

- information provided to the directors;
- the internal regulations of the Board Committees;
- the Directors' Charter.

Nexans has also adopted a Group-wide insider trading policy whereby executives or any person with access to non-public information is required to refrain from trading, either directly or indirectly, in Nexans securities. In addition to reminders about legally required blackout periods, the policy also includes a simplified calendar of additional non-trading periods.

2.3.2.2. BOARD MEETINGS IN 2017

The Board is convened in accordance with applicable laws, the bylaws and the Internal Regulations of the Board.

The Board met ten times in 2017, sometimes as part of sessions without the presence of executive or internal Board members, with an average annual attendance rate of 92.76%(1). The number of 2017 meetings attended by each Board member as of the end of 2017 is indicated in the table below:

Director	Number of meetings attended(1)
Georges Chodron de Courcel	10
Angéline Afanoukoé	3(2)
Marie-Cécile de Fougières	10
Cyrille Duval	10
Jérôme Gallot	3(2)
Marc Grynberg	6(3)
Véronique Guillot-Pelpel	10
Philippe Joubert	10
Anne Lebel	1
Fanny Letier	9(4)
Colette Lewiner	10
Andrónico Luksic Craig	5(5)
Francisco Pérez Mackenna	9(6)
Hubert Porte	10
Kathleen Wantz-O'Rourke	9(4)

(1) Out of 10 meetings, of which 7 meetings set in advance and 3 special meetings on specific topics.
(2) 100% of meetings held during the director's term of office.
(3) Of which 2 meetings as censor and 4 meetings as voting director.
(4) Of which 7 meetings set in advance and 2 special meetings on specific topics.
(5) Of which 4 meetings set in advance and 1 special meeting on a specific topic.
(6) Of which 6 meetings set in advance and 3 special meetings on specific topics.
(7) 100% of meetings held during the censor's term of office.

As stipulated in the Internal Regulations, prior to each meeting, Board members are sent details, via the Board's digital platform, about any agenda items that require particular analysis and prior reflection.

(1) Annual attendance rate determined based on the number of directors in office present at the Board meeting in question and including members who left the Board during the year (Jérôme Gallot) and those who joined the Board during the year (Marc Grynberg and Angéline Afanoukoé).

The main topics discussed by the Board during its meetings in 2017 were as follows:

Monitoring the Group's key strategic areas and activities	▪ Review of the strategic plan and of strategic initiatives ▪ Review of strategic options and acquisitions ▪ Review of business performance ▪ Authorization of acquisitions and investments ▪ Comparison of competition's performance
The Group's financial position, cash position and commitments	▪ 2017 budget ▪ Approval of the parent company and consolidated financial statements for the year ended December 31, 2016 and the six months ended June 30, 2017 ▪ Adoption of the management report on the operations and results of the Nexans Group and its parent company ▪ Adoption of the interim activity report ▪ Review and approval of press releases on such topics as the annual and interim consolidated financial statements ▪ Approval of management forecast documents ▪ Funding projects (including a bond issue)
Internal control and risk management management	▪ Review of the Group's risk management system and the external assessment of risk ▪ Internal Audit and internal control report ▪ Review of the Ethics Compliance Program ▪ Adoption of the Chairman's Report on internal control and risk management procedures
Management compensation	▪ Adoption of the compensation policy for executive directors for 2017 ▪ Determination of the Chairman of the Board's compensation and benefits for 2017 ▪ Review of the Chief Executive Officer's 2016 performance and determination of his compensation and benefits for 2017 ▪ Launch of performance share and free share plans for 2017 ▪ Determination that the performance conditions of the long-term compensation plans had been met – Specific conditions applicable to the Chief Executive Officer ▪ Review of publicly available information about the compensation of executive directors
Corporate governance	▪ Formal assessment of the composition, organization and operation of the Board and its Committees with the help of an external consultant and initiatives to be implemented following this assessment ▪ Amendments to the Internal Regulations ▪ Launch (end-2017) of an annual assessment of the Board ▪ Adoption of a projected work program for the Board and its committees ▪ Adoption of the Chairman's Report on Corporate Governance ▪ Candidates for election or re-election to the Board to be recommended at the 2017 Annual Shareholders' Meeting ▪ Characterization of the independence of Board members ▪ Succession plans for executive directors ▪ Composition of Committees ▪ Review of the appointment of a director representing employees ▪ Amendments to the rules for allocating directors' fees ▪ Appointment of a censor
Market transactions	▪ Decision to launch an employee share issue under "Act2018" ▪ Capital increases following the exercise of stock options ▪ Share buyback program
Other	▪ Review of the Company's ownership structure ▪ Relocation of the Company's head office ▪ Notice of the Annual Shareholders' Meeting, approval of the texts of the proposed resolutions and the reports to be presented to the Meeting ▪ Appointment of a Statutory Auditor to be submitted to the Annual Shareholders' Meeting ▪ Authorizations to grant parent company guarantees ▪ Authorization of two related-party agreements ▪ Information about the Audit Committee procedure for authorizing the provision of non-audit services by the Statutory Auditors ▪ Review of the Corporate Social Responsibility program

Reports are also presented to the Board of Directors on a regular basis by the Management Board and the various managers in charge of functional departments. The directors attended a two-day strategy seminar in late September 2017.

2.3.2.3. THE BOARD COMMITTEES

In July 2001, the Board of Directors set up the Accounts and Audit Committee and the Appointments and Compensation Committee, whose purview was extended in 2012 to cover corporate governance. Starting in 2013, the Board also put in place a Strategy Committee, whose purview was extended in 2015 to cover sustainable development.

The Board of Directors' Internal Regulations, which are regularly updated, set out the rules relating to these committees' membership structure, roles and responsibilities, and operating procedures, which comply with legal requirements and the recommendations of the AFEP-MEDEF Code.

The Accounts and Audit Committee

At December 31, 2017, the Accounts and Audit Committee comprised the following three members, who are all non-executive directors:

Cyrille Duval	Chairman
Hubert Porte	Member
Kathleen Wantz-O'Rourke	Member

In accordance with the recommendations of the AFEP-MEDEF Code, the independence rate of this committee, as assessed on the basis of the annual review of independence characterization of directors conducted beginning 2018, was of 66.67%. The Accounts and Audit Committee is chaired by an independent director.

All members of the Accounts and Audit Committee have training and experience in finance, accounting or audit that surpass the obligations laid down in paragraph 2 of Article L.823-19 of the French Commercial Code, which require the appointment of at least one committee member with financial, accounting or audit expertise:

- Cyrille Duval, in view of the range of financial positions he has held during his career with the Eramet group, especially as General Secretary of Eramet Alliages.
- Hubert Porte, in view of his experience in private equity and asset management, especially as Executive Chairman of Ecus Private Equity and Managing Partner of Latin America Asset Management Advisors.
- Kathleen Wantz-O'Rourke, in view of the range of financial positions she has held at Siemens and Engie.

For the implementation of the assignments of the Accounts and Audit Committee, the Company applies the recommendations of the Final Report on Audit Committees published by the French Financial Markets Authority (AMF) on July 22, 2010 and the government order dated March 17, 2016 on statutory audits.
The main roles and responsibilities of the Accounts and Audit Committee are described in the Board of Directors' Internal Regulations which are available on the Group's website.

Pursuant to Article 13 of the bylaws, the Chairman of the Accounts and Audit Committee can convene a Board meeting and set the agenda.

In the course of its work, the Accounts and Audit Committee may request to meet with any member of the Finance Department and the Statutory Auditors, including without the presence of the Company's Executive Management. Presentations are made to the Committee once a year by the Head of Risk Management and Security, the Compliance Program Officer and the Ethics Officer. The Committee can also seek the advice of external specialists.

The Accounts and Audit Committee reports to the Board of Directors and is under its responsibility.

The Accounts and Audit Committee met four times in 2017, with an attendance rate of 100%. The meetings were also attended by the Chief Financial Officer and the Secretary General, and as needed by the Statutory Auditors, the Head of Internal Audit and Internal Control, the Head of Consolidation, and the Head of Financial Control.

In 2017, the Committee discussed the following main issues:

Financial information	▪ Review of the annual financial statements (asset impairment, provisions for post-employment obligations and disputes) ▪ Review of the interim financial statements ▪ Press releases on annual and interim earnings ▪ Review of new accounting standards (IFRS)
Internal audit, internal control, risk management and ethics compliance procedures	▪ Internal audit and internal control activity report ▪ Review of the maturity of the internal audit and internal control system ▪ Review of the “Risk factors” section of the 2016 Management Report ▪ Review of the 2016 Chairman’s Report on internal control and risk management ▪ Review of the “Risks and uncertainties” section in the 2017 interim activity report ▪ Information about the policy on non-public information ▪ Review of risk management procedures and analysis of the risks relating to the 2018-2022 strategic plan ▪ Review of the ethics compliance program and of the action plan for 2018 ▪ Presentation by the Ethics Officer of reported and potential ethics violations investigated and dealt with in 2016 and 2017
Statutory Auditors	▪ Presentation by the Statutory Auditors on their work ▪ Modification of the procedure for authorizing the provision of non-audit services by the Statutory Auditors ▪ Monitoring of the services provided by the Statutory Auditors and authorization of non-audit services
Other	▪ Review of the appointment of a Statutory Auditor to be submitted to the 2018 Annual Shareholders’ Meeting ▪ Review of funding projects (including a bond issue)

The Appointments, Compensation and Corporate Governance Committee

At the end of 2017, the Appointments, Compensation and Corporate Governance Committee comprised the following four members, who are all non-executive directors:

Véronique Guillot-Pelpel	Chairwoman
Cyrille Duval	Member
Fanny Letier	Member
Francisco Pérez Mackenna	Member

On the basis of the annual review of the characterization of the independence of directors conducted in early 2018, the proportion of independent members on the Appointments, Compensation and Corporate Governance Committee amounted to 50%, taking into account the characterization of Fanny Letier and Francisco Pérez Mackenna as non-independent. The Appointments, Compensation and Corporate Governance Committee is chaired by an independent director.

The main roles and responsibilities of the Appointments, Compensation and Corporate Governance Committee are described in the Board of Directors’ Internal Regulations which are available on the Group’s website.

Pursuant to Article 13 of the bylaws, the Chairwoman of the Appointments, Compensation and Corporate Governance Committee can convene a Board meeting and set the agenda.

During 2017, the Appointments, Compensation and Corporate Governance Committee met five times with a total average attendance rate of 90%.

During the year, the Committee particularly focused on the following matters:

Appointments	▪ Review of terms of office expiring at the 2017 Annual Shareholders' Meeting, proposal of the re-election and election of directors ▪ Work on the composition of the Board and its Committees ▪ Monitoring of the process to designate a director representing employees ▪ Proposed appointment of a censor ▪ Succession plans ▪ Changes to the Group's organization
Compensation	▪ Compensation policy for executive directors for 2017 ▪ Compensation policy for other executives ▪ Variable portion of the Chief Executive Officer's compensation for 2016 ▪ 2017 compensation of the Chairman of the Board of Directors and the Chief Executive Officer ▪ Acknowledgment of the partial achievement of performance conditions under Long-Term Compensation Plan No. 13 ▪ 2017 Long-Term Compensation Plan ▪ The Chief Executive Officer's supplementary pension plan ▪ Review of publicly available information about the compensation of executive directors ▪ Draft report on the resolutions submitted to the 2017 Annual Shareholders' Meeting ("say-on-pay") ▪ International employee share ownership plan ("Act2018")
Corporate governance	▪ Characterization of the independence of Board members ▪ Results of the Board's assessment conducted for 2016 with the help of an external consultant and initiatives to be implemented following this assessment ▪ Launch of an assessment of the Board for 2017 ▪ Proposed amendments to the rules for allocating directors' fees ▪ Amendments to the Internal Regulations ▪ Review of the 2016 Chairman's Report on Corporate Governance ▪ Review of the 2016 Management Report on corporate governance and executive compensation ▪ Review of the 2017 work program for the Board and its Committees ▪ Review of the Committee's 2018 work program

The Strategy and Sustainable Development Committee

At the end of 2017, the Strategy and Sustainable Development Committee had four members, who are all non-executive directors:

Philippe Joubert	Chairman
Fanny Letier	Member
Colette Lewiner	Member
Francisco Pérez Mackenna	Member

The roles and responsibilities of the Strategy and Sustainable Development Committee are described in the Board of Directors' Internal Regulations, which are available on the Group's website.

During 2017, the Strategy and Sustainable Development Committee met four times with an attendance rate of 87.5%. The Committee focused in particular on reviewing: the strategic plan and its implementation timeline; several strategic options; the results of the working session on megatrends that took place in 2016; several acquisition projects; and the Group's Corporate Social Responsibility policies and initiatives. Presentations were made to the Committee by several senior managers from the Group and by external consultants. The Vice President Strategy acted as Committee Secretary.

2.3.2.4. DIRECTORS' TRAINING

Directors receive all information necessary to complete their duties upon taking office and may request any documents they deem useful.

The Board's Internal Regulations stipulate that each director may benefit from additional training, should it be deemed necessary, on specific Company operating procedures, its businesses or business sector.

Upon taking office, Marc Grynberg received several days' training with members of the management team and representatives from the main corporate departments for a presentation on the Nexans Group, its manufacturing businesses, strategy, financial and accounting matters, risk management, corporate governance and human resources.

An equivalent induction program was initiated in early 2018 for Anne Lebel, following her appointment as censor.

In the continuous improvement of their knowledge of the Group, directors meet the main representatives from the functional departments or geographic areas.

2.3.2.5 EVALUATION OF THE BOARD OF DIRECTORS

The Board of Directors' annual appraisal procedure covers its operating procedures, composition and organization. This appraisal assesses the contribution and involvement of directors, and makes it possible to ensure that significant issues are properly prepared, dealt with and discussed at Board meetings.

The Board's appraisal is conducted annually in one of two ways. Either a detailed questionnaire is sent to each director, and the Appointments, Compensation and Corporate Governance Committee then generates a synthesis of the results that is reviewed at a Board meeting; or individual interviews are held by specialized consulting firms without the presence of representatives from the Company.

The Board of Directors discusses the various recommendations for improvement that emerge from these appraisals and selects those to be implemented.

An appraisal based on a detailed questionnaire sent to each director was carried out at the end of 2017. It showed significant improvements, particularly in how long in advance information is sent out prior to meetings and in the operation of the Committees. The results of the appraisal confirmed the validity of the decision to separate the positions of Chairman and Chief Executive Officer.

Areas for improvement were also identified, including strengthening the process for selecting directors and reviewing the frequency of meetings with the heads of the main Business Groups.

In order to promote continuous improvement, an assessment of the individual contribution of each director was carried out during the appraisal.

2.3.3. Additional information

To the best of the Company's knowledge, there are no family relationships between Nexans' corporate officers, or any service contracts between any of the Board members and the Company or any of its subsidiaries, with the exception of the employment contracts of the director representing employee shareholders and the director representing employees.

Also to the best of the Company's knowledge, during the past five years none of its corporate officers:

- have been convicted of fraud;
- have been involved in any bankruptcies, receiverships or liquidations;
- have been the subject of any official public sanctions by any statutory or regulatory authority;
- have been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from participating in the management or conduct of the affairs of an issuer.

In addition, certain Board members or executive directors serve as corporate officers and/or senior managers for companies that may enter into contractual agreements with companies of the Nexans Group for commercial transactions (e.g., customers). As any such contracts are negotiated and signed under arm's length conditions, the Company is not aware of any possible conflicts of interest between the corporate officers' duties towards Nexans and their private interests and/or any of their other obligations.

Apart from this undertaking and any related-party agreements and commitments approved in advance by the Board, including the Board's practice of proposing to the shareholders at the Annual Shareholders' Meeting directors proposed by the two major shareholders, no agreements or arrangements have been entered into with the Company's main shareholders, customers, suppliers or other parties concerning the appointment of a Nexans corporate officer.

2.3.4 Corporate governance code

For corporate governance matters, Nexans refers to the AFEP-MEDEF Code, as amended in November 2016. It is available on the MEDEF website (www.medef.com) and the AFEP website (www.afep.com).

The Company's practices are in line with the recommendations contained in the AFEP-MEDEF Code, with the exception for 2017 of the following recommendations:

	Recommendation in the AFEP-MEDEF Code	**The Company's practices and explanations**
8.5	In order to qualify a director as independent, the Board of Directors must review the following criterion: "not to have been a director of the corporation for more than twelve years."	The Board of Directors considers that belonging to a board for more than 12 consecutive years does not automatically mean losing one's status as an independent director. The criterion of length of service on the board is designed in particular to determine whether time spent by directors impedes their economic independence, business independence, and critical judgment with respect to Executive Management. This is a legitimate concern that must be analyzed and assessed by the Board of Directors. The Board of Directors considers Colette Lewiner to be independent with respect to the Group from an economic standpoint given that she has income from other various business activities. Therefore, the directors' fees that she receives from Nexans only represent a small portion of her total income; In addition, Colette Lewiner is independent from a business standpoint as she has many other business activities that are not related to the Group. Lastly, through Colette Lewiner's personality, she demonstrates that her judgment is completely independent. Her length of service on the Board strengthens her understanding of challenges and risks, and her ability to question Executive Management and express herself. Therefore, the Board of Directors does not consider that the length of Colette Lewiner's service on the Board affects in any way her independence given the great freedom of judgment and the ability for critical thinking that she demonstrates.
16.1 and 17.1	The committee that deals with appointments and the committee that focuses on compensation must be comprised mostly of independent directors.	The Appointments, Compensation and Corporate Governance Committee has four members. Due to the Company's ownership structure, which includes two major shareholders, 50% of the Committee members are independent directors and the other 50% are directors proposed by the two major shareholders. The Committee is chaired by an independent director.
17.1	It is recommended that one of the members of the compensation committee be a director who represents employees or employee shareholders.	Given that the scope of the Appointments, Compensation and Corporate Governance Committee goes beyond compensation, the director representing employees and the director representing employee shareholders are not members of the Committee. However, they do attend the Board of Directors' meetings in which compensation matters are reviewed, discussed and decided on.

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

In accordance with the disclosure requirements in Article 223-26 of the AMF's General Regulations, transactions in the Company's securities carried out and disclosed to the AMF during fiscal 2017 by the corporate officers and senior managers 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	Number *(of mutual fund units or shares)*	Total gross amount *(in euros)*
Guillot-Pelpel Véronique Member of the Board of Directors	06/12/2017	Sale	Employee mutual	1,675	€82,290.64
Portevin Pascal Senior Corporate Executive Vice President, International and Operations	07/28/2017	Purchase	Shares(1)	12,350	€0
Poupart-Lafarge Arnaud Chief Executive Officer	07/28/2017	Purchase	Shares(1)	15,925	€0
Badré Nicolas Chief Financial Officer	07/28/2017	Purchase	Shares(1)	8,645	€0
Grynberg Marc Member of the Board of Directors	08/08/2017	Purchase	Shares	500	€24,108.76

(1) Performance shares granted under Long-Term Compensation Plan no. 13 of July 24, 2014, which vested in 2017 (see section 2.5.5.3. for more information on the plan conditions).

Pursuant to Article 11 of the Company's bylaws, all directors – except the director representing employees – 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 should own at least 500 shares.

2.5. Compensation and benefits

2.5.1. Directors’ compensation

At December 31, 2017, the Company’s Board of Directors comprised 13 non-executive 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, and has remained unchanged since that date.

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.

Since January 18, 2017, the aggregate amount of directors’ fees is allocated between the individual directors as follows. Each director receives:

- 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 18,000 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 36,000 euros per year.

The Chairman of the Board of Directors and the directors representing employee shareholders and employees will still not receive any directors’ fees.

In accordance with the Group’s policy, none of Nexans’ Board members received any directors’ fees in 2017 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 section 2.3.1.2., Independence).

Non-executive directors did not receive any compensation from the Company in 2017 other than that shown below, apart from the directors representing employees and employee shareholders, who receive compensation from the subsidiary that employs them.

The total amount of directors' fees allocated for 2017 was 519,485 euros. The table below shows the allocation between the individual directors for 2016 and 2017 (in euros).

Board members in 2016	Directors' fees allocated in 2016 (for 2016)	Directors' fees allocated in 2017 (for 2017)
Georges Chodron de Courcel(1)	33,232	-
Angéline Afanoukoé(2)	-	--
Cyrille Duval	58,000	61,000
Marie-Cécile de Fougières(3)	-	-
Jérôme Gallot(4)	58,000	25,666
Marc Grynberg(5)	-	20,370
Véronique Guillot-Pelpel	58,000	64,000
Philippe Joubert	58,000	58,000
Fanny Letier	58,000	58,000
Colette Lewiner	46,000	46,000
Andrónico Luksic Craig	31,000	28,000
Francisco Pérez Mackenna	58,000	52,000
Hubert Porte	43,000	46,000
Frédéric Vincent(6)	15,232	-
Kathleen Wantz-O'Rourke	23,576	46,000
Lena Wujek(7)	13,525	-
TOTAL	**553,565**	**519,485**

(1) Chairman of the Board of Directors since March 31, 2016 (end of day). Directors' fees allocated as Director and Chairman of the Accounts and Audit Committee before March 31, 2016.
(2) Director representing employees, designated by the Group Works Council in France on October 11, 2017.
(3) Director representing employee shareholders, elected on May 12, 2016.
(4) Director whose term of office expired on May 11, 2017.
(5) Director elected for the first time on May 11, 2017.
(6) Chairman of the Board of Directors until March 31, 2016.
(7) Director representing employee shareholders, who resigned from the Board on February 17, 2016.

In addition, Marc Grynberg received 10,025 euros in his capacity as censor between January 18, 2017 and May 11, 2017, when he was elected as a director, and Anne Lebel received 4,425 euros in her capacity as censor between November 22, 2017 and December 31, 2017. They therefore received an amount equivalent to the directors' fees received by Board members. It is made up of (i) a fixed annual fee of 13,000 euros calculated on a proportionate basis from the time they were appointed as censor until the termination of their duties, and (ii) an additional fee of 3,000 euros per Board meeting attended, capped at an aggregate 21,000 euros per year.

2.5.2. Compensation policy for executive directors for 2018

The compensation policy for executive directors sets out the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components making up the total compensation and benefits of all kinds payable to Nexans' executive directors for fiscal 2018. It was decided by the Board of Directors at its meeting of February 14, 2018, based on the recommendation of the Appointments, Compensation and Corporate Governance Committee.

In accordance with Article L.225-37-2 of the French Commercial Code, the principles and criteria presented in this section will be submitted for approval to the 2018 Annual Shareholders' Meeting. In addition, payment of the 2017 annual variable compensation (and, where applicable, any exceptional compensation) due to executive officers is subject to its approval by the 2018 Annual Shareholders' Meeting.

Pursuant to Article L.225-100 of the French Commercial Code, the fixed, variable and exceptional components making up the total compensation and benefits of all kinds for 2018, paid or due to each of the executive directors under this policy, will also be submitted to a vote, at the 2019 Annual Shareholders' Meeting.

2.5.2.1. PRINCIPLES APPLICABLE TO ALL EXECUTIVE DIRECTORS

The work of the Appointments, Compensation and Corporate Governance Committee is structured around three to four reflection sessions throughout the year and intermediate preparatory work carried out by the Chairwoman of the Committee. The principles and criteria used to determine, allocate and award the components of the total compensation and benefits of all kinds payable to Nexans executive directors for fiscal 2018 were examined by the Appointments, Compensation and Corporate Governance Committee during three meetings between November 2017 and February 2018, before being proposed to and approved by the Board of Directors.

The Board takes constant care to ensure that the various components that make up the compensation of executive directors result in compensation that is competitive, fair, comprehensible, consistent and performance-related.

The compensation components of executive directors, whether acquired or potential, are made public after the decision of the Board of Directors having determined them.

2.5.2.2. COMPENSATION OF THE NON-EXECUTIVE OFFICERS

In order to propose the compensation structure for the Chairman of the Board of Directors, the Appointments, Compensation and Corporate Governance Committee relies on studies of external consultants indicating market practices for comparable companies. It also takes into account the specific tasks entrusted to the Chairman of the Board as detailed in the Internal Regulations available on the website (www.nexans.com).

The Chairman of the Board receives a fixed annual fee. He does not receive variable compensation. He does not receive directors' fees or other benefits.

2.5.2.3. COMPENSATION OF THE EXECUTIVE OFFICERS

When the Appointments, Compensation and Corporate Governance Committee sets the rules applicable for calculating the compensation of executive officers, it ensures that they are consistent with the annual appraisal of the individual performance of the Group's executives as well as the Company's performance. It also takes into account all of the Company's strategic, financial and corporate social responsibility objectives, the interests of shareholders and other stakeholders and any changes to the AFEP-MEDEF Code.

