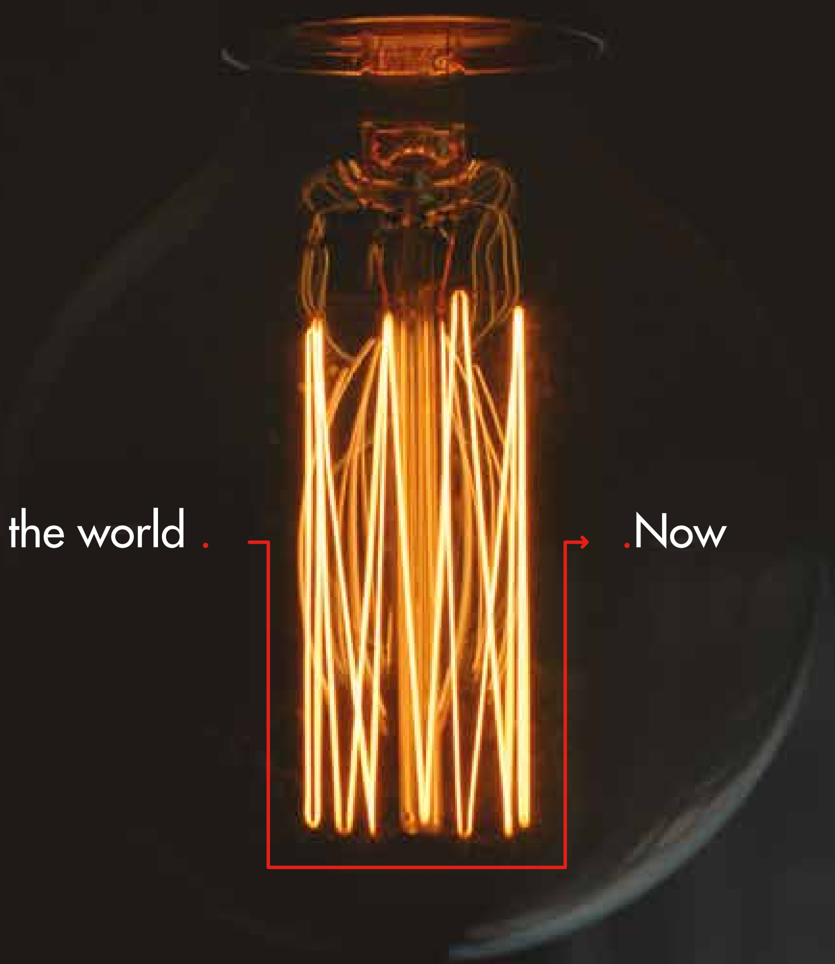
2018
REGISTRATION DOCUMENT



Connect the world . .Now

INCLUDING THE 2018 ANNUAL FINANCIAL REPORT

Nexans
BRINGS ENERGY TO LIFE

Contents

This Registration document contains Nexans' annual financial report for fiscal year 2018.

This Registration document was filed with the *Autorité des Marchés Financiers* (French stock market authorities) on March 28, 2019, in accordance with article 212-13 of the General Regulations of the AMF. It may be used in connection with a financial transaction only if supplemented by a transaction memorandum which has been reviewed by the AMF. This document has been established by the issuer and is binding upon its signatories.

PROFILE

Nexans' cabling systems, solutions and services are shaping the future.

Cables may well be invisible but they are the heartbeat of our daily lives. Millions of homes, cities and businesses are powered by Nexans' high-performing, sustainable cabling solutions, and billions of terabytes of data per second are carried on our data networks.

As a global player in the cable industry, with over 120 years of experience, Nexans works behind the scenes to develop resilient products and state-of-the-art services designed to help our customers meet today's constantly growing energy and data needs. We are working in partnership with our customers, in the fields of energy infrastructure, energy resources, transportation, buildings, telecom and data, to create a safer, smarter, and more efficient future.

At the leading edge of the cable industry, Nexans brings energy to life.

Nexans is listed on Euronext Paris.

manufacturing sites in
34 countries

worldwide
sales presence

IN FIGURES

6.5
billion euros in sales(1)

27,000
employees

Among the
Top 20
companies involved in R&D investment and technological innovation in Europe(2)

(1) At current metal prices.
(2) Sources: http://iri.jrc.ec.europa.eu/scoreboard18.html

WE SUPPORT
UN GLOBAL COMPACT

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.

"This coming year will be a year of transformation towards a New Nexans, a streamlined, more agile and more efficient organization, ideally positioned to meet its customers' needs and make the most of the solid long-term outlook for its markets."

2018 was marked by a change in the governance structure of Nexans where the functions of Chairman of the Board and Chief Executive Officer have been separated since 2014. In mid-March, Arnaud Poupart-Lafarge announced that he intended to step down as Chief Executive Officer, and in early July, following a comprehensive internal and external recruitment process, the Board of Directors appointed Christopher Guérin to succeed him.

Christopher is 46 years old with an excellent background in the cable industry and and in-depth knowledge of the Group, which he joined in 1997. Since 2014 he has served as Senior Executive Vice President, Europe (excluding the High Voltage Business) and has headed the Telecom/Datacom and Power Accessories Business Groups. He successfully turned around our businesses in Europe in a fiercely competitive environment.

In view of the disappointing results for the first six months of the year, a comprehensive three-year transformation plan was presented in early November to be implemented by a streamlined 12-person Executive Committee. A restructuring plan was submitted to the European Works Council representatives in January 2019.

Nexans pursued its employee share ownership policy and increased the capital reserved for this purpose for the eighth time. Upon completion of this operation, Group employees hold 4.7% of Nexans' capital.

Employee shareholders and employees of the Group are represented by two directors on Nexans' Board, which comprised 13 members at the end of 2018, including seven women and eight independent directors as defined in the AFEP-MEDEF Corporate Governance Code.

The Board of Directors met 17 times in 2018, with an average annual attendance rate of 88.8%. As it does every year, the Board conducted an appraisal of its own performance as well as the performance of its committees, i.e., the Accounts, Audit and Risk Committee, the Appointments, Compensation and Corporate Governance Committee, and the Strategy and Sustainable Development Committee.

This coming year will be a year of transformation towards a New Nexans, a streamlined, more agile and more efficient organization, ideally positioned to meet its customers' needs and make the most of the solid long-term outlook for its markets.

At the Annual Shareholders' Meeting of May 15, 2019, the Board of Directors will recommend a dividend payment of 0.30 euros per share.

Georges Chodron de Courcel,
Chairman of the Board of Directors

> "Our ability to build the "New Nexans" future world leader in energy services and data management solutions, by 2021, depends on the success of this phase."

How do you explain the Group's 2018 results?

The Projects business was hit by the postponement of submarine high voltage contracts and a sharp drop in land high-voltage business. The Cables business delivered strong growth but this is not reflected in our margins due to an increase in costs not passed on to customers. These developments forced us to revise our outlook on two occasions.

Consolidated sales totaled 4.4 billion euros at current metal prices, representing an organic decline of 0.8%. Consolidated EBITDA came in at 325 million euros, or 7.4% of sales, compared with 9% in 2017. Attributable net income for the year was 14 million euros versus 125 million euros in 2017.

These results led us to rethink of our business model in terms of resilience, growth and the way we operate. I began this process as soon as I was appointed last July.

We stress-tested all of our businesses: 50% of them proved to be resilient in terms of their contribution to results and may be managed with a view to future growth. The other 50% of our businesses require a transformation. These essentially correspond to the land high-voltage business which is the biggest loss-making operation, and our businesses in Brazil, China and the United States. It appears that between 80% and 85% of our loss-making businesses lose money for internal reasons, i.e., excessive costs, sub-optimal inventory or price management, etc. This is actually good news because we can improve these things.

Before we can get all of our businesses back on the road to growth, our transformation needs to go further. This is the purpose of the new strategic roadmap towards 2021 unveiled in November 2018.

What are the broad focuses of your transformation plan?

We want to enhance Nexans' resilience and change its value creation model.

To do so, we need to give precedence to selective growth, enhancing our competitive edge and improving our return on capital employed and our cash generation.

We are lucky to be doing business in what are fundamentally growth markets focused on the energy transition, e-mobility and

(1) Consolidated EBITDA is defined as operating margin before depreciation and amortization. d.

digitization of the economy. Increasingly, our customers are looking for pre-connected cables, optimized subunits, smart systems, as well as turnkey services and solutions. We are going to move up the value chain by developing new solutions to meet their expectations – either directly as we are already doing on the market for wind turbines for example, or via partnerships like the one we have negotiated with Total for electric car charging stations.

Our strategy is clear and shared at all levels of the Group, eager, together, to build the "New Nexans".

In just 6 months, we have laid solid foundations for this 2019-2021 ambition.

How are you actually going to deploy this plan?

We are transforming our organization to bring it in line with our strategic vision. More fluid, more agile and simpler, our new organization aims to refocus the headquarters on its sovereign missions on the one hand, and restore full responsibility as well as the operational means in the field on the other, in view of establishing a service and customer solutions model, closer to our markets.

This profound change requires both a deep revolution in the mindset and way of working of all employees, as well as new skills.

We are therefore faced with the imperative need to provide room for maneuver to invest in training, services and solutions.

Significantly increasing our EBITDA, and our return on capital employed will be critical in the next three years, which will be years of transformation of our business model, and our way of driving the business.

What is the restructuring plan presented to the European Works Council representatives in January 2019 all about?

We need to rediscover our entrepreneurial instincts, streamline our organization, boost our efficiency and cut our costs. This means eliminating regional structures, stripping out layers from the hierarchy, refocusing headquarters activities on core business, pooling functions between countries and adapting our manufacturing infrastructure.

We also need to channel research into applications and customer issues in line with our ambitions in systems, services and solutions.

These are the aims of the restructuring plan presented to our European employee representative bodies. This could impact 939 jobs and lead to the creation of 296 new positions and these will be offered first to those employees affected by the plan. Germany, France, Switzerland and, to a lesser extent, Belgium, Norway and Italy would be impacted most.

What are the financial objectives of the 2019-2021 plan?

We are targeting EBITDA of 500 million euros in 2021 compared to 325 million euros in 2018, ROCE of 15.5% versus 9% in 2018, and cumulative Free Cash Flow (i.e., before acquisitions and dividends) in excess of 200 million euros over the period.

We expect the organic growth in sales to average 3% a year at constant metal prices. All of this growth will be driven by contributing activities which will be allocated the resources needed to revamp and expand their offering.

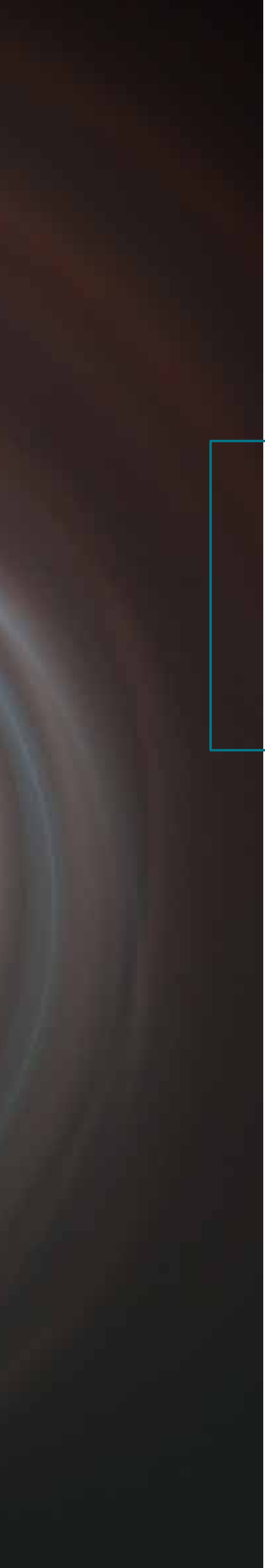
Investment is estimated at 600 million euros, including between 220 and 225 million euros for the Aurora cable laying vessel. Our backlog at end-2018 exceeded 1.25 billion euros.

How does 2019 look?

We have a new strategy with a three-year, self-financing roadmap, powerful transformation levers and value creation possibilities that are largely independent of trends in our markets. We are all braced to put this into action and regain the confidence of our investors.

2019 will mark the first stage in turning around our loss-making businesses and reducing our committed costs.

I believe that we are entering the most critical phase, that of deployment. This is where our future successes will be instrumental. Our ability to build the "New Nexans" future world leader in energy services and data management solutions, by 2021, depends on the success of this phase.



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 global 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, or modern life.

…BEING THE ESSENTIAL LINK FOR ENERGY AND DATA REVOLUTION

FOUR MARKET SEGMENTS TO SUPPORT THE ENERGY AND INFORMATION TRANSITIONS.

BUILDING & TERRITOIRES

- 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.

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)

TELECOM & DATA

- Help customers to easily deploy copper and optical fiber infrastructure with "plug-and-play" cable, connectivity and solutions.
- The Telecom & Data segment covers the following activities: Data transmission (submarine, fiber, FTTx), Telecom networks, Hyperscale data centers and LAN cabling solutions.

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 both scale and global reach, representing over 40% of total revenue in 2018. 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 hyperconnected 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. 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 continuing expansion of offshore windfarms and other renewable energy sources requiring local, regional and international interconnections needs increasingly effective 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 includes 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 the 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 the Oil & Gas industry. As these segments are increasingly impacted by megatrends (in particular by the energy revolution, global mobility and smart infrastructures), 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 and compact products that are easy to install, including in-vehicle equipment and cables that can be recycled or reused at the end of their lives.

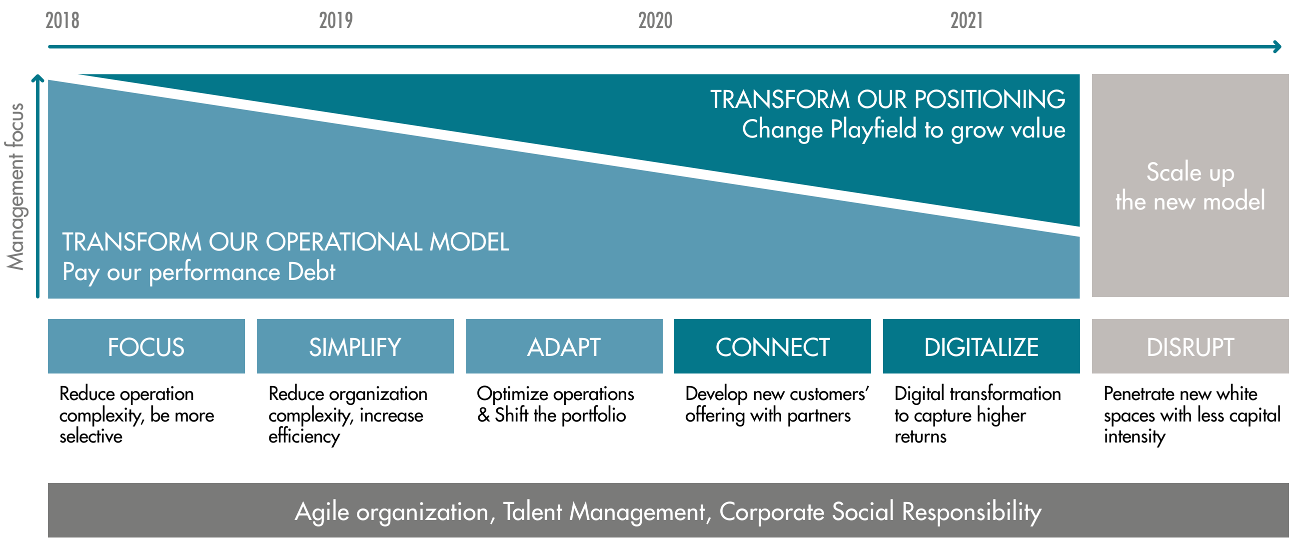
1.2. Strategy

TRANSFORMING NEXANS' VALUE DELIVERY MODEL

Nexans has transformed 50% of its businesses over recent years and enhanced the resilience of this share of its portfolio. The remaining 50% of its businesses still need to be transformed and represent significant potential for short-term value creation.

From a medium-to long-term perspective, Nexans must move up the value chain and find new ways of operating, positioning itself as a service provider, and scaling up the successful models it has created.

Figure 1



TRANSFORMING OUR OPERATIONAL MODEL

The first phase of the transformation will be to pay our performance debt to finance future moves up the value chain.

It is based around three priorities:

- FOCUS on markets, customers and products that fit in with our current and future model.
- SIMPLIFY and lean out our organization. We need to reduce overall group complexity and cost.
- ADAPT our footprint and our business portfolio.

TRANSFORMING OUR POSITIONING

In 2017, we carried out an in-depth study of world megatrends in the energy and data sectors. Eighty clients, experts and economists were interviewed. This study confirmed two points:

(1) Our market relies on strong fundamentals

By 2030:
- The world population will increase by 20%, and urbanization by 40%;
- Energy consumption will jump by 40%;
- Renewable energy will increase twofold;
- The energy transition induces huge needs in terms of Infrastructures and Networks.

We expect cable and connectivity production growth of 3.9% per year over this period.

In parallel, system management will grow at a stronger rate, currently estimated at 9.2%.

(2) The long-term perspectives are excellent and require a move along the value chain to be fully captured, leading to value growth rather than volume growth *(Figure 2)*

Our customers demand more and more plug & play systems, preconnected cable assemblies and even modules integrating active and passive electrical components.

Most of them wish to move up their own value chain and expect us to follow.

This move will enable Nexans to:
- Deliver the best value for money for its clients;
- Avoid commodity traps and future intermediation risks;
- Address the 120-billion-euro services market with new offerings and strategic partnerships.

Several service offers have been launched successfully in the last five years. For example, the connected drum developed in partnership with Fly4u in the Building & Territories segment is currently being scaled up.

Link to the case study:
www.nexans.com/en/business/Building--Territories/Power-networks/Services--fly4u.html

Suzlon, one of the world's leading wind turbine manufacturers, has turned to Nexans to support its major projects in Brazil with comprehensive end-to-end cable solutions that will ensure effective, efficient and reliable connections for some 150 wind turbine generators (WTGs). The total contract value is around 11 million euros.

Under two framework agreements with Suzlon, Nexans supplied its WINDLINK® LV and MV tower cables, site kits and accessories together with MV inter-array cables and HV export cables that form the connection to local substations.

This enabled Suzlon to benefit from advanced, fully integrated, end-to-end cable solutions that cover not only products, but also comprehensive technical and logistical support.

Link to the case study:
www.nexans.com/en/business/Industry---Solutions/Wind-turbines/Suzlon-deploys-Nexans-end-to-end-cable-solutions-for-wind-farm-projects-in-Brazil.html

It is time for Nexans to leverage the DNA that will differentiate it and move it from the crowded old world of "cable producers" into a new world, centered on services, digital and advanced engineering solutions.

Figure 2

Big picture view of the Energy & data management market

Focus on Transmission & Distribution (power & data out of scope)

Total ~€2,700Bn

First estimate

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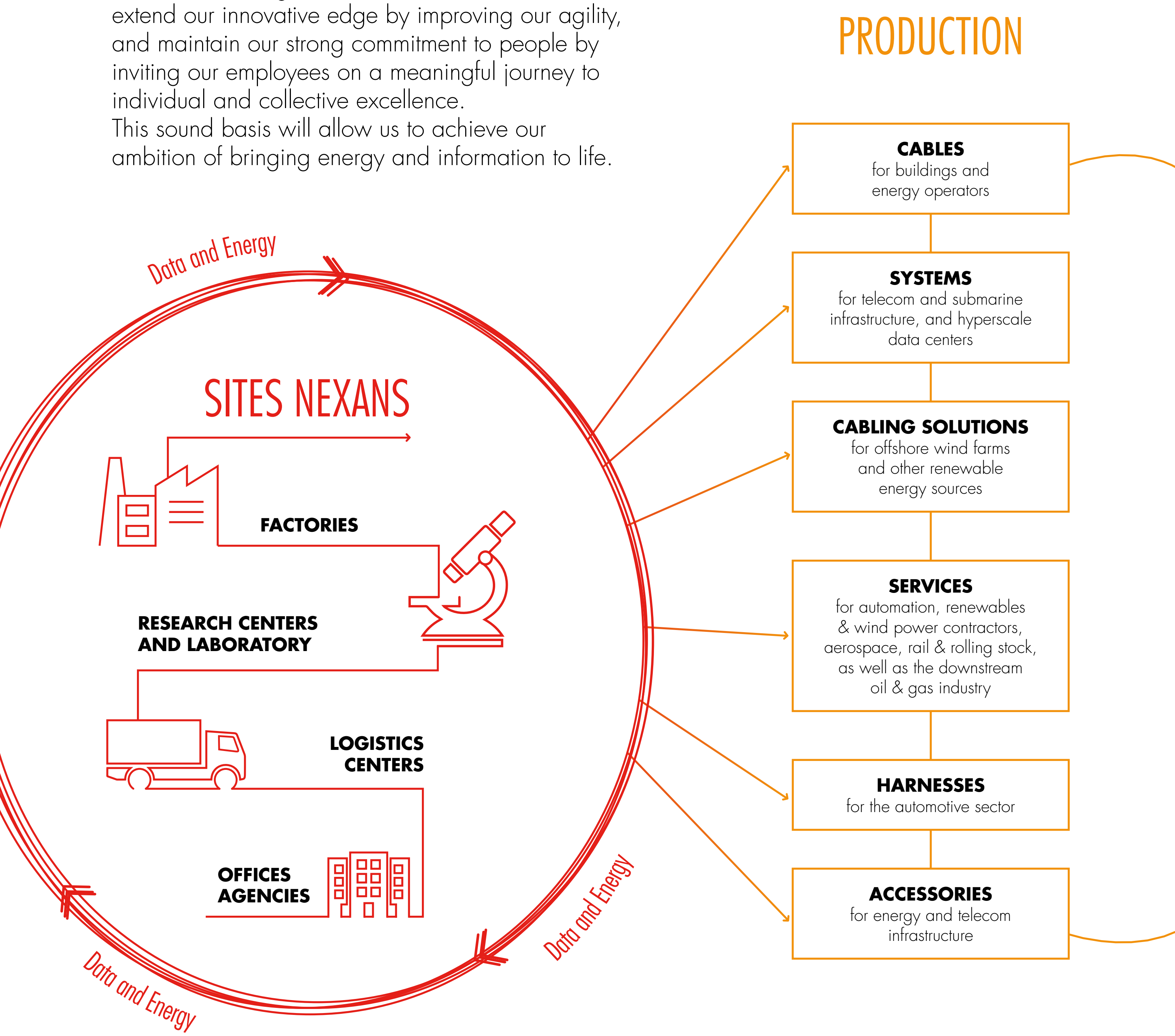
BUSINESS MODEL

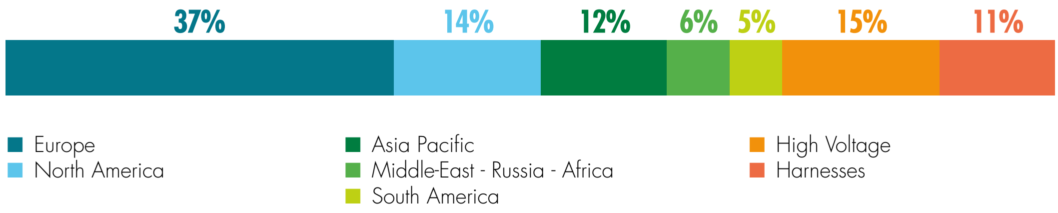
Creating value beyond cables

With the 2019-2021 roadmap, the Group has moved up a gear in its transformation into the "New Nexans". This process will see us return to profitable growth by increasing our competitiveness, continue our digital transition, connect more fully with customers to bring them dedicated new solutions, extend our innovative edge by improving our agility, and maintain our strong commitment to people by inviting our employees on a meaningful journey to individual and collective excellence.
This sound basis will allow us to achieve our ambition of bringing energy and information to life.

2018
SALES (1)
€6.5bn



SALES BY SEGMENT



MARKET SEGMENTS

Telecom & Data
Data transmission (submarine, fiber, FTTx), telecom network, hyperscale data centers, LAN cabling solutions
9% of sales

High Voltage & Projects
Offshore wind farms, submarine interconnections, land high voltage, smart solutions for oil & gas (direct electrical heating, subsea heating cables)
11% of sales

Industry & Solutions
Transportation, automation, renewables, resources (oil & gas, mining), high-tech (nuclear, medical)
21% of sales

Building & Territories
Building, smart cities/smart grids, e-mobility, local infrastructure, decentralized energy systems, rural electrification
43% of sales

MAIN SECTORS SERVED

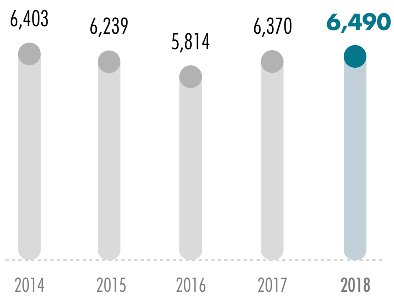
- Telecom operators and digital giants
- IT infrastructure
- Energy suppliers
- Extractive and process industries
- Basic and public infrastructure service operators
- EPC customers[2]
- OEM[3] customers
- Electrical equipment distributors & installers
- Cable system manufacturers, integrators and OEMs
- Local authorities

(1) Sales at current metal prices.
(2) EPC: Engineering, Procurement and Construction contractor.
(3) OEM: Original Equipment Manufacturer.

1.3. Key figures

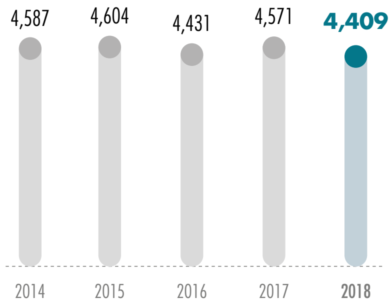
SALES AT CURRENT METAL PRICES

(in M€)

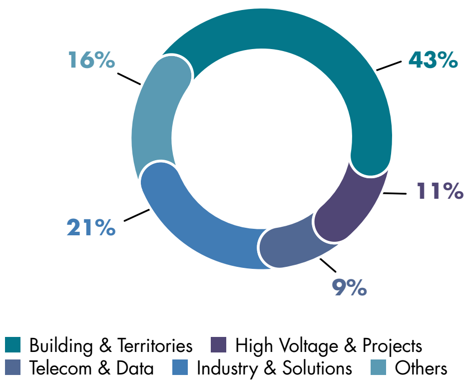


SALES AT CONSTANT METAL PRICES[1]

(in M€)



2018 SALES BY BUSINESS AT CURRENT METAL PRICES



2018 SALES BY BUSINESS AT CONSTANT METAL PRICES

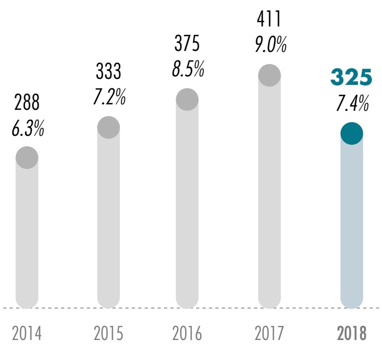
(in M€)

	2018
Building & Territories	1,742
High Voltage & Projects	683
Telecom & Data	496
Industry & Solutions	1,160
Others	329
TOTAL	**4,409**

(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 aluminium prices.

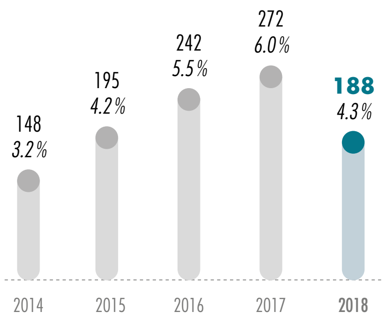
EBITDA(1)

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



OPERATING MARGIN

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



EBITDA(1) AND OPERATING MARGIN BY BUSINESS

(in millions of euros and as a % of sales at constant metal prices)	2018			2017		
	EBITDA(1)	Operating Margin	Operating Margin %	EBITDA (1)	Operating Margin	Operating Margin %
Building & Territories	120	72		126	77	
High Voltage & Projects	68	34		118	80	
Telecom & Data	44	34		62	52	
Industry & Solutions	86	51		89	56	
Others	7	(2)		16	7	
	325	**188**	**4.3%**	**411**	**272**	**6.0%**

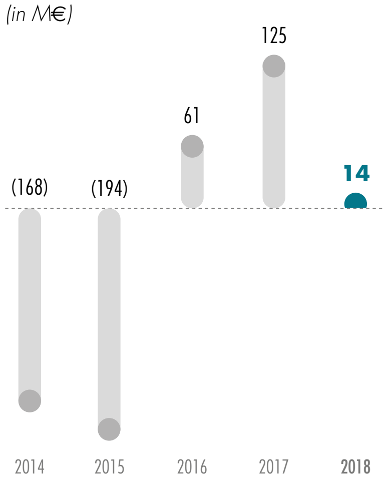
(1) Consolidated EBITDA is defined as operating margin before depreciation and amortization.

SPLIT OF MARKET SEGMENTS

High Voltage & Projects	Telecom & Data	Industry & Solutions	Building & Territories	Other Activities
Land High Voltage	Operators	Harnesses	Building	Rodmill
		Shipbuilding		
		Railways		
Submarine High Voltage	Special Telecom	Aerospace		
		Mining	Utilities	
		Oil & Gas		
Umbilicals	LAN cables & systems	Renewables		
		Automation		
		Other (Medical, Nuclear, etc.)		

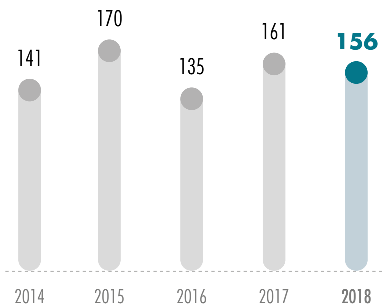
NET INCOME/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT

(in M€)



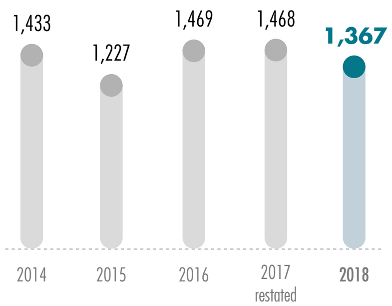
NET CAPITAL EXPENDITURE

(in M€)



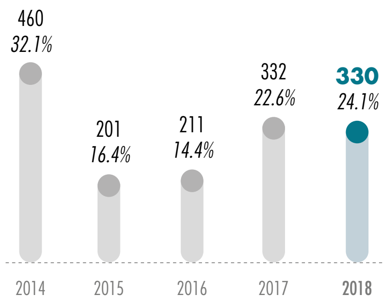
TOTAL EQUITY

(in M€)



NET DEBT

(in M€ as a % of equity)



1.4. Operations during 2018

1.4.1. CONSOLIDATED RESULTS OF THE NEXANS GROUP

1.4.1.1. OVERVIEW

EBITDA amounted to 325 million euros in 2018, down 86 million euros from 411 million euros the previous year. The decline was partly due to a 12 million euro negative currency effect. It also reflected lower contributions from High Voltage & Projects activities for 45 million euros and from Telecom & Data activities for 8 million euros.
A large number of orders were booked in the final months of the year and second half sales were on a par with the first half. However, EBITDA for the period was 19 million euros higher, an increase of +12.3%. The improvement was driven mainly by Building & Territories activities, led by low-voltage power cables for the building market which performed very well in the second half across all geographic areas.
Despite the decline in EBITDA, net debt remained stable thanks to a 149 million euro improvement in operating working capital that was mainly attributable to the advances received on orders booked at the end of the year.

Sales for 2018 came to 6.490 billion euros at current metal prices and 4.409 billion euros at constant metal prices, representing negative organic growth of -0.8% compared with 2017.

EBITDA totaled 325 million euros compared with 411 million euros in 2017, corresponding to 7.4% of sales at constant metal prices versus 9.0%.

Sales performances in the various geographic areas were as follows:

- In **Europe**, excluding the High Voltage & Projects segment (down -21.3%) and automotive harnesses (up +4.3%), sales grew +2.0%, reflecting solid demand for power cables in the building market and for low- and medium-voltage cables among energy operators.
- In **North America**, sales were stable in the LAN cables and systems segment but grew in all other segments, leading to an overall year-on-year increase of +15.6%, with a positive impact on margins.
- In **South America**, sales grew by +1.2% over the year, with the -3.1% decline in the first half offset by +5.6% organic growth in the second, reflecting a recovery in overhead power line business in Brazil.
- Sales in the **Asia-Pacific** region were stable (up +0.2%), with dynamic performances in Australia and New Zealand offsetting lower sales volumes in South Korea.
- In the **Middle East/Africa** region (up +5.2%), sales increased in all countries except for Lebanon where 2017 represented an unusually high basis of comparison.

1.4.1.2. ANALYSIS BY SEGMENT

Building & Territories

Sales generated by the Building & Territories segment amounted to 2,774 million euros at current metal prices and 1,742 million euros at constant metal prices, corresponding to organic growth of +4.5%.

Sales of **power cables for the building market** grew by +9.1% on an organic basis. Positive momentum was restored in the second half, with organic growth rising to +10.2% versus second half 2017. All geographic areas contributed to the improvement and the double digit growth in sales had a positive impact on margins, which rose significantly in the second half.

- In Europe (+9.1%), growth was strong in main geographic markets. Volumes were solid and the business development plans launched in several product categories started to deliver results. EBITDA improved by 150 basis points compared with 2017.
- A similar trend was observed in North America (+10.1%), helped by robust growth in Canada. In addition, the Group was able to pass on to customers part of the increase in raw material prices and freight costs.
- In South America (+7.4%), the Group continued to benefit from its business development initiatives in Chile and Colombia. However, margins were lower than expected in Brazil.
- In the Asia-Pacific region, sales rose by +12.6% on an organic basis, with growth led by improved business volumes in Australia. In South Korea, sales stabilized in the second half compared with 2017 after rising strongly in the first six months of the year.

- In the Middle East/Africa region (+8.4%), the strong sales dynamic in Turkey and Morocco offset a loss of momentum in Lebanon. On November 9, a new plant was opened in the Ivory Coast. This investment is part of the Group's business development strategy in Africa and will also contribute to economic growth in the Economic Community of West African States (ECOWAS). The initial contribution from the new plant is included in the region's 2018 sales.

Sales of **distribution cables and accessories** were on a par with 2017, despite the non-renewal of several frame agreements. After a weak first quarter when organic growth was a negative -4.7%, sales to energy operators grew organically in the last three quarters of 2018.
The two-year (2018-2020) contract for an amount of more than 190 million euros that the Group was awarded, in late 2018 will boost sales in Italy and the Latin American countries.
Growth in cable sales in Europe and South America offset a slight loss of momentum in the other regions and weaker accessory sales.
The picture in Europe excluding accessories (+2.1%) remained mixed between fast-growing markets (Italy, Norway, Greece and Sweden) and lower volumes with France's national energy operator. Sales of accessories contracted by -7.8% on an organic basis, mainly due to lost medium-voltage accessory volumes in France.

In South America, deliveries under a new overhead power lines contract in Brazil drove faster growth in the second half (period-on-period organic growth of +41.1%), lifting the segment's total sales in the region by +7.8%. The Group also won a second big contract in 2018 that will guarantee strong business volumes for the segment in 2019.
Sales in the other regions retreated by some -1.2%.

These sales performances led Building & Territories EBITDA to reach 120 million euros in 2018 compared with 126 million euros in 2017, representing 6.9% of sales at constant metal prices versus 7.2%. This corresponds to an operating margin of 72 million euros versus 77 million euros in 2017.
Overall margins continued to be affected by raw materials price inflation. However, the situation varied depending on activity, with building market margins boosted by higher volumes and distribution cable margins eroded by tough market conditions.

High Voltage & Projects

Sales generated by the High Voltage & Projects segment amounted to 745 million euros at current metal prices and 683 million euros at constant metal prices. Organic growth was a negative -21.3%, reflecting the exceptionally high 2017 basis of comparison, especially for installation services.
The fourth quarter saw an upturn in order intake, with new contracts totaling some 400 million euros booked during the period. As of December 31, 2018, the order backlog stood at over 1,250 million euros, or the equivalent of more than 18 months' worth of sales. Work on existing contracts is progressing on schedule.

With organic growth for **land high-voltage projects** at a negative -21.9%, capacity utilization rates at the plants in Europe and China were very low throughout the year. This severely affected the business's profitability, despite the cost-cutting and short-term working initiatives introduced during the year, and a more ambitious cost reduction plan is currently being drawn up.
In addition, based on the revised long-term projections used for impairment testing purposes, impairment losses were recorded on the land high-voltage in China in first half 2018 (18 million euros) and in Europe in the fourth quarter (28 million euros).
In Europe, the Group has strengthened its technological positioning by successfully qualifying a 525 kV HVDC underground cable system to German TSO standards. This technological breakthrough opens up very promising commercial opportunities.
Also, work is continuing to convert the Goose Creek facility into a submarine cables production plant.

In the **submarine high-voltage cables** segment, after an exceptional 2017 which saw organic growth of +41.0%, sales contracted by -21.1% on an organic basis in 2018, due to weak umbilical cable volumes and deferrals of projects and contracts originally planned for the second half.
Two of the deferred contracts were recorded in the order book in the fourth quarter of 2018 and have been added to the 2019 backlog, leading to a full workload for Energy projects (interconnections and wind farms).

High Voltage & Projects EBITDA came to 68 million euros in 2018 compared with 118 million euros in 2017, representing 9.9% of sales at constant metal prices versus 13.3%. This corresponds to an operating margin of 34 million euros versus 80 million euros in 2017.
In the submarine cables segment, the margin rate improved slightly following an excellent contract execution performance in the second half. However, in the land high voltage segment, both periods were adversely affected by low workloads, an unfavorable mix and litigation costs.

Telecom & Data

The Telecom & Data segment's sales totaled 561 million euros at current metal prices and 496 million euros at constant metal prices. After a weak first half when sales contracted by -4.2% on an organic basis, the second half saw organic growth of +0.7%, thereby limiting the organic decline over the full year to -1.8% versus 2017.

Sales of **LAN cables and systems** were down -1.5% compared with 2017, after taking into account sequential organic growth of +1.1% in the second half.

In North America, the return to organic growth observed in the third quarter continued in the last three months, leading to +11.9% growth in the second half and stable sales over the full year. Increased sales of copper cables offset the sharp fall in optical fiber cable sales that was partly due to the narrower market for combined copper and fiber cabling solutions. The segment held onto its market share, but at the expense of margins. In other geographic areas, stable European volumes failed to offset the impact of lower volumes in the Asia-Pacific region.

Sales of **telecom infrastructure cables** grew by +5.1% year-on-year, helped by strong +8.6% organic growth in the second half. Growth was led by the Europe region, where monomode optical fiber cables and accessories market shows clear development potential. To take advantage of this opportunity, in mid-2018, the Group launched a 10 million euro project to increase its European production capacity.

The -25.8% reduction in **special telecom** sales adversely affected the segment's overall momentum.

Telecom & Data EBITDA amounted to 44 million euros compared with 62 million euros in 2017, representing 8.9% of sales at constant copper prices versus 12.1%. This corresponds to an operating margin of 34 million euros versus 52 million euros in 2017.
The decline was mainly due to lower margins in the LAN cables and systems segment. However, in the United States, which accounts for roughly 50% of the LAN segment, aggressive cost-cutting measures launched in the second half restored profitability to a normative level in the last six months of the year.

Industry & Solutions

Sales for the Industry & Solutions segment totaled 1,390 million euros at current metal prices and 1,160 million euros at constant metal prices, representing organic growth of +2.7% for the year and a strong +4.4% in the second half.

The **Transportation** sub-segment delivered growth of +3.7%.

- Sales of automotive harnesses were up by +4.3%; reflecting the deployment of contracts in Europe and North America that were accompanied by an erosion of margins. The activity responded efficiently to program adjustments made by customers as they struggled to comply with the new WLTP vehicle emission standards. In Europe, measures are in progress to optimize production costs.

- Sales of railway cables grew by +11.7%, reflecting high export volumes delivered from European plants (in France and Germany) and solid volumes in the Asia-Pacific region (in China and Australia).

- Sales of cables for shipyards started to level off (contracting by -1.7% on an organic basis) after falling steadily for more than three years. The decline in aeronautical cable sales slowed from -3.8% in the first half to -1.7% in the second.

Sales in the **Resources** sub-segment fell by -3.0% on an organic basis over the year, but this represented a marked improvement compared with the -12.2% drop recorded in the first half.

- The recovery in sales of mining and energy (including renewable energy) production cables accelerated, with organic growth rates reaching +13.8% and +37.0% respectively.

- However, sales of wind turbine cables continued to be hit by weak demand in Europe.

- Sales in the Oil & Gas[1] sector (excluding umbilical cables and shipyard operations) were down -14.6% year-on-year, reflecting the steep decline in extraction cable sales in South Korea that could not be offset by the strong +16.9% increase in sales by AmerCable.

Industry & Solutions EBITDA came to 86 million euros in 2018 compared with 89 million euros in 2017, representing 7.4% of sales at constant metal prices versus 7.9%. This corresponds to an operating margin of 51 million euros versus 56 million euros in 2017.
The decline was due to narrower margins on automotive harnesses, after taking into account the extra costs generated by changes to the various production flows. In addition, substantial R&D costs were once again incurred in 2018, especially for electric vehicle projects.

Other Activities

Sales in the Other Activities sector mainly concern external sales of copper wire, which amounted to 1,020 million euros at current metal prices and 329 million euros at constant metal prices, representing organic growth of +19.6% led by sales in Canada.

EBITDA generated by Other Activities corresponds to the profit earned on external sales of copper wire less corporate costs that cannot be allocated to the other segments. It amounted to 7 million euros (compared with 16 million euros in 2017), corresponding to an operating margin of a negative 2 million euros (positive 7 million euros in 2017).

(1) Oil & Gas activities cover (i) cables for oil and gas production and refining and for Asian shipyards, and (ii) umbilical cables.

1.4.2. OTHER ITEMS IN THE 2018 CONSOLIDATED FINANCIAL STATEMENTS

1.4.2.1. CORE EXPOSURE EFFECT

The core exposure effect was a negative 15 million euros in 2018 versus a positive 64 million euros in 2017, reflecting lower copper prices as well as reduced volumes over the year.

The particularly high positive core exposure effect recorded in 2017 was attributable to the sharp rise in copper prices during that year.

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 53 million euros in 2018 (see breakdown in **Note 23** to the consolidated financial statements), versus 37 million euros in 2017:

- The 2018 figure mainly corresponds to provisions recognized for employee-related costs (notably in South Korea, Brazil and Europe) and costs for which no provisions could be recorded in accordance with IFRS (notably in the United States and Europe).
- In 2017, restructuring costs mainly related to provisions recognized for employee-related costs (notably in Brazil, Europe and the United States), and costs for which no provisions could be recorded in accordance with IFRS.

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 9 million euros in 2018 versus 19 million euros the previous year, chiefly comprising:

- **Net asset impairment losses** of 44 million euros in 2018 versus 8 million euros in 2017. The 2018 figure mainly corresponds to write downs of individual items of property, plant and equipment, including 28 million euros for the Europe Land High-Voltage cash-generating unit (CGU) and 18 million euros for the China CGU. 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 year are set out in **Note 8** to the consolidated financial statements.

The 8 million euro net asset impairment loss recognized in 2017 related to the impairment of individual items of property, plant and equipment allocated to the Asia-Pacific CGU.

- **Gains and losses on asset disposals:** this item represented a net gain of 44 million euros in 2018, mainly relating to the sale of the Group's Lyon plant.

In 2017, the Group recognized a 1 million euro net gain on asset disposals.

- **Expenses and provisions for antitrust investigations** amounting to a net 1 million euros in 2018 and chiefly corresponding to the cost of civil proceedings (concerning local antitrust investigations) against Nexans' South Korean operating entities as described in Note 31 to the consolidated financial statements. In 2017, the net expense was 6 million euros.
- **Acquisition-related costs on completed and planned acquisitions:** an expense of 3 million euros was recorded in 2018, versus 6 million euros in 2017.

1.4.2.4. NET FINANCIAL EXPENSE

Net financial expense amounted to 56 million euros in 2018, compared with 62 million euros in 2017.

Cost of net debt decreased to 47 million euros in 2018 from 56 million euros in 2017 mainly as a result of the bond debt refinancing carried out in 2017 and 2018.

Other financial income and expenses represented a net expense of 9 million euros compared with 6 million euros in 2017, with the year-on-year increase mainly attributable to the interest expense payable as a result of an unfavorable outcome to a legal dispute.

1.4.2.5. INCOME TAXES

The Group's income tax expense for 2018 was 44 million euros, versus 91 million euros the previous year. The higher expense for 2017 reflected the 122 million euro growth in income from ordinary activities before tax in that year and the roughly 15 million euro negative effect that US and Belgian tax reforms had on the carrying amount of deferred tax assets..

1.4.2.6. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Group's total consolidated assets rose slightly to 5,119 million euros at December 31, 2018 from 5,082 million euros at December 31, 2017. Changes in the structure of the Group's statement of financial position between those two reporting dates were as follows:

- Non-current assets totaled 1,770 million euros at December 31, 2018, versus 1,767 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 effect and reclassifications to assets and related liabilities held for sale) decreased by 149 million euros in 2018.
- Net debt amounted to 330 million euros at December 31, 2018 versus 332 million euros at December 31, 2017.
- Provisions for contingencies and charges – including for pension and other long-term employee benefit obligations – decreased by 50 million euros to 510 million euros. Of this amount, 363 million euros related to pension benefit obligations, compared with 387 million euros at end-2017.
- Total equity stood at 1,367 million euros at December 31, 2018 compared with 1,468 million euros at December 31, 2017.

1.4.2.7. MAIN CASH FLOWS FOR THE PERIOD

Cash flows from operations before gross cost of debt and tax totaled 191 million euros in 2018.

The cash impact of the decrease in working capital amounted to 117 million euros and was mainly due to the advances received on orders booked during the period. However, the year-on-year decrease also reflects the improvement in the working capital ratio of the Group's cables businesses, which offset the increase in working capital resulting from higher volumes.

Net cash used in investing activities came to 156 million euros in 2018, corresponding to purchases of property, plant and equipment and intangible assets net of the 48 million euros in proceeds received from the sale of the Lyon plant and, to a lesser extent, share acquisition costs of 7 million euros.

Net cash used in financing activities totaled 2 million euros, primarily reflecting:

- The redemption of bonds maturing in 2018, representing an outflow of 250 million euros.
- The 323 million euro proceeds from a new issue of bonds maturing on August 8, 2023.
- 47 million euros in interest payments.
- 33 million euros in dividend payments.
- Share buybacks, representing an outflow of 24 million euros.
- A 14 million euro outflow relating to capital increases.

Overall, taking into account the effect of currency translation differences, net cash and cash equivalents increased by 93 million euros during the year and stood at 886 million euros at December 31, 2018 (corresponding to 901 million euros in cash and cash equivalents less 15 million euros in short-term bank loans and overdrafts).

1.4.2.8. OTHER SIGNIFICANT EVENTS OF THE YEAR

a) Governance

At its meeting on March 18, 2018, the Board of Directors was informed of Arnaud Poupart-Lafarge's intention to step down as Chief Executive as soon as possible for personal reasons.

At its meeting on July 3, 2018, the Board of Directors decided to appoint Christopher Guérin as Chief Executive Officer with effect from July 4, 2018. Christopher is 46 years old and he joined the Group in 1997. In 2014, he became Senior Executive Vice President for Europe, headed the Telecom/Datacom and Power Accessories Business Groups and joined the Management Board in the form in which it existed until November 2018. During his time working in Nexans, Christopher has proven to be an effective and decisive leader who successfully deployed economic and social transition projects in fiercely competitive international environments.
He was the driving force behind the development of a new roadmap announced on November 9, 2018 that will enable Nexans to change its value delivery model. The roadmap is underpinned by the broad trends that will impact the industry's future growth cycles and it will enable Nexans to carve out a unique position for creating extra value for its customers and shareholders. Management will initially focus on the renovation of its operational model by reducing operations and organization complexity. Gradually, the focus will shift towards the Group's repositioning.

Against this backdrop, the reorganization project in Europe was unveiled in January 2019 (see paragraph 1.8, "Significant events since the year-end and approval of the 2018 Management Report").

b) Redemption of 2018 bonds

On March 19, 2018, all of the 2018 bonds were redeemed in cash, as they had reached maturity. The total amount paid was €261 million, including accrued interest on the bonds.

c) Financing policy

The Group considerably reinforced its financing policy in 2018, carrying out two major operations that strengthened its long-term financial resources. These operations – which slightly increased the amount of its borrowings and significantly extended their maturities – were as follows:

- A 325 million euro issue of 5-year bonds carried out during the summer, with a view to refinancing the convertible bonds maturing on January 2, 2019 (for 275 million euros).
- Renewal and extension to December 2023 of the Group's existing revolving credit facility, which was originally due to expire in 2020.

d) International employee share ownership plan

At its meeting on November 22, 2017, the Board of Directors, pursuant to the authorizations granted by the Annual Shareholders' Meeting of May 11, 2017, decided to set up an international employee share ownership plan in 2018 by means of a capital increase through the issuance of up to 500,000 new shares. This was the eighth international employee share ownership plan set up by the Group.

It will propose a "leveraged" structure similar to the plans opened in 2010, 2012, 2014 and 2016 whereby employees may subscribe to the shares, either through the corporate mutual fund (fonds commun de placement d'entreprise — FCPE) or directly, at a preferential discount share price, with the Company providing them with a capital guarantee plus a multiple based on share performance. The shares are locked into the plan for five years, apart from in special circumstances when employees can access them earlier. In countries where the leveraged structure using a corporate mutual fund raised legal or tax difficulties an alternative formula was offered comprising the allocation of Stock Appreciation Rights (SAR). Participating employees benefited from a matching payment by the Group.

The reservation period was from May 7 to May 22, 2018, with a revocation period from June 21 to June 26, 2018.

The subscription price was set on June 20, 2018 at 29.87 euros per share (representing a 20% discount against the average of the prices quoted for the Nexans share over the twenty trading days preceding that date). The settlement-delivery of the shares took place on July 18, 2018.

As part of the share ownership plan, 496,477 new shares were issued, including 460,913 shares subscribed by Group employees through the corporate mutual fund (FCPE) or by Société Générale bank under the alternative plan option. The remaining 35,564 shares corresponded to free shares financed by the Group's matching payment. The total impact on equity was an increase of 13.8 million euros, with 0.5 million euros corresponding to the aggregate par value of the new shares and the balance represented by the premium.

To limit the dilution impact and pursuant to the decision taken by the Board of Directors on June 16, 2018, 400,000 shares held by the Company in treasury were canceled on July 18, 2018, reducing the Company's share capital by an amount of €0.4 million.

1.4.3. THE COMPANY

1.4.3.1. ACTIVITIES AND RESULTS

Nexans S.A. (the "Company") is a holding company. Consequently, its business consists of managing the equity interests it holds in other companies.

For the year ended December 31, 2018, the Company reported sales of 32 million euros, derived primarily from services billed to Group subsidiaries (27 million euros in 2017).

After taking into account net operating expense of 49 million euros, net financial income of 27 million euros and non recurring expenses of 4 million euros, the Company ended 2018 with net income of 6 million euros (versus 25 million euros in 2017).

The Company's equity amounted to 1,831 million euros at December 31, 2018, compared with 1,853 million euros one year earlier.

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 779,880 euros at December 31, 2018 and 2,812,803 euros at December 31, 2017.

Information on supplier payment periods is set out below:

At December 31, 2018	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)	-	711,600	-	**711,600**
Number of invoices concerned	-	2	-	2
Invoices past due by late payment tranche [(1)]				
Total amount of invoices concerned in euros (including taxes)	68,280	-	-	**68,280**
Number of invoices concerned	2	-	3	2
Percentage of purchases	0.16%	N/A	N/A	0.16%
Accrued invoices not received at December 31, 2018				**15,723,846**
Accrued external supplier invoices (including taxes)				4,350,246
Accrued Intra-Group invoices (including taxes)				11,373,600

(1) Reference payment terms used to calculate late payment are contractual payment periods (generally 30 days) 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 3,307,865 euros (including taxes) at December 31, 2018 break down as follows:

- Trade receivables not past due: 2,981,535 euros
- Trade receivables past due: 326,330 euros

At the year-end, unbilled revenue amounted to 7,495,185 euros (including taxes) and only concerned intra-Group receivables.

1.4.3.2. PROPOSED APPROPRIATION OF 2018 RESULTS AND DIVIDEND PAYMENT

The Annual Shareholders' Meeting to be held on May 15, 2019 will be asked to appropriate the Company's results for 2018 – corresponding to net income of 6,216,552 euros – as follows:

- Retained earnings brought forward from prior years 87,179,567 euros
- Net income for the year 6,216,552 euros
- Total distributable income 93,396,119 euros

At the same meeting, the Board of Directors will recommend a dividend payment of 0.30 euro 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 applicable to French tax residents were as follows:

	2017 (paid in 2018)	2016 (paid in 2017)	2015 (paid in 2016)
Dividend per share	€0.70	€0.50	-
Number of shares qualifying for the dividend	43,224,012	43,210,277	-
Total payout	€30,256,808.40	€21,605,138.50	-

1.5. Progress made and difficulties encountered in 2018

In the first half of the year, the main difficulty encountered concerned the High Voltage segment, and particularly land High Voltage, which did not manage to obtain sufficient orders to ensure normal workloads for the Hanover and Charleroi plants. In addition, the operating context was marked by higher commodities prices which affected all of the Group's businesses. In view of this situation, the Group had to issue two profit warnings during the year – one in June, and the other in November.

In the second half of 2018, following the implementation of its new governance structure, the Group carried out an in-depth analysis of the potential of all its various businesses. It is against this backdrop that the Group presented its "New Nexans" plan to the markets on November 9, 2018, which is more concentrated on selective than absolute growth and also focuses on increasing return on capital employed and cash generation. Nexans has also internally developed a methodology, called SHIFT, which helped to successfully turn around its operations in Europe and the Middle East/Africa region and is now being deployed in underperforming units.

Furthermore, the Group faced a number of operational difficulties in 2018, which prevented it from capitalizing on the positive effect of higher volumes. This was particularly the case in South America, where restructuring measures in Brazil are proving slower and more complicated than originally thought. Other factors that weighed on the Group's performance during the year included persistently high commodities prices, a turnaround in LAN cables and systems in North America that only began in the fourth quarter, temporary additional costs related to the industrial transformation processes under way in Europe, and substantial R&D costs for electric vehicles in the harnesses business.

However, in terms of the execution of its main contracts, the Group's performance was good in 2018. In addition, the strong order levels recorded in the High Voltage segment in the last quarter of the year enabled the Group to end 2018 with a robust order book and helped improve working capital thanks to the advance payments received on the contracts concerned.

1.6. Trends and outlook

Nexans' short-term priority is to transform its operational model to pay its performance debt, both regarding EBITDA ratios and free cash flow generation.