When determining the structure of executive officers' compensation packages, the Committee compares them to the median compensation package of a panel of 12 French and international companies that are comparable to Nexans (Alstom, BIC, Essilor, Imerys, Ingenico, Legrand, Rexel, SEB, SPIE, Thales, Valeo, Vallourec). The panel is reviewed every few years.

It ensures that none of the components of the compensation package is disproportionate and analyzes the compensation package as a whole by taking into account all of its components: fixed compensation, variable compensation, long-term incentive plan, supplementary pension plan and benefits of all kinds.

Variable components make up a predominant portion of the compensation paid to executive officers.

Fixed compensation

The fixed compensation package for executive officers is determined by taking into account the level and complexity of their responsibilities, their experience in the position, and market practices for comparable groups and companies. It is only reviewed every three years. However, an early review is possible if the scope of responsibilities changes significantly or the comparison of compensation with the benchmark panel shows a significant gap.

Annual variable compensation

Executive officers are entitled to annual variable compensation for which the Board of Directors, upon recommendation of the Appointments, Compensation and Corporate Governance Committee, defines each year performance criteria that are diverse, demanding, precise and pre-defined, allowing for a comprehensive performance analysis, aligned with the Company's challenges and strategy and shareholders' interests. The assessment of performance is based on a balance between predominant collective criteria, common to all Group managers, and individual criteria, both operational and managerial.

The Board of Directors defines annually the target rate and the maximum rate of annual variable compensation as a percentage of the annual fixed compensation. It determines the proportion of collective and individual objectives and the corresponding set of criteria.

Payment of the annual variable compensation due to executive officers is subject to its approval by the Annual Shareholders' Meeting.

Long-term compensation

The Group's long-term compensation policy is part of a global strategy to retain and motivate its employees under competitive market practices and in the interests of the Company and its shareholders. Each long-term incentive plan is subject to prior approval by the Annual Shareholders' Meeting.

Performance shares granted to executive officers 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. The vesting, performance and continued employment conditions and the vesting and lock-up periods are the same for all grantees. Performance conditions are precise and demanding and are measured over a three-year period.

Performance shares are valued in accordance with IFRS and must not represent a percentage that is disproportionate to the overall compensation and shares granted to each executive officer.

The Board makes awards each year in periods consistent with prior Company practice, unless a decision with the reasons thereof is provided under special circumstances.

Executive officers who receive performance shares formally undertake not to use hedging instruments during the vesting period.

Executive officers may not sell their vested shares during certain "blackout" periods, in accordance with the applicable legal and regulatory requirements and the Group's "Insider Trading" procedures.

Executive officers who are removed from their position forfeit their right to any shares that have not yet vested on the date of their removal. On retirement, executive officers automatically maintain their rights to performance shares unless the Board of Directors decides otherwise with good reason. On departure for other reasons, performance share rights are maintained unless the Board of Directors decides otherwise, upon recommendation of the Appointments, Compensation and Corporate Governance Committee.

Shares holding obligation

In accordance with the law and the procedures adopted periodically by the Board of Directors, executive officers must hold a significant and increasing number of shares.

Executive officers are thus 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 officer's situation and particularly taking into account the objective of holding an increasing number of shares acquired under such plans.

Extraordinary compensation

Highly specific circumstances may warrant the award of extraordinary compensation (e.g., due to their importance for the Company; the involvement they demand and the difficulties they present). The allocation of extraordinary remuneration would be exceptional, justified and disclosed by the Board.

Its payment would be subject to approval by the Annual Shareholders' Meeting and the amount would be capped at 100% of the beneficiary's fixed compensation.

In addition, a specific compensatory indemnity could be granted - in cash and / or in securities - as part of the modification of the supplementary defined benefit pension plan of the Chief Executive Officer. For more information, see section "Supplementary pension plan" below.

Benefits for taking up a position

Benefits for taking up a position may only be granted to a new executive officer who has come from a company outside the Group. The payment of this benefit is intended to compensate the executive officer for the loss of the entitlements from which he or she previously benefited before joining the Group. It is explicitly indicated and the amount is made public at the time it is determined. It cannot be higher than the value of the entitlements lost by the new executive officer upon leaving his or her previous position.

Commitments given to executive officers

All commitments given to executive officers are authorized by the Board of Directors and submitted for approval to the Annual Shareholders' Meeting in accordance with the provisions of Article L.225-42-1 of the French Commercial Code. Details can be found in section 2.5.5.4. of this document.

Termination payments

In accordance with the AFEP-MEDEF Code, the termination indemnity and the payment made under a non-compete clause must not exceed two (2) years of effective compensation (fixed and variable).

Termination indemnity

The payment to an executive officer of a termination indemnity is conditional upon the acknowledgment by the Board that the performance conditions determined by the Board have been satisfied and can only occur in case of forced departure and linked to a change of control or strategy (the latter condition being presumed met unless otherwise decided by the Board of Directors, particularly in the case of serious misconduct).

The termination indemnity must not exceed two (2) years of effective compensation (fixed and variable).

Non-compete indemnity

The Chief Executive Officer 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. In return for his undertaking, he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will not exceed one year of his total fixed and variable compensation.

In accordance with Article 23.3 of the AFEP-MEDEF Code, in the event of an executive officer'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

Executive officers have a defined benefit pension plan established by the Group for the benefit of certain employees and corporate officers. The regulations for the defined benefit plan – which the Board of Directors adopted in 2004 and subsequently amended several times – 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 62 years and have obtained the liquidation of his basic and supplementary pension rights.

The plan provides for the payment of a supplementary pension benefit corresponding to 10% of the beneficiary's reference income (average of the sum of his fixed and variable compensation and benefits-in-kind paid during the three years preceding his retirement), plus 1.70% of tranche D per year of seniority.

The amount of the annuity paid under the plan, which applies for the lifetime of the beneficiary with 60% survivor benefits, is based on the beneficiary's average annual compensation for the last three years before his retirement. This supplementary pension is payable in addition to the amounts due under the basic and top-up state pension plans and must not result in a replacement rate that, including the basic and top-up state amounts, is less than 30% of the reference income. The supplementary benefit is therefore equal to the difference between the total benefits receivable under the basic and top-up state pension 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 supplementary benefit alone may not exceed 30% of the reference income and is capped at eight times the annual social security ceiling, i.e., around 314,000 euros in 2017.

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.

This plan was closed to new entrants in 2014. The beneficiaries are members of the former Executive Committee of the Nexans Group.

The Appointments, Compensation and Corporate Governance Committee is considering replacing this plan with a new supplementary defined contribution pension plan for the Chief Executive Officer, primarily in order to reduce the annual expense incurred by the Company under the current defined benefit plan.

The new plan would aim to provide the Chief Executive Officer with retirement benefits that would enable the payment of an annuity equivalent to that which he would have acquired under the current plan, with a reduction to take into account the elimination of the continued employment within the Group.

The new plan may be submitted to the 2018 Annual Shareholders' Meeting and, if approved, could be implemented before the end of the year.

The Committee is also exploring the possibility of buying back all or some of the rights accrued under the defined benefit pension plan in the event of his exit from this plan, in particular in the form of a compensatory indemnity which could include the payment of a bonus in cash and / or an allocation of free shares. In this case, the allocation of free shares would be made in the context of a specific plan submitted to the authorization of the 2018 Annual General Meeting.

Pension and health plans and unemployment insurance plan

Executive officers benefit from Group pension and health care plans (medical, disability, invalidity and death) under the same terms and conditions as Nexans employees. They have coverage for loss of employment, acquired from an insurance agency, guaranteeing them, 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 their professional income for the fiscal year preceding their departure, applicable for a twelve-month period following the loss of employment.

Benefits-in-kind

Executive officers benefit from the use of a company car.

Other components of compensation

Executive officers do not benefit from multi-annual or deferred variable compensation in cash. The Board of Directors prefers to use a share-based mechanism to strengthen the alignment of the executive officers' interests with those of shareholders. They are also not entitled to any directors' fees.

Discontinuance of the employment contract in case of appointment to a corporate office

When a senior executive of the Group becomes Chief Executive Officer, Deputy Chief Executive Officers or Chairman and CEO of the Company, the employment contract with the Company is terminated either contractually or by resignation, unless the Board of Directors decides otherwise.

2.5.2.4 Appendix to the compensation policy for executive directors: components set for 2018

Compensation of the Chairman of the Board of Directors

The fixed annual compensation of the Chairman of the Board of Directors for 2018 has been set at 250,000 euros. This amount has been unchanged since the Chairman's appointment in 2016.

Compensation of the Chief Executive Officer

The fixed compensation of the Chief Executive Officer of € 700,000 has remained unchanged since his appointment in 2014, and was renewed in the same amount for 2017.

The Chief Executive Officer's **variable compensation** for 2018 paid in 2019 may vary based on the achievement of objectives set by the Board of Directors, from 0% to 150% of his fixed annual compensation. It will be determined based on the fulfillment of collective objectives for 60% and on the achievement of demanding, pre-defined individual objectives for 40%. These objectives were set by the Board of Directors at its meeting of February 14, 2018, as follows:

Collective objectives for 2018

Criteria	Weighting
ROCE	30%
Organic growth in standard sales	25%
EBITDA/sales	25%
Free cash flow	20%
Total	**100%**

Individual criteria for 2018

The individual criteria for 2018 are as follows:
- Deployment of the strategic plan;
- Improvement the Group's profile regarding CSR;
- Evolution of the net income;
- Sales growth (especially in the Industry & Solutions and Telecom business groups).

These objectives were set in line with the Group's strategy and on the basis of the projected budget reviewed by the Board of Directors on January 22, 2018. Hence, part of the annual bonus now depends on the Group's organic growth.

Half of the **performance shares** that may be granted in 2018 will be subject to a vesting condition based on Nexans' TSR (total shareholder return) as compared with that of a benchmark panel made up of the following 11 companies: Alstom, Legrand, Prysmian, Rexel, ABB, Schneider-Electric, Saint-Gobain, Leoni, NKT Cables, General Electric and Siemens. The Board of Directors may revise the panel during the period if any of the companies cease to exist or merge with another company.

For the period considered, the TSR corresponds to the increase in the share price plus the dividend per share. The increase in the share price is measured by comparing the average opening price for the three months preceding the share grant with the average for the three months preceding the end of the performance assessment period. The dividend per share is the sum of all dividends paid on a (Nexans or panel company) share during the three-year performance assessment period.

The resulting TSR will be compared to the TSR of the benchmark panel calculated for the same period, and will result in Nexans being ranked against the panel companies.

The other half of the performance shares granted in 2018 will be subject to a financial performance condition based on measuring the Company's Simplified Economic Value Added (SEVA), which corresponds to the value created in excess of the average cost of capital, at the end of 2020. Simplified Economic Value Added will be calculated as follows: operating margin – 10% of capital employed[(4)]. In the event of a significant acquisition, the Board of Directors may decide to adjust the operating margin and capital employed to take into account the acquisition's impact.

The 2018 and long-term objectives are in line with the objectives of profitable growth and value creation for the Company and its shareholders set out in the Group's "Paced for Growth" strategic plan.

Part of the long-term compensation plans therefore remains indexed to value creation via the Simplified Economic Value Added performance condition.

For 2018, the shares that may be granted to the Chief Executive Officer are capped by the resolution adopted by the Annual Shareholders' Meeting of May 11, 2017 at no more than 10% of the aggregate number of performance shares granted, or less than 0.07% of the Company's share capital at December 31, 2017 (made up of 43,494,691 shares). The value in accordance with IFRS standards of the shares granted to the Chief Executive Officer should not exceed, on the grant date, the equivalent of a maximum amount of 130% of his fixed annual compensation.

([4]) For Nexans, capital employed at the end of the year corresponds to the sum of the goodwill, property, plant and equipment, intangible assets and operating and non-operating working capital requirement amounts in the year-end financial statements. A simulation of the formula applied to previous financial statements published by Nexans will be available in the "2018 Annual Shareholders' Meeting" section of the Nexans website.

2.5.3. Compensation payable for 2017 to Georges Chodron de Courcel, Chairman of the Board of Directors

At its meeting of January 18, 2017, the Board of Directors decided that the Chairman of the Board would receive fixed annual compensation of 250,000 euros. This amount is unchanged from when he took up his duties on March 31, 2016. The Chairman of the Board does not receive directors' fees. He is not entitled to any variable or long-term compensation or to any benefits-in-kind.

Summary of compensation payable to Georges Chodron de Courcel, Chairman of the Board of Directors

	2016	2017
Compensation due for the year	€220,732	€250,000

Breakdown of compensation payable to Georges Chodron de Courcel, Chairman of the Board of Directors

	Amounts due for 2016	Amounts paid in 2016	Amounts due for 2017	Amount paid in 2017
Fixed compensation(1)	€187,500	€187,500	€250,000	€250,000
Variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees(2)	€33,232	€33,232	-	-
Benefits-in-kind	-	-	-	-
TOTAL	**€220,732**	**€220,732**	**€250,000**	**€250,000**

(1) Compensation paid in his capacity as Chairman of the Board of Directors since March 31, 2016.
(2) Directors' fees received in his capacity as a director and Chairman of the Accounts and Audit Committee before his appointment as Chairman of the Board on March 31, 2016.

2.5.4 Compensation payable for 2017 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

	2016	2017
Compensation due for the year	€1,572,830	€1,537,480
Valuation of performance shares granted during the year[1]	€948,510	€673,893
Valuation of performance shares vested during the year[2]	€438,047	€816,952

(1) Valuation performed at the time of the performance share grant using the Monte Carlo method.
(2) Valuation at vesting date.

Breakdown of Arnaud Poupart-Lafarge's compensation and benefits

	2016		2017	
	Amounts due for 2016	Amounts paid in 2016	Amounts due for 2017	Amount paid in 2017
Fixed compensation	€700,000	€700,000	€700,000	€700,000
Variable compensation	€868,630	€814,803	€833,280	€868,630
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits-in-kind[1]	€4,200	€4,200	€4,200	€4,200
TOTAL	**€1,572,830**	**€1,519,003**	**€1,537,480**	**€1,572,830**

(1) Company car.

2.5.4.1 FIXED COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

On January 18, 2017, 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 2017. This amount has been unchanged since Arnaud Poupart-Lafarge was appointed as Chief Executive Officer in 2014.

2.5.4.2 VARIABLE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

As decided by the Board of Directors at its meeting on January 18, 2017, the targeted percentage of Arnaud Poupart-Lafarge's variable annual compensation for 2017 will represent 100% of his fixed annual compensation, with 60% determined by reference to the achievement of group-based objectives and 40% on the achievement of specific pre-defined individual objectives. Arnaud Poupart-Lafarge's variable compensation for 2017 may therefore vary depending on the achievement levels of the objectives set by the Board of Directors, ranging from 0% to 150% of his fixed annual compensation.

The Board of Directors set the financial objectives for the group-based 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, none of the variable compensation contingent on group-based objectives will be paid for 2017.

On February 14, 2018, the Board of Directors set the amount of Arnaud Poupart-Lafarge's variable compensation for 2017 as follows:

- For the portion contingent on group-based objectives, the Board based its calculation on a strict application of the achievement levels for the objectives set for 2017 (with the objective related to operating margin accounting for 40%, ROCE 40%, and free cash flow 20%), and noted the following:
  - The achievement rate for the operating margin objective was 73.5% of the maximum, reflecting an increase in this indicator compared with 2016.
  - The achievement rate for the ROCE objective was 75.2% of the maximum, reflecting an increase in this indicator compared with 2016.
  - The achievement rate for the free cash flow objective was 72.5% of the maximum, representing a total of 171.5 million euros.

Based on these figures, the Board of Directors noted that the portion of Mr. Poupart-Lafarge's variable compensation contingent on group-based objectives amounted to 465,780 euros (representing 73.9% of the maximum potential amount of 630,000 euros).

- For the portion contingent on specific, pre-defined individual objectives, the Board assessed the achievement level of the objectives over the period from January 1 to December 31, 2017.

  - the achievement rate of the Company's profile improvement regarding CSR, as assessed in particular by non-financial rating agencies is 95% of the maximum, given the significant improvement in the ratings obtained by agencies such as Oekom, CDP, EcoVadis and Vigeo and awards received by Nexans in 2017 in the fields of CSR and corporate governance;
  - the achievement rate of the evolution of the net income is 90% of the maximum, the net profit before taxes having more than doubled, from 97 to 219 million euros (from 60 to 127 million euros after taxes), and being specified that prior to the Nexans In Motion plan, the net result was approximately - € 170 million in 2014;
  - The achievement rate of sales growth, in particular in high voltage, is 95% of the maximum, given sales growth of 5% over the previous year, and even 35% for the high voltage business;
  - The achievement rate of balance sheet improvement is 70% of the maximum, taking into account the debt refinancing, the extension of the maturity to 2023 and the maintenance of the Standard & Poor's rating.

Based on this assessment, it set the related amount of Arnaud Poupart-Lafarge's variable compensation at 367,500 euros (representing 87.5% of the maximum potential amount of 420,000 euros).

The total amount of the variable compensation paid to Arnaud Poupart-Lafarge as determined by the Board for 2017 was thus 833,280 euros or 79.4% of the maximum amount.

Payment of the Chief Executive Officer's variable compensation is subject to its approval by the 2018 Annual Shareholders' Meeting.

2.5.4.3 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 2017. Since 2010, the Company no longer grants any stock options.

Performance shares granted to Arnaud Poupart-Lafarge

At its meeting on July 26, 2017, the Board of Directors noted that the performance conditions for Plan no. 13 of July 24, 2014 had been partially met, with the result that a portion of the performance shares granted to employees and corporate officers (including Arnaud Poupart-Lafarge in his capacity as Chief Operating Officer on the grant date) had vested. The number of shares that vested for Arnaud Poupart-Lafarge in 2017 was 15,925, representing 65% of the original grant (24,500 shares based on maximum performance). No vested performance shares reached the end of their lock-up period in 2017.

	Plan no. 12 July 26, 2013	Plan no. 13 July 24, 2014	Plan no. 14 July 28, 2015	Plan no. 16 May 12, 2016	Plan no. 17 March 14, 2017
Number of shares granted	Between 0 and 23,312[(2)(3)]	Between 0 and 24,500[(2)]	Between 0 and 42,000	Between 0 and 27,000	Between 0 and 19,800
Value of shares based on the method used in the consolidated financial statements[(1)]	€428,707	€398,415	€702,642	€948,510	€673,893
Portion of total shares under the plan granted to Arnaud Poupart-Lafarge	7.73%	7.85%	12%	12%	10%
% capital represented by shares granted	0.05%[(4)]	0.06%	0.10%	0.06%	0.05%
Vesting date	07/26/2016	07/24/2017	07/28/2018	05/12/2020	03/14/2021
End of lock-up period	08/26/2018	07/24/2019	07/28/2020	05/12/2020	03/14/2021
Performance conditions	Yes	Yes	Yes	Yes	Yes

(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.
(3) After adjustments made following a rights issue carried out on November 8, 2013.
(4) Company share capital as at November 8, 2013, following the rights issue.

In accordance with the Group's long-term compensation policy and the authorization given at the Annual Shareholders' Meeting of May 12, 2016, on March 14, 2017 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. 17). 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 19,800 performance shares. The vesting of these shares is subject to the achievement of the following two performance conditions, which have equal weighting and are applicable to all performance share beneficiaries:

- A share performance condition, which applies to 50% of the shares granted and is based on Nexans' TSR (total shareholder return) as compared with that of a benchmark panel made up of the following 11 companies: Alstom, Legrand, Prysmian, Rexel, ABB, Schneider-Electric, Saint-Gobain, Leoni, NKT Cables, General Electric and Siemens.
- A financial performance condition, which applies to 50% of the shares granted and is based on measuring the Company's Simplified Economic Value Added, which corresponds to the value created in excess of the average cost of capital, at the end of 2019. Simplified Economic Value Added will be calculated as follows: operating margin – 10% of capital employed[(1)].

[(1)] For Nexans, capital employed at the end of the year corresponds to the sum of the goodwill, property, plant and equipment, intangible assets and operating and non-operating working capital requirement amounts in the year-end financial statements. A simulation of the formula applied to previous financial statements published by Nexans is available in the "2017 Annual Shareholders' Meeting" section of the Nexans website

2.5.4.4 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 Article 23.5 of the AFEP-MEDEF Code, Arnaud Poupart-Lafarge's total termination payments 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, which will be deemed to be the case unless specifically decided otherwise by the Board of Directors, notably in the event of serious misconduct, in accordance with the Board's Internal Regulations and after the Board of Directors has noted whether the performance conditions have been met.

The indemnity would be equal to two years of his total fixed and variable compensation, namely 24 times the amount of 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 Arnaud Poupart Lafarge's forced departure. This condition would be deemed to be met if during the 60-day period ending on the date of the 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 the 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 the 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 the 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 takes place before the end of three full years as from the date he took up his position, the operating margin and free cash flow conditions will be assessed based on the number of full years completed (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 are met, (ii) 50% of the indemnity would be due if one of the three conditions is met, and (iii) no indemnity would be due if none of the conditions are met.

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

The final amount due 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 have been met.

In compliance with the compensation policy for executive officers described in section 2.5.3. above, the termination indemnity may not exceed two years of Mr. Poupart-Lafarge's 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, namely 12 times the amount of his most recent monthly compensation (fixed portion) prior to the month of his termination plus the corresponding percentage of his bonus.

In accordance with Article 23.3. 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 set up by the Group for certain employees and corporate officers in accordance with Article 39 of the French Tax Code (*Code général des impôts*). The regulations for this defined benefit plan were adopted in 2004 and amended in 2008 by the Board of Directors.

In order to comply with new regulations relating to pension plans, on November 23, 2016 the Board of Directors authorized further amendments to the plan as follows:

- The retirement age was increased from 60 to 62 years with pension rights frozen as from the age of 62.
- The annual pension has been capped at eight times the social security ceiling (314,000 euros in 2017).
- Survivor benefits have been reduced from 100% to 60%.

The plan's benefits are conditional upon the beneficiary ending his professional career while still with the Company. The beneficiary must also have at least five years' seniority with the Group, be at least 62 years of age and be entitled to payment of his basic and top-up state pensions.

The plan provides for the payment of a supplementary pension benefit corresponding to 10% of the beneficiary's reference income (average of the sum of his fixed and variable compensation and benefits-in-kind paid during the three years preceding his retirement), plus 1.70% of tranche D per year of seniority.

The amount of the annuity paid under the plan, which applies for the lifetime of the beneficiary with 60% survivor benefits, is based on the beneficiary's average annual compensation for the last three years before his retirement. This supplementary pension is payable in addition to the amounts due under the basic and top-up state pension plans and must not result in a replacement rate that, including the basic and top-up state amounts, is less than 30% of the reference income. Conversely, the supplementary pension alone (excluding the basic and top-up state pension plans) must not exceed 30% of the reference income, which is less than the 45% cap set in the AFEP-MEDEF Code.

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 gross annuity payable to Arnaud Poupart-Lafarge would be 205,446 euros, bearing in mind that this amount has been calculated on the basis of him drawing the annuity as from January 1, 2018, and without taking into account the fact that specific criteria have not yet been met, namely the applicable conditions relating to seniority, retirement age, ending his career with the Company, and being entitled to his state pension. Based on this figure, the total payroll and similar taxes payable by the Company in relation to Mr. Poupart-Lafarge's supplementary pension plan would amount to 640,070 euros.

This plan was closed to new entrants in 2014. The beneficiaries are members of the former Executive Committee of Nexans.

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 a beneficiary under an unemployment protection plan set up with an insurer and effective from October 1, 2014. Under this plan, if he loses his job he will receive daily indemnities amounting to 55% of 1/365th of tranches A, B and C of his professional income for the year preceding his departure, payable for a maximum period of 12 months as from the date of his unemployment. The annual cost of the premiums for the Company was 12,357 euros in 2017.

2.5.5 Stock options and performance shares

2.5.5.1 THE GROUP'S LONG-TERM COMPENSATION POLICY

The Group's long-term compensation policy is part of a global strategy aimed at retaining and motivating its employees and providing them under competitive market practices. Each long-term compensation plan is put to the vote of shareholders at the Annual Shareholders' Meeting.

The Group's long-term compensation policy is adjusted according to the population concerned. For the Chief Executive Officer, it is based for the 2017 plan on grants of performance shares, which are subject to vesting conditions linked to the Group's economic value added (the value created in excess of the weighted average cost of capital) and comparative stock market performance. The stock market performance condition consists of measuring Nexans' TSR (total shareholder return) over a three-year period compared with that of a benchmark panel. The financial performance conditions apply consistently to all executives who receive performance shares, as do the conditions relating to vesting, continued employment and holding periods.

Senior executives (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.

Performance shares granted to executive officers 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.

Performance shares are valued in accordance with IFRS and must not represent a percentage that is disproportionate to the overall compensation and shares granted to each executive officer.