Action financial impact *(Cumulated % of 2021 Run Rate)*		2019	2020	2021
	Transformation Plan	20% - 30%	60% - 70%	100%
	Organic growth & value growth init.	5% - 15%	55% - 65%	100%
	Cost reduction init.	30% - 40%	60% - 70%	100%
	Price cost squeeze & labor inflation	33%	66%	100%

OUR FINANCIAL ROADMAP

From a financial perspective, our operational model transformation is based around three priorities:

- **Transforming the remaining 50% of the group's businesses.** This involves focusing on the right products, and the right clients to reduce complexity and restore profitability. The duplication of proven turnaround strategies will deliver 110 million euros in EBITDA by 2021.
- **Supporting value growth initiatives for the 50% of the group's businesses that have already been transformed (Our "Profit Drivers")** in order to deliver an additional 50 million euros in EBITDA by 2021 and start moving up the value chain in these businesses.
- **Offsetting the anticipated price cost squeeze through a strong fixed and variable cost reduction plan.** We will streamline our organization to reduce costs and make it more agile and responsive to the new challenges faced by the Group.

Our industrial footprint will be adapted and our business portfolio reengineered.
These operations are expected to reduce our exposure to labor cost inflation in the future.

Based on the experience of our European operations, we anticipate that the impact of the transformation initiatives will be limited in 2019, and that the EBITDA improvement run rate will only be reached after 18 months.

Value growth initiatives will also take time to reap returns, even if some of them have already been defined. This is the most uncertain lever (market related) and our assumptions as to its 2019 impact are prudent.

We have started to focus on non-salary indirect spends and on industrial performance initiatives to offset the 2019 price cost squeeze. By 2020, most of the actions triggered will have reached maturity.

CHANGING THE MANAGEMENT CULTURE

The economic transformation is being supported by in-depth work on our management culture:

- **Instill a strong result culture.** Move from Understanding to Acting, foster a results-oriented mindset and develop managers' hard skills on turnaround practices.
- **Re-engineer our indicators and performance management.** A strong focus is being developed on ROCE and free cash flow.
- **Change our pace,** from monthly and quarterly routines to weekly project reviews.

A FEW WORDS ON SHIFT

Nexans has developed an in-house methodology, called SHIFT, which helped to successfully turn around its business in Europe and Middle East Africa.

- The transformation project is split into Business Units that correspond to existing profit centers.
- A task force fully dedicated to supporting and driving the transformation is being deployed on-site. The mission is being carried out in project mode for 12 to 18 months with a weekly tempo under the direct supervision of Nexans' top management.
- More than 30 transformation levers have been standardized and adapted to the cable industry covering sales, logistics and operations with a holistic approach.

The diagnosis has been made and SHIFT is already being rolled out in underperforming units.

Shift	Since 2014	HY 2018	2019	2020
Building & Territories	Deployed on 5 Business Units	6 Business Units covered	14 Business Units covered	6 Business Units covered
Telecom & Data	Deployed on 2 Business Units	1 Business Unit covered	1 Business Unit covered	
Industry & Solutions	Deployed on 3 Business Units		2 Business Units covered	2 Business Units covered
High Voltage & Projects	**The Land HV business unit** is currently going through a special transformation plan, covering sales, OWC and industrial performance.			

The full transformation program targets a contribution of **100 M€ EBITDA and 190 M€ OWC reduction by 2021.**

Estimate is based on the results of our 'financial stress test' ran in Q3 2018, and our past experiences.

FOCUS ON COST REDUCTION INITIATIVES

Nexans' cost reduction initiatives will lead to 210 million euros in savings over the 2018-2021 period. Three workstreams are being deployed to achieve this target: the reduction of indirect spends, the improvement of the industrial performance and a fixed cost reduction project.

On the third point, on January 24, Nexans entered into an Information and Consultation process and announced a restructuring project that would allow:
- A complete resizing of the organization by refocusing on its core Business Groups, eliminating regional structures and greatly reducing complexity;
- A leaner and more cost effective, agile organization, achieved through the rationalization of hierarchical structures.

This project should help Nexans:
- resize corporate business activities at head office level;
- pool certain functional activities between countries; and
- adapt selected manufacturing infrastructure.

Today's restructuring project should also contribute to optimizing the existing Group Innovation and Technology structure, in line with current businesses trends towards more modularity and services.
This restructuring project would affect 939 positions, and will see the creation of 296 jobs. The main social impact would be in Germany, France, Switzerland and, to a lesser extent, Belgium, Norway and Italy.
Nexans will be working closely with all stakeholders to minimize the social impact of the plan in accordance with the applicable laws. Nexans is deeply committed to working closely with the affected employees and the union representatives to provide the appropriate support.

1.7. Uncertainties

In addition to the risks inherent in executing the New Nexans Transformation Plan, the uncertainties include:

- The uncertain economic and political environments in the United States and Europe, with the risk of growth being slowed by potential major changes in US trade policy on one side of the Atlantic and the possible consequences of Brexit on the other.
- The impact of protectionist trade policies (such as those implemented by the current US government), as well as growing pressure to increase local content requirements.
- Geopolitical instability, particularly in certain countries or regions such as Qatar, Libya and Lebanon and the Persian/Arabian Gulf.
- Political and economic uncertainty in South America, particularly in Brazil, 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.
- A marked drop in non-ferrous metal prices resulting in the impairment of Core exposure, not having an impact on cash or operating margin, but impacting net income.
- The impact of growing inflationary pressure, particularly on commodities prices (resins, steel,) and labor costs, which could affect competitiveness depending on the extent to which they can be passed on to customers in selling prices.
- The sustainability of high growth rates and/or market penetration in segments related to datacenters, to the development of renewable energy (wind and solar farms, interconnectors, etc.) and to transport.
- The rapidity and extent of market take up of LAN cables and systems in the USA and the Group's capacity to seize opportunities relating to the very fast development of data centers.
- The risk that the sustained growth expected on the North American automotive markets and on the global electric vehicle market does not materialize.
- Fluctuating oil and gas prices, which are leading Oil & Gas sector customers to revise their exploration and production capex programs at short notice. The considerable uncertainty about the implementation of these customers'' capex programs also creates uncertainty about the confirmation of cable orders booked by the Oil & Gas segment.
- The risk of the award or entry into force of submarine and land cables contracts being delayed or advanced, which could interfere with schedules or give rise to low or exceptionally high capacity utilization rates in a given year.
- Inherent risks related to (i) 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 (Nordlink, NSL, East Anglia One, Hornsea 2 and DolWin6, which will be our first contract to supply and install HVDC extruded insulation cables), (ii) the high capacity utilization rates of the plants involved, and (iii) the projects' geographic location and the political, social and economic environments in the countries concerned (Venezuela, Philippines).
- The inherent risks associated with major capital 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 increase the production of submarine high voltage cables, two projects that will be instrumental in ensuring that we fulfill our 2021 objectives.
- The transformation and reorganization project announced in the land high voltage and submarine medium voltage activity could lead to delays in implementation or generate additional costs that would question a rapid return to balance.

Without major operational impacts, the two following uncertainties may have an impact on the financial statements:

- Sudden changes in metal prices that may affect customers' buying habits in the short term;
- The impact of foreign exchange fluctuations on the translation of the financial statements of the Group's subsidiaries located outside the euro zone.

1.8. Innovation and Technology (R&D)

The Group places particular importance on innovation and technology. Its total research and development expenses amounted to 100 million euros in 2018, including significant expenditure for the High-Voltage and automotive harnesses businesses.

More than 900 researchers, engineers and technicians work in Nexans' R&D centers and local product development units. The Group currently has a portfolio of approximately 600 patent families, and 57 new patent applications were filed in 2018. This high number clearly demonstrates the creative capacities of our technical teams and their ability to make a difference through innovation. In the 2018 EU Industrial R&D Investment Scoreboard[1] – which comprises the companies investing the largest sums in R&D in the world – Nexans was ranked in the Top 20 in the "Electronic & Electrical Equipment" segment.

Nexans' R&D and Innovation teams have a twofold objective. First, to anticipate technological changes in the industry and consolidate Nexans' technical leadership. And second, to be constantly attuned to customers' needs, working closely with the Marketing teams to fully understand customers' working environments and practices in order to develop new products, differentiated solutions and specific services that increase our added value.

By systematically using methods such as "Design Thinking" and rapid prototyping, we can run tests with customers very early on in the process in order to ascertain whether the chosen solution is the right one, and if the tests are successful, then speed up development lead times.

The Group also pays particular attention to standardization, and systematically contributes to the drafting of new international standards.

The Nexans Research Centers (NRCs) work closely with external international partners (such as universities, laboratories and research organizations) to help design state-of-the-art materials, fine tune new technologies and develop new products, systems and digital applications. Our NRC teams are also tasked with streamlining and improving production processes and giving Nexans' plants invaluable technical assistance that contributes to the continuous improvement of our industrial performance.

In 2018, the Group pursued its action to support and accelerate energy transition projects, particularly by integrating developments to cables for high-voltage and medium-voltage grid systems. During the year, the strategy of developing High Voltage Direct Current (HVDC) cable systems with a triple extruded cross-linked polyethylene (XLPE) insulation design for both land and submarine applications paid off when a 525 kV HVDC underground cable system was qualified to German TSO standards. Qualification at such a high voltage is a world first and is expected to lead to further developments in the coming years.
In addition, thanks to its innovative Powerboost technology for medium-voltage cables, Nexans is helping to increase the capacity of power grids. This development has given the Group a significant advantage in electricity supply market in Europe and Latin America, enabling it to win a major contract with one of the world leading utilities.
Another highlight of 2018 was the launch of the Group's power grid expertise and engineering service, which is dedicated to optimizing and simulating connections for wind turbines and solar panels in renewable energy farms. This allows key customers to optimize their energy production and reduce their capital spending and maintenance costs.

Also in 2018, the Group strengthened its ranges of products designed for use in harsh environments.
In the area of fire safety, following the implementation of the 2017 Construction Products Regulation (CPR) in Europe, the Group optimized the design of all of its fire retardant cables intended for the building market, which improved their technical performance and made them more competitive.
With a view to guaranteeing electrical integrity during a fire, for example for control systems, Nexans has extended its range of fire-resistant cables for very harsh environments.

For customers with digital transformation requirements, Nexans' Digital Lab proposes cable solutions that integrate connected objects or RFID. These solutions increase the cables' primary functions as carriers of electricity or data by giving them additional functions such as position detection, geolocation, or cable temperature gauges. Nexans also launched an innovative asset management solution during 2018, which enables defects in cable networks to be located remotely and preventive maintenance operations to be carried out.

By incorporating the RFID chip into the whole length of the cables during their manufacturing process, we can give customers the option of personalizing and tracking asset management cables and monitoring data bases integrated into the cloud.

(1) Sources: http://iri.jrc.ec.europa.eu/scoreboard18.html

In 2018, the Group's offerings of geolocated cable drums proved very successful with several European customers, enabling them to optimize the management of their equipment and their cable inventories.

Nexans is continuing to deploy eco-design methods 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.

1.9. Significant events between the end of the reporting period and the approval of the 2018 management report

On January 24, 2019, Nexans initiated an information/consultation processe and unveiled a European restructuring plan that should make it possible to:

- overhaul the organization by focusing on core businesses, eliminating regional structures and streamlining the overall structure;
- create a more agile and more efficient Nexans by reducing the number of reporting levels.

This plan should enable Nexans to:

- resize corporate business activities at head office level;
- pool certain functional activities between countries; and
- adapt selected manufacturing infrastructure.

This plan should also enhance the way Innovation and Technology is organized within the Group alongside the shift to more scaleable and versatile businesses and services.

The restructuring plan could lead to 939 job cuts and the creation of 296 new positions. The main social impact would be in Germany, France, Switzerland and, to a lesser extent, Belgium, Norway and Italy.

Nexans is working closely with all stakeholders to minimize the social impact of the plan, in accordance with the applicable laws. Nexans is deeply committed to working closely with the affected employees and the union representatives to provide the appropriate support.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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 June 2018 (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 11, 2019. It was approved by the Board of Directors at its meeting of February 13, 2019, 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

SEPARATING 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 separating 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

Christopher Guérin has been the Chief Executive Officer of Nexans since July 4, 2018.

Number of shares held: 15,977
Number of corporate mutual fund units invested in Nexans shares: 1,355
46 years old, French nationality
Address: 4 Allée de l'Arche, 92400 Courbevoie, France

Expertise/Experience

Christopher Guérin served as Senior Executive Vice President, Europe and Telecom/Datacom, Power Accessories Business Groups since 2014. Prior to this, he had headed up the Industry business line in 2013 after six years spent working in various Sales and Marketing positions in France and Europe. Between 2005 and 2007 he was Sales Director Europe. Christopher first joined the Metallurgy division of Alcatel Cables and Components (which became Nexans in 2001) in 1997 where he held various management positions. He is a graduate of ESDE/American Business School and has completed the INSEAD Management Acceleration program.

Directorships and other positions held during 2018 (and still in force at the year-end)

- None

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

- Chairman of the Board of Directors of Nexans Suisse SA
- Chairman of the Supervisory Board of Nexans Deutschland GmbH
- Director of Nexans Partecipazioni Italia Srl, of Intercablo SpA and of Legendre Holding 28 (IES)
- Chairman of the Europacable Industry Team

EXECUTIVE COMMITTEE

The Executive Committee is chaired by Christopher Guérin. It is responsible for determining the Group's strategy, allocation of resources, and organization. The Executive Committee is tasked with:

- strengthening the Group's relationship with the markets and its customers,
- enhancing the Group's capacity for anticipating change and the agility of its organization structure,
- increasing the focus on financial performance, execution, cost control, innovation, service development and transformation,
- internationalizing the Group's management profile in order to adapt to and keep ahead of the changes taking place in the wider world.

Since March 18, 2019 the Executive Committee comprises:

Christopher Guérin, Chief Executive Officer.

Nino Cusimano, 54, is Senior Corporate Vice President, General Counsel & Secretary General and joined the Group in September 2018. He is based in Paris. Prior to joining Nexans, Nino Cusimano, an Italian national, was Group General Counsel for Telecom Italia and more recently, for CMA CGM. In addition, he has held senior global roles with multinational groups such as General Electric and PPG Industries.

Vincent Dessale, 52, is Senior Executive Vice President in charge of the Subsea & Land Systems Business Group. He has French nationality and is based in Oslo, Norway. Vincent joined Nexans in 2001 and held various key Supply Chain management positions in Europe before heading up Operations in South Korea in 2006, and extending his responsibilities to the Asia-Pacific area in 2009. He held several positions in the Submarine High Voltage Business from 2012 before being appointed to his current position in February 2018.

David Dragone, 43, is Senior Corporate Vice President, Human Resources, and has been in charge of communication and corporate social responsibility since March 18, 2019. After several Human Resource management roles in the Schlumberger and Areva groups. David joined CGG in June 2012 as Senior Vice President, Talent Management & People Development before becoming Vice President in charge of Human Resources at Faurecia Interiors in 2017. David has French and Italian nationality and is based in Paris.

Juan Ignacio Eyzaguirre, 35, is Corporate Vice President, Strategy and Mergers & Acquisitions. A Chilean national, he is based in Paris. Prior to joining Nexans in February 2017, Juan held various positions in investment management and investment banking, mainly in mergers, acquisitions and equity transactions. He also served in the Chilean Government as Chief of Staff of the President of Chile. During his tenure in government he also acted as Board Member and Executive Director of Chile's state-owned holding company that mainly manages infrastructure assets.

Benjamin Fitoussi, 46, is Senior Executive Vice President and Chief Operations Officer, and Head of Europe and Business Group Power Accessories. He oversees the Harnesses business of the Automotive segment, as well as the Industrial Operations and Purchasing departments. He has French nationality and is based in Paris. Benjamin joined Nexans in 2011 as Strategy and Transformation Director before being appointed Executive Vice President for the Middle East, Russia and Africa and Executive Vice President for Resources & Transport Infrastructure in 2014. In 2017, he also took the reins of the Industry Solutions and Projects business.

Jérôme Fournier, 49, was appointed Corporate Vice President, Innovation, Services & Growth on January 1, 2019. He has French nationality and is based in Lyon, France. Christopher joined the Metallurgy division of Alcatel Cables in 1997. Between 2007 and 2011, he was Head of R&D at Nexans before working for the Michelin Group from 2011 to 2018 where he held various positions as R&D Director.

Julien Hueber, 48, is Executive Vice President in charge of the Industry Solutions & Projects Business Group and continues to lead the Asia-Pacific region. He has French nationality and is based in Asia. Julien joined Nexans in 2002 and has a strong background in Supply Chain management and Purchasing along with excellent knowledge of the Asia-Pacific region where he has held various positions in Australia, South Korea and China.

Jean-Christophe Juillard, 51, has been Senior Corporate Vice President and Chief Financial Officer in charge of Finance and Information Systems since January 7, 2019. He has French nationality and is based in Paris. Jean-Christophe has more than 25 years' experience working in finance in the United States and Europe in various companies in the manufacturing and energy sectors. In 1992, he joined a subsidiary of Spie Batignolles before moving to the Ernst & Young audit department in Paris in 1996. He held various managerial roles in Finance between 2004 and 2013 at Alstom Transport for North and South America and then in Alstom's renewable energy division. Before joining Nexans in January 2019, Jean-Christophe was Executive Vice President and Chief Financial Officer of ContourGlobal Group.

Vijay Mahadevan, 52, is Executive Vice President for the Middle East, Russia, Africa and South America. He has Indian nationality and is based in Paris. Before joining Nexans in December 2017, Vijay Mahadevan was CEO of ArcelorMittal Ostrava in the Czech Republic. He has spent most of his career in the steel industry at ArcelorMittal, where he held various positions in sales and marketing, plant management and general management on several continents. Vijay has extensive knowledge of Eastern Europe, Central Asia, the United States and the Middle East.

Pascal Portevin, 59, is Senior Corporate Executive Vice President and draws upon his considerable experience to advise the Chief Executive Officer and the Executive Committee. He is in charge of strategic projects. He has French nationality and is based in Paris. Pascal began his career at Câbles de Lyon in 1985. He has extensive knowledge of the cables and telecom markets accumulated over some 35 years in the United States and in Europe where he served as Managing Director, Chief Executive Officer, Director of Operations and Technical Director within Alcatel and then Nexans.

Steven Vermeulen, 52, is Executive Vice President in charge of the Telecom & Data Business Group and continues to oversee the North America area. He has Belgian nationality and is based in Toronto, Canada. Steven joined Nexans in January 2016 after serving as Vice President & Managing Director of Engineered Solutions for the Composite Division of Owens Corning where he also held various positions in the United States and in Europe.

DIVERSITY POLICY AMONG GOVERNANCE BODIES

When redesigning its governance structure, the Group based its recruitments and appointments on explicit criteria (qualifications, experience, skills, motivation), a non-discriminatory approach and criteria corresponding to duties entrusted. With five different nationalities represented on the Executive Committee, the Group's governance structure is illustrated by the richness of its cultural origins.
In view of improving the gender balance, the Group undertakes, for all recruitments, to propose a woman in the lists of candidates.

2.3. Administrative body

2.3.1. BOARD OF DIRECTORS' COMPOSITION AND DIVERSITY POLICY

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, 2018, the Board of Directors comprised 13 members. Since May 17, 2018, a censor attends Board meetings with a consultative role. A second censor was appointed by the Board of Directors as of February 14, 2019. A lead independent director was appointed on March 19, 2019.

In accordance with Recommendation 6.2 of the AFEP-MEDEF Code, at its meeting of February 13, 2019, the Board discussed the balance reflected in its composition and that of its committees, notably in terms of diversity. The Board aims to boost diversity and complementary skills and maintain a diverse profile in terms of age, nationality, international experience and gender balance.

Pursuant to Article L.225-37-4 of the French Commercial Code, the following table sets out the diversity policy applied by the Board and stipulates the criteria used, the objectives set down by the Board, the implementation procedures and the results obtained over the period ended December 31, 2018.

Criteria	Objectives	Procedures implemented and results obtained in 2018
Size of the Board	Maintaining the number of directors at between 12 and 16.	Given the breakdown of its share capital and the fact that three representatives of the principal shareholder Invexans Limited (UK) (Quiñenco group) sit on the Board, the Group considered 13 directors at the end of 2018 to be a satisfactory number.
Age of directors	Less than one-third of directors should be over 70 years of age.	As of December 31, 2018, the average age of the directors was 57.7 and two directors were over 70.
Gender	Maintaining a balanced representation between men and women with at least 40% of female directors.	The proportion of women[1] on the Board has continued to rise: ■ 33.3% at end-2015 ■ 41.7% at end-2016 ■ 50.0% at end-2018
Nationalities	Over 25% of directors are foreign nationals.	Three directors are foreign nationals and one director has dual nationality.
Independence	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 independence rate was 63.6%[1] at end-2018(3) and 72.7%[1] as from January 29, 2019[4]. Concerning the characterization of director independence, see section 2.3.1.2 of this Registration Document.
Expertise/experience	Seeking out complementary expertise in industry, energy, finance and services as well as extensive knowledge of the Nexans Group and its stakeholders, and rounded out by senior executive experience.	Of the Board of Directors' members, at least: ■ 8 have a career in industry ■ 2 have a career in energy ■ 4 have a career in finance ■ 3 have a career in services ■ 3 have worked within the Nexans Group ■ 6 have exercised senior management functions
Representation of stakeholders	Ensuring balanced representation of the different stakeholders.	Three directors were appointed based on a proposal submitted by the principal shareholder Invexans Limited (UK) (Quiñenco group)[a]. One director was appointed based on a proposal submitted by the shareholder Bpifrance Participations[b]. 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, a director representing employees is designated by the Group Works Council in France.

(1) Proportion of women on the Board calculated without counting the director representing employees, in accordance with paragraph 2 of Article L.225-27 of the French Commercial Code.
(2) Independence rate calculated without counting the director representing employee shareholders, in accordance with Recommendation 8.3 of the AFEP-MEDEF Corporate governance code.
(a) One of them resigned from his position as Director of Invexans (Chile) on January 28, 2019.
b) No longer an employee of Bpifrance since September 30, 2018.

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:

2019 ANNUAL SHAREHOLDERS' MEETING	Georges Chodron de Courcel, Cyrille Duval, Hubert Porte (3)
2020 ANNUAL SHAREHOLDERS' MEETING	Marie-Cécile de Fougières (5), Colette Lewiner, Kathleen Wantz-O'Rourke
2021 ANNUAL SHAREHOLDERS' MEETING	Marc Grynberg, Francisco Pérez Mackenna (4), Andrónico Luksic Craig (4)
2022 ANNUAL SHAREHOLDERS' MEETING	Véronique Guillot-Pelpel, Anne Lebel, Fanny Letier

(3) Director proposed by the main shareholder Invexans Limited (UK), who resigned as director of Invexans (Chile) on January 28, 2019.
(4) Directors proposed by the main shareholder Invexans Limited (UK) (Quiñenco group).
(5) Director representing employee shareholders.

The summary table below lists the changes that occurred in the composition of the Board of Directors and its Committees during fiscal 2018:

Date of event	Person concerned	Change that occurred
May 17, 2018	Philippe Joubert	Expiration of term of office
May 17, 2018	Philippe Joubert	End of term of office as Chairman of the Strategy and Sustainable Development Committee
May 17, 2018	Anne Lebel	Election as a director
May 17, 2018	Véronique Guillot-Pelpel	Re-election as a director
May 17, 2018	Véronique Guillot-Pelpel	End of term of office as Chairman of the Appointments, Compensation and Corporate Governance Committee
May 17, 2018	Anne Lebel	Appointed as Chairman of the Appointments, Compensation and Corporate Governance Committee
May 17, 2018	Fanny Letier	Appointed as Chairman of the Strategy and Sustainable Development Committee
May 17, 2018	Oscar Hasbún Martinez.	Appointed as censor. Since May 17, 2018, Oscar Hasbún Martinez attends Board meetings in a consultative role
November 19, 2018	Marc Grynberg	Appointed as member of the Strategy and Sustainable Development Committee

At its meeting of January 28, 2019, the Board of Directors decided to set up a Transformation Committee, for the year 2019 that regularly reviews and monitors the deployment of the Group's transformation plan. The four members of the Transformation Committee are Georges Chodron de Courcel, Marc Grynberg, Kathleen Wantz-O'Rourke and Oscar Hasbún Martinez. The Board of Directors' Internal Regulations were amended accordingly.

On February 13, 2019, the Board of Directors appointed a second censor, Jean Mouton, as of February 14, 2019. He attends meetings of the Board and its committees in an advisory role.

The Nexans Board of Directors, at a meeting held on March 19, 2019, decided to appoint Anne Lebel, chair of the Board's Appointments, Compensation and Corporate Governance Committee, as lead independent director.
The lead independent director has, among her prerogatives, the ability to conduct meetings of independent directors for whom she is also the point of contact. She reviews the Board meetings' agenda in conjunction with the Chairman and may propose additional items. She may, at any time, ask the Chairman to convene a meeting of the Board and chair the meetings in his absence.

2.3.1.1. MEMBERS OF THE BOARD OF DIRECTORS

At December 31, 2018, 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
- Member of the Transformation Committee since January 1, 2019
- Expiration of current term: 2019 Annual Shareholders' Meeting
- Number of shares held: 500
- 68 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 2018 (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 Rückversichering Schweiz AG*, Scor Switzerland AG*, and Scor Global Life Reinsurance Ireland*
- Member of the Supervisory Board of **Lagardère SCA**
- Chairman of GCC Associés (SAS)

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

- Chief Operating Officer of **BNP Paribas**
- Chairman of BNP Paribas (Switzerland) SA*
- Vice-Chairman of Fortis Bank SA/NV*
- Director of **Alstom, Bouygues SA** and **GBL (Groupe Bruxelles Lambert)***
- President of the École Centrale de Paris Foundation

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: 10
- Number of corporate mutual fund units invested in Nexans shares: 900
- 48 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 2018 (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
- Chairman of the Accounts, Audit and Risk Committee
- Member of the Appointments, Compensation and Corporate Governance Committee
- Number of shares held: 1,284 (including shares held by his wife)
- 70 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 Gabonese subsidiary of Eramet's Mining division) since 2006.

Directorships and other positions held during 2018 (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 EPCs[1] 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: 2,200
- 48 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, both in 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 EPCs[1] 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 École Centrale de Lyon.

Directorships and other positions held during 2018 (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
- Member of the Transformation Committee since January 1, 2019
- Member of the Strategy and Sustainable Development Committee
- Expiration of current term: 2021 Annual Shareholders' Meeting
- Number of shares held: 500
- 53 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 2018 (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 (Belgian 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: 2022 Annual Shareholders' Meeting
- Member of the Appointments, Compensation and Corporate Governance Committee
- Number of shares held: 3,885
- Number of corporate mutual fund units invested in Nexans shares: 1,932
- 68 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 2018 (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

Anne Lebel, Lead Independent Director since March 19, 2019

- Chief Human Resources Officer of Natixis
- First elected as a director: May 17, 2018
- Appointed as censor: November 22, 2017
- Chair of the Appointments, Compensation and Corporate Governance Committee
- Number of shares held: 500
- 52 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 2018 (and still in force at the year-end)

- Director of Natixis Assurances

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

- Censor of **Nexans**

Fanny Letier, independent director as from October 1, 2018

- Co-founder of Geneo Capital Entrepreneur
- First elected as a director: May 15, 2014
- Expiration of current term: 2022 Annual Shareholders' Meeting
- Chair of the Strategy and Sustainable Development Committee
- Member of the Appointments, Compensation and Corporate Governance Committee
- Number of shares held: 110
- 39 years old, French nationality
- Address: 19, avenue du Général de Gaulle, 94160 Saint Mandé, France

Expertise/Experience

Fanny Letier is co-founder of GENEO, a venture capital firm that finances and partners the growth and transfer of SMEs and mid-caps. From 2013 to 2018 she was Executive Director of Bpifrance in charge of Private Equity Funds and support activities. 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 2009-2012 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 2009. She is currently a member of the boards of directors of the BioMérieux group and Institut Français des Administrateurs (IFA), the French institute of company directors.

Directorships and other positions held during 2018 (and still in force at the year-end)

- Co-founder of Geneo Capital Entrepreneur
- Director of the **BioMérieux** group and Institut Français des Administrateurs (IFA), the French institute of company directors.

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

- Executive Director, Small and mid-cap investments and Accelerator Programs at Bpifrance
- Director of Alliance Industrie du Futur

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
- Member of the Strategy and Sustainable Development Committee
- Number of shares held: 2,287
- 73 years old, French nationality
- Address: Capgemini, Tour Europlaza – La Défense 4, 20 avenue André Prothin, 92927 Paris La Défense Cedex, France

Expertise/Experience

Following ten years of physics research and university lecturing (maître de conférences at University Paris VII), Colette Lewiner joined Électricité 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 2018 (and still in force at the year-end)

- Advisor to the Chairman of **Cap Gemini**
- Director of **EDF, Getlink** (formerly Eurotunnel), **Bouygues, Colas** (subsidiary of Bouygues), and **CGG**
- Member of the Académie des Technologies

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

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

Andrónico Luksic Craig, director proposed by Invexans Limited (UK) (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
- 64 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 2018 (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 Latin American 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 Americas 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 Limited (UK) (Quiñenco group)

- Chief Executive Officer of Quiřenco
- First elected as a director: May 31, 2011
- Expiration of current term: 2021 Annual Shareholders' Meeting
- Member of the Appointments, Compensation and Corporate Governance Committee
- Member of the Strategy and Sustainable Development Committee
- Number of shares held: 500
- 60 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 2018 (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 **SM SAAM* (Sociedad Matriz Sudamericana Agencias Aéreas y Marítimas S.A.)** (and various subsidiaries)
- 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*
- Director of the subsidiary of Quiñenco Hidrosur*

Hubert Porte, independent director as from January 29, 2019

- 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
- Member of the Accounts, Audit and Risk Committee
- Number of shares held: 571
- 54 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 AMA Time 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 2018 (and still in force at the year-end)

- Director of Invexans* (Quiñenco group) – Hubert Porte resigned as director on January 28, 2019
- 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.*
- Director of Plastic Omnium S.A. Chile*

Kathleen Wantz-O'Rourke, independent director

- Group Executive Director Finance & Legal, Keolis
- First elected as a director: May 12, 2016
- Appointed as censor: November 24, 2015
- Expiration of current term: 2020 Annual Shareholders' Meeting
- Member of the Accounts, Audit and Risk Committee
- Member of the Transformation Committee since January 1, 2019
- Number of shares held: 500
- 53 years old, French and Australian nationalities
- Address: 20 avenue du Recteur Poincaré, 75016 Paris, France

Expertise/Experience

Kathleen Wantz-O 'Rourke was appointed Keolis Group Executive Director Finance & Legal in April 2018. Before joining Keolis, she was Group Senior Vice President Operations & Performance at AKKA Technologies and between 2012 and 2016, she was Group Performance & Transformation and Corporate Finance Director at Engie. 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 2018 (and still in force at the year-end)

- Director of the Trust Management Institute (TMI)
- Within the Keolis Group director of Keolis SA (since May 3, 2018), director of Transpole (since June 15, 2018), and non-executive director of the following Australian companies: Keolis Downer Pty Ltd* (since November 22, 2018), KDR Gold Coast Pty Ltd* (since November 22, 2018), and KDR Victoria Pty.

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**

Oscar Hasbún Martinez, censor

- Chief Executive Officer of CSAV (Compaňa Sud Americana de Vapores S.A.)
- Appointed as censor: May 17, 2018
- Expiration of current term: May 16, 2020
- Member of the Transformation Committee since January 1, 2019
- Number of shares held: 0
- 49 years old, Chilean nationality
- Address: Hendaya 60, piso 14, Las Condes, Santiago, Chile

Expertise/Experience

Oscar Hasbún Martínez is Chief Executive Officer of CSAV (Compañia Sud Americana de Vapores S.A.) and Deputy Vice-Chairman of the supervisory board of Hapag-Lloyd AG and a member of its audit and finance committee. From 1998 to 2002, he was Managing Director and Member of the Executive Board of the Chilean subsidiary of Michelin. He then joined the Quiñenco Group, where he was in charge of its investments in Croatia. In 2011, he was appointed CEO of CSAV, where he oversaw the shipping company's transformation, restructuring and subsequent merger with Hapag-Lloyd. Oscar has a degree in business administration from Universidad Católica de Chile.

Directorships and other positions held during 2018 (and still in force at the year-end)

- Various mandates within the Quiñenco Group companies:
  - Chief Executive Officer of **CSAV* (Compaňa Sud Americana de Vapores S.A.)**,
  - Member of the supervisory board and Chairman of the audit and finance committee of **Hapag-Lloyd AG***
  - Chairman of the Board of Directors of **SM SAAM* (Sociedad Matriz SAAM S.A.)**
  - Director of SAAM S.A, SAAM Logistics S.A., SAAM SMIT Towage Brasil S.A., SAAM SMIT Towage Mexico S.A. de C.V., Florida International Terminal LLC, Sociedad Portuaria de Caldera (SPC) S.A., Sociedad Portuaria Granelera de Caldera (SPGC) S.A., Iquique Terminal Internacional S.A., San Antonio Terminal Internacional S.A., San Vicente Terminal Internacional S.A.
  - Chairman of SAMM Ports S.A. and SAAM Puertos S.A.
  - Advisor of SOFOFA (professional non-profit federation of Chilean industry and trade unions)

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

- None

Jean Mouton, censor since February 14, 2019

On February 13, 2019, the Board of Directors decided to appoint Jean Mouton as censor as of February 14, 2019. In this role, he attends Board of Directors meetings and gets to know the Board members. The Internal Regulations of the Board are applicable to him in full.

- Senior Partner and Managing Director at Boston Consulting Group (BCG)
- Appointment as censor: February 14, 2019
- Expiration of current term: February 13, 2021
- Number of shares held: 8,550
- 63 years old, French nationality
- Address: 24-26, rue Saint-Dominique, 75007 Paris, France

Expertise/Experience

Jean Mouton is a Senior Partner and Managing Director at the Boston Consulting Group (BCG). Since joining the BCG in 1982, Jean has worked extensively, mostly in France and in Italy, in a wide range of industrial sectors, including energy, industrial goods and infrastructure. He has partnered with global companies to redefine their strategies and organization and has supported numerous clients through mergers and acquisitions. Prior to joining BCG, Jean worked for Vinci in the Middle East. He is a member of the audit committee of the ARC Foundation (NGO cancer research). Jean is a graduate engineer from the École Supérieure des Travaux Publics and holds an MBA from the University of Chicago.

Directorships and other positions held

- Senior Partner and Managing Director at BCG
- Member of the audit committee of the ARC Foundation (cancer search)
- Member of the supervisory board of the Hermione Academy Foundation

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, prior to the preparation of the report on corporate governance, and whenever a new director is appointed.

On February 13, 2019, 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 noted the following situation at December 31, 2018:

- The following directors are independent: (1) Cyrille Duval, (2) Marc Grynberg, (3) Véronique Guillot-Pelpel, (4) Hubert Porte, (5) Anne Lebel, (6) Fanny Letier, (7) Colette Lewiner and (8) Kathleen Wantz-O'Rourke..

  - 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 in depth 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.

  - **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.

    Natixis group's net revenue generated by its business with Nexans in 2018 was less than 1.5 million euros. Compared to the Natixis group total net revenues of approximately 9.4 billion euros, Natixis relation with Nexans is not significant from Natixis point of view. Moreover, Natixis is one of the banks with which Nexans works on a regular basis, among others, being specified that for each financing operation, various banks are automatically brought into competition. In view of the total fees and commissions paid by Nexans group to the Natixis group in 2018, the Board of Directors does not consider the business relationship to be significant for the purpose of the independence criteria.

    In addition, the Board also took into account other criteria such as the length and continuity of the relationship between the two companies as it is a longstanding relationship dating back prior to Anne Lebel's appointment as censor and director, since it goes back to the creation of Nexans in 2001. The Board also considered the position of Anne Lebel within Natixis as Human Resources Director.
    This position does not give her direct decision-making power over the commercial agreements and financing that correspond to the business relationship between Nexans and Natixis.

    The Board therefore concluded that Anne Lebel qualified as an independent 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 (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.

  - **F. Letier** has been a director of Nexans since May 14, 2014. She was appointed and her term of office was renewed, upon a proposition of Bpifrance Participations, one of Nexans shareholders, while she was employee and executive at Bpifrance.

    F. Letier resigned from her position at Bpifrance on September 30, 2018 and created her own investment structure Geneo Capital Entrepreneur. She is now an independent entrepreneur and no longer maintains relations of any kind with Bpifrance. Under these conditions, the Board of Directors considers F. Letier to be independent *vis-à-vis* the Group and its shareholder Bpifrance Participations, as from October 1, 2018.

- **H. Porte** has been a Nexans director since November 10, 2011. He was appointed and his term of office was renewed, upon a proposition of Nexans' main shareholder, Invexans, while he was one of Invexans' directors (Chile). In this context, the Board of Directors decided to qualify H. Porte as a non-independent director.

  On January 28, 2019, H. Porte resigned as Invexans director. Under these conditions, Invexans Limited (UK) decided not to request the renewal of H. Porte's term of office with Nexans, which expires on the date of 2019 General Meeting. Nonetheless, the Board of Directors decided to propose the renewal of H. Porte's term of office as director at Nexans' 2019 Annual General Meeting and reviewed his situation with regard to Invexans' commitment.

  Under this related-party commitment: *"a person shall be deemed independent from Invexans, and/or its related Persons and/or its controlling shareholder provided it is not an employee or executive director of Invexans, or an employee or director of its parent or a company that Invexans consolidates, and not having been such a position for the previous five years"*.

  Hubert Porte fulfils the conditions of independence from Invexans pursuant to this commitment since he is neither an employee nor an executive corporate officer of Invexans, nor a director of Quiñenco, the parent company of Invexans, or of a company that Invexans consolidates, and has not been so for the previous five years.

  Therefore, the Board of Directors considers Hubert Porte as an independent director as from January 29, 2019.

■ The following directors do not qualify as independent: (1) Georges Chodron de Courcel, in view of the length of his service (16 years) and his fixed compensation as Chairman of the Board; (2) Andrónico Luksic Craig and (3) Francisco Pérez Mackenna as these two directors are proposed by the main shareholder Invexans Limited (UK), and (4) Marie-Cécile de Fougières and (5) Angéline Afanoukoé, as employees of the Group.

At December 31, 2018[2], seven of Nexans' eleven directors were therefore independent, representing an independence rate of more than 63.6%[1]. This exceeds the proportion of 50% recommended by the AFEP-MEDEF Code for widely held companies. Following the recharacterization of Hubert Porte as an independent director as from January 29, 2019, eight of Nexans' eleven directors were therefore independent, representing an independence rate of more than 72.7%[1]. This exceeds the proportion of 50% recommended by the AFEP-MEDEF Code for widely held companies.

On February 13, 2019 and on March 19, 2019, the Board of Directors also examined the status of the two censors with regard to the same independence criteria.

Oscar Hasbún Martinez is Chief Executive Officer of CSAV (Compañia Sud Americana de Vapores S.A.) a member of the supervisory board of Hapag-Lloyd AG, Chairman of the Audit and Finance Committee of Hapag-Lloyd AG, and Chairman of the Board of Directors of SM SAAM* (Sociedad Matriz SAAM S.A.) which are part of the Quiñenco group. The Board of Directors therefore decided to characterize him as non-independent.

Jean Mouton is Senior Partner and Managing Director of the Boston Consulting Group (BCG). The Board of Directors deemed him independent given the absence of any significant business relationship between Nexans and Boston Consulting Group.

(1) Independence rate calculated without counting the directors representing employees and employee shareholders, in accordance with Recommendation 8.3 of the AFEP-MEDEF Code.
(2) Given the recharacterization of Fanny Letier as an independent director as from October 1, 2018

The following table summarizes the situation of each director and the censors with regard to the independence criteria set out in Recommendation 8 of the AFEP-MEDEF Code, as from January 29, 2019[1]:

Criterion	Employee or executive officer over the past five years	Cross-directorships	Significant business ties	Family ties	Statutory Auditors	Term of office less than 12 years	Status of non-executive officer	Status of significant shareholder
Georges Chodron de Courcel	√	√	√	√	√	x	x	√
Angéline Afanoukoé	x	√	√	√	√	√	√	√
Cyrille Duval	√	√	√	√	√	√	√	√
Marie-Cécile de Fougière	x	√	√	√	√	√	√	√
Marc Grynberg	√	√	√	√	√	√	√	√
Véronique Guillot-Pelpel	√	√	√	√	√	√	√	√
Anne Lebel	√	√	√	√	√	√	√	√
Fanny Letier	√	√	√	√	√	√	√	√
Colette Lewiner	√	√	√	√	√	x[2]	√	√
Andrónico Luksic Craig	√	√	√	√	√	√	√	x
Francisco Pérez Mackenna	√	√	√	√	√	√	√	x
Hubert Porte	√	√	√	√	√	√	√	√
Kathleen Wantz-O'Rourke	√	√	√	√	√	√	√	√
Oscar Hasbún Martinez	√	√	√	√	√	√	√	x

(1) Given the recharacterization of Fanny Letier as an independent director as from October 1, 2018 and the recharacterization of Hubert Porte as an independent director as from January 29, 2019
(2) Please refer to paragraph 2.3.1.2 above.

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 19, 2019).

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, Audit and Risk 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, Audit and Risk Committee, ask the Internal Audit Department for specific studies. He reports on his findings to the Committee. He also follows, in conjunction with the Accounts, Audit and Risk Committee, the financing of the Group and the risk management process. He monitors with the Strategy and Sustainable Development Committee, the 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' appraisal 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, Audit and Risk Committee on matters relating to internal audit and internal control.

Management structure

The Chief Executive Officer is responsible for the 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 Shareholders' Meetings, 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.

Role and powers of the Lead Independent Director

The Board of Directors may appoint, upon a recommendation of the Appointments, Compensation and Corporate Governance Committee, a "Lead Independent Director", chosen from among the directors qualified as independent.

The Lead Independent Director is appointed for the duration of his or her term of office as director. The Board of Directors may terminate such assignment at any time.

The duties of the Independent Lead Director are as follows:
- Conduct meetings of independent directors and inform the Chairman of the Board of Directors of the outcome;
- Be the point of contact for independent directors;
- In conjunction with the Chairman, review Board meeting agendas and propose additional items;
- At any time, ask the Chairman to convene a meeting of the Board on a predetermined agenda and chair meetings in his absence;
- Perform any other duties that the Board of Directors may entrust to him or her;
- Report on his or her activity and action to the General Shareholders' Meeting.

The Lead Independent Director may be assisted by the Secretary of the Board in carrying out his or her duties.

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' Code of Ethics.

Nexans has also adopted a Group-wide insider trading policy whereby executives or any person with access to non-public information are 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 2018

Board meetings are convened in accordance with applicable laws, the bylaws and the Internal Regulations of the Board.

The Board met 17 times in 2018, sometimes without the presence of the Chief Executive Officer and/or internal Board members, with an average annual attendance rate of 88.8%[1]. The number of 2018 meetings attended by each Board member as of the end of 2018 is indicated in the table below:

Director	Number of meetings attended[2]
Georges Chodron de Courcel	17
Angéline Afanoukoé	17
Marie-Cécile de Fougières	17
Cyrille Duval	17
Marc Grynberg	13[3]
Véronique Guillot-Pelpel	16[4]
Philippe Joubert [5]	4[6]
Anne Lebel	15[7]
Fanny Letier	15[8]
Colette Lewiner	15[7]
Andrónico Luksic Craig	4[9]
Francisco Pérez Mackenna	16[8]
Hubert Porte	15[10]
Kathleen Wantz-O'Rourke	15[7]
Oscar Hasbún Martinez	8[11]

(2) Out of 17 meetings, of which 7 meetings set in advance and 10 special meetings on specific topics.
(3) Of which 7 meetings set in advance and 6 special meetings on specific topics.
(4) Of which 7 meetings set in advance and 9 special meetings on specific topics.
(5) Director whose term of office expired on May 17, 2018.
(6) Of which 3 meetings set in advance and 1 special meeting on a specific topic.
(7) Of which 6 meetings set in advance and 8 special meetings on specific topics.
(8) Of which 7 meetings set in advance and 1 special meeting on specific topics.
(9) Of which 2 meetings set in advance and 2 special meetings on specific topics.
(10) Of which 6 meetings set in advance and 9 special meetings on specific topics.
(11) Censor appointed on May 17, 2018, i.e., 90% of meetings held during his 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 and censors in office present at the Board meeting in question and including members who left the Board during the year (Philippe Joubert) and the director and censor who joined the Board during the year (Anne Lebel and Oscar Hasbún Martinez).

The main topics discussed by the Board during its meetings in 2018 were as follows:

Monitoring the Group's key strategic focuses and activities	■ Strategic planning process for 2018 ■ Review of the strategic plan and strategic initiatives and the Group transformation plan ■ Review of strategic options and planned mergers and acquisitions ■ Authorization of acquisitions and investments ■ Review of business performance ■ Review of Nexans' first integrated report ■ Comparative performance and market valuation criteria used by competitors
The Group's financial position, including cash flow and commitments	■ 2018 budget ■ Approval of the parent company and consolidated financial statements for the year ended December 31, 2017 and the six months ended June 30, 2018 ■ 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 of quarterly earnings and interim and annual forecasts ■ 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	■ Review of the Group's risk management system and the external assessment of risk management ■ Internal Audit and internal control report ■ Review of the Ethics Compliance Program
Management compensation	■ Adoption and modification of the compensation policy for executive directors for 2018 ■ Changes to the supplementary pension plan of certain members of the Management Board and the Chief Executive Officer ■ Determination of the Chairman of the Board's compensation and benefits for 2018 ■ Review of the Chief Executive Officer's 2017 performance and determination of his compensation and benefits for 2018 ■ Determining the Chief Executive Officer's compensation during the transition period and his termination conditions ■ Determining the compensation of the new Chief Executive Officer ■ Launch of employee performance share and free share plans for 2018 ■ 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	■ Changes to the Group's governance structure ■ Appointment of the new Chief Executive Officer ■ Succession plans for executive directors ■ Self-assessment of the composition, organization and operation of the Board and its Committees and the related actions to be deployed ■ Launch (end-2018) of an annual assessment of the Board with the assistance of an external consultant ■ 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 2018 Annual Shareholders' Meeting ■ Composition of Committees ■ Characterization of the independence of Board members ■ Appointment of a censor ■ Review of authorizations given and decisions taken by the Board ■ Review of press releases concerning the changes in governance
Market transactions	■ Capital increases following the exercise of stock options ■ Share buyback programs
Other	■ Review of the Company's ownership structure and share price ■ Notice of the Annual Shareholders' Meeting, approval of the texts of the proposed resolutions and the reports to be presented to the Meeting ■ Authorization to issue sureties, endorsements and guarantees ■ Review of related-party agreements and commitments ■ 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. In late September 2018, the directors attended a two-day strategy seminar in Italy. They were able to visit the Pioltello site where they were given a presentation by management.

2.3.2.3. THE BOARD COMMITTEES

In July 2001, the Board of Directors set up the Accounts and Audit Committee (renamed the Accounts, Audit and Risk Committee in January 2019) 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. Finally, the Board of Directors set up a Transformation Committee for the year 2019.

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.

Accounts, Audit and Risk Committee

At December 31, 2018, the Accounts, Audit and Risk 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 AFEPMEDEF Code, the independence rate of this committee, as assessed on the basis of the annual review of director independence conducted in early 2019, was 100% as from January 29, 2019, given the recharacterization of Hubert Porte as an independent director. The Accounts, Audit and Risk Committee is chaired by an independent director.

All members of the Accounts, Audit and Risk Committee have training and experience in finance, accounting or audit that surpass the obligations laid down in paragraph 2 of Article L.82319 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, Engie and Keolis.

For the implementation of the assignments of the Accounts, Audit and Risk 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, Audit and Risk 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, Audit and Risk Committee can convene a Board meeting and set the agenda.

In the course of its work, the Accounts, Audit and Risk 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, Audit and Risk Committee reports to the Board of Directors and is under its responsibility.

The Accounts, Audit and Risk Committee met four times in 2018. 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.

The total average attendance rate of the members was 83.33%, as shown in the following table:

Director	Number of meetings attended
Cyrille Duval	4
Hubert Porte	3
Kathleen Wantz-O'Rourke	3

In 2018, the Committee discussed the following main issues:

Financial information	■ Review of annual and interim consolidated 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	■ Review of internal audit activity ■ Review of the "Risk factors and risk management within the Group" and "Strategic focuses and outlook" section of the 2017 Management Report ■ Review of the "Risks and uncertainties" section in the 2018 interim activity report ■ Review of risk management procedures ■ Review of the Ethics Compliance Program ■ Presentation by the Ethics Officer of reported and potential ethics violations
Statutory Auditors	■ Presentation by the Statutory Auditors on their work ■ Monitoring of the services provided by the Statutory Auditors and authorization of non-audit services ■ Development of audit strategy by the auditors
Other	■ Review of funding projects (including a bond issue) ■ Review of the share buyback and cancellation program

Appointments, Compensation and Corporate Governance Committee

At the end of 2018, the Appointments, Compensation and Corporate Governance Committee comprised the following five members, who are all non-executive directors:

Anne Lebel	Chair
Cyrille Duval	Member
Véronique Guillot-Pelpel	Member
Fanny Letier	Member
Francisco Pérez Mackenna	Member

On the basis of the annual review of the characterization of independence of directors conducted in February 2019, the proportion of independent members on the Appointments, Compensation and Corporate Governance Committee amounted to 80% taking into account the characterization of Francisco Pérez Mackenna as a non-independent director. 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 Chairman of the Appointments, Compensation and Corporate Governance Committee can convene a Board meeting and set the agenda.

During 2018, the Appointments, Compensation and Corporate Governance Committee met nine times with a total average attendance rate of 91%, as shown in the following table:

Director	Number of meetings attended
Anne Lebel	8
Cyrille Duval	9
Véronique Guillot-Pelpel	9
Fanny Letier	8
Francisco Perez Mackenna	7

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

Appointments	■ Selection process and proposal for the appointment of the new Chief Executive Officer ■ Review of terms of office expiring at the Annual Shareholders' Meeting, proposal of re-election and appointment of new directors ■ Work on the composition of the Board and its Committees ■ Process for selecting the Chairman of the Board ■ Proposed appointment of a censor ■ Executive Committee succession plan ■ Board of Directors' diversity policy
Compensation	■ Compensation policy for executive directors for 2018 and 2019 ■ Compensation policy for other executives for 2018 and 2019 ■ Variable portion of the Chief Executive Officer's compensation for 2017 ■ 2018 compensation of the Chairman of the Board of Directors and the Chief Executive Officer ■ Conditions for the transition, followed by the departure of the Chief Executive Officer ■ Compensation of the new Chief Executive Officer ■ Acknowledgment of the partial achievement of performance conditions under Long-Term Compensation Plan No. 14 ■ 2018 Long-Term Compensation Plan ■ Changes to the supplementary pension plan ■ Review of publicly available information about executive compensation ■ Draft report on the resolutions submitted to the 2018 Annual Shareholders' Meeting ("say-on-pay") ■ International employee share ownership plan ("Act 2018")
Corporate governance	■ Characterization of the independence of Board members ■ Results of the Board's assessment conducted for 2017 and initiatives to be implemented following this assessment ■ Launch of a formal assessment of the Board for 2018 with the help of an external consultant ■ Review of the Chairman's Report on Corporate Governance ■ Review of the Committee's 2018 work program

Strategy and Sustainable Development Committee

At the end of 2018, the Strategy and Sustainable Development Committee had four members, who are all non-executive directors:

Fanny Letier	Chair
Marc Grynberg[(1)]	Member
Colette Lewiner	Member
Francisco Pérez Mackenna	Member

(1) Marc Grynberg was appointed as a member of the Strategy and Sustainable Development Committee on November 19, 2018.

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. On the basis of the annual review of the characterization of independence of directors conducted in early 2019, the proportion of independent members on the Strategy and Sustainable Development Committee amounted to 75% taking into account the characterization of Francisco Pérez Mackenna as non-independent. The Strategy and Sustainable Development Committee is chaired by an independent director.

During 2018, the Strategy and Sustainable Development Committee met four times with an attendance rate of 79.17%.

Director	Number of meetings attended
Philippe Joubert[(1)]	1
Fanny Letier	3
Colette Lewiner	3
Francisco Perez Mackenna	3

(1) Director whose term of office expired on May 17, 2018, i.e., 100% of meetings held during his term of office.

The Committee focused in particular on reviewing the strategic plan and its implementation timeline; several strategic options and 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 and M&A acted as Committee Secretary.

Transformation Committee

The Transformation Committee was created for the year 2019, on January 1. It is composed of four members.

Georges Chodron de Courcel	Member
Marc Grynberg	Member
Oscar Hasbún Martinez	Member
Kathleen Wantz'O'Rourke	Member

The Transformation Committee regularly reviews and monitors the deployment of the Group Transformation Plan.
The Committee will meet at least four times in 2019.
A report is issued after each meeting and the Committee reports on its activity to the Board of Directors.

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, Anne Lebel and Oscar Hasbún Martinez 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. Anne Lebel and Oscar Hasbún Martinez also visited some of the Group's European factories.

In the continuous improvement of their knowledge of the Group, from time to time directors meet the main representatives from the functional departments, business divisions or geographic areas. In September 2018, the directors visited the industrial site of Pioltello in Italy and benefited from a presentation of the local management team.

2.3.2.5. APPRAISAL 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 various recommendations for improvement that emerge from these appraisals are discussed by the Appointments, Compensation and Corporate Governance Committee and the Board of Directors and those selected are implemented.

In late 2018, an annual assessment of the Board was conducted with the assistance of an external consultant. Among the strengths that emerge from the results of this assessment, the members of the Board of Directors emphasized their strong commitment to the success of the Company, the confidence expressed for the Chief Executive Officer, the good quality of the presentations to the Board, the strategic seminar organized in September 2018, and the work of committees, in particular the Appointments, Compensation and Corporate Governance Committee and the Strategy and Sustainable Development Committee. The results of the appraisal also confirmed the validity of the decision to separate the positions of Chairman and Chief Executive Officer.

Areas for improvement included the strategic alignment of the various stakeholders, the balance between short and long terms, the quality of the risk management program, the succession plan approach and the need to consolidate relations between the members of the Board as well as the improvement of file preparation prior to meetings.
Finally, the adoption of English as the working language during Board meetings would be a welcome improvement.

In order to promote continuous improvement, the external consultant performed an assessment of each director's individual contribution.

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 June 2018. 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 2018 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 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 various other 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.
§ 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. On January 28, 2019, the Board of Directors decided to increase to six the maximum number of members of the Appointments, Compensation and Corporate Governance Committee. The membership of an employee representative or employee shareholders on the Appointments, Compensation and Corporate Governance Committee will be included in the forthcoming discussions of the Committee and the Board of Directors on the Committee's composition.

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 2018 by the corporate officers and senior managers referred to in Article L.62118-2 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 corporate mutual fund units or shares)*	Total gross amount *(in euros)*
Portevin Pascal Senior Corporate Executive Vice President	06/19/2018	Purchase	Shares	1,000	€29,727.50
Chodron de Courcel Georges Chairman of the Board of Directors	06/22/2018	Purchase	Shares	3,000	€89,280.00
Badré Nicolas Chief Financial Officer	07/18/2018	Subscription	Employee mutual fund units	156.2136	€4,666.10
Guérin Christopher Chief Executive Officer	07/18/2018	Subscription	Employee mutual fund units	107.4051	€3,208.19
Portevin Pascal Senior Corporate Executive Vice President	07/18/2018	Subscription	Employee mutual fund units	1,230.0007	€36,740.12
Nicolas Badré Chief Financial Officer	07/28/2018	Purchase	Shares(1)	6,500	€0.00
Guérin Christopher Chief Executive Officer	07/28/2018	Purchase	Shares(1)	5,500	€0.00
Portevin Pascal Senior Corporate Executive Vice President	07/28/2018	Purchase	Shares(1)	9,000	€0.00
Guérin Christopher Chief Executive Officer	07/28/2018	Purchase	Shares	3,800	€97,904.72
Chodron de Courcel Georges Chairman of the Board of Directors	11/12/2018	Purchase	Shares	2,000	€44,370.00
Invexans SA (legal entity linked to Andrónico Luksic Craig)	11/22/2018	Contribution	Shares	12,381,054	€319,852,149.04
Chodron de Courcel Georges Chairman of the Board of Directors	11/26/2018	Sale	Shares	5,000	€139,886.90
Lebel Anne Member of the Board of Directors	11/30/2018	Purchase	Shares	500	€14,182.30

(1) Performance shares granted under Long-Term Compensation Plan no. 14 of July 28, 2015 (see section 2.5.6.3. 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 members of the Board. 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, 2018, 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 1, 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 do not receive any directors' fees.

In accordance with the Group's policy, none of Nexans' Board members received any directors' fees in 2018 for positions held in Group subsidiaries.

Non-executive directors did not receive any compensation from the Company in 2018 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 2018 was 590,036 euros. The table below shows the allocation between the individual directors for compared to 2017 (in euros).

Board member	Directors' fees allocated in 2017 (for 2017)	Directors' fees allocated in 2018 (for 2018)
Georges Chodron de Courcel	-	-
Angéline Afanoukoe(1)	-	-
Cyrille Duval	61,000	76,000
Marie-Cécile de Fougières(2)	-	-
Jérôme Gallot(3)	25,666	-
Marc Grynberg(4)	20,370	34,000
Véronique Guillot-Pelpel	64,000	70,000
Philippe Joubert(5)	58,000	22,879
Anne Lebel(6)	4,425	70,000(7)
Fanny Letier	58,000	70,000
Colette Lewiner	46,000	43,000
Andrónico Luksic Craig	28,000	25,000
Francisco Pérez Mackenna	52,000	61,000
Hubert Porte	46,000	46,000
Kathleen Wantz-O'Rourke	46,000	43,000
Oscar Hasbún Martinez	-	29,156(8)
TOTAL	**519,485**	**590,036**

(1) Director representing employees, designated by the Group Works Council in France on October 11, 2017.
(2) Director representing employee shareholders, elected on May 12, 2016.
(3) Director whose term of office expired on May 11, 2017.
(4) Director elected for the first time on May 11, 2017.
(5) Director whose term of office expired on May 17, 2018.
(6) Director elected for the first time on May 17, 2018.
(7) Of which 34,879 euros as censor through May 17, 2018.
(8) Amount received as censor since May 17, 2018.

In addition, Anne Lebel received 34,879 euros in her capacity as censor between January 1 and May 17, 2018, when she was elected as a director. Oscar Hasbún Martinez received 29,156 euros in his capacity as censor between May 17, 2018 and December 31, 2018. These sums represent the equivalent amount of directors fees paid to Board members.

2.5.2. COMPENSATION POLICY FOR EXECUTIVE DIRECTORS FOR 2019

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 2019. It was decided by the Board of Directors at its meeting of February 13, 2019, 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 2019 Annual Shareholders' Meeting. Moreover, payment of annual variable and exceptional compensation to executive officers for 2018 is subject to approval by the 2019 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 paid or due to each of the executive directors under this policy for 2019, will also be submitted to a vote, at the 2020 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 for the determination, distribution and allocation of the components of the total compensation and benefits of all kinds of Nexans' executive directors for the fiscal year 2019 were examined by the Appointments, Compensation and Corporate Governance Committee during four meetings between November 2018 and February 2019, 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 vested or potential, are made public after the decision of the Board of Directors having determined them.

2.5.2.2. COMPENSATION OF 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. The Chairman of the Board does not receive directors' fees.

2.5.2.3. COMPENSATION OF EXECUTIVE OFFICERS

When the Appointments, Compensation and Corporate Governance Committee proposes to the Board the compensation of executive officers, it ensures that the rules applied 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.

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 reveals a significant gap.

Annual variable compensation

Executive officers are entitled to annual variable compensation for which the Board of Directors, upon the 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 the performance is based on a balance between predominant collective criteria and individual criteria, both operational and managerial.

The Board of Directors defines the target rate and the maximum rate of annual variable compensation annually 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 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 therefor is provided under special circumstances.

Executive directors 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 the recommendation of the Appointments, Compensation and Corporate Governance Committee.

Shareholding 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.

Exceptional compensation

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

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

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 2.5.4.4. of this document.

Termination and non-compete indemnities

In accordance with the AFEP-MEDEF Code, the total termination benefits and non-compete indemnities may not exceed two (2) years' worth of actual compensation (fixed plus 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 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' worth 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).

Moreover, in accordance with Article 23.4 of the AFEP-MEDEF Code, the non-compete indemnity shall not be payable if the executive officer exercises his pension rights.

Supplementary pension plan

Executive officers are covered by a supplementary pension plan set up by the Group for certain senior executive vice presidents and members of the Executive Committee who do not benefit from the defined benefit pension plan (Article 39 of the French Tax Code). This "Article 82" defined contribution pension plan under which contributions are paid to a third party was set up on September 1, 2018.

Annual contributions to the plan paid by the Company correspond to 20% of the beneficiary's total actual annual compensation (fixed plus variable).

Pension and welfare plans and unemployment insurance plan

Executive officers benefit from Group pension and welfare 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 Officer 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 2019

Compensation of the Chairman of the Board of Directors

The fixed annual compensation of Georges Chodron de Courcel as Chairman of the Board of Directors for 2019 has been set at 250,000 euros, to be paid on a proportionate basis through May 15, 2019 when his term of office expires. This amount has been unchanged since the Chairman's appointment in 2016.

Compensation of the Chief Executive Officer

1. Fixed compensation

At its meeting of January 28, 2019, the Board of Directors decided that the Chief Executive Officer, Christopher Guérin, would receive fixed annual compensation of 600,000 euros for 2019. This amount is unchanged from when he took up his duties on July 4, 2018.

2. Variable compensation

The Board of Directors, at its meeting of January 28, 2019, determined the objectives and the structure of Christopher Guérin's variable compensation for 2019. This variable compensation 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%. The objectives were set as follows:

Collective objectives for 2019

Criteria	Weighting
ROCE	50%
EBITDA	50%
TOTAL	**100%**

In the event of a significant change in the Group's reporting structure, the Board may decide to adjust these criteria in consequence.

Individual objectives for 2019

The individual objectives and their respective weighting for 2019 are as follows:

- Rallying the new team and driving a new dynamic with investors: 30%,
- Deploying and overseeing projects to boost operating efficiency and tracking and controlling the related costs: 30%,
- Transformation initiatives: 30%,
- Improving the Group's CSR profile: 10%

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 28, 2019.

Payment of annual variable compensation will be subject to approval at the 2020 Annual Shareholders' Meeting of the resolution related to the fixed, variable and exceptional items comprising the total compensation and benefits of all kinds paid or granted to the Chief Executive Officer for 2019 under Article L.225-100 of the French Commercial Code.

3. Long-term compensation

Half of the performance shares that may be granted to the Chief Executive Officer for 2019 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 10 companies: Belden, Legrand, Prysmian, Rexel, ABB, Schneider-Electric, Saint-Gobain, NKT Cables, Siemens and ZTT.

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 2019 will be subject to a financial performance condition based on measuring the Company's Simplified Economic Value Added (EVA), which corresponds to the value created in excess of the average cost of capital, at the end of 2022. Simplified Economic Value Added will be calculated as follows: operating margin – 10% of capital employed[1]. In the event of a significant change in the Group's reporting structure, the Board of Directors may decide to adjust the operating margin and capital employed to take account of this change.

For 2019, the shares that may be granted to the Chief Executive Officer are capped by the resolution adopted by the Annual Shareholders' Meeting of May 17, 2018 at no more than 12% of the aggregate number of performance shares granted (i.e., 36,000 shares), corresponding to less than 0.09% of the Company's share capital at December 31, 2018 (made up of 43,606,320 shares).

The value of the shares granted to the Chief Executive Officer should not exceed, on the grant date, a maximum of 130% of his fixed annual compensation.

2.5.3. COMPENSATION PAYABLE FOR 2018 TO GEORGES CHODRON DE COURCEL, CHAIRMAN OF THE BOARD OF DIRECTORS

At its meeting of February 14, 2018, 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

	2017	2018
Compensation due for the year	€250,000	€250,000

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

	Amounts due for 2017	Amounts paid in 2017	Amounts due for 2018	Amounts paid in 2018
Fixed compensation[1]	€250,000	€250,000	€250,000	€250,000
Variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits-in-kind	-	-	-	-
TOTAL	**€250,000**	**€250,000**	**€250,000**	**€250,000**

(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 will be available in the "2019 Annual Shareholders' Meeting" section of the Nexans website.

2.5.4. COMPENSATION PAYABLE FOR 2018 TO CHRISTOPHER GUÉRIN, CHIEF EXECUTIVE OFFICER SINCE JULY 4, 2018

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 compensation payable for 2018 to Christopher Guérin, Chief Executive Officer since July 4, 2018

	2017	2018
Compensation due for the year as Chief Executive Officer	-	€459,207
Valuation of performance shares granted during the year as Chief Executive Officer[1]	-	€264,552
Valuation of performance shares vested during the year[2]	-	€151,195

(1) Valued at the time of the performance share grant using the Monte Carlo method.
(2) Valuation at vesting date. Performance shares granted to Christopher Guérin as an employee of the Company, prior to his appointment as Chief Executive Officer on July 4, 2018.

Breakdown of compensation payable for 2018 to Christopher Guérin, Chief Executive Officer since July 4, 2018

	2017		2018	
	Amounts due for 2017	Amounts paid in 2017	Amounts due for 2018	Amounts paid in 2018
Fixed compensation	-	-	€295,385	€295,385
Variable compensation	-	-	€162,462	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits-in-kind[1]	-	-	€1,360	€1,360
TOTAL	**-**	**-**	**€459,207**	**€296,745**

(1) Company car.

On July 3, 2018, Christopher Guérin received 272,492 euros in cash in compensation for the benefits he had accrued under the defined benefit pension plan as an employee member of the Management Board. The Board of Directors also decided to grant him 7,461 free shares not subject to performance or continued employment conditions in compensation for the benefits he had accrued under the defined benefit pension plan as an employee member of the Management Board. The valuation of these shares at the grant date using the Monte Carlo method was 210,978 euros.

2.5.4.1. FIXED COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

On July 3, 2018, the Board of Directors approved the recommendation of the Appointments, Compensation and Corporate Governance Committee and set the Chief Executive Officer's fixed compensation at 600,000 euros for 2018 to be paid on a proportionate basis from July 4, 2018.

2.5.4.2. VARIABLE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

As decided by the Board of Directors at its meeting on July 3, 2018, the targeted percentage of Christopher Guérin's variable annual compensation for 2018 will represent 100% of his fixed annual compensation on a proportionate basis from July 4, 2018, with 60% determined by reference to the achievement of group-based objectives and 40% to the achievement of specific predefined individual objectives. Christopher Guérin's variable compensation for 2018 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 as Chief Executive Officer calculated on a proportionate basis from July 4, 2018.

The Board of Directors set the financial objectives for the group-based portion and their relative weighting as follows:

(1) ROCE: 30%, (2) EBITDA/sales: 25%, (3) Organic growth in standard sales: 25%; and (4) Free cash flow: 20%. Furthermore, if a minimum level for EBITDA is not reached, none of the variable compensation contingent on group-based objectives will be paid for 2018.

On February 13, 2019, the Board of Directors voted on the determination of the amount of Christopher Guérin's variable compensation for 2018 and decided:

- 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 2018 (ROCE 30%, EBITDA/sales 25%, Organic growth in standard sales 25%, and free cash flow 20%), and noted the following:
  - The achievement rate for the ROCE objective was 0%.
  - The achievement rate for the EBITDA/sales objective was 0%.
  - The achievement rate for the Organic growth in standard sales objective was 0%.
  - The achievement rate for the free cash flow objective was 0%.

Based on these figures, the Board of Directors noted that the portion of variable compensation contingent on group-based objectives amounted to zero.

- as regards the portion related to individual objectives, these are specific and pre-determined and their achievement was assessed for the period from July 4, 2018 to December 31, 2018.
  - The achievement rate for rallying the team and boosting the Company's performance was 100%. Christopher Guérin unveiled a new executive management team in December 2018, with a new governance structure and key principles. Each business division has a specific brief together with pre-defined missions and financial objectives.
  - The achievement rate for deploying all of the initiatives required to accelerate the Group's transformation was 100%. The Equity story was widely circulated following a diagnostic review, financial stress testing and a recommendation from the Board issued during the strategy seminar organized in September 2018. More than 80 managers, all of them fully focused on the Company's transformation, have been hired since September 2018 (preparation of a restructuring plan, audit of the land high-voltage business, deployment of the SHIFT program).
  - The achievement rate for the deployment of the strategic plan (growth and M&As) is 100%, reflecting the strategic agreements signed with new customers in telecoms and data markets and orders recorded in the high-voltage business.
  - The achievement rate for improving the Group's CSR profile – as assessed in particular by CSR rating agencies – is 66.7%, given the significant improvement in the ratings obtained by agencies such as ISS-Oekom, CDP, EcoVadis and Sustainalytics, and the Integrated Thinking Awards received by Nexans in 2018 for its first integrated report.

Therefore, the Board of Directors determined the amount of variable compensation contingent on individual objectives at 162,462 euros (representing 91.7% of the maximum potential amount of 177,231 euros).

The total amount of the variable compensation paid to Christopher Guérin as determined by the Board for 2018 was thus 162,462 euros or 36.7% of the maximum amount.

Payment of the Chief Executive Officer's variable compensation is subject to its approval by the 2019 Annual Shareholders' Meeting.

2.5.4.3. STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO CHRISTOPHER GUERIN

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 2018. Since 2010, the Company no longer grants any stock options.

Shares granted to Christopher Guérin in 2018

At its meeting on July 25, 2018, the Board of Directors noted that the performance conditions for Plan no. 14 of July 28, 2015 had been partially met, with the result that a portion of the performance shares granted to employees and corporate officers (including Christopher Guérin in his capacity as an employee on the grant date) had vested. In the case of Christopher Guérin, 5,500 shares vested in 2018, representing 50% of the original grant (11,000 shares based on maximum performance).

	Plan no. 18 March 13, 2018	Plan no. 18A July 27, 2018	Plan no. 18B July 27, 2018
Number of shares outstanding in 2018	Between 0 and 6,000[2]	7,461[3]	Between 0 and 14,500
Value of shares based on the method used in the consolidated financial statements[1]	€187,050	€210,973	€264,552
% capital represented by shares granted	0.01%	0.02%	0.03%
Vesting date	13/03/2022	07/27/2019 for 50% 07/27/2020 for 25% 07/27/2021 for 25%	07/27/2022
End of lock-up period	13/03/2022	07/27/2020 for 75% 07/27/2021 for 25%	07/27/2022
Performance conditions	Yes	No	Yes

(1) Valued at the time of the performance share grant using the Monte Carlo method.
(2) Performance shares granted as Company employee prior to July 4, 2018.
(3) Free shares granted as compensation for the benefits he had accrued under the defined benefit pension plan as an employee member of the Management Board.

In accordance with the Group's long-term compensation policy and the authorization given at the Annual Shareholders' Meeting of May 11, 2017, on March 13, 2018 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. 18). This plan involves grants of performance shares and free shares to the Group's key senior managers. Under the plan, the Board granted Christopher Guérin between 0 and 6,000 performance shares as a Company employee. 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 2020. Simplified Economic Value Added will be calculated as follows: operating margin – 10% of capital employed[1].

In accordance with the Group's 2018 compensation policy for executive directors, as authorized by the 22nd resolution adopted at the Annual Shareholders' Meeting of May 11, 2017 and the Board decision of July 3, 2018, at its meeting of July 25, 2018, the Board of Directors adopted long-term incentive Plan no. 18B dated July 27, 2018. This plan involves the grant of performance shares to Christopher Guérin, Chief Executive Officer.

The Board decided to grant 14,500 performance shares to the Chief Executive Officer (representing 4.83% of the 300,000 performance shares authorized for allocation by the Annual Shareholders' Meeting). The vesting of these shares is subject to the achievement of two performance conditions with equal weighting.

The performance conditions are the same as those applicable to share performance Plan no. 18 of March 13, 2018 for all employee beneficiaries of this plan. These conditions are as follows:

- (1) A share performance condition, which applies to all 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. 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.

- (2) A financial performance condition, which applies to 50% of the shares granted and is based on measuring the Company's Simplified Economic Value Added (EVA), which corresponds to the value created in excess of the average cost of capital, at the end of 2020. EVA will be calculated as follows: operating margin – 10% of capital employed( ).

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.

Out of the performance shares granted to the Chief Executive Officer, the number of shares that will actually vest at the end of the vesting period on July 27, 2022 may range between a minimum of 0 and a maximum of 14,500 depending on the attainment of the following applicable performance targets.

Performance achieved by Nexans compared with the TSR benchmark panel	% of shares vested based on this condition
1st place	100%
2nd place	90%
3rd place	80%
4th place	70%
5th place	60%
6th place	50%
7th place	40%
<7th place	0%

The Group's EVA at end-2020	% of shares vested based on this condition
≥ €110 million	100%
≥ €98 million and < €110 million	90%
≥ €86 million and < €98 million	80%
≥ €74 million and < €86 million	70%
≥ €62 million and < €74 million	60%
≥ €50 million and < €62 million	50%
< €50 million	0%

2.5.4.4. COMMITMENTS GIVEN TO THE CHIEF EXECUTIVE OFFICER

First appointed as Chief Executive Officer: July 4, 2018

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, Christopher Guérin's employment contract was terminated when he was appointed Chief Executive Officer of the Company on July 4, 2018.

(1) For Nexans, capital employed at the year-end corresponds to the sum of 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.

Termination benefits

As Chief Executive Officer, Christopher Guérin has received commitments from the Company concerning termination benefits. They were authorized at the Board meeting of July 3, 2018, and submitted for ratification at the Annual Shareholders' Meeting held on May 15, 2019.

In accordance with Article 23.5 of the AFEP-MEDEF Code, Christopher Guérin's total termination benefits 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, Christopher Guérin is entitled to a termination indemnity. The termination indemnity will be payable only (1) in the event of a forced departure due to a change of control or strategy (it being specified that this condition will be deemed to be met unless otherwise decided by the Board of Directors, particularly in the case of serious misconduct), and (2) after the Board of Directors has placed on record that the applicable performance conditions have been met, either at the time of or after the termination or change in the Chief Executive Officer's duties, in accordance with Article L.225-42-1 of the French Commercial Code.

The payment of the indemnity would be subject to an overall rate of achievement of objectives for target annual variable compensation of at least 60% over the three years prior to the date of the forced departure. The Appointments, Compensation and Corporate Governance Committee will determine the achievement rate of the applicable performance conditions and submit their findings to the Board for a final decision.

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

If forced departure takes place before the end of three full years as from the date he took up his position, the indemnity will be equal to one year's worth of his total fixed and variable compensation and the performance condition will be assessed based on the number of full years completed (either one or two years).

The final amount payable in relation to the termination indemnity would be paid in one installment within a maximum of one month after the Board of Directors' assessment of whether the applicable criteria 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 Christopher Guérin's actual compensation (fixed and variable).

Non-compete indemnity

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

In return for this undertaking he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond to one year of his total fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus an amount equal to his most recent monthly base compensation (fixed portion) multiplied by his most recent nominal bonus rate. The Board of Directors may require Christopher Guérin as Chief Executive Officer to comply with a non-compete obligation for a period of less than two years. In such a case, the non-compete indemnity payable would be reduced on a proportionate basis.

In accordance with Article 23.3. of the AFEP-MEDEF Code, as amended in June 2018, in the event of Christopher Guérin'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).

Moreover, in accordance with Article 23.4 of the AFEP-MEDEF Code, the non-compete indemnity shall not be payable if Christopher Guérin exercises his pension rights.

Supplementary pension plan

On July 3, 2018, in connection with his term of office as Chief Executive Officer, the Board of Directors approved Christopher Guérin's membership of the defined contribution pension plan set up by the Group for certain employees and corporate officers, with effect from September 1, 2018. The annual amounts payable under this defined contribution pension plan are paid exclusively by the Company and are equal to 20% of the Chief Executive Officer's reference compensation, defined as his actual annual fixed and variable compensation. The annual cost of the premiums for the Company was 118,154 euros in 2018.

Pension and welfare plans and unemployment insurance plan

Christopher Guérin is a member of the welfare plan (covering death and disability benefits and medical expenses) set up for the Company's employees. He also has coverage for loss of employment, acquired from an insurance agency, guaranteeing him, in case of an involuntary loss of professional activity, daily indemnities in the amount of 55% of 1/365th of tranches A, B and C of his professional income for the fiscal year preceding his departure, applicable for a twelve-month period following the loss of employment. The annual cost of the premiums for the Company was 4,559 euros in 2018.

2.5.5. COMPENSATION PAYABLE FOR 2018 TO ARNAUD POUPART-LAFARGE, CHIEF EXECUTIVE OFFICER UNTIL JULY 3, 2018

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 until July 3, 2018

	2017	2018
Compensation due for the year	€1,537,480	€580,614
Valuation of performance shares granted during the year(1)	€673,893	-
Valuation of performance shares vested during the year(2)	€816,952	€577,290

(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

	2017		2018	
	Amounts due for 2017	Amounts paid in 2017	Amounts due for 2018	Amounts paid in 2018
Fixed compensation	€700,000	€700,000	€525,000	€525,000
Variable compensation	€833,280	€868,630	€52,500	€833,280
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits-in-kind(1)	€4,200	€4,200	€3,114	€3,114
TOTAL	**€1,537,480**	**€1,572,830**	**€580,614**	**€1,361,394**

(1) Company car.

Arnaud Poupart-Lafarge also received 620,430 euros in cash in compensation for the benefits he had accrued under the defined benefit pension plan as Chief Executive Officer. The Board of Directors also decided to grant him 16,800 free shares not subject to performance or attendance conditions in compensation for the benefits he had accrued under the defined benefit pension plan as Chief Executive Officer. The valuation of these shares at the grant date using the Monte Carlo method was 475,020 euros.

2.5.5.1. FIXED COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

At its meeting of 16 March 2018, the Board of Directors decided that Arnaud Poupart-Lafarge's total annual fixed compensation, for an amount of 700,000 euros, would be reduced to 75% of the amount initially planned and would be paid until 30 September 2018, for a total amount of €525,000 for the year 2018.

2.5.5.2. VARIABLE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

The amount of the target annual variable compensation for 2018 approved by the Board of Directors at its meeting of February 14, 2018 was reduced to 75% of the amount initially determined. The variable portion will be determined based on the fulfillment of collective objectives for 60% and on the achievement of individual objectives for 40%. Arnaud Poupart-Lafarge's variable compensation for 2018 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 of 525,000 euros.

The financial objectives for the collective portion and their relative weighting are as follows: (1) ROCE: 30%, (2) EBITDA/sales: 25%, (3) Organic growth in standard sales: 25%, and (4) Free cash flow: 20%. Furthermore, if a minimum level for EBITDA is not reached, none of the variable compensation contingent on group-based objectives will be paid for 2018.

On February 13, 2019, the Board of Directors voted on the determination of the amount of Arnaud Poupart-Lafarge's variable compensation for 2018 and decided:

- 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 2018 (ROCE 30%, EBITDA/sales 25%, Organic growth in standard sales 25%, and free cash flow 20%), and noted the following:
  - The achievement rate for the ROCE objective was 0%.
  - The achievement rate for the EBITDA/sales objective was 0%.
  - The achievement rate for the Organic growth in standard sales objective was 0%.
  - The achievement rate for the free cash flow objective was 0%.

Based on these figures, the Board of Directors noted that the portion of variable compensation contingent on group-based objectives amounted to zero.

- As regards the portion related to individual objectives, they are specific and pre-determined and their achievement was assessed for the period from January 1, 2018 to July 3, 2018. On February 13, 2019, the Board of Directors set the amount of Arnaud Poupart-Lafarge's variable compensation for 2018 as follows:
  - The achievement rate for the deployment of the strategic plan is 0%. The plan was deployed during the first-half of 2018 before being terminated due to the Company's financial results (especially the profit warning issued in June 2018).
  - The achievement rate for improving the Group's CSR profile – as assessed in particular by CSR rating agencies – is 100%, given the significant improvement in the ratings obtained by agencies such as ISS-Oekom, CDP, EcoVadis and Sustainalytics, and the Integrated Thinking Awards received by Nexans in 2018 for its first integrated report.
  - The achievement rate for the evolution of the net income is 0% as this evolution was negative in 2018.
  - The achievement rate for sales growth (especially in ISP and Telecom) is 0%, given the weak sales growth experienced in 2018 (4.6% in ISP and 0% in Telecoms).

Therefore, the Board of Directors determined the amount of variable compensation contingent on individual objectives at 52,500 euros (representing 16.7% of the maximum potential amount of 315,000 euros).

The total amount of the variable compensation paid to Arnaud Poupart-Lafarge as determined by the Board for 2018 was thus 52,500 euros or 6.7% of the maximum amount.

Payment of the Chief Executive Officer's variable compensation is subject to its approval by the 2019 Annual Shareholders' Meeting.

2.5.5.3. COMPENSATION PAYABLE TO ARNAUD POUPART-LAFARGE FOR THE TRANSITION PERIOD

Exceptional transition period bonus

In accordance with the decision taken by the Board of Directors on March 16, 2018 and approved at the Annual Shareholders' Meeting of May 17, 2018, and pursuant to the related-party commitment procedure, an exceptional bonus may be paid to Arnaud Poupart-Lafarge for the transitional period through September 30, 2018, for a total gross amount of up to 700,000 euros. This bonus will be calculated by reference to a financial criterion for 40% based on ROCE through end-2018, and his performance in accompanying and preparing the transition to his successor for 60%. The amount of the bonus may vary according to the achievement of one or both of the above criteria, depending on their respective weight.

On February 13, 2019, based on the recommendation of the Appointments, Compensation and Corporate Governance Committee, the Board of Directors noted that the financial criterion had not been met. The objective concerning support and preparation of the transition to his successor cannot be considered as achieved. Indeed, this transition was marked by disappointing results and significant operational difficulties, which, in turn, had a significant impact on the Group's priorities and strategy, which had to be reviewed. As a result, the Board of Directors decided that the amount of the exceptional transition period bonus payable to Arnaud Poupart-Lafarge would be nil.

Post-CEO employment contract

At its meeting on July 3, 2018, the Board of Directors decided to appoint Christopher Guérin as Chief Executive Office. Consequently, Arnaud Poupart-Lafarge agreed to bring forward the effective date of his resignation as Chief Executive Officer to July 3, 2018.

In the interests of the Company, it was decided that Arnaud Poupart-Lafarge should be at the Company's disposal during the transition period through September 30, 2018, in accordance with the undertakings given on March 16, 2018.

Consequently, the Board approved a fixed-term employment contract with Arnaud Poupart-Lafarge covering the period through September 30, 2018. It was agreed that Arnaud Poupart-Lafarge would act as Adviser to the new Chief Executive Officer, providing expertise and assistance through September 30, 2018. This fixed-term employment contract for the minimum wage provided for in the collective agreement is subject to the related-party commitments procedure under Article L.225-38 of the French Commercial Code. It will be submitted for approval to the 2019 General Shareholders' Meeting. The total amount paid to Arnaud Poupart-Lafarge under this employment contract between July 4, 2018 and September 30, 2018 was 6,192 euros.

2.5.5.4. 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 2018. Since 2010, the Company no longer grants any stock options.

Performance shares granted to Arnaud Poupart-Lafarge

In accordance with the decision taken by the Board of Directors on March 16, 2018 and approved at the Annual Shareholders' Meeting of May 17, 2018, and pursuant to the related-party commitment procedure, the condition of continued employment relating to performance share Plan no. 16 of May 12, 2016 (representing up to 27,000 shares) and Plan no. 17 of March14, 2017 (representing up to
19,800 shares) was lifted for Arnaud Poupart-Lafarge, however the performance conditions remain applicable.

Furthermore, as Chief Executive Officer, Arnaud Poupart-Lafarge was granted 42,000 performance shares by the Board of Directors' meeting held on July 28, 2015. This performance share plan (i.e., Plan no. 14) provides that the performance shares granted will only vest at the end of a four-year vesting period (i.e., on July 28, 2018) subject to a condition of continued presence and performance conditions which continue to apply to Arnaud Poupart-Lafarge.

At its meeting on July 25, 2018, the Board of Directors noted that the performance conditions for Plan no. 14 of July 28, 2015 had been partially met, with the result that a portion of the performance shares granted to employees and corporate officers had vested. Consequently, the number of shares that vested for Arnaud Poupart-Lafarge in 2018 was 21,000, representing 50% of the maximum grant (42,000 shares).

11,073 performance shares granted under Plan no. 12 of July 26, 2013 to Arnaud Poupart-Lafarge in his capacity as Chief Operating Officer also vested on August 26, 2018.

	Plan no. 13 July 24, 2014	Plan no. 14 July 28, 2015	Plan no. 16 May 12, 2016	Plan no. 17 March 14, 2017	Plan no. 18A July 27, 2018
Number of shares granted	Between 0 and 24,500[(2)]	Between 0 and 42,000	Between 0 and 27,000	Between 0 and 19,800	16,800[(3)]
Value of shares based on the method used in the consolidated financial statements[(1)]	€398,415	€702,642	€948,510	€673,893	€475,020
Portion of total shares under the plan granted to Arnaud Poupart-Lafarge	7.85%	12%	12%	10%	42.3%
% capital represented by shares granted	0.06%	0.10%	0.06%	0.05%	0.03%
Vesting date	07/24/2017	07/28/2018	05/12/2020	03/14/2021	07/27/2019 for 50% 07/27/2020 for 25% 07/27/2021 for 25%
End of lock-up period	07/24/2019	07/28/2020	05/12/2020	03/14/2021	07/27/2020 for 75% 07/27/2021 for 25%
Performance conditions	Yes	Yes	Yes	Yes	No

(1) Valued 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) Free shares granted as compensation for the benefits he had accrued under the defined benefit pension plan as Chief Executive Officer.

2.5.5.5. COMMITMENTS GIVEN TO ARNAUD POUPART-LAFARGE

First appointed as Chief Executive Officer: October 1, 2014.
End of term of office as Chief Executive Officer: July 3, 2018

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

(a) Arnaud Poupart-Lafarge benefited from a defined-benefit pension plan referred to as "Article 39"; he was excluded, as are all beneficiaries more than seven years away from the age at which they will be able to retire under the general social security pension scheme. The pension plan commitment was terminated by decision of the Board of Directors of March 20, 2018.

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 benefits

As Chief Executive Officer, Arnaud Poupart-Lafarge has received commitments from the Company concerning termination benefits. 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 benefits and non-compete indemnities may not exceed two years' worth of his actual compensation (fixed plus variable) received prior to his departure.

Termination indemnity

Arnaud Poupart-Lafarge was entitled to a termination indemnity, payable only in the event of a forced departure resulting from a change of control or strategy. Because voluntary departure does not constitute a forced departure, at its meeting of July 3, 2018, the Board of Directors noted that no termination indemnity was payable to Arnaud Poupart-Lafarge.

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 fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus an amount equal to his most recent monthly base compensation (fixed portion) multiplied by his most recent nominal bonus rate.

In accordance with Article 23 of the AFEP-MEDEF Code, the Board of Directors decided to honor the non-compete undertaking and to pay Arnaud Poupart-Lafarge a non-compete indemnity from October 1, 2018 for a two-year period, equal to one year of his total nominal fixed and variable compensation. This indemnity is for a total amount of 1,400,000 euros. The Company paid an amount of 175,002 euros in 2018.

Supplementary pension plan

In accordance with the decision taken by the Board of Directors on March 20, 2018 and approved at the Annual Shareholders' Meeting of May 17, 2018, and pursuant to the related-party commitment procedure, Arnaud Poupart-Lafarge received partial compensation in 2018 for benefits accrued in the past under the supplementary defined benefit pension plan that he lost as a former beneficiary of this plan. The partial compensation consists in the grant of a maximum of 16,800 free shares not subject to performance or attendance conditions and the payment of an amount of 620,430 euros in cash.

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 was also covered by an unemployment insurance plan, set up with an insurer, guaranteeing him, in case of an involuntary loss of professional activity, daily indemnities in the amount of 55% of 1/365th of tranches A, B and C of his professional income for the fiscal year preceding his departure, applicable for a twelve-month period following the loss of employment. The annual cost of the premiums for the Company was 6,393 euros in 2018.

In accordance with the decision taken by the Board of Directors on March 16, 2018 and approved at the Annual Shareholders' Meeting of May 17, 2018, and pursuant to the related-party commitment procedure, Arnaud Poupart-Lafarge shall continue to be member of the Company's welfare plan (covering death and disability benefits and medical expenses) for a period of 12 months following the end of his term in office.

2.5.6. STOCK OPTIONS AND PERFORMANCE SHARES

2.5.6.1. 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 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 2018 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 2019 at 9.33% of the aggregate number of performance shares granted, or 0.06% of the Company's share capital at December 31, 2018 (made up of 43,606,320 shares).

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

Executive directors 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 dealing" procedures.

The Board of Directors has set at 15,000 the minimum number of shares that Christopher Guérin 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.

2.5.6.2. 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 adjustments were calculated in accordance with the regulations of the relevant plans, and in particular the legal formula applicable for adjusting the exercise price. There were no outstanding stock option plans at December 31, 2018.

	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, 2018(1)	13,734
Number of options canceled(1)	157,026
Options outstanding at Dec. 31, 2018(1)	0

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

Shares purchased in 2018 following the 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	13,734	€49.08

2.5.6.3. PERFORMANCE SHARES AND RESTRICTED (FREE) SHARES

History of free share plans and performance share plans

At its meeting on July 25, 2018, the Board of Directors noted that the performance conditions for Plan no. 14 of July 28, 2015 had been partially met, with the result that 50% 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. 13	Plan no. 14	Plan no. 15	Plan no. 16	Plan no. 16 *bis*	Plan no. 17	Plan no. 18	Plan no. 18A	Plan no. 18B
Date of Annual Shareholders' Meeting	05/15/14	05/05/15	05/05/15	05/12/16	05/12/16	05/12/16	05/11/17	05/11/17	05/11/17
Grant date	07/24/14	07/28/15	01/01/16	05/12/16	11/23/16	03/14/17	03/13/18	07/27/18	07/27/18
Number of performance shares granted (based on maximum performance)	296,940	291,000	30,000	223,200	3,900	195,300	166,900	-	14,500
o/w to the Chief Executive Officer (based on maximum performance)	50,000	42,000	-	27,000	-	19,800	-	16,800	14,500
o/w to the ten employees receiving the most shares	162,800	121,100	30,000	83,800	3,900	73,800	53,300	39,717	14,500
Number of free shares granted	15,000	29,960	-	30,000	-	30,000	44,200	39,717	-
Vesting date (French tax residents)	07/24/17	07/28/18	01/01/19	05/12/20	11/23/20	03/14/21	03/13/22	07/27/2019 for 50% 07/27/2020 for 25% 07/27/2021 for 25%	27/07/22
End of lock-up period (French tax residents)	07/24/19	07/28/20	01/01/19	05/12/20	11/23/20	03/14/21	03/13/22	07/27/2020 for 75% 07/27/2021 for 25%	27/07/22
Total number of beneficiaries	172	187	1	181	6	216	246	4	1
Number of shares vested	160,904	95,570	-	-	-	-	-	-	-
Number of performance share rights canceled	148,136	167,410	-	33,333	500	23,080	16,200	-	-

(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, Plan no. 18 of March 13, 2018 and Plan no. 18B of July 27, 2018 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 for Plan no. 17 and the end of 2020 for Plan numbers 18 and 18B. 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 numbers 18, 18A and 18B was approximately 0.6% of capital at end-2018.

Free shares granted during 2018

In accordance with Article L.225-197-4 of the French Commercial Code, the following section details share grants made during 2018 pursuant to Articles L.225-197-1 to L.225-197-3 of the Code.

At December 31, 2018, Nexans holding company comprised a Chairman of the Board of Directors, Georges Chodron de Courcel, a Chief Executive Officer, Christopher Guérin, and eight employees.

Pursuant to the authorizations granted by the Combined Shareholders' Meetings of May 11, 2017 and May 17, 2018, the Board of Directors adopted several long-term incentive plans in 2018 with the following main features:

	Plan no. 18	Plan no. 18A	Plan no. 18B
Date of Annual Shareholders' Meeting	05/11/2017	05/11/2017	05/17/2018
Grant date	03/13/2018	07/27/2018	07/27/2018
Number of performance shares granted	166,900	-	14,500
Number of free shares granted	44,200	39,717	-
o/w to the Chief Executive Officer	-	16,800	14,500
o/w to the ten employees receiving the most shares	53,300	32,256	-
Vesting date	03/13/2022	07/27/2019 for 50% 07/27/2020 for 25% 07/27/2021 for 25%	27/07/2022
End of lock-up period	03/13/2022	07/27/2020 for 75% 07/27/2021 for 25%	27/07/2022
Total number of beneficiaries	246	4	1
Number of shares vested	-	-	-
Number of performance share rights canceled	16,200	-	-

Vesting of free share plan numbers 18 and 18B is contingent on continued employment in the Company. Vesting of performance share plan numbers 18 and 18B is contingent on continued employment in the Company and performance conditions measured over a three-year period. For more information on the plan conditions, see paragraph 2.5.6.3 above).

Vesting of free shares granted under Plan 18A is contingent on continued employment in the Company. These free shares were issued to compensate for benefits accrued under the defined benefit pension plan by certain members of the former Management Board.

The number and value of the free shares granted to each of the corporate officers[1] during the year in recognition of their positions and activities by the Company and related companies pursuant to Article L.225-197-2 of the French Commercial Code:

No. and date of plan	Beneficiary	Number of shares granted in 2018**	Valuation of shares*	Vesting date	End of lock-up period
Plan no. 18A	Chief Executive Officer**	7,461	€210,973	07/27/2019 for 50% 07/27/2020 for 25% 07/27/2021 for 25%	07/27/2020 for 75% 07/27/2021 for 25%
Plan no. 18B	Chief Executive Officer**	14,500	€264,552	07/27/2022	07/27/2022

** Method used for the consolidated financial statements*
*** Positions held at the grant date*

The number and value of free shares granted to each of the corporate officers during the year in recognition of the positions they hold in controlled companies within the meaning of Article L.233-16 of the French Commercial Code:
None.

(1) Excluding employees.

Number and value of free shares granted to each of the Company's employees, who are not corporate officers, and who received the greatest number of free shares:

Beneficiaries Nexans SA employees**	Number of performance shares granted	Value of shares granted*
Member of Management Board	9,000	€280,620
Member of Management Board	7,000	€218,260
Member of Management Board	6,000	€187,080
Member of Management Board	6,000	€187,080
Member of Management Board	6,000	€187,080

** Method used for the consolidated financial statements*
*** Positions held at the grant date*

The number and value of free shares granted to all beneficiary employees and the number and breakdown of these beneficiary employees by category:

Performance shares

Category of beneficiary	Number of beneficiaries	Number of performance shares granted	Value of shares granted*
Chief Executive Officer**	1	14,500	€264,552
Members of Management Board**	7	45,000	€1,403,100
Members of Management Council**	12	23,600	€735,848
Other employees	66	98,300	€3,064,994
Total	85	166,900	€5,203,942

** Valued at the grant date under the method used for the consolidated financial statements*
*** Positions held at the grant date*

Free shares not subject to performance conditions

	Number of beneficiaries	Number of free shares granted	Value of shares granted*
Chief Executive Officer	1	16,800	€475,020
Employees who are members of the Management Board**	3	22,917	€648,020
Employees who are not members of the Management Board or the Management Council**	161	44,200	€1,821,482
Total	165	83,917	€2,944,552

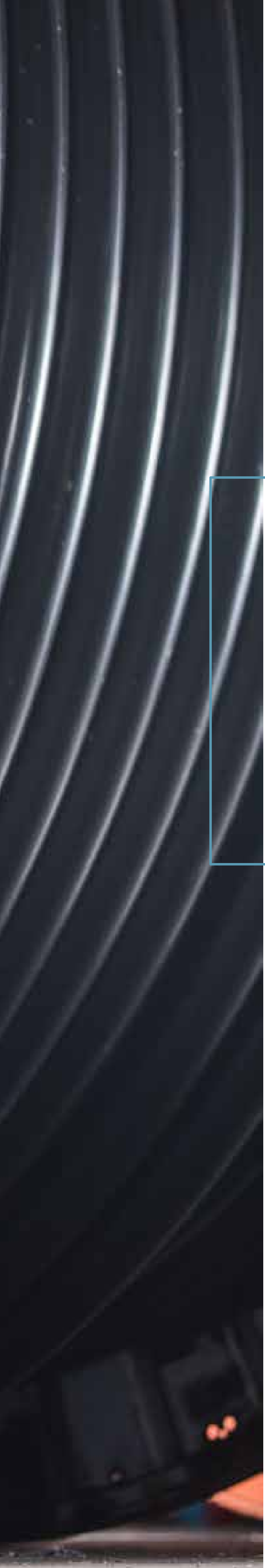
** Valued at the grant date under the method used for the consolidated financial statements*
*** Positions held at the grant date*

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 the characteristics described in the compensation policy for executive directors set out in section 2.5.2 above, particularly:

Performance conditions	Performance shares granted to executive directors will only vest if the Appointments, Compensation and Corporate Governance Committee notes that the performance conditions set by the Board at the grant date have been met.
Extended lock-up	The Chief Executive Officer is required to hold, in registered form and for as long as he remains in office, one quarter of the performance shares acquired at the end of the vesting period. This requirement applies unless the Board of Directors decides otherwise in view of the Chief Executive Officer's situation and particularly taking into account the objective of holding an increasing number of shares acquired under such plans.
Prohibition of hedging instruments	The Chief Executive Officer has formally undertaken not to use hedging instruments during the vesting period.
Recommended "blackout" periods	Group procedure on insider dealing.


NILS BERTIL FRISK
Nexans



3

Main risk factors and risk management within the Group

3.1. Risk factors

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. LEGAL RISKS

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 land 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. The appeal was dismissed on July 12, 2018. Nexans France SAS and the Company then lodged an appeal before the European Court of Justice, which agreed to examine the appeal on September 26, 2018. This procedure is still in progress.

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 in 2015, has filed a contribution claim against the other cable producers sanctioned by the European Commission, including Nexans France SAS and Nexans SA.

The investigations into the high-voltage power cables sector by the American, Japanese, New Zealand and Canadian antitrust authorities have ended without any sanctions being announced.

In Australia, the courts dismissed the allegations made by the Australian antitrust authority (ACCC) and refused to impose penalties on Nexans in relation to its high-voltage power cables business or on its Australian subsidiary in a matter involving the sale of low- and medium-voltage cables.

Antitrust investigations in the submarine and land high-voltage power cables sector are still in progress in South Korea and Brazil.
As disclosed 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 ten cases and due to the cooperation of Nexans' Korean subsidiaries, the KFTC exempted them from paying a fine in eight of these cases and imposed a reduced fine in the other cases, for a total of 850,000 euros.

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 seven 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 claims are still in progress.

In Spain, on November 24, 2017, Nexans Iberia and the Company, in its capacity as Nexans Iberia's parent company, were notified of the decision of the Spanish antitrust authority (CNMC), which found that Nexans Iberia had participated directly in an infringement of Spanish antitrust law 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. In early January 2018, Nexans Iberia settled the 1.3 million euro fine levied by the CNMC. Nexans Iberia and the Company have appealed the CNMC's decision.

The Group has recorded a 59 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 management rules and procedures have been continuously and extensively reinforced over the past several years (see sections 3.2.2 and 4.4.4 below). However, the Group cannot guarantee that all risks and problems related to behavior or actions not in compliance with Nexans' Code of Ethics and Business Conduct have been completely controlled and 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 sections 3.2.2. and 4.4.4. 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.

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.

The Group is committed to complying with the export regulations applicable to its businesses. This commitment may lead to certain transactions being discontinued due to the identity of the other party, the planned end-use of the product or the unavailability of bank financing. Export regulations have become stricter and more complex in recent years, especially in 2018.

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 below, section 3.1.2.1. Risks related to contractual liability). Disputes and contingent liabilities are also described in the 2018 consolidated financial statements, in Note 31 Disputes and contingent liabilities, and Note 23 Provisions.

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 15% of consolidated sales at constant non-ferrous metal prices. The individual value of these contracts is often high and they contain penalty and liability clauses that could be triggered if a Group company does not comply with the delivery schedule and/or with quality requirements (for example, technical defects requiring major intervention after installation due to product non-conformity resulting from production anomalies). In 2015 Nexans received orders for two major high-voltage subsea power links, between Norway and Germany (Nordlink) and between Norway and the United Kingdom (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), 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.

In 2018, the Group recorded two orders, one for the Mindanao-Visayas Interconnection Project (350kV DC MI deepwater cabling system) in the Philippines and the other for an interconnector between the Greek city Lavrion and the island of Syros. Together, the two projects represent over 200 million euros worth of orders for Nexans.

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-2018, 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 2018.

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 which may be hit by extreme price volatility.

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 2018 amounted to around 495,000 tonnes (versus some 460,000 tonnes in 2017), excluding the approximately 92,000 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 2018 totaled 105,000 tonnes (versus 103,000 tonnes in 2017).

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 the notes to the consolidated financial statements (**Note 27** Financial risks, paragraph C, Foreign exchange and metal price risks). The sensitivity of the Group's earnings to copper prices is described in paragraph E, 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.

In addition, the Group has an indirect exposure to foreign exchange risk on its purchases of oil by-products (plastics, etc.), natural gas and steel, which together account for a large proportion of total raw materials purchases other than non-ferrous metals. Although these purchases are billed in local currency (euros, etc.), the prices paid by the Group reflect world prices and the prices of underlying materials which are quoted in US dollars. No instruments are available on the market that would satisfactorily hedge this risk. However, the Group obtains a degree of protection by including price indexation clauses in its sale contracts wherever possible.

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 reduce situations where the Group is dependent on a sole supplier have enabled it to make major headway in this area. In 2018, a new broad-based initiative was launched to approve alternative materials and new suppliers. No raw materials shortages were experienced in 2018.

For 2019, 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.

Similarly, for some raw materials such as silicone or XLPE used in the production of high-voltage DC cables, the number of suppliers is limited and in the event of market pressures, the Group could experience supply problems that could adversely affect its 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.

The Group has also been adversely affected by tight conditions in the road freight market, especially in Europe and the United States where a shortage of truck drivers has led to higher prices. Similar situations may arise in the future.

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 4.4.3 Sustainable purchasing).

3.1.2.4. RISKS RELATED TO EXTERNAL GROWTH

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 2018, some 10% 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, 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. Risk factors for the Group include Brexit and its potential political and economic consequences for the United Kingdom as well as for the other EU countries, and future trade policy changes that may occur in the United States in terms of customs protection and embargoes. Similarly, the blockade of Qatar has led to fewer export opportunities for our subsidiary to the Gulf states and to longer supply lead times.

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. There is a risk of these new competitors from Southern and Eastern Europe, the Middle East and China acquiring a growing foothold in other markets, such as industrial cables and, in the longer term, submarine high-voltage cables.

In addition, the acquisition of General Cable by Prysmian in 2018 and the integration of their operations may reshape the competitive environment in the geographical regions and market segments where both groups are present.

OEM customers (Original Equipment Manufacturers) are shifting away from standardized products, and the Group's operating companies therefore have to constantly develop new products in order to accommodate increasingly demanding specifications.

The principal competitive factors in the cable industry are cost, service, product quality 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. Certain Group companies may be affected by these cycles and energy policy evolutions.

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), Switzerland (CHF vs EUR) and Turkey (TRY vs EUR, USD).

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

The Group's cost-reduction efforts can sometimes give rise to reorganization plans whose implementation involves risks both in terms of 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 previously identified. 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 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 2021 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 below, section 4.2. Planet, 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.

The Group is also subject to clean-up obligations when it closes a site. In line with this obligation, following the closure of a site in Brazil, the local subsidiary is performing clean-up operations in compliance with Brazilian 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, 2018, consolidated provisions for environmental risks amounted to approximately 7.2 million euros and mainly included amounts set aside for (i) clean-up costs for several 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 below, 4.1. People – Social approach.

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.

As of 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 27**, Financial risks to the consolidated financial statements, which also sets out a sensitivity analysis for 2018.

Please also refer to **Note 1.F.c** to the consolidated financial statements as well as **Note 8**, 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 2021, 2023 and 2024, (ii) a trade receivables securitization program used by one subsidiary, (iii) mezzanine financing and factoring programs and (iv) to a lesser extent, short-term debt taken out by a number of the Group's subsidiaries;
- the Group's future financing requirements; and
- compliance with the financial ratios provided for in the syndicated loan signed by the Group on December 2015. This syndicated loan was renegotiated on December 12, 2018 to extend the maturity to 2023 and add a 200 million euros *swingline* (see **Note 27.A** to the consolidated financial statements for further details).

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 27** 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 2018, the Group also observed an increase in its exposure to fluctuations in the price of steel used in the manufacture of medium-voltage cable armours, oil and gas prices and the prices of other inputs.

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 27.C** and **27.E** 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 27.E** to the consolidated financial statements.

The foreign exchange risk to which the Group is exposed is described in **Note 27.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 27.E**.

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 trade receivables in particular in Lebanon, Libya, Ghana and Ivory Coast are 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 some countries. Lastly, despite divesting businesses in a number of countries, 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 27.D 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. This was followed, in 2018, by a review to assess the possible impact of global warming on the Group's exposure to drought risk.

The reviews showed that the standard global warming scenarios should not lead to any significant increase in the flood, storm and drought 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 or the policy covering business interruption risks during the transportation of goods).

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 (one site in the 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 earthquakes and other natural disaster risks 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 and based to a large extent on the recommendations of its insurers. 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, product, 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 site-specific 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 Re – 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

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 the law, the Accounts, Audit and Risk 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 the 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, Audit and Risk 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, Audit and Risk 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 limit *ex ante* 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 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, Audit and Risk 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, Audit and Risk Committee and the CSR Committee (see section 4.4.4. Fair practices below).

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, Audit and Risk 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. He is supported in this task by a network of local data protection correspondents and the Information Systems Security Officer.

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.
- **Purchase Contract Review Committees** review the legal, financial and technical terms and conditions of purchase contracts in excess of 1 million euros. The persons invited to take part in the reviews depend on the amounts involved.
- **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. See section 4.4.6 Duty of care plan.

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 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 4.4.4.

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 4.4.4.

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 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 27 to the consolidated financial statements.

3.2.3. MAIN RISK MANAGEMENT INITIATIVES IN 2018

- Following the publication in 2017 of the ten golden rules of information systems security, a series of initiatives were implemented to raise awareness of these rules among information system users, make them more risk-aware, and promote best prevention practices. Examples included international and local phishing campaigns, publication of guidance on the Nexans intranet, class-room training and systems security quizzes.

- The first cyber-attack exercise conducted by the Group's Systems Security Department provided the information needed to finalize the related crisis management process.

- During the year, the Group signed up to a cyber crisis resolution service.

- Work was completed on the cyber-security audit at Nexans Services, the Group's cash management subsidiary, that was launched in response to a request issued by SWIFT to all of its members to upgrade their protection.

- A formal duty of care plan was issued in compliance with France's new Corporate Duty of Care Act. See section 4.4.6. Duty of Care.

- The procedures describing the integration process for newly acquired companies drawn up in 2017 were tested.

- Formal procedures were issued covering the review of material purchase contracts entered into by Group entities.

- Drought-risk assessments were carried out at the Group's facilities that are the most at risk, to identify countries where preventive measures are needed. See section 4.2. Planet.

- A project was launched by the Internal Audit Department to deploy a data analysis application. Deployment in the main subsidiaries will take place in stages during 2019, starting with the purchasing area.

- The Internal Audit Department also developed and implemented SAP functionalities that improve control over manual accounting entries recorded to correct posting errors.

- The SODA project, which aims to reduce risks arising due to the conflicts linked to the segregation of duties is underway (although certain improvements are yet to be implemented); an operating routine and KPIs have been defined.

- The Metals Department carried out a crisis management exercise.

- The first Compliance Week was held, to raise awareness among all Group entities of the importance of complying with the rules set out in the Nexans Code of Ethics and Business Conduct. See section 4.4.4. Fair practices.

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 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 – replaced by the Executive Committee in November 2018 – for final approval. The Group's budget is presented each year to the Board of Directors. It is then broken down into monthly figures.

The business units produce monthly reports that are analyzed by management. 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, Audit and Risk 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, Audit and Risk 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, Audit and Risk 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

Non-financial Performance Statement - Corporate Social Responsibility

Nexans brings Energy to life!

In a slow-growth and difficult economic environment, our world is full of challenges and opportunities: growing demographics, fast urbanization, e-mobility, artificial intelligence, connected objects and data exchange explosion require the safest, most reliable and adapted cabling solutions.
Nexans is confident in the future and in its ability to overcome these challenges, because the companies ushering in all these changes in energy, data and mobility in our everyday lives are its customers.

At Nexans, as a committed actor, our vocation is to transport the energy and data essential to the world's current and future development. The products and solutions we design, manufacture and deliver every day benefit the world, its people and the economy.

As a strategic partner, we will continue to anticipate our customers' needs. We create value by providing more innovative products and services, and by accelerating and simplifying megaprojects with end-to-end systems and new digital capabilities.

We are more than a cable manufacturer. We continue to reinvent ourselves and strengthen our position as an essential step towards completing continuously evolving projects in this increasingly globalized world that is changing faster than ever.

The Group works responsibly every day to respond to major challenges and meet stakeholder needs. As one of our value creation drivers, CSR[1] remains a key component and integral part of the Group's strategy.

This chapter presents the information that must be reported in the Non-financial Performance Statement[2].

The Group's business model described in Chapter 1, Presentation of the Group and its activities, highlights the advantages and strengths of its structure and processes that enable it to interact with its ecosystem in keeping with its strategic direction.

CSR strategy

To define a CSR strategy that addresses major issues in today's society, the Group conducted a materiality test[3] based on the key CSR issues covered in ISO 26000: human rights, labor relations, working conditions, environment, good business conduct, questions involving consumers and social engagement.

This test was used to establish the materiality matrix below. It shows the issues that concern stakeholders the most in order of importance for Nexans' business. In addition to the legal obligations (including the identification of the main CSR risks to which the Group is exposed), this analytical study and its dialogue with stakeholders were taken into account in defining the Group's 4 priorities, which were incorporated into a CSR 2018-2022 roadmap.

(1) CSR: Corporate Social Responsibility.
(2) Statement on Non-financial Performance: articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.
(3) See methodology used in section 4.6 Data compilation methodology for CSR indicators.

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: motivate people to act 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: *Promote a sustainable, innovative and competitive model*
- Energy transition: engage with our customers to build a sustainable economy
- Innovation: strengthen collaboration with our stakeholders to support innovation
- Resources: increase resource efficiency

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

Efforts to achieve the 12 CSR ambitions are overseen by dedicated representatives based on the 2018-2022 roadmap, which is structured into key performance indicators and their targets.