In addition, for each performance share grant, the Board ensures that the grants made to executive officers do not represent an excessive proportion of the total number of shares granted. The Board therefore capped the shares granted to the Chief Executive Officer for 2017 at 6% of the aggregate number of performance shares granted, or 0.05% of the Company's share capital at December 31, 2017 (made up of 43,494,691 shares).

The Board makes awards each year in periods consistent with prior Company practice, unless a decision with the reasons thereof is provided under special circumstances.

Executive officers who receive performance shares formally undertake not to use hedging instruments during the vesting period.

Executive officers may not sell their vested shares during certain "blackout" periods, in accordance with the applicable legal and regulatory requirements and the Group's "Insider Trading" procedures.

The Board of Directors has set at 15,000 the minimum number of shares that Arnaud Poupart-Lafarge is required to hold in his capacity as Chief Executive Officer, and decided that these shares may come from the vesting of performance shares granted to him.

2.5.5.2 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. 9
Date of Annual Shareholders' Meeting	05/26/09
Grant date	03/09/10
Number of options or shares granted(1)	389,026
o/w to the Chief Executive Officer(1)	48,723
o/w to the ten employees receiving the most options(1)	101,407
Total number of beneficiaries	240
Start date of exercise period	03/09/11
Expiration date	03/08/18
Exercise price(1)	€46.30
Exercise conditions	One quarter each year Performance conditions
Number of shares purchased at Dec. 31, 2017(1)	104,350
Number of options canceled(1)	113,916
Options outstanding at Dec. 31, 2017(1)	170,760

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

Shares purchased in 2017 following exercise of stock options by the ten employees exercising the most options (excluding corporate officers)

	Number of shares purchased	Price
Plan no. 9 – March 9, 2010	39,521	€52.40

2.5.5.3 PERFORMANCE SHARES AND RESTRICTED (FREE) SHARES

Summary of performance share and restricted (free) share grants

At its meeting on July 26, 2017, the Board of Directors noted that the performance conditions for Plan no. 13 of July 24, 2014 had been partially met, with the result that 65% of the total performance shares originally granted under the plan (based on maximum performance) had vested. For more details on the achievement of the performance conditions, see the “Corporate Governance – Compensation of executive directors” section of the www.nexans.com website.

	Plan no. 12	Plan no. 13	Plan no. 14	Plan no. 15	Plan no. 16	Plan no. 16 *bis*	Plan no. 17
Date of Annual Shareholders’ Meeting	05/14/13	05/15/14	05/05/15	05/05/15	05/12/16	05/12/16	05/12/16
Grant date	07/24/13	07/24/14	07/28/15	01/01/16	05/12/16	11/23/16	03/14/17
Number of performance shares granted (based on maximum	301,473(1)	296,940	291,000	30,000	223,200	3,900	195,300
o/w to the Chief Executive Officer (based on maximum performance)	58,280(1)	50,000	42,000	-	27,000	-	19,800
o/w to the ten employees receiving the most shares	167,846(1)	162,800	121,100	30,000	83,800	3,900	73,800
Number of free shares granted	17,534(1)	15,000	29,960	-	30,000	-	30,000
Vesting date (French tax residents)	07/24/16	07/24/17	07/28/18	01/01/19	05/12/20	11/23/20	03/14/21
End of lock-up period (French tax residents)	07/24/18	07/24/19	07/28/20	01/01/19	05/12/20	11/23/20	03/14/21
Total number of beneficiaries	173	172	187	1	181	6	216
Number of shares vested	119,477	106,385	-	-	-	-	
Number of performance share rights canceled	199,530	146,211	14,880	-	4,800	-	400

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

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 Nexans’ 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 objectives relating to operating margin on sales at constant metal prices and ROCE.

The performance conditions applicable for the performance shares granted under Plan no. 16 of May 12, 2016 and Plan no. 16 *bis* of November 23, 2016 are as follows:
(1) A stock market performance condition based on Nexans’ TSR (total shareholder return) as compared with that of a benchmark panel, and (2) a financial performance condition based on the achievement rate at end-2018 of objectives relating to operating margin on sales at constant metal prices and ROCE.

The performance conditions applicable for the performance shares granted under Plan no. 17 of March 14, 2017 are as follows:
(1) A stock market performance condition based on Nexans’ TSR (total shareholder return) as compared with that of a benchmark panel, and (2) a financial performance condition, based on measuring the Company’s Simplified Economic Value Added, which corresponds to the value created in excess of the average cost of capital, at the end of 2019. Simplified Economic Value Added will be calculated as follows: operating margin – 10% of capital employed.

The potential dilutive impact of the performance shares and free shares granted under Plan no. 17 was approximately 0.52% at end-2017.

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. For more information, please see section 2.5.4.3.

3 Main risk factors and risk management within the Group

3.1 Risk factors

3.1.1. 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 and/or how they apply to the Group could result in a decrease in its profitability and earnings.

3.1.1.1. 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 in several countries against various cable manufacturers including Group companies in relation to anticompetitive behavior in the submarine and underground high-voltage power cables sector.

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 participated directly 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 on Nexans France SAS 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 on it by the European Commission. As an indirect consequence of the European Commission's decision, one of the Group's competitors, which has been subject to follow-on damages claims launched by customers 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 SA.

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.
Similarly, on July 20, 2016, an Australian court declined to impose sanctions against the Company following an investigation into the submarine and underground high-voltage cable industry by the Australian Competition and Consumer Commission (ACCC). The ACCC has not appealed this ruling.

Certain Group companies in this sector of business are still under investigation by the antitrust authorities in South Korea (in addition to ongoing investigations into local operations as described below) and Brazil.

In addition, as described in the consolidated financial statements, two of Nexans' subsidiaries in South Korea 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 and in the consolidated financial statements, Nexans' local Korean subsidiaries are cooperating with South Korea's antitrust authority (KFTC) in investigations launched between 2013 and 2015 into businesses other than the high-voltage business. Rulings have been issued for seven cases and due to the cooperation of Nexans' Korean subsidiaries, the KFTC exempted them from paying a fine.

Regarding follow-on claims based on the KFTC's rulings, in connection with procedures mentioned above or dating back prior to 2013, the Korean subsidiaries were issued six summonses from customers and were ordered to pay 200,000 euros in one case and 6,000,000 euros in a second case (against which the Korean subsidiaries have appealed). Other follow-on claims with customers are still in progress to date.

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 30 to the consolidated financial statements for further details).

On March 10, 2017, the Federal Court dismissed the antitrust proceedings in a segment other than high-voltage cables brought by the Australian competition authority (ACCC) against the Australian subsidiary. The ACCC has not appealed this judgment.

On November 24, 2017, Nexans Iberia and the Company (in its capacity as Nexans Iberia's parent company) were notified of a decision by the Spanish competition authority ("CNMC"), which found that Nexans Iberia had participated directly in an infringement of Spanish competition laws in the low- and medium-voltage cable sectors. The Company was held jointly liable for the payment of part of the fine levied on Nexans Iberia by the CNMC. Nexans Iberia and the Company have appealed the CNMC's decision. In early January 2018, Nexans Iberia settled the 1.3 million euro fine levied by the CNMC.

The Group has recorded a 64 million euro contingency provision to cover all the investigations mentioned above as well as the direct and indirect consequences of the related rulings that have been or will be handed down and in particular the follow-on damages claims by customers (existing or potential claims). The amount of the provision is based on management's estimates, which take into account the consequences in similar cases and currently available information. Consequently, there is still uncertainty about the extent of the risks associated with these procedures and any subsequent customer claims.

The Group's risk prevention and compliance systems have been strengthened regularly and significantly in recent years (see sections 3.2.2. and 4.3.4). However, 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. The Group's compliance program includes detection measures that can trigger in-house – and ultimately external – investigations.

In line with its previous communications, the Company indicates that if any of the above described procedures and/or antitrust investigations result in an unfavorable outcome, this could have a material adverse effect on the Group's earnings and therefore its financial position

3.1.1.2. OTHER COMPLIANCE RISKS

The Group has put in place rules and procedures for managing compliance risks, which have been regularly strengthened over the past several years. These notably include the Ethics Compliance Program, the Code of Ethics and Business Conduct, and the related internal procedures, including the Code of Ethics and Business Conduct, guidelines for complying with competition law, and the anti-corruption procedure (see section 3.2. below).

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 a few cases 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 (iv) will be able to finance potential future liabilities.

3.1.1.3. 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 30, Disputes and contingent liabilities and Note 22, Provisions to the 2017 consolidated financial statements.

One example of these disputes was 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. The case has been closed in Nexans' favor.

In some countries, the complexity of tax legislation and uncertainty about how it should be interpreted by the authorities or the courts increases the risk of tax disputes and may influence the outcome of ongoing procedures. This is the case for Nexans' subsidiaries in Brazil and Peru.

3.1.2. Business-related risks

3.1.2.1. 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, and in several markets customers are increasingly calling for longer warranty periods. 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 end-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 19% 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 (NSL). These two "megaprojects" (which represent an aggregate of more than 800 million euros worth of orders for Nexans) followed on from the cable project linking Montenegro and Italy (around 300 million euros).

In 2016 Nexans won contracts for connecting two offshore wind farms to the UK grid, which represent an aggregate of over 400 million euros in orders for Nexans – (i) Beatrice (around 600 MW), located off the coast of Scotland, for which Nexans is working in a consortium with the Siemens group which will supply the transformers, and (ii) East Anglia One (700 MW), located off the coast of East Anglia. These megaprojects illustrate the growing scale and complexity of the turnkey projects in which the Group is involved. In 2017, the Group won an order to supply and install HVDC extruded insulation cables for the DolWin6 offshore wind farm direct current link. This will be the Group's first contract of its type and will represent a new technical challenge benefiting our customers and the energy transition process.

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, but that company may have 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 of years and which has now been settled in the Group's favor. In 2009, during the performance of a contract for submarine high-voltage 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 ship 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-2017, 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 financial statements 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. The majority of its units are ISO 9001-certified and many of them also hold certifications that are specific to their business (e.g. automotive, aeronautic or railway certifications). 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 claims (see the section entitled Insurance, below) as although the coverage amounts are high, they are capped at annual levels and the policies contain standard exclusion clauses, notably concerning the cost of the product itself and late-delivery penalties.

3.1.2.2. 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-customers – including distributors, installers, equipment manufacturers, general manufacturers and operators of public energy, transport and telecommunications networks – 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 2017.

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 aeronautics, shipbuilding, 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 & gas or mining industries. The sharp falls seen since 2014 in the price of oil and certain minerals have led to fewer capital expenditure projects, and therefore lower demand for cables, in the oil & gas and mining sectors.

3.1.2.3. RISKS RELATED TO RAW MATERIALS AND SUPPLIES

Copper, aluminum and plastics (particularly PE and PVC) 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. Optical fiber is also an essential raw material for the Group's manufacture of telecommunications and data cables.

Consequently, price fluctuations and product availability have a direct effect on the Group's 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. This partnership strategy has been pursued and extended over the past three years. However, should the price of its supplies increase, the Group may not be able to fully pass on the increases to its customers.

Copper consumption in 2017 amounted to around 460,000 tonnes (excluding the approximately 88,000 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 2017 totaled 103,000 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, Financial risks to the consolidated financial statements. 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. 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 Innovation & Technology Department in order to lessen the Group's dependence on sole suppliers have enabled it to make major headway in this area and it did not experience any raw material shortages in 2017.

For 2018, in view of the current market situation and despite its efforts to diversify its supply sources, the Group cannot rule out the possibility of tight supply conditions for optical fiber, which could potentially affect its telecommunications and data cables operations.

In addition, the Group relies on a limited number of suppliers for supplies of certain plastics – particularly specialty plastics – and is therefore exposed to these suppliers' industrial risks (such as the risk of fire or explosions). If such a risk were to occur, the business of some of the Group's operating subsidiaries could be significantly impacted.

Lastly, the Group exercises its duty of vigilance when it comes to selecting suppliers and has strengthened its supplier qualification procedures in order to limit the risk of unethical practices in the supply chain (for more information about supplier qualification procedures, see section 4.3.3.).

3.1.2.4. 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.

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 potential strategic alliances or partnerships.

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.

3.1.2.5. GEOPOLITICAL RISKS

Certain high-growth regions are important for the Group's development but are exposed to major geopolitical risks. In 2017, some 11% of the Group’s sales at current non-ferrous metal prices were generated in the MERA Area (Middle East, Russia, Africa) and around 3% 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 industrial and commercial operations and its turnkey projects in countries exposed to geopolitical risks, such as Brazil, China, Ivory Coast, Egypt, Ghana, Lebanon, Libya and Turkey.

The political developments currently happening, or due to happen, in the United States and Europe are also factors of risk and uncertainty for the Group’s operations in view of the proportion of revenue generated by the Group in these two regions. Particularly significant risks are Brexit and the Catalan crisis, and their potential political and economic consequences for Europe, as well as the future trade policy changes that may occur in the United States in terms of customs protection and embargoes.

In an environment shaped by chronic budget deficits in many countries in the past several years, governments are now 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 (particularly Brazil) but also in developed countries.

3.1.2.6. RISKS RELATED TO THE COMPETITIVE ENVIRONMENT OF THE GROUP'S OPERATING SUBSIDIARIES

The cable industry is still very fragmented both regionally and internationally, and the cable 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 global competitors, new market players have more recently emerged, which are drawing on low-cost production equipment and organizational structures and therefore creating additional capacity and an extremely competitive environment (in both domestic and international markets), particularly for cables for the energy infrastructure and building sectors. These players have emerged over the last ten years and are growing rapidly, particularly in Southern and Eastern Europe, the Middle East, South Korea and China. A similar trend may emerge in the future in the submarine high-voltage cables market.

In addition, the recently announced acquisition of General Cable by Prysmian may reshape the competitive environment in the geographical regions and market segments where both groups are present.

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 and natural resource sectors. 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 Brazil (BRL vs USD), Canada (CAD vs USD), Norway (NOK vs EUR, GBP, JPY and USD) and Switzerland (CHF vs EUR).

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 temporary cost overruns and loss of market share.

3.1.2.7. RISKS RELATED TO TECHNOLOGIES USED

To remain competitive, the Group must constantly monitor and, as far as possible, anticipate technological advances, new materials and new processes.

In order to respond to the growing demand for low-energy consumption, recyclable and less polluting products as well as value-for-money solutions, we need to regularly review the design of our products and introduce innovative manufacturing processes. 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 advanced research in its Research Centers and Process Centers into materials and manufacturing processes, and tests them thoroughly in order to have access to cutting-edge technologies. Any delay in identifying, developing and obtaining certification for new technologies could hold up the Group's access to strategic market segments, particularly those with high added value and strong growth potential.

Conversely, by offering its customers ever-more innovative solutions and despite carrying out strict tests prior to launching a new product or manufacturing process, the Group cannot rule out the risk that once they are marketed, its new innovations might reveal certain problems or shortcomings that were not identified before. This could have major consequences on critical applications and therefore a significant financial impact on the Group. An example of this risk is the Group's soon-to-be launched first project for the supply and installation of high-voltage direct current extruded insulation cables (DolWin6 project in Germany).

In Europe, the EU Construction Products Regulation (CPR) – which notably applies to cables for buildings and tunnels – came into force on July 1, 2017. In response to the new performance standards, the Group introduced new materials, reviewed its cable designs with a view to improving them and launched major testing and qualification exercises in order to comply with the CPR and seize the commercial opportunities associated with these higher value-added products. In addition, as in all cases when new regulations of this type are introduced, there was a risk that some of the Group's inventories would become obsolete when the CPR came into force on July 1, 2017. The Group's Supply Chain teams in Europe implemented measures to minimize this risk.

The Group takes steps to protect its innovations by filing patents in strategic market segments and securing the right to use the patents. If it does not own the intellectual property rights in the countries or markets concerned, its competitors could develop and use similar technologies and products, thereby adversely affecting the competitiveness of its offers, its image and its financial results.

Moreover, despite the Group's significant R&D efforts, 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).

3.1.2.8. 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 at risk of natural disasters (earthquakes, tornadoes, floods, etc.) For example, the new 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 natural disaster risks that had to be taken into account at the time of its construction. Although the Group draws up a systematic audit plan of its sites in conjunction with its property and casualty insurer for the purpose of implementing plant integrity risk management processes, 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. It also regularly charters cable-laying ships. These ships are exposed to marine risks (e.g., storms, icebergs and acts of piracy). In 2017, work began on a new cable-laying ship which is due to be delivered to the Group in 2020 to support business growth.

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 concerning emissions to air, water and land, wastewater disposal, the emission, use and handling of toxic waste and materials, waste disposal methods and site clean-ups. 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).

The Group ensures that its manufacturing sites have sufficient resources to identify and track regulatory requirements that concern them, as well as changes in those regulations, and also that they have the financial resources they need to ensure regulatory compliance (see section 4.1.1. below for a description of the Group's environmental management system).

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.

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, 2017, consolidated provisions for environmental risks amounted to approximately 7.5 million euros and mainly included amounts set aside for (i) clean-up costs for a number of manufacturing sites and (ii) a dispute with the purchasers of a plot of land and the local authorities in Duisburg, Germany concerning soil and groundwater pollution. 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 earnings 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 circumstances, 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.

3.1.2.9. RISKS RELATED TO TALENT LOSS, REORGANIZATIONS AND THE SOCIAL CLIMATE

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 its development. See the section entitled Social approach and data, below, 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, it cannot be ruled out that the employees affected by the plans may take legal action. 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 progress in several countries.

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.

3.1.2.10. 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 claims and lawsuits have been filed against the Group by current and former employees, in France and abroad, concerning alleged exposure to asbestos.

At end-2016, 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 manufacturing site. The lawsuit involves some 200 plaintiffs, who are seeking compensation for anxiety as a result of alleged exposure to asbestos. In March 2015 the site concerned was classified by the French government as a site that could entitle workers to retire early as a result of their exposure to asbestos (known as ACAATA sites). The Group made an application to cancel this classification. The classification was subsequently canceled by the administrative court but the French government has appealed the court's ruling.

Similar proceedings are also under way in Italy and the United States.

The Group does not currently believe that the foreseeable outcomes of these claims and lawsuits would have a material adverse effect on its earnings or financial position.

3.1.3. Financial risks

This section should be read in conjunction with Note 26, Financial risks to the consolidated financial statements, which also sets out a sensitivity analysis for 2017.

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) three issues of bonds maturing in 2018, 2021 and 2024, (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 26 to the consolidated financial statements.

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). In line with general practice in the cable industry, 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 26.D and 26.F 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 26.F to the consolidated financial statements.

The foreign exchange risk to which the Group is exposed is described in Note 26.C. to the consolidated financial statements. Apart from in relation to non-ferrous metal 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 26.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.

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 credit management policy which was rolled out to all of Nexans' subsidiaries in 2013.
  The Group has also set up a master credit insurance program for its subsidiaries, although a portion of its trade receivables in China, Lebanon, Libya and certain other countries 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. It is currently difficult to obtain credit insurance in Brazil, Greece, Morocco and Turkey, which means that the Group's customer credit insurance is very limited in those countries. The political situation in the Middle East, particularly Saudi Arabia and Qatar, is also restricting the availability of credit insurance for these countries. The Group assists its insurer in obtaining financial information about customers and analyzing the customer credit risk for certain risk classes or countries.
  Lastly, despite divesting businesses in a number of countries, notably Egypt, the Group still has receivables there, whose recovery is uncertain due to the general economic context in those 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 risk are described in Note 26.E to the consolidated financial statements.

Financial risks associated with climate change and low-carbon strategy

In 2016, a review was performed with the Group's property & casualty insurer to assess the possible impact of global warming on the Group's exposure to flood and storm risks and make any necessary adjustments to its insurance coverage of these risks. The review showed that the standard global warming scenarios should not lead to any significant increase in the flood and storm risk exposure of the Group's sites.

As explained in section 4.1. below, the Group is pursuing its long-standing policy of reducing water and energy use.

It is also striving to transition to renewable energy. For example, solar panels have been installed at the Cortaillod plant in Switzerland; the Suzhou plant in China has been equipped with a solar heating system; two wind turbines have been installed at the Buizingen plant in Belgium and solar panels have been installed at the Nahr Ibrahim plant in Lebanon.

3.1.4. 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 the Group exercises managerial control. Local policies are issued in certain countries where there is an obligation to take out insurance. Newly-acquired entities are incorporated into the Group’s 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 risk assessment taking into account the Group’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 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 life, health and bodily injury insurance) taken out at Group level represents less than 0.5% of consolidated sales at constant non-ferrous metal prices. The Group regularly invites insurers to bid for its insurance programs, a policy that helps to ensure that cover is closely aligned with the Group’s risk exposure and optimize insurance costs.

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

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. A more detailed analysis of the Group’s exposure to earthquake risk conducted in 2017 showed that the maximum cover provided under existing policies currently appears to be adequate.

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 monitors 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 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 has been negotiated by the Group, covering most of its subsidiaries. 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 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 cumulative cap per insurance year. The maximum amount reinsured by Nexans Re across all programs currently stands at 2 million euros.

3.2. Internal control and risk management procedures implemented at Nexans

3.2.1. Definitions, scope, objectives and limitations

The Group has put in place risk management procedures to identify and manage the risks related to its activities. Such risks may affect people, the environment, the Group's assets, its reputation, or even prevent the Group from reaching its objectives. These procedures enable the Group to identify the risks to which it is exposed and to better control these risks so that it can deploy its strategy properly. They are a key part of its governance structure. In accordance with law, the Accounts and Audit Committee monitors the effectiveness of risk management procedures.

The risk management procedures provide a systematic approach to identify, assess, prioritize and deal with the main risks to which the Group is exposed, and to monitor risk exposure over time. These procedures help operational staff understand and take account of risk in their day-to-day management, and ensure that mitigation, control and monitoring plans are put in place, along with programs transferring major identified risks to the insurance market where appropriate, in line with the Group's levels of risk appetite.

They cover the Group's main short-, medium- and long-term risks (strategic, operating, financial, legal, compliance, ethics and reputation risks). This means that coverage includes but is not limited to financial controls and the reliability of published financial and non-financial information, extending to all of the Group's transactions and processes, as well as its human capital and tangible, intangible and financial assets. The procedures are deployed at all operational and functional levels within the Group.

In this regard, the Group's operating departments and entities play a front-line role in managing risks in their respective geographic and business areas. Their departments are responsible for applying all of the Group's risk management and internal control policies and procedures in their area of responsibility, covering such issues as compliance with applicable laws and regulations and with the Group's Code of Ethics and Business Conduct.

The functional departments (Finance, Legal, Human Resources, Purchasing, Information Systems, Industrial Management, Technology & Innovation) track regulatory developments and emerging risk management practices in their specific area of expertise, provide methodological support to the operating departments and entities for the management of their risks and check the effectiveness of their risk management procedures, define specific internal control rules for their area of expertise and oversee application of these rules throughout the Group. They may also assist operating departments and entities in monitoring their risk exposures and implementing specific risk mitigation measures. This is the case, for example, for the management of market risks affecting the main non-ferrous metals used by the Group (copper and aluminum) or the Group's main operating currencies. The Group Finance Department provides methodological support for managing these risks, as well as overseeing risk exposures and implementing the necessary hedging programs on the operating entities' behalf. The Group's increasingly cross-functional processes help to strengthen their overall effectiveness, including for risk management and internal control.

The Internal Audit Department contributes to overseeing the risk management and internal control system. Its role and responsibilities are described in the Group's Internal Audit Charter. It reports to Executive Management and meets with the Accounts and Audit Committee at least twice a year to discuss the audits carried out by the team and their findings.

An internal audit plan is drawn up each year based mainly on the Group risk map. The aim is for all Group entities to be audited at least once every four to five years. The plan is submitted to Executive Management for approval and the approved plan is presented to the Accounts and Audit Committee. The audits cover not only financial and operational processes but also ethics and corporate governance issues. Following each audit, a report is issued describing any observed weaknesses or failures in applying the Group's rules or meeting the Group's objectives, and recommending improvements. Implementation of the most important and urgent recommendations is monitored on a quarterly basis by Executive Management.

The Internal Control Department – which is combined with the Internal Audit Department – contributes to the drafting of rules and compulsory controls to mitigate certain risks or limit their occurrence, particularly transaction-related risks. These controls help *inter alia* to limit the risk of errors and fraud. The internal control system is built around a list of 25 key controls and an internal control manual, which is supplemented by regular "Flash Reports" and "Best Practice Memos" issued by the Department on internal control issues.

The Risk Management Department helps to lead the entire system and check its effectiveness in ensuring that the Group meets its objectives, working in partnership with the Internal Control Department and the Internal Audit Department. In particular, it participates in identifying and monitoring strategic risks alongside the operating departments and the Strategy Department. It is responsible for managing the insurance programs and ensuring that they are consistent with the Group's risk exposures. It reports regularly to the Accounts and Audit Committee on its activities and the effectiveness of the risk management system.