			2016	2017	2018	Evolution	Target 2022
PEOPLE	Workplace safety	Workplace accident frequency rate[1]	1.82	2.02	2.01	↘	<1
	Human capital	Managers with an Individual Development Plan	58%	72%	77%	↗	100%
		Women in management positions	23%	23%	23%	→	25%
	CSR awareness	Directors and managers having CSR goals in their annual performance targets	NA	NA	NA		100%
PLANET	Environmental management	Industrial sites certified EHP and/or ISO 14001[2]	94%	93%	93%	→	97%
	Energy	Energy intensity[3]	279	257	268	↗	-3%
	Climate	Reduction of GHG emissions (scopes 1, 2 and 3) (versus n-1)[4]	-0.83%	-2.7%	+0.41%	↗	-5%
PRODUCT	Energy transition	Revenues generated from products and services that contribute to energy transition[5]	M€485	M€770	M€581	↘	NC
	Innovation	R&D investments (% in constant metal prices sales)[6]	M€89 (2.00%)	M€102 (2.23%)	M€107 (2.43%)	↗	NC
	Sustainable Products	Total waste recycled[7]	42%	44%	55%	↗	>50%
PARTNERS	Business ethics	Managers having signed the Compliance Certificate[8]	95%	96%	97%	↗	100%
	Stakeholders	OTIF - 1C[9]	92.6%	93.0%	92.8%	→	94%
		Employee engagement index[10]	72%	NA	74%	↗	75%
	Nexans Foundation	Amount allocated by the Nexans Foundation	€300,000	€300,000	€300,000	→	€300,000

(1) Overall 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 relates to internals and externals.
(2) Number of site certified EHP and/or ISO 14001 / Total number of sites in the scope of the EMP survey (Industrial Departement tool).
(3) MWh consumed by the industrial sites / M€ in constant metal prices sales.
(4) Greenhouse Gas emissions including direct and certain indirects emissions (from electricity and steam consumption, upstream power line losses, use of fossil fuels and wastes treatment, as well as fugitives emissions). The 2022 target is based on the reduction of emissions in 2016, the base year.
(5) Revenues generated from products and services contributing to energy transition (offshore wind farm, interconnexions projects, e-mobility, smart grids, accessories, solar energy and wind energy).
(6) Total R&D expenses (including R&D, innovation, local development and assistance ingeneering costs).
(7) Recycling rate of non ferrous metal waste generated.
(8) So called in HR tool My Click "graded" employees to sign a compliance certificate by which they commit to comply with Nexans Code of Ethics and Business Conduct and declare conflict of interest, if any.
(9) On Time In Full first confirmed: Nb of order lines shipped in the right quantity at first confirmed date / Total number of shipped order lines in the month. including logistic and plants data.
(10) Scope: Cable activity.

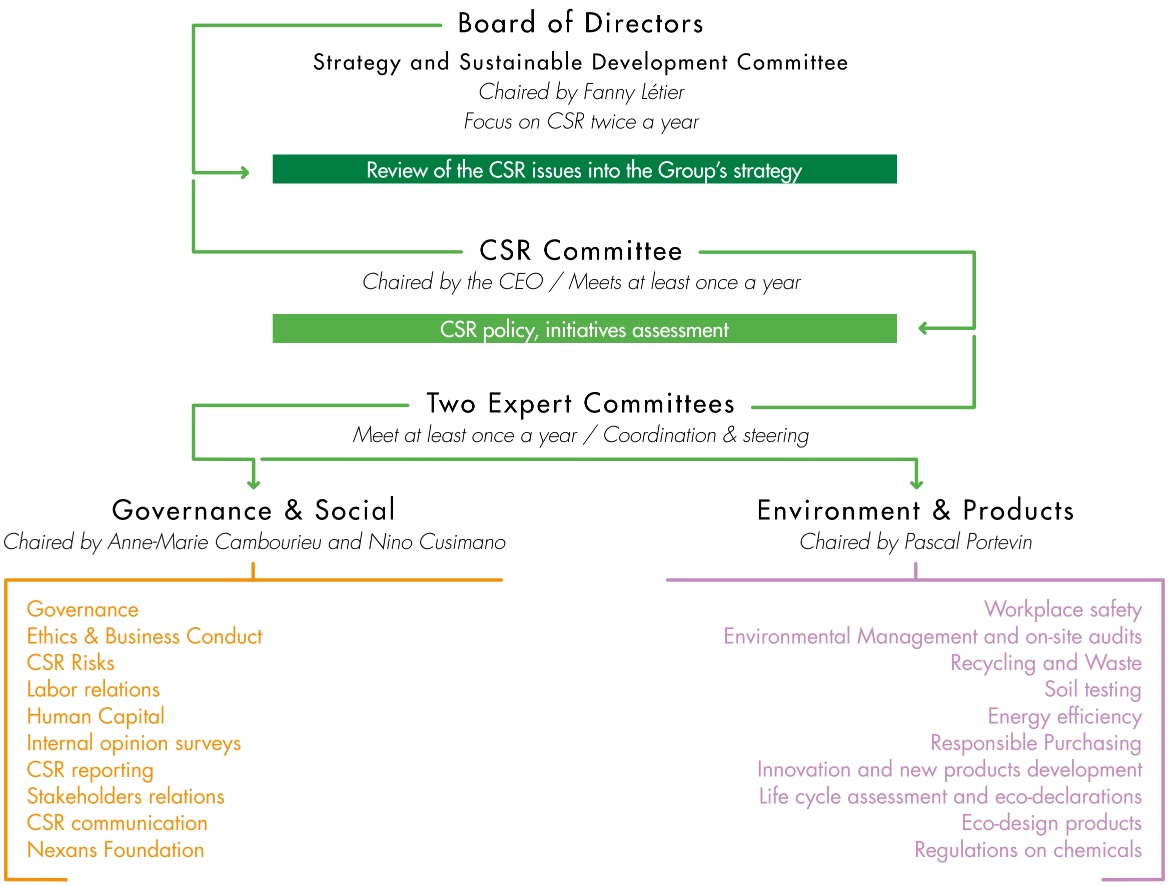
CSR performance

The CSR performance of the Group is regularly measured and recognized by its stakeholders, in particular non-financial rating agencies (see section 4.4.2., Relations with stakeholders).

This performance improved further in 2018, as measured by:

- **ISS Oekom:** B- rating (up from C+ in 2017 – B is the best rating in the industry), awarding the Group Prime status. At end 2018, Nexans was ranked 11 out of 80 in the Electronic Components industry.
- **CDP (Carbon Disclosure Project):** A rating (up from B in 2017 and C in 2016), placing the Group among the 126 A List organizations worldwide, which includes 22 French groups.
- **EcoVadis:** Advanced rating maintained at 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.
- **Sustainalytics:** Rating of 71% (up from 63% in 2017), ranking the Group 11th out of 43 in its industry.
- **MSCI:** BBB rating (up from BB in 2017 and 2016), placing the Group 9th in its industry.

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 Executive Committee.

Regarding the Fair Practices, an ethical compliance program under the responsibility of the Group's Secretary General and the Head of the Ethical Compliance Program, who report to the Chief Executive Officer and the Audit and Accounts Committee of the Board of Directors.

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**[1] chaired by the Chief Executive Officer[2], 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 the Group's Senior Corporate Vice President Human Resources, in charge of Communications and CSR, and member of Executive Committee, and by the Senior Corporate Vice President, General Secretary, and member of the Executive Committee: 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 the Senior Corporate Executive Vice President and member of the Executive 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, Ecodesign products, legislation on chemicals.

(1) CSR : Corporate Social Responsibility.
(2) See section 4.6 Data compilation methodology for CSR indicators.

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 2018 of the Group's first integrated report[1] for which Nexans earned an Integrated Thinking Award in 2018. This award recognizes the Group's integrated thinking approach to bring its actions in line with its ecosystem and its strategic direction.

Main CSR risks and opportunities

In preparing the Non-financial information statement, the Group analyzed its CSR risks so as to benefit from opportunities and reduce risks.
In this analysis, the Group checked that it had the appropriate systems in place required to manage the main environmental and social risks, and that it had taken steps to protect human rights and combat corruption and tax evasion.

The main CSR risks were identified based on information from various sources: Group-level risk analysis, stakeholder requests – including those from non-financial rating agencies – issues raised in the materiality test and operational risks associated with business activity.

The main CSR risks identified were as follows:

- Workplace safety (see section 4.1.1., An active workplace health and safety policy).
- Talent attraction and retention – loss of competence (see section 4.1.2.1., Attracting and developing talent)
- Environmental risks (see section 4.2.2, Managing pollution risks).
- Fair practices (see section 4.4.4, Fair practices).

Independent data verification

An external audit was carried out on the compliance of the Non-financial Performance Statement with the provisions of Article R. 225-105 of the French Commercial Code and the fairness of the information provided pursuant to 3° of the I and II of Article R. 225-105 of the French Commercial Code and the fairness of the social, environmental and societal information provided in this report pursuant to Article R. 225-105-2 of the French Commercial Code.

(1) Available on the Group's website (www.nexans.com).

4.1. People

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 to promote individual and collective performance, 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.

Regarding human capital, in 2018, the Group capitalized on the work accomplished in previous years to support employee development and to attract and retain talent.

CSR awareness involves integrating CSR goals into the annual performance targets of directors and managers. The tool for measuring and consolidating this CSR objective is currently being deployed. It already includes HR criteria and will also include CSR criteria.

Social policy at Nexans, along with initiatives taken or continued in 2018, is perfectly in line with its CSR priorities and addresses major CSR risks. The objective is to support 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.

			2016	2017	2018	Evolution	Target 2022
PEOPLE	Workplace safety	Workplace accident frequency rate[(1)]	1.82	2.02	2.01	↘	<1
	Capital Humain	Managers with an Individual Development Plan	58%	72%	77%	↗	100%
		Women in management positions	23%	23%	23%	→	25%
	CSR awareness	Directors and managers having CSR goals in their annual performance targets	NA	NA	NA		100%

(1) Overall 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 relates to internals and externals.

At December 31, 2018, the Group's 27,058 employees (26,308 in 2017) broke down as follows:
- its international scope: 89% of the Group's employees work outside France and 43% work outside Europe;
- a substantial proportion of headcount (15%) made up of executives, engineers or the equivalent, of which 23% are women;
- proportion of women within the Group of 34%;
- a high proportion of employees in full-time employment (98%), on permanent contracts (85%).

The number of executives, engineers and managers has increased by 3 points, representing 15% of the workforce, 22% of whom are women.

NORTH AMERICA

3,470 employees (12.8%)
- **33.4% women**
- **15.8% managers** of whom 26.6% women
- **91.6% on permanent contracts**

Average length of service **7.4 years**

Average age **39 years**

Workplace accident frequency **0.82**

EUROPE

15,448 employees (57.1%)
- **34.8% women**
- **14.9% managers** of whom 22% women
- **92.6% on permanent contracts**

Average length of service **10.5 years**

Average age **41.8 years**

Workplace accident frequency **3.08**

NEXANS

27,058 employees
- **34.4% women**
- **15% managers** of whom 23.3% women
- **84.9% on permanent contracts**

Average length of service **9.4 years**

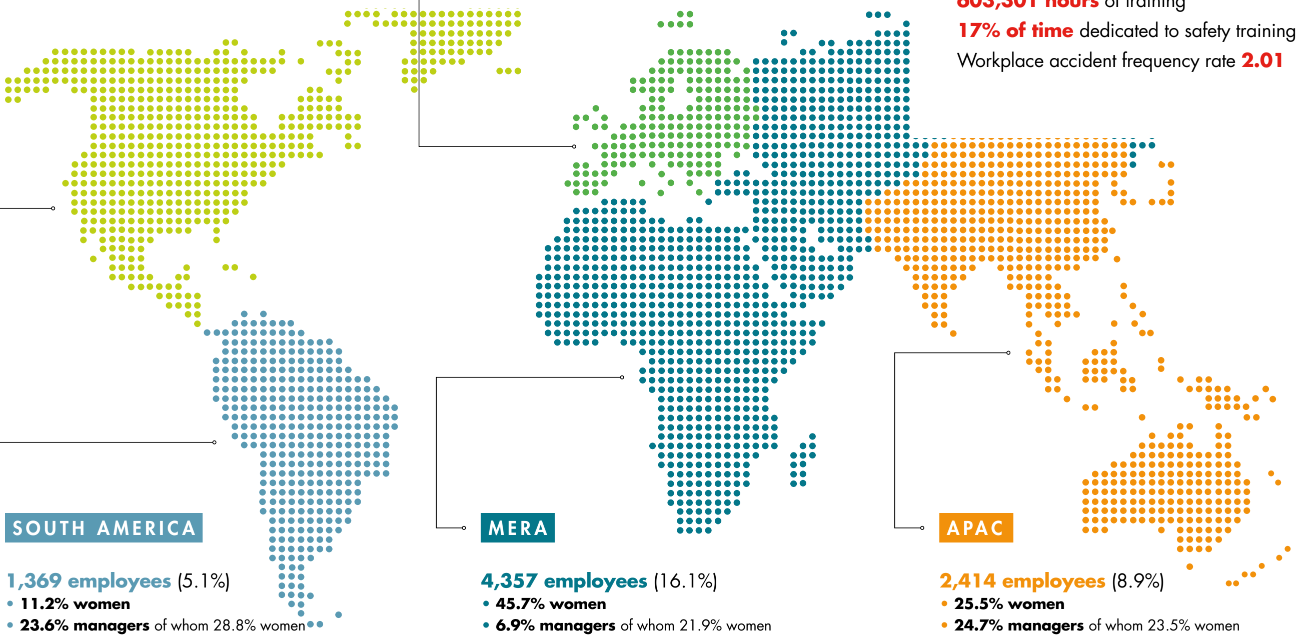
Average age **40 years**

4.6% of temporary workers

603,301 hours of training

17% of time dedicated to safety training

Workplace accident frequency rate **2.01**



SOUTH AMERICA

1,369 employees (5.1%)
- **11.2% women**
- **23.6% managers** of whom 28.8% women
- **95.3% on permanent contracts**

Average length of service **10.3 years**

Average age **41 years**

Workplace accident frequency **1.21**

MERA

4,357 employees (16.1%)
- **45.7% women**
- **6.9% managers** of whom 21.9% women
- **58.5% on permanent contracts**

Average length of service **6 years**

Average age **34 years**

Workplace accident frequency **0.96**

APAC

2,414 employees (8.9%)
- **25.5% women**
- **24.7% managers** of whom 23.5% women
- **67.6% on permanent contracts**

Average length of service **11.6 years**

Average age **40.5 years**

Workplace accident frequency **1.04**

Definition of the workplace accident frequency rate: see section 4.1.1.1.

In 2018, the Group's 7,508 hires by age group were as follows: 61% of employees were under 30 (versus 58% in 2017), a total of 23% were between 31 and 40, another 11% were between 41 and 50 and 5% were over 50.

Average length of service for the Group's employees was 9.4 years, for an average age of 40 years.

Monitoring absenteeism is a key element of management. In 2018, the Group's absenteeism rate stood at 5.2%, 4.8% for Cables and 5.7% for the Harness business.

In 2018, 15.4% of the Group's total headcount were on fixed-term contracts. 4.6% of temporary workers increased the total headcount in 2018.

Overtime accounted for 6% of total hours worked.

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 (23 % in 2018).

With over 30 nationalities represented at the registered office, of which five nationalities among the 12 members of the Executive Committee, 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

The WIN (Women in Nexans) program has been implemented in nearly every country where the Group operates. Local and regional action plans have taken shape thanks to the motivation of WIN Country Leaders and members of the Global Steerco. These plans focus on three key aims: 1. Creating the community, 2. Building the pool of resources, and 3. Well-being. WIN members share and discuss issues to decide where to take action. Initiatives include a mentoring program in four countries, an e-coaching test project with a French start-up, awareness sessions in honor of International Women's Day on March 8 and of Pink October for Breast Cancer Awareness Month. The WIN program reaches a large audience within the Group via its dedicated intranet site.

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 November 2018, for the third consecutive year, the Group's registered office and the Nexans France registered office held events and awareness workshops for European Disability Employment Week.
A wellness massage workshop staffed by people with a disability was available, and a table tennis workshop was organized with Maxime Thomas (No. 3 player worldwide and medal winner at the 2016 Paralympic Games in Rio) and his coach. About sixty employees participated, simulating a disability by playing in a wheelchair, to discover all the coordination, dexterity and manual precision required to play the game from this perspective.
The same hotline service available to employees for the past three years was again provided by an independent firm to meet needs and answer questions, particularly about administrative issues.

4.1.1. AN ACTIVE WORKPLACE HEALTH AND SAFETY POLICY

"Safety starts with me!", such is the commitment of Nexans carried to the highest level of 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.

4.1.1.1. 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 is continually improved and developed. For example, since 2018 accidents without lost working time have been taken into account in the same way as accidents involving lost working time. The Group's overarching goal is to continue improving risk analysis at each site.

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-2018, the Group's overall compliance came to 97%.

Since 2014, the Group has held its annual **Safety Day** event at all its sites. On September 17, 2018, all employees took part in a variety of activities focusing on workplace health and safety. The following priorities were set for 2019 to improve safety performance and awareness:

- "Safety Walk" – All managers at Group sites (from team leaders to site managers) are regularly asked to make safety observations.
- Map of the five main risks – All sites must determine a list of their five main risks and report on the advancement of their risk elimination plan at management reviews. Operators play an essential role in identifying and eliminating risks.

To improve risk prevention, a detailed analysis of risks specific to each site is being carried out and will continue in 2019. This analysis will be used to define the priorities for each site and the associated action plans.

Workplace Safety indicators

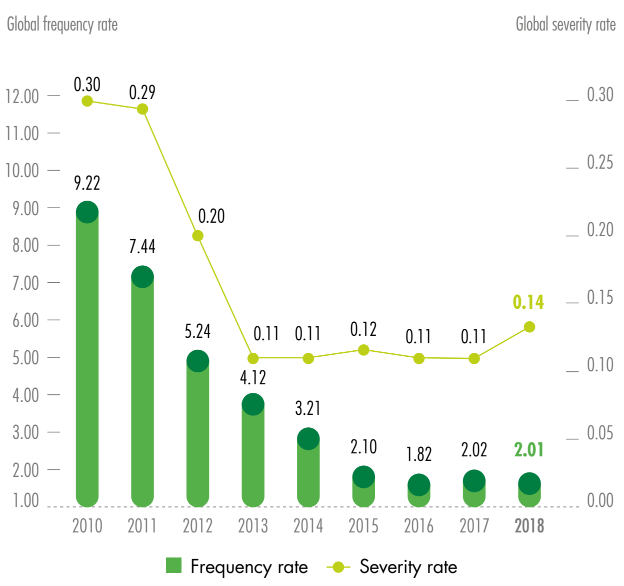
Despite the efforts made over the year, the total workplace accident frequency rate with lost working time raised at 2,01 at end-2018, as against the target of 1.80. The Group clearly plans to continue its work on workplace health and safety in the years to come, and targets a frequency rate of 1 by 2022. However, the frequency rate has fallen by over 78% since 2010.

This frequency rate breaks down as follows:

- Frequency rate for internal employees: 1.89 (with 91 accidents)
- Frequency rate for external employees: 3.99 (with 11 accidents)

In 2018, nearly half of the manufacturing sites 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 Amercable site in USA with over 3,000 days without any accidents, and Kynsperk in the Czech Republic, with over 2,200 days without any accidents.
The Group's severity rate raised slightly at 0.14 (versus 0,11 in 2017).



The definitions of the frequency rate and severity rate are included in section 4.5., Environmental and social indicators – CSR concordance tables.

40% of the manufacturing sites are OHSAS 18001 certified.

Behaviour 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 2018, representing the official launch of this program which also took place in Greece and Belgium. This initiative was initially developed in Sweden to enable each employee to change habits based on mutual encouragement. The program will continue to be rolled out mainly at European sites, where additional effort is needed.

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.

4.1.1.2. 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.

Along with the extensive information and training on workplace health and well-being provided at our Safety Day held on September 17, 2018, 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, Norway 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 Lebanon 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.

4.1.2. APPEAL, 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. To better identify internal candidates for mobility, in 2018 the Group set up an online profile for executive staff, which they can complete with their professional experience, degrees, certifications, and job and language skills. This tool will be developed further in 2019.

4.1.2.1. 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 2018 Nexans launched an employer branding strategy, "Nexans, Amazing Actually", to promote the Group and its employees. Designed to attract new talent, this primarily digital campaign is circulated on social media and offers an interactive experience on a dedicated website that highlights significant projects led by Group teams worldwide.

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, 2018, the Group had 18 employees working under the VIE program in eight countries (Belgium, Brazil, Germany, Italy, Qatar, South Korea, Switzerland and the 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-2018, 16 interns worked at the Group's registered office.

Developing managerial talent

Several years ago, the Group implemented a talent review process (SPID) applicable to all levels of the organization in order to identify employees with the capacity and drive to advance through different levels of the organization or gain specific expertise.
In 2018 the Group also introduced a talent management module into its HR software suite (My Click Talent) to support employees' professional development.
The Group is also continuing its efforts to structure succession planning for key positions by involving managers in the career development of their teams and raising their awareness to diversity and long-term skills planning.

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 801 people have benefited from these programs that aim to enhance career development and personal skills.

4.1.2.2. 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 (77% in 2018).

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.
In addition to completing and updating their online profile, employees can indicate any desire to change functional positions or geographic locations, as a way to better prepare career development discussions with their manager and HR department

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.

Nexans continued to deploy the Manage Me Up! program launched in 2017 to train the Group's 2,300 managers regardless of their organizational level or culture. By the end of 2018, 801 managers were being or had been trained, for a total of 81 classes, 14 of which were led by a team of internal trainers. The program is expected to continue until 2020.
Manage Me Up! demonstrates the importance the Group gives to all its managers, the essential links in the chain towards achieving results and disseminating a shared culture of rigor, care, and kindness.

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:

"NEW" CHAMPIONS

NEW (Nexans Excellence Way), Nexans' continuous improvement program, continues to develop. In 2008, Nexans University certified the first 50 Level 2 continuous improvement champions worldwide. These champions now support continuous improvement projects at the local level. Over 100 candidates are currently in training for Level 2 certification. In 2019, the first group set to obtain Level 3 certification will begin training, and an accelerated course to provide informed contributors (Level 1) will be rolled out for smaller projects.

FINANCE ACADEMY

In 2018, the Group extended its range of online training courses for its employees in the Finance Department. The Finance Academy now offers courses in metals finance, risk hedging, cash management and management control.
Most of these courses are digital, to adapt to different individuals' learning needs, and cover both technical and behavioral expertise. Some courses offer certification on completion.

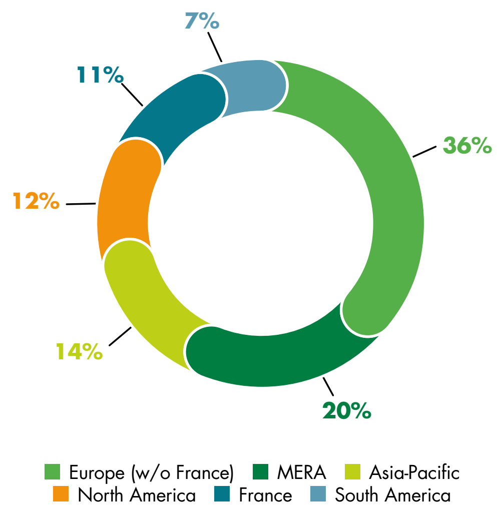
International mobility

The Group 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-2018, 73 employees were on international mobility assignments. They are all covered by four formal policies which ensure equal treatment for all those involved in the international mobility program, along with social and tax protection adapted to their individual situation.

Most of the international mobility positions were in Industry, accounting for 26% of expatriates in 2018, followed by Finance with 14%.

Average length of service for expatriates in the Group is 14 years.

Expatriates 2018



4.1.2.3. POLICY GROUP TRAINING

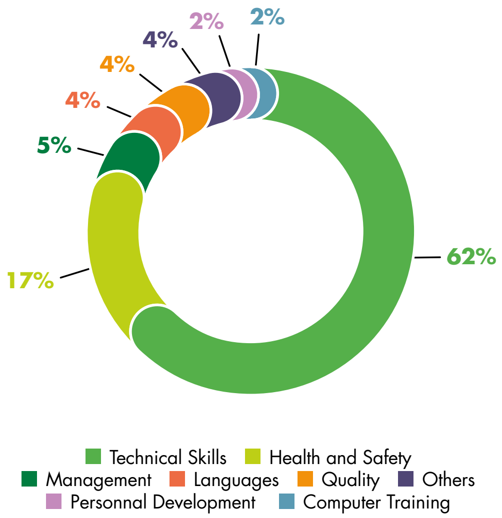
Training is a key issue for Nexans and its employees, and is an important factor, in addition to those mentioned above, in its approach to skills development.

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-2018, the total time devoted to training (in the workplace or outside the Company) amounted to 603,301 hours (versus 330,353 hours in 2017), with a significant effort particularly in Tunisia for new entrants of the Harness business, who benefited from a 160-hour training module.
Group-wide, 20,582 employees (over 76% of the Group's average headcount in 2018, versus 61% in 2017) followed one or more training courses during the year, representing an average of 30 hours' training per employee trained in 2018.

Managers represented 17% of the total training numbers.

In 2018, training efforts focused on technical skills, which represent 62% of the training provided.



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.

For example:

PUTTING DIGITAL INTO PRACTICE... NO SMALL FEAT!

The proportion of digital training continues to grow within the range of courses available through Nexans University, with more content produced internally.
In 2018, a digital academy began providing employees with tools, software and processes that enable them to build their own training course. However, making digital training available to employees is not enough to encourage them to take the training. Then, once they have enrolled, they still have to stay long enough to complete the course. An in-depth study was carried out on the user experience and the ergonomics of the digital training interface. Our academies also explored the gaming universe to boost enrollment in the digital courses available.

USING VIRTUAL REALITY TO TRAIN OUR STAFF

Virtual reality and mobility were developed to better meet the needs of employees working in the field, such as sales and operational staff at project sites.
For example, an innovative project launched in 2018 used virtual reality to train our technicians in high voltage electric testing and earn their certification in a safe environment.
Our customers are also beginning to request digital versions of some of our training courses.

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.

4.1.2.4. 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 use of compensation surveys and for salary increase budgets to be set in line with the Group's financial resources and 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 with Nexans' three-year strategic objectives. In 2018, this 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., (Variable compensation of the Chief Executive Officer), 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 with employer contributions from Nexans France paid on top of the amounts they invest.

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.

This is a key element of the Group's governance, reflected in the presence of two employee representatives on the Board of Directors. Nexans aims to build stronger ties between the company and its employees.
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.

Such was the purpose of the eighth employee share ownership plan, Act 2018, launched in May 2018 and offered to over 16,000 employees worldwide. Employees in two new countries – Ghana and Japan – had the opportunity to participate in the plan for the first time, and on attractive terms.
In addition to the leveraged plan with guarantees on employees' personal contribution, offered every two years since 2010, Nexans wanted to go a step further with a contribution in shares for each employee who invests in the capital increase.
The scheme was a huge success, with the participation rate increasing 45% to 21.6%, compared with 15% in 2016. All of the shares were subscribed for, raising nearly 14 million euros in cash for the Group.

Following the completion of Act 2018, 20% of Group employees now own shares in Nexans, representing 4.70% of the share capital at December 31, 2018.

4.1.3. LABOR RELATIONS AND SOCIAL DIALOGUE: A KEY COMPONENT OF THE GROUP'S TRANSFORMATION

Through its adherence to the Ten Principles of the Global Compact, Nexans demonstrates its strong 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 the best internal 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 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 continues to look forward to the publication of the decree.

4.1.3.1. 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, Generation Y engagement initiatives, etc.) which is starting in France and is still being rolled out in Europe.

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 2018, and in a concern for economic performance and improvement of employees' working conditions, the Group's subsidiaries entered into nearly 50 collective agreements with employee representative bodies in some 20 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 (five new agreements in three countries).

4.1.3.2. UNE INSTANCE EUROPÉENNE DÉDIÉE AU DIALOGUE SOCIAL

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.

For example, NEWCO engaged in meaningful dialogue with Group Management at the meeting on November 22, 2018 about giving new direction to certain points in the strategic plan.

The three-year cycle for the 2016-2018 terms of office expired at the end of December 2018. The body was re-elected for another three-year term.
To strengthen NEWCO's role, an amendment to the initial founding and operating agreement will be officially approved in 2019 and applied as of January 1, 2020.

4.1.4. EMPLOYEE COMMITMENT AND ENGAGEMENT

Employee commitment is vital to achieving operating excellence and meeting the Group's performance objectives.

The Group 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 worldwide programs, such as Safety Day, which was held on September 17, 2018. This one-day event brings together Group employees to participate in workshops on workplace safety and the safety mindset.

Local events also take place regularly at sites to open our organization to families (Family Day) and customers at sharing events mainly 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. Three three-day integration sessions were held in 2018, bringing together around 130 employees at the Group's registered office with a visit to a manufacturing site.

The engagement and outstanding contribution of certain employees is celebrated every year with the Nexans Remarkable People Program, which has handed out awards to 182 employees since it began in 2016.

REMARKABLE PEOPLE

The program's third edition confirmed its important role within the Group. This year, 151 applications were submitted for recognition of individual or collective achievement.
In all, 25 projects were selected, with 61 employees in 13 countries winning awards for their remarkable engagement or performance.
This annual employee recognition program embodies the Group's six corporate values and reflects employees' strong dedication. Twenty percent of managers actively participate in the program, which receives applications from one out of every 50 employees.

The Group's latest opinion survey showed that "recognition" had risen 9 points, a factor promoted by the Nexans Remarkable People program.

Employee commitment

The Group's employee commitment survey was conducted over four weeks in September 2018 in a fully digital version. Over 11,500 employees answered the survey, i.e. a participation rate of 79% worldwide for the Group's Cables business.

This third edition of the survey, introduced in 2014, measured employee viewpoints in 16 areas of their work life (management, leadership, training, communication, operating efficiency, etc.), which were covered in 89 questions.

All areas had improved since the 2016 survey, concretely reflecting the visibility and progress of initiatives launched in 2017 and continued in 2018. Over 600 actions were taken at Group sites to improve areas such as working conditions, organizational efficiency, internal communication. Sixty-five percent of these initiatives were completed by the end of July 2018.

Safety culture, company values and ethics, and employee engagement emerged from the survey as the Group's strengths. The most progress was made in communication, company values and ethics, and corporate culture.
The employee engagement rate increased from 72% to 74% between the 2016 and 2018 surveys.

Within the scope of this continuous progress-oriented initiative, Nexans' next survey will 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.

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:

- 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.
- 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.
- Social climate: Eliminating social irritants through proactive management, increasing productivity and efficiency and reducing absenteeism.
- Managerial practices: Developing close, high-quality collective and interpersonal communication practices and boosting team performance through human empowerment.
- 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 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. Planet

The Group actively works to limit the impact of its business activity on the environment and sell products that contribute to the energy transition.
To achieve this objective, the Group has set ambitious targets in four key areas. One of these areas involves managing environmental impacts.

The Group's first goal in this area is to maintain a high standard of environmental management at its sites by developing certification and virtuous environmental conduct programs.

Energy efficiency also remains a priority for the Group, which is moving forward with its programs to improve its performance.

Climate change is another key focus. The Group has taken numerous initiatives so that its business activity has the lowest possible impact on the climate. The Carbon Disclosure Project (CDP) recognized the Group's efforts to reduce climate change by giving it an A rating for 2018.

The Group's environmental targets are in line with the Sustainable Development Goals set by the United Nations, which the Group adopted in 2008.

			2016	2017	2018	Evolution	Target 2022
PLANET	Environmental management	Industrial sites certified EHP and/or ISO 14001[1]	94%	93%	93%	→	97%
	Energy	Energy intensity[2]	279	257	268	↗	-3%
	Climate	Reduction of GHG emissions (scopes 1, 2 and 3) (versus n-1)[3]	-0.83%	-2.7%	+0.41%	↗	-5%

(1) Number of site certified EHP and/or ISO 14001 / Total number of sites in the scope of the EMP survey (Industrial Departement tool).
(2) MWh consumed by the industrial sites / M€ in constant metal prices sales.
(3) Greenhouse Gas emissions including direct and certain indirects emissions (from electricity and steam consumption, upstream power line losses, use of fossil fuels and wastes treatment, as well as fugitives emissions). The 2022 target is based on the reduction of emissions in 2016, the base year.

4.2.1. 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 EHP (*Environnement Hautement Protégé* or Environment Highly Protected – Group label);
- limiting and controlling the consumption of natural resources: water, raw materials;
- controlling energy consumption;
- preventing risks of air, water and ground pollution resulting from our businesses;
- reducing CO_2 emissions created by our businesses;
- 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, who works with the network of local environment managers and site managers.

Environmental evaluation and certification

As part of the continuous improvement approach and of the prevention of the main environmental risks identified in connection 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: the EHP (Environment Highly Protected) which is not only an environmental management system, but also a management system for environmental risks constituting an obligation of result for the sites, which distinguishes it from ISO 14001. As such, since the 2000s, Nexans has anticipated the recent evolutions of 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 EHP2 label, which applies more stringent criteria to aim for excellence.

In 2018, and as in 2017, 66 sites were ISO 14001 certified, representing 75% of the Group's sites, and 78 sites held the EHP label, or 89% of sites. To date, 5 sites have been awarded the EHP2 label.

Accordingly, 93% of sites are covered (versus 89% in 2017), in minima, by an environmental certification. The 2022 objective of the CSR roadmap is to have 97% of sites certified.

The EHP label covers 12 main areas[1], broken down into 39 criteria managed and consolidated using a special system. A few criteria and objectives required to obtain the EHP/EHP2 label are provided as examples in the table below.

Main criteria	EHP	EHP2
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

Providing training and information to employees on environmental protection

Specific training sessions are provided to employees based on their level of responsibility.

New employees at each site receive training on environmental rules to follow, as an integral part of the environmental and safety training plan for new hires.
Subcontractors working at our sites are also informed about current environmental rules.

A whistle-blowing procedure is available and open to all Group employees and third parties (see section 4.4.4, Fair practices) to report any violations of the Code of Ethics and Business Conduct, including environmental issues.

Regular environmental audits of production sites also raise awareness about environmental management strategy.

(1) The main areas are raw materials, water, air, waste, noise, energy, land and groundwater, and storage of liquids.

The Group provides its employees with training in other specific areas, such as REACh[1] (see section 4.1.2.3., Group 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 4.4.1, Regional, economic and social impact of the Group's businesses).

Preventing environmental risks

The annual environmental survey conducted as part of the EHP assessment (12 main areas broken down into 39 criteria) is used to measure the environmental risks at each site and map out the Group's environmental risks.
Every year, this map is sent to the Group's Head of Risk and supplemented with planned prevention measures, such as protecting stored hazardous liquids and eliminating asbestos in certain regions. These measures are submitted for approval to the Environment and Products CSR Committee.

Natural disasters – As mentioned in Chapter 3, Main risk factors and risk management within the Group, 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 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.

The main risks identified in the duty of care plan are outlined in section 4.4.6., Duty of care plan.

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 EHP 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

The Group continues to work hard to protect the environment by investing in protection initiatives that aim to improve its environmental performance.

In 2018, environment-related expenditure amounted to 4.5 million euros (versus 4.3 million euros in 2017) and mainly concerned the following items: environmental taxes (including water tax), maintenance (including the purchase of

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

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 3.9 million euros worth of environment-related investments were approved for 2018 (versus 3.2 million euros in 2017). These investments were used to replace less energy-efficient equipment, buy new cooling towers, remove asbestos from roofs and repair electric machinery, among other things. 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.

4.2.2. MANAGING POLLUTION RISKS

EHP 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 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

(1) HFFR : Halogen-Free Flame Retardant

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 2018, 168,000 euros was invested in this program, in addition to the 632,000 euros invested in 2017. The Group will continue investing in this work 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.

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.

Regulations applicable to refrigerant gases, nitrogen oxides (NOx) and sulfides (SOx) differ from country to country. An assessment of our current knowledge of regulations in the countries where the Group operates has been drew up to check our compliance with regulations. This was to anticipate restrictions that already apply in Europe, for example, total bans on some greenhouse gases and tighter regulations on NOx and SOx. This assessment will also be used to plan the investments required to bring our facilities in compliance with these regulations.

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 devices 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 pollutions 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 2018.

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.

4.2.3. 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 involves 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 67 sites that use water for cooling, 61 have a recycling rate of over 75% (see EHP 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 2018, around 27,439 tonnes of copper waste (22,090 in 2017) 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.

NEXANS EASYREEL

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. A special work group was formed with the Industrial Management, Innovation, Purchasing and CSR departments to design a joint program to reduce our CO2 emissions and enhance energy efficiency. This program covers purchasing and generating renewable energy at our sites, as well as improving energy efficiency.

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;
- Since 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 2016 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.

Nearly 23% of the Group's environment-related investments in 2018 focused on making equipment and production lines more energy efficient, for example by replacing air compressors or cooling towers, or installing highly energy-efficient motors.

Several of the Group's factories, depending on local energy prices, have taken steps to replace traditional lighting 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 already 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 euros 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 2018, the proportion of production waste per tonne of cable produced was 5.7% (3.9% in 2017);
- Increasing our waste recycling rate, through sorting, recovery, treatment and recycling:
  - **Sorting and recovery** – All sites, including those subject to minimal waste management regulations, have put in place an ambitious 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 continues its ambitious program to recover more of its production waste and is working to implement treatment processes that have a limited impact on the environment.
    The Group recycles a portion of its manufacturing waste, notably through RecyCâbles, a company in which it owns a 36% interest. In 2018, it recycled 17,300 tonnes of cable waste (14,720 in 2017). 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.

Food waste

In the fight against food waste, the Group 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, the Group 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 Group's 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.

4.2.4. 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);
- all emissions upstream and downstream of our business operations (scope 3) were assessed and measured using the Group's methodology, which has been approved by external experts (Carbone4 consulting firm). The significant sources included in our calculation of upstream and downstream emissions, combined with our direct and indirect emissions, cover over 99% of our GHG emissions;
- the predominant source of our emissions involves the use of our products to distribute electricity over the course of their life cycle. The use of raw materials, purchased goods and services, and transportation of goods and people were measured and are not significant sources of emissions compared with the use of the products.

The Group's target is to reduce total greenhouse gas emissions 5% by 2022 (compared to 2016, the base year) on scopes 1 and 2 of the regulations, as well as on part of scope 3 (upstream emissions related to energy consumption and emissions related to waste treatment, in particular).

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 4.2.3., Conserving resources.

CFC and HCFC emissions are monitored by air conditioning technicians who maintain our air conditioning systems in compliance with local regulations. A program is under way to replace R22 and other banned GHGs at sites that use these air conditioning units, in compliance with local regulations. The use of SF6 is reserved for testing high voltage cables. The Group has implemented procedures to control its use, avoid any leaks, replace it and 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.). As these emissions are not significant compared with all other emissions sources, the Group does not include them in calculating its scope 3 emissions.

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 Nexans France employees can benefit from a program encouraging them to work remotely.

Mobility plan

A Mobility Plan was defined to improve the mobility of staff working at the Group's registered office and reduce their commute time. This means optimizing the use of cars, promoting alternative means of transport and encouraging flexible work arrangements to limit home-to-work travel.

To design its Mobility Plan, the Group first studied existing and planned future accessibility to the site, analyzed home-to-work and other business travel, and reviewed current mobility practices. In the second phase, the Group defined an adapted, rational and attainable action plan to meet mobility improvement targets.

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).

4.3. Products

Reducing the environmental impact of our products is a priority for the Group. Our objective is to promote a competitive, innovative and sustainable model.

The primary goal is to continue contributing to the energy transition by upholding our commitments to our customers to support a sustainable economy.

To promote innovation, the Group maintains its goal to work more closely with its stakeholders to support the innovation needed in the world of today and tomorrow.

Nexans' environmental policy and focus on innovation and new product development match up perfectly with its CSR priorities. They reflect Nexans' drive to assert its position as a socially conscious, sustainable organization in choosing its materials and manufacturing processes.

These targets are in line with the Sustainable Development Goals set by the United Nations, which the Group adopted in 2008.

			2016	2017	2018	Evolution	Target 2022
PRODUCT	Energy transition	Revenues generated from products and services that contribute to energy transition(1)	M€485	M€770	M€581	↘	NC
	Innovation	R&D investments (% in constant metal prices sales)(2)	M€89 (2.00%)	M€102 (2.23%)	M€107 (2.43%)	↗	NC
	Sustainable Products	Total waste recycled(3)	42%	44%	55%	↗	>50%

(1) Revenues generated from products and services contributing to energy transition (offshore wind farm, interconnexions projects, e-mobility, smart grids, accessories, solar energy and wind energy).
(2) Total R&D expenses (including R&D, innovation, local development and assistance ingeneering costs).
(3) Recycling rate of non ferrous metal waste generated.

4.3.1. 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 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 carbon 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.

4.3.2. PROMOTING ECODESIGN

Nexans integrates an ecodesign approach into its product development process 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.

In 2018, Nexans launched a new ecodesigned joint, which won the Belgian ecodesign award for renewable energy and energy efficiency.

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 recycling services to customers.

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 44 PEPs to cover nearly a thousand product references (10 PEPs registered in 2018 covering 497 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, CO2 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 CO2 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.

4.3.3. REDUCING THE USE OF HAZARDOUS 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 2018, 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. Nexans also introduced a rule banning the use of hazardous substances on the REACh authorization list for any new product development in Europe.
- **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 European Union 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 these 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).

4.4. Partners

The Group brings special care to its ecosystem and all its stakeholders, with whom it strives to act responsibly and build long-term relationships.

As such, the Group's "Partners" play an integral part and are a key priority in its CSR policy, in its aim to promote a form of leadership that draws on its corporate values and ethical commitments.

Business ethics remain a top priority, and the Group will work to maintain a compliant framework and fair business practices. Every year as part of their annual performance review, managers are asked to sign the compliance certificate to check their commitment to apply the Code of Ethics and Business Conduct.

The Group will also take steps to uphold lasting relationships with its stakeholders based on frequent high-quality dialogue to continuously work together in building the future. This policy is underpinned by a rigorous and proactive ethical and CSR approach. For employees, this is primarily reflected in measuring their engagement rate, while for customers, their satisfaction is measured using the OTIF-1C[(1)] indicator.

Furthermore, as our business revolves around energy, Nexans is active in helping bring electrical power to disadvantaged communities. It plans to continue developing the initiatives of the Nexans Foundation and has pledged to invest 300,000 euros per year in a five-year program.

Social and societal policy at Nexans, along with initiatives taken or continued in 2018, is perfectly in line with its CSR priorities and addresses major CSR risks. The objective remains to strengthen the drive to assert Nexans' position as a socially conscious, sustainable organization within its ecosystem and its sphere of influence.

CSR ambitions are a key focus of the Group's transformation plan, which empowers employees every day to achieve Nexans' mission of bringing the energy and information that are essential for developing the world of today and tomorrow, and thus play a role in building bonds within society.

These targets are in line with the Sustainable Development Goals set by the United Nations, which the Group adopted in 2008.

			2016	2017	2018	Evolution	Target 2022
PARTNERS	Business ethics	Managers having signed the Compliance Certificate[(2)]	95%	96%	97%	↗	100%
	Stakeholders	OTIF - 1C[(1)]	92.6%	93.0%	92.8%	→	94%
		Employee engagement index[(3)]	72%	NA	74%	↗	75%
	Nexans Foundation	Amount allocated by the Nexans Foundation	€300,000	€300,000	€300,000	→	€300,000

(1) On Time In Full first confirmed: Nb of order lines shipped in the right quantity at first confirmed date / Total number of shipped order lines in the month. including logistic and plants data.
(2) So called in HR tool My Click "graded" employees to sign a compliance certificate by which they commit to comply with Nexans Code of Ethics and Business Conduct and declare conflict of interest, if any.
(3) Scope: Cable activity.

(1) OTIF: On Time In Full first Confirmed.

4.4.1. 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, deploying both financial and human resources to support non-profit organizations, aid programs, volunteer work, and partnerships with schools.

The following are just a few examples of the initiatives supported in 2018:

- 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.): in Canada, China, Ghana, Japan and the United States, employees are engaged in environmental protection.

- 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 Belgium, Switzerland, France, Japan, Sweden, USA and Germany, well-being programs and sports activities are available for employees, along with grants for sports organizations;
  - In Turkey, employees participated in a charity race to support underprivileged children;
  - In South Korea, different initiatives are organized to support the elderly, the needy and orphans;
  - In Lebanon, information newspapers that promote safety and the development of local producers are sponsored;
  - In Chile, a quality of life and addiction counseling program is offered to employees;
  - In Australia and Peru, employees are invited to participate in programs that promote healthy, balanced nutrition;
  - In Peru, Lebanon, Canada and the United States, several non-profit organizations (fight against cancer, the Red Cross, sick children, and more) are promoted by Nexans as well as given donations.

- 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 and Canada, scholarships are granted to students in need;
  - In Canada, four scholarships were granted to finance the undergraduate education of children and grandchildren of Group employees. Donations were also given to colleges and engineering schools;
  - In Colombia, flexible work arrangements are available for employees who want to continue their education or work towards a degree;
  - 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.

- Nexans Peru sponsors and collects donations to supply schools with textbooks.

In 2018, 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 and private apartments. Nexans is also involved in the restoration of the water tower building.

In 2017, a partnership was formed with Leonard de Vinci Engineering School (ESILV) 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.

Projects were also launched in collaboration with ESILV students in 2018 focusing on the "factory of the future".
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 can compete in races such as the Shell Eco-Marathon in which teams complete seven laps, aiming to achieve the highest possible fuel efficiency.

4.4.2. 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, CSR Site Management, CSR
Suppliers	■ Supplier CSR Charter[1] ■ 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[2]	■ Response to rating questionnaires ■ Individual meetings	RSE, 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	RSE, Communication, Pays

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

Employees

The Group is working on improving the engagement rate of its employees (see section 4.1.4., Employee commitment and engagement).

Customers

Customer relations is one of Nexans' priority CSR ambitions. Customer satisfaction is measured through OTIF-1C delivery performance (2022 target of 94% versus 92.8% in 2018).
Customer satisfaction surveys are conducted regularly by different market segments to understand their expectations and better serve them.

Suppliers

See section 4.4.3., 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 2018, as mentioned in the introduction to Chapter 4.

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 2018 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:

(1) On Time in Full - première confirmation.

4.4.3. 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 2018, subcontracting represented 2,22% of the Group's purchases, which comes to 1.45% of its consolidated sales.

The Group exercises its duty of vigilance (see section 4.4.6., Duty of care plan) when it comes to selecting suppliers and has tightened its supplier qualification procedures in order to limit the risk of unethical practices in the supply chain.

This sustainable purchasing policy was reinforced in 2018 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.
  In 2018, subcontractors representing 80% of the Group's purchases were surveyed about their CSR policy. As at end-2018, 60% of these suppliers had answered the EcoVadis questionnaire and had been assessed, accounting for 67% of the Group's expenditure. Of those assessed, 89% achieved an EcoVadis rating of 35 or higher out of 100. Suppliers attributed a rating of 25 or less out of 100 were urged to implement a plan to improve their CSR performance.
  Contractual relations with these suppliers can be terminated if no progress is made within a specified timeframe.

- Internal supplier audits featuring CSR criteria. They are conducted regularly for some of our businesses and are currently being standardized for Group-wide use and application. An external audit has been conducted by Bureau Veritas.

The Group's objective for 2019 is to extend the EcoVadis assessment program to the following suppliers:
- Suppliers in "critical" purchase categories and/or located in countries included in the EcoVadis list of high-risk countries;
- Suppliers representing over 500,000 euros in purchases per year and located in high-risk countries (less than 40) based on Transparency International's country risk ranking.

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, the Group 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) 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 the Group becomes aware that one of its supply sources was not free of conflict, it will 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.

In 2018, the Group had 29 suppliers that used tin in their production chain. None of these sources is currently non-compliant with applicable regulations.

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.

4.4.4. 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, export controls and personal data protection. The Group's business partners are required to sign a specific ethical charter or a written commitment to respect these or similar 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 anti-corruption procedure developed by Nexans requires due diligence on the integrity of agents and business partners, commitments to comply with applicable international regulations relating to anti-corruption, and a written report describing the work delivered by the business partner to check that compensation aligns with the work provided (man-hours).

Nexans was awarded the ETHIC Intelligence certificate in 2016, which was renewed in 2018, 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, Audit and Risk Committee and to the Governance and Social Affairs Committee. The Ethics Officer also informs the Accounts, Audit and Risk 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;
- About 20 legal advisors throughout the Group.

Other key functions are also involved. Audit and internal control run verifications, and human resources makes sure employees, especially senior managers, agree to uphold ethical practices when they are hired.

Achievements in 2018 and goals for 2019

The following achievements were made in 2018:

- "Compliance Week" offered employees awareness and training initiatives on the main ethical risks the Group faces in carrying out its business activities. The event was a success. All subsidiaries were actively involved, organizing interactive workshops and sharing customer testimonials in video and other formats. In some countries, namely China and Qatar, the event was so successful that employees asked for more Compliance Weeks to be held in the future.

- Senior staff stated that over 5,389 Group managers, about 97% of total Group managers, had signed the compliance certificate and the conflicts of interest statement.

- 88% of Group managers answered the mandatory ethics quiz developed internally to be as relevant as possible to the Group's activities. This year's quiz covered conflicts of interest, harassment, corruption risks, competition law, regulations on embargoes, and personal data.

- The Group created a digital anti-corruption tool to optimize the mandatory workflows for approval and integrity checks implemented by its business partners. The tool will also update the map of its corruption risks more efficiently, as the 2018 update is currently being finalized.

The Group also strengthened its accounting control system for transactions that could conceal a corruption risk, including compensation and marketing expenses paid to business agents, and gifts. The organization ETHIC Intelligence renewed its certification of the Nexans anti-corruption program.

- Information on personal data protection was drawn up and circulated to Group employees, and a guide was developed on processing personal data. Thirty-eight local personal data protection representatives were appointed in 25 countries. Representatives were also appointed for departments significantly impacted by privacy issues: HR, IT, Purchasing and Marketing. Training was provided for all of these personal data representatives. Local representatives worked on several key initiatives, including a personal data processing map. Every year, the Group's IT Department runs penetration tests to check the security of any personal data being processed.

Along with the actions carried out every year, the 2019 action plan includes the following new initiatives:

- The "Tone at the top" program was extended with several message routines on manager compliance implemented over the year;
- Specific one-off measures were implemented to support projects in high-risk countries;
- Digital tools created for the program continued to be rolled out.

Under its CSR ambitions, the Group has set a target to have 100% of its managers sign the compliance certificate by 2022. As at end-2018, 97% of them had signed.

4.4.5. FIGHTING TAX EVASION

Nexans has established a policy of managing tax matters responsibly and takes steps to uphold transparency and comply with laws in the countries where it operates.

As such, the Group bases its tax policy on the following principles:

- Complying with international tax standards set out by the OECD (Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations) to ensure that its intercompany transactions are in line with the arm's length principle;
- Not evading taxes by using complex and opaque corporate structures. This means that the Group does not use shell companies or other legal structures that would not be consistent with its operational targets. The Group has no legal entities located in countries singled out as jurisdictions that are not in line with France's tax rules.
- Promoting professional and cooperative relations with the tax authorities in countries where the Group operates. The Group complies with its country-by-country tax reporting requirements (CBCR) and regulations on the disclosure of information required by the French tax authorities.

4.4.6. DUTY OF CARE PLAN

For the past several years, the Group has been developing a duty of care plan to strengthen its responsibility in the areas of safety, human rights and social and environmental issues, and has set up several procedures and systems to prevent and manage risks in this respect. Thus, most of the measures it continues to supplement and strengthen in accordance with the requirements defined in French law 2017-399 of March 27, 2017.

In 2017, 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.

2018 provided the opportunity to develop and strengthen the prevention and management processes for risks associated with the three above-mentioned areas, based on information contained in the Group's essential documents, its Code of Ethics and Business Conduct, the Nexans Business Rules and the Group's Purchasing Procedures.

Environmental and occupational safety risks and associated prevention measures are thus clearly identified and in place. Work on mapping human rights risks is launched in 2019.

4.4.6.1. ENVIRONMENTAL RISKS

Identification and assessment of environmental risks

The Group is exposed to a number of internal and external risks such as those listed in section 4.2, Planet. The main risks identified by the Group are described in Chapter 3, Main risk factors and risk management within the Group.

Environmental risks relating to the operations of Group subsidiaries are monitored using maps that are updated yearly and used to adapt the prevention and management procedures for these risks.
As for environmental risks relating to the operations of suppliers and subcontractors, these are monitored under the sustainable purchasing program (see section 4.4.3., Sustainable purchasing). The Group is working to better monitor these risks and develop systems to reduce them.

Risk of accidental pollution (including hazardous waste/materials such as oils, fuels, solvents, etc.)

The Group has fully understood the risks and challenges involved in handling and storing materials that are hazardous to the environment.

The Group identified probable pollution scenarios that could occur in the course of its industrial operations due to the following risks:

- The risk of minor leaks at Group sites is prevented by applying internal standards involving the use of containment systems for any storage or handling of liquids or materials that are hazardous to the environment.
- The risk of more serious accidental leaks that could cause land and groundwater pollution is considered low, but the impact could be high if they occurred.

To limit the occurrence and impact of these risks, the Group has established a systematic protection plan for all unprotected tanks containing hazardous materials. All new facilities comply with Nexans' new internal standards. The Group has fully understood the risks and challenges involved in handling and storing materials that are hazardous to the environment.

Monitoring indicator
Indicator: Number of tanks in need of a protection system.

A survey conducted in 2016 at each production site identified 110 tanks that needed a protection system.
Following investment and measures taken, 60 of these 110 tanks no longer pose a pollution risk.

The indicator is consulted twice a year at the Environment and Products CSR Committee meeting in order to decide on measures and the yearly investment needed to fit all tanks with a protection (see section 4.2.2., Managing pollution risks).

Historical pollution

Another pollution risk identified by the Group involves long-standing site operations that may have caused pollution.

To reduce this risk, the Group has introduced an ambitious program to identify the sites that could pose a historical pollution risk. The program includes various diagnostics phases:

- Phase 1: Historical review conducted by specialized third parties to identify the site's present or past risks, the areas potentially concerned and types of pollutants involved. This phase was conducted internally for some sites and officially reported using an Initial Soil Diagnosis (ISD).
- Phase 2: Evidence of pollution established by specialized third parties and estimated remediation costs.
- Phase 3: Assessment of potential risks to human health and other receiving environments (animal and plant life, etc.). This phase is launched if deemed useful once phase 2 is completed.
- Phase 4: Based on the findings from phase 3, remediation or protection measures may be taken.

This program is implemented every time a new site is acquired or rented.

Monitoring indicator

Indicator: Number of sites that have conducted at least one historical review (phase 1 and/or Initial Soil Diagnosis): 100% at December 31, 2018.

The indicator is measured twice a year at the Environment and Products CSR Committee meeting to decide if any sites should move into phase 2 or update this review (see section 4.2.2., Managing pollution risks/Land use and discharges).