The Ethics Correspondent receives and processes reports of violations of the Group's Code of Ethics and Business Conduct. He reports directly to the General Secretary, with a dotted-line reporting relationship with the Chief Executive Officer. He reports the cases handled at least once a year to the Accounts and Audit Committee and the CSR Committee.

In 2015, an Ethics Compliance Program Manager was appointed, reporting directly to the General Secretary and with a dotted-line reporting relationship with the Chief Executive Officer. The Ethics Compliance Program Manager is responsible for proposing to Executive Management measures to prevent, detect and handle breaches of ethics laws and regulations, and supporting the functional and operational managers in implementing the Ethics Compliance Program. He reports on his work to the Accounts and Audit Committee at least once a year.

In 2016, a Data Protection Officer was appointed with responsibility for establishing rules and procedures to ensure that the processing of personal data within the Group complies with the applicable legislation by protecting the private nature of the information.

In addition, the Group has set up several committees that help identify and/or monitor the main risks:

- The Disclosure Committee, whose role is to help identify the main legal and financial risks surrounding the Group's businesses and entities, assess their materiality and ensure that risks are communicated properly outside the Group.
- The Tender Review Committee reviews the commercial, legal, financial and technical terms and conditions of all bids in excess of 5 million euros and 25 million euros for the High Voltage business.
- The Mergers & Acquisitions Committee reviews and approves (subject to prior approval by the Board of Directors of projects with a unit value higher than 50 million euros) any potential business acquisition or divestment projects, or possible strategic alliances or partnerships.
- The CSR Committee determines the Group's corporate social responsibility policies and monitors its CSR initiatives. It is assisted by two specialized committees, the Governance and Social Affairs Committee and the Environment and Products Committee.

3.2.2. Risk management policies and procedures

3.2.2.1. CODE OF ETHICS AND BUSINESS CONDUCT

The Group's Code of Ethics and Business Conduct sets out the values, principles of behavior and rules of conduct with which employees are required to comply with in the course of their work. It focuses on the principles of legal and regulatory compliance, fair business practices, transparent information, commitment to the environment, product safety and respect for diversity. All new employees receive a copy of the Code of Ethics and Business Conduct and commit to applying it by signing an annual compliance certificate. Certain Group procedures address in more detail certain specific issues covered by the Code. They include the Procedure for the Prevention of Corruption Risk and the Antitrust Law Compliance Guidelines.
The program to prevent, detect and deal with ethical breaches is described in section 4.3.4.

3.2.2.2. WHISTLE-BLOWING PROCEDURE

The Group has set up a procedure for managing reported violations and potential violations of the Code of Ethics and Business Conduct. See section 4.3.4.

3.2.2.3. OTHER RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

A dozen procedures have been established by Executive Management covering the main ethics, governance and internal control issues, including the Code of Ethics and Business Conduct, anti-corruption procedures, antitrust compliance procedures, insider trading risk procedures, procedures to ensure compliance with the rules applicable to commercial contracts, due diligence procedures for mergers and acquisitions, capital projects or real estate transactions, crisis management and communication procedures, the 25 key controls and the internal control manual. A delegation of authority procedure has also been established, setting limits on managers' signature authority in the various Group entities. The Group has also drawn up an Accounting Manual based on the practices recommended by the Reference Framework published by the AMF.

In accordance with the Group's procedures, each subsidiary implements all of the above points.

In addition, several specific procedures developed by the Finance Department and that apply to all the Group's entities also contribute to risk management and accounting and financial internal control, particularly the procedures for treasury management, currency risk management, non-ferrous metals management, credit risk management and physical inventories. The procedures for the management of currency risk and non-ferrous metals risk are described in Note 25 to the consolidated financial statements.

3.2.3. Main risk management initiatives in 2017

- The ten golden rules of information systems security were published and distributed to all users of the Group’s systems in order to raise their awareness of security risks and promote adoption of best practices in this area.

- A cyber-security audit was performed at Nexans Services, the Group’s cash management subsidiary, in response to a request issued by SWIFT to all of its members to upgrade their protection.

- A vigilance plan was prepared in compliance with France’s new Corporate Duty of Vigilance Act.

- Written procedures were issued describing the integration process for newly acquired companies.

- A review was performed of earthquake risks at the Group plants that are the most exposed to this risk. The review showed that the Group has adequate insurance cover.

- The Nexans Management Handbook was published. The handbook describes the Group’s organization and its operating principles and rules. It includes a booklet listing around one hundred rules covering the main business processes.

- A data analytics tool was used by the Internal Audit Department several times in 2017 to provide additional insight for certain internal audits (covering for example the Purchasing and Accounting functions). The Group is now looking into the possibility of deploying the tool in order to have access to continuously updated internal control data.

- The continuation of exchange risk management actions initiated in 2015.

3.2.4. Preparation and processing of financial and accounting information

Control activities are based on a financial and accounting reporting system and a set of internal control procedures.

3.2.4.1. PROCESS FOR THE PREPARATION OF FINANCIAL AND ACCOUNTING INFORMATION

Financial and accounting information is generated in consolidated form as follows.

All amounts reported on the face of the financial statements are obtained from the accounting systems of the legal entities, whose accounts are kept according to local accounting principles and then restated in accordance with the accounting principles and methods applied by Nexans to prepare the consolidated financial statements, which are drawn up in accordance with IFRS pursuant to EC Regulation 1606/2002. The Group's entire financial and accounting reporting process is structured around the Hyperion System.

Reporting packages are based on the information from each unit's management accounts. These accounts are prepared according to standard accounting principles defined in numerous procedures. In particular, to ensure the consistency of the information produced, Nexans has an accounting manual which is used by all Group units and defines each line in their income statement by function and statement of financial position.

Based on the Group's five-year Strategic Plan, which sets out the main strategic and financial directional guidelines, each unit establishes an annual budget by market line in the last quarter of every year. The budget is discussed by both local management and the management of the area or business group and is submitted to the Group's Management Board for final approval. The Group's budget is presented each year to the Board of Directors. It is then broken down into monthly figures.

Each month, the units prepare a reporting package which is analyzed by Management as part of the quarterly business review. The figures are compared with the budget, with new year-end forecast data and with actual data for the previous year. The consolidated results by area are analyzed with the Group's management at area meetings.

A consolidated accounts closing procedure is carried out on a half-yearly basis. The procedure includes a specific review and analysis of the financial statements during meetings which are attended by the Group Finance Department, the Finance Departments from the countries of the Group's main operating subsidiaries and the financial controllers for the areas concerned. These meetings also provide an opportunity to review the various main points to be considered for the upcoming close.

Any off-balance sheet commitments are reviewed by the Consolidation Department based on information provided by the business units, the Treasury and Non-Ferrous Metals Management Departments, and the Group General Secretary's Department. This information is set out in the notes to the Group's consolidated financial statements.

Lastly, the Group has set up a half-yearly procedure whereby the Chief Executive Officers and Chief Financial Officers of all Nexans' subsidiaries sign internal representation letters giving – for the scope for which they are responsible – a written commitment concerning the quality and completeness of the financial information reported to the Group departments and concerning the existence of adequate internal control procedures that are effectively implemented.

3.2.4.2. MAIN INTERNAL CONTROL PROCEDURES FOR FINANCIAL AND ACCOUNTING INFORMATION

The Group's Finance Department keeps the above-mentioned procedures up to date. It has also drawn up procedures for the main areas that fall within its purview, particularly procedures for reporting, treasury management, non-ferrous metals management, credit risk management and physical inventories.

The Group's Finance Department also seeks to ensure at all times that there are clear procedures to deal with sensitive issues or identified financial risk factors (described in the Management Report) that are specific to the Nexans Group's business and could have an impact on its assets or earnings.

This is the case, for example, with the management of risks associated with exchange rates, interest rates, and the fluctuation of non-ferrous metal prices, for which specific reporting procedures are in place at business unit level. These risks are controlled and analyzed by both the Treasury and Financing Department and the Non-Ferrous Metals Management Department.

The Internal Audit Department performs controls to ensure that adequate internal controls are in place and function effectively and that Group procedures are complied with.

3.2.5. Oversight of internal control

As a result of the powers conferred upon it by law and by the Board of Directors' Internal Regulations, the Accounts and Audit Committee monitors the process for preparing the financial information and, where appropriate, makes recommendations to ensure its integrity. It examines the annual and interim financial statements and ensures the relevance and continuous application of accounting methods adopted by the Company for its parent company and consolidated financial statements, in particular for dealing with significant transactions. It ensures that systems of internal control and risk management and, where applicable, the internal audit of the procedures relating to the preparation and processing of the accounting and financial information, are in place; it follows up on their effectiveness by ensuring that corrective actions are taken in case of identified weaknesses and significant anomalies. Each year, the internal audit plan is reviewed by the Accounts and Audit Committee and the Committee is given a presentation on the main conclusions every six months.

The Board of Directors contributes to monitoring internal control through the work and reports of the Accounts and Audit Committee.

The Internal Audit Department contributes to overseeing the internal control system through the assignments it performs and the reports it draws up, as well as by monitoring the implementation of recommendations issued.

In addition, the Group's Executive Management carries out its oversight role for internal control, notably through reviews with the Head of Risk Management, regular business reviews for the Group, and performance-indicator monitoring.

4 Corporate social responsibility

In a slow-growth and difficult economic environment, our world is full of challenges and opportunities: growing demographics, fast urbanization and data exchange explosion require the safest, most reliable and adapted cabling solutions.

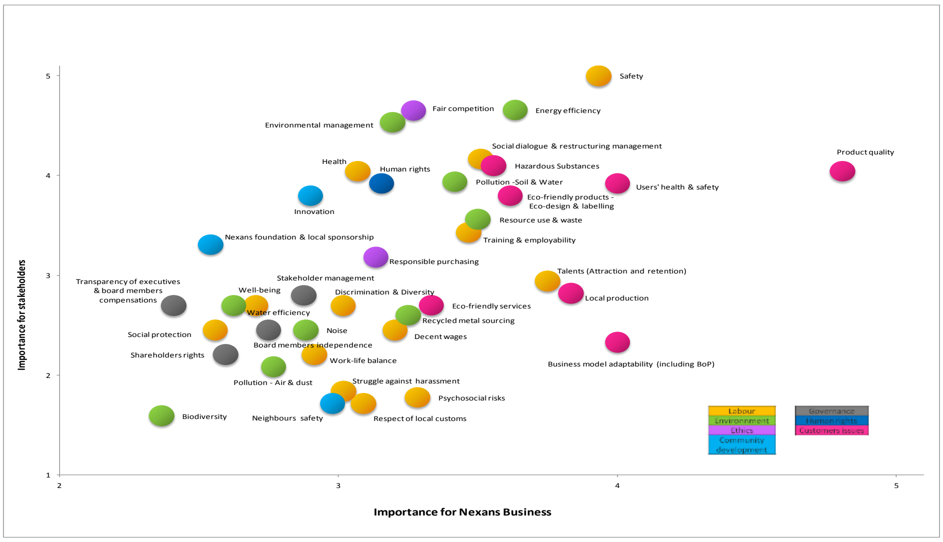
At Nexans, committed actor has for vocation to transport the energy and data essential to the world's current and future development is our sense of purpose. The products and solutions we design, manufacture and deliver everyday benefit the world, people and the economy.

The Group works responsibly every day to respond to major challenges and meet stakeholder needs. CSR is an integral part of the Group's strategy.

CSR strategy

To define a CSR strategy that addresses major issues in today's society, the Group conducted a materiality test based on the key CSR issues covered in ISO 26000: human rights, labor relations, working conditions, environment, good business practices, questions involving consumers and social engagement. See the methodology used in section 4.3.8., Data compilation methodology for social data.

This test was used to establish the materiality matrix below. It shows the key issues covered in ISO 26000 that are important for Nexans' business and for stakeholders. This matrix was used to define four priorities for the Group and its stakeholders. These priorities have been integrated into the 2017-2022 Group's roadmap.



The four priorities in Nexans' CSR strategy break down into 12 ambitions that represent the CSR issues where the Group focuses its efforts.
These CSR priorities draw on the Sustainable Development Goals set by the United Nations, which the Group adopted in 2008 when it joined the Global Compact.

PEOPLE: ***Bring individual and collective performance to our business***
- Workplace safety: *guarantee health and safety on sites*
- Human capital: *build people who build business*
- CSR awareness: *empower employees on CSR issues*

PLANET: *Manage environmental impacts*
- Environmental management: *maintain a high standard of environmental management*
- Energy: *improve production energy efficiency*
- Climate: *reduce our impact on the climate*

PRODUCTS: *Manage in a competitive and innovative sustainable mode*
- Energy transition: *engage with customers to contribute to a sustainable economy*
- Innovation: *guarantee an innovative collaboration with stakeholders*
- Sustainable products: *increase resource-efficiency*

PARTNERS: Embedding *leadership based on values and ethics*
- Business ethics: *maintain a compliant framework and fair business practices*
- Stakeholders: *maintain sustainable stakeholder relationship*
- Nexans Foundation: *help underprivileged communities to access energy*

Efforts to achieve the 12 CSR ambitions are overseen by dedicated representatives based on the 2017-2022 roadmap, which is structured into key performance indicators and their targets.

		KPI	Baseline 2016	Baseline 2017	Target 2022
PEOPLE	Workplace safety	Workplace accident frequency rate (1)	1,8	2,02	< 1
	Human capital	Managers with an Individual Development Plan (2)	58%	72%	100%
		Women in management positions (3)	22,60%	22,9%	25%
	CSR awareness	Directors and managers having CSR goals in their annual performance targets (4)	NA	NA	100%
PLANET	Environmental management	Industrial sites certified EHP and/or ISO 14001 (5)	94%	93%	97%
	Energy	Energy intensity (MWh by standard sales in M€) (6)	279	255	-3%
	Climate	Reduction of GHG emissions (scopes 1, 2 and 3) (7)	0,83%	2,70%	-5%
PRODUCT	Energy transition	Activities revenues generated from sustainable products and services (8)	485 m€	770 m€	NC
	Innovation	R&D investments (% of revenues in standard sales) (9)	89 m€ (2,0%)	102 m€ (2,2%)	NC
	Sustainable Products	Total waste recycled (10)	42%	44%	>50%
PARTNERS	Business ethics	Managers having signed the Compliance Certificate (11)	95%	96%	100%
	Stakeholders	OTIF - 1C (12)	92,6%	93,3%	94%
		Employee engagement index (13)	72%	NA	+3
	Nexans Foundation	Amount allocated by the Nexans Foundation	300 000	300 000	300 000

The CSR performance of the Group's approach is regularly measured and recognized by its stakeholders, in particular non-financial rating agencies (see section 4.3.2., Relations with stakeholders).

CSR governance

To steer its CSR ambitions, the Group has set up a dedicated governance structure overseen by the CSR Department, which reports to the Group's Senior Corporate Vice President Human Resources, in charge of Communications and CSR, and member of the Management Board.

The Group's highest decision-making bodies, and operating and support departments are closely involved in CSR governance. This is reflected in the commitment to integrate CSR into its strategy through various committees.
Primarily, the CSR Committee chaired by Arnaud Poupart-Lafarge, Chief Executive Officer[5], is made up of members of the Management Board. This committee meets at least once a year to define CSR policy and assess the various initiatives. The CSR Committee works with two expert committees that meet at least once a year to translate the CSR ambitions and other CSR issues into operations:

- Governance and Social Affairs Committee co-chaired by Anne-Marie Cambourieu (Senior Corporate Vice President Human Resources, in charge of Communications and CSR, and member of the Management Board) and Patrick Noonan (Senior Corporate Vice President, General Secretary, and member of the Management Council): Governance, ethics and business conduct, CSR risks, labor relations, human capital, internal opinion surveys, CSR reporting, stakeholder relations, CSR communication, Nexans Foundation.
- Environment and Products CSR Committee chaired by Pascal Portevin (Senior Corporate Executive Vice President, International and Operations, and member of the Management Committee): Workplace safety, environmental management and on-site audits, recycling and waste, soil testing, energy efficiency, responsible purchasing, innovation and new product development, life cycle assessment and eco-declarations, sustainable products and solutions, legislation on chemicals.

Twice a year, the Strategy and Sustainable Development Committee of the Board of Directors also reviews how the Group takes into account sustainable development issues in defining its strategy.

The involvement of the highest governance bodies and the organization's operating departments and support functions in developing CSR policy attests to the strong commitment to incorporate CSR issues into Group strategy.

This commitment is embodied by the publication in early 2018 of the Group's first integrated report available on the Group's website (www.nexans.com/RSE).

Independent data verification

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

[5] CSR goals in the variable portion of the Chief Executive Officer's compensation, see section 2.5.4.2. of this report.

4.1. Environmental approach

The Group has set ambitious targets to reduce the impact its business activity and of its products on the environment:

PLANET: ***Manage environmental impacts***

- Environmental management: *maintain a high standard of environmental management*
- Energy: *improve production energy-efficiency*
- Climate: *reduce our impact on the climate*

PRODUCTS: ***Manage in a competitive and innovative sustainable and mode***

- Energy transition: *engage with customers to contribute to a sustainable economy*
- Innovation: *guarantee an innovative collaboration with stakeholders*
- Sustainable products: *increase resource-efficiency*

4.1.1. Limiting the environmental impact of business activity

4.1.1.1. WORKING TOWARDS RIGOROUS ENVIRONMENTAL MANAGEMENT

The Industrial Management Department ensures that the applicable laws and regulations and the Group's policies on conservation and environmental protection are respected. The environmental rules and targets apply to Group operations worldwide.

The Group's main environmental objectives are as follows:

- respecting regulatory requirements;
- rolling out environmental certification programs: ISO 14001 and HPE (*Environnement Hautement Protégé* or Highly Protected Environment – Group label);
- controlling energy, water and raw materials consumption;
- preventing pollution risks created by our businesses and reducing CO_2 emissions;
- reducing the volume of waste generated and improving waste recovery and recycling.

The continuous performance improvement program for production sites is steered by the Environment and Products CSR Committee and coordinated by the Group's Environment Manager.

Environmental evaluation and certification

As part of the continuous improvement approach and of the prevention of the main environmental risks identified in consideration with the Group's activity, Nexans undertook two additional steps of evaluation and certification of its environmental performance, supported on sites by a network of representatives:

- An external certification: ISO 14001;
- An internal label: HPE (Highly Protected Environment) which is not only an environmental management system, but also a management system of the environmental risks constituting an obligation of result for the sites, what distinguishes it from ISO 14001. As such, since the 2000s, Nexans has anticipated the recent evolutions of the ISO 14001. This label is awarded under the responsibility of the Group's Industrial Management Department further to the periodic audits made by certified internal auditors specifically trained for this purpose. In 2015, the Environment and Products CSR Committee defined the HPE2 label, which applies more stringent criteria to aim for excellence.

In 2017, 66 sites were ISO 14001 certified, representing 75% of the Group's sites (76% in 2016), and 78 sites held the HPE label, or 89% of sites (85% in 2016). Only two years since the launch of the label, the Hannover and Hof sites in Germany have been awarded HPE2.
Accordingly, 93% of sites are covered, in minima, by an environmental certification. The 2022 objective of the CSR roadmap is to have 97% of sites certified.

The HPE label covers 12 main areas[6], broken down into 39 criteria that are managed and consolidated using a special system. A few criteria and objectives required to obtain the HPE/HPE2 label are provided as examples in the table below.

Main criteria	HPE	HPE2
Implementing an energy efficiency policy	Self-assessment completed + dedicated action plan	Self-assessment over 60%
Recycling of cooling water	In minima 50%	In minima 75%
Water drainage systems	Site equipped by an hydrocarbon separator for the rain water evacuation network	No potential pollution outside the site
Safe storage of hazardous liquids	All tanks with a capacity of over 1 cu.m must feature a containment system	Same, including for wire drawing tanks
Operating a waste sorting policy	Recovery of the waste (by weight) between 50% and 80%	Waste recovery over 80%
Volatile Organic Compounds (VOCs)	Emissions of over 10 tonnes per year	Emissions of less than 10 tonnes per year
Liquid refrigerants	HCFC (R22) without replacement plan	HCFC (R22) with replacement plan
Regulatory non-compliance	Known cases of NC and planning <3 months	Compliant with regulations

[6] The main areas are raw materials, water, air, waste, noise, energy, land and groundwater, storage of liquids.

Providing training and information to employees on environmental protection

Specific training sessions are provided to employees based on their level of responsibility.
Regular environmental audits of production sites also raise awareness about environmental management strategy.

The Group provides its employees with training in other specific areas, such as REACh[1] (see section 4.2.2.3., Training policy).

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.

Employees are also involved in local environmental protection programs (see section 4.3.1., Regional, economic and social impact of the Group's businesses).

Preventing environmental risks

Crisis management - All of the Group's sites draw up environmental crisis management plans. These plans are audited as part of the environmental audits 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.

The environmental risk prevention program is included in the Lean Manufacturing methodology called Nexans Excellence Way (NEW) and the management processes at the Group's manufacturing sites.

Asbestos - The Group's environmental policy provides for continuous monitoring of asbestos at its operational sites and is incorporated into the audit tools used in HPE assessments. As part of this monitoring, all sites affected by asbestos have carried out special 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 asbestos-free materials in new buildings and in the equipment it uses worldwide (including in countries where asbestos might still be authorized). Leased buildings undergo a preliminary asbestos assessment to make sure there is no risk.

ICPE[2] - Most production sites in France comply with ICPE 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. ICPE sites are closely monitored to ensure they meet all regulatory requirements.

Industrial, environmental and financial risks associated with climate change and low-carbon strategy are presented in Chapter 3, Main risk factors and risk management within the Group.

Environmental expenditure and investments

In 2017, environment-related expenditure amounted to 4.3 million euros (versus 4.7 million euros in 2016) and mainly concerned the following items: environmental taxes (including water tax), maintenance (including purchase of filters), analyses and tests, royalties and licenses, and external environmental services. The Group continued to invest in environmental initiatives within its plants through awareness-raising and the rollout of its environmental program launched the previous years.

In view of the industrial projects presented, a total of 3.2 million euros worth of environment-related investments were approved for 2017 (versus 2.7 million euros in 2016). These investments were used for example to replace less energy-efficient equipment, buy new cooling towers, remove asbestos from roofs and repair electric machinery. 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.

(1) REACh: EU Directive on the Registration, Evaluation, Authorization and Restriction of Chemicals.
(2) ICPE: Installations classified for the protection of the environment.

4.1.1.2. MANAGING POLLUTION RISKS

HPE and ISO 14001 certifications and their audits contribute to this approach to reducing the Group's environmental footprint.
One of the objectives of the Group's environmental policy is to control its pollution risks. It has therefore analyzed the sources of pollution within its business activities, based on the key processes used, the overall risks they generate, and measures implemented.

Sources of pollution

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 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[1], – 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 17 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).

Preventive and corrective measures

Discharges into water

In order to mitigate the risk of an accidental spillage into water networks which could pollute surface water or public facilities, certain specific measures are taken by the Group's sites.

The measures taken have already allowed 46 sites to be equipped with such network shutters to contain fire water and stop the spread of a potential spill thanks to containment basins, containment valves and network valves. To date, no spills or major discharges have been reported.

Land use and discharges

The Group's activities have little impact on the soil as they do not involve any extraction or spraying 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.

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 proactively 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.
Studies of past activity are conducted every year at selected sites. If pollution risks are identified, land and groundwater surveys may also be carried out. Other actions may be considered based on the findings of each phase of the study.

The Group's sites are subject to the risk of causing gradual or accidental pollution as they store hazardous products, even if sites have emergency intervention kits that can be used in the event of an accidental spillage. The Group regularly assesses this risk, which is a major component in the environmental audit checklist. For example, sites must make sure that all tanks with a capacity of over 1 cu.m used to store hazardous liquids feature a containment system.
The Group therefore launched a program to systematically protect all tanks containing hazardous substances that do not yet feature protection systems to totally eradicate this risk. In 2017, €632,000 was invested in this program, with further investments planned in the years to come.

Concerning Persistent Organic Pollutants (POPs), a program to replace equipment containing PCBs has been put in place for the Group's manufacturing companies.
To date, no major incidents have been reported.

(1) HFFR: Halogen-Free Flame Retardant.

Air emissions

Even though air emissions are extremely limited due to the nature of the Group's businesses, manufacturing sites strictly monitor their operations to remain compliant with their environmental certification. Their emissions are monitored locally to comply with legislation and checked over the course of environmental audits. Emissions are then consolidated at Group level by the Industrial Management Department.

Special measures are taken to channel and treat NOx, SOx and particulate emissions 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).

The levels of these emissions are not significant enough to be reported externally.

To date, no air pollution incidents have been reported.

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, especially when purchasing manufacturing equipment. Machinery and equipment, including those used for transportation and handling, can also emit noise. 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 special training sessions, use of personal protective equipment, 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.

No complaints were filed in 2017.

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.

Odor pollution

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 Group is aware, no complaints have been filed against the Group with respect to odor pollution.

4.1.1.3. CONSERVING RESOURCES

One of the objectives of the Group's environmental and risk management policy is to establish a sustainable approach that enables our manufacturing processes to conserve resources, as defined in the environmental management system.
In environmental audits, the measures taken to protect resources are assessed based on defined objectives.

Water consumption

The cable manufacturing process implies the use of water for cooling operations. In order to limit this water consumption, the Group has invested in closed-loop cooling systems. To date, out of the 68 sites that use water for cooling, 60 have a recycling rate of over 75% (see HPE table).

The sites with the highest water consumption are individually monitored and specific action plans have been put in place.

Certain sites, particularly in Brazil, may be subject to operating risks due to potential disruptions in water and electricity supply (see section 3.1.2.8., Industrial and environmental risks).

Utilization of raw materials

The Group is taking measures to maximize the portion of recycled copper used in its cables. In 2016, around 22,090 tonnes of copper waste (22,070 in 2016) 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, cardboard and plastic, notably cable drums. In line with this, the majority of cable drum supplies for our European sites come from sustainably-managed forests, which guarantees that the wood is sustainably sourced.

In November 2016, Nexans launched its NEXANS EASYREEL app that can be downloaded onto Android and Apple smartphones, offering a convenient new way to organize the pickup of cable drums at worksites or stores. Users can scan the cable drum barcode, define the collection point (by using the phone's geolocation or entering an address manually) and send the information to the site that will then rapidly take care of pickup. First deployed in Switzerland in 2016, the app is currently available in Belgium and France, and can easily be deployed in other countries.

The Industrial Management Department monitors consumption from packaging through an annual questionnaire sent to sites as part of the environmental management system.

Energy consumption

Saving energy is a major focal point for the Group. Energy management is integrated into the environmental management system. 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.

Within the scope of the energy efficiency program at production sites, energy audits were conducted to define the appropriate action plans:

- In 2015, regulatory audits at the European sites;
- In 2016, self-assessments at all manufacturing sites (based on the ISO 50001 recommendations, which offer a methodology to improve energy efficiency).

The findings of these assessments were used to implement measures that aim to continue action towards a low-carbon policy and to improve its energy intensity (target of a 3% reduction between baseline 2017 and 2022).

All German sites are ISO 50001-certified and a few sites have introduced initiatives to begin shifting towards this methodology. One of these sites – in Casablanca, Morocco – has reduced its electricity consumption by 20% since deploying an ambitious program.

Over 26% of the Group's environment-related investments in 2017 focused on making equipment and production lines more energy efficient, for example by replacing air compressors and cooling towers or installing highly energy-efficient motors.

Several of the Group's factories, depending on local energy prices, have taken steps to replace traditional lightings with more energy-efficient LED lighting. The Purchasing Department is looking into ways to encourage the use of service providers offering to finance these initiatives.

Some countries also use renewable energy. For example:

- Cortaillod (Switzerland) has installed solar panels;
- Suzhou (China) has put in a solar heating system;
- Buizingen (Belgium) has installed two 2 MW wind turbines, resulting in savings of €200,000 a year;
- the Lebanon site has installed solar panels that have been in operation since June 2017. The green energy they produce is expected to eventually cover 10% of its electricity consumption.

Waste management

The management of waste from manufacturing processes, an issue central to the shift towards a circular economy model, is one of the 12 CSR ambitions. The Group has two main objectives:

- Reducing waste: production waste is monitored monthly by each individual site and consolidated by the Group Industrial Management Department. In 2017, the proportion of production waste per tonne of cable produced was 3.9% (5.6% in 2016);
- Increasing our waste recycling rate, through sorting, recovery, treatment and recycling:
  - **Sorting and recovery** - All 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 on site as a secondary raw material. 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 recycles a portion of its manufacturing waste, including all of its non-ferrous metal waste, notably through RecyCâbles, a company in which it owns a 36% interest. In 2017, it recycled 14,720 tonnes of cable waste (13,355 in 2016). In late 2017, the Group launched Nexans Recycling Services, which enables its customers and partners to recover and dispose of their waste copper and aluminum cables.

In the fight against food waste, Nexans has taken strong action to monitor its catering service providers in the main countries where it operates. This policy consists in measuring the performance of current suppliers through environmental and HR performance indicators and in using evaluation criteria to rate supplier proposals in the bidding process for catering services. Of all the indicators measured, Nexans focuses on the reduction of resources used, waste reduction and management and food waste monitoring

Conserving biodiversity

The Group's manufacturing operations only have a limited impact on biodiversity. To date, no major impact on biodiversity at Group sites has been reported.

Nevertheless, biodiversity is taken into account for each new facility construction project and cable laying or removal operation. Certain sites have put in place biodiversity conservation initiatives. For example, measures to protect swallow nests on site grounds have been implemented in the Aisne region in France, while a river basin protection campaign has been initiated in the Rhone region.

In another measure, bee hives were installed at the new site of the Group's new registered office. Activities will be organized to raise the awareness of employees and their families as to the life and role of bees in our ecosystem.

4.1.1.4. REDUCING THE IMPACT OF OUR BUSINESS ACTIVITY ON THE CLIMATE

Due to the low carbon intensity of its operations, the Group is not subject to European carbon emissions quotas but, in its support for the climate, it measures its emissions of greenhouse gases (GHGs) annually on a worldwide basis via the following indicators:

- 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);
- emissions arising from waste management (partial scope 3). The Group is working to expand its coverage of scope 3 to significant sources of emissions, such as the purchasing and transportation of raw materials, the transportation of products, use of products and the end of their useful life.

The Group's target is to reduce total greenhouse gas emissions 5% by 2022. GHG emissions were reduced by 2.70% in 2017 (versus 0.83% between 2015 and 2016).

For example, Belgian sites have all signed regional industry-level agreements that set targets for reducing GHG emissions.

The Group brings concrete responses that span every phase of its business activities to reduce the carbon impact of products throughout their life cycle.

Its approach to low-carbon production includes measures that aim to:

- improve energy efficiency;
- optimize resources;
- use recycled materials;
- reduce waste.

The main source of direct GHG emissions within the Group is energy consumption. Measures taken to improve energy efficiency at sites and the use of renewable energy are outlined in section 4.1.1.3., Conserving resources/Energy consumption.

CFC and HCFC emissions are monitored through air conditioning systems in compliance with local regulations. An R22 replacement program is under way at sites that use these air conditioning units. The use of SF6 is strictly reserved for the laboratories of test of the high voltage cables. Le Group set of procedures to control its use, to avoid any leaks, to substitute it and to reduce it.

To tackle emissions generated by employee travel, the Group has rolled out a policy to limit this form of travel and reduce its impact. Remote communication tools are available at most sites to limit unnecessary travel so that employees from around the world can easily communicate with each other (videoconferencing, teleconferencing, etc.).

In addition, local initiatives have been taken to encourage employees to reduce their emissions during their commute. In France, Nexans promotes the use of energy-efficient service vehicles on lease and offers sales employees training in environmentally friendly driving techniques. The Group's registered office provides an electric car and electric bicycles for employees to use. Employees are partially reimbursed for their public transport passes, while employees at the Group's registered office can benefit from a program encouraging them to work remotely.

Climate change risks

Every year, the Group's property insurer visits production sites to assess risks, including risks related to climate change (see Chapter 3, Main risk factors and risk management within the Group).

4.1.2. Limiting the environmental impact of our products

4.1.1.5. PROMOTING ECODESIGN

In 2014, an ecodesign test project led to the launch of the new EDRMAX by Nexans™ medium-voltage cable, which has since won two ecodesign awards.

Building on this success, Nexans continued to roll out its ecodesign program at other Group units in two ways:

- a qualitative approach taking into consideration the different stages in product life cycles;
- a global, quantitative approach based on life cycle assessments in line with ISO 14040 and 14044.

Incorporating these two programs into the environmental management system also contributes to meeting the requirements of ISO 14001:2015 by integrating life cycle aspects into product design.

Circular economy

The circular economy features in the Group's CSR policy as one of the main ambitions. This model aims to limit the consumption of resources by implementing a closed-loop system for materials and resources.

Within the Group, circular economy policy focuses on:
• increasing the use of recycled materials in products from internal or external sources;
• reducing the amount of raw materials used in products;
• providing customers with recycling services.

The use of renewable resources in products, such as biosourced materials, was measured but is currently limited for two main reasons:
• inadequate technical properties prevent cables from meeting the specific required level in standards;
• mixed environmental impact of biosourced products. For example, the environmental advantages of biopolymers (reducing climate impact or consumption of resources) are generally offset by a rise in other environmental indicators (water consumption, water toxicity, energy consumption).

Life cycle assessment of products

The Group assesses the environmental impact of some of its products, at every stage in their life cycle, covering the extraction of raw materials used in their composition, manufacturing, distribution, installation, use and scrapping or recycling.
To conduct life cycle assessments of products, the Group uses the PEP (Product Environmental Profile) methodology developed by the PEPecopassport® program, of which Nexans France is a founding member.
This program meets ISO 14025 concerning type III environmental declarations, which provide the findings of the assessment of the product's environmental impact.

The PEP, or Product Environmental Profile, applies:

- recognized methodology based on ISO 14040 standards that define the principles, framework, requirements and guidelines for best practices in life cycle assessment;
- product category rules in line with ISO 14025 and defined jointly with other electrical and electronic equipment manufacturers;
- internationally recognized methodology used to determine life cycle impact assessments (CML), with indicators that comply with the EN 15804 standard and include nine environmental indicators (including global warming, water scarcity, water and air pollution) and 18 indicators to monitor consumption of energy, water, waste, etc.

Each PEP is checked by an independent verifier accredited by the PEPecopassport® program.

To date, Nexans has registered 45 PEPs to cover nearly a thousand product references (19 PEPs registered in 2017 covering 42 references), essentially on the markets in France, Belgium and Germany, as well as the United States and Norway. In the United States and France, these environmental declarations are mainly used to obtain environmental certification for buildings, such as the LEED® program and the E+/C- label for energy-positive, low-carbon buildings.

Product use

The EcoCalculator was developed for our customers to help them identify cables combining energy efficiency, CO_2 emissions reduction and personal safety. Users select the technical features and the solution suggests the cable best suited to minimize energy losses due to heating effects. The EcoCalculator calculates the kWh, use phase CO_2 emissions, savings, return on investment and the end benefit of the particular facility. Halogen-free alternatives are suggested whenever possible to improve fire safety.

Product life cycle

Group products have long life cycles (generally lasting several decades) as they are by nature used in long-term infrastructure. This feature reduces the relevance of product obsolescence for Nexans. However, the Group works to improve product life cycles to further minimize their environmental impact. For example, the Group performs a wide range of tests to measure, improve and estimate the life cycle of materials used to make the end cable and full cables, in compliance with product standards.

All cables have their own aging procedures to measure and estimate the life of cables (UV resistance, resistance to ozone, sea mist test, thermal aging, resistance to fluids, alternative or continuous electric performance at high temperatures, etc.).

The Technology and Innovation Department works with universities and private companies to improve the life cycle of products.

End of product life - Recycling

Taking a circular economy approach, products and their parts are recycled at the end of the product's useful life.

As an industry pioneer in recycling, the Group offers customers and partners its Recycling Services range, a comprehensive solution for recovering and disposing of copper and aluminum cables.

4.1.1.6. DRIVING THE ENERGY TRANSITION

As a global player in cables and cabling systems, Nexans draws on its expertise and innovation capacity to advance towards the energy transition. Climate change is a key issue for Nexans, which brings concrete responses that span every phase of its business activities to reduce the carbon impact of products throughout their life cycle.
In signing the French Business Climate Pledge in December 2017, alongside 90 other French organizations, the Group reiterated the commitments it made at COP21 to fight climate change.

Innovative products

Developing zero-carbon electricity

As a partner to large-scale projects, the Group secures the operation of wind turbines with cables that can resist twisting and the most severe weather conditions. Nexans optimizes the life and yield of photovoltaic installations, and collects and channels the electricity generated with minimum loss. As world leader in submarine applications, Nexans is stepping up its research and development efforts in hydraulic energy.

Adapting electricity transmission and distribution

The Group helps meet growing worldwide demand by facilitating the integration of renewable energy production and electricity exchanges between countries, and by improving grid resilience and energy efficiency through safer, more eco-friendly solutions for powering cities. Nexans provides solutions to interconnect networks, secure the power supply, develop installed solar and wind capacity and supply energy to islands and offshore facilities.

Reducing energy consumption and emissions from transport

To reduce the weight of vehicles and therefore their energy consumption, Nexans develops finer, more lightweight cables. The Group contributes to the development of electric mobility with cable solutions that allow the engine in hybrid and electric vehicles to operate. In partnership with the startup G2mobility, Nexans offers a comprehensive solution to facilitate the rollout of smart charging infrastructure for electric cars.

Improving the energy efficiency of buildings and data centers

Nexans assists in the construction and renovation of sustainable buildings. Its approach combines safety, energy efficiency and a limited environmental footprint. The EcoCalculator application helps professionals select the best low voltage cable solution for improving energy efficiency, reducing environmental impact and ensuring fire safety. Nexans cables also optimize the energy efficiency of data centers.

Bringing electrical power to more people

Access to electricity is a challenge for the economic development of emerging countries. But providing this access also offers the opportunity to take action to protect the climate by reducing deforestation and fossil energy consumption. The Group supports large-scale electrification programs in emerging countries through a simple, complete and easy-to-manage offer. In addition, the Nexans Foundation supports access to carbon-free electricity for disadvantaged communities.

4.1.1.7. REDUCING THE USE OF CHEMICAL SUBSTANCES

The use of chemical substances is managed by the Technology and Innovation Department, which works with a network of local, regularly trained representatives.

Hazardous substances

Nexans' products must comply with laws on chemical substances, in particular REACh regulations, which aim to improve protection of human health and the environment. In 2017, the Group continued its action to comply with and uphold these regulations:

- Anticipate: by identifying chemicals currently being assessed at the European level and participating in the European consultations by managing the use of these substances at our factories and in our products. Twice a year, the Technology and Innovation Department issues an internal roadmap on the substances used at Nexans and for which Europe has launched a process to assess the risk of a change in classification or restriction in use.
- Innovate: several research programs were initiated to find innovative solutions to replace substances that could potentially be subject to restriction or authorization under REACh regulations.
- Communicate: through dialogue with its suppliers, the Group maintained its strict monitoring of the composition of raw materials used to manufacture its products. Nexans also continued to roll out its Nexans Tracker tool, which provides information and full traceability of substances defined as dangerous by REACh that are contained in finished products. This tool provides customers with easy access to information on any dangerous substance on the REACh authorization list that could be present in products. Information is updated in real time in line with EU regulations so that customers always have access to the most recent developments.

The other major piece of legislation on the use of certain hazardous substances in electrical and electronic equipment is the RoHS Directive (Restriction of Hazardous Substances – Directive 2011/65/EC). An extremely small number of Nexans products fall within the scope of application of this European directive and all its products meet directive standards.

Environmental disclosures

In addition to its legal obligations to disclose information about dangerous substances covered by REACh regulations, Nexans also provides other environmental information on its products in the ECO Material Declaration and Product Environmental Profile (PEP).

ECO Material Declaration is an environmental communication format developed by Europacable, the trade association for Europe's leading cable manufacturers. The ECO Material Declaration is used to provide customers with information on the general composition of cables, their compliance with REACh regulations or the RoHS Directive and other environmental aspects (product-related emissions, end-of-life, packaging).

4.1.3. Data compilation methodology for environmental indicators

The environmental indicators are presented in section 4.4.

The Group's environmental data is tracked, analyzed and consolidated by the Group Industrial Management Department.
The information disclosed in section 4.1. 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 environmental reporting process, only he or she can make the necessary changes.
If an indicator has already been officially published (Management 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.

Scope - The scope of consolidation for the environmental data covers all of the Group's manufacturing sites (88 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.

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 51 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. Waste is counted as such once it leaves the site where it was generated.

Controls - Consistency controls are performed by entities when data is entered and by the Group at the end of the data collection process. Any inconsistency in data is discussed with the entities concerned, and corrected as necessary.

4.2. Social approach

The Group's social approach is a key focus of its CSR policy and one of its four CSR priorities. It covers employee-related issues and targets workplace health and safety, human capital and CSR awareness.
These targets are in line with the Sustainable Development Goals set by the United Nations, which the Group adopted in 2008.

Workplace health and safety is an absolute priority and a fundamental value upheld at all times by the Group. With a dedicated structure, a worldwide network of HSE representatives, defined and shared standards, specific programs and action plans, progress was made and must continue in this area.

Regarding human capital, in 2017, the Group capitalized on the work accomplished in previous years to support employee development: a performance appraisal system that follows management cycles, evaluations based on 360° feedback, more structured succession plans and individual development plans.

Meanwhile, the Group expanded its skills development scheme for all staff members. A comprehensive leadership program covering the needs of employees ranging from high-potential young leaders to Group senior managers, and a management basics course called Manage Me Up, are now available.

The Group developed programs to build business expertise through academies featuring e-learning programs, particularly in finance and purchasing, to close skill and knowledge gaps. Certifications and microlearning certificates are delivered on completion of these programs.

Programs to develop individual skills and employability were rolled out at each site and in each country based on needs and operational priorities. In some cases, these programs can lead to professional certification.

Aware that employee dedication is crucial to enhancing performance, the Group continued to develop additional projects designed to motivate employees. Based on the most recent opinion poll conducted in 2016, action plans were implemented across all Group entities in 2017, laying out nearly 600 initiatives. In Europe, employee forums were held at most sites to take a hands-on approach to developing action plans to improve working conditions, smooth communication pathways and bring meaning to the contribution of each individual.

RewYre, a collective adventure addressing Generation Y, was led in the form of "DiscoverY" expeditions to better understand the expectations of younger individuals, come up with ideas and launch trial projects. Four main development topics were selected for these expeditions: recognition, feeling of belonging, learning organization and collaboration. The takeaways from each idea are then shared with others.

In the area of recognition, the Nexans Remarkable People awards, organized to applaud outstanding individual or collective achievements, was carried into its second successful year: 218 cases were reviewed by the selection committees and 75 employees received awards.

These employee engagement and sharing plans have played an integral role in the Group's transformation plan and are central to the social dialogue exercise conducted with employee representative bodies and all employees.

As part of the Group's digital transformation, four projects were launched to develop the factory of the future, customers, employees and the range of products and services. Under this program, Nexans continued rolling out its global HR IT system[7] in 2017, adding new functions for managers and other staff members (performance appraisal, recruitment, employee profile, talent management and individual development plans) to promote dialogue and monitor processes.

These plans are in keeping with Nexans' strategy to become a learning organization, where each employee can play an active role in his or her personal development, a diverse organization, concerned about individual well-being and safety at the workplace, and capable of attracting the talent the Group needs for its future growth.

Human Resources strategy is a key focus within the Group's transformation plan, which empowers the men and women of Nexans every day to achieve its mission of bringing energy and information to the people of the world and thus play a role in building bonds within society.

[7] HR IT: Human Resources Information Technology.

4.2.5. Taking action with and for our employees

At December 31, 2017, the Group's 26,308 employees (26,258 in 2016) broke down as follows:
- its international scope: 89% of the Group's employees work outside France and 42% work outside Europe;
- a substantial proportion of headcount (15%) made up of executives, engineers or equivalent;
- proportion of women within the Group of 33%;
- a high proportion of employees in full-time employment (98%), on permanent contracts (83%).

The proportion of managers and engineers has increased by 3 points and represents 15% of headcount, of which 22% are women.

Definition of the workplace accident frequency rate: see section 4.2.4

Group hires by age bracket broke down as follows in 2017: 58% of employees were under 30, a total of 27% were between 31 and 40, another 12% were between 41 and 50 and 4% were over 50.

Average length of service for the Group's employees was 9.9 years, stable compared with 2016, for an average age of 40.1 years.

Monitoring absenteeism is a key element of management. In 2017, the Group's absenteeism rate stood at 5.9%. It stabilized at 4.4% for Cables and 8.4% for the Harness business.

In 2017, 17.2% of the Group's total headcount were on fixed-term contracts. 4.7% of temporary workers increased the total headcount in 2017.
Overtime accounted for 6% of total hours worked.

4.2.6. Management, development and accountability at every level

To achieve operational excellence and develop products and services to stand out in globalizing markets, the Group upholds its policy to attract, retain and develop talent. Nexans has set up a number of initiatives to welcome its new employees and works continuously to provide an environment and development opportunities that will allow its employees to grow professionally and enhance their skills.

The Group has designed and continues to expand a range of training programs (professional, technical, managerial, personal development) to support its employees and foster individual motivation and drive. Migrating its training programs to digital format remains a constant priority to guarantee equal access for all employees.

In addition, new development experiences are persistently pursued, such as special projects in multi-cultural groups, opportunities to temporarily trade job positions, or mobility to new job functions and/or geographic locations. The Group is focusing on developing this mobility to guide its employees towards greater agility and open-mindedness. In an initial phase set for 2018, managers will be able to post their profile and expertise online to enhance their visibility and better take advantage of career opportunities.

4.2.6.1. ATTRACTING AND DEVELOPING TALENT

The Group aims to develop its internal resources over the long term and gain the new competencies needed to attain its strategic plans.

Attracting talent

To attract new talent, enable the Group to design new products and services, and create value in other ways than through its products, Nexans also invests in its employer branding strategy to develop a clearer, more attractive image on social media and communicate the values of a modern, agile and sustainable manufacturing company.

In keeping with this philosophy, the Group developed a Volunteering for International Experience (VIE) program managed by Business France. This program provides the opportunity for young people aged 18 to 28 to take an assignment from six to 24 months at an overseas subsidiary of a French company. At December 31, 2017, the Group had 25 employees working under the VIE program in ten countries (Belgium, Brazil, Chile, Germany, Morocco, Norway, South Korea, Switzerland, United Kingdom and United States). About 50% of these workers are recruited at the end of their assignment on either a local contract in the host country or in France.

Furthermore, a partnership with AIESEC, the largest student organization worldwide, was signed to offer foreign students 6- to 18-month internships. At end-2017, 12 interns worked at the Group's registered office.

Below are two examples of valuable initiatives:

BUSINESS GAME IN GERMANY

In December 2017, a business game called the *48-Hour Challenge* was organized at the Hannover site in Germany. About 20 students from different departments at Leibniz Universität Hannover participated in this two-day business game event. Employer branding was the focus of the game, and students were asked to work on a specific issue: How to create a strong employer brand image in Hannover, and more broadly in Germany.
Over the course of the game, students had the opportunity to attend presentations, participate in project management training, visit the Hannover site and of course work in small groups on the issue at hand. The jury awarded a prize to the team with the best proposal.

INDUCTION PROGRAM – Example of Europe

The Induction Program is the occasion for new employees to come together for three days at the Group's registered office. The program gives them the opportunity to develop a feeling of belonging to the organization and recognition for the importance of newcomers, to create an internal network with coworkers from other departments, entities and countries, and to understand Group history, products, markets, structure, values, policies and processes. During this three-day event, new employees are given the opportunity to meet Group senior managers, participate in working groups, answer questionnaires, attend presentations, visit a factory and take part in activities to build team spirit. About 100 new employees were able to participate in this program in 2017.

Developing managerial talent

Several years ago, the Group implemented a talent review process (SPID) applicable to all levels of the organization. This process is used to identify employees with the capacity and drive to advance through different levels of the organization or gain specific expertise, and to prepare them to realize their full potential. At this time the Group also introduced a talent management module into its HR software suite (My Click Talent) to aid Human Resources and managers in supporting employees' professional development. For example, a structured succession planning process for key Group positions involves managers in the career development of their employees while raising their awareness to long-term skills planning, or gender and cultural (nationality) diversity of their teams.

To support its goals (80% of top managers were promoted internally), the Group has led an intensive leadership program since 2009, *Leading in a Global Nexans*. Two versions of the program were developed to:

- Welcome the youngest future managers (LGN 2.0);
- Include experience outside Nexans borders (learning expeditions);
- Work on a project basis to enable managers to co-create initiatives that can be duplicated within the Group (Employer Brand, Manage Me Up, etc.);
- Boost the diversity (in terms of gender, nationality, background) of future managers.

To date, over 350 people have benefited from these programs that aim to enhance career development and personal skills.

4.2.6.2. DEVELOPING SKILLS AND CAREERS

The diversity of professional backgrounds is also a key factor in managing employees at the Group. To improve this form of diversity, managers and their team members share various tools, including individual development plans (IDP), annual performance and career appraisals and systematic publication of vacant positions.
The Group's target is for 100% of managers to have an individual development plan by 2022 (72% in 2017).

Extensive resources are available for employees to guide them in creating these plans. Employees are responsible for writing their own development objectives and reviewing, with their line manager and Human Resources representative, the most appropriate solutions for workplace learning, mentoring, coaching and classroom or virtual training.