4.4.6.2. HEALTH AND SAFETY RISKS

Identification and assessment of health and safety risks

In addition to the Group's existing procedures and actions described in section 4.1.1, An active workplace health and safety policy, in 2018 the Group created a tool for mapping health and safety risks for all its sites and for suppliers and subcontractors that work at its sites. This map is to be updated every year. The insights gained through the mapping process are used to adapt measures taken to prevent and manage these health and safety risks to the local context.

Workplace safety

Employee health and safety is an absolute priority for the Group, both in relation to its own employees and those of all its partners (subcontractors, temporary staff, customers, etc.) 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 (see 4.1.1, An active workplace health and safety policy).

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 for all employees and anyone present at any Group site (temporary employees, suppliers, subcontractors, etc.) through a network of HSE representatives.

Main safety risks

Most of the accidents that occurred within the Group in 2018 are were caused by behavior, involving hazards relating to:

- manual handling;
- movement of people; and
- rotating equipment (e.g., forklifts).

To combat these risks, the Group draws on the proactive programs and initiatives developed across its sites, which are described in section 4.1.1.1., Workplace safety. Each site will be able to use the in-depth risk analysis currently under way to set its priorities and develop action plans to meet them.

Monitoring indicators

Indicator: The Group's compliance rate with the Safety Golden Rules.

The Group's compliance rate with its Safety Golden Rules was 97% at the end of 2018.

Based on the risks listed above, the following monitoring indicators are used:

- manual handling risks: concerning 95% of sites;
- risks associated with the movement of people: concerning 90% of sites;
- risks associated with rotating equipment (e.g., forklifts): concerning 80% of sites.

These indicators are measured twice a year at the Environment and Products CSR Committee meeting to decide on measures to take to improve them.

Main health risks

The Group's main health risks for employees and anyone present at its sites (temporary employees, suppliers, subcontractors, etc.) mainly involve manual handling and exposure to chemical risks.

A considerable number of training courses and prevention campaigns are organized to prevent these risks from occurring (see section 4.1.1.2, Workplace health). 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, surveys are conducted to assess employee stress level, exposure to noise pollution and hazardous substances, workstation ergonomics, etc., to prevent health and safety risks and invest in appropriate equipment.

4.4.6.3. HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS RISKS

Through its adherence to the Ten Principles of the Global Compact, Nexans demonstrates its strong support for the fundamental rights and freedoms that must be respected universally. Nexans employees agree to comply with local regulations at all times in every country where the Group operates.

The Code of Ethics and Business Conduct remains the Group's shared set of standards that applies to all its employees around the world. Nexans business partners are also expected to comply with this Code (see section 4.4.4, Fair practices). 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.

The evaluation of the respect of human rights and fundamental freedoms by the Group's suppliers is addressed through the EcoVadis platform's questionnaire as part of the sustainable purchasing program (see section 4.4.3., Sustainable purchasing).

To assess respect for human rights and fundamental freedoms within the Group, a questionnaire has been prepared which will be sent to all country HR managers in the first quarter of 2019 and be used to help the CSR Committee decide on any necessary measures to take.

Monitoring indicators

An indicator will be suggested once the questionnaire process is complete.

4.4.6.4. SUSTAINABLE PURCHASING POLICY

The Group introduced a supplier assessment program in 2017, which covers CSR criteria. The CSR rating agency EcoVadis conducted document audits for the Group to measure the performance of our main suppliers based on 21 CSR indicators divided into four categories: Labor Issues, Human Rights, Ethics, Environment and Sustainable Purchasing.

In 2018, subcontractors representing 80% of the Group's purchases were surveyed about their CSR policy. As at end-2018, 61% of these suppliers had answered the EcoVadis questionnaire and had been assessed, accounting for 67% of the Group's expenditure. Of those assessed, 89% achieved an EcoVadis rating of 35 or higher out of 100. Suppliers attributed a rating of 25 or less out of 100 were urged to implement a plan to improve their CSR performance.

Contractual relations with these suppliers can be terminated if no progress is made within a specified timeframe.

The Group's objective for 2019 is to extend the EcoVadis assessment program to the following suppliers:

- Suppliers in "critical" purchase categories and/or located in countries included in the EcoVadis list of high-risk countries;
- Suppliers representing over €500,000 in purchases per year and located in high-risk countries relating to ethic (less than 40) based on Transparency International's corruption country risk ranking;
- Suppliers falling into the category of conflict minerals. The Group is careful about the source of its purchases of gold, tin, tantalum and tungsten, and the purchases of these minerals by its suppliers. The Group asks its suppliers to complete the Conflict Minerals Reporting Template (CMRT) to confirm that they take steps to comply with the Responsible Minerals Initiative, which aims to guarantee that the smelters and refiners with which they work respect fundamental rights. In 2018, the Group had 29 suppliers that used tin in their production chain.

See also sections 4.4.3., Sustainable purchasing, and 3.1.2.3., Risks related to raw materials and supplies.

4.4.6.5. 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, Corporate governance. 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.

See also section 4.4.4., Fair business practices/High accountability and involvement from operating departments.

4.4.6.6. WHISTLE-BLOWING MECHANISMS

The whistle-blowing system described in section 4.4.4., Fair practices, is available for all Group employees and third parties to report any violations of the Group's Code of Ethics and Business Conduct safely and anonymously. This includes not meeting commitments made in the areas of the environment, health and safety, and human rights.

4.4.6.7. PLAN MONITORING – AREAS FOR IMPROVEMENT

Reporting on the progress of the Duty of care plan will be included in the 2019 Registration Document.

4.4.7. 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 4.3.3., 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.

4.4.8. THE NEXANS FOUNDATION: SOLIDARITY THROUGH 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 call from the United Nations (UN) 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)[1], which advocates universal energy access by 2030.

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

Sustainable Energy for All[2] currently estimates that over 1 billion people do not have access to electricity and at least 3 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 53 organizations and helping over 1,300,000 people since 2013

With an annual budget of 300,000 euros, the Nexans Foundation has supported 90 projects in 35 countries in partnership with 53 organizations since it was created. These projects have brought or plan to bring electrical power to nearly 1,300,000 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, primarily in countries affected by energy poverty. While most of the Foundation's projects are developed in sub-Saharan Africa (in 17 countries), projects also exist in Morocco, Lebanon, Asia (in nine countries), South America (in four countries), the Caribbean 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, for example in the Philippines, Haiti and several Caribbean territories in 2017 after Hurricane Irma.

To respond even faster in handling humanitarian emergencies, the Nexans Foundation, along with ten 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: www.fondationnexans.com

(1) www.iea.org
(2) www.seforall.org

4.5. Environmental and social indicators – CSR concordance tables

ENVIRONMENTAL INDICATORS

	Evolution	2018	2017	2016
SITES MANAGEMENT				
Number of sites monitored	→	88	88	85
Number of ISO 14001 certified sites	→	66	66	65
% of ISO 14001 certified sites	→	75%	75%	76%
Number of EHP[1] certified sites	→	78	78	72
% of EHP certified sites	→	89%	89%	85%
ENERGY				
Energy purchased (MWh)	↗	1,181,197	1,174,576	1,235,928
Energy intensity (MWh/M€)	↗	268	257	279
■ o/w electricity (MWh)	↗	696,232	689,309	699,377
■ o/w fuel oil (MWh)	↘	58,398	64,411	62,004
■ o/w gas (MWh)	↗	414,642	407,852	461,010
■ o/w steam (MWh)	↘	11,924	13,004	13,536
WATER				
Water consumption (m^3)	↗	2,319,212	2,299,150	2,080,471
Water intensity (m^3/M€)	↗	526	503	470
RAW MATERIALS & CONSUMABLES				
Copper consumption (tonnes)[2]	↗	495,000	460,000	470,000
Aluminum consumption (tonnes)[2]	↗	105,000	103,000	110,000
Solvent purchased (tonnes)	↘	452	476	433
WASTES				
Waste tonnage (tonnes)	↗	93,507	87,014	80,123
Waste intensity (tonnes/M€)	↗	21	19	18
■ o/w hazardous wastes (tonnes)	↘	5,074	10,152	5,048
Hazardous wastes intensity (tonnes/M€)	↘	1	2	1
GHG EMISSIONS (SCOPES 1-2-3)[3]				
GHG emissions (tonnes CO_2 eq)	↗	228,443,990	201,776,239	407,973
GHG emissions intensity (tonnes/M€)	↗	51,813	44,143	92
■ o/w scope 1 (tonnes CO_2 eq.)	↘	125,427	130,598	139,910
■ o/w scope 2 (tonnes CO_2 eq.)	↗	239,170	232,073	233,904
■ o/w scope 3 (tonnes CO_2 eq.)	↗	228,079,393	201,413,568	34,159

(1) EHP: Highly Protected Environment - Group's internal environmental label.
(2) The tonnes consumed correspond to the tonnes sold to Group external customers during the year.
(3) In accordance with the regulatory obligations relating to the calculation of CO2 emissions, a change in methodology took place in 2017 to include scope 3 emissions related to the purchase of products and services, the immobilization of goods, the transport of upstream and downstream goods, the use of the products sold and the end of life of the products sold).

SOCIAL INDICATORS

NEXANS GROUP

	Evolution	2018	2017	2016
NEXANS GROUP				
TOTAL HEADCOUNT	↗	**27,058**	**26,308**	**26,258**
Europe	↗	15,448	15,272	14,849
Asia-Pacific	↘	2,414	2,737	2,882
North America	↗	3,470	3,341	3,227
South America	↘	1,369	1,389	1,540
Middle East, Russia, Africa	↘	4,357	3,569	3,760
% Female managers (into manager population)	↗	23%	22%	23%
SAFETY				
Global workplace accident frequency rate[1]	↘	2,01	2,02	1,82
Global workplace accident severity rate[2]	↗	0,14	0,11	0,11
TRAINING				
Total number of training hours	↗	603,301	330,353	360,090

(1) 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 internal and the external employees.
(2) Global workplace accident severity rate = total number of lost calendar days (due to accident at work) / total number of hours worked x 1,000. This rate concerns the internal and the external employees.

CABLE BUSINESS

	Evolution	2018	2017	2016
CABLE BUSINESS				
HEADCOUNT CABLE BUSINESS	↘	15,930	16,111	16,329
% Female overall employees	→	16%	16%	16%
% Female managers (into manager population)	↗	23%	22%	23%
Average age (years)	↗	43,8	43,6	43,5
Average length of service (years)	↘	12,7	13,1	13,1
% Temporary employees	↗	7,0%	6,8%	5,2%
Disabled employees(3)	↘	314	329	365
EMPLOYMENT DATA				
Natural departures	↗	-1,705	-1,501	-1,375
Restructuring	↘	-215	-237	-389
New hires	↗	1,727	1,678	1,488
Impact of changes in Group structure	↗	32	-182	-3
Transfers	↘	-20	24	12
Employee turnover rate(4)	↗	10,6%	9,3%	8,4%
Overtime rate(5)	↘	6,0%	6,2%	6,1%
Part-time contracts	↗	394	389	394
% Fixed-term contracts	↘	6,6%	7,8%	8,9%
Absenteeism rate	↗	4,8%	4,4%	4,6%
SAFETY				
Global workplace accident frequency rate(1)	↗	3,15	3,03	2,62
Number of sites having zero accident	↗	42	35	34
Global workplace accident severity rate(2)	↗	0,23	0,17	0,18
TRAINING				
Total number of training hours	↗	283,646	258,078	233,029

(1) 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 internal and the external employees.
(2) Global workplace accident severity rate = total number of lost calendar days (due to accident at work) / total number of hours worked x 1,000. This rate concerns the internal and the external employees.
(3) This figure does not take into account countries where this information is not diclosed due to local regulation. In 2017, the number of disabled employees was 329 and not 304.
(4) Personal turnover rate = number of natural departures (resignations, contract expirations, individual terminations, retirement, death) excluding departures due to restructuring, business disposal and employee mobility transfers / average headcount x 100. New formula since 2018, data recalculated for 2016 and 2017. For the Harnesses business, it should be noted that turnover is inherent in the very agile business model of this activity, which generates numerous hires on fixed-term contracts and then departures at the end of the contract.
(5) Overtime rate = number of overtime hours worked / total number of internal hours worked.

HARNESSES BUSINESS

	Évolution	2018	2017	2016
HARNESSES BUSINESS				
HEADCOUNT HARNESSES BUSINESS	↗	11,128	10,197	9,929
Europe	↗	6,054	5,925	5,691
Asia-Pacific	↘	389	550	569
North America	↗	1,985	1,859	1,796
Middle East, Russia, Africa	↗	2,700	1,863	1,873
% Female overall employees	↗	60%	59%	59%
% Female managers (into manager population)	→	20%	20%	19%
Average age (years)	→	34,5	34,5	34,2
Average length of service (years)	→	4,8	4,8	4,6
EMPLOYMENT DATA				
Natural departures	↗	-4,642	-3,953	-4,068
Restructuring	↗	-209	-2	-140
New hires	↗	5,781	4,351	4,184
Impact of changes in Group structure	→	0	0	-50
Transfers	↗	1	-128	2
Employee turnover rate(4)	↗	42,4%	39,6%	41,5%
SAFETY				
Global workplace accident frequency rate(1)	↗	0,29	0,27	0,44
Global workplace accident severity rate(2)	→	0,00	0,00	0,01
TRAINING				
Total number of training hours	↗	319,655	72,275	127,061

(1) 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 internal and the external employees.
(2) Global workplace accident severity rate = total number of lost calendar days (due to accident at work) / total number of hours worked x 1,000. This rate concerns the internal and the external employees.
(3) This figure does not take into account countries where this information is not diclosed due to local regulation. In 2017, the number of disabled employees was 329 and not 304.
(4) Personal turnover rate = number of natural departures (resignations, contract expirations, individual terminations, retirement, death) excluding departures due to restructuring, business disposal and employee mobility transfers / average headcount x 100. New formula since 2018, data recalculated for 2016 and 2017. For the Harnesses business, it should be noted that turnover is inherent in the very agile business model of this activity, which generates numerous hires on fixed-term contracts and then departures at the end of the contract.
(5) Overtime rate = number of overtime hours worked / total number of internal hours worked.

CSR CONCORDANCE TABLES

The CSR concordance tables are available in section 8.4.

Les tables de concordance comprennent les éléments suivants :
- 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.

4.6. Data compilation methodology for CSR indicators

4.6.1. DATA COMPILATION METHODOLOGY FOR ENVIRONMENTAL INDICATORS

The environmental indicators are presented in section 4.5. "Environmental and social indicators – CSR concordance tables".

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

The information disclosed in section 4.2. "Planet" 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.

4.6.2. DATA COMPILATION METHODOLOGY FOR SOCIAL INDICATORS

Social indicators are presented in section 4.5. "Environmental and social indicators – CSR concordance tables".

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

- 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.

- 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 snapshot 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. 2018 was the first year that Nexans Industry Solutions (Denmark) was 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:

- **Headcount:** This indicator includes employees who have an employment contract with the Group (permanent or fixed-term contracts, people on work placements, and employees whose employment contracts have been suspended).
- **Absenteeism rate:** This indicator is calculated based on the ratio of the number of hours' absence compared with the theoretical, contractual number of hours worked. The number of hours' absence includes absences for illness, work accidents or commuting accidents, maternity leave and unauthorized absences. It does not include absences that are longer than six months.
- **Workplace 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.
- **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 4.5. "Environmental and social indicators – CSR concordance tables".

4.6.3. 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 4.4. "Partners" 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.

Under Article R. 225-105-2 of the French Commercial Code, organizations must report on the issues of food insecurity, respect for animal welfare, responsible and sustainable food production and fair food trade. These issues are not monitored as the Group is not directly concerned by them.

4.7. Report by the appointed independent third party on the Non-financial Performance Statement provided in the Management Report

FOR THE YEAR ENDED DECEMBER 31ST 2018

To the shareholders,
In our capacity as Statutory's auditor of your Company, appointed as an independent third party and accredited by COFRAC under number 3-1058 (whose scope is available at www.cofrac.fr), we hereby report to you on the non-financial statement for the year ended December 31st 2018 (hereinafter the "Statement"), included in the management report2 pursuant to the legal and regulatory provisions of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code *(Code de commerce)*.

The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.
The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement (which are available on request from the entity's head office).

Independence and quality control

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics *(Code de déontologie)* of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Responsibility of the Statutory Auditor, appointed as an independent third party verifier

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:
- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq*. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information.*

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and, where applicable, the impact of this activity on compliance with human rights and anti corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III: as well as information regarding compliance with human rights and anti corruption and tax evasion legislation;
- we verified that the Statement includes an explanation for the absence of the information required under article L. 225-102-1 III, 2;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes there of, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, i.e. all the companies included in the scope of consolidation in accordance with article L. 233-16 within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 19% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;

(1) *HR information: Total Workforce; Part of women among "cadres" category (management category); External hirings; Turnover; Absenteeism rate; Frequency and severity rate of work accidents; Total number of training hours; part of managers having an individual training plan.*
Environmental information: Energy consumptions (electricity, natural gas, fuel); Energy intensity; Water consumptions; Quantities of solvents bought; Quantities of recycled waste; Greenhouse Gas Emission (scope 1, 2 and 3); revenues generated by products and services contributing to the energy transition; investments in R&D;
Social information: employee engagement rate; budget allocated to the Nexans Foundation;

(2) *HR information: Tunisia (Harnais); Germany (Nexans Germany & Nexans Power Accessories); France (Nexans France & Nexans Interface); Human Ressources Department;*
Environmental information: Brazil (Rio); Norway (Halden); Morroco (Mohammedia); China (Suzhou); France (Noyelles-Casting); Qatar (Mesaieed for recycled waste quantities); Canada (Montréal for energy consumptions); Industrial Department;
Social information: Legal Department; Purchasing Department; Human Ressources Department.

- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important[3];
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is 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.

Means and resources

Our work was carried out by a team of 7 people between October 2018 and February 2019 and took a total of 8 weeks. We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around 7 interviews with the people responsible for preparing the Statement, representing the CSR, legal, human resources, industrial, and purchasing departments.

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, with the except for the items described above, nothing has come to our attention that causes us to believe that the non-financial statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris La Défense, February 13, 2019
MAZARS SAS

Isabelle Sapet	Edwige Rey
Partner	Sustainable Development Partner

(3) *HR information: Organization of social dialogue; Occupational health and safety conditions*
Environmental information: Actions and resources to prevent and recycle waste, ISO 14001 & EHP Certifications
Social information: Purchasing & Supplier Relation Policy; Actions implemented against corruption.

5

Financial statements

5.1. Consolidated financial statements

5.1.1. CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	2018	2017
NET SALES	1.E.a, 4 and 5	**6,490**	**6,370**
Metal price effect(1)		(2,081)	(1,799)
SALES AT CONSTANT METAL PRICES(1)	1.E.a, 4 and 5	**4,409**	**4,571**
Cost of sales		(5,728)	(5,510)
Cost of sales at constant metal prices(1)		(3,646)	(3,711)
GROSS PROFIT		**762**	**860**
Administrative and selling expenses		(469)	(489)
R&D costs		(105)	(99)
OPERATING MARGIN(1)	1.E.b and 4	**188**	**272**
Core exposure effect(2)	1.E.c	(15)	64
Other operating income and expenses(3)	7	(9)	(19)
Restructuring costs	23.B	(53)	(37)
Share in net income of associates		0	2
OPERATING INCOME	1.E.d	**112**	**281**
Cost of debt (net)(4)	1.E.e	(47)	(56)
Other financial income and expenses	1.E.e and 10	(9)	(6)
INCOME BEFORE TAXES		**56**	**219**
Income taxes	11	(44)	(91)
NET INCOME FROM CONTINUING OPERATIONS		**13**	**127**
Net income from discontinued operations		-	-
NET INCOME		**13**	**127**
▪ attributable to owners of the parent		14	125
▪ attributable to non-controlling interests		(1)	2
ATTRIBUTABLE NET INCOME PER SHARE *(in euros)*	12		
▪ basic earnings per share		0.32	3.04
▪ diluted earnings per share		0.32	2.71

(1) Performance indicators used to measure the Group's operating performance.
(2) Effect relating to the revaluation of Core exposure at its weighted average cost (see **Note 1.E.c***).*
(3) As explained in **Notes 7** *and* **8***, in 2018, "Other operating income and expenses" included a 44 million euros net disposal gain and 44 million euros in net asset impairment. In 2017 they included 8 million euros in net asset impairment.*
(4) Financial income amounted to 4 million euros in 2018 versus 3 million euros in 2017.

5.1.2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	Notes	2018	2017
NET INCOME		**13**	**127**
Recyclable components of comprehensive income		**(82)**	**(105)**
▪ Currency translation differences		(14)	(133)
▪ Cash flow hedges	26	(68)	28
Tax impacts on recyclable components of comprehensive income	11.C	**17**	**(8)**
Non-recyclable components of comprehensive income		**(8)**	**23**
▪ Actuarial gains and losses on pensions and other long-term employee benefit obligations	22.B	(7)	23
▪ Financial assets at fair value through other comprehensive income		(1)	-
▪ Share of other non-recyclable comprehensive income of associates		-	-
Tax impacts on non-recyclable components of comprehensive income	11.C	**2**	**(9)**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**(70)**	**(99)**
TOTAL COMPREHENSIVE INCOME		**(58)**	**28**
▪ attributable to owners of the parent		(57)	29
▪ attributable to non-controlling interests		(1)	(1)

5.1.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(At December 31, in millions of euros)	Notes	2018	2017 (restated)(1)
ASSETS			
Goodwill	8	243	236
Intangible assets	13	131	127
Property, plant and equipment	14	1,135	1,129
Investments in associates	15	39	40
Deferred tax assets	11.D	162	135
Other non-current assets	16	60	100
NON-CURRENT ASSETS		1,770	1,767
Inventories and work in progress	17	1,110	1,107
Contract assets		95	134
Trade receivables	18	1,021	1,033
Current derivative assets	26	38	59
Other current assets	19	184	177
Cash and cash equivalents	24.A	901	805
Assets and groups of assets held for sale		0	0
CURRENT ASSETS		3,349	3,315
TOTAL ASSETS		**5,119**	**5,082**

(1) Restatements of consolidated data at December 31, 2017 are set out in Note 3.

(At December 31, in millions of euros)	Notes	2018	2017 (restated)[1]
EQUITY AND LIABILITIES			
Capital stock, additional paid-in capital, retained earnings and other reserves		1,339	1,367
Other components of equity		(14)	52
Equity attributable to owners of the parent		**1,325**	**1,419**
Non-controlling interests		42	48
TOTAL EQUITY	21	1,367	1,468
Pensions and other long-term employee benefit obligations	22	363	387
Non-current provisions	23	84	94
Convertible bonds	24	-	267
Other non-current debt	24	778	451
Non-current derivative liabilities	26	11	3
Deferred tax liabilities	11.D	109	102
NON-CURRENT LIABILITIES		1,345	1,304
Current provisions	23	63	79
Current debt	24	453	420
Contract liabilities		252	165
Current derivative liabilities	26	51	36
Trade payables	25	1,290	1,280
Other current liabilities	25	298	331
Liabilities related to groups of assets held for sale		0	0
CURRENT LIABILITIES		2,407	2,310
TOTAL EQUITY AND LIABILITIES		**5,119**	**5,082**

(1) Restatements of consolidated data at December 31, 2017 are set out in Note 3.

5.1.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of euros)	Number of shares outstanding[5]	Capital stock	Additional paid-in capital	Treasury stock
JANUARY 1, 2017 (RESTATED)[1]	**43,411,421**	**43**	**1,601**	**-**
Net income for the year	-	-	-	-
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	-	-	-	-
Dividends paid	-	-	-	-
Share buyback program	(224,489)	-	-	(11)
(Purchases)/sales of treasury stock	142,412	-	-	7
Equity component of OCEANE bonds	-	-	-	-
Employee stock option plans:				
■ Service cost	-	-	-	-
■ Proceeds from share issues	83,270	0	4	-
Transactions with owners not resulting in a change of control	-	-	-	-
Other	-	-	-	-
DECEMBER 31, 2017 (RESTATED)[1]	**43,412,614**	**43**	**1,605**	**(4)**
JANUARY 1, 2018[2]	**43,412,614**	**43**	**1,605**	**(4)**
Net income	-	-	-	-
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	-	-	-	-
Dividends paid	-	-	-	-
Share buyback program	(702,336)	-	-	(24)
Cancelation of treasury stock	-	(0)	(12)	12
(Purchases)/sales of treasury stock	150,089	-	-	7
Equity component of OCEANE bonds	1,418	-	-	-
Employee stock option plans:				
■ Service cost[3]	-	-	-	-
■ Proceeds from share issues[4]	510,211	1	13	
Transactions with owners not resulting in a change of control	-	-	-	-
Other	-	0	0	0
DECEMBER 31, 2018	**43,371,996**	**44**	**1,606**	**(8)**

(1) Restatements of consolidated data at January 1, 2017 and December 31, 2017 are set out in ***Note 3****.*
(2) "Retained earnings and other reserves" at January 1, 2018 include the impacts of applying IFRS 9, as described in ***Note 3****.*
(3) Including a -2 million euros expense related to the ACT 2018 plan.
(4) Corresponding to the impact of the Act 2018 plan following the share settlement-delivery that took place on July 18, 2018 (see ***Note 21.H****).*
(5) The number of shares outstanding at December 31, 2018 corresponds to 43,606,320 issued shares less 234,324 shares held in treasury.

Retained earnings and other reserves	Changes in fair value and other	Currency translation differences	Equity attributable to owners of the parent	Non-controlling interests	Total equity
(396)	**(3)**	**163**	**1,409**	**57**	**1,466**
125	-	-	125	2	127
14	20	(130)	(96)	(3)	(99)
139	**20**	**(130)**	**29**	**(1)**	**28**
(22)	-	-	(22)	(2)	(23)
-	-	-	(11)	-	(11)
(7)	-	-	-	-	-
-	-	-	-	-	-
6	-	-	6	-	6
-	-	-	4	-	4
1	-	2	4	(6)	(2)
1	0	0	2	(1)	2
(277)	**17**	**36**	**1,420**	**48**	**1,468**
(286)	**17**	**36**	**1,411**	**47**	**1,458**
14	-	-	14	(1)	13
(5)	(52)	(14)	(71)	1	(70)
9	**(52)**	**(14)**	**(57)**	**(1)**	**(58)**
(30)	-	-	(30)	(3)	(33)
-	-	-	(24)	-	(24)
-	-	-	-	-	-
(7)	-	-	-	-	-
(0)	-	-	(0)	-	(0)
9	-	-	9	-	9
-	-	-	14	-	14
0	-	(0)	0	(0)	(0)
1	(0)	(0)	1	0	1
(303)	**(36)**	**22**	**1,325**	**42**	**1,367**

5.1.5. CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Notes	2018	2017
Net income		13	127
Depreciation, amortization and impairment of assets (including goodwill)	13, 14	180	147
Cost of debt (gross)		51	60
Core exposure effect[(1)]		15	(64)
Current and deferred income tax charge (benefit)	11	44	91
Net (gains) losses on asset disposals	9	(44)	(1)
Other restatements[(2)]		(68)	(28)
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX[(3)]		**191**	**332**
Decrease (increase) in working capital[(4)]	20	117	(109)
Income taxes paid		(45)	(56)
Impairment of current assets and accrued contract costs		0	(2)
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		**72**	**(167)**
NET CASH GENERATED FROM OPERATING ACTIVITIES		**263**	**165**
Proceeds from disposals of property, plant and equipment and intangible assets		51	8
Capital expenditure	13, 14	(207)	(169)
Decrease (increase) in loans granted and short-term financial assets		10	(5)
Purchase of shares in consolidated companies, net of cash acquired		(13)	(25)
Proceeds from sale of shares in consolidated companies, net of cash transferred		-	1
NET CASH USED IN INVESTING ACTIVITIES		**(158)**	**(191)**
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		**105**	**(26)**
Proceeds from (repayments of) long-term and short-term borrowings[(5)]	24	88	(90)
■ of which proceeds from 2018-2023 ordinary bond issue		323	-
■ of which proceeds from 2017-2024 ordinary bond issue		-	199
■ of which repayment of the 2012-2018 ordinary bonds		(250)	-
■ of which repayment of the 2007-2017 ordinary bonds		-	(350)
Cash capital increases (reductions)	21	(10)	(7)
Interest paid		(47)	(61)
Transactions with owners not resulting in a change of control		-	3
Dividends paid		(33)	(23)
NET CASH USED IN FINANCING ACTIVITIES		**(2)**	**(178)**
Net effect of currency translation differences		(10)	(19)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**93**	**(223)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24.A	**794**	**1,016**
CASH AND CASH EQUIVALENTS AT YEAR-END	24.A	**886**	**794**
■ of which cash and cash equivalents recorded under assets		901	805
■ of which short-term bank loans and overdrafts recorded under liabilities		(15)	(11)

(1) Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact (see Note 1.E.c*).*

(2) "Other restatements" in 2018 primarily included (i) a negative 75 million euros to cancel the net change in operating provisions (including provisions for pensions, restructuring costs and antitrust proceedings), (ii) a negative 7 million euros related to the cash impact of hedges and (iii) a positive 9 million to cancel the expense related to shared-based payments. "Other restatements" in 2017 primarily included (i) a negative 52 million euros to cancel the net change in operating provisions (including provisions for pensions, restructuring costs and antitrust proceedings) and (ii) a positive 23 million euros related to the cash impact of hedges.

(3) The Group also uses the "operating cash flow" concept, which is mainly calculated after adding back cash outflows relating to restructurings (61 million euros and 63 million euros in 2018 and 2017 respectively), and deducting gross cost of debt and current income tax paid during the year.

(4) In 2018 the Group sold tax receivables which had a net cash impact of 20 million euros (9 million euros in 2017). As the sales concerned transferred substantially all the risks and rewards of ownership, they meet the derecognition criteria in IFRS 9 and have therefore been derecognized.

(5) The 2018 figure for this item includes a 6 million impact from the partial redemption of the Group's 2019 OCEANE bonds (see Note 24*).*

5.1.6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL PRINCIPLES

Nexans (the Company) is a French joint stock corporation (société anonyme) governed by the laws and regulations applicable to commercial companies in France, notably the French Commercial Code *(Code de commerce)*. The Company was formed on January 7, 1994 (under the name Atalec) and its headquarters are at Le Vinci, 4 allée de l'Arche, 92400 Courbevoie, France.

Nexans is listed on the regulated market of Euronext Paris (Compartment A) and forms part of the SBF 120 index.

The consolidated financial statements are presented in euros rounded to the nearest million. Rounding may in some cases lead to non-material differences in totals or year-on-year changes. They were approved by the Board of Directors on February 13, 2019 and will become final after approval at the Annual Shareholders' Meeting, which will take place on May 15, 2019 on first call.

The significant accounting policies used in the preparation of these consolidated financial statements are set out below. Except where otherwise indicated, these policies have been applied consistently to all the financial years presented.

Basis of preparation

The consolidated financial statements of the Nexans Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union at December 31, 2018.

The Group has applied all of the new standards and interpretations and amendments to existing standards that were mandatory for the first time in the fiscal year beginning January 1, 2018, and which were as follows:

- IFRS 15 "Revenue from Contracts with Customers" and related amendments. IFRS 15 replaces IAS 11 "Construction Contracts" and IAS 18 "Revenue" as well as all related interpretations. It applies to all revenue from contracts with customers except for contracts that are within the scope of other specific standards;
- IFRS 9 "Financial Instruments";
- Annual improvements to IFRSs (2014-2016 cycle);
- Amendments to IFRS 2, "Classification and Measurement of Share-based Payment Transactions";
- Amendments to IAS 40, "Transfers of Investment Property";
- IFRIC 22, "Foreign Currency Transactions and Advance Consideration".

The wording of **Note 1.E.a** "Sales" has been updated to reflect the application of IFRS 15. The changes resulting from applying IFRS 15 are presented in **Note 3**.

The following changes have been made to the Group's accounting policies as a result of applying IFRS 9:
- Addition of a paragraph on "Financial assets at fair value through profit or loss or through other comprehensive income" in **Note 1.F**.
- Adjustment to the wording of **Note 1.F.f** "Trade receivables and other receivables".

The changes resulting from applying IFRS 9 are presented in **Note 3**.
The other amendments and the new interpretation did not have a material impact on the Group's consolidated financial statements.

New standards, amendments and interpretations published by the IASB but not yet effective

The IASB has issued the following new standards and amendments which have been endorsed by the European Union:
- Amendment to IFRS 9, "Prepayment Features";
- IFRIC 23, "Uncertainty over Income Tax Treatments";
- IFRS 16, "Leases".

The IASB has also issued the following new standards and amendments which have not yet been endorsed by the European Union:
- Annual improvements to IFRSs (2015-2017 cycle);
- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture";
- Amendments to IAS 28, "Long-Term Interests in Associates and Joint Ventures";
- Amendments to IAS 19, "Plan Amendments, Curtailments and Settlements";
- Amendments to IAS 1 and IAS 8, "Definition of Materiality".

The Group is currently analyzing the potential impacts of these new standards and amendments as part of the transition process. For the application of IFRS 16 from January 1, 2019, the Group has opted for limited retrospective restatement of comparative financial information.
It has also opted to apply the standard's recognized exemptions for short-term leases, i.e. leases that have a lease term of 12 months or less, and for leases for which the underlying asset is of low value.
Based on the Group's estimates, applying IFRS 16 is expected to increase consolidated assets and liabilities by around 120 million euros on the transition date. This expected increase concerns real estate leases and would mainly result from

recognizing right-of-use assets in non-current assets and lease liabilities (for the discounted present value of future lease payments) in debt.
The full-year impact on the income statement is not expected to be material, as the cancellation of operating lease payments will be offset by the amortization charged on right-of-use assets and recognized in operating margin. Similarly, the annual interest recognized on lease liabilities is not expected to be material.
The impact on the statement of cash flows of restating operating leases will be limited to reclassifications, as the standard will have no effect on the Group's cash and cash equivalents.

Accounting estimates and judgments

The preparation of consolidated financial statements requires Management to exercise its judgment and make estimates and assumptions that could have a material impact on the reported amounts of assets, liabilities, income and expenses.

The main sources of uncertainty relating to estimates are expanded upon where necessary in the relevant notes and concern the following items:

- The recoverable amount of certain items of property, plant and equipment, goodwill and other intangible assets, and determining the groups of cash-generating units (CGUs) used for goodwill impairment testing (see Note 1.F.a, Note 1.F.b, Note 1.F.c and Note 8).
- Recognition and recoverability of deferred tax assets for unused tax losses (see Note 1.E.f and Note 11.E).
- Margins to completion and percentage of completion on long-term contracts (see Note 1.E.a).
- The measurement of pension liabilities and other employee benefits (see Note 1.F.j and Note 22).
- Provisions and contingent liabilities (see Note 1.F.k, Note 23 and Note 31).
- The measurement of derivative instruments and their qualification as cash flow hedges (see Note 1.F.m and Note 26).

These estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances and are reviewed on an ongoing basis. They serve as the basis for determining the carrying amounts of assets and liabilities when such amounts cannot be obtained directly from other sources. Due to the inherent uncertainties of any valuation process, it is possible that actual amounts reported in the Group's future financial statements may differ from the estimates used in these financial statements. The impact of changes in accounting estimates is recognized in the period of the change if it only affects that period or over the period of the change and subsequent periods if they are also affected by the change.

B. CONSOLIDATION METHODS

The consolidated financial statements include the financial statements of (i) Nexans S.A., (ii) the subsidiaries over which Nexans S.A. exercises control, and (iii) companies accounted for by the equity method (associates). The financial statements of subsidiaries and associates are prepared for the same period as those of the parent company. Adjustments are made to harmonize any differences in accounting policies that may exist.

Subsidiaries (companies controlled by Nexans S.A.) are fully consolidated from the date the Group takes over control to the date on which control is transferred outside the Group. Control is defined as the direct or indirect power to govern the financial and operating policies of a company in order to benefit from its activities.

Other companies over which the Group exercises significant influence are classified as associates and accounted for by the equity method. Significant influence is presumed to exist when the Group's direct or indirect interest is over 20%.

The type of control or influence exercised by the Group is assessed on a case-by-case basis using the presumptions set out in IFRS 10, IFRS 11 and the revised version of IAS 28. A list of the Group's main subsidiaries and associates is provided in Note 33.

Intra-group balances and transactions, including any intra-group profits, are eliminated in consolidation. Intra-group losses are also eliminated but may indicate that an impairment loss on the related asset should be recognized (see Note 1.F.c).

C. FOREIGN CURRENCY TRANSLATION

The Group's financial statements are presented in euros. Consequently:

- The statements of financial position of foreign operations whose functional currency is not the euro are translated into euros at the year-end exchange rate.
- Income statement items of foreign operations are translated at the average annual exchange rate, which is considered as approximating the rate applicable to the underlying transactions.

The resulting exchange differences are included in other comprehensive income under "Currency translation differences". The functional currency of an entity is the currency of the primary economic environment in which the entity operates and in the majority of cases corresponds to the local currency.

Cash flow statement items are also translated at the average annual exchange rate.

Since January 1, 2006, no Group subsidiary has been located in a hyperinflationary economy within the meaning of IAS 29.

Foreign currency transactions are translated at the exchange rate prevailing at the transaction date. When these transactions are hedged and the hedge concerned is documented as a qualifying hedging relationship for accounting purposes, the gain or loss on the spot portion of the corresponding derivative directly affects the hedged item so that the overall transaction is recorded at the hedging rate in the income statement.

In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates", foreign currency monetary items in the statement of financial position are translated at the year-end closing rate. Any exchange gains or losses arising on translation are recorded as financial income or expense except if they form part of the net investment in the foreign operation within the meaning of IAS 21, in which case they are recognized directly in other comprehensive income under "Currency translation differences".

Foreign exchange derivatives are measured and recognized in accordance with the principles described in Note 1.F.m.

D. BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method, whereby the identifiable assets acquired, liabilities assumed and any contingent liabilities are recognized and measured at fair value.

For all business combinations the acquirer must (other than in exceptional cases) recognize any non-controlling interest in the acquiree either (i) at fair value (the "full goodwill" method) or (ii) at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets measured at their acquisition-date fair value, in which case no goodwill is recognized on non-controlling interests (the "partial goodwill" method).

Goodwill, determined as of the acquisition date, corresponds to the difference between:

- the aggregate of (i) the acquisition price, generally measured at acquisition-date fair value, (ii) the amount of any non-controlling interest in the acquiree measured as described above, and (iii) for a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and
- the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3.

The Group has a period of 12 months from the acquisition date to complete the initial accounting for a business combination, during which any "measurement period adjustments" may be made. These adjustments are notably made to reflect information obtained subsequent to the acquisition date about facts and circumstances that existed at that date.

The consideration transferred in a business combination must be measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. Any contingent consideration at the acquisition date is systematically included in the initial fair value measurement of the consideration transferred in exchange for the acquiree, based on probability tests. Any changes in the fair value of contingent consideration that the acquirer recognizes after the acquisition date and which do not correspond to measurement period adjustments as described above – such as meeting an earnings target different from initial expectations – are accounted for as follows:

- Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.
- Contingent consideration classified as an asset or liability that is a financial instrument and is within the scope of IFRS 9 is measured at fair value, with any resulting gain or loss recognized in the income statement (notably the effect of unwinding the discount) or in other comprehensive income as appropriate.

The Group accounts for acquisition-related costs for subsidiaries as expenses in the periods in which the costs are incurred and the services received. However, if the acquisition of a subsidiary is financed through the issuance of equity or debt instruments, the related costs are recognized in equity or debt respectively in accordance with IFRS 9.

E. INCOME STATEMENT ITEMS

a. Sales

Net sales

Net sales (at current metal prices) represent revenue from sales of goods held for resale as well as sales of goods and services deriving from the Group's main activities, for which consideration has been promised in contracts drawn up with customers.
The Group's main activities correspond to sales of cables produced in its plants as well as cable installation services. Cables are sold either separately under specific contracts with customers (see below, "Sales of goods") or together with installation services under contracts that combine both sales of cables and installation services (see below, "Goods and services contracts").

In accordance with IFRS 15, revenue is recognized under sales when the control of goods or services is transferred to the customer. The amount recognized corresponds to the consideration the entity expects to receive in exchange for the goods or services.
For all of the Group's activities, the revenue recognized as the consideration promised from customers for the transfer of goods or services takes into account the financial impact of payment deferrals when such deferrals are significant and represent a period of more than one year.

Sales of goods
Customer contracts covering sales of goods include a single performance obligation for each delivery.
Revenue from sales of goods is recognized at a specific point in time, corresponding to the moment when control of the asset concerned is transferred to the customer, which is generally when the goods are delivered.
The amount of revenue generated from the sale of goods recognized at a point in time corresponds to the amount of consideration to which the entity expects to be entitled based on the terms and conditions of each contract and standard commercial practices. It includes certain variable consideration, notably relating to discounts and rebates, which are measured using the expected value method or based on the single most likely amount, depending on the specific terms and conditions of the contracts concerned.
In addition, as the delivery of goods also corresponds to the moment when the Group obtains an enforceable right to payment, the contra-entry to the recognized amount of sales is presented in "Trade receivables" on the assets side of the consolidated statement of financial position.

Goods and services contracts
Contracts covering both sales of goods and cable installation services essentially concern the Group's high-voltage cable and umbilical cable activities. They are contracts that are specifically negotiated for constructing and installing an asset or a group of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. When the customer cannot use an asset or a group of assets during their production or installation due to the specific features of their design and interdependency as provided for contractually, then a single performance obligation is identified per contract.
Performance obligations under goods and services contracts are considered to be satisfied over time if (i) the asset or group of assets created in connection with a goods and services contract is specific to the requirements of the customer and cannot have an alternative use, and (ii) Nexans has an enforceable right to payment for the services performed up until the date in question. The input method is used to measure progress towards fulfilling the performance obligation based on costs incurred. The costs taken into account do not include any inefficiencies that were not anticipated and cannot therefore trigger any revenue recognition.
As is the case for sales of goods, the amount of revenue generated from sales of goods and services corresponds to the amount of consideration to which the entity expects to be entitled based on the terms and conditions of each contract and standard commercial practices.

For each goods and services contract, the amount of revenue recognized is compared against the sum of progress billings (which are issued when the Group obtains an enforceable right to payment) and any partial payments received under the contract before the corresponding work is performed (see the section on "Customer advance payments"). If the balance obtained is positive, it is included in assets under "Contract assets" and if it is negative it is recorded in liabilities under "Contract liabilities".

When it is probable that total contract costs will exceed total contract revenue, the expected loss to completion is recognized immediately in cost of sales in the income statement, and under "Short-term provisions" or "Long-term provisions" in the statement of financial position.

Customer advance payments
The Group may receive partial payments from customers before the corresponding work is performed, which are referred to as customer advance payments. In accordance with IFRS 15, these advance payments are recognized under "Contract liabilities" except for goods and services contracts where the amount of costs incurred plus recognized profits generated by the contract corresponds to an asset when compared against the aggregate amount of recognized contract losses, progress billings and customer advance payments. In this case, the customer advance payments are recorded as a deduction from "Contract assets".
In the same way as for recognition of consideration promised by customers, when recognizing customer advance payments the Group takes into account the financial impact of payment deferrals when such deferrals are significant and represent a period of more than one year.

Sales (and cost of sales) at constant metal prices

On an operating level, the effects of fluctuations in metal prices are passed on in selling prices.

To neutralize the effect of fluctuations in non-ferrous metal prices and thus measure the underlying trend in its business, the Group also presents its sales figures based on a constant price for copper and aluminum (the cost of sales figure is adjusted in the same way). For both 2018 and 2017, these reference prices were set at 1,500 euros per tonne for copper and 1,200 euros per tonne for aluminum.

b. Operating margin

The key indicator Operating margin measures the Group's operating performance and comprises gross profit (which includes indirect production costs), administrative and selling expenses and research and development costs (see Note 1.F.a).

Share-based payments (see Note 1.F.i), pension operating costs (see Note 1.F.j) and employee profit-sharing are allocated by function to the appropriate lines in the income statement based on cost accounting principles.

Operating margin is measured before the impact of: (i) revaluing Core exposure (see Note 1.E.c); (ii) impairment losses recorded on property, plant and equipment, goodwill and other intangible assets following impairment tests; (iii) changes in fair value of non-ferrous metal derivatives; (iv) gains and losses on asset disposals; (v) acquisition-related costs when they concern acquisitions that have been completed and acquisition fees and costs related to planned acquisitions; (vi) expenses and provisions for antitrust investigations; (vii) restructuring costs; (viii) share in net income of associates; (ix) financial income and expenses; (x) income taxes; and (xi) net income (loss) from discontinued operations.

The Group also uses EBITDA and ROCE as operating performance indicators.
Consolidated EBITDA is defined as operating margin before depreciation and amortization, while ROCE corresponds to the return on capital employed and is calculated as operating margin divided by capital employed.

c. Core exposure effect

This line of the consolidated income statement includes the following two components (see also Note 27.C):

- A "price" effect: In the Group's IFRS financial statements non-ferrous metal inventories are measured using the weighted average unit cost method, leading to the recognition of a temporary price difference between the accounting value of the copper used in production and the actual value of this copper as allocated to orders through the hedging mechanism. This difference is exacerbated by the existence on a permanent basis of a minimum inventory of metal that is not hedged (called "Core exposure").
  The accounting impact related to this difference is not included in operating margin and instead is accounted for in a separate line of the consolidated income statement, called "Core exposure effect". Within operating margin – which is a key performance indicator for Nexans – inventories consumed are valued based on the metal price specific to each order, in line with the Group's policy of hedging the price of the metals contained in the cables sold to customers.
- A "volume" effect: At the level of operating margin – which is a performance indicator – Core exposure is measured at historic cost, whereas at operating income level it is valued at weighted average cost (see Note 1.F.e) in accordance with IFRS. The impact of any changes in volumes of Core exposure during the period is also recorded under "Core exposure effect" in the consolidated income statement. However, this effect is generally limited, as the tonnage of Core exposure is usually kept at a stable level from one period to the next, except for any structural change, in accordance with the management principles described in Note 27.C.

Finally, the "Core exposure effect" line also includes any impairment losses recognized on Core exposure.

d. Operating income

Operating income includes operating margin (see Note 1.E.b), Core exposure effect (see Note 1.E.c), restructuring costs (see Note 1.F.k), share in net income of associates, and other operating income and expenses. Other operating income and expenses are presented in Note 7 and mainly include impairment losses recorded on property, plant and equipment, goodwill and other intangible assets following impairment tests (see Note 1.F.c), gains and losses on asset disposals, and expenses and provisions for antitrust investigations.

e. Financial income and expenses

Financial income and expenses include the following:

- Cost of debt, net of financial income from investments of cash and cash equivalents;
- Other financial income and expenses, which primarily include (i) foreign currency gains and losses on transactions not qualified as cash flow hedges, (ii) additions to and reversals of provisions for impairment in value of financial investments, (iii) net interest expense on pensions and other long-term benefit obligations, and (iv) dividends received from non-consolidated companies.

Details on the majority of these items are provided in Notes 10 and 24.

f. Income taxes

The income tax expense for the year comprises current and deferred taxes.

Deferred taxes are recognized for temporary differences arising between the carrying amount and tax base of assets and liabilities, as well as for tax losses available for carryforward. In accordance with IAS 12, no deferred tax assets or liabilities are recognized for temporary differences resulting from goodwill for which impairment is not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (except in the case of finance leases and actuarial gains or losses on pension benefit obligations).

Deferred tax assets that are not matched by deferred tax liabilities expected to reverse in the same period are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, based on medium-term earnings forecasts (generally covering a five-year period) for the company concerned. The Group ensures that the forecasts used for calculating deferred taxes are consistent with those used for impairment testing (see Note 1.F.c).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. The rates applied reflect Management's intentions of how the underlying assets will be realized or the liabilities settled. All amounts resulting from changes in tax rates are recorded either in equity or in net income in the year in which the tax rate change is enacted or substantively enacted, based on the initial recognition method for the corresponding deferred taxes.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that (i) the Group is able to control the timing of the reversal of the temporary difference, and (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the entity is legally entitled to offset current tax assets and liabilities and if the deferred tax assets and liabilities relate to taxes levied by the same taxation authority.

F. ITEMS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

a. Intangible assets

See Notes 1.D and 1.F.c for a description of the Group's accounting treatment of goodwill.

Intangible assets are stated at cost less any accumulated amortization and impairment losses. When they are acquired in a business combination, their cost corresponds to their fair value.

The Group applies the cost model for the measurement of intangible assets rather than the allowed alternative method that consists of regularly revaluing categories of assets. Government grants are recognized as a deduction from the gross amount of the assets to which they relate.

Intangible assets primarily correspond to the following:

- Trademarks, customer relationships and certain supply contracts acquired in business combinations. Except in rare cases, trademarks are deemed to have an indefinite useful life. Customer relationships are amortized on a straight-line basis over the period during which the related economic benefits are expected to flow to the Group (between five and twenty-five years). Supply contracts can be deemed to have an indefinite useful life when they are automatically renewable and where there is evidence, notably based on past experience, indicating that the contractual rights will be renewed. Otherwise, their useful lives generally correspond to the term of the contract.

- The costs for acquired or developed software, usually intended for internal use, and development costs, to the extent that their cost can be reliably measured and it is probable that they will generate future economic benefits. These assets are amortized by the straight-line method over their estimated useful lives (between three and five years).

- Development costs that meet the recognition criteria in IAS 38. Capitalized development costs are amortized over the estimated useful life of the project concerned, from the date the related product is made available. Research costs, as well as development costs that do not meet the recognition criteria in IAS 38, are expensed as incurred. Research and development costs to be rebilled to or by customers under the terms of construction contracts are included in "Contract assets" and "Contract liabilities".

Intangible assets are derecognized when the risks and rewards of ownership of the asset are transferred.

b. Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and impairment losses. When they are acquired in a business combination, their cost corresponds to their fair value. In accordance with IAS 23, directly attributable borrowing costs are included in the cost of qualifying assets.

The Group applies the cost model for the measurement of property, plant and equipment rather than the allowed alternative method that consists of regularly revaluing categories of assets. Government grants are recognized as a deduction from the gross amount of the assets to which they relate.

Property, plant and equipment are depreciated by the straight-line method based on the following estimated useful lives:

INDUSTRIAL BUILDINGS AND EQUIPMENT	
■ Buildings for industrial use	20 years
■ Infrastructure and fixtures	10-20 years
■ Equipment and machinery	
- Heavy mechanical components	30 years
- Medium mechanical components	20 years
- Light mechanical components	10 years
- Electrical and electronic components	10 years
■ Small equipment and tools	3 years
BUILDINGS FOR ADMINISTRATIVE AND COMMERCIAL USE	20-40 years

The depreciation method and periods applied are reviewed at each year-end where necessary. The residual value of the assets is taken into account in the depreciable amount when it is deemed significant. Replacement costs are capitalized to the extent that they satisfy the criteria in IAS 16.

Property, plant and equipment are derecognized when the risks and rewards of ownership of the asset are transferred.

Assets acquired through leases that have the features of a financing arrangement are capitalized. Finance leases are not material for the Group. Leases under which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases (net of benefits received from the lessor, which are deferred on a straight-line basis over the term of the lease) are recognized as expenses in the income statement.

c. Impairment tests

At each period-end, the Group assesses whether there is an indication that an asset may be impaired. Impairment tests are also carried out whenever events or changes in the market environment indicate that property, plant and equipment or intangible assets (including goodwill), may have suffered impairment. An impairment loss is recognized where necessary for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Intangible assets with indefinite useful lives and goodwill are tested for impairment at least once a year.

For operating assets that the Group intends to hold and use in its operations over the long term, the recoverable amount of a cash-generating unit (CGU) corresponds to the higher of fair value less costs to sell (where determinable) and value in use. Where the Group has decided to sell particular operations, the carrying amount of the related assets is compared with their fair value less costs to sell. Where negotiations in relation to such a sale are in progress, fair value is determined based on the best estimate of the outcome of the negotiations at the reporting date.

Value in use is calculated on the basis of the future operating cash flows determined in the Group's budget process and strategic plan, which represent Management's best estimate of the economic conditions that will prevail during the remainder of the asset's useful life. The assumptions used are made on the basis of past experience and external sources of information, such as discount rates and perpetual growth rates.

When an analysis of the related context reveals that a CGU, intangible asset, or item of property, plant and equipment that is in use or ready for use may have become impaired, the asset concerned is tested for impairment in accordance with IAS 36, based on the following:

- CGU: a cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of goodwill is tested at the level of the CGU to which it is allocated. The structure of the Group's CGUs is based on its legal entities but also includes certain cross-functional groupings within geographic areas or sub-segments which have integrated cash inflows.

- Other intangible assets and property, plant and equipment: groups of assets with finite useful lives are tested for impairment if there is a specific indication that they may be impaired (as defined in IAS 36.12). Examples of indications that an asset may be impaired include a pronounced decline in profitability, a considerably lower performance than in the original business plan, or a significant loss of customers, market share or product certifications.

- The discount rate applied corresponds to the expected market rate of return for a similar investment, specific to each geographic area, regardless of the sources of financing. The discount rates used are post-tax rates applied to post-tax cash flows. The recoverable amounts determined using these post-tax rates are the same as those that would be obtained by using pre-tax rates applied to pre-tax cash flows.

- Five- or seven-year business plans are used, based on the Group's budget process and strategic plan for the first five years, with an extrapolation calculated in conjunction with local management for the last two years if appropriate.

- Operational cash flows beyond five or seven years, as applicable, are extrapolated based on growth rates specific to each geographical area.

Impairment losses (net of reversals) are recorded in the income statement under "Other operating income and expenses" unless they directly relate to a restructuring operation (see Note 1.F.k).

d. Financial assets at fair value through profit or loss or other comprehensive income

Financial assets at fair value through profit or loss or through other comprehensive income relate to the shares in non-consolidated entities. They are initially recognized at fair value. For each of these assets, the Group decides whether to measure subsequent changes in fair value either through profit or loss or through other comprehensive income (without any possibility of subsequently being recycled to profit or loss). This choice is made at the initial recognition date and is irreversible.

e. Inventories and work in progress

Inventories and manufacturing work in progress are stated at the lower of cost and net realizable value. The costs incurred in bringing inventories to their present location and conditions are accounted for as follows:

- Raw materials: purchase cost according to the weighted average cost (WAC) method;
- Finished goods and work in progress: cost of materials and direct labor, and share of indirect production costs, according to the WAC method.

In compliance with IAS 23, qualifying inventories include directly attributable borrowing costs.

Inventories include Core exposure:

- With respect to continuous casting activities, the Core exposure represents the minimum quantity of non-ferrous metal inventories necessary to establish and maintain casting operations.
- In respect to Nexans cabling activities, the Core exposure represents the amounts of non-ferrous metals required for the Group's cable plants to operate effectively in the current business context.

Its overall volume is generally kept stable and is constantly replenished, however the level of Core exposure may have to be adapted at times, particularly in the event of a significant contraction or expansion in business volumes. In the event of structural reorganizations within the Group, the level of Core exposure may have to be revised.
The impact of changes in value of this component is shown in a separate line of the income statement and is included as a component of cash flows from operations in the statement of cash flows.

Net realizable value of inventories is the estimated sale price in the ordinary course of business, less estimated completion costs and the costs necessary to carry out the sale. If the carrying amount of non-ferrous metal inventories is higher than their market value at the year-end, an impairment loss is only recognized when the products to which the assets are allocated have a negative production margin. As stated in Note 1.F.c, impairment losses on Core exposure are recognized under "Core exposure effect" in the income statement. Any impairment losses related to other categories of inventories are recognized within operating margin.

f. Trade receivables and other receivables

Trade receivables are stated at their transaction price, determined in accordance with IFRS 15. Interest-free short-term operating receivables are recognized at nominal value as the impact of discounting is not material.

Impairment losses for trade receivables are recognized based on two methods:

- A collective method based on a statistical approach that reflects the expected credit losses over the lifetime of receivables, including receivables not past due, as required by IFRS 9.
  In order to apply this method, the Group has drawn up a matrix of the rates used to write down its trade receivables that factor in country risks, observed default probabilities and expected losses in the event of default. The base used to calculate these statistical loss allowances also takes into account any contractual guarantees received in relation to the receivables concerned.
  The carrying amount of the asset is written down and the amount of the loss is recognized in the income statement under "Cost of sales".

- An individual method, whereby an impairment loss is recorded for a trade receivable whenever there is an objective indication that the Group will not be able to collect the full amounts due under the conditions originally provided for at the time of the transaction.
  The following are indicators of impairment of a receivable: (i) major financial difficulties for the debtor; (ii) the probability that the debtor will undergo bankruptcy or a financial restructuring; and (iii) a payment default. The amount of the impairment loss recorded represents the difference between the carrying amount of the asset and the estimated value of future cash flows, discounted at the initial effective interest rate.
  Receivables written down by the individual method are excluded from the calculation base for impairment losses determined by the collective method.
  In the same way as for the collective method described above, under the individual method, the carrying amount of the asset is written down and the amount of the impairment loss is recognized in the income statement under "Cost of sales".

These impairment methods also apply to "Contract assets" recognized in the consolidated statement of financial position.

g. Cash and cash equivalents

Cash and cash equivalents, whose changes are shown in the consolidated statement of cash flows, comprise the following:

- Cash and cash equivalents classified as assets in the statement of financial position, which include cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value;
- Bank overdrafts repayable on demand which form an integral part of the entity's cash management. In the consolidated statement of financial position, bank overdrafts are recorded as current financial liabilities.

h. Assets and groups of assets held for sale

Presentation in the statement of financial position

Non-current assets or groups of assets held for sale, as defined by IFRS 5, are presented on a separate line on the assets side of the statement of financial position. Liabilities related to groups of assets held for sale are shown on the liabilities side, also on a separate line, except those for which the Group will remain liable after the related sale as a result of the applicable sale terms and conditions. Non-current assets classified as held for sale cease to be depreciated from the date on which they fulfill the classification criteria for assets held for sale.

In accordance with IFRS 5, assets and groups of assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The potential capital loss arising from this measurement is recognized in the income statement under "Net asset impairment".

Presentation in the income statement

A group of assets sold, held for sale or whose operations have been discontinued is a major component of the Group if:

- it represents a separate major line of business or geographical area of operations;
- it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- it is a subsidiary acquired exclusively with a view to resale.

Where a group of assets sold, held for sale or whose operations have been discontinued is a major component of the Group, it is classified as a discontinued operation and its income and expenses for all periods presented are shown on a separate line of the income statement, "Net income (loss) from discontinued operations", which comprises the total of:

- the post-tax profit or loss of discontinued operations; and
- the post-tax gain or loss recognized on the measurement at fair value less costs to sell or on the disposal of assets or groups of assets held for sale constituting the discontinued operation.

When a group of assets previously presented as "held for sale" ceases to satisfy the criteria in IFRS 5, each related asset and liability component – and, where appropriate, income statement item – is reclassified to the relevant items of the consolidated financial statements.

i. Share-based payments

Stock options, performance shares and free shares may be granted to senior managers and certain other Group employees. These plans correspond to equity-settled share-based payment transactions and are based on the issue of new shares in the parent company (Nexans S.A.).

In accordance with IFRS 2, "Share-based Payment", stock options, performance shares and free shares are measured at fair value at the grant date (corresponding to the date on which the plan is announced). The Group uses different measurement models to calculate this fair value, notably the Black & Scholes and Monte-Carlo pricing models.

The fair value of vested stock options, performance shares and free shares is recorded as a payroll expense on a straight-line basis from the grant date to the end of the vesting period, with a corresponding adjustment to equity recorded under "Retained earnings and other reserves".

If stock options or share grants are subject to internal performance conditions their fair value is remeasured at the year-end. For plans that are subject to market performance conditions, changes in fair value after the grant date do not affect the amounts recognized in the financial statements.

The Group has also set up employee stock ownership plans that entitle employees to purchase new shares at a discount to the market price. These plans are accounted for in accordance with IFRS 2, taking into consideration the valuation effect of the five year lock-up period that generally applies.

j. Pensions, statutory retirement bonuses and other employee benefits

In accordance with the laws and practices of each country where it operates, the Group provides pensions, early retirement benefits and statutory retirement bonuses.

For basic statutory plans and other defined contribution plans, expenses correspond to contributions made. No provision is recognized as the Group has no payment obligation beyond the contributions due for each accounting period.

For defined benefit plans, provisions are determined as described below and recognized under "Pensions and other long-term employee benefit obligations" in the statement of financial position (except for early retirement plans which are deemed to form an integral component of a restructuring plan, see Note 1.F.k):

- Provisions are calculated using the projected unit credit method, which sees each service period as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. These calculations take into account assumptions with respect to mortality, staff turnover, discounting, projections of future salaries and the return on plan assets.
- Plan assets are measured at fair value at the year-end and deducted from the Group's projected benefit obligation.
- In accordance with the revised version of IAS 19, actuarial gains and losses – resulting from experience adjustments and the effects of changes in actuarial assumptions – are recognized as components of other comprehensive income that will not be reclassified to the income statement, and are included in "Changes in fair value and other" within equity.
- The Group analyzes the circumstances in which minimum funding requirements in respect of services already received may give rise to a liability at the year-end.

When the calculation of the net benefit obligation results in an asset for the Group, the recognized amount (which is recorded under "Other non-current assets" in the consolidated statement of financial position) cannot exceed the present value of available refunds and reductions in future contributions to the plan, less the present value of any minimum funding requirements.

Provisions for jubilee and other long-service benefits paid during the employees' service period are valued based on actuarial calculations comparable to the calculations used for pension benefit obligations. They are recognized in the consolidated statement of financial position under "Pensions and other long-term employee benefit obligations". Actuarial gains and losses on provisions for jubilee benefits are recorded in the income statement.

In the event of an amendment, curtailment or settlement of a defined benefit pension plan, the Group's obligation is remeasured at the date when the plan amendment, curtailment or settlement occurs and the gain or loss on remeasurement is included within operating margin. When a defined benefit pension plan is subject to a reduction in liquidity or an amendment as a result of a restructuring plan, the related impact is presented in "Restructuring costs" in the income statement.

The financial component of the annual expense for pensions and other employee benefits (interest expense after deducting any return on plan assets calculated based on the discount rate applied for determining the benefit obligations) is included in other financial expenses (see Note 10).

k. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) resulting from a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of discounting is material, the provisions are determined by discounting expected future cash flows applying a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liabilities concerned. The effect of unwinding the discounting is recognized as a financial expense and the effects of any changes in the discount rate are recognized in the same account as that through which the provision was accrued.

A provision is set aside to fully cover restructuring costs when they relate to an obligation by the Group to another party resulting from a decision made at an appropriate managerial or supervisory level, backed by a detailed formal plan that has been announced before the year-end to the party or parties concerned. Such costs primarily correspond to severance payments, early retirement benefits (except where qualified as employee benefits, see Note 1.F.j), costs for unworked notice periods, training costs of employees whose employment contracts have been terminated, and other costs directly linked to the shutdown of facilities.

Asset retirements and impairment of inventories and other assets, as well as other cash outflows directly linked to restructuring measures but which do not meet the criteria for the recognition of a provision are also recorded under restructuring costs in the income statement. In the consolidated statement of financial position, this type of impairment is presented as a deduction from the related non-current and current assets.

l. Financial liabilities

Financial liabilities are initially recognized at fair value, corresponding to their issue price less transaction costs directly attributable to the acquisition or issue of the financial liability. If the liability is issued at a premium or discount, the premium or discount is amortized over the life of the liability using the effective interest method. The effective interest method calculates the interest rate that is necessary to discount the cash flows associated with the financial liability through maturity to the net carrying amount at initial recognition.

Convertible bonds and other borrowings

Under IAS 32, "Financial Instruments: Presentation", if a financial instrument has both a liability and an equity component, the issuer must account for these components separately according to their nature.

This treatment applies to OCEANE bonds which are convertible into new shares and/or exchangeable for existing shares, as the conversion option meets the definition of an equity instrument.

The liability component is measured on the issue date on the basis of contractual future cash flows discounted applying the market rate (taking into account the issuer's credit risk) for a similar instrument but which is not convertible/redeemable for shares.
The value of the conversion option is calculated as the difference between the issue price of the bonds and the value of the liability component. This amount is recognized under "Retained earnings and other reserves" in equity.

Following initial measurement of the liability and equity components, the liability component is measured at amortized cost. The interest expense relating to the liability is calculated using the effective interest method.

Put options given to minority shareholders

Put options given to minority shareholders in subsidiaries are recognized as financial liabilities at their discounted value. In accordance with the revised version of IFRS 3, the impact of changes in the exercise price of these options is recognized in equity.

m. Derivative instruments

Only derivatives negotiated with external counterparties are deemed eligible for hedge accounting.

Foreign exchange hedges

The Group uses derivatives (mainly forward purchases and sales of foreign currencies) to hedge the risk of fluctuations in foreign currency exchange rates. These instruments are measured at fair value, calculated by reference to the forward exchange rates prevailing at the year-end for contracts with similar maturity profiles.

Cash flow hedges

When foreign exchange derivatives are used to hedge highly probable future transactions (forecast cash flows or firm orders) that have not yet been invoiced, and to the extent that they satisfy the conditions for cash flow hedge accounting, the change in the fair value of the derivative comprises two elements:

- The "effective" portion of the unrealized or realized gain or loss on the hedging instrument, which is recognized directly in equity under "Changes in fair value and other". Any gains or losses previously recognized in equity are reclassified to the income statement in the period in which the hedged item impacts income, for example when the forecast sale takes place. These gains or losses are included in operating margin when they relate to commercial transactions.

- The "ineffective" portion of the realized or unrealized gain or loss, which is recognized directly in the income statement as financial income or expense.

Derivatives that do not qualify for hedge accounting

Changes in fair value of derivatives that do not qualify for hedge accounting are recognized directly in the income statement as financial income or expense.

These derivatives notably include instruments used as economic hedges that were never or are no longer designated as hedges for accounting purposes.

Hedging of risks associated with fluctuations in non-ferrous metal prices

Forward purchases of non-ferrous metals used in the Group's operations and which require physical delivery of the metals concerned are not included within the scope of IAS 39 and are recognized at the time of delivery.

The Group uses futures contracts negotiated primarily on the London Metal Exchange (LME) to hedge its exposure to non-ferrous metal price fluctuations (copper, aluminum and, to a lesser extent, lead). These contracts are settled net in cash and constitute derivative instruments falling within the scope of application of IAS 39.

Cash flow hedges

Due to the sharp volatility in non-ferrous metal prices over the past several years, the Group has taken measures to enable a large portion of these derivative instruments to be classified as cash flow hedges as defined in IAS 39. Consequently, whenever these instruments are used to hedge future transactions (mainly purchases of copper wires and cathodes) that are highly probable but not yet invoiced, and meet the requirements in IAS 39 for cash flow hedge accounting, they are accounted for similarly to the above-described foreign exchange hedges that qualify for cash flow hedge accounting, as follows:

- The "effective" portion of the unrealized gain or loss on the hedging instrument is recognized directly in equity under "Changes in fair value and other" and the corresponding realized gain or loss is recognized within operating margin.
- The "ineffective" portion of the unrealized gain or loss is recognized in the consolidated income statement under "Other operating income and expenses" and the corresponding realized gain or loss is recognized within operating margin, which, in accordance with the Group's management model, includes all of the realized impacts relating to non-ferrous metals.

The majority of the metal derivatives used by the Group qualify as hedges.

Derivatives that do not qualify for hedge accounting

Changes in fair value of derivatives that do not qualify for hedge accounting are recognized directly within operating income under "Changes in fair value of non-ferrous metal derivatives". Any realized gains or losses are recorded in operating margin when the derivatives expire.
These derivatives notably include instruments used as economic hedges that were never or are no longer designated as hedges for accounting purposes.

NOTE 2. SIGNIFICANT EVENTS OF THE YEAR

A. GOVERNANCE

At its meeting on March 18, 2018, Nexans' Board of Directors was informed that Arnaud Poupart-Lafarge – the Group's Chief Executive Officer – wished to resign as soon as possible for personal reasons.

At its meeting of July 3, 2018, the Board of Directors decided to appoint Christopher Guérin as Chief Executive Officer with effect from July 4, 2018. Christopher Guérin is 46 and joined Nexans in 1997. From 2014 he served as Senior Executive Vice President, Europe and Telecom/Datacom, Power Accessories Business Group and he was a member of the Management Board (which existed until November 2018 when the governance structure was changed). During his years at Nexans, he has demonstrated strong and decisive leadership skills while successfully leading economic and social transformations in highly competitive international environments.
He was the driving force behind the development of a new roadmap announced on November 9, 2018 that will enable Nexans to change its value delivery model. Built on the market megatrends that spell out the future growth cycles of the industry, this roadmap will help build a unique positioning for Nexans as well as driving customer and shareholder value. Management will initially focus on the renovation of its operational model by reducing operations and organization complexity. Gradually, the focus will shift towards the Group's repositioning.
The European part of the restructuring program was announced in January 2019 in this respect, see Note 35.

B. REDEMPTION OF BOND ISSUE AND ISSUANCE OF BONDS

On March 19, 2018, all of the 2018 bonds were redeemed in cash, as they had reached maturity. The total amount paid was 261 million euros including accrued interest on the bonds.

In August 2018, Nexans issued 325 million euros worth of fixed-rate bonds with a five-year term, maturing on August 8, 2023. The bonds were issued at par and have an annual coupon of 3.75%. The issue price was 100% of par value.
BNP Paribas, Crédit Agricole Corporate and Investment Bank and Société Générale Corporate & Investment Banking were global coordinators and joint bookrunners, and ING was co-lead manager.

The bonds are listed on the regulated market of Euronext Paris.

C. INTERNATIONAL EMPLOYEE SHARE OWNERSHIP PLAN

At its meeting on November 22, 2017, the Board of Directors used the authorizations granted at the May 11, 2017 Annual Shareholders' Meeting to approve in principle the launch in 2018 of an employee share ownership plan involving the issue of a maximum of 500,000 new shares. This was the eighth international employee share ownership plan set up by the Group.

The plan proposed a "leveraged" structure in the same way as in the 2010, 2012, 2014 and 2016 plans, whereby employees were able to subscribe for the shares directly or through a corporate mutual fund (FCPE) at a preferential discount share price, with the Company providing them with a capital guarantee plus a multiple based on share performance. The shares are locked into the plan for five years, apart from in special circumstances when employees can access them earlier. In countries where the leveraged structure using a corporate mutual fund raised legal or tax difficulties an alternative formula was offered comprising the allocation of Stock Appreciation Rights (SAR). Participating employees benefited from a matching payment by the Group.

The reservation period was from May 7 to May 22, 2018, with a revocation period from June 21 to June 26, 2018.

The subscription price was set on June 20, 2018 at 29.87 euros per share representing a 20% discount against the average of the prices quoted for the Nexans share over the twenty trading days preceding that date. The settlement-delivery of the new shares took place on July 18, 2018 and resulted in the issue of 496,477 new shares, including 460,913 shares subscribed by the group's employees through the corporate mutual fund or by Société Générale for the purposes of the alternative formula offered in the employee shareholding plan.

The remaining 35,564 shares corresponded to free shares financed by the Group's matching payment.
The total impact on equity was an increase of 13.8 million euros, with 0.5 million euros corresponding to the aggregate par value of the new shares and the balance represented by the premium.

To limit the dilutive impact of the share issue and in line with the decision of the Board of Directors on June 16, 2018, a total of 400,000 shares held in treasury stock were canceled on July 18, 2018, leading to a capital reduction of 0.4 million euros.

NOTE 3. CHANGES IN ACCOUNTING METHODS: IFRS 9 AND IFRS 15

At January 1, 2018, the Group applied IFRS 15 fully retrospectively and IFRS 9 retrospectively without restating its comparative financial statements.

Impacts of applying IFRS 15

The main impacts of applying IFRS 15 concern the measurement of the progress of goods and services contracts (formerly referred to as construction contracts) and changes in the presentation of the consolidated statement of financial position.

Previously, the percentage of completion of goods and services contracts was determined based on physical criteria, whereas now the progress of all such contracts is measured based on inputs, i.e. costs incurred.
The Group has elected for full retrospective application of IFRS 15. However, as the difference resulting from using the new measure of progress did not have a material impact on either first-half or full-year data for 2017, the full amount of this difference is directly presented in “Capital stock, additional paid-in capital, retained earnings and other reserves” in the consolidated statement of financial position and the consolidated statement of changes in equity.
The consequences of applying IFRS 15 on the Group’s already published financial statements are presented below.

The impacts not presented in the consolidated income statement for 2017 are as follows:

- A 6 million euros positive impact on sales at constant metal prices.
- A 1 million euro negative impact on net income.

In the consolidated statement of financial position, the account headings “Amounts due from customers on construction contracts” and “Liabilities related to construction contracts” have been replaced by the new headings “Contract assets” and “Contract liabilities”.

- Prior to the Group’s application of IFRS 15, “Amounts due from customers on construction contracts” and “Amounts due to customers on construction contracts” (presented under “Liabilities related to construction contracts” in the consolidated statement of financial position) only concerned goods and services contracts and corresponded to the aggregate amount of costs incurred for the contract plus profits recognized (net of any losses recognized, including any losses to completion), less progress billings. If the balance was positive it was recognized under assets and if it was negative it was recognized under liabilities. In addition, partial payments received on these contracts were recognized as progress billings were made.

- Under the new accounting treatment, for goods and services contracts, the new account headings "Contract assets" and "Contract liabilities" include the difference between the revenue recognized on the contracts and the sum of (i) progress billings (issued when the Group obtains an enforceable right to payment) and (ii) partial payments received for the contracts concerned before the corresponding work has been carried out (customer advance payments).

- When it is probable that total costs will exceed total contract revenue, the expected loss to completion is now recognized under “Short-term provisions” or “Long-term provisions” in the consolidated statement of financial position. The Group did not recognize any losses to completion at either January 1, 2017 or December 31, 2017.

- Customer advance payments are no longer classified under “Trade payables” for sales of goods contracts or under “Liabilities related to construction contracts” (which no longer exists) for goods and services contracts. Instead, they are taken into account in the calculation of “Contract assets” and “Contract liabilities”.

Impacts of applying IFRS 9

IFRS 9, “Financial Instruments” replaces IAS 39, “Financial Instruments: Recognition and Measurement” and involves three phases: “Classification and Measurement of Financial Assets”, “Impairment” and “Hedge Accounting”.
Application of the first two phases is mandatory for annual periods beginning on or after January 1, 2018. The Group still applies the provisions of IAS 39 related to hedge accounting as regards the third phase of IFRS 9.

The Group applied IFRS 9 retrospectively at January 1, 2018 without restating its comparative financial statements. As a result of this first-time application, it has changed the methods used for recognizing impairment losses on trade receivables as well as its accounting treatment of shares held in non-consolidated companies.

Classification and measurement of financial assets
IFRS 9 amends the major categories of financial assets. Where assets are measured at fair value, gains and losses must be recognized either in profit or loss (fair value through profit or loss, FVPL) or in other comprehensive income (fair value through other comprehensive income, FVOCI), without recycling of fair value changes to profit or loss. Entities have to elect which of these two accounting treatments to apply for each asset at the time of initial recognition and the decision is irrevocable.

Nexans' shares in non-consolidated companies – which were presented under "Financial assets at fair value through net income or through other comprehensive income" in "Other non current assets" in the consolidated statement of financial position – have been reviewed by the Group. Based on its analysis, at January 1, 2018 it classified 20 million euros worth of shares as FVPL and 3 million euros worth as FVOCI.

Impairment

IFRS 9 establishes a new approach for loans and receivables, including trade receivables – an "expected credit loss" model that forecasts expected credit losses instead of accounting for them when they occur (which was the approach adopted in IAS 39). Receivables that are not past due at the period-end are now included when calculating impairment of trade receivables.

At Nexans, the assets concerned are mainly trade receivables and contract assets.

The retrospective application of this principle led to (i) a 9 million euros net-of-tax decrease in opening equity at January 1, 2018, of which 8 million euros was recognized in equity attributable to owners of the parent, and (ii) a 10 million euros decrease in "Trade receivables".

Restatement of the 2017 consolidated financial statements

As IFRS 9 was applied retrospectively without restating the comparative financial statements (as permitted by the standard), only the effects on the financial statements at December 31, 2017 of applying IFRS 15 are presented below.

As the first-time application of IFRS 15 did not impact the consolidated income statement, statement of comprehensive income or statement of cash flows, only the restatements of the consolidated statement of financial position and statement of changes in equity are shown.

Restatement of the consolidated statement of financial position – ASSETS

(in millions of euros)	December 31, 2017 (reported)	Change in revenue recognition accounting policies	December 31, 2017 (restated)
ASSETS			
Goodwill	236	-	236
Intangible assets	127	-	127
Property, plant and equipment	1,129	-	1,129
Investments in associates	40	-	40
Deferred tax assets	135	-	135
Other non-current assets	100	-	100
NON-CURRENT ASSETS	**1,767**	-	**1,767**
Inventories and work in progress	1,107	-	1,107
Amounts due from customers on construction contracts	199	(199)	-
Contract assets	-	134	134
Trade receivables	1,033	-	1,033
Derivative instruments	59	-	59
Other current assets	177	-	177
Cash and cash equivalents	805	-	805
Assets and groups of assets held for sale	0	-	0
CURRENT ASSETS	**3,380**	**(65)**	**3,315**
TOTAL ASSETS	**5,147**	**(65)**	**5,082**

Restatement of the consolidated statement of financial position – EQUITY AND LIABILITIES

(in millions of euros)	December 31, 2017 (reported)	Change in revenue recognition accounting policies	December 31, 2017 (restated)
EQUITY AND LIABILITIES			
Capital stock, additional paid-in capital, retained earnings and other reserves	1,372	(5)	1,367
Other components of equity	52	0	52
Equity attributable to owners of the parent	1,424	(4)	**1,419**
Non-controlling interests	48	-	48
TOTAL EQUITY	**1,472**	**(4)**	**1,468**
Pensions and other long-term employee benefit obligations	387	-	387
Non-current provisions	94	-	94
Convertible bonds	267	-	267
Other non-current debt	451	-	451
Non-current derivative liabilities	3	-	3
Deferred tax liabilities	103	(0)	102
NON-CURRENT LIABILITIES	**1,305**	**(0)**	**1,304**
Current provisions	79	-	79
Current debt	419	-	420
Liabilities related to construction contracts	163	(163)	-
Contract liabilities	-	165	165
Current derivative liabilities	36	-	36
Trade payables	1,342	(62)	1,280
Other current liabilities	331	-	331
Liabilities related to groups of assets held for sale	0	-	0
CURRENT LIABILITIES	**2,370**	**(60)**	**2,310**
TOTAL EQUITY AND LIABILITIES	**5,147**	**(65)**	**5,082**

Restatement of the consolidated statement of changes in equity

(in millions of euros)	Number of shares outstanding	Capital stock	Additional paid-in capital	Treasury stock	Retained earnings and other reserves	Changes in fair value and other	Currency translation differences	Equity attributable to owners of the parent	Non-controlling interests	Total equity
JANUARY 1, 2017 (reported)	**43,411,421**	**43**	**1,601**	**-**	**(392)**	**(3)**	**163**	**1,412**	**57**	**1,469**
Change in revenue recognition accounting policies	-	-	-	-	(4)	-	0	(3)	-	(3)
JANUARY 1, 2017 (restated)	**43,411,421**	**43**	**1,601**	**-**	**(396)**	**(3)**	**163**	**1,409**	**57**	**1,466**
DECEMBER 31, 2017 (reported)	**43,412,614**	**43**	**1,605**	**(4)**	**(273)**	**17**	**36**	**1,424**	**48**	**1,472**
Change in revenue recognition accounting policies	-	-	-	-	(5)	-	0	(4)	-	(4)
DECEMBER 31, 2017 (restated)	**43,412,614**	**43**	**1,605**	**(4)**	**(277)**	**17**	**36**	**1,419**	**48**	**1,468**

NOTE 4. OPERATING SEGMENTS

During 2018, the Group changed its operating segments (as defined in IFRS 8) following the launch of its "Paced For Growth" 20182022 Strategic Plan in order to better reflect its new organizational structure and the way management monitors Group performance.

The new operating segments are now structured in the same way as the information that is presented monthly to the Executive Committee[1], and is used to guide the implementation of the Group's strategy and the conduct of its operations. They are also the main units used for measuring and analyzing Nexans' operating performance, for which the main indicators are operating margin and EBITDA.
The comparative segment information for 2017 has been restated in line with the Group's new segment reporting structure applicable since the beginning of 2018.

The Group now has the following four reportable segments within the meaning of IFRS 8 (after taking into account the aggregations authorized by the standard):

- **Building & Territories:** This segment provides reliable cabling systems and smart energy solutions enabling buildings and territories to be more efficient, sustainable and people-friendly. It covers the following markets: building, smart cities/grids, e-mobility, local infrastructure, decentralized energy systems and rural electrification.

- **High Voltage & Projects:** This segment partners its customers from the start of the cycle (design, engineering, financing, asset management) right through to the end (systems management) to help them find the cabling solution that is the best suited to their needs in terms of efficiency and reliability. It covers the following markets: offshore wind farms, subsea interconnections, land high-voltage, and smart solutions for the oil and gas sector (direct electric heating, subsea heating cables).

- **Telecom & Data:** This segment helps customers to easily deploy copper and fiber optic infrastructure thanks to plug and play cabling and connection solutions. It encompasses the following activities: data transmission (subsea, fiber, FTTx), telecom networks, hyperscale data centers and LAN cabling solutions.

- **Industry & Solutions:** This segment provides support to OEMs and industrial infrastructure project managers in personalizing their cabling and connection solutions to enable them to meet their electrification, digitization and automation requirements. It covers the following markets: transport (aeronautics, rail, shipbuilding, automotive), automatic devices, renewable energy (solar and wind power), resources (oil and gas, mining) and other sectors (nuclear, medical, handling, etc.).

The Group's segment information also includes a column entitled "Other Activities", which corresponds to (i) certain specific or centralized activities carried out for the Group as a whole which give rise to expenses that are not allocated between the various segments, and (ii) the Electrical Wires business, comprising wire rods, electrical wires and winding wire production operations.

Two specific facts should be noted for the "Other Activities" column:

- A total of 93% of the sales at constant metal prices recorded under "Other Activities" in 2018 were generated by the Group's Electrical Wires business (compared with 90% in 2017).
- Operating margin for "Other Activities" was a negative 2 million euros in 2018, reflecting the combined impact of profit generated from sales of copper wires and certain centralized Group costs that are not allocated between the segments (such as holding company expenses).

The change in the Group's reportable segments did not affect its information by major geographic area.

Transfer prices between the various operating segments are generally the same as those applied for transactions with parties outside the Group.

Operating segment data were prepared using the same accounting policies as for the consolidated financial statements for the year ended December 31, 2018 (described in the notes to those financial statements), as amended by **Note 1.B** above.

(1) Nexans' Executive Committee is chaired by the Chief Executive Officer and its objective is to determine the Group's strategy as well as its resource allocation policies and organizational structure. It is the Group's chief operating decision maker within the meaning of IFRS 8.

A. INFORMATION BY REPORTABLE SEGMENT

2018 *(in millions of euros)*	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other Activities	Group total
Net sales at current metal prices	2,774	745	561	1,390	1,020	6,490
Net sales at constant metal prices	1,742	683	496	1,160	329	4,409
EBITDA	120	68	44	86	7	325
Depreciation and amortization	(48)	(34)	(11)	(35)	(10)	(137)
Operating margin	72	34	34	51	(2)	188
Net impairment of non-current assets (including goodwill) (see **Note 8**)	(2)	(46)	-	-	3	(44)

2017 *(in millions of euros)*	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other Activities	Group total
Net sales at current metal prices	2,685	954	571	1,332	828	6,370
Net sales at constant metal prices	1,757	885	512	1,126	290	4,571
Net sales at constant metal prices and 2018 exchange rates	1,687	865	495	1,112	283	4,442
EBITDA	126	118	62	89	16	411
Depreciation and amortization	(49)	(38)	(10)	(33)	(9)	(139)
Operating margin	77	80	52	56	7	272
Net impairment of non-current assets (including goodwill) (see **Note 8**)	-	(7)	-	-	(1)	(8)

The Executive Committee also analyzes the Group's performance based on geographic area.

B. INFORMATION BY MAJOR GEOGRAPHIC AREA

2018 *(in millions of euros)*	France	Germany	Norway	Other[2]	Group Total
Net sales at current metal prices[1]	1,038	829	693	3,930	6,490
Net sales at constant metal prices[1]	644	745	631	2,389	4,409
Non-current assets (IFRS 8)[1] (at December 31)	169	161	204	1,015	1,548

(1) Based on the location of the assets of the Group's subsidiaries.
(2) Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

2017 *(in millions of euros)*	France	Germany	Norway	Other[2]	Group Total
Net sales at current metal prices[1]	1,023	841	858	3,647	6,370
Net sales at constant metal prices[1]	663	753	800	2,355	4,571
Net sales at constant metal prices and 2018 exchange rates[1]	663	753	777	2,249	4,442
Non-current assets (IFRS 8) (1) (at December 31)	175	168	180	1,009	1,532

(1) Based on the location of the assets of the Group's subsidiaries.
(2) Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

C. INFORMATION BY MAJOR CUSTOMER

The Group does not have any customers that individually accounted for over 10% of its sales in 2018 or 2017.

NOTE 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

A. CONSOLIDATED SALES

Consolidated sales can be analyzed as follows:

2018 *(Sales, in millions of euros)*	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other Activities	Group total
Performance obligations satisfied at a point in time	2,774	121	561	1,390	1,020	5,866
Performance obligations satisfied over time	-	624	-	-	-	624
NET SALES AT CURRENT METAL PRICES	**2,774**	**745**	**561**	**1,390**	**1,020**	**6,490**
Performance obligations satisfied at a point in time	1,742	100	496	1,160	329	3,826
Performance obligations satisfied over time	-	583	-	-	-	583
NET SALES AT CONSTANT METAL PRICES	**1,742**	**683**	**496**	**1,160**	**329**	**4,409**

2017 *(Sales, in millions of euros)*	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other Activities	Group total
Performance obligations satisfied at a point in time	2,685	113	571	1,332	828	5,529
Performance obligations satisfied over time	-	841	-	-	-	841
NET SALES AT CURRENT METAL PRICES	**2,685**	**954**	**571**	**1,332**	**828**	**6,370**
Performance obligations satisfied at a point in time	1,757	98	512	1,126	290	3,784
Performance obligations satisfied over time	-	787	-	-	-	787
NET SALES AT CONSTANT METAL PRICES	**1,757**	**885**	**512**	**1,126**	**290**	**4,571**

B. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets and contract liabilities can be analyzed as follows:

(in millions of euros)	December 31, 2018		December 31, 2017 (restated)[1]	
	Sales of goods	Goods and services contracts	Sales of goods	Goods and services contracts
Contract assets	-	95	-	134
Contract liabilities	(56)	(195)	(39)	(125)
TOTAL NET ASSETS/(LIABILITIES)	**(56)**	**(100)**	**(39)**	**9**

(1) Restatements of consolidated data at December 31, 2017 are set out in Note 3.

Sales of goods

Contract liabilities correspond to customer advance payments. The related performance obligation is satisfied within two years of receipt of the advance payment. The majority of the amounts reported at December 31, 2017 are included in 2018 sales.

Goods and services contracts

Contract assets correspond mainly to revenue recognized in respect of services rendered but not yet invoiced at the period-end. Amounts recorded in "Contract assets" are transferred to "Trade receivables" when the Group obtains an enforceable right to payment.

The net change in contract assets and contract liabilities corresponds to a 109 million euros increase in liabilities relating to the billing of items included in the opening balance for around 90 million euros, a net increase in advances received for around 50 million euros, partly offset by timing differences between the satisfaction of the performance obligation and the Group obtaining enforceable rights to payment for around 30 million euros.

C. UNSATISFIED PERFORMANCE OBLIGATIONS

Sales of goods

Due to the nature of the business, performance obligations related to sales of goods are satisfied within the short term. Consequently, no details are provided of unsatisfied performance obligations.

Goods and services contracts

Goods and services contracts mainly concerns the Group's high-voltage cable and umbilical cable activities. The amount of unsatisfied performance obligations for these activities is greater than 1,250 million euros, of which 85% should be satisfied over the next two years.

NOTE 6. PAYROLL COSTS AND HEADCOUNT

		2018	2017
Payroll costs (including payroll taxes)	*(in millions of euros)*	1,192	1,174
Staff of controlled companies at year-end	*(in number of employees)*	27,058	26,308

Payroll costs in the above table include share-based payments within the meaning of IFRS 2. These payments totaled 9 million euros in 2018 (including payroll taxes). See **Note 21** for further details.

Compensation paid to employees affected by restructuring plans in progress is not included in the above table.

NOTE 7. OTHER OPERATING INCOME AND EXPENSES

(in millions of euros)	Note	2018	2017
Net asset impairment	8	(44)	(8)
Changes in fair value of non-ferrous metal derivatives		(5)	0
Net gains (losses) on asset disposals	9	44	1
Acquisition-related costs (completed and planned acquisitions)		(3)	(6)
Expenses and provisions for antitrust investigations		(1)	(6)
OTHER OPERATING INCOME AND EXPENSES		**(9)**	**(19)**

In 2018, net gains on asset disposals mainly relate to the disposal of the industrial site in Lyon.

NOTE 8. NET ASSET IMPAIRMENT

(in millions of euros)	2018	2017
Impairment losses – non-current assets	(47)	(8)
Reversals of impairment losses – non-current assets	3	-
Impairment losses – goodwill	-	-
Impairment losses – assets and groups of assets held for sale	-	-
NET ASSET IMPAIRMENT	**(44)**	**(8)**

The Group carries out impairment tests on goodwill at least once a year, on intangible assets with an indefinite useful life at least once a year, and on other intangible assets and property, plant and equipment whenever there is an indication that they may be impaired (see **Note 1.F.c.**).

As described in **Note 1**, and in accordance with IAS 36, impairment tests were first carried out on individual assets when an indication of impairment was identified.
In 2018, these tests led to the recognition of a 47 million euros impairment loss, including:
- 18 million euros relating to property, plant and equipment in China, and
- 28 million euros relating to property, plant and equipment in the land high-voltage business in Europe. Following the revision of the long-term business outlook, the value of the assets of the two manufacturing sites was reviewed and it led to the recognition of the impairment loss mentioned above.

The 8 million euros impairment loss recorded in 2017 mainly concerned property, plant and equipment.

Impairment tests were then performed on goodwill, at the level of the CGUs to which it is allocated.

A. RESULTS OF THE IMPAIRMENT TESTS PERFORMED IN 2018

Goodwill balances and movements in goodwill in 2018 can be analyzed as follows by CGU:

(in millions of euros)	AmerCable CGU	Asia-Pacific CGU	South America CGU (excluding Brazil)	Other CGUs	Total
DECEMBER 31, 2017	26	79	65	66	236
Business combinations	-	-	-	-	-
Disposals/acquisitions	-	-	-	8	8
Impairment losses	-	-	-	-	-
Exchange differences and other movements	1	(2)	0	1	(0)
DECEMBER 31, 2018	27	77	65	74	243

No impairment loss on goodwill was recognized by the Group in 2018 or 2017.

The 8 million euros increase in goodwill under "Other CGUs" relates to the acquisition of Nexans Industry Solutions.

B. MAIN ASSUMPTIONS

The main assumptions applied by geographic area when preparing the business plans used in connection with impairment testing are listed below:

- Stable discount rates in the Group's main monetary areas at December 31, 2018 compared with December 31, 2017, except for the discount rates used for the United States and South Korea, which were 25 basis points higher.
- The perpetuity growth rates used for the Group's CGUs at December 31, 2018 were stable compared with those used at December 31, 2017.
- The cash flow assumptions used for impairment calculations were based on the latest projections approved by Group Management and therefore factor in Management's most recent estimates of the Group's future business levels (as contained in the 2019 Budget and the 2019-2023 Strategic Plan). Cash flows are projected over a five-year period for the purpose of these assumptions.

C. SENSITIVITY ANALYSES

The main assumptions described above are used for measuring the CGUs that are tested for impairment. In addition, analyses are performed to test the sensitivity of the calculations to a 50 basis point increase or decrease in the discount rate and perpetuity growth rate.

At December 31, 2018, the following sensitivity analysis was performed:

- A 50 basis point increase in the discount rate and a 50 basis point decrease in the perpetuity growth rate compared with the assumptions presented above would have resulted in the recognition of impairment losses at December 31, 2018 amounting to 1.7 million euros for the "Brazil" CGU.

NOTE 9. NET GAINS (LOSSES) ON ASSET DISPOSALS

(in millions of euros)	2018	2017
Net gains (losses) on disposals of fixed assets	44	1
Net gains (losses) on disposals of investments	1	-
Other	-	-
NET GAINS (LOSSES) ON ASSET DISPOSALS	**44**	**1**

The 44 million euros net gain recorded under "Net gains (losses) on disposals of investments" in 2018 corresponded mainly to the net gain on the sale of the Lyon industrial site.

NOTE 10. OTHER FINANCIAL INCOME AND EXPENSES

(in millions of euros)	2018	2017
Dividends received from non-consolidated companies	1	1
Provisions	-	2
Net foreign exchange gain (loss)	6	3
Net interest expense on pensions and other long-term employee benefit obligations[1]	(5)	(6)
Other	(10)	(6)
OTHER FINANCIAL INCOME AND EXPENSES	**(9)**	**(6)**

(1) See Note 22.B.

NOTE 11. INCOME TAXES

A. ANALYSIS OF THE INCOME TAX CHARGE

(in millions of euros)	2018	2017
Current income tax charge	(43)	(45)
Deferred income tax (charge) benefit, net	(1)	(46)
INCOME TAX CHARGE	**(44)**	**(91)**

Nexans S.A. heads up a tax group in France that comprised 10 companies in 2018. Other tax groups have been set up where possible in other countries, including in Germany, North America, Italy and South Korea.

B. EFFECTIVE INCOME TAX RATE

The effective income tax rate was as follows for 2018 and 2017:

Tax proof *(in millions of euros)*	2018	2017
Income before taxes	56	219
■ of which share in net income of associates	0	2
INCOME BEFORE TAXES AND SHARE IN NET INCOME OF ASSOCIATES	56	217
Standard tax rate applicable in France (in %)(1)	34.43%	34.43%
THEORETICAL INCOME TAX CHARGE	(19)	(75)
Effect of:		
■ Difference between foreign and French tax rates	12	23
■ Change in tax rates for the period	2	(7)
■ Unrecognized deferred tax assets	(32)	(17)
■ Taxes calculated on a basis different from "Income before taxes"	(7)	(7)
■ Other permanent differences	0	(8)
ACTUAL INCOME TAX CHARGE	(44)	(91)
EFFECTIVE TAX RATE (IN %)	77.80%	42.04%

(1) For the purpose of simplicity, the Group has elected to only use the standard tax rate for France, i.e., including surtaxes.

The theoretical income tax charge is calculated by applying the parent company's tax rate to consolidated income before taxes and share in net income of associates.

C. TAXES RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME

Taxes recognized directly in other comprehensive income in 2018 can be analyzed as follows:

(in millions of euros)	January 1, 2018	Gains (losses) generated during the year(1)	Amounts recycled to the income statement(1)	Total other comprehensive income (loss)	December 31, 2018
Currency translation differences	(5)	0	-	0	(5)
Cash flow hedges	(7)	15	2	17	10
TAX IMPACT ON RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME(2)	**(12)**	**15**	**2**	**17**	**5**
Financial assets at fair value through other comprehensive income	-	-	-	-	-
Actuarial gains and losses on pensions and other long-term employee benefit obligations	48	2	N/A	2	50
Share of other non-recyclable comprehensive income of associates	-	-	-	-	-
TAX IMPACT ON NON-RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME	**48**	**2**	**-**	**2**	**50**

(1) The tax effects relating to cash flow hedges and available-for-sale financial assets, as well as the gains and losses generated during the year and amounts recycled to the income statement are presented in the consolidated statement of changes in equity in the "Changes in fair value and other" column.
(2) These taxes will be recycled to the income statement in the same periods as the underlying transactions to which they relate (see Notes 1.C and 1.F.k).

D. DEFERRED TAXES RECORDED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Deferred taxes break down as follows by type:

(in millions of euros)	December 31, 2017 (restated)	Impact on income	Change in consolidation scope	Impact on equity	Exchange differences and other	December 31, 2018
Fixed assets	(60)	16	0	-	(1)	(45)
Other assets	(58)	(23)	-	-	4	(76)
Employee benefit obligations	67	(8)	-	2	(0)	60
Provisions for contingencies and charges	18	0	-	-	(0)	18
Other liabilities	0	(3)	-	17	0	15
Unused tax losses	533	39	0	(0)	(9)	563
DEFERRED TAX ASSETS (GROSS) AND DEFERRED TAX LIABILITIES	**500**	**21**	**0**	**19**	**(6)**	**535**
Unrecognized deferred tax assets	(468)	(22)	-	-	7	(482)
NET DEFERRED TAXES	**32**	**(1)**	**0**	**19**	**1**	**53**
■ of which recognized deferred tax assets	135					162
■ of which deferred tax liabilities	(102)					(109)
NET DEFERRED TAXES EXCLUDING ACTUARIAL GAINS AND LOSSES	**(15)**					**3**

At December 31, 2018, deferred tax assets of 482 million euros were not recognized as the Group deemed that their recovery was not sufficiently probable (468 million euros at December 2017). These mainly concern the tax losses described in Note 11.E below.

E. UNUSED TAX LOSSES

Unused tax losses carried forward represented potential tax benefits for the Group of 563 million euros at December 31, 2018 (533 million euros at December 31, 2017). The main entities to which these tax losses related at those dates were as follows:

- German subsidiaries, in an amount of 162 million euros (157 million euros at December 31, 2017), of which 34 million euros were recognized in deferred tax assets at December 31, 2018 (44 million euros at December 31, 2017).
- French subsidiaries, in an amount of 187 million euros (180 million euros at December 31, 2017), of which 13 million euros were recognized in deferred tax assets at December 31, 2018 (13 million euros at December 31, 2017).

For countries in a net deferred tax asset position after offsetting deferred tax assets and deferred tax liabilities arising from temporary differences, the net deferred tax asset recognized in the consolidated statement of financial position is determined based on updated business plans (see Note 1.E.f).

The potential tax benefits deriving from unused tax losses carried forward break down as follows by expiration date:

(At December 31, in millions of euros)	2018	2017
Year Y+1	3	2
Years Y+2 to Y+4	12	10
Year Y+5 and subsequent years(1)	548	521
TOTAL	**563**	**533**

(1) This line includes the potential tax benefits derived from unused tax losses that may be carried forward indefinitely.

F. TAXABLE TEMPORARY DIFFERENCES RELATING TO INTERESTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

No deferred tax liabilities have been recognized in relation to temporary differences where (i) the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, or (ii) the reversal of the temporary difference will not give rise to a significant tax payment.

NOTE 12. EARNINGS PER SHARE

The following table presents a reconciliation of basic earnings per share and diluted earnings per share:

	2018	2017
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT(1)	14	**125**
Interest expense on OCEANE convertible bonds, net of tax(1)	Anti-dilutive	(7)
ADJUSTED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT(1)	14	**132**
ATTRIBUTABLE NET INCOME FROM DISCONTINUED OPERATIONS(1)	-	-
Average number of shares outstanding	43,307,515	43,328,672
Average number of dilutive instruments		5,226,150
■ of which free shares and performance shares	908,085	955,955
■ of which stock options	-	17,033
■ of which convertible bonds	Anti-dilutive	4,253,162
Average number of diluted shares	44,215,600	48,554,822
ATTRIBUTABLE NET INCOME PER SHARE ***(in euros)***		
■ Basic earnings per share(2)	0.32	3.04
■ Diluted earnings per share(2)	0.32	2.71

(1) In millions of euros.
(2) In euros.

NOTE 13. INTANGIBLE ASSETS

(in millions of euros)	Trademarks	Customer relationships	Software	Intangible assets in progress	Other	Total
Gross value	56	195	87	28	48	415
Accumulated amortization and impairment	(26)	(173)	(73)	-	(16)	(288)
NET AT JANUARY 1, 2018	**30**	**22**	**15**	**28**	**32**	**127**
Acquisitions and capitalizations	-	-	4	11	-	15
Disposals	-	-	-	-	-	-
Depreciation expense for the year	-	(4)	(6)	-	(4)	(14)
Impairment losses[1]	-	-	-	-	-	-
Changes in Group structure	-	-	-	-	-	-
Exchange differences and other	1	-	4	(3)	-	2
NET AT DECEMBER 31, 2018	**31**	**18**	**17**	**37**	**28**	**131**
Gross value	56	193	96	37	48	429
Accumulated amortization and impairment	(25)	(175)	(79)	-	(20)	(298)

(1) See Note 8.

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

(in millions of euros)	Land and buildings	Plant, equipment and machinery	Property, plant and equipment under construction	Other	Total
Gross value	910	2,239	102	219	3,470
Accumulated depreciation and impairment	(548)	(1,615)	-	(178)	(2,341)
NET AT JANUARY 1, 2018	**362**	**624**	**102**	**41**	**1,129**
Acquisitions and capitalizations	16	54	84	38	192
Disposals	(5)	(3)	-	-	(8)
Depreciation expense for the year	(22)	(89)	-	(11)	(123)
Impairment losses[1]	(18)	(20)	(6)	(3)	(47)
Changes in Group structure	-	-	-	-	-
Exchange differences and other	18	54	(81)	1	(8)
NET AT DECEMBER 31, 2018	**351**	**620**	**98**	**66**	**1,135**
Gross value	927	2,245	104	236	3,512
Accumulated depreciation and impairment	(576)	(1,625)	(6)	(170)	(2,377)

(1) See Note 8.

NOTE 15. INVESTMENTS IN ASSOCIATES – SUMMARY OF FINANCIAL DATA

A. EQUITY VALUE

(At December 31, in millions of euros)	% control	2018	2017
Qatar International Cable Company	30.33%	16	14
Cobrecon/Colada Continua	33.33%/41.00%	8	9
Recycables	36.50%	4	4
IES Energy	27.80%	12	13
TOTAL		**39**	**40**

B. FINANCIAL DATA RELATING TO ASSOCIATES

The information below is presented in accordance with the local GAAP of each associate as full statements of financial position and income statements prepared in accordance with IFRS were not available at the date on which the Group's consolidated financial statements were published.

Condensed statement of financial position

(At December 31, in millions of euros)	2018	2017
Property, plant and equipment and intangible assets	121	119
Current assets	136	173
TOTAL CAPITAL EMPLOYED	**257**	**292**
Equity	123	132
Net financial debt	37	13
Other liabilities	97	147
TOTAL FINANCING	**257**	**292**

Condensed income statement

(in millions of euros)	2018	2017
Sales at current metal prices	289	312
Operating income	5	10
Net income	(1)	4

NOTE 16. OTHER NON-CURRENT ASSETS

(At December 31, in millions of euros net of impairment)	2018	2017
Long-term loans and receivables	19	36
Shares in non-consolidated companies	21	23
Pension plan assets	5	7
Derivative instruments	3	22
Other	12	12
TOTAL	**60**	**100**

The maturity schedule for non-current assets at December 31, 2018 is presented below, excluding (i) shares in non-consolidated companies, and (ii) pension plan assets:

(At December 31, 2018, in millions of euros)	Carrying amount	1 to 5 years	> 5 years
Long-term loans and receivables	19	16	3
Derivative instruments	3	3	-
Other	12	4	8
TOTAL	**34**	**23**	**11**

Movements in impairment losses recognized for other non-current assets carried at net realizable value were as follows:

(in millions of euros)	Long-term loans and receivables	Other
AT DECEMBER 31, 2017	**8**	**3**
Additions	4	-
Disposals/Reversals	(7)	-
Other	1	-
AT DECEMBER 31, 2018	**6**	**3**

NOTE 17. INVENTORIES AND WORK IN PROGRESS

(At December 31, in millions of euros)	2018	2017
Raw materials and supplies	356	408
Industrial work in progress	319	300
Finished products	483	447
GROSS VALUE	**1,158**	**1,155**
IMPAIRMENT	(48)	(48)
NET VALUE	**1,110**	**1,107**

NOTE 18. TRADE RECEIVABLES

(At December 31, in millions of euros)	2018	2017
Gross value	1,061	1,068
Impairment	(40)	(35)
NET VALUE	**1,021**	**1,033**

At December 31, 2018 and 2017, as part of a receivables securitization program set up by the Group in 2010, renewed for five years on March 30, 2015 and amended in May 2017 (referred to as the "On Balance Sheet" program), Nexans France SAS had respectively sold 87 million euros and 93 million euros worth of euro denominated trade receivables to a bank (excluding security deposit). The receivables sold under this program cannot be derecognized, as they do not meet the required criteria under IAS 27 and IFRS 9.

Changes in provisions for impairment of trade receivables can be analyzed as follows (see **Note 27.D** for details on the Group's policy for managing customer credit risk):

(in millions of euros)	At January[1]	Additions	Utilizations	Reversals	Other (currency translation differences, IFRS 5 requirements)	At December 31
2018	**45**	**3**	**(3)**	**(4)**	**(1)**	**40**
2017	38	5	(2)	(3)	(3)	35

(1) The difference between provisions for impairment at December 31, 2017 (35 million euros) and at January 1, 2018 (45 million euros) is explained by the first-time application of IFRS 9 (see ***Note 3****).*

Receivables more than 30 days past due at the year-end but not written down were as follows:

(in millions of euros)	Between 30 and 90 days past due	More than 90 days past due
DECEMBER 31, 2018	**40**	**14**
December 31, 2017	35	28

At December 31, 2018 and 2017, the remaining receivables past due but not written down mainly related to leading industrial groups, major public and private electricity companies and telecommunications operators, and major resellers.

NOTE 19. OTHER CURRENT ASSETS

(At December 31, in millions of euros)	2018	2017
Prepaid and recoverable income taxes	46	48
Other tax receivables	56	64
Cash deposits paid	9	8
Prepaid expenses	29	22
Other receivables, net	44	35
NET VALUE	**184**	**177**

Cash deposited to meet margin calls on copper forward purchases traded on the LME whose fair value was negative at the year end (see **Note 27.D**) is presented under "Cash deposits paid" in the above table and amounted to 3 million euros at December 31, 2018 and 3 million euros at December 31, 2017.

NOTE 20. DECREASE (INCREASE) IN WORKING CAPITAL

(At December 31, in millions of euros)	2018	2017
Inventories and work in progress	(32)	(163)
Trade receivables and other receivables	58	(63)
Trade payables and other debts	91	117
DECREASE (INCREASE) IN WORKING CAPITAL	**117**	**(109)**

In 2018, the Group sold 20 million euros worth of tax receivables. As the sales concerned transferred substantially all the risks and rewards of ownership, they met the derecognition criteria in IFRS 9 and were therefore derecognized.

NOTE 21. EQUITY

A. COMPOSITION OF CAPITAL STOCK

At December 31, 2018, Nexans S.A.'s capital stock comprised 43,606,320 fully paid-up shares with a par value of 1 euro each, compared with 43,494,691 shares at December 31, 2017. The Company's shares have not carried double voting rights since said rights were removed by way of a resolution passed at the Shareholders' Meeting of November 10, 2011.

B. DIVIDENDS

At the Annual Shareholders' Meeting, shareholders will be invited to approve the payment of a dividend of 0.30 euros per share, representing an aggregate payout of 13.1 million euros based on the 43,606,320 shares making up the Company's capital stock at December 31, 2018.

In the event that the Company holds treasury stock at the time the dividend is paid, the amount corresponding to unpaid dividends on these shares will be appropriated to retained earnings. The total amount of the dividend could be increased in order to reflect the number of additional shares that may be issued between January 1, 2019 and the date of the Annual Shareholders' Meeting that approves the dividend payment, following the exercise of stock options. In addition, any options exercised between May 22, 2019 (the proposed date of the 2019 Annual Shareholders' Meeting) and the dividend payment date will also entitle their holders to the dividend (if any) decided at the 2019 Annual Shareholders' Meeting.

At the Annual Shareholders' Meeting held on May 17, 2018 to approve the financial statements for the year ended December 31, 2017, the Company's shareholders authorized payment of a dividend of 0.70 euros per share, representing an aggregate payout of 30 million euros based on the 43,508,425 shares making up the Company's capital stock on the payment date (May 24, 2018).

At the Annual Shareholders' Meeting held on May 11, 2017 to approve the financial statements for the year ended December 31, 2016, the Company's shareholders authorized the payment of a dividend of 0.50 euros per share – representing a total of 22 million euros – which was paid out on May 19, 2017.

C. TREASURY STOCK

In 2018, Nexans S.A. purchased 702,336 shares into treasury under the buyback programs approved by the Board of Directors on November 22, 2017 and June 19, 2018.

During the year, 150,089 shares were delivered under free share and performance share plans, and 400,000 treasury shares were canceled.

At December 31, 2018, 234,324 shares were held in treasury stock.
At December 31, 2017, 82,077 shares were held in treasury stock.

D. STOCK OPTIONS

At December 31, 2018, no stock options were outstanding. At December 31, 2017, a total of 170,760 options were outstanding, exercisable for 0.39% of the Company's capital stock.

Stock options outstanding at beginning of the period

Grant date	Number of options originally granted	Number of options granted as adjusted after the rights issue[1]	Number of options outstanding at the year-end	Exercise price *(in euros)*	Exercise price as adjusted after the rights issue[1] *(in euros)*	Exercise period
March 9, 2010	335,490	389,026	-	53.97	46.30	From March 9, 2011[2] to March 8, 2018
TOTAL	**335,490**	**389,026**	**-**			

(1) On November 8, 2013, the Group carried out a rights issue which resulted in a capital increase of 283.8 million euros.
(2) Vesting at a rate of 25% per year as from the grant date.

Following the rights issue carried out on November 8, 2013, the number and unit price of the stock options were adjusted, with no increase in their fair value.

Changes in the number of options outstanding

	Number of options	Weighted average exercise price *(in euros)*
OPTIONS OUTSTANDING AT BEGINNING OF YEAR	**170,760**	**46.30**
Options granted during the year	-	-
Options canceled during the year	-	-
Options exercised during the year	(13,734)	46.30
Options expired during the year	(157,026)	46.30
OPTIONS OUTSTANDING AT THE YEAR-END	-	-
▪ of which exercisable at the year-end	-	-

Valuation of options

The vesting conditions applicable to stock options are described in section 2.5.6 of the Registration Document.

The fair value of stock options was recorded as a payroll expense from the grant date to the end of the vesting period, with a corresponding adjustment to equity. As no options were in their vesting period in 2018 or 2017, no corresponding expense was recognized in the income statement.