The Group places special emphasis on the skills described below.

People management skills

The Group wanted to create a solid base of people management fundamentals as an integral part of its continuous improvement policy. Quality people management, efficient routines and performance feedback provide powerful ways of guaranteeing long-term operational excellence.

That is why the Group developed the special program called Manage Me Up, which addresses all managers. Created by managers for managers, this four-day training course will be deployed worldwide in local languages. It aims to standardize managerial practices, foster a positive, shared culture, develop greater maturity in team management, and nurture attitudes and behavior to allow the Group to easily adapt and grow. This new managerial model based on unifying leadership must garner support from all employees for the Group's key objectives.

As Arnaud Poupart-Lafarge states, "*Our organization must gently adapt to this changing environment, full of new challenges for Nexans, and avoid letting internal friction impede efficiency. Improving managerial behavior will by definition immediately contribute to operational performance. So we will reinforce the development of our teams, who will in turn become better managers in the future. No one is born a good or bad manager. Managerial skill can and must be learned and put into practice*."

Technical skills and excellence

Every major Group function is responsible for keeping its employees' professional expertise up to date. In addition to local initiatives, there are Group-wide programs coordinated by academies (group of experts in charge of defining the basic training, experience and skills needed to fully understand a given field). Each function is also dedicated to developing a digital approach to implement its standards effectively.

For example:

PURCHASING ACADEMY
The Purchasing Department implemented a set of training courses to develop the strategic, business and interpersonal skills of its 300 employees. All purchasing employees can access the dedicated platform, which, based on their buyer profile, brings them up to speed with the defined model of purchasing expertise. A microlearning application is also available for download onto employees' digital devices.

FINANCE ACADEMY
In 2017, the Finance Department significantly extended its range of professional development options with four new business certification programs in a blended learning format, covering metal management, cash and forex management, accounting and transactional finance, and management control.
50 finance modules were developed by Group experts for 200 finance professionals, who will benefit from a comprehensive learning ecosystem in terms of both available content and learning experience.
To lead this project, Nexans brought together a multidisciplinary team drawing on the Group's HR development engineering, and finance and digital/rich media expertise.

International mobility

Active in 34 countries, Nexans promotes international mobility for the professional development of its managers. This policy also provides a means of retaining talent, transferring expertise, relaying the Group's corporate values throughout the world, and bringing our international customers Group representatives with a global perspective.
At end-2017, 79 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 all participants in the mobility program.

Most of the international mobility positions were in Industry, accounting for 23% of expatriates in 2017, followed by Finance with 13%.
Average length of service for expatriates in the Group is 13 years.

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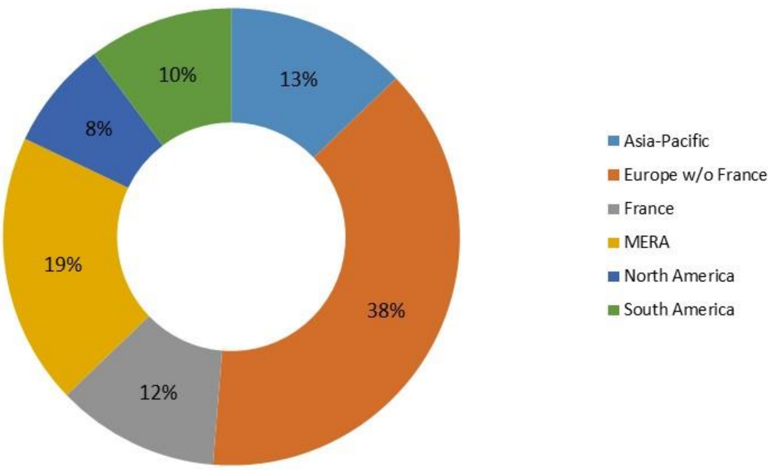


Expatriates 2017

4.2.6.3. GROUP TRAINING POLICY

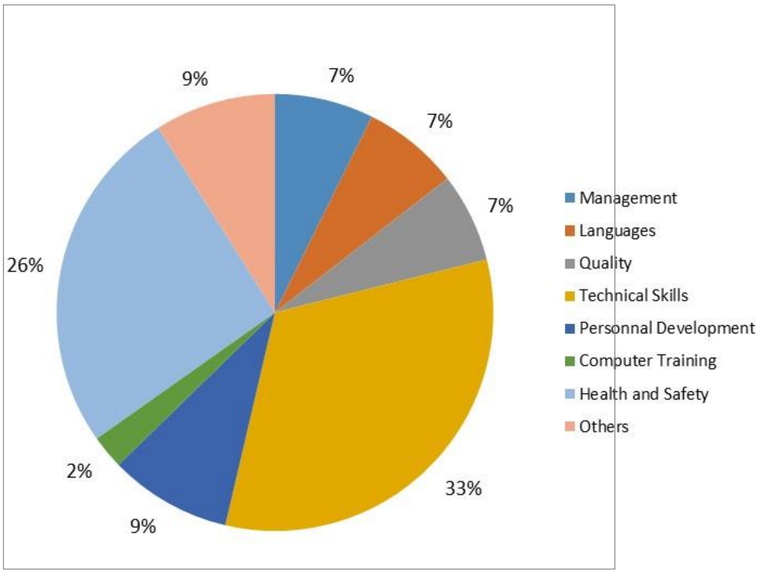
Training is a key issue for Nexans and its employees, and is an important factor, in addition to those mentioned above, in its approach to skills development.

The Group's continuous improvement policy reinforces this choice to provide employees with the means to adapt to their business, expand and develop their knowledge, reward their curiosity, and enhance their employability.

At end-2017, the total time devoted to training (in the workplace or outside the Company) amounted to 330,353 hours, of which the Cables business accounted for 78%.

For whole Group, a total of 16,069 employees (over 61% of the Group's average headcount in 2017 followed one or more training courses during the year, representing an average of 25 hours' training per employee in 2017. Managers represented 16% of the total training numbers.

As in 2016, the theme-based breakdown of training time in the pie chart highlights the considerable effort to develop courses concerning workplace health and safety, which represents 26% of training delivered.



Various local and global training programs are led simultaneously to account for the diversity of the Group's sites.

For global programs, in addition to supporting functions and academies, Nexans University also provides support to its people during business transformation programs, promotes knowledge management and helps disseminate best practices.

Nexans University supports operational staff 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.

Special expertise is provided for course design techniques, in-house train-the-trainer programs, selection of service providers, and digital technology applied to knowledge transfer.

For example:

To support the rollout of NEW (Nexans Excellence Way), in 2017 Nexans University opened two regional academies, one in APAC and one in MERA, to develop "continuous improvement champions". These champions magnify training efforts to reach the degree of granularity necessary for continuous improvement schemes to truly take hold. Nine classes were opened in 2017, with 137 participants from production and support functions.

Liban Câbles wanted to bolster its efforts in quality management. A general 55-hour training program for all Quality operators was organized in 2017, with 130 employees enrolled. In turn, Quality department staff members themselves turned into trainers to organize and share their knowledge. Based on the success of this first experiment, Liban Câbles has decided to train even more in-house trainers to further drive knowledge sharing and professional expertise. Ten managers were trained to lead classes (two days of training) and 24 took a continuous improvement training course.

4.2.6.4. COMPENSATION, BENEFITS AND EMPLOYEE SHARE OWNERSHIP

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

Compensation policy

The Group’s compensation policy is driven by the principles of competitiveness on local markets, fairness within the organization and differentiating compensation based on performance to attract, motivate and help employees grow.

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.

This policy is adapted in every country where Nexans operates, in line with local legislation (collective bargaining, application of industry-wide collective agreements on compensation, etc.).

Gender equality has received special emphasis, especially in France in application of the agreement signed on this issue.

For the Group’s managers, the compensation policy is underpinned by a worldwide job classification system (Nexans Grading System). Initiated in 2011, this system is now fully rolled out and updated regularly, and serves as a reference for Human Resources programs.

In accordance with the Group’s policy, compensation structure may include fixed and variable components.

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.

Individual salary raises of fixed compensation are granted based on the set budget, 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.

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 policy is aligned it with Nexans’ three-year strategic objectives. The policy is 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 other high-potential managers, or managers who have made an exceptional contribution – free shares are granted with the aim of giving them a stake in the Group’s future performance and providing them with a differentiated form of compensation.

The Group is convinced that CSR contributes to the company’s overall performance. Following the example of the Chief Executive Officer (see section 2.5.4.2., Chief Executive Officer compensation), the Group plans to integrate CSR objectives into the variable, performance-based compensation for all management and executive staff by 2022.

Employee benefits

Employee benefits are an essential component of the Group's compensation system and reflect the different needs of its employees.

As employee benefit plans can vary significantly from one country to the next due to different levels of employee benefits and tax and legal regulations, Nexans tailors its employee benefits programs to each country.

All compensation and employee benefit policies comply with local regulations and agreements.

They include employee savings plans, in particular the International Group Savings Plan introduced in 2001 and available in all countries. In France, employees also have access to a Group Savings Plan and employer contributions from Nexans France paid on top of the amounts they invest.

The collective retirement savings plan (PERCO), created in France in 2011, enables employees to save for retirement with the support of the Company, primarily in the form of employer contributions.

Employee share ownership

Nexans firmly believes that employee share ownership provides a powerful means of strengthening a company's financial and human capital, turning employee shareholders into long-term partners.

Since 2002, Nexans has offered employees the opportunity to buy stock in the Company every two years.

This employee share ownership plan reflects not only the Group's policy of incentivizing employees but also rewarding them for contributing to its growth every day.

At December 31, 2017, 18% of Group employees owned shares in Nexans, representing 3.34% of the share capital.

Act 2012

The share ownership plan Act 2012 reached maturity in 2017 after a five-year holding period. Employee share owners were then given the option of cashing in on their investment and the realized gains, or keeping the funds in the Group's Savings Plan through the corporate mutual fund invested in Nexans shares. Nearly 30% of assets remained invested in Nexans shares.

4.2.7. An active workplace health and safety policy

"SAFETY FIRST! Think Safe, Act Safe, Be Safe ", such is the commitment of Nexans carried to the highest level decision making.

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.) fully part of the Group's core Values. Workplace health and safety is a key performance indicator covered by the CSR ambitions and an integral part of the managerial routines.

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 through a network of HSE representatives.

4.2.7.1. WORKPLACE SAFETY

The Group has put in place the following programs and initiatives:

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. These rules cover technical aspects (handling of cable drums, electric testing, etc.), methodology (maintenance rules, consignment, etc.) and behavior described below:

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 and 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.

Alert Management System (AMS)

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.

This system was considerably improved in 2017: unlimited access and global information sharing, simplification of flash reports, guarantee that alerts are sent to all members of the QHSE network, site managers, manufacturing managers and top management (for serious or near-miss serious accidents).

Measures implemented

In addition to the safety standards described above, Nexans defined in 2016 its **15 Safety Golden Rules**, which mainly address behavior and must be applied at all Group sites. They were defined based on an analysis of the main risks and most serious or common types of accidents. The rules mainly cover drum storage, handling, work at height, traffic flow, wearing required protective equipment, etc.

Every quarter, the Group's overall compliance is measured and analyzed to determine any potential cases of non-compliance. Each site then defines corrective measures to meet the requirements of each golden rule.
At end-2017, the Group's overall compliance came to 95%.

Since 2014, the Group has held its annual **Safety Day** event at all its sites. On September 11, 2017, all 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 2017 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 2017, the Group highlighted the involvement of management, behavior, and compliance with the 15 Safety Golden Rules. 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.

Workplace Safety indicators

Despite the efforts made over the year, the total workplace accident frequency rate with lost working time increased slightly to 2.02 at end-2017, as against the target of 1.5. The Group clearly plans to continue its work on workplace health and safety in the years to come, and targets a frequency rate of 1 by 2022. However, the frequency rate has fallen by over 78% since 2010.

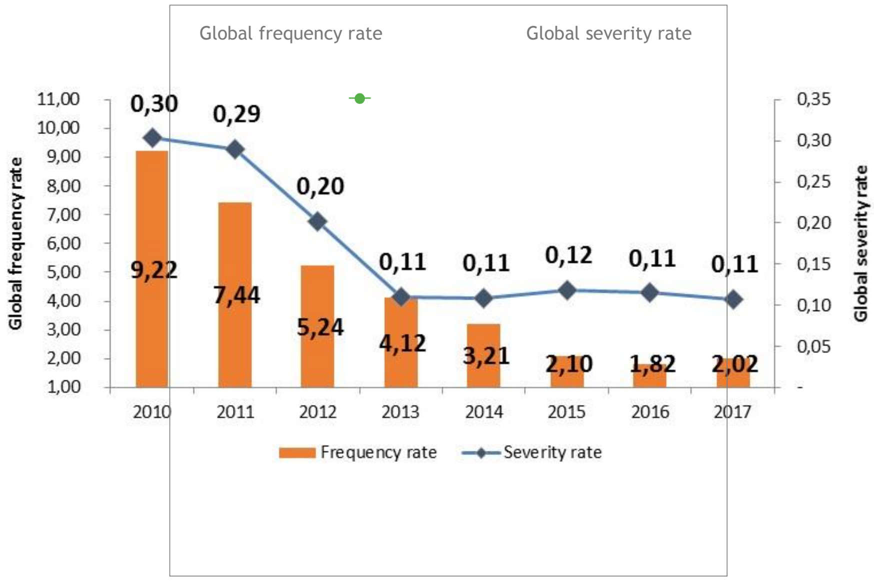
This frequency rate breaks down as follows:

- Frequency rate for internal employees: 1.80 (with 86 accidents)3
- Frequency rate for external employees: 6.20 (with 15 accidents)

In 2017, 35 out of the 88 manufacturing sites (i.e., 40%) did not record any occupational accidents involving lost working time in excess of 24 hours. No fatal accidents occurred in any of the Group's sites.

Several sites have stood out as not having any significant accidents for a number of years. For example, the Tokyo Bay site in Japan, with over 4,000 days without any accidents, the Langhus site (Norway) and Amercable (US) with 2,000 days without any accidents, Eumseong (South Korea), Andrézieux (France) and Milton Keynes (United Kingdom) with over 1,500 days without any accidents. Out of 88 sites, 36, or 41%, have not had any significant accidents for a number of days equal to more than a year.

The Group's severity rate was stable at 0.11. The stability of this rate since 2013 testifies to the Group's vigilance towards workplace health and safety.



The definitions of the frequency rate and severity rate are included in section 4.4., Environmental and social indicators – CSR concordance tables.

40% of the manufacturing sites are OHSAS 18001 certified.

Behavior Based Safety

To further boost its safety performance, the Group is now developing a BBS, or Behavior-Based Safety, program.

A train-the-trainer session took place at the Cortaillod site in Switzerland in September 2017, representing the official launch of this program initially developed in Sweden to enable each employee to change habits based on mutual encouragement.

Communicating about behavior contributes to improving workplace safety performance. BBS methodology mainly involves practical exercises performed in workshops with HSE experts. They become real teachers who will then be responsible for developing this culture throughout their own sites.

4.2.3.1. WORKPLACE HEALTH

The main prevention measures cover risks involving manual handling, cable drums and or strenuous movements and extrusion processes. 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 workstation ergonomics awareness training sessions as well as regular check-ups for staff to monitor for musculoskeletal, cardiovascular and psychosocial issues. Other safety measures include the systematic use of personal protective equipment when risk assessments require it in certain site areas or workstations.

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.

Along with its measures to reduce the risks of damage to employee health or loss of capacity to work, Nexans also takes local initiatives to support health education and public health programs.
These programs encourage employees to adopt healthy behavior on a day-to-day basis. They may involve:

- free health check-ups for employees in countries where access to health care is difficult or costly:
  - in Canada, Singapore, South Korea, the United States and Morocco, Nexans provides medical exams and vaccinations;
- encouraging physical activity and exercise by making sports equipment available:
  - Nexans Sweden and Nexans UK offer access to a fitness room,
  - Nexans USA provides a fitness coach for its employees,
  - Nexans Liban gives quiz winners at its Safety Day a connected object that measures their physical activity;
- awareness and prevention campaigns (addictions, nutrition, cardiovascular diseases, etc.) that can be tailored to local priorities:
  - Nexans Chile disseminates a Drug and Alcohol Charter and has introduced a Quality of Life improvement program,
  - Nexans USA and Nexans Canada offer a well-being program with personalized monitoring and coaching.

Information on asbestos is provided in section 3.1.2.10., Asbestos.

4.2.4. Labor relations and social dialogue: a key component in change

Through its adherence to the Ten Principles of the Global Compact, Nexans demonstrates its vast support for freedom of association and collective bargaining as universal fundamental rights. Nexans employees agree to uphold local legislation at all times in every country where the Group operates and to develop internal the best labor standards for its employees.

The Code of Ethics and Business Conduct remains the Group's shared set of standards that applies to all its employees around the world. This Code of Ethics and Business Conduct is derived from the UN Global Compact Ten Principles, the Universal Declaration of Human Rights and international labor standards, especially those concerning forced labor and child labor.

Social dialogue is handled at country level by country managers and HR managers who work with employee representative bodies and labor unions. At the transnational level, the Nexans European Works Council (NEWCO) is responsible for most of Europe.

Social dialogue is also fully integrated into in the Group's social reporting system.

As for obligations under the Labor Act no. 2016-1088 of August 8, 2016, related to work, the modernization of labor relations and job security, Nexans stays looking forward to the publication of the decree.

4.2.4.1. PROACTIVE SOCIAL DIALOGUE

Social dialogue and listening to employees are a central focus in the Group's transformation plan.

These priorities are reflected in the ambitious program to promote new forms of social dialogue with Group employees (employee forums, internal work groups, dealing with social irritants through site action plans, etc.) that continues being rolled out in Europe.

This innovative program has won several awards, including at the Ayming Business Performance Awards in November 2017 for its Shift economic and social transformation program (see section 4.2.6., Employee commitment and engagement).

It also strengthens the Group's corporate culture, which is based on the principles of collective free expression and mutual respect to maintain lasting, constructive collective labor relations with all employees and their representatives.

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

In 2017, the Group's subsidiaries entered into over 50 agreements with employee representative bodies in 12 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.);
- working conditions (working time, training, paid leave, psychosocial risks, strenuous working conditions, non-discrimination, gender equality, etc.);
- health and safety.

4.2.4.2. A EUROPEAN BODY FOCUSING ON SOCIAL DIALOGUE

Set up on July 16, 2003, the Nexans European Works Committee (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 committee 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 2017, NEWCO's employee representatives closely monitored the preparation of the Group's new five-year strategic plan for 2018-2022.

4.2.5. Diversity and equal treatment

Promoting diversity is a core Group commitment to its teams and professional environment.

The Group has set a target of 25% female managers by 2022 (22.9% in 2017).

With over 24 nationalities represented at the registered office, of which eight nationalities on the Management Council (36% of members are not French citizens), the Group's governance structure is rich in cultural diversity.

The Group places great importance on eliminating all forms of discrimination in terms of employment and professional activities (gender, age, race, political affiliation, religion, etc.) and pays special attention to professional equality, gender equality, the employment of seniors and young people, the employment of people with disabilities and access to training.

These principles are stated in the Group's Code of Ethics and Business Conduct, and its Human Resources policy, and are in line with the United Nations Global Compact, which Nexans joined in 2008.

WOMEN IN NEXANS

WIN (Women in Nexans) is a special program set up in 2016 to support women's professional development and form a Group-wide women's network. After a year of preparation, regional women's networks will be in place in early 2018.

A number of initiatives to support women's issues were organized in most countries for International Women's Day on March 8.

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.

DISABILITY EMPLOYMENT WEEK

In France, during European Disability Employment Week in November 2017, disability awareness workshops designed to change behavior (cooking and theater workshops, wellness massages by people with a disability) and a hotline service provided by an independent firm were again made available to employees at the Group's registered office and the Nexans France registered office.

4.2.6. Employee commitment and engagement

Employee commitment is vital to achieving operating excellence and meeting the Group's performance objectives.

Nexans has launched a number of initiatives over the past several years to engage all its employees and reinforce their feeling of belonging. This approach features both worldwide programs, such as Safety Day, and regional events, for example the launch of i-Day in Europe in 2017. i-Day is a digital event where nearly 4,000 ideas were collected by Group employees on a wide range of topics such as customer service, technological development, safety, communication and well-being at the workplace.

Local events also take place regularly at sites to open our organization to families (Family Day) and customers at sharing events held at manufacturing units.

Special focus is given to integration programs to teach people about the Group's culture and enable new employees to network in their first months on the job. Over the past 12 months, four three-day integration sessions were held at the Group's registered office, bringing together some 40 people from across Europe.

The engagement and outstanding contribution of certain employees is celebrated every year with the Nexans Remarkable People Program, which handed out awards to over 75 people in 2017.

REMARKABLE PEOPLE

The program confirmed its positive fundamental role within the Group, with 218 nominations submitted by Group managers who recognized the outstanding engagement and contribution of 75 employees. For that "Wow" effect.

A multidisciplinary selection committee reviewed the nominees and submitted a shortlist to the Management Board. The Board then decided which employees and/or groups of employees would receive the award.

This honor was then handed to the employee by a member of the Group's Management Council and widely covered in staff communication disseminated among all employees.

Employee commitment

The 2016 internal opinion survey was launched worldwide to assess how employees view topics related to their work life (management, organizational structure and operating efficiency, training and personal development, etc.). A Group action plan was implemented with the following key points:

- Bringing meaning to action through a shared vision;
- Becoming a learning organization;
- Promoting recognition and conditions for workplace well-being.

The employee engagement rate measured by the 2016 opinion survey stood at 72%. The Group aims to improve that rate by three points by 2022.

A platform designed to monitor the progress of action plans tallied some 600 initiatives launched in 2017 in about 30 countries were completed or being implemented by the end of June 2018.

South Korea/Day of Thanks

In October 2017, Nexans Korea launched Empathy Day. This one-hour monthly event offers managers and their teams the opportunity to discuss various issues to better understand the needs of employees and foster team unity. The initiative is the result of one of the ten action plans based on the 15 Golden Rules at Nexans following the 2016 Nexans opinion survey.

It helped build closer relationships between coworkers and better anticipate employees' future needs. The event marks a change in culture that combines South Korean culture with that of the Group.

Live my life!

For one day, employees can climb a rung in the professional ladder, get a break from their usual workload, or learn about a job that they have always wondered or dreamed about, through the Live my life initiative launched under the RewYre project "Collaboration and crossing disciplines".

Employees can shadow a coworker for a day or half day, giving them the chance to ask questions, better grasp the involvement required by the position and learn about operational processes. This program also helps roll back some preconceived notions and form an objective opinion about jobs at Nexans, and, more importantly, better understand the duties and demands put on coworkers.

France – Sweden – Germany: RewYre program

The findings of the internal opinion survey conducted in 2016 highlighted the low engagement of younger employees. A more in-depth qualitative survey was led in Europe to focus on Generation Y.

Dubbed "RewYre", the project aims to listen to this new generation of employees, and draw on their energy and creativity while getting them involved in the issues inherent to the company's transformation. The purpose is to come up with concrete ideas and new drivers to boost the engagement of the "Y" population, who represent the future of Nexans. An international consultation was launched to survey 60 Generation Y employees at different sites.

Within the scope of this continuous progress-oriented initiative, Nexans' next survey is scheduled to start in September 2018 to assess the headway made.

In addition to conducting this Group-wide survey, Nexans' European businesses continued their initiative of holding employee forums to strengthen relations with their employees. The purpose of these forums is to provide local staff with a platform for expression, with a view to working together on trouble-shooting, coming up with pragmatic solutions based on concrete experience and developing the site action plan hand in hand to improve working conditions and operating performance.

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. 29 employee forums have been held to date in nine European countries. Each forum has produced an action plan that has been monitored and widely disseminated among all staff. The program will continue in 2018, with all European sites covered by the end of the first quarter.

Employee engagement

Transforming organizations and the professional practices of our staff while instilling a new managerial mindset to improve business, human resource and industrial performance requires engagement and commitment from a vast majority of employees.

An HR transformation program was implemented to bring together the ideal conditions for successfully leading this large-scale transformation in Europe, by getting unions and employee representative bodies involved early on in the process. The primary objectives of the program are to encourage the majority of employees to embrace the changes needed and significantly boost their engagement.

Helping people find ways of giving meaning to their work is a key component in this plan to deeply transform the Group's professional practices and foster engagement and commitment throughout the organization.

These five fundamental social and managerial drivers were developed to create an environment that promotes employee engagement, motivation and commitment:

n Workplace safety and well-being: *Achieving zero accidents involving lost working time and creating conditions that promote performance through the quality of the work environment.*

n Recognition: *Implementing a system of recognition including material and immaterial rewards to drive employee motivation and commitment, and defining principles and rules perceived as objectives by most employees.*

n Social climate: *Eliminating social irritants through proactive management, increasing productivity and efficiency and reducing absenteeism.*

n Managerial practices: *Developing close, high-quality collective and interpersonal communication practices and boosting team performance through human empowerment.*

n Sociodynamic management model: *Making transformation an integral part of work methods by bringing about a collective work ethic and accelerating the rollout of “technical” transformation modules.*

Several quantitative and qualitative indicators are used to measure the success of the social transformation program: Absenteeism rate, frequency rate, assessment of the social climate, workplace well-being, map of partners in labor dynamics, etc.

Social transformation is first and foremost a pragmatic and operational approach that involves unions and employee representative bodies early on in the process. They become active participants who come up with creative solutions to deploy the program at each site, contributing to understanding the social context, determining potential drivers and obstacles and adapting tools. These bodies act as stakeholders in the operational implementation of the program, participating in periodic assessments of the social climate and quality of working life and in determining and monitoring the action taken.
By fostering interaction between the key players in the organization in these areas, we can develop the conditions needed to create a work environment in which everyone can identify ways to drive their own commitment and motivation.

4.2.7. Data compilation methodology for social indicators

Social indicators are presented in section 4.4.

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

n Quantitative social 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.

n Qualitative social 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 the social data covers companies that are over 50%-held by the Company, either directly or indirectly. 2017 was the first year that Ghana and Côte d'Ivoire were covered in reporting.
The Group's reporting process is based on a pre-defined timeline that is reiterated in the guide on definitions of the Group's social 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 (Management 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:

n 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).

n 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.

n Workplace accident frequency and severity rates: These indicators 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 fatal accidents when they occur. Note: This data is for Nexans employees and subcontractors.

n Training hours: The number of training hours includes hours of training delivered both at or outside Nexans sites. It does not include training taken outside working hours.
A number of calculation formulae are provided below the table on social indicators provided in section 4.4. of this document.

4.3. Societal approach

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.

4.3.1. 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.

As reiterated in the Code of Ethics and Business Conduct, 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 both financial and human resources to supporting non-profit organizations, aid programs, voluntary work, and partnerships with schools. The following are just a few examples of the initiatives supported in 2017:

n Local economic and industrial development projects organized through employer federations, chambers of commerce and industry and cooperatives. For example in South Korea, Nexans is represented by the country's Chamber of Commerce and Industry;

Contribution to organizations that take measures to improve the environment (litter pick-up, recycling, energy spending awareness, pollution, etc.): For example, in South Korea, every year employees take part in cleaning the river near the site;

n Well-being programs for both employees and their families (addiction counseling, nutrition advice, sports facilities, massages, etc.) and sponsorship of disease control and disaster relief organizations:

- In Italy, the innovative Special Stage charity project is the first music contest to take place at hospitals in cooperation with young musicians,
- In South Korea, different initiatives are organized to support the elderly, the needy and orphans,
- In Chester in the United States, several non-profit organizations (fight against breast cancer, construction of children's hospitals) are promoted by Nexans as well as given donations;

n Higher education: Most countries 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 China, scholarships are granted to students in need,
- 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 Lebanon and Morocco, aid was given, in partnership with the Nexans Foundation, to the "Seeds of Hope" project coordinated by IECD, an organization that provides training for jobs in the electricity industry;

Children's programs and education: The Group supports children's programs in several countries. For example, in Brazil, Nexans backed a music education project run by the Ministry of Culture to provide children and teenagers from underprivileged backgrounds with music classes and workshops led by social educators. Peru sponsors and collects donations to supply schools with textbooks.

In 2017, the Group continued its contribution to the Public Establishment of the Palace, Museum and National Estate of Versailles, marking ten years of continuous partnership to support the Grand Versailles restoration project. Nexans supplies the power cables and data needed to renovate the Palace's technical networks, and especially the Queen's grand apartment, her private apartments, and the King's grand apartment. Nexans is also involved in the restoration of the water tower building.

In 2017, a partnership was formed with Leonard de Vinci Engineering School in Paris to strengthen relations between universities and Nexans in France. This partnership involves participating in lectures and various events, helping design training programs, and hiring students for internships and work placements.
The Group also set up a sponsorship program with Vinci EcoDrive, an organization made up of students from different departments at Leonard de Vinci Engineering School. They are working to develop a prototype for an electric battery powered vehicle. They have the chance to compete in races such as the Shell Eco-Marathon in which teams complete seven laps aiming to achieve the highest possible fuel efficiency.

4.3.2. Relations with stakeholders

The Group has a policy of encouraging frequent high-quality dialogue with its stakeholders. This policy is underpinned by a rigorous and proactive ethical and CSR approach.

Since 2012, the Group has focused on better taking stakeholder expectations into account. This led to the development of its materiality matrix used to define CSR strategy.
Furthermore, to define its long-term strategy, Nexans 2030, a panel of stakeholders was formed with customers and companies from the Energy & data management ecosystem, a “green” investment fund, a Collège de France member, an economist, Group staff, etc.

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 - Publication of environmental data on products	Market lines, Marketing, Technical Communications
Shareholders and investors	- 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 - Response to non-financial rating agencies - Response to questions from SRI analysts - Individual meetings with SRI analysts	Finance, Communications, Legal, Site Management,
Suppliers	- CSR Charter[2] - Supplier CSR risk map - Supplier audits	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 analysts and investors[1]	- Response to rating questionnaires - Individual meetings	CSR, Finance
Technical and 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 - PEPecopassport program	Technical
Communities, NGOs	- Corporate citizenship programs - Partnerships with local NGOs - Open house days	CSR, Communications, Countries

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

Employees
The Group is working on improving the engagement rate of its employees (see section 4.2.6., Employee commitment and engagement).

Customers
Customer relations is one of Nexans' priority CSR ambitions. Customer satisfaction is measured through OTIF-1C[8] delivery performance (2022 target of 94% versus 93.3% in 2017).
Customer satisfaction surveys are conducted regularly by different market segments to understand their expectations and better serve them.

Suppliers
See section 4.3.3., Sustainable purchasing.

Non-financial rating agencies
The Group's CSR performance is measured regularly by non-financial rating agencies. Nexans maintains structured relations with analysts and takes their scores into account as part of its continuous improvement policy.
The Group's CSR performance improved further in 2017, as measured by:

- Oekom research: C+ rating (up from C in 2016 – B is the best rating in the industry), awarding the Group Prime status. At end-2017, Nexans was ranked 11 out of 80 in the Electronic Components industry;
- CDP (Carbon Disclosure Project): B rating (up from C in 2016 and D in 2015), placing the Group at "Management" level along with 21% of the other organizations from the manufacturing industry that answer the CDP questionnaire;
- EcoVadis: Advanced rating of 72%, (up from 68% in 2016 and 2015), earning the Group the EcoVadis Gold level CSR recognition medal. Nexans now ranks among the top 5% of companies analyzed by EcoVadis.

Financial community
The Group maintains regular dialogue with the financial community, reporting on events indicated in the table above or other special events, such as Investor Day in December 2017 to present the Group's strategic direction, the new CSR roadmap and scores from non-financial rating agencies.

Sphere of influence
Nexans engages in lobbying in line with the Code of Ethics and Business Conduct. These activities primarily take place through professional organizations of which Group companies are a member. They cover issues relating to cable manufacturing, especially renewable energy and safety, but can also involve policy in technical areas such as governance, labor relations or taxation.
On September 22, 2017, Nexans signed up on the European Union Transparency Register under number 386192928276-28, in category II, "In-house lobbyists and trade, business and professional associations". Further information on its budget, interests, main professional organizations with which Group companies are affiliated, and additional details are available through the link below:

(http://ec.europa.eu/transparencyregister/public/consultation/searchControllerPager.do?declaration=Nexans&search=search&locale=en#en)

[8] OTIF-1C : On Time In Full first Confirmed

4.3.3. Sustainable purchasing

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’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. In 2017, subcontracting represented 1.87% of the Group’s purchases, which comes to 1.24% of its consolidated sales.

This sustainable purchasing policy was reinforced in 2017 and is based on:

■ CSR Supplier Charter, introduced in 2009 in line with the Code of Ethics and Business Conduct, which aims to raise suppliers’ awareness to issues covered in ILO principles and OECD Guidelines, human rights, labor, environmental and corporate governance standards, product liability, etc. It is available in English, French and Spanish.

■ A risk analysis tool used to identify purchasing categories and suppliers and subcontractors that should be assessed as a priority. This assessment, performed with the support of EcoVadis, is based on criteria including company size, operations in a high-risk country, business streams with Nexans, labor and environmental risks, and the supplier’s logistics chain.

■ CSR assessment of suppliers and subcontractors via the EcoVadis platform. Questions are grouped into four main categories (environment, fair labor practices, ethics/fair business practices and supply chain) covering 21 criteria, including requirements under the Sapin II Act, the new French anti-corruption legislation, and under the duty of care.

■ Internal and external supplier audits (including Bureau Veritas) featuring CSR criteria. They are conducted regularly for some of our businesses and are currently being standardized for Group-wide use and application.

As mentioned above, the Group’s sustainable sourcing policy is reviewed every year by EcoVadis. With a rating of 72% in 2017, Nexans ranks in the Advanced category (65% to 84%) and earned the EcoVadis Gold level CSR recognition medal. Nexans now ranks among the top 5% of companies analyzed by EcoVadis.

Minerals from conflict zones

As the Group is not quoted on any U.S. stock exchange, it is not required to comply with the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act on minerals from conflict zones (Democratic Republic of the Congo and adjoining countries).

However, Nexans takes the rules of the Dodd-Frank Act seriously, in line with its CSR commitments, especially to the United Nations Global Compact. As such, it has implemented a procedure to address this issue within its own supply chain and meet its customers’ requests:

- As a downstream manufacturer, Nexans works with its suppliers at the greatest risk (primarily suppliers of tin and compounds containing gold) to ensure that the minerals used originate from sources free of these conflict minerals. Inquiries led thus far have confirmed that supplies come from “conflict-free” sources, as defined by the Dodd-Frank Act;
- If Nexans became aware of any supplier that sources minerals from conflict zones, it would take immediate action to remedy the situation. This position was articulated in the Group's Conflict Mineral Policy signed by the Executive Vice President for Purchasing and updated in January 2015.

The Group is currently working to conduct broader investigations on the traceability of the materials and minerals it sources beyond the scope defined in the U.S. Dodd-Frank Act.

4.3.4. Fair practices

Compliance with rules on ethics is one of Nexans’ underlying commitments in conducting business. Nexans’ Code of Ethics and Business Conduct lays down the ethical rules and values with which Group employees are required to comply within the course of their work. Nexans’ business partners are also expected to comply with these rules and values. They cover competition law, the prevention of fraud, corruption and conflicts of interest, compliance with applicable regulations on embargoes, money laundering, personal data protection, etc.

Executive management commitment

Nexans' Executive Management is the cornerstone in this commitment, which it firmly upholds. This is reflected in the CEO's opening statement to the Code of Ethics, which underscores everyone's responsibility and interest in complying with these rules, and zero tolerance and application of sanctions for any violation. This commitment also took form in Nexans' adherence to the United Nations Global Compact and its ten fundamental principles, which cover anti-corruption.

Special ethics compliance program

In all these areas, the purpose of the Group's Ethics Compliance Program is to establish the actions to prevent, detect and handle any breaches.

Above and beyond the Code of Ethics and Business Conduct, which lays down basic rules, this program applies specific procedures and guidelines adapted to the Group's mapping of ethical risks. These procedures and guidelines explain and illustrate the rules and/or processes that all Group employees must follow in the areas of corruption prevention, gifts and hospitality, competition law, and export controls. The Group's business partners are also required to sign a special Ethics Charter or at least a written commitment that they will comply with the same rules.

Detailed due diligence procedures on ethics compliance must be conducted prior to any mergers and acquisitions, investments or real estate transactions.

Certified anti-corruption procedure

The detailed anti-corruption procedure developed by Nexans requires due diligence on the integrity of agents and business partners in high corruption risk countries, commitments to comply with applicable international regulations relating to anti-corruption and the content of services provided by intermediaries.

Nexans was awarded the ETHIC Intelligence certificate in 2016, demonstrating the quality of the anti-corruption prevention policy featuring in its Ethics Compliance Program.

Targeted and motivated actions

Each year, a specific action plan is established and rolled out throughout the Group by top management and executive management at operating entities and subsidiaries.

It includes in particular the signing of Ethics Code compliance certificates by all Group managers and an advanced required training program consisting of e-learning or classroom instruction, depending on the year and the topic.

The sales and purchasing teams are particularly made aware of competition rules, anti-corruption measures and embargoes. Adapted measures and procedures are defined mainly based on a specific assessment of compliance risks using a risk map created with the contribution of the operational departments. These measures and actions are reviewed regularly.

The annual review of managers' performance encompasses their compliance with and their teams' implementation of the Group's rules and procedures covered in the areas of the Code of Ethics and Business Conduct and in the updated annual action plan included in the Ethics Compliance Program.

High accountability and involvement from operating departments

These programs involve not only the central functions that regularly work to strengthen the rules and procedures implemented and develop awareness, training and control measures but also all the Group's subsidiaries that implement the Ethics Compliance Program locally and take any other necessary steps to comply with and/or adapt to all applicable regulations. The operational departments also contribute to defining the ethical risk map. The commitment from operational division directors and country directors culminates twice a year in a report prepared for the Group's CEO describing any cases of non-compliance and the application of the Nexans action plan.

Compliance with rules

The Group's general internal control and audit program covers the policies and systems relating to compliance oversight. As such, the Group's internal audit team reviews the implementation and completion of the annual action plan under the Ethics Compliance Program every year during on-site audits.

Whistle-blowing procedure

A whistle-blowing procedure is open to all Group employees and third parties to report any violations of the Code of Ethics and Business Conduct. They can report any suspected wrongdoing to the Group's Ethics Officer or other designated individuals. Reports are then investigated without disclosing the identity of the persons involved or their data. Investigations may lead to recommendations for corrective action or disciplinary sanctions.

The Ethics Officer reports directly to the General Secretary and has a dotted-line reporting relationship with the Chief Executive Officer. He reports the cases handled at least once a year to the Accounts and Audit Committee and to the Governance and Social Affairs Committee. The Ethics Officer also informs the Accounts and Audit Committee of reports concerning members of the Management Board and manages directly with the Committee reported cases concerning the CEO or the Chairman of the Board of Directors.

Program coordination

About 20 people are involved in managing and coordinating the Ethics Compliance Program, which comes under the responsibility of the Group's General Secretary:

- Ethics Officer;
- Ethics Compliance Program Manager, who is responsible for designing the program and supporting managers in its rollout;
- Data Protection Officer;
- Head of Risk;
- About 20 legal advisors throughout the Group.

Other key functions are also involved. Audit and internal control run verifications, human resources makes sure employees, especially senior managers, agree to uphold ethical practices when they are hired.

Achievements in 2017 and goals for 2018

The following achievements were made in 2017:

- Senior staff stated that over 5,178 Group managers, about 95% of total Group managers, had signed the compliance certificate and the conflicts of interest statement;
- 87% of Group managers took the required ethics training course;
- The Group updated its anti-corruption procedure and enhanced its system used to monitor conflicts of interest (statement introduced in the annual compliance certificate);
- The Group introduced a gifts and hospitality procedure.

The 2018 action plan includes the following initiatives:

- Updating the corruption risk map and reinforcing the accounting control system at subsidiaries;
- Organizing "Compliance Week", with special awareness actions;
- Creating a personal data risk map: the Group fully adheres to the new European General Data Protection Regulation (EU Reg. 2016/79); and
- Like every year, providing required training on ethics for all Group employees.

Under its CSR ambitions, the Group has set a target to have 100% of its managers sign the compliance certificate by 2022.

4.3.5. Duty of care plan

For the past several years, the Group has been developing a duty of care plan to strengthen its environmental and social responsibility, and has implemented several risk management procedures and systems in this area.

Most of the requirements defined in French law 2017-399 of March 27, 2017, or "duty of care" law requiring companies to define a risk map and implement a duty of care plan adapted to the identified risks on issues involving the environment, workplace health and safety, human rights and fundamental freedoms, are already in place at Nexans, but are not necessarily set out in a single plan. After the law was passed, the main managers responsible for issues falling within the scope of the law (CSR, Legal, Purchasing, Human Resources, Risks, Industrial Management and Internal Audit) first determined existing practices and procedures that address these issues, and then proceeded to identify further measures that would bring the system into compliance. The duty of care plan will be presented in the 2018 registration document in accordance with the law.

This section outlines the duty of care tools and procedures already implemented within the Group, which will be supplemented by the duty of care plan currently being drafted.

Risk identification and assessment

The Group is exposed to a number of internal and external risks. The main risks identified by the Group are described in Chapter 3, Main risk factors and risk management within the Group. Most CSR risks are monitored using maps that are periodically updated and used to adapt prevention and management procedures.

Sustainable purchasing policy

See section 4.3.3., Sustainable purchasing.

Assessment and control

The Group has set up an internal control and risk management system to better prevent and reduce the risks to which Nexans is exposed.

The internal control and risk management principles and procedures are described in Chapter 2, Governance and internal control. These principles apply to all Group subsidiaries and employees, and state that they must comply with the Code of Ethics and Business Conduct and the principles of the United Nations Global Compact. Twice a year, the Group sends subsidiaries a self-assessment questionnaire in which they must indicate if they comply with Group principles. This questionnaire is used to assess the processes implemented to identify and prevent the materialization of certain ethical risks. The reliability of the answers provided in these questionnaires is confirmed in a statement signed by the Chief Executive Officer and the Chief Financial Officer at each entity. Furthermore, the Legal Department, working with the Internal Audit team, performs yearly compliance audits at selected subsidiaries.

The Accounts and Audit Committee, whose members and duties are also indicated in Chapter 2, Governance and internal control, plays an extensive role in supervising internal and external control.

Whistle-blowing mechanisms
See section 4.3.4., Fair practices/Whistle-blowing procedure.

4.3.6. Measures taken to protect consumers' health and safety

Protecting consumers' health and safety is a priority for the Group. Nexans takes steps to achieve this in two main areas:
- managing and tracing chemical substances used to manufacture its products;
- disclosing environmental product information.

Nexans has developed a special tool (REACh Supplier) available in all European Union (EU) countries and other countries to identify the composition of raw materials and monitor the use of hazardous substances (see section 4.1.2.3., Reducing the use of hazardous substances).

Nexans designed another tool (Nexans Tracker) to provide customers with up-to-date information and full traceability of substances of very high concern. If these substances are found in its products, Nexans, in line with REACh regulations, informs its customers through an ECO Material Declaration or through the Nexans Tracker. Substances of very high concern are those included in the REACh candidate list of substances and substances subject to an authorization or restriction process.

Nexans has a worldwide network of technical and HSE experts who are informed whenever a substance used by the company changes status under REACh regulations. They can also express an opinion during the consultation process concerning substances at EU level.
An internal "substances roadmap" informs Nexans sites of the regulatory status of substances of high concern, and identifies the factories impacted and the measures taken to develop alternative solutions. Various R&D programs have been launched to find substitutes for several substances that could be restricted in the future due to their classification as being hazardous to health.

4.3.7. The Nexans Foundation: for fair access to electrical power

In 2013, Nexans became the first cable player to create a Foundation to act and serve in the general interest of society. The Nexans Foundation aims to support initiatives that help bring electrical power to disadvantaged communities throughout the world by giving priority to grassroots-level organizations and sustainable solutions.
Energy plays a key role in Nexans' business, so the Group decided to make it a priority for its Foundation.

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 – to ensure access to affordable, reliable, sustainable and modern energy for all (Sustainable Development Goal no. 7) – a priority long recommended by the International Energy Agency (IEA)[9], which advocates universal energy access by 2030.

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

[9] www.iea.org.

Sustainable Energy for All[10] currently estimates that 1.1 billion people do not have access to electricity and at least 2.9 billion people do not have access to clean energy for cooking. More than 95% of these people live in sub-Saharan Africa or in developing countries in Asia.

The governance of the Nexans Foundation is organized with a project selection committee made up of employees from different countries and functions who meet every year to review the projects submitted in the annual call for projects. A short-list of projects is then presented to the Board of Directors, which is chaired by the Group's CEO and includes eight members divided into three groups (founding companies, employee representatives and qualified experts).

Supporting 39 organizations and helping over 700,000 people since 2013

With an annual budget of 300,000 euros, the Nexans Foundation has supported 68 projects in 30 countries in partnership with 39 organizations since it was created. These projects have brought or plan to bring electrical power to nearly 700,000 people.

Due to the ever growing involvement of the Group's local entities, 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. 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 14 countries), projects also exist in Morocco, Lebanon, Asia (in 10 countries), South America (in three countries), Haiti and France.

An activity report must be submitted to ensure that the project meets all the necessary requirements to receive financial assistance.

A Foundation that acts fast in emergencies

Working with Electricians Without Borders for many years, the Nexans Foundation also supports one-off projects involving emergency situations. Recent examples include Haiti in 2016 and several Caribbean territories in 2017 after Hurricane Irma.

To respond even faster in handling humanitarian emergencies, the Nexans Foundation, along with 10 other leaders from the electricity industry, formed a partnership in late 2017 with the crisis center of the French Ministry for Europe and Foreign Affairs and Electricians Without Borders.

In the event of a humanitarian crisis, Electricians Without Borders intervenes to restore access to energy. This action is crucial in an emergency because it allows international solidarity organizations to act in the best conditions possible to help people in need.

For more information on the Nexans Foundation, please visit: http://www.fondationnexans.com

4.3.8. 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 4.3. is collected annually through a survey of the Group's different units. Amounts include value added tax (VAT).

Methodology for the materiality test:

Each key issue in ISO 26000 is subject to a relevance and importance test for the Group and for its stakeholders. It is then weighted based on the following criteria:

- Relevance: degree of relation to Nexans businesses and values, or relation to major social issues that impact Nexans' industry and stakeholders;
- Importance: impact on the Group's business activity.

This weighting is based on information reported by the Group's various support functions.

[10] http://www.se4all.org.

4.4. Environmental and social indicators - CSR concordance tables

Environmental indicators

	2017	2016	2015
Number of sites monitored	88	85	90
Consumption of raw materials			
Energy purchased (MWh)	1 174 576	1 235 928	1 218 955
Energy intensity (MWh/M€)	257	279	265
electricity (MWh)	689 309	699 377	732 011
fuel oil (MWh) (4)	64 411	62 004	78 186
gas (MWh)	407 852	461 010	393 143
steam (MWh)	13 004	13 536	15 615
Water consumption (m^3) (2) (5)	2 299 150	2 080 471	2 272 977
Water intensity (m^3/M€)	503	470	494
Solvent purchased (ton)	476	433	460
Copper consumption (ton) (2)	460 000	470 000	445 000
Aluminum consumption (ton) (2)	103 000	110 000	113 000
Wastes and Emissions			
Waste tonnage (ton)	87 014	80 123	84 832
Waste intensity (ton/M€)	19	18	18
of which hazardous wastes (ton)	10 152	5 048	5 368
Hazardous wastes intensity (ton/M€)	2	1	1
CO_2 emissions (1) (ton eq CO_2)	396 976	407 973	411 396
CO_2 emissions intensity (ton/M€)	87	92	89
of which scope 1 (ton eq CO_2)	130 598	139 910	139 353
of which scope 2 (ton eq CO_2)	232 073	233 904	234 794
of which scope 3 (ton eq CO_2)	34 305	34 159	37 249
Management			
Number of ISO 14001 certified sites	66	65	66
% of ISO 14001 certified sites	75%	76%	73%

(1) Direct and certain indirects emissions of CO_2 (from electricity and steam consumption, uptsream power line losses, use of fossil fuels, fugitives emissions and wastes treatment). Calculation done on 88 production sites.