E. FREE SHARES AND PERFORMANCE SHARES

The Group granted an aggregate 265,317 free shares and performance shares in 2018 (225,300 in 2017).

At December 31, 2018, there were 762,584 free shares and performance shares outstanding, each entitling their owner to one share on vesting, representing a total of 1.7% of the Company's capital stock (869,724 shares at December 31, 2017, representing 2.0% of the Company's capital stock).

The free shares and performance shares outstanding at December 31, 2018 can be analyzed as follows:

Plan characteristics

Grant date	Number of shares originally granted	Number of shares outstanding at the year-end	End of vesting period
July 28, 2015	320,960	57,980	July 28, 2019 for non-French tax residents, and July 28, 2018 followed by a two-year lock-up period for French tax residents
January 1, 2016	30,000	30,000	January 1, 2020
May 12, 2016	253,200	219,867	May 12, 2020
November 23, 2016	3,900	3,400	November 23, 2020
March 14, 2017	225,300	202,220	March 14, 2021
March 13, 2018	211,100	194,900	March 13, 2022
July 27, 2018	39,717	39,717	July 27, 2021
July 27, 2018	14,500	14,500	July 27, 2022
TOTAL	**1,098,677**	**762,584**	

Movements in outstanding free shares and performance shares

	Number of shares
SHARES OUTSTANDING AT BEGINNING OF YEAR	**869,724**
Shares granted during the year	265,317
Shares canceled during the year	(222,368)
Shares vested during the year(1)	(150,089)
SHARES OUTSTANDING AT THE YEAR-END	**762,584**

(1) Including 150,089 shares allocated from treasury stock.

Valuation of free shares and performance shares

The assumptions applied to value the shares impacting income for 2018 and 2017 were as follows:

Grant date	July 24, 2014	July 28, 2015	Jan. 1, 2016	May 12, 2016	Nov. 23, 2016	Mar. 14, 2017	March 13, 2018	July 27, 2018
Share price at grant date (in euros)	34.85	36.19	33.84	43.47	49.80	48.31	44.64	29.28
Vesting period	3 to 4 years	3 to 4 years	4 years	4 years	4 years	4 years	4 years	3-4 years
Volatility (%)[1]	42%	35%	35%	37%	37%	38%	35%	42%
Risk-free interest rate (%)	0.25%	0.00%	0.00%	0.00%	0.00%	0.06%	0.02%	0.00%
Dividend rate (%)	2.3%	2.0%	2.0%	1.0%	1.0%	2.0%	2.0%	2.0%
Fair value of each share (in euros)	11.61 - 31.79	12.04 - 33.41	17.27 - 31.24	28.50 - 41.76	25.76 - 47.85	23.48 - 44.59	21.14 - 41.21	12.53 - 28.70

(1) Only for shares subject to a stock market performance condition.

See section 2.5.6 of the Registration Document.

The fair value of free shares and performance shares is recorded as a payroll expense from the grant date to the end of the vesting period, with a corresponding adjustment to equity. In the 2018 and 2017 income statements, this expense totaled 5 million euros.

F. PUT OPTIONS GRANTED TO NON-CONTROLLING INTERESTS

At December 31, 2018 and 2017, Nexans had no commitment to buy non controlling interests, as the put options granted on non-controlling interests in Liban Cables expired in 2016.

G. EQUITY COMPONENT OF THE OCEANE CONVERTIBLE BONDS

In accordance with IAS 32, the portion of the OCEANE bonds issued in February 2012 that corresponds to the value of the options embedded in the instruments is recorded under “Retained earnings and other reserves” within equity, representing a pre-tax amount of 41 million euros.

H. EMPLOYEE SHARE OWNERSHIP PLAN

In 2018, Nexans launched a new employee share ownership plan made up of an employee share issue involving a maximum of 500,000 shares. The settlement-delivery of the shares took place on July 18, 2018 and resulted in the issuance of 496,477 new shares, representing an aggregate amount of 13.8 million euros. The expense relating to this plan (representing 2 million euros including the employer contribution) was recognized in 2018 and included the impact of valuing the lock-up period applicable to plans in countries where it was possible to set up a corporate mutual fund.

Out of the proceeds of this employee share issue (net of the related issue costs), 0.5 million euros was recognized in “Capital stock” and 12.6 million euros in “Additional paid-in capital”.

NOTE 22. PENSIONS, RETIREMENT BONUSES AND OTHER LONG-TERM BENEFITS

There are a large number of retirement and other long-term employee benefit plans in place within the Group:

- In France, each Group employee is eligible for state pension plans and is entitled to statutory retirement indemnities paid by the employer. For historical reasons, certain employees are also members of defined benefit supplementary pension plans, one of which has been closed to new entrants since 2005, the other since 2014. Senior executive vice president members of the Executive Committee and corporate executive officers are members of a defined contributions supplementary pension plan that has been set up by the Company.
- In other countries, pension plans are subject to local legislation, and to the business and historical practices of the subsidiary concerned. Nexans takes care to ensure that its main defined benefit plans are funded in such a way as to ensure that they have plan assets that approximate the value of the underlying obligations. The majority of unfunded defined benefit plans have been closed.

Provisions for jubilee and other long-term benefits paid during the employees' service period are valued based on actuarial calculations comparable to the calculations used for pension benefit obligations, but actuarial gains and losses are not recognized in other comprehensive income but in benefit expense.

Besides, within the Group, there are some plans with minimum return to be guaranteed by the employer that are not material and are therefore not included in the pension benefit obligations calculated as per IAS 19.

A. MAIN ASSUMPTIONS

The basic assumptions used for the actuarial calculations required to measure obligations under defined benefit plans are determined by the Group in conjunction with its external actuary. Demographic and other assumptions (such as for staff turnover and salary increases) are set on a per-company basis, taking into consideration local job market trends and forecasts specific to each entity.

The weighted average rates used for the main countries concerned are listed below (together, these countries represented some 94% of the Group's pension obligations at December 31, 2018).

	Discount rate 2018	Estimated future salary increases 2018	Discount rate 2017	Estimated future salary increases 2017
France	1.60%	2.00%-2.30%	1.70%	2.00% - 2.50%
Germany	1.60%	3.00%	1.70%	3.00%
Norway	2.85%	N/A	2.60%	N/A
Switzerland	0.90%	1.00%	0.70%	0.40%
Canada	3.45%	3.50%	3.55%	3.50%
United States	4.15%	3.50%	3.85%	3.50%
Australia	3.35%	2.50%	3.10%	2.00%

The discount rates applied were determined as follows:

- By reference to market yields on high-quality corporate bonds (rated AA or above) in countries or currency zones where there is a deep market for such bonds. This approach was notably used to determine the discount rates in the Eurozone, Canada, the United States, Switzerland, South Korea, Australia and Norway.

- By reference to market yields on government bonds with similar maturities to those of the benefit payments under the pension plans concerned in countries or currency zones where there is no deep market for high-quality corporate bonds (including for bonds with short maturities).

B. PRINCIPAL MOVEMENTS

(in millions of euros)	2018	2017
RETIREMENT COSTS FOR THE YEAR		
Service cost	(14)	(16)
Net interest expense	(5)	(6)
Actuarial gains/(losses) (on jubilee benefits)	0	(0)
Past service cost	12	4
Effect of curtailments and settlements	1	(3)
Impact of asset ceiling	-	-
NET COST FOR THE YEAR	**(6)**	**(21)**
▪ of which operating cost	(1)	(15)
▪ of which finance cost	(5)	(6)

(in millions of euros)	2018	2017
VALUATION OF DEFINED BENEFIT OBLIGATION		
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT JANUARY 1	**812**	**893**
Service cost	14	16
Interest expense	13	13
Employee contributions	2	2
Plan amendments	(12)	(4)
Business acquisitions and disposals	(0)	-
Plan curtailments and settlements	(3)	(23)
Benefits paid	(58)	(52)
Actuarial (gains)/losses	(1)	7
Other (exchange differences)	6	(40)
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT DECEMBER 31	**773**	**812**

(in millions of euros)	2018	2017
PLAN ASSETS		
FAIR VALUE OF PLAN ASSETS AT JANUARY 1	**432**	**465**
Interest income	8	7
Actuarial gains/(losses)	(7)	30
Employer contributions	12	18
Employee contributions	2	2
Business acquisitions and disposals	-	-
Plan curtailments and settlements	(3)	(26)
Benefits paid	(35)	(30)
Other (exchange differences)	7	(34)
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**415**	**432**

(At December 31, in millions of euros)	2018	2017
FUNDED STATUS		
Present value of wholly or partially funded benefit obligations	(497)	(527)
Fair value of plan assets	415	432
FUNDED STATUS OF BENEFIT OBLIGATION	**(82)**	**(95)**
Present value of unfunded benefit obligation	(276)	(285)
BENEFIT OBLIGATION NET OF PLAN ASSETS	**(358)**	**(380)**
Unrecognized surplus (due to asset ceiling)	-	-
NET PROVISION RECOGNIZED	**(358)**	**(380)**
■ of which pension assets	5	7

(in millions of euros)	2018	2017
CHANGE IN NET PROVISION		
NET PROVISION RECOGNIZED AT JANUARY 1	**380**	**428**
Expense/(income) recognized in the income statement	6	21
Expense/(income) recognized in other comprehensive income	7	(23)
Utilization	(35)	(40)
Other impacts (exchange differences, acquisitions/disposals, etc.)	(0)	(6)
NET PROVISION RECOGNIZED AT DECEMBER 31	**358**	**380**
■ dont actif de pension	5	7

C. SIGNIFICANT EVENTS OF THE YEAR

During the first half of the year, the Board of Directors decided to terminate the Key Management Personnel's defined benefit supplementary pension plan for beneficiaries who are more than seven years younger than the age from which they can claim their pension under the standard government-sponsored pension regime. Compensation has been granted for the potential rights already accrued under the defined benefit plan.
This plan curtailment resulted in the recognition of a 12 million euros gain in the Group's 2018 income statement.

As a result of this Board decision, Nexans S.A. has also put in place a new defined contribution supplementary pension plan for senior executive vice president members of the Executive Committee and corporate executive officers.

The actuarial losses recognized in 2018 primarily reflect the return on plan assets excluding amounts included in net interest on the net defined benefit obligation and experience adjustments, partially offset by changes in the discount rates applied.
The actuarial gains recognized in 2017 primarily reflect (i) the return on plan assets (excluding amounts included in net interest on the net defined benefit obligation), (ii) changes in the discount rates applied, partially offset by (iii) experience adjustments (retiree headcount, tax legislation update). Retirement costs for the year include one million euros in net non-recurring income arising from numerous plan amendments that came into effect mainly in Switzerland, the United Kingdom, the Netherlands, the United States and Canada.

The Group's employer contributions relating to defined benefit plans are estimated at 8 million euros for 2019.

Other retirement benefits for which the Group's employees are eligible correspond to defined contribution plans under which the Group pays a fixed contribution and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay benefits. Contributions under these plans are recognized immediately as an expense. The amount of contributions paid in relation to defined contribution plans amounted to 90 million euros in 2018 and 89 million euros in 2017.

D. ANALYSIS OF ACTUARIAL GAINS AND LOSSES

Actuarial gains and losses arising on the Group's defined benefit obligation (DBO) can be analyzed as follows:

	2018		2017	
	in millions of euros	%	in millions of euros	%
Discount rate	(7)	-1%	(9)	-1%
Salary increases	(5)	-1%	4	0%
Mortality	(0)	0%	0	0%
Staff turnover	0	0%	0	0%
Other changes in assumptions	3	0%	(1)	0%
(GAINS)/LOSSES FROM CHANGES IN ASSUMPTIONS	(9)	-1%	(6)	-1%
(GAINS)/LOSSES FROM PLAN AMENDMENTS	-	0%	-	0%
(GAINS)/LOSSES FROM EXPERIENCE ADJUSTMENTS	8	1%	13	2%
OTHER	0	0%	0	0%
TOTAL (GAINS)/LOSSES ARISING DURING THE YEAR	**(1)**	**0%**	**7**	**1%**

E. BREAKDOWN OF PLAN ASSETS BY CATEGORY

The Group's portfolio of plan assets breaks down as follows:

(At December 31)	2018		2017	
	in millions of euros	% Total	in millions of euros	% Total
Equities[(1)]	130	31%	136	32%
Bonds and other fixed income products[(1)]	160	39%	166	38%
Real estate	71	17%	73	17%
Cash and cash equivalents	14	3%	14	3%
Other	41	10%	43	10%
FAIR VALUE OF PLAN ASSETS	**415**	**100%**	**432**	**100%**

(1) All of the instruments recognized under "Equities" and "Bonds and other fixed income products" are listed.

F. SENSITIVITY ANALYSES

The present value of the Group's obligation for pensions and other retirement benefits is sensitive to changes in discount rates. In 2017, a 50 basis-point decrease in the discount rates applied would have had the following impacts on the present value of the Group's defined benefit obligation:

	2018		
	Actual DBO in millions of euros	Adjusted DBO in millions of euros	% change
Europe	577	611	5.85%
North America	160	170	6.39%
Asia	26	28	5.48%
Other countries	10	11	9.13%
TOTAL	**773**	**819**	**5.99%**

The present value of the Group's obligation for pensions and other retirement benefits is also sensitive to changes in inflation rates. Depending on the type of plan concerned, changes in inflation rates can affect both the level of future salary increases and the amounts of annuity payments. A 50 basis-point increase in the inflation rates used would have had the following impacts on the present value of the Group's defined benefit obligation (assuming that the discount rates applied remain constant):

	2018		
	Actual DBO in millions of euros	Adjusted DBO in millions of euros	% change
Europe	577	595	3.09%
North America	160	160	0.00%
Asia	26	28	5.18%
Other countries	10	10	1.63%
TOTAL	**773**	**792**	**2.50%**

G. CHARACTERISTICS OF THE MAIN DEFINED BENEFIT PLANS AND ASSOCIATED RISKS

The two plans described below represent 58% of the total present value of the Group's defined benefit obligation at December 31, 2018.

Switzerland

The pension plan of Nexans Suisse S.A. is a contribution-based plan with a guaranteed minimum rate of return and a fixed conversion rate on retirement. It offers benefits that comply with the Swiss Federal Law on compulsory occupational benefits (the "LPP/BVG" law).

As specified in the LPP/BVG law, the plan has to be fully funded. Therefore, if there is a funding shortfall, measures must be taken to restore the plan to a fully funded position, such as by the employer and/or employees contributing additional financing and/or by reducing the benefits payable under the plan.

The pension fund for Nexans Suisse S.A. is set up as a separate legal entity (a Foundation), which is responsible for the governance of the plan and is composed of an equal number of employer and employee representatives. The strategic allocation of plan assets must comply with the investment guidelines put in place by the Foundation, which are aimed at limiting investment risks.

Nexans Suisse S.A. is also exposed to risks related to longevity improvement concerning the plan as two-thirds of the defined benefit obligation relates to employees who have already retired.

The weighted average life of the plan is approximately 11 years.

Germany

Nexans Deutschland GmbH's most significant plan is a defined benefit plan that has been closed to new entrants since January 1, 2005. For other employees, their pension benefits will be calculated based on their vested rights as at the date the plan was closed.

This plan – which is unfunded – also provides for disability benefits. In general, any disability payments due will be made on top of the amount of future pension benefits. In addition, the plan provides for reversionary benefits.

The weighted average life of the plan is approximately 11 years.

NOTE 23. PROVISIONS

A. ANALYSIS BY NATURE

(At December 31, in millions of euros)	2018	2017
Accrued contract costs	32	36
Restructuring provisions	34	48
Other provisions	81	89
TOTAL	**147**	**173**

Movements in these provisions were as follows during 2017 and 2018:

(in millions of euros)	TOTAL	Accrued contract costs	Restructuring provisions	Other provisions
AT DECEMBER 31, 2016	**210**	**39**	**81**	**90**
Additions	48	15	22	11
Reversals (utilized provisions)	(55)	(7)	(44)	(4)
Reversals (surplus provisions)	(23)	(9)	(7)	(7)
Business combinations	-	-	-	-
Exchange differences and other	(7)	(2)	(4)	(1)
AT DECEMBER 31, 2017	**173**	**36**	**48**	**89**
Additions	41	16	19	6
Reversals (utilized provisions)	(39)	(9)	(26)	(4)
Reversals (surplus provisions)	(21)	(11)	(4)	(6)
Business combinations	-	-	-	-
Exchange differences and other	(7)	-	(3)	(4)
AT DECEMBER 31, 2018	**147**	**32**	**34**	**81**

The above provisions have not been discounted, as the effect of discounting would not have been material.

Provisions for accrued contract costs are primarily set aside by the Group as a result of its contractual responsibilities, particularly relating to customer warranties, loss-making contracts and penalties under commercial contracts (see Note 31). They include provisions for construction contracts in progress, where applicable, in accordance with the method described in Note 1.E.a.

The “Other provisions” column mainly includes provisions set aside for antitrust investigations, which amounted to 59 million euros at December 31, 2018 (64 million euros at December 31, 2017) (see **Note 31**).

Surplus provisions are reversed when the related contingency no longer exists or has been settled for a lower amount than the estimate made based on information available at the previous period-end (including provisions for expired customer warranties).

B. ANALYSIS OF RESTRUCTURING COSTS

Restructuring costs amounted to 53 million euros in 2018, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairment and retirements(1)	Other monetary costs	Total
Additions to provisions for restructuring costs	16	1	3	21
Reversals of surplus provisions	(2)	(0)	(2)	(4)
Other costs for the year	9	-	27	36
TOTAL RESTRUCTURING COSTS	**23**	**1**	**28**	**53**

(1) Deducted from the carrying amount of the corresponding assets in the consolidated statement of financial position.

In 2018 the Group's companies pursued their implementation of cost-cutting plans drawn up previously and continued to work on new plans to effectively respond to changes in the global cable market.

The 53 million euros expense recognized under restructuring costs in 2018 corresponds mainly to provisions for restructuring plans in Europe, South Korea and Brazil. It also includes costs expensed as incurred, primarily in Europe and the United States.

“Other monetary costs” primarily correspond to site maintenance costs, project management costs and the cost of reallocating assets within the Group.

Expenses that do not meet the recognition criteria for provisions are presented under “Other costs for the year” and include items such as (i) the salaries of employees working out their notice period, (ii) the cost of redeploying manufacturing assets or retraining employees within the Group, and (iii) the cost of maintaining sites beyond the dismantlement period or the originally expected sale date. The proceeds arising on the sales of assets carried out as part of restructuring plans are deducted from “Other monetary costs” when the sales are completed.

As was the case in previous years, wherever possible the restructuring plans implemented by the Group in 2018 included assistance measures negotiated with employee representative bodies as well as measures aimed at limiting lay-offs and facilitating redeployment.

In 2017, restructuring costs came to 37 million euros, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairment and retirements(1)	Other monetary costs	Total
Additions to provisions for restructuring costs	19	1	3	23
Reversals of surplus provisions	(3)	(1)	(4)	(8)
Other costs for the year	5	-	16	21
TOTAL RESTRUCTURING COSTS	**21**	**0**	**16**	**37**

(1) Deducted from the carrying amount of the corresponding assets in the consolidated statement of financial position.

The 37 million euros expense recognized under restructuring costs in 2017 corresponds mainly to provisions for restructuring plans in Brazil, Europe and the United States. It also includes costs recognized on a cash basis.

NOTE 24. NET DEBT

At December 31, 2018, the Group's long-term debt was rated BB by Standard & Poor's with a negative outlook. It was rated BB with a stable outlook by the same agency at December 31, 2017.

A. ANALYSIS BY NATURE

(At December 31, in millions of euros)	Notes	2018	2017
Long-term – ordinary bonds(1)	24.C	771	447
Long-term – OCEANE convertible bonds(1)	24.C	-	267
Other long-term borrowings(1)		7	4
TOTAL LONG-TERM DEBT		**778**	**718**
Short-term – ordinary bonds(1)	24.C	-	250
Short-term – OCEANE convertible bonds(1)	24.C	269	-
Short-term borrowings and short-term accrued interest not yet due		169	158
Short-term bank loans and overdrafts		15	11
TOTAL SHORT-TERM DEBT		**453**	**419**
GROSS DEBT		**1,231**	**1,137**
Short-term financial assets		-	-
Cash		(870)	(711)
Cash equivalents		(31)	(94)
NET DEBT		**330**	**332**

(1) Excluding short-term accrued interest not yet due.

Since the second quarter of 2010, short-term borrowings have included a securitization program (the "On-Balance Sheet" program) set up by Nexans France involving the sale of euro-denominated trade receivables, which is contractually capped at 80 million euros (see Note 18).

B. CHANGE IN GROSS DEBT

(in millions of euros)	December 31, 2017	New borrowings/ repayments	Change in consolidation scope	Change in accrued interest	Transfers from long-term to short-term	Other	December 31, 2018
Long-term – ordinary bonds	447	323	-	-	-	1	771
Long-term – OCEANE convertible bonds	267	-	-	-	(267)	-	-
Other long-term borrowings	4	3	-	-	(0)	-	7
Short-term – ordinary bonds	250	(250)	-	-	-	-	-
Short-term – OCEANE convertible bonds	-	(6)	-	-	267	8	269
Other short-term borrowings	133	17	-	-	0	(2)	148
Short-term accrued interest not yet due	25	N/A	-	(4)	-	(0)	21
GROSS DEBT EXCLUDING SHORT-TERM BANK LOANS AND OVERDRAFTS	**1,126**	88	-	(4)	-	7	**1,216**

C. BONDS

(in millions of euros)	Carrying amount at end-2018	Face value at issue date(3)	Maturity date	Nominal interest rate	Exercise price per bond (in euros)(4)
2019 OCEANE convertible bonds	276	269	January 1, 2019	2.50%	72.74
TOTAL CONVERTIBLE BONDS(1)	**276**	**269**			
Ordinary bonds redeemable in 2021	254	250	May 26, 2021	3.25%	N/A
Ordinary bonds redeemable in 2023	328	325	August 8, 2023	3,75%	N/A
Ordinary bonds redeemable in 2024	203	200	April 5, 2024	2.75%	N/A
TOTAL ORDINARY BONDS(2)	**785**	**775**			

(1) Including 7 million euros in short-term accrued interest.
(2) Including 14 million euros in short-term accrued interest.
(3) The nominal value at the issue date of the 2019 OCEANE convertible bonds is based on the number of ordinary bonds at December 31, 2018 multiplied by the issue unit price of 72.74 euros.
(4) Redemption price at face value. The conversion ratio is 1.1250 shares per 2019 OCEANE bond.

Ordinary bonds

On August 8, 2018, Nexans issued 325 million euros worth of fixed-rate bonds with a five-year term, maturing on August 8, 2023. The bonds were issued at par and have an annual coupon of 3.75%. The issue price was 100.00% of the bonds' par value.

On March 19, 2018, all of the 2018 bonds were redeemed in cash, as they had reached maturity. The total amount paid was 261 million euros including accrued interest on the bonds.
The ordinary bonds redeemable in 2018 were reclassified to short-term debt at December 31, 2017, as their maturity was within 12 months of that date.

On May 2, 2017, all of the 2017 bonds were redeemed in cash, as they had reached maturity. The total amount paid was 370 million euros including accrued interest on the bonds.

On April 5, 2017, Nexans carried out a 200 million euros bond issue with a maturity date of April 5, 2024. The issue price was 100.00% of the bonds' face value.

On May 26, 2016, Nexans carried out a 250 million euros bond issue with a maturity date of May 26, 2021. The issue price was 100.00% of the bonds' face value.

Convertible bonds

At December 31, 2018, the Group's debt included OCEANE convertible bonds maturing on January 1, 2019. The OCEANE bonds redeemable in 2019 were reclassified to short-term debt at December 31, 2018, as their maturity was within 12 months of that date (see Note 23.B).

The prospectus for the issuance of the 2019 OCEANE bonds provided bondholders with an early redemption option exercisable on June 1, 2018 (or the first business day thereafter). In first-half 2018, this option was only exercised for 79,241 bonds out of the total 3,780,588 bonds issued, resulting in the recognition of a 6 million euros cash outflow and a corresponding reduction in debt.

In accordance with IAS 32, the portion of the 2019 OCEANE bonds corresponding to the value of the conversion option was included in equity for a pre-tax amount of 41 million euros at the issue date.

Consolidated statement of financial position

(At December 31, in millions of euros)	2018	2017
Convertible bonds – debt component	221	226
Accrued interest	55	47
TOTAL DEBT COMPONENT	**276**	**273**
Convertible bonds – equity component (reserves), before tax	41	41
TOTAL AMOUNT RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR CONVERTIBLE BONDS	**317**	**314**

Income statement

(in millions of euros)	2018	2017
Contractual interest paid	(7)	(7)
Additional interest calculated at interest rate excluding the option	(8)	(3)
TOTAL FINANCE EXPENSE FOR CONVERTIBLE BONDS	**(15)**	**(10)**

D. ANALYSIS OF GROSS DEBT BY CURRENCY AND INTEREST RATE

Long-term debt

(At December 31, excluding short-term accrued interest not yet due)	Weighted average EIR(1) (%)		In millions of euros	
	2018	2017	2018	2017
2019 OCEANE convertible bonds(2)	N/A	5.73	N/A	267
Ordinary bonds redeemable in 2021	3.40	3.40	249	248
Ordinary bonds redeemable in 2023	3.89	N/A	323	N/A
Ordinary bonds redeemable in 2024	2.87	2.87	199	199
Other	3.22	0.67	7	4
TOTAL	**3.47**	**4.10**	**778**	**718**

(1) Effective interest rate.
(2) The 2019 OCEANE convertible bonds were reclassified to short-term debt in 2018.

Over 99% of the Group's medium- and long-term debt is at fixed interest rates.

Long-term debt denominated in currencies other than the euro essentially corresponds to loans granted to Liban Câbles at preferential rates, and to Nexans Côte d'Ivoire.

Short-term debt

(At December 31)	Weighted average EIR(1) (%)		In millions of euros	
	2018	2017	2018	2017
Ordinary bonds redeemable in 2018	N/A	4.53	N/A	250
2019 OCEANE convertible bonds	5.73	N/A	269	N/A
Euro (excluding ordinary bonds)	1.82	1.80	78	71
US dollar	4.24	4.13	16	25
Other	5.55	6.65	69	49
TOTAL SHORT-TERM DEBT EXCLUDING ACCRUED INTEREST	**4.94**	**4.28**	**432**	**395**
Accrued interest (including short-term accrued interest on long-term debt)	N/A	N/A	21	24
TOTAL SHORT-TERM DEBT	**4.94**	**4.28**	**453**	**419**

(1) Effective interest rate.

At December 31, 2018, US dollar-denominated debt primarily concerned subsidiaries located in Lebanon and Brazil.

Debt denominated in currencies other than euros and US dollars corresponds to borrowings taken out locally by certain Group subsidiaries in Asia (China), the Middle East/Africa (Morocco and Côte d'Ivoire), and South America (primarily Brazil). In some cases such local borrowing is required as the countries concerned do not have access to the Group's centralized financing facilities. However, it may also be set up in order to benefit from a particularly attractive interest rate or to avoid the risk of potentially significant foreign exchange risk depending on the geographic region in question.

The vast majority of the Group's short-term debt (excluding the 2019 OCEANE convertible bonds) is at variable rates.

E. ANALYSIS BY MATURITY (INCLUDING ACCRUED INTEREST)

Nexans Services, a wholly-owned Nexans subsidiary, is responsible for the Group's centralized cash management. However, in its capacity as parent company, Nexans S.A. still carries out the Group's long-term bond issues.

Nexans Services monitors changes in the liquidity facilities of the holding companies as well as the Group's overall financing structure on a weekly basis (see **Note 27.A**).

In view of Nexans' available short-term liquidity facilities and long-term debt structure, the Group's debt maturity schedule set out below is presented on a medium- and long-term basis.

Maturity schedule at December 31, 2018

(in millions of euros)	Due within 1 year		Due in 1 to 5 years		Due beyond 5 years		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019 OCEANE convertible bonds	269	7	-	-	-	-	269	7
Ordinary bonds redeemable in 2021	-	8	250	16	-	-	250	24
Ordinary bonds redeemable in 2023	-	12	325	49	-	-	325	61
Ordinary bonds redeemable in 2024	-	6	-	22	200	6	200	33
Other long-term borrowings	-	0	7	0	0	-	7	0
Short-term bank loans and overdrafts	163	3	-	-	-	-	163	3
TOTAL	**432**	**36**	**582**	**87**	**200**	**6**	**1 214**	**128**

Notes concerning the preparation of the maturity schedule:

- It is assumed that the 2019 OCEANE convertible bonds will be redeemed on January 1, 2019.
- Foreign exchange and interest rate derivatives used to hedge the Group's external debt are not material for the Group as a whole.
- The euro equivalent amount for borrowings in foreign currencies has been calculated using the year-end exchange rate at December 31, 2018.
- It has been assumed that the nominal amounts of short-term borrowings including short-term bank loans and overdrafts will be fully repaid at regular intervals throughout 2018.
- The interest cost has been calculated based on contractual interest rates for fixed-rate borrowings and on weighted average interest rates at December 31, 2018 for variable-rate borrowings (see **Note 24.D** above).

NOTE 25. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

(At December 31, in millions of euros)	2018	2017 (restated)[1]
TRADE PAYABLES	**1,290**	**1,280**
Social liabilities	201	215
Current income tax payables	43	47
Other tax payables	16	27
Deferred income	0	0
Other payables	39	42
OTHER CURRENT LIABILITIES	**298**	**331**

(1) Restatements of consolidated data at December 31, 2017 are set out in Note 3*.*

At December 31, 2018, trade payables included approximately 292 million euros (290 million euros at December 31, 2017) related to copper purchases whose payment periods can be longer than usual for such supplies.

Amounts due to suppliers of fixed assets totaled 8 million euros at December 31, 2018 (2 million euros at December 31, 2017).

NOTE 26. DERIVATIVE INSTRUMENTS

(in millions of euros)	December 31, 2018							December 31, 2017		
	Notional amounts					Market value		Notional amounts	Market value	
FOREIGN EXCHANGE DERIVATIVES	USD	NOK	EUR	Other	Total	Assets	Liabilities		Assets	Liabilities
FOREIGN EXCHANGE DERIVATIVES - CASH FLOW HEDGES						21	28		21	26
Forward sales	370	564	592	331	1 857			1 526		
Forward purchases	353	854	421	225	1 853			1 521		
FOREIGN EXCHANGE DERIVATIVES - ECONOMIC HEDGES						17	14		10	11
Forward sales	321	19	241	394	975			1 022		
Forward purchases	493	8	208	268	977			1 018		
METAL DERIVATIVES	Copper	Aluminum	Lead	Other	Total	Assets	Liabilities	Notional amounts	Assets	Liabilities
METAL DERIVATIVES - CASH FLOW HEDGES						2	17		47	1
Forward sales	89	9	1	-	99			64		
Forward purchases	325	66	37	-	428			342		
METAL DERIVATIVES - ECONOMIC HEDGES						1	3		3	1
Forward sales	48	15	1	-	63			51		
Forward purchases	71	23	0	-	94			58		
TOTAL FOREIGN EXCHANGE AND METAL DERIVATIVES						**41**	**62**		**81**	**39**

Foreign exchange derivatives

In 2018, the Group recorded a 9 million euros loss relating to the ineffective portion of its foreign exchange derivatives. In the consolidated income statement this loss is included in "Other financial income and expenses" for the operations component of the hedge and in "Cost of debt (net)" for the financial component.

An aggregate 16 million euros loss was recognized in the consolidated statement of comprehensive income in 2018 for foreign exchange derivatives designated as cash flow hedges and an 8 million euros gain was recycled to the income statement.

Metal derivatives

In 2018, the ineffective portion of gains or losses arising on the fair value remeasurement of metal derivatives designated as cash flow hedges represented a non-material amount that was recognized in the consolidated income statement on the line "Changes in fair value of non-ferrous metal derivatives" in "Other operating income and expenses".

An aggregate 49 million euros loss was recognized in the consolidated statement of comprehensive income in 2018 for metal derivatives designated as cash flow hedges and a 12 million euros loss was recycled to the income statement.

NOTE 27. FINANCIAL RISKS

The Group Finance Department determines the Group's overall policy for managing financial risks. It is assisted by the following two departments:

- The Treasury and Financing Department, which manages risks related to liquidity, foreign exchange, interest rates, credit and banking counterparties, deposits and investments.
- The Metals Management Department, which manages risks relating to changes in non-ferrous metal prices as well as credit and financial counterparty risks for entities that trade in non-ferrous metals markets.

Where permitted by local regulations, Group subsidiaries' foreign exchange and interest rate risks are managed on a centralized basis and their access to liquidity is managed through a cash pooling system.

The main subsidiaries that did not have access to the centralized cash management system at December 31, 2018 are located in Morocco, China, South Korea, Peru, Brazil and Colombia. These subsidiaries, which have their own banking partners, are nevertheless subject to Group procedures regarding their choice of banks and foreign exchange and interest rate risk management.

The Group's risk management policy for non-ferrous metals is also determined and overseen on a centralized basis for the Group as a whole. The Metals Management Department centralizes subsidiaries' use of metals markets and places their orders for them. At December 31, 2018, only subsidiaries in Australia, New Zealand and China had direct access to such markets.

A. LIQUIDITY RISKS

Group financing

Monitoring and controlling liquidity risks

The Treasury and Financing Department monitors changes in the treasury and liquidity positions of the Group on a two-weekly basis (encompassing both holding companies and operating entities). In addition, subsidiaries are required to provide monthly cash forecasts, which are compared to actual cash figures on a two-weekly basis.

Bank borrowings taken out by subsidiaries that are not part of the Nexans Services centralized cash management system must be approved in advance by the Treasury and Financing Department and may not have maturity dates exceeding 12 months, unless express authorization is obtained.

The key liquidity indicators that are monitored are (i) the unused amounts of credit facilities granted to the Group, and (ii) available cash and cash equivalents.
The Group also monitors its net debt position on a monthly basis (see **Note 24** for the definition of net debt).

Management of cash surpluses

The Group's policy for investing cash surpluses is guided by the overriding principles of ensuring sufficient availability and using safe investment vehicles. The banks considered by the Group as acceptable counterparties must be rated at least A2 by Standard & Poor's and P2 by Moody's, or must be majority-owned by the government of their home country (which must be either an EU member, Canada or the United States).

At December 31, 2018, the Group's cash surpluses were recognized under "Cash and cash equivalents" in the consolidated statement of financial position and were invested in either:

- current accounts with banks considered by the Group as acceptable counterparties that do not apply negative interest rates;
- money-market mutual funds (OPCVM) which are not exposed to changes in interest rates and whose underlying assets are investment-grade issues by both corporations and financial institutions; or
- term deposits and certificates of deposit issued by banks, with an initial investment period of less than one year.

Main sources of financing

Over the past several years the Group has implemented a strategy of diversifying its sources of financing, through:

- Issues of convertible bonds, i.e., the 2019 OCEANE bonds (see **Note 24**).
- Issues of ordinary bonds maturing in 2021, 2023 and 2024 (see **Note 24**).
- A medium-term syndicated credit facility representing an amount of 600 million euros, including a very short-term drawing facility representing an amount of 200 million euros.
- Receivables securitization and factoring programs:
  - The Group's existing securitization program – set up on March 29, 2010 and covering the securitization of trade receivables in France and Germany – was renewed on March 30, 2015 for five years. On May 23, 2017, the Off Balance Sheet program was terminated, leaving only the On Balance Sheet program (see **Note 18**). Following termination of the Off Balance Sheet program, Nexans France is now the only participant in the securitization program. The On Balance Sheet program will expire in March 2020. The amount of receivables that may be sold under the program is currently capped at 80 million euros.
  - The other main receivables securitization and factoring programs concern Norway and Morocco.
  - In Norway, receivables sold under the factoring program totaled 54 million euros at December 31, 2018 (51 million euros at December 31, 2017).
  - In Morocco, receivables sold under the factoring program totaled 8 million euros at December 31, 2018 (11 million euros at December 31, 2017).
  - During 2018, the Group sold CIR and CICE tax receivables for 20 million euros net of fees.
- Local credit facilities.

Covenants and acceleration clauses

On December 12, 2018 an amendment to the 600 million euros syndicated credit facility was signed, extending the expiration date until December 12, 2023. The 600 million euros syndicated credit facility included a 200 million euros very short-term drawing facility designed to implement a negotiable instruments program. This program was signed on December 21, 2018 for a maximum amount of 400 million euros, which was not drawn down at December 31, 2018.
The amended syndicated credit facility is subject to the following two covenants, applicable as from June 30, 2019:

- the consolidated net debt to equity ratio (including non-controlling interests) must not exceed 1.20; and
- consolidated debt must not exceed 3.2x consolidated EBITDA as defined in Note 1.E.b.

The difference between these covenants and those applicable at December 31, 2018 (mentioned below) takes into account the consequences of the implementation of IFRS 16 starting January 1, 2019.

These ratios were well within the specified limits at both December 31, 2018 and at the date the Board of Directors approved the financial statements:

- the consolidated net debt to equity ratio (including non-controlling interests) was less than 1.10; and
- the consolidated net debt/EBITDA ratio was less than 3x.

The Group is not subject to any other financial ratio covenants.

If any of the facility's covenants were breached, any undrawn credit lines would become unavailable and any drawdowns would be repayable, either immediately or after a cure period of 30 days depending on the nature of the breach.

This syndicated loan agreement, together with the indentures for the 2019 OCEANE bonds and the ordinary bonds redeemable in 2021, 2023 and 2024 also contain standard covenants (negative pledge, cross default, pari passu and change of control clauses), which, if breached, could accelerate repayment of the syndicated loan or the bond debt.
The receivables securitization program renewed for five years on March 30, 2015 and amended in May 2017 contains clauses similar to those negotiated when the original program was set up in 2010. The program does not include any acceleration clauses. However, it does contain change of control and cross default clauses as well as a clause relating to significant changes in the behavior of the portfolios of sold receivables, which could lead to a termination of the receivables purchases and consequently the program itself.

B. INTEREST RATE RISKS

The Group structures its financing in such a way as to avoid exposure to the risk of rises in interest rates:

- The vast majority of Nexans' medium- and long-term debt is at fixed rates. At December 31, 2018, the bulk of this debt corresponded to the ordinary bonds redeemable in 2021, 2023 and 2024.
- The Group's short-term debt includes the 2019 OCEANE convertible bonds, which are at a fixed rate of interest. All other short-term debt at December 31, 2018 was at variable rates based on money market rates (EONIA, EURIBOR, LIBOR or local benchmarks). Fixed-rate debt with original maturities of less than one year is considered as variable-rate debt. The Group's short-term cash surpluses are invested in instruments which have maturities of less than one year and are therefore at adjustable rates (fixed rate renegotiated when the instrument is renewed) or at variable rates (based on the EONIA or LIBOR for a shorter maturity than that of the investment). Consequently, the Group's net exposure to changes in interest rates is limited and concerned its variable rate net cash position of 739 million euros at December 31, 2018 and 660 million euros at December 31, 2017.

The Group did not have any interest rate hedges in place at either December 31, 2018 or December 31, 2017.

(At December 31, in millions of euros)	2018			2017		
	Current	Non-current	Total	Current	Non-current	Total
VARIABLE RATE						
Financial liabilities(1)	162	1	163	145	2	147
Cash and cash equivalents	(901)	-	(901)	(805)	-	(805)
NET VARIABLE RATE POSITION	**(739)**	**1**	**(738)**	**(660)**	**2**	**(658)**
FIXED RATE						
Financial liabilities(1)	291	777	1 068	274	716	990
NET FIXED RATE POSITION	**291**	**777**	**1 068**	**274**	**716**	**990**
NET DEBT	**(448)**	**778**	**330**	**(386)**	**718**	**332**

(1) Including the short-term portion of accrued interest not yet due on long-term debt.

C. FOREIGN EXCHANGE AND METAL PRICE RISKS

The Group's foreign exchange risk exposure primarily relates to operations-based transactions (purchases and sales). The Group considers that it only has low exposure to foreign exchange risk on debt. However, other than in exceptional cases, when debt is denominated in a currency that is different to the Group's functional currency the inherent foreign exchange risk is hedged.

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

The Group's policy for managing non-ferrous metal risks is defined and overseen by the Metals Management Department and implemented by the subsidiaries that purchase copper, aluminum and, to a lesser extent, lead. The Group's main exposure to metal price risk arises from fluctuations in copper prices.

The Group's sensitivity to foreign exchange risk on operating cash flows is considered to be moderate due to its operational structure, whereby the majority of Nexans' operating subsidiaries have a very strong local presence, except in the high-voltage business.

The Group's policy is to hedge its foreign exchange and non-ferrous metal price risks on cash flows relating to (i) foreseeable significant contractual commercial transactions, and (ii) certain forecast transactions. The operations arising from this hedging activity may result in certain positions being kept open. Where this happens, the positions are limited in terms of amount and tenor and they are overseen by the Metals Management Department for metal hedges and the Treasury and Financing Department for foreign exchange hedges.

Methods used to manage and hedge exposure to foreign exchange risk

The Group verifies that its procedures for managing foreign exchange risk are properly applied by means of quarterly reports provided to the Treasury and Financing Department by all subsidiaries exposed to this type of risk, irrespective of whether or not they are members of the cash pool. The reports contain details on the subsidiaries' estimated future cash flows in each currency and the related hedges that have been set up, as well as a reconciliation between actual figures and previous forecasts.

The Treasury and Financing Department has developed training materials for the Group's operations teams and carries out ad hoc audits to ensure that the relevant procedures have been properly understood and applied. Lastly, the Internal Audit Department systematically verifies that the procedures for identifying and hedging foreign exchange risks have been properly applied during its audit engagements carried out at the Group's subsidiaries.

In addition, some bids are made in a currency other than that in which the entity concerned operates. Foreign exchange risks arising on these bids are not systematically hedged, which could generate a gain or loss for the Group if there is a significant fluctuation in the exchange rate between the date when the bid is presented and the date it is accepted by the customer. However, in such cases, the Group takes steps to reduce its potential risk by applying expiration dates to its bids and by incorporating the foreign exchange risk into the price proposal.

Foreign exchange risk is identified at the level of the Group's subsidiaries, whose treasurers execute hedges centrally or locally using forward currency transactions. For subsidiaries that are members of the cash pool, these transactions are carried out with the Treasury and Financing Department. Other subsidiaries enter into forward currency transactions with their local banks. The objective of these transactions is for operating cash flows to be denominated in the functional currency of the entity concerned.

Methods used to manage and hedge exposure to metal risks

The Group verifies that its procedures for managing and hedging metal risks are correctly applied by means of each operating subsidiary reporting monthly on its exposure to copper, aluminum and lead risk in both tonnage and value terms. The related reports are analyzed and consolidated at Group level by the Metals Management Department.

In addition, the Metals Management Department regularly provides training sessions and performs controls within the subsidiaries to ensure that the procedures are properly understood and applied. It has also created training modules on the Group intranet for operations teams, including salespeople, buyers, finance staff and "hedging operators", who are in charge of daily hedging activities concerning metal risks. Lastly, the Internal Audit Department systematically checks that the procedures for identifying and hedging metal risks have been properly applied during its audit engagements carried out at the Group's operating subsidiaries.

In order to offset the consequences of the volatility of non-ferrous metal prices (copper and, to a lesser extent, aluminum and lead), Nexans' policy is to pass on metal prices in its own selling prices, and hedge the related risk either by setting up a physical hedge or by entering into futures contracts on the London, New York and, to a lesser degree, Shanghai, metal exchanges. Nexans does not generate any income from speculative trading of metals.

The Group's production units require access at all times to a minimum level of metal inventories for their routine operations, which is referred to as "Core exposure". Core exposure represents the minimum amounts that are necessary for the production units to operate appropriately. Consequently, the quantities of metal corresponding to Core exposure are not hedged and are recorded within operating margin based on initial purchase cost. However, as described in **Note 1.F.c**, at the level of operating income, Core exposure is measured at its weighted average cost and therefore the difference between historical cost and weighted average cost is recognized under "Core exposure effect" in the income statement.
As a result, any reduction (via sales) in volume of Core exposure due to (i) structural changes in the sales and operating flows of an entity or (ii) a significant change in the business levels of certain operations, can impact the Group's operating margin.

In addition, the Group's operating margin is still partially exposed to fluctuations in non-ferrous metal prices for certain product lines, such as copper cables for cabling systems and building sector products. In these markets, any changes in non-ferrous metal prices are generally passed on in the selling price, but with a time lag that can impact margins. The fierce competition in these markets also affects the timescale within which price increases are passed on.
In accordance with its risk management policy described above, the Group enters into physical contracts only for operational purposes (for the copper component of customer or supplier orders) and uses futures contracts only for hedging purposes (LME, COMEX or SHFE traded contracts, see **Note 27.D**, "Metals derivatives"). The Group's main subsidiaries document their hedging relationships in compliance with the requirements of IAS 39 relating to cash flow hedges.

D. CREDIT AND COUNTERPARTY RISK

In addition to customer credit risk, counterparty risk arises primarily on foreign exchange and non-ferrous metal derivatives as well as on the Group's investments and deposits placed with banks.

Customer credit risk

The Group's diverse business and customer base and wide geographic reach are natural mitigating factors for customer credit risk. At December 31, 2018, no single customer represented more than 5% of the Group's total outstanding receivables.

The Group also applies a proactive policy for managing and reducing its customer credit risk by means of a Group-wide credit management policy which has been rolled out to Nexans' international subsidiaries. The Group has also set up a master credit insurance program for most of its subsidiaries, although a portion of its trade receivables is not covered by this program. Credit risk has been amplified by the difficult market environment caused by the recent global economic and political crises, and the Group has experienced late and disputed payments from a number of customers. Although the problem has eased slightly in Brazil, it is currently still difficult to obtain credit insurance in Turkey, Saudi Arabia and in sub-Saharan Africa.

Foreign exchange derivatives

In accordance with Group policy, to keep counterparty risk as low as possible, entities wishing to hedge the foreign exchange risk on their medium- or long-term commercial commitments may only purchase long-term derivatives (expiring in more than one year) from banks that have been assigned medium- and long-term ratings of at least A- by Standard & Poor's and A3 by Moody's. For short-term derivatives (expiring in less than one year), the banks must have been assigned short-term ratings of at least A2 by Standard & Poor's and P2 by Moody's. Where this requirement cannot be fulfilled due to local banking conditions, the entities in the countries concerned limit their counterparty risk by keeping their exposure to a minimum and spreading it between at least three banks.

For subsidiaries that are not members of the cash pool, the same criteria apply but exceptions may be made, notably for subsidiaries located in countries with sovereign ratings that are below the specified thresholds. In this case, foreign exchange derivatives involving counterparty risk can only be set up with branches or subsidiaries of banking groups whose parent company satisfies the above risk criteria.

Counterparty risk for these subsidiaries is subject to a specific monthly monitoring process that tracks the external commitments made by each subsidiary in relation to foreign exchange hedges.
Based on a breakdown by maturity of notional amounts (the sum of the absolute values of notional amounts of buyer and seller positions) at December 31, 2018, the Group's main exposure for all subsidiaries (both members and non-members of the cash pool) is to short-term maturities:

(At December 31, in millions of euros)	2018		2017	
	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	2,322	2,323	2,214	2,224
Between 1 and 2 years	500	501	273	274
Between 2 and 3 years	8	8	50	48
Between 3 and 4 years	-	-	2	2
Between 4 and 5 years	-	-	-	-
Beyond 5 years	-	-	-	-
TOTAL	**2,830**	**2,832**	**2,539**	**2,548**

Metal derivatives

The Nexans Group hedges its exposure to copper, aluminum and, to a lesser extent, lead, by entering into derivatives transactions in three organized markets: the LME in London, the COMEX in New York and, in certain limited cases, the SHFE in Shanghai. Substantially all of the derivatives transactions conducted by the Group are standard buy and sell trades. The Group does not generally use metal options.

The Metals Management Department performs metal derivatives transactions on behalf of substantially all of the Group's subsidiaries apart from – at December 31, 2018 – its Australian, New Zealand and Chinese entities. Non-ferrous metal hedging transactions carried out on commodity exchanges may give rise to two different types of counterparty risk:

- the risk of not recovering cash deposits made (margin calls); and
- the replacement risk for contracts on which the counterparty defaults (mark-to-market exposure, i.e., the risk that the terms of a replacement contract will be different from those in the initial contract).

The Metals Management Department manages counterparty risk on the Group's derivative instruments by applying a procedure that sets ceilings by counterparty and by type of transaction. The level of these ceilings depends notably on the counterparties' ratings. In addition, the transactions carried out are governed by master netting agreements developed by major international Futures and Options Associations that allow for the netting of credit and debit balances on each contract.

The Group's counterparties for these transactions are usually its existing financial partners, provided they have a long-term rating of at least A-/A3. Counterparties rated between BBB-/Baa3 and BBB+/Baa1 can also be approved provided the Group's aggregate exposure to these counterparties does not exceed (i) 25 million US dollars for counterparties rated BBB+ or BBB, and (ii) 10 million US dollars for counterparties rated BBB-.

In Australia and New Zealand, because of the countries' time zone, the Group's subsidiaries carry out metal derivatives transactions with an Australian broker, which is not rated. However, the Group only has a low level of exposure to this broker. Subsidiaries in China hedge their metal risks on the Shanghai Futures Exchange (SHFE), which can only be used by local brokers.
The Group's metal derivatives transactions are governed by master netting agreements developed by major international Futures and Options Associations that, in the event of a default, allow for the netting of a Group subsidiary's assets and liabilities related to the defaulting counterparty.
The Group's maximum theoretical counterparty risk on its metal derivatives transactions can be measured as the sum of credit balances (including positive mark-to-market adjustments) and cash deposits, after contractually permitted asset and liability netting. This maximum theoretical risk amounted to 5 million euros at December 31, 2018 and 58 million euros at December 31, 2017.

(At December 31, in millions of euros)	2018		2017	
	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	413	161	320	115
Between 1 and 2 years	105	1	44	-
Between 2 and 3 years	4	-	33	-
Between 3 and 4 years	-	-	3	-
Between 4 and 5 years	-	-	-	-
Beyond 5 years	-	-	-	-
TOTAL	**522**	**162**	**400**	**115**

Cash deposited to meet margin calls on copper forward purchases whose fair value was negative at the year-end (see **Note 19**) amounted to 3 million euros at December 31, 2018 (3 million euros at December 31, 2017).

In conclusion, the Group has limited exposure to credit risk. The Group considers that its management of counterparty risk is in line with market practices but it cannot totally rule out a significant impact on its consolidated financial statements should it be faced with the occurrence of systemic risk.

Risk on deposits and investments

The table below sets out the Group's counterparty risk relating to deposits and investments of Nexans Services' cash surpluses placed with banks at December 31, 2018. These Nexans Services deposits and investments amounted to an aggregate 626 million euros at that date, representing 69% of the Group total.

(At December 31, 2018, in millions of euros)

COUNTERPARTY RATINGS[1]	AA-	A+	A	A-	BBB+	Money	Total
Cash on hand	112	221	293	-	-	-	626
Short-term money market funds (OPCVM)[2]	-	-	-	-	-	-	-
Certificates of deposit/EMTN	-	-	-	-	-	-	-
TOTAL	**112**	**221**	**293**	**-**	**-**	**-**	**626**

(1) Based on Standard & Poor's ratings.
(2) Based on the AMF classification.

For the Group's other subsidiaries, counterparty risk on deposits and investments is managed in accordance with the principles and procedures described in Note 27.A.

E. MARKET RISK SENSITIVITY ANALYSIS

A sensitivity analysis is provided below on the impact that a theoretical change in the above-mentioned main market risks would have on consolidated income and equity.

Sensitivity to changes in copper prices

Fluctuations in copper prices can impact both consolidated income and equity as well as the Group's financing needs. Sensitivity calculations are based on an assumed increase in copper prices. A fall in copper prices would have the inverse effect.

A rise in copper prices would result in:

- A rise in the fair value of the Group's portfolio of cash-settled copper derivatives (the Group is a net buyer);
- A revaluation of the Group's Core exposure;
- A limited increase in working capital and therefore a limited increase in financing needs (any short-term positive impact of margin calls is not taken into account in the sensitivity analysis).

At Group level, the impact on working capital is limited and mainly relates to the timing of derivatives settlement. Potential significant variations could occur at local level due to pricing conditions.

An increase in the fair value of cash-settled copper derivatives would positively affect either consolidated operating income or equity, based on the accounting treatment used for these derivative instruments (the derivatives of the Group's main subsidiaries are designated as cash flow hedges within the meaning of IAS 39).

A revaluation of the Group's Core exposure would positively affect consolidated operating income.

The simulation below is based on the following assumptions (with all other assumptions remaining constant, notably exchange rates):

- A 10% increase in copper prices at December 31, 2018 and 2017 and translation of this impact evenly across the entire price curve without any distortion of forward point spreads.
- All working capital components (inventories, and the copper component of trade receivables and payables) would be impacted by the increase in copper prices.
- 40,000 tonnes and 62,000 tonnes of copper included in working capital at December 31, 2018 and 2017 respectively.

- Short-term interest rate (3-month EURIBOR) of -0.32% in 2018 and -0.33% in 2017.
- A worst-case scenario, in which the increase in working capital would be constant throughout the year, leading to an annualized increase in financial expenses (not taking into account the temporary positive impact of margin calls or the effect of changes in exchange rates).
- 50,375 tonnes of copper classified as Core exposure at December 31, 2018 (54,100 tonnes at December 31, 2017).
- A theoretical income tax rate of 34.43% for 2018 and 2017.

Any impact of changes in copper prices on both impairment in value of the Group's non-current assets (in accordance with IAS 36) and the provision for impairment of inventories has not been taken into account in this simulation, as it is impossible to identify a direct linear effect.

(in millions of euros)	2018	2017
Impact on operating income	29	32
Impact on net financial expense	0	0
NET IMPACT ON INCOME (AFTER TAX)	**19**	**21**
IMPACT ON EQUITY[(1)] (AFTER TAX)	**15**	**19**

(1) Excluding net income for the period.

Sensitivity to the US dollar (USD) exchange rate

The US dollar is the main foreign currency to which the Group is exposed.

The simulation below is based on a 10% decrease in the US dollar spot rate against the world's other major currencies compared with the rates prevailing at December 31, 2018 and 2017, e.g., using US dollar/euro exchange rates of 1.26 and 1.32 respectively, without any changes in the forward points curve.
The main impacts on the consolidated financial statements stem from the revaluation of the Group's portfolio of derivative instruments. The impact on equity related to designated cash flow hedges and the impact on income have been separated out. This revaluation effect is offset by the revaluation of underlying US dollar positions in (i) the Group's trade receivables and trade payables portfolios, and (ii) net debt.

The Group's other financial assets and liabilities are rarely subject to foreign exchange risk and have therefore not been included in this simulation.

Foreign currency translation impacts have likewise not been taken into account in the following calculations.

Sensitivity at December 31, 2018 *(in millions of euros)*	Impact on income (net after tax[(2)])	Impact on equity[(1)] (after tax[(2)])
Trade receivables	(13)	N/A
Bank accounts	(5)	N/A
Trade payables	22	N/A
Loans/borrowings	(2)	-
NET POSITION – USD UNDERLYINGS[(3)]	**2**	-
Portfolio of forward purchases[(4)]	(29)	(18)
Portfolio of forward sales[(4)]	18	23
NET POSITION – USD DERIVATIVES	**(11)**	**5**
NET IMPACT ON THE GROUP	**(9)**	**5**

(1) Excluding net income (loss) for the period.
(2) Using a theoretical income tax rate of 34.43%.
(3) Impact primarily due to net open positions in countries whose currencies are very closely correlated to the US dollar.
(4) Forward purchases and sales that comprise an exposure to US dollars.

Sensitivity at December 31, 2017 *(in millions of euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
Trade receivables	(11)	N/A
Bank accounts	(4)	N/A
Trade payables	21	N/A
Loans/borrowings	(2)	-
NET POSITION – USD UNDERLYINGS[3]	**4**	**-**
Portfolio of forward purchases[4]	(24)	(16)
Portfolio of forward sales[4]	16	19
NET POSITION – USD DERIVATIVES	**(8)**	**3**
NET IMPACT ON THE GROUP	**(4)**	**3**

(1) Excluding net income for the period.
(2) Using a theoretical income tax rate of 34.43%.
(3) Impact primarily due to net open positions in countries whose currencies are very closely correlated to the US dollar.
(4) Forward purchases and sales that comprise an exposure to US dollars.

Sensitivity to the Norwegian krone (NOK) exchange rate

The Norwegian krone is an essential counterparty currency used in contracts for submarine high-voltage cables.

The simulation below is based on similar assumptions to those used for the US dollar (i.e., a 10% decrease in the Norwegian krone spot rate against the world's other major currencies), e.g., using closing NOK/euro exchange rates of 10.9 and 10.8 at December 31, 2018 and 2017 respectively, without any changes in the forward points curve.

Sensitivity at December 31, 2018 *(in millions of euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
Trade receivables	2	N/A
Bank accounts	(3)	N/A
Trade payables	(1)	N/A
Loans/borrowings	11	-
NET POSITION – NOK UNDERLYINGS	**9**	**-**
Portfolio of forward purchases[3]	(6)	28
Portfolio of forward sales[3]	-	(45)
NET POSITION – NOK DERIVATIVES	**(6)**	**(17)**
NET IMPACT ON THE GROUP	**3**	**(17)**

(1) Excluding net income (loss) for the period.
(2) Using a theoretical income tax rate of 34.43%.
(3) Forward purchases and sales that comprise an exposure to the Norwegian krone.

Sensitivity at December 31, 2017 *(in millions of euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
Trade receivables	-	N/A
Bank accounts	(2)	N/A
Trade payables	0	N/A
Loans/borrowings	8	-
NET POSITION – NOK UNDERLYINGS	**6**	**-**
Portfolio of forward purchases[3]	(4)	21
Portfolio of forward sales[3]	-	(25)
NET POSITION – NOK DERIVATIVES	**(4)**	**(4)**
NET IMPACT ON THE GROUP	**2**	**(4)**

(1) Excluding net income (loss) for the period.
(2) Using a theoretical income tax rate of 34.43%.
(3) Forward purchases and sales that comprise an exposure to the Norwegian krone.

NOTE 28. ADDITIONAL DISCLOSURES CONCERNING FINANCIAL INSTRUMENTS

A. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The Group has defined the following main categories of financial assets and liabilities:

(At December 31, in millions of euros)	IFRS 9 category	Fair value hierarchy level	2018		2017 (restated)[1]	
			Carrying amount	Fair value	Carrying amount	Fair value
ASSETS						
Shares in non-consolidated companies[2]	Financial assets at fair value through profit or loss		18	18	20	20
	At fair value through other comprehensive income		3	3	3	3
Other non-current financial assets	Loans and receivables		31	31	48	48
Commercial receivables						
▪ Contract assets	Loans and receivables		95	95	134	134
▪ Trade receivables	Loans and receivables		1,021	1,021	1,033	1,033
Derivative instruments[3]	Financial assets at fair value through profit or loss	Foreign exchange: 2 Metal: 1	38 3	38 3	31 50	31 50
Other current financial assets	Loans and receivables		109	109	107	107
Cash and cash equivalents	Financial assets at fair value through profit or loss	Term deposits: 2 Other: 1	31 870	901	94 711	805
LIABILITIES						
Gross debt						
▪ Convertible bonds[4]	Financial liabilities at amortized cost		276	276	273	293
▪ Ordinary bonds [4]	Financial liabilities at amortized cost		785	782	715	740
▪ Other financial liabilities	Financial liabilities at amortized cost		170	170	149	149
Commercial payables						
▪ Contract liabilities	Financial liabilities at amortized cost		252	252	165	165
▪ Trade payables	Financial liabilities at amortized cost		1,290	1,290	1,320	1,320
Derivative instruments[3]	Financial liabilities at fair value through profit or loss	Foreign exchange: 2 Metal: 1	42 20	42 20	37 2	37 2
Other current financial liabilities	Financial liabilities at amortized cost		255	255	283	283

(1) Restatements of consolidated data at December 31, 2017 are set out in **Note 3**.
(2) The 2017 comparative of the shares in non-consolidated entities was adjusted based on changes that took place under IFRS 9 (see Note 3). At December 31, 2017, the amounts were classified under "Available-for-sale securities" in their entirety, i.e., 23 million euros.
(3) Derivatives designated as cash flow hedges are carried at fair value through other comprehensive income. Any gains or losses previously recognized in equity for these derivatives are reclassified to the income statement in the period in which the hedged item impacts income.
(4) Including short-term accrued interest (see **Note 24.C***).*

At December 31, 2018, the Group's fixed rate debt mainly comprised its ordinary bonds redeemable in 2021, 2023 and 2024 as well as the debt component of its 2019 OCEANE bonds, whose fair values may differ from their carrying amounts in view of the fact that the bonds are carried at amortized cost.
The fair value of the 2021, 2023 and 2024 ordinary bonds was calculated based on a bank valuation provided at December 31, 2018 and included interest accrued at the year-end.
The fair value of OCEANE convertible bonds at December 31, 2018 corresponded to their redemption price on January 1, 2019.

The fair value of the Group's OCEANE bonds at December 31, 2017 was determined based on the following:
i. The market price and historic volatility of Nexans' shares at December 31, 2017 (51.11 euros).
ii. The spot price of the 2019 OCEANE bonds at December 31, 2017 (77.47 euros).
iii. A two-year euro swap rate of -0.35% for the 2019 OCEANE bonds.
iv. A two-year credit spread of 30 basis points for the 2019 OCEANE bonds, based on a 43% implicit volatility.
v. A bond lending/borrowing cost representing 50 basis points.

B. CALCULATIONS OF NET GAINS AND LOSSES

2018 (in millions of euros)	Net gains (losses)					
	Interests	On subsequent remeasurement			On disposal	Total
		Fair value adjustments	Currency translation differences	Impairment		
OPERATING ITEMS						
Receivables	N/A	N/A	11	3	-	14
Financial assets and liabilities at fair value through profit or loss	N/A	25	N/A	N/A	-	25
Financial liabilities at amortized cost	N/A	N/A	(32)	N/A	-	(32)
Cost of hedging						*(3)*
SUB-TOTAL – OPERATING ITEMS	-	25	(21)	3	-	4
FINANCIAL ITEMS						
Shares in non-consolidated companies	N/A	-	-	-	-	-
Loans	-	N/A	7	(0)	-	7
Financial assets and liabilities at fair value through profit or loss	N/A	8	N/A	N/A	-	8
Financial liabilities at amortized cost	(47)	N/A	(8)	N/A	-	(55)
Cost of hedging						*(6)*
SUB-TOTAL – FINANCIAL ITEMS	(47)	8	(1)	(0)	-	(46)
TOTAL	**(47)**	**33**	**(22)**	**3**	**-**	**(42)**

- Gains and losses corresponding to interest are recorded under "Cost of debt (net)" when they relate to items included in consolidated net debt (see Note 24).
- The accounting treatment of changes in fair value of derivatives is described in Note 27 above. Other than the impact of foreign exchange and metal derivatives, gains and losses relating to financial assets and liabilities at fair value through profit or loss include fair value adjustments recognized on cash and cash equivalents which amounted to a positive 4 million euros in 2018 and 3 million euros in 2017. These amounts are calculated taking into account interest received and paid on the instruments concerned, as well as realized and unrealized gains.
- Gains and losses arising from currency translation differences are recorded under "Other financial income and expenses" when they relate to operating items as classified in the table above, or under "Cost of debt (net)" if they relate to items included in consolidated net debt.
- Impairment losses on operating receivables are recognized as operating expenses and impairment losses on loans are recognized as financial expenses.

NOTE 29. OPERATING LEASES

Future minimum payments under non-cancelable operating leases were as follows at December 31, 2018 and 2017:

(in millions of euros)	Total	Payments due by maturity		
		Within 1 year	Between 1 and 5 years	Beyond 5 years
AT DECEMBER 31, 2018	**156**	**32**	**76**	**48**
At December 31, 2017	141	37	75	29

NOTE 30. RELATED PARTY TRANSACTIONS

Related party transactions primarily concern commercial and financial transactions carried out with the Quiñenco group – Nexans' principal shareholder – as well as with associates, non-consolidated companies, and directors and key management personnel (whose total compensation is presented in the table set out in **Note 30.D** below).

A. TRANSACTIONS WITH ASSOCIATES AND NON-CONSOLIDATED COMPANIES

Income statement

(in millions of euros)	2018	2017
REVENUE		
■ Non-consolidated companies	38	35
■ Associates	8	7
COST OF SALES		
■ Non-consolidated companies	(42)	(53)
■ Associates	(7)	(11)

Statement of financial position

The main items in the statement of financial position affected by related party transactions in 2018 and 2017 were as follows:

(At December 31, in millions of euros)	2018	2017
ASSETS		
■ Non-consolidated companies	8	6
■ Associates	1	5
FINANCIAL LIABILITIES/(RECEIVABLES)		
■ Non-consolidated companies	(11)	(9)
■ Associates	-	1
OTHER LIABILITIES		
■ Non-consolidated companies	10	16
■ Associates	1	1

B. RELATIONS WITH THE QUIÑENCO GROUP

At December 31, 2018, the Quiñenco group held approximately 29% of the Company's capital stock through two subsidiaries, Invexans and Tech Pack. The Quiñenco group has given the Company a long-term undertaking that it would not request representation on the Board in excess of three non-independent members in a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

At December 31, 2018, the main contractual relations between Nexans and the Quiñenco group concerned agreements related to the contract dated February 21, 2008 for the acquisition of the Quiñenco group's cables business, as amended by an addendum signed on September 30, 2008.

The impact of the commercial agreements with the Quiñenco group on the income statement and statement of financial position is included in the tables set out in **Note 30.A** above on the line "Associates".

C. COMPENSATION OF KEY MANAGEMENT PERSONNEL

In 2018, Key Management Personnel corresponded to corporate officers, members of the Management Board, as it existed until November 2018, and members of the Executive Committee, effective December 2018.
In 2017, Key Management Personnel corresponded to corporate officers and members of the Management Board.

Total compensation

Total compensation paid to the Group's Key Management Personnel can be analyzed as follows:

(in millions of euros)	2018	2017
Compensation for corporate officer positions(1)	3.4	2.3
Directors' fees(1)	-	-
Compensation under employment contracts and benefits in kind(1)	6.2	4.7
Stock options(2)	-	-
Performance shares(2)	2.5	2.0
Termination benefits(1)	-	-
Long-term incentive plan(2)	0.4	0.4
Accruals for pensions and other retirement benefit obligations(3)	2.3	2.3
TOTAL COMPENSATION	**14.8**	**11.7**

(1) Amounts paid during the year, including payroll taxes.
(2) Amounts expensed in the income statement during the year.
(3) For defined benefit plans, this item includes the service cost and interest expense for the year.

Additional information on the compensation of Key Management Personnel (corporate officers and members of the Executive Committee):

- At its meeting of July 3, 2018, the Board of Directors decided to appoint Christopher Guérin as Chief Executive Officer.
- On July 3, 2018, Arnaud Poupart-Lafarge resigned from the Group's governance structures when he left the Group in September 2018. In 2018, he received a non-compete indemnity amounting to 0.2 million euros.
- The Group's total obligation for pensions and other retirement benefits relating to Key Management Personnel (net of plan assets) amounted to 12 million euros at December 31, 2018, compared with 19 million euros at December 31, 2017.
- On July 27, 2018, the Board of Directors adopted a new long-term compensation plan for the Group's key managers and executives. The overall plan is made up of a long-term cash incentive plan combined with a performance share plan, which is subject to criteria based on the beneficiary's continued presence within the Group, as well as Nexans' financial performance and share performance.

Commitments given to the Chief Executive Officer

All of the commitments given to Christopher Guérin in his capacity as Chief Executive Officer are described in detail in section 2.5.4., Commitments given to the Chief Executive Officer.

As Chief Executive Officer, Christopher Guérin has received the following commitments from the Company, which were authorized at the Board Meeting of July 3, 2018 and will be submitted for approval to the Annual Shareholders' Meeting to be held on May 15, 2019:

- If Christopher Guérin is removed from his position as Chief Executive Officer, he will be entitled to payment of a termination indemnity representing two years' worth of his total fixed and variable compensation. This indemnity will be subject to actual performance in relation to the objectives applicable to his target annual variable compensation being at least equal to 60% of said objectives on average over the three years preceding his removal. This indemnity will 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.

- If Christopher Guérin's forced departure takes place before the end of three full years as from the date he took up his position as Chief Executive Officer, the indemnity will be equal one year's worth of his total fixed and variable compensation and the performance conditions will be assessed based on the number of full years completed (either one or two years).

- As compensation for an undertaking 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, Christopher Guérin will receive a non-compete indemnity, regardless of the cause of termination of his duties. Said indemnity will be paid in 24 equal and successive monthly installments and will equal one year of his fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

In accordance with Article 23.3. of the AFEP-MEDEF Code (June 2018 version), in the event of Christopher Guérin'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).
In addition, in accordance with Article 23.4 of the AFEP-MEDEF Code, no non-compete indemnity will be due if Christopher Guérin takes retirement upon leaving the Group.
Lastly, in accordance with the Group's 2019 compensation policy for key management personnel, as described in section 2.5.4.4, and with Article 23.6 of the AFEP-MEDEF Corporate Governance Code, Christopher Guérin's total termination payments – i.e., termination and non-compete indemnities – may not exceed two years' worth of his actual compensation (fixed plus variable) received prior to his departure.

If Christopher Guérin retired, he would be entitled to benefits under the supplementary defined contribution pension plan set up by the Group in 2018 for certain employees and corporate officers. Annual contributions to the plan paid by the Company correspond to 20% of the Chief Executive Officer's total actual annual compensation (fixed plus variable).

NOTE 31. DISPUTES AND CONTINGENT LIABILITIES

A. ANTITRUST INVESTIGATIONS

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 an infringement of European antitrust legislation in the submarine and underground high-voltage power cable 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.
In early July 2014, Nexans France SAS paid the 70.6 million euros fine imposed by the European Commission.
Nexans France SAS and the Company appealed the European Commission's decision to the General Court of the European Union. The appeal was dismissed on July 12, 2018. Nexans France SAS and the Company filed a claim before the European Court of Justice, which agreed to hear the application on September 26, 2018 and the case is proceeding accordingly.

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 initiated in 2015, has filed a contribution claim against the other cable producers sanctioned by the European Commission, including Nexans France SAS and Nexans S.A.

Investigations carried out by the American, Japanese, New Zealand and Canadian authorities in the high-voltage power cable sector were closed without sanctions. During investigations led by the Australian antitrust authority (ACCC), the Australian courts dismissed the ACCC's case and refused to sanction Nexans and its Australian subsidiary in the high-voltage power cable sector in a case pertaining to the sale of low- and medium-voltage cables.

Investigations by the antitrust authorities in South Korea and Brazil in the high-voltage power cable sector are still ongoing.

As explained in the Group's previous communications, Nexans' local Korean subsidiaries are cooperating with South Korea's antitrust authority (KFTC) in investigations initiated between 2013 and 2015 into businesses other than the high-voltage business. Rulings have been issued for ten cases and due to the cooperation of Nexans' Korean subsidiaries, the KFTC exempted eight of them from paying a fine. For the other cases, the Korean subsidiaries were granted a reduction of fines for their cooperation with the KFTC and were ordered to pay the KFTC a total of 850,000 euros.

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 seven summonses from customers and were ordered to pay 200,000 euros in one case and 6 million euros in a second case (against which the Korean subsidiaries have appealed). Other follow-on claims with customers are still in progress to date.

On February 11, 2019, Nexans was informed of the opinion of the General Superintendence of the Brazilian antitrust authority "CADE" to conclude on its investigation in the underground high-voltage and submarine cables sector in Brazil and to recommend to the Administrative Tribunal of CADE to sanction the defendants in this case. Nexans continues to strongly defend the case, based on solid elements which Nexans hopes the Administrative Tribunal of CADE will take into account.

On November 24, 2017 in Spain, 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. In early January 2018, Nexans Iberia settled the 1.3 million euros fine levied by the CNMC. Nexans Iberia and the Company have appealed the CNMC's decision.

The Group has recorded a 59 million euros 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 assumptions that take into account the consequences in similar cases and currently available information. There is still uncertainty as to the extent of the risks related to potential claims and/or fines. The final costs related to these risks could therefore be significantly different from the amount of the provision recognized.

The Group's risk prevention and compliance systems have been strengthened regularly and significantly in recent years (see section 3.2., Main risk factors and risk management within the Group). 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 compliance program includes means of detection which could generate internal investigations, and even external investigations. As consistently communicated by the Company in the past, unfavorable outcomes for antitrust proceedings and/or investigations as well as the associated consequences could have a material adverse effect on the results and thus the financial position of the Group.

B. OTHER DISPUTES AND PROCEEDINGS GIVING RISE TO THE RECOGNITION OF PROVISIONS

For cases where the criteria are met for recognizing provisions, the Group considers the resolution of the disputes and proceedings concerned will not materially impact the Group's results in light of the provisions recorded in the financial statements. Depending on the circumstances, this assessment takes into account the Group's insurance coverage, any third party guarantees or warranties and, where applicable, evaluations by the independent counsel of the probability of judgment being entered against the Group.

The Group considers that the other existing or probable disputes for which provisions were recorded at December 31, 2018 do not individually represent sufficiently material amounts to require specific disclosures in the consolidated financial statements.

C. CONTINGENT LIABILITIES RELATING TO DISPUTES AND PROCEEDINGS

As at December 31, 2018, 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.

NOTE 32. OFF-BALANCE SHEET COMMITMENTS

The Group's off-balance sheet commitments that were considered material at December 31, 2018 and 2017 are set out below.

A. COMMITMENTS RELATED TO THE GROUP'S SCOPE OF CONSOLIDATION

Receivables securitization program

A securitization plan for euro-denominated trade receivables (described in Note 27.A) was set up in the second quarter of 2010 and rolled over for up to five years on March 30, 2015. Following an amendment to the program in May 2017, this guarantee covers (i) the payment obligations of the Nexans subsidiary selling the receivables under the program and (ii) the consequences that could arise if any of the receivables sales under the program were rendered invalid, notably in the event that insolvency proceedings were initiated against the subsidiary selling the receivables.

At December 31, 2018, the Group considered the probability of the bank calling on this guarantee to be very low.

At the year-end, this joint and several guarantee was valued at 24 million euros for the portion covering the subsidiary's payment obligations and 95 million euros for the portion covering invalid receivables sales. It had a minimum residual term of more than 12 months at December 31, 2018.

Risks relating to mergers and acquisitions

Group companies may grant sellers' warranties to purchasers of divested businesses, generally without taking out bank guarantees or bonds. When it is probable that the Group will be required to make payments under a warranty, a provision is recorded for the estimated risk (where such an estimate can be made). When such a payment is merely potential rather than probable, it is disclosed as a contingent liability if the amount concerned is sufficiently material (see Note 23 and Note 31).

Conversely, when acquiring other entities, Group companies are sometimes given sellers' warranties.

In late 2017, Nexans acquired 27.8% of the capital of IES, the leading manufacturer of electric vehicle fast-charging solutions. IES is accounted for by the equity method.
The purchase agreement includes a market price call option exercisable in June 2019 that enables Nexans to raise its interest to 51%. If the option is exercised, it will lead to a cash outflow of between 14 million euros and 16 million euros.

Acquisition of the Quiñenco group's cable business

When Nexans acquired the cables business of the Chile-based group Quiñenco on September 30, 2008, it took over a number of pending or potential disputes. The most significant of these, subject to certain deductibles, are covered by the seller's warranty granted by Invexans SA (formerly Madeco) under the purchase agreement. A provision was recorded for this business's liabilities and contingent liabilities when the Group completed the initial accounting for the acquisition in accordance with IFRS 3.
A settlement agreement was entered into on November 26, 2012 between the Company, Nexans Brasil and the Quiñenco group concerning the amounts payable by the Quiñenco group to Nexans Brasil in relation to the outcome of civil, employment law and tax proceedings in Brazil.

Under the terms of this agreement, Quiñenco undertook to pay Nexans Brasil a lump sum of around 23.6 million Brazilian reals (approximately 9.4 million euros). In return, the Quiñenco group was released from any obligation to pay compensation with respect to the civil and employment law proceedings in progress that were specified in the settlement agreement, except if the total amount of related losses incurred by the Company exceeds a certain limit. Some of the tax proceedings in Brazil relating to the period prior to the acquisition, or in progress at the time of the acquisition and still ongoing at the date of the settlement agreement, remain governed by the terms of previous agreements entered into between the parties. Settlement agreements were signed between 2014 and 2017 covering part of the amounts involved, in order to enable Nexans to benefit from a tax amnesty in Brazil.

B. COMMITMENTS RELATED TO THE GROUP'S FINANCING

The main off-balance sheet commitments related to the Group's financing are summarized below:

(At December 31, in millions of euros)	Notes	2018	2017
COMMITMENTS GIVEN			
Syndicated credit facility[1]	27.A	660	660
Collateral		-	-
COMMITMENTS RECEIVED			
Syndicated credit facility – Unused line expiring on December 12, 2023	27.A	600	600
Receivables securitization program – Maximum amount of receivables that may be sold[2]	27.A	80	80

(1) When the Group's syndicated credit facility was set up, Nexans undertook to guarantee the commitments given by Nexans Financial & Trading Services to the banking pool concerned.
(2) The receivables securitization program was set up in April 2010 and amended in May 2017.

C. COMMITMENTS RELATED TO THE GROUP'S OPERATING ACTIVITIES

The Group's main off-balance sheet commitments related to operating activities are summarized in the following table:

(At December 31, in millions of euros)	Note	2018	2017
COMMITMENTS GIVEN			
Forward purchases of foreign currencies[1]	26	2,830	2,539
Forward purchases of metals	26	522	400
Firm commitments to purchase property, plant and equipment[2]		166	168
Commitments for third-party indemnities	See (a)	3,441	3,015
Take-or-pay copper purchase contracts (in tonnes)	See (b)	130,141	122,490
Future minimum payments under non-cancelable operating leases	29	156	141
Other commitments given		-	0
COMMITMENTS RECEIVED			
Forward sales of foreign currencies[1]	26	2,832	2,548
Forward sales of metals	26	162	115
Take-or-pay copper sale contracts (in tonnes)	See (b)	125,903	108,249
Other commitments received		418	584

(1) Including derivatives used to hedge the Group's net debt.
(2) Included at December 31, 2018 in the 138 million euros commitment concerning the construction of a new cable laying ship.

(a) Commitments for third-party indemnities

- Group companies generally give customers warranties on the quality of the products sold without taking out bank guarantees or bonds. They have, however, also given commitments to banks and other third parties, in particular financial institutions, which have issued guarantees or performance bonds to customers, and guarantees to secure advances received from customers (725 million euros and 710 million euros at December 31, 2018 and 2017 respectively).
  When it is probable that the Group will be required to make payments under a warranty due to factors such as delivery delays or disputes over contract performance, a provision is recorded for the estimated risk (where such an estimate can be made). When such a payment is merely potential rather than probable, it is disclosed as a contingent liability if the amount concerned is sufficiently material (see Note 23 and Note 31).
- At December 31, 2018 the Group had granted parent company guarantees in an amount of 2,716 million euros (2,305 million euros at December 31, 2017). These mainly correspond to performance bonds given to customers.

(b) Take-or-pay contracts (physically-settled contracts)

The volumes stated in the table above correspond to quantities negotiated as part of copper take-or-pay contracts whose price was set at the year-end, including quantities presented in inventories (see **Note 27.D** for further details).

More generally, the Group enters into firm commitments with certain customers and suppliers under take-or-pay contracts, the largest of which concern copper supplies.

NOTE 33. MAIN CONSOLIDATED COMPANIES

The table below lists the main entities included in the Group's scope of consolidation at December 31, 2018.

Companies by geographic area	% control	% interest	Consolidation method(1)
FRANCE			
Nexans S.A. (2)	**100%**	**100%**	**Parent company**
Nexans Participations	100%	100%	
Lixis	100%	100%	
Nexans France	100%	100%	
Nexans Interface	100%	100%	
Eurocable	100%	100%	
Recycables	36.50%	36.50%	Equity method
Nexans Power Accessories France	100%	100%	
IES Energy	27.80%	27.80%	Equity method
Nexans Financial & Trading Services(3)	100%	100%	
BELGIUM			
Nexans Benelux S.A.	100%	100%	
Nexans Network Solutions NV	100%	100%	
Nexans Services (4)	100%	100%	
Opticable S.A. NV	60%	60%	
GERMANY			
Nexans Deutschland GmbH	100%	100%	
Metrofunkkabel Union GmbH	100%	100%	
Nexans Auto Electric GmbH (5)	100%	100%	
Nexans Power Accessories Deutschland GmbH	100%	100%	
NORTHERN EUROPE			
Nexans Nederland BV	100%	100%	
Nexans Norway A/S	100%	100%	
Nexans Subsea Operations	100%	100%	
Nexans Suisse S.A.	100%	100%	
Confecta AG	100%	100%	

Companies by geographic area	% control	% interest	Consolidation method[1]
Nexans Re [6]	100%	100%	
Nexans Logistics Ltd	100%	100%	
Nexans Sweden AB	100%	100%	
Nexans Industry Solutions [3]	100%	100%	
SOUTHERN EUROPE			
Nexans Iberia SL	100%	100%	
Nexans Italia SpA	100%	100%	
Nexans Partecipazioni Italia Srl	100%	100%	
Nexans Intercablo SpA	100%	100%	
Nexans Hellas S.A. [2]	89.14%	89.14%	
Nexans Turkiye Endustri Ve Ticaret AS	100%	100%	
EASTERN EUROPE			
Nexans Romania	100%	100%	
NORTH AMERICA			
Nexans Canada Inc.	100%	100%	
Nexans USA Inc.	100%	100%	
AmerCable Inc.	100%	100%	
Nexans Energy USA Inc.	100%	100%	
Berk-Tek LLC	100%	100%	
Nexans High Voltage USA Inc.	100%	100%	
SOUTH AMERICA			
Invercable	100%	100%	
Nexans Chile S.A.	100%	100%	
Colada Continua S.A.	41%	41%	Equity method
Nexans Colombie	100%	100%	
Indeco Peru [2]	96.73%	96.73%	
Cobrecon	33.33%	32.24%	Equity method
Nexans Brasil S.A.	100%	100%	
AFRICA AND MIDDLE EAST			
Liban Câbles SAL	91.15%	91.15%	
Nexans Maroc [2] [7]	83.59%	83.59%	
Qatar International Cable Company	30.33%	30.33%	Equity method
Nexans Kabelmetal Ghana Ltd	59.13%	59.13%	
Nexans Côte d'Ivoire	60%	53.27%	
ASIA-PACIFIC			
Nexans Hong Kong Ltd	100%	100%	
Nexans Communications (Shanghai) Cable Co. Ltd	100%	100%	
Nexans China Wire & Cables Co. Ltd	100%	100%	
Nexans (Yanggu) New Rihui Cables Co. Ltd	75%	75%	

Companies by geographic area	% control	% interest	Consolidation method[1]
Nexans (Suzhou) Cables Solutions Co. Ltd	100%	100%	
Nexans Korea Ltd	99.51%	99.51%	
Kukdong Electric Wire Co. Ltd	97.90%	97.90%	
Nippon High Voltage Cable Corporation[8]	100%	100%	
OLEX Australia Pty Ltd	95.00%	95.00%	
OLEX New Zealand Ltd	95.00%	95.00%	

(1) The companies in this list are fully consolidated, unless otherwise specified.
(2) Listed companies.
(3) Companies consolidated in 2018.
(4) The entity responsible for the Nexans Group's cash management since October 1, 2008.
(5) Nexans Auto Electric GmbH – a company based in Germany – itself consolidates various sub-subsidiaries, including in the United States, Romania, Ukraine, the Czech Republic, Slovakia, Tunisia, China and Mexico.
(6) Nexans Re is the Group's captive reinsurer.
(7) Nexans Maroc prepares consolidated financial statements that include various subsidiaries located mainly in Morocco and Senegal.
(8) In 2017, the joint venture Nippon High Voltage Cable Corporation became a wholly-owned subsidiary pursuant to an agreement between its two shareholders, Nexans and Viscas.

NOTE 34. STATUTORY AUDITORS' FEES

The total fees paid to the Statutory Auditors for all controlled entities in France and recorded in the income statement for 2018 break down as follows:

(in thousands of euros)	Audit of the consolidated financial statements	Audit of the corporate financial statements	Services other than audit[1]	Total
Mazars	210	102	604	916
PricewaterhouseCoopers Audit	200	245	68	513
TOTAL	**410**	**347**	**672**	**1,429**

(1) Other services mainly relate to due diligence missions, consisting of (i) all the procedures that a reasonable buyer or investor would perform before entering into a transaction, and (ii) letters of comfort procedures in connection with financing operations.

NOTE 35. SUBSEQUENT EVENTS

A. EUROPEAN PROJECT OF TRANSFORMATION

Following the announcement of November 9, 2018, on January 24, 2019 the Group submitted a restructuring plan to the European Works Council representatives in accordance with the information and consultation procedure.

The plan includes several proposals:

- Adapting the Group's organization around five Business Groups and eliminating the regional structures. The aim is to put in place a more streamlined, profitable and agile organization by simplifying and reducing the number of reporting levels. It will also be an opportunity to empower the Group's operating teams.
- Implementing a European restructuring plan aimed at enhancing industrial and operational efficiency. The proposed project would also reflect the impact of any changes made at the level of the Group's organization, and would include: resizing business activities at head office level, pooling certain functional activities between countries, reducing layers from hierarchy and making targeted adaptations to manufacturing infrastructure.
- Optimizing the Group's Innovation & Technology department, in order to align it more closely with the business transformation currently being carried out to improve agility and services.

The planned project would impact 939 jobs and could lead to the creation of 296 new positions. Germany, France, Switzerland and, to a lesser extent, Belgium, Norway and Italy would be impacted most.

B. FINANCING

Regarding the financing of the Group, all the OCEANE 2019 bonds were paid back early January 2019 for 276 million euros, including the accrued interest.

Besides, starting January 2019, the Group issued some short-term negotiable instruments as part of the program signed on December 21, 2018 see **Note 27.A**. At the date of the accounts approval by the Board of Directors, the amount was 130 million euros.

No other significant events for which disclosure is required have occurred since December 31, 2018.

5.1.7. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Nexans ("the Group") for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Accounts and Audit Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us for the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics *(Code de déontologie)* for statutory auditors.

EMPHASIS OF MATTER

We draw attention to the following matter described in Note 3 to the consolidated financial statements presenting the impacts of changes in accounting methods related to the first time application of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from Contracts with Customers". Our opinion is not modified in respect of this matter.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Recognition of goods and services contracts

Description of risk

As at December 31, 2018, sales from goods and services contracts, recognized on a percentage-of-completion basis as described in Notes 1.E.a and 5 to the consolidated financial statements, amounted to €624 million. These contracts mainly cover the Group's high-voltage cable and umbilical cable activities.

Sales and earnings on these goods and services contracts at the end of an accounting period mainly depend on:

- revenue and margin to completion estimates;
- the percentage of completion determined on the basis of the input method based on cost incurred.

Estimates of the data to completion and the percentage of completion are based on the Group's internal systems and procedures for each contract.

Effective as of January 1 2018, the Group has adopted the standard IFRS 15 on a retrospective basis with no restatement of the financial statements for the prior periods.
The main impacts of applying IFRS 15 concern the measurement of the progress of goods and services contracts (formerly referred to as construction contracts) and changes in the presentation of the consolidated statement of financial position, as described in Note 3 of the consolidated financial statement.

We deemed the recognition of goods and services contracts to be a key audit matter due to (i) the significant impact of these contracts on the Group's consolidated financial statements, (ii) the level of judgment required from management for the determination of the results to completion and (iii) change in accounting treatment due to the first time application of IFRS 15.

How our audit addressed this risk

As part of our audit of the consolidated financial statements, our work consisted mainly in:

- evaluating the Group's internal systems and procedures relating to estimates of revenue and costs at completion and the measurement of the percentage of completion as well as testing the key controls put in place by management
- reconciling goods and services contract management data with accounting records;
- selecting contracts based on their financial impact and risk profile and conducting interviews with the business management controllers, the Business Lines and the Finance Department about the progress of these contracts and their assessment of the risks to:
  - corroborate key revenue and cost-to-complete assumptions in relation to costs incurred to date, contract data and correspondence with the customer or its representatives, as appropriate. This work is based in particular on experience gained in previous years on these contracts or comparable contracts,
  - corroborate the percentage of completion of revenue and assess the appropriate accounting treatment.
- verifying the compliance of revenue recognition with IFRS 15.
- assessing the appropriateness of the related disclosures provided in **Notes 1.E.a, 3 and 5** to the consolidated financial statements.

Antitrust investigations and disputes

Description of risk

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. In particular, the Group is involved in disputes and antitrust investigations as described in **Note 31** to the consolidated financial statements, in particular in section A. "Antitrust investigations" thereof, which reports on the antitrust investigations initiated against the Group.

As indicated in **Note 1.F.k** to the consolidated financial statements, provisions are recognized when the Company has a present obligation resulting from a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

We deemed this issue to be a key audit matter given the significance of disputes and antitrust investigations and the level of judgment required from management to determine provisions in multiple and constantly changing regulatory environments.

How our audit addressed this risk

As part of our audit of the consolidated financial statements, our work consisted mainly in:

- evaluating the procedures implemented by the Group to identify and list all disputes and antitrust investigations;
- carrying out interviews with the Group's legal department in order to obtain an understanding of the risks, as well as the status of antitrust proceedings and investigations;
- assessing the factors used by the Group to determine the risks and provisions recognized at the end of the reporting period to cover the financial consequences (direct and indirect) of these disputes, with particular attention paid to the opinions of the Group's legal advisors;
- verifying that the significant risks and disputes identified during the implementation of these procedures are described appropriately in **Note 31** to the consolidated financial statements.

Measurement of goodwill, property, plant and equipment and intangible

Description of risk

As at December 31, 2018, the carrying amount of the Group's goodwill, property, plant and equipment and intangible assets totaled €243 million, €1,135 million and €131 million, respectively.

Goodwill is described in section D "Business combinations" of **Note 1** "Summary of significant accounting policies" and the allocation by cash-generating unit (CGU) is presented in Note 8 to the consolidated financial statements.

The Group carries out impairment tests on goodwill at each closing date and on property, plant and equipment and intangible assets whenever there is an indication that they may be impaired, as described in section F.c "Impairment tests" of Note 1 "Summary of significant accounting policies" to the consolidated financial statements.

We deemed the measurement of goodwill, property, plant and equipment and intangible assets to be a key audit matter given the significance of these assets in the Group's financial statements and the level of judgment required from management, particularly in terms of determining the recoverable amount of these assets, most often based on discounted cash flow forecasts that require the use of assumptions and estimates.

How our audit addressed this risk

We conducted a critical assessment of the methods implemented by management to determine the recoverable amount of goodwill, property, plant and equipment and intangible assets. We obtained management's latest budgets and strategic plans and impairment tests for CGUs and property, plant and equipment and intangible assets.

On the basis of this information, our work mainly consisted in:
- assessing the reasonableness of the key assumptions used by management, in particular for the determination of cash flows in relation to the underlying operational data and the long-term growth rate;
- assessing, with the support of our evaluation experts, the relevance of the discount rates used and their components;
- performing our own sensitivity calculations to determine whether a reasonable change in the long-term growth rate and discount rate assumptions could result in the recognition of a significant impairment of the underlying assets.

Measurement of deferred tax assets

Description of risk

At December 31, 2018, deferred tax assets recognized in the Group's consolidated statement of financial position amounted to €162 million.

The Group recognizes deferred tax assets on the basis of medium-term earnings forecasts, as described in section E.f Income taxes" of Note 1 "Summary of significant accounting policies" to the consolidated financial statements and in Note 11 "Income taxes" to the consolidated financial statements.

Deferred tax assets that are not matched by deferred tax liabilities expected to reverse in the same period are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary losses and differences can be utilized, based on medium-term earnings forecasts (generally covering a five-year period) for the company concerned. The Group strives to ensure consistency between forecasts used for this purpose and those used to determine the recoverable amount of assets (in particular goodwill, property, plant and equipment and intangible assets) as described in section F.c "Impairment tests" of Note 1 "Summary of significant accounting policies" to the consolidated financial statements.

We deemed the measurement of deferred tax assets to be a key audit matter due to the uncertainty of the recoverability of these assets and the level of judgment required from management in this regard. The recoverability of activated tax losses depends in particular on the ability of the tax group to achieve the objectives defined in the medium-term earnings forecasts established by the management of the tax group or the Group.

How our audit addressed this risk

As part of our audit of the consolidated financial statements, our work consisted in assessing the data and assumptions underlying the recognition and recoverability of deferred tax assets.
Our audit approach consisted mainly in:
- assessing the ability of the subsidiaries concerned to make future taxable profits over the term of management's earnings forecasts and the reasonableness of the key assumptions used, in particular for the determination of cash flows, their long-term growth rate and discount rates;
- checking the consistency of the data and assumptions used against those used for impairment tests on goodwill, property, plant and equipment and intangible assets for the subsidiaries concerned;
- assessing the deferred tax liabilities that exist in the same tax jurisdiction and that could be charged against deferred tax assets for the same period.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial information statement required by Article L.225-102-1 of the French Commercial Code is presented in the Group's information given in the management report, being specified that, in accordance with Article L.823-10 of this Code, the information given in this statement have not been verified by us with respect to the fair presentation and consistency with the consolidated financial statements and has to be subject to a report by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Nexans by the Shareholders' Meetings held on May 15, 2006 (PricewaterhouseCoopers Audit) and May 5, 2015 (Mazars).

As at December 31, 2018, PricewaterhouseCoopers Audit and Mazars were in the thirteenth year and the fourth year of total uninterrupted engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Accounts and Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements

Report to the Accounts and Audit Committee

We submit to the Accounts and Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Accounts and Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Accounts and Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(Code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Accounts and Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Courbevoie, February 13, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Xavier Belet	Isabelle Sapet

5.2. Corporate financial statements

5.2.1. INCOME STATEMENT

(in thousands of euros)	Notes	2018	2017
NET SALES	4.1	31,596	27,422
Other operating income	4.3	3,327	1,455
TOTAL OPERATING INCOME		34,923	28,877
Other purchases and external charges		(35,282)	(31,942)
Taxes other than on income		(1,228)	(1,077)
Payroll expenses	4.2	(13,604)	(11,474)
Depreciation, amortization and provisions – Operating items		(2,060)	(1,921)
Other expenses		(590)	(519)
TOTAL OPERATING EXPENSES		(52,764)	(46,933)
NET OPERATING INCOME (LOSS)	4	**(17,841)**	**(18,056)**
Dividend income		56,421	84,248
Net interest expense		(28,052)	(35,038)
Net (additions to)/reversals of amortization and provisions – Financial items		(1,761)	(371)
Net foreign exchange gains/(losses)		69	23
NET FINANCIAL INCOME	5	**26,677**	**48,862**
NET INCOME FROM ORDINARY ACTIVITIES BEFORE TAX		8,836	30,806
NET NON-RECURRING INCOME (LOSS)	6	**(3,546)**	**(6,254)**
Employee profit-sharing		(17)	(113)
Income taxes	7	944	894
NET INCOME		**6,217**	**25,333**

5.2.2. BALANCE SHEET

(in thousands of euros)	Notes	Gross amount	Depreciation, amortization and provisions	Net at December 31, 2018	Net at December 31, 2017
ASSETS					
Intangible assets		19	(19)	-	-
Financial assets	8	2,739,919	-	2,739,919	2,839,948
TOTAL FIXED ASSETS		**2,739,938**	**(19)**	**2,739,919**	**2,839,948**
Prepayments to suppliers		46	-	46	56
Trade receivables	9	10,803	-	10,803	15,049
Other receivables	9	268,764	-	268,764	126,712
Marketable securities	10 & 12.3	8,466	(1,690)	6,776	3,763
Prepaid expenses		422	-	422	122
TOTAL CURRENT ASSETS		**288,501**	**(1,690)**	**286,811**	**145,702**
Other assets	11	5,233	-	5,233	4,316
TOTAL ASSETS		**3,033,672**	**(1,709)**	**3,031,963**	**2,989,967**

(in thousands of euros)	Notes	December 31, 2018	December 31, 2017
EQUITY AND LIABILITIES			
Share capital		43,606	43,495
Additional paid-in capital		1,683,634	1,682,135
Legal reserve		4,399	3,514
Regulated reserves		0	0
Retained earnings		87,179	92,939
NET INCOME FOR THE YEAR		**6,217**	**25,333**
Regulated provisions		5,953	5,953
TOTAL EQUITY	12	**1,830,988**	**1,853,369**
PROVISIONS FOR CONTINGENCIES AND CHARGES	13	**3,020**	**3,322**
Convertible bonds	14.1 & 15	275,873	281,875
Other bonds	14.1 & 15	788,785	717,298
Trade payables	15	16,504	18,775
Other liabilities	15	116,793	115,328
DEFERRED INCOME		-	-
TOTAL LIABILITIES		**1,197,955**	**1,133,276**
TOTAL EQUITY AND LIABILITIES		**3,031,963**	**2,989,967**

5.2.3. NOTES TO THE CORPORATE FINANCIAL STATEMENTS

The notes below relate to the balance sheet at December 31, 2018, prior to the appropriation of net income for the year, as well as to the income statement for the year then ended. The fiscal year ran from January 1 to December 31, 2018. The balance sheet total was 3,031,963 thousand euros and the Company ended the year with net income of 6,217 thousand euros.

The tables in these notes are presented in thousands of euros, rounded to the nearest thousand.

NOTE 1. THE COMPANY'S BUSINESS

As Nexans is a holding company, its business corresponds to managing the equity interests it holds in other companies.

Nexans is the consolidating parent company of the Nexans Group.

NOTE 2. SIGNIFICANT EVENTS

The following significant events occurred in 2018:

1. At its meeting on July 7, 2017, the Board of Directors used the shareholder authorization granted on May 11, 2017 to launch a share buyback program. A total of 202,336 shares were bought back under the program during the first half of 2018 (see **Note 12.3**).

2. On March 19, 2018, all of the 2012-2018 bonds were redeemed in cash, as they had reached maturity. The total amount paid was 260,125 thousand euros including accrued interest on the bonds.

3. At its meeting on June 16, 2018, the Board of Directors used the shareholder authorization granted on May 17, 2018 to launch a share buyback program capped at 500,000 shares. The program's objectives were to buy back shares for cancellation in order to reduce the share capital by a maximum of 400,000 shares and fulfill the obligations resulting from the free share and performance share plans for eligible employees by a maximum of 100,000 shares (see **Notes 12.2** and **12.3**).
   All of the 500,000 shares were bought back under the program and, on July 25, 2018, the Board of Directors canceled 400,000 shares and reduced the share capital accordingly (see **Notes 12.2** and **12.3**).

4. During the first half of 2018, the Company sold tax receivables (research tax credits and CICE tax credits) for 20,223 thousand euros.

5. At its meeting of July 3, 2018, having been informed that Arnaud Poupart-Lafarge wished to resign from his position as the Group's Chief Executive Officer, the Board of Directors decided to appoint Christopher Guérin as Chief Executive Officer with effect from July 4, 2018.

6. On July 18, 2018, the Company issued 460,913 new shares representing a total gross amount of 13,767 thousand euros, in settlement-delivery of the shares purchased under the Group employee share ownership plan launched in the first half of the year. Out of the proceeds of this share issue, 461 thousand euros were recognized in "Share capital" and 12,644 thousand euros (net of the related issue costs) were recognized in "Additional paid-in capital".
   The participating employees' investments in the plan were topped up by the Company, leading to the issue of 35,564 additional shares that were credited as fully paid and paid up by transferring 35 thousand euros from the "Additional paid-in capital" account to the "Share capital" account.

7. On July 25, 2018, the Board of Directors:
   - noted that the vesting period for non-French tax residents under Long-Term Compensation Plan no. 13 of July 24, 2014 had expired, resulting in the allocation of 45,979 performance shares and 8,540 free shares to the beneficiaries concerned,
   - confirmed its July 26, 2017 decision to allocate Nexans treasury shares to these beneficiaries, purchased under the shareholder-approved buyback plan.

8. On July 28, 2018, the vesting period for French tax residents under Long-Term Compensation Plan no. 14 of July 28, 2015 expired, resulting in the allocation of 85,850 performance shares and 9,720 free shares to the beneficiaries concerned.
   On July 25, 2018, the Board of Directors also decided to allocate Nexans treasury shares to these beneficiaries, purchased under the shareholder-approved buyback plan.

9. On August 8, 2018, Nexans issued 325 million euros worth of fixed-rate bonds with a five-year term, maturing on August 8, 2023. The bonds were issued at par and have an annual coupon of 3.75%.

10. On December 12, 2018, Nexans set up a 600 million euro five year syndicated credit facility with eleven banks, therefore extending its access to liquidity until 2023. This new agreement, for which Nexans Financial and Trading Services is co-borrower, modifies and extends the syndicated facility set up by the Group in 2015 which was due to expire in December 2020 (see Note 14).

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL PRINCIPLES

The corporate financial statements have been prepared in accordance with the general conventions prescribed by ANC Regulation no. 2014-03 dated June 5, 2014 for the French chart of accounts and the other regulations applicable on the date the financial statements were drawn up.
The balance sheet at December 31, 2018 and the income statement for the year then ended have been prepared on a going concern basis in accordance with French generally accepted accounting principles, including the principles of prudence, consistent application of accounting policies from one year to the next and segregation of accounting periods.

Assets and liabilities have been measured according to the historical cost convention.

The main accounting policies applied are described below.

INTANGIBLE ASSETS

This item consists mainly of software, which is measured at historical cost and amortized on a straight-line basis over three years.

FINANCIAL ASSETS

Shares in subsidiaries and affiliates

The gross value of these shares recognized in the balance sheet prior to December 31, 2006 corresponds to their purchase price (excluding incidental expenses) or their transfer value.
Shares in subsidiaries and affiliates acquired as from January 1, 2007 are stated at their purchase price plus any directly attributable transaction expenses, in accordance with the option available under CRC standard 2004-06.

An impairment loss is booked when the carrying amount of these interests exceeds their fair value.
Fair value is determined on the basis of value in use, which corresponds to the amount that the Company would be prepared to pay for the subsidiary or affiliate in the event of an acquisition. Factors that may be used for estimating value in use are actual and projected earnings, equity, the entity's business outlook, the economic environment, the entity's average share price for the most recent month, etc

Share acquisition costs

Share acquisition costs incurred subsequent to December 31, 2006 and included in the cost of the shares are deducted for tax purposes through excess tax depreciation recorded over a period of five years (Article 209-VII of the French Tax Code).

TRADE RECEIVABLES

Trade receivables are stated at nominal value. An impairment loss is recorded when it is doubtful that the receivable will be collected.

RECEIVABLES, PAYABLES AND CASH AND CASH EQUIVALENTS DENOMINATED IN FOREIGN CURRENCIES

Receivables and payables denominated in foreign currencies are translated into euros at the exchange rate prevailing at the year-end:

- Hedged foreign currency receivables and payables do not have any impact on the income statement as the gains and losses on the currency hedging instruments are accounted for on a symmetrical basis with the losses or gains on the underlying hedged items (see below). In accordance with the principle of prudence, a provision is recorded for unrealized foreign exchange losses that are not hedged. Unrealized foreign exchange gains have no impact on the income statement.

- Gains and losses arising on the translation of unhedged foreign currency receivables and payables are recorded in the balance sheet under "Unrealized foreign exchange gains" or "Unrealized foreign exchange losses".

Cash and cash equivalents and cash pooling current accounts denominated in foreign currencies are translated into euros at the year-end exchange rate and any resulting foreign exchange gains or losses are recognized in the income statement.

TREASURY SHARES

Nexans buys back its own shares under shareholder authorizations given to the Board of Directors.

The shares are recognized and measured at the year-end based on the purpose for which they are being held:

- Shares that are not allocated to any specific purpose are initially recognized in "Other financial assets" at cost. At the period-end, a provision for impairment is recorded if the shares' carrying amount is greater than their market value as determined based on the average Nexans share price for the month of December.
- Shares held for allocation to certain employees and executive officers of the Group are recognized under "Marketable securities":
  - Shares available for allocation to employees but not reserved for any specific share-based payment plan are initially measured at cost. At the period-end, a provision for impairment is recorded if the shares' carrying amount is greater than their market value as determined based on the average Nexans share price for the month of December.
  - Shares reserved for a specific share-based payment plan are recognized in "Marketable securities" and are measured at cost if they are allocated at the outset to the plan or, if they are allocated to the plan subsequent to their acquisition, at their net book value on the reclassification date.
    In accordance with CRC Regulation no. 2008-15 dated December 4, 2008, a provision for charges is recorded in liabilities for these shares due to the commitment to allocate them to employees.

FINANCIAL INSTRUMENTS

Nexans manages market risks – primarily arising from changes in exchange rates – by using derivative financial instruments, notably currency swaps. These instruments are used solely for hedging purposes.
Gains and losses on the hedging instruments are accounted for in the income statement on a symmetrical basis with the losses or gains on the underlying hedged items. At the balance sheet date, unrealized gains are recorded in "Other receivables" and unrealized losses are included in "Other liabilities".

ADDITIONAL PAID-IN CAPITAL

Costs incurred on the issue of shares are charged against additional paid-in capital. If the share issue premium is not sufficient to offset all of these costs, the surplus is recorded as an expense in the income statement.

PROVISIONS FOR CONTINGENCIES AND CHARGES

Provisions are recognized when Nexans has a present legal or constructive obligation resulting from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably measured.

BONDS WITH REDEMPTION PREMIUMS

Ordinary and convertible bonds with redemption premiums are recognized as a liability in the balance sheet at their gross value, including the premium.
This applies even when the premium payment is contingent on the bonds not being converted into shares. The redemption premium is recognized as an asset and is amortized on a straight-line basis over the term of the bonds concerned.

DEBT ISSUANCE COSTS

Costs incurred on the issuance of debt are recorded under deferred charges on the assets side of the balance sheet and amortized over the life of the debt using the straight-line method.

NOTE 4. OPERATING INCOME AND EXPENSES

After taking into account rebillings to subsidiaries, the Company reported a net operating loss of 17,841 thousand euros for 2018, primarily corresponding to headquarters expenses, commissions and brokerage fees, depreciation, amortization and provisions, and various consulting fees.

4.1. NET SALES

The Company's 2018 net sales came to 31,596 thousand euros, and primarily related to the invoicing of services provided to Group entities.

4.2. PAYROLL EXPENSES

Payroll expenses include employees' gross salaries and related payroll taxes payable by the Company, as well as the net book value of shares allocated to Company employees under free share plans, if any.

4.2.1. Headcount

At December 31, 2018, the Company had a headcount of eight people (including two corporate officers).

4.2.2. Management compensation

Following Arnaud Poupart-Lafarge's announcement that he intended to resign from his position as the Group's Chief Executive Officer for personal reasons, the Board of Directors decided to appoint Christopher Guérin as Chief Executive Officer with effect from July 4, 2018.

The total amount of compensation (including fringe benefits) paid to the Chairman of the Board of Directors and the Chief Executive Officers in 2018 was 2,800 thousand euros. Arnaud Poupart-Lafarge was also paid a non-compete indemnity of 175 thousand euros (see **Note 4.2.3**).

In addition, under Long-Term Compensation Plan no. 14 and pursuant to the decisions of the Board of Directors on July 25, 2018 (see **Note 2**), 26,500 free shares were allocated to the Chief Executive Officers. The cost of these share-based payments was 886 thousand euros.

The members of the Board of Directors received an aggregate 590 thousand euros in directors' fees for 2018 (gross amount before social security deductions and withholding taxes). This amount was recorded in the "Other expenses" line of the income statement.

4.2.3. Commitments given to employees

- The Company has put in place pension and other post-employment benefit plans for its employees.
  At December 31, 2018, the present value of its obligation under these plans, net of plan assets, was 277 thousand euros, which was recorded as an off-balance sheet commitment.
  The contributions paid by the Company into these plans are recognized in the "Other purchases and external charges" line of the income statement (3,500 thousand euros in 2018 excluding payroll taxes).
- As compensation for an undertaking not to exercise any business that would compete with any of the Company's businesses for a period of two years from the end of his

term of office, the Chief Executive Officer would receive a non-compete indemnity equal to one year of his fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.
If he were to be removed from his position as Chief Executive Officer, he would be entitled to payment of a termination indemnity representing two years' worth of his total fixed and variable compensation. This indemnity would be subject to actual performance in relation to the objectives applicable to his target annual variable compensation being at least equal to 60% of said objectives on average over the three years preceding his removal. If his forced departure took place before the end of three full years as from the date he took up his position as Chief Executive Officer, the indemnity would be equal to one year's worth of his total fixed and variable compensation and the performance condition would be assessed based on the number of full years completed (either one or two years).

- At December 31, 2017, total commitments given by the Company to Arnaud Poupart-Lafarge, whose duties as Chief Executive Officer terminated on July 3, 2018, represented an estimated 3,978 thousand euros.
Arnaud Poupart-Lafarge's termination indemnity would have been payable only in the event of a forced departure resulting from a change of control or strategy. His voluntary resignation did not constitute a forced departure. Consequently, at its meeting of July 3, 2018, the Board of Directors noted that no termination indemnity was payable to him.
Arnaud Poupart-Lafarge was eligible for a non-compete indemnity of 1,400 thousand euros as compensation for agreeing not to exercise any competing activity for a period of two years from the date he resigned from his position as Chief Executive Officer. This indemnity is being paid in twenty-four equal monthly installments. The portion of the indemnity paid by the Company in 2018 amounted to 175 thousand euros (see **Note 4.2.2.**).

4.3. OTHER OPERATING INCOME

Other operating income primarily consists of transfers of the costs related to the issue of the bonds maturing in 2023 (2,014 thousand euros) and fees for renegotiating the line of credit (1,033 thousand euros) as they are being recognized over the life of the bonds (see **Note 11**).

NOTE 5. FINANCIAL INCOME AND EXPENSES

The Company recorded net financial income of 26,677 thousand euros in 2018, reflecting the combined impact of:

- 27,525 thousand euros in interest expense on the Company's bonds (see **Note 14.1**).
- 56,421 thousand euros in dividends received.
- A 1,690 thousand euro impairment loss recognized on Nexans shares recorded under "Marketable securities", based on the Company's average share price for the month of December (see **Note 12.3**).

NOTE 6. NON-RECURRING ITEMS