(2) the raw material consumed correspond to the tons sold to Group external customers during the year

Social indicators

	2017	2016	2015
Nexans Group			
Total headcount	26 308	26 258	26 607
Europe	15 272	14 849	15 194
Asia-Pacific	2 737	2 882	2 707
North America	3 341	3 227	3 415
South America	1 389	1 540	1 585
Middle East, Russia, Africa	3 569	3 760	3 706
Cable Business			
Headcount Cable Business	16 111	16 329	16 606
% female employee	16%	16%	16%
% female managers (into manager population)	22%	23%	22%
Average age (years)	43,6 ans	43,5 ans	43,5 ans
Average length of service (years)	13,1 ans	13,1 ans	13,1 ans
% temporary employees	6,8%	5,2%	8,5%
Disabled employees (1)	304	365	333
Employment data			
Natural departures	-1 501	-1 375	2 316
Restructurings	-237	-389	-520
New hires	1 678	1 488	2 289
Impact of changes in Group structure (6)	-182	7	1
Transfers (7)	24	-58	60
Employee turnover rate (2)	7,6%	6,7%	7,9%
Overtime rate (3)	6,2%	6,1%	5,7%
Part-time contracts	389	394	477
% fixed-term contracts	7,8%	8,9%	7,9%
Absenteeism rate	4,4%	4,6%	5,2%
Health and Safety			
Global workplace accident frequency rate (4)	3,03	2,62	2,75
Number of entities with a zero accident	35	34	35
Global workplace accident severity rate (5)	0,17	0,18	0,18
Training			
Total number of training hours	258 078	233 029	237 087
Harnesses Business			
Headcount Harnesses Business	10 197	9 929	10 001
Europe	5 925	5 691	5 836
Asia	550	569	423
North America	1 859	1 796	1 894
Middle East, Russia, Africa	1 863	1 873	1 848
% female overall employees	59%	59%	60%
% female managers (into manager population)	20%	19%	15%
Average age (years)	34,5 ans	34,3 ans	33,9 ans
Average length of service (years)	4,8 ans	4,6 ans	4,3 ans
Employment data			
Natural departures	-3 953	-4 068	-4 185
Restructuring (8)	-2	-1 400	-8
New hires	4 351	4 184	4 462
Impact of changes in Group structure (9)	0	0	79
Transfers (10)	-128	-71	0
Health and Safety			
Global workplace accident frequency rate (4)	0,3	0,4	0,9
Global workplace accident severity rate (5)	0,00	0,01	0,01
Training			
Total number of training hours	72 275	127 061	49 444

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

(2) Personal 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 accident at work) / total number of hours worked x 1 000. This rate concerns the internals and the externals.

(6) In 2015 and 2016, the impact of changes in Cables business are -187 and -3, and not 1 and 7

(7) In 2015 and 2016, transfers within the Cables Business are 10 and 12, and not -58 and 60

(8) In 2016, restructuring for Harnesses business are -140 et non -1400

(9) In 2016, the impact of changes in Harnesses business are -50, and not 0

(10) In 2015 and 2016, transfers within the Harnesses Business are 210 and 2, and not -71 and 0

CSR concordance tables

The CSR concordance tables are available in section 8.4. p. 276. The concordance tables include the following:

- The concordance between articles R225-104 *et seq.* of the French Commercial Code and the GRI-G4 indicators,
- The concordance with the principles of the Global Compact.

4.5. Report by the appointed independent third party

Report by the appointed independent third party on the consolidated human resources, environmental and social information provided in the Management Report

For the year ended December 31st 2017

To the Shareholders,

In our capacity as independent third party of the company NEXANS and certified by the COFRAC under number 3-1058 (available at www.cofrac.fr), we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st 2017, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the protocols used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the independent third party

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

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

It is however not our responsibility to attest compliance with other legal dispositions where appropriate, in particular those included in article L. 225-102-4 of the French Commercial Code (vigilance plan of parent companies) and law n° 2016-1691, dated December 9th, 2016, said Sapin II (fight against corruption).
Our work involved 5 persons and was conducted between beginning of November 2017 and beginning of February 2018 during a 8 week-period.

We performed our work in accordance with the professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000[11] concerning our conclusion on the fairness of CSR Information.

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

1. Attestation regarding the completeness of CSR Information

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

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 is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the sections "Methodological note for environmental information" and "Methodological note for social information" of the management report.

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted around twenty interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate ;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important[12]:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected by us[13] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify

[12] HR information: Total Workforce (breakdown by gender and age); External hirings; Individual and collective redundancies; Absenteeism rate; Frequency and severity rate of work accidents; Total number of training hours; Organization of social dialogue; Occupational health and safety conditions; Policies implemented regarding training.
Environmental information: Energy consumptions (electricity, natural gas, fuel); Water consumptions; Quantities of solvents bought; Quantities of produced waste; Greenhouse Gas Emission related to energy consumptions; Proportion of sites certified ISO 14001; Organization of the company to integrate environmental issues; Actions and resources to prevent and recycle waste.
Social information: Consideration in the relationship with subcontractors and suppliers and actions implemented against corruption.

[13] HRinformation: Canada (Montreal site); Peru; Germany; France; Ukraine.

that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 26% of headcount considered as material data of social issues and between 20% and 28% of quantitative environmental data considered as material data[14] of environmental issues.

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

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

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

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.

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.

Emphasis of matter

Without qualifying the above conclusion, we draw your attention to the following matters:

- The consolidation process for human resources information of the Harness business does not allow a systematic distribution of departures according to the different categories communicated by the Group.

Paris La Défense, February 14th 2018

The Independent Third Party

M A Z A R S S A S

Isabelle SAPET

Partner

Edwige REY

Sustainable Development Partner

Environmental information: Lebanon (Nahr Ibrahim); France (Noyelles Casting); Peru (Lima); South Korea (Jincheon); Canada (Montreal site); Norway (Halden for electricity consumptions and waste produced); Sweden (Grimsas for electricity consumptions and waste produced).
Social information: Legal Department; Purchasing Department.

[14] Greenhouse gas emissions related to energy consumptions and energy consumptions.

5 Financial statements

Parent company results for the last five years

	2017	2016	2015	2014	2013
I - Share capital at the end of the fiscal year(1)					
a) Share capital (in thousands of euros)	43,495	43,411	42,598	42,051	42,043
b) Number of shares issued	43,494,691	43,411,421	42,597,718	42,051,437	42,043,145
II - Results of operations (in thousands of euros)					
a) Sales before taxes	27,422	21,917	22,831	17,843	17,899
b) Income (loss) before tax, employee profit-sharing, depreciation, amortization and provisions	29,429	(51,461)	(101,110)	(64,817)	32,794
c) Income taxes: (expense)/benefit	894	815	816	901	295
d) Employee profit-sharing due for the fiscal year	(113)	(145)	(57)	(94)	(89)
e) Income (loss) after tax, employee profit-sharing, depreciation, amortization and provisions	25,332	7,013	1,885	(66,588)	(50,787)
f) Dividends	30,446 (2)	21,605	-	-	-
III - Income per share (in euros)					
a) Income (loss) after tax and employee profit-sharing but before depreciation, amortization and provisions	0.69	(1.17)	(2.37)	(1.54)	0.78
b) Income (loss) after tax, employee profit-sharing, depreciation, amortization and provisions	0.58	0.16	0.04	(1.58)	(1.21)
c) Dividend per share	0.70	0.50	-	-	-
IV - Employees					
a) Average headcount during the year	8	6	6	8	8
b) Total fiscal year payroll (in thousands of euros)	4,860	3,945	4,375	4,514	4,797
c) Total amount paid for employee benefits during the fiscal year (in thousands of euros)	1,620	1,315	1,458	1,504	1,599

(1) The number of convertible bonds is set out in paragraph 6.2.1.2.
(2) Based on the number of shares constituting the share capital as of December 31, 2017, ie 43,494,691 shares

6 Information about the share capital and ownership structure

6.1. Nexans share data

NEXANS IS LISTED ON EURONEXT PARIS (COMPARTMENT A)

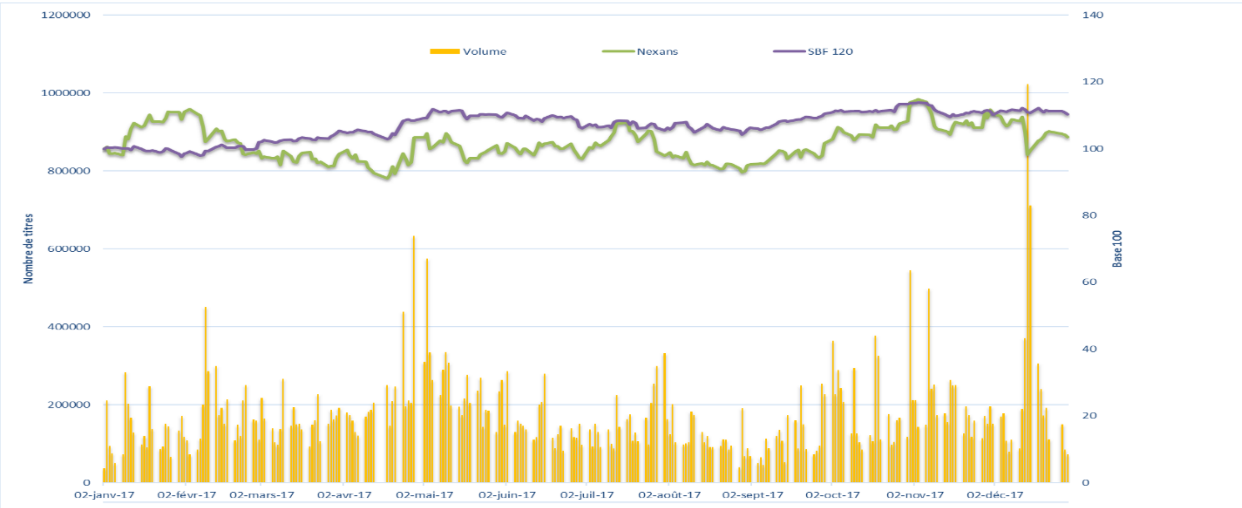
- Deferred settlement service
- ISIN code FR0000044448
- Par value: 1 euro

MARKET CAPITALIZATION AT DECEMBER 31, 2017

2.223 billion euros

Share performance

(in euros, from January 1, 2017 to December 31, 2017)



AVERAGE DAILY TRADING VOLUME IN 2017

175,503 shares

INDEX

- SBF 120

PER SHARE DATA

In euros (except ratios)	2017	2016	2015
Net assets[1]	32.99	32.5	27.5
Basic earnings/(loss) per share[2]	3.04	1.43	(4.55)
Diluted earnings/(loss) per share [3]	2.71	1.40	(4.55)
PER [4]	10.85	22.73	-
Net dividend[5]	0.70	0.50	-
Dividend yield [4]	1.37%	1.02%	-

(1) Equity attributable to owners of the parent divided by the number of shares outstanding at December 31.
(2) Based on the weighted average number of shares outstanding.
(3) Earnings/(loss) per share if all securities carrying rights to the Company's ordinary shares are exercised, thereby increasing the total number of shares outstanding.
(4) Based on the December 31 share price.
(5) At the Annual Shareholders' Meeting of May 17, 2018 the Board of Directors will recommend a dividend payment of 0.70 euros per share for 2017.

STOCK MARKET DATA

Share price in euros *(except percentages)*	2017	2016	2015
High	56.72	54.80	39.84
Low	44.99	29.37	23.07
End-of-year closing price	51.11	49.21	33.70
Change over the year	+5.15%	+ 52.09 %	+26.40 %
Change in the SBF 120 over the year	+11.16%	+ 1.78 %	+ 6.40 %
Change in the CAC 40 over the year	+8.81%	+ 4.86 %	+8.50 %
MARKET CAPITALIZATION AT DECEMBER 31[1]	**2,223**	**2,136**	**1,436**
Average daily trading volume [2]	175,503	165,707	205,153
Number of shares in issue at December 31	43,494,691	43,411,421	42,597,718
SHARE TURNOVER[3]	**0.40 %**	**0.38 %**	**0.48 %**

(1) In millions of euros.
(2) In number of shares.
(3) Daily average over the year.

6.2. Share capital

At December 31, 2017, the Company's share capital stood at 43,494,691 euros, fully paid-up and divided into 43,494,691 shares with a par value of one (1) euro each. This amount includes the 83,270 new shares issued upon the exercise of stock options between January 1 and December 31, 2017. Each of the Company's shares carries one voting right.

6.2.1 Estimated breakdown of share capital and voting rights at December 31, 2017

6.2.1.1 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
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 and performance 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
July 27, 2016	Capital increase following the exercise of stock options	70,655	€70,655	42,668,373
July 27, 2016	Capital increase following the vesting of free shares and performance shares	83,450	€83,450	42,751,823
July 28, 2016	Employee share issue	483,612	€483,612	43,235,435
November 23, 2016	Capital increase following the vesting of free shares and performance shares	30,356	€30,356	43,265,791
January 18, 2017	Capital increase following the exercise of stock options	145,630	€145,630	43,411,421
July 26, 2017	Capital increase following the exercise of stock options	24,570	€24,570	43,435 991
January 22, 2018	Capital increase following the exercise of stock options	58,700	€58,700	43,494 691

6.2.1.2 POTENTIAL SHARE CAPITAL AT DECEMBER 31, 2017

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

(1) 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, namely 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. The bondholders also have a right to early redemption of the bonds exercisable 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, 2016, all of the 2.5% 2019 OCEANE bonds were still outstanding.
As a result of the rights issue carried out on November 8, 2013 and 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. Consequently, if all of the OCEANE bonds were converted they would represent an aggregate 4,253,161.5 shares, or 9.79% of the Company's share capital.

(2) The 170,760 outstanding stock options granted by the Company and not yet exercised, representing approximately 0.39% of the Company's share capital and exercisable for one share each.

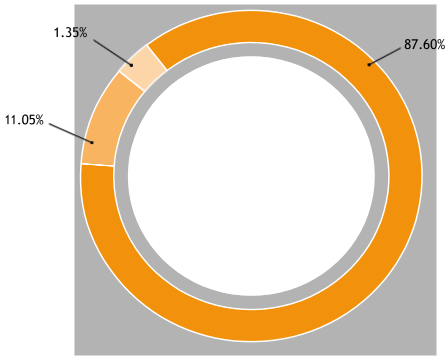
(3) The 773,544 performance shares (based on the achievement of maximum performance targets) granted to employees and corporate officers and not yet definitely vested, representing approximately 1.77% of the Company's share capital at December 31, 2017.

(4) The 96,180 free shares (with no performance conditions attached) granted to certain employees and not yet definitely vested, representing approximately 0.22% of the Company's share capital at December 31, 2017.

Except for the above-mentioned instruments, at December 31, 2017 there were no other securities that were convertible, redeemable, exchangeable or otherwise exercisable for the Company's shares.

The Company's potential share capital, namely its existing capital plus any shares to be issued on the exercise of rights to the Company's shares, represented approximately 112.17% of the Company's capital at December 31, 2017.

6.2.1.3 ESTIMATED BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS[1] AT DECEMBER 31, 2017



- Institutional investors: 87.60% o/w:
  Invexans and Tech Pack (Quiñenco Group, Chile): approximately 28.99% (12,610,914 shares)
  Bpifrance Participations (France): 7.73% (3,363,446 shares)
- Private investors and employees: 11.05% (4,804,051 shares), o/w:
  Private investors: 7.70%
  Employees: 3.34%
- Unidentified shareholders: 1.35% (586,778 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).

As the Company's ownership structure changes frequently, the breakdown above is not necessarily representative of the situation at the date this Registration Document was published.

At December 31, 2017, corporate officers owned approximately 0.08% of Nexans' share capital.

To the best of the Company's knowledge, no shareholder other than those cited above holds more than 5% of the share capital.

At December 31, 2017, the Company held 82,077 of its own shares in treasury and each member of the Board of Directors held at least the minimum number of shares set out in the Company's bylaws.

Nexans is not aware of the existence of any individual or legal entity that, directly or indirectly, acting alone or in concert, exercises control over its share capital, nor of any agreement that, if implemented, could trigger a change of control of the Company.

6.3. 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 (*Code de commerce*), was 3.34% at December 31, 2017.

6.5. Summary of authorizations to increase the Company's share capital and their use during 2017

Resolutions approved at the Annual Shareholders' Meetings of May 12, 2016 and May 11, 2017	Limit for each resolution(1)	Sub-limits applicable to several resolutions(1)	Limits applicable to several resolutions(1)	Use during fiscal 2017
CAPITAL INCREASES WITH AND WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS				
Issuance of ordinary shares or securities (French ORAs, OBSAs, OCEANEs, ABSAs, ABSOs, ABSARs) with preferential subscription rights (R14 – 2017 AGM), with a greenshoe option if over-subscribed (R18 – 2017 AGM)	€14,000,000 or 14,000,000 shares (≈ 32% of the share capital as of December 31, 2017) Debt securities = €350,000,000			
Issuance of ordinary shares via the capitalization of premiums, reserves or profits, or any other sum, the capitalization of which is authorized (R15 – 2017 AGM)	€14,000,000 or 14,000,000 shares (≈ 32% of the share capital as of December 31, 2017)		€14,000,000 (14,000,000 shares) Securities representing debt and granting rights to equity securities = €350,000,000	
Issuance of ordinary shares or securities (French ORAs, OBSAs, OCEANEs) without preferential subscription rights via a public offering (R16 – 2017 AGM) with a greenshoe option if over-subscribed (R18 - 2017 AGM) or an issuance of shares or securities representing debt and granting rights to equity securities (French ORAs, OBSAs, OCEANEs) via a private placement (R17 – 2017 AGM) with a greenshoe option if over-subscribed (R18 – 2017 AGM)	€4,342,000 (4,342,000 shares) (< 10% of the share capital) Debt securities = €350,000,000	€4,342,000 (4,342,000 shares) (< 10% of the share capital)		
Issuance of ordinary shares and securities granting rights to equity securities in consideration of tendered securities: as a method of payment for acquisitions (R19 – 2017 AGM)	€4,342,000 (4,342,000 shares) (< 10% of the share capital)			
EMPLOYEE INCENTIVE PLANS				
Issuance of ordinary shares or securities granting rights to equity securities and reserved for employees who are members of company savings plans (R20 – 2017 AGM)	€400,000 (400,000 shares)			
In the event that the above delegation is used, an issuance of ordinary shares or securities granting rights to equity securities for the benefit of a credit institution for the purpose of implementing an SAR (stock appreciation right) type alternative formula, in favor of certain foreign employees (USA, Italy, Chile, China, South Korea, Greece, Sweden) (R21 – 2017 AGM)	€100,000 (100,000 shares)			
Allocation of performance shares in 2017 (R13 – 2016 AGM)	€330,000 (330,000 shares)			Allocation of 195,300 performance shares on March 14, 2017
Allocation of free shares in 2017 (R14 – 2016 AGM)	€30,000 (30,000 shares)			Allocation of 30,000 performance shares on March 14, 2017
Allocation of performance shares in 2018 (R22 – 2017 AGM)	€300,000 (300,000 shares)			
Allocation of free shares in 2018 (R23 – 2017 AGM)	€50,000 (50,000 shares)			

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

In the above table, the abbreviation "R - 2016 AGM" stands for the number of the resolution submitted for approval at the Annual Shareholders' Meeting of May 12, 2016.

The abbreviation "R - 2017 AGM" stands for the number of the resolution submitted for approval at the Annual Shareholders' Meeting of May 11, 2017.

6.6. Share buybacks

6.6.1 Share buybacks in 2017

In 2017, the Company was authorized to implement share buyback programs pursuant to the resolutions to this effect approved at the Annual Shareholders' Meetings of May 12, 2016 and May 11, 2017.

In accordance with Articles L.225-209 *et seq.* of the French Commercial Code (*Code de Commerce*), the Annual Shareholders' Meeting on May 12, 2016 gave the Company an 18-month authorization to buy back its own shares provided that a takeover bid for the Company was not in progress, for the purposes and by the methods specified in the description of the buyback program published on the Company's website. The buyback price was capped at 60 euros per share (or the equivalent on the transaction date in foreign currency) and the number of shares that could be held at any time under the program was capped at 10% of the Company's share capital.

At its meeting on November 23, 2016, the Board of Directors ruled to use the above-mentioned authorization to launch an 18 million euro share buyback program that complies with the conditions set out in Article 5 of the EU Market Abuse Regulation (Regulation No 596/2014 dated April 16, 2014).

In 2017, a total of 224,489 shares were bought back at a weighted average price of 48.22 euros per share, representing a total investment of 10.8 million euros. All of the shares were allocated to the Company's performance share and free share plans. The Company did not use any derivative instruments.

Of the 224,489 shares bought back and allocated to the performance share and free share plans, 142,412 shares were transferred in 2017 to recipients of performance share rights under plan no.12 dated July 24, 2013 and plan no.13 dated July 24, 2014.

At December 31, 2017, the Company directly held 82,077 shares with a par value of 1 euro, representing approximately 0.19% of the share capital. These shares were bought back at a total cost of 3.9 million euros.

6.6.2 Description of the share buyback program presented in application of Articles 241-1 *et seq.* of the General Regulations of the AMF

The following description of the share buyback program to be submitted for approval at the Annual Shareholders' Meeting on May 17, 2018 has been prepared in application of Article 241-2 of the General Regulations of the AMF.

Number of shares and percentage of the share capital held by the Company
As of January 31, 2018, the Company held 82,077 of its own shares directly or indirectly, representing 0.19% of the share capital.

Allocation of the shares held as of January 31, 2018 based on the purpose for which they were acquired
The 82,077 shares held by the Company in treasury have been allocated to the free share plan for eligible employees and corporate officers governed by Articles L.225-197-1 *et seq.* of the French Commercial Code (*Code de Commerce*).

During the year, the Company did not cancel any shares held in treasury or re-allocate any shares to other purposes. The Company did not use any derivative instruments and did not hold any open positions.

Purposes of the share buyback program
Subject to approval of the resolution submitted to the Annual Shareholders' Meeting of May 17, 2018, the shares bought back under the authorization will be used to:

- grant free shares to eligible employees and corporate officers in accordance with Articles L.225-197-1 *et seq.* of the French Commercial Code (*Code de Commerce*); or
- implement stock option plans governed by Articles L.225-177 *et seq.* of the French Commercial Code (*Code de Commerce*) or any similar plan; or
- allocate or sell shares to employees under the statutory profit-sharing plan or any company savings plan as provided for by law, including Articles L.3332-1 *et seq.* of the French Labor Code (*Code du Travail*) or any other employee stock ownership plan governed notably by foreign laws, and carry out any hedging transactions related to the above free share, stock option and employee stock ownership plans; or
- generally, meet any obligations associated with stock option plans or other plans for the allocation of shares to employees or corporate officers of the Company or a related company; or
- cancel all or some of the bought back shares; or
- permit an investment service provider to make a market in Nexans shares under a liquidity contract that

complies with the AMF-approved ethics charter; or

- deliver shares upon exercise of rights attached to securities redeemable, convertible, exchangeable or exercisable for shares upon presentation of a warrant or otherwise; or
- deliver shares (in exchange, payment or otherwise) in connection with an acquisition, merger, demerger or capital contribution, provided that the number of shares delivered does not represent more than 5% of the share capital.

Maximum percentage of the share capital, maximum number and characteristics of the shares that the Company plans to acquire and maximum purchase price

Subject to approval of the related resolution submitted to the Annual Shareholders' Meeting of May 17, 2018, the Company will be authorized to buy back Nexans shares (ISIN FR0000044448) traded in compartment A of Euronext Paris at a maximum price of 70 euros per share. The maximum amount that may be invested in the program would be capped at 100 million euros and the buybacks would not result in the Company holding in treasury more than 10% of its share capital.

The shares could be purchased, sold, exchanged or transferred at any time within the limits authorized by the laws and regulations in force on the transaction date, by any method, on- or off-market, via multilateral trading systems, transactions with systematic internalizers or over-the-counter transactions, including in the form of block trades (without any limit on the proportion of the program implemented by this method), or through a public buyback or exchange offer.

However, in the event of a takeover bid for the Company, the Board of Directors would not be authorized to implement the buyback program during the offer period, unless specifically authorized to do so by the shareholders in the General Meeting.

Duration of the buyback authorization

In accordance with Article L.225-209 of the French Commercial Code (*Code de Commerce*) and the resolution to be submitted to the Annual Shareholders' Meeting of May 17, 2018, the authorization to buy back shares is being sought for a period of 18 months as from May 17, 2018.

6.7. Information with a potential impact in the event of a public offer

In addition to the commitments given to Arnaud Poupart-Lafarge in his capacity as Chief Executive Officer, as described in chapter 2, "Compensation and benefits for executive officers", 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 commitments contain provisions relating to a change in control of the Company:

(1) A multi-year "On Balance Sheet" securitization program set up in April 2010, rolled over for five years in March 2015 and amended in May 2017, under which the amount of receivables that may be sold has been capped at 80 million euros. At December 31, 2017, the amount of financed receivables under the "On Balance Sheet" program was 70.7 million euros. According to the terms of this securitization program, the receivables sales and the program itself may be terminated in the event of a change in control of the Company.

(2) The syndicated loan agreement (Multicurrency Revolving Facility Agreement), which entered into effect on December 14, 2015 for an amount of 600 million euros and which contains an acceleration clause that would be triggered by a change in control of the Company.

(3) The prospectus for the issuance of the 2.5% 2019 OCEANE bonds, which provides bondholders with an early redemption option exercisable on June 1, 2018 (or the first business day thereafter).

(4) The prospectus for the issuance of the 4.25% ordinary bonds redeemable in 2018, 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.

(5) The prospectus for the issuance of the 3.25% ordinary bonds redeemable in 2021, 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.

(6) The prospectus for the issuance of the 2.75% ordinary bonds redeemable in 2024, 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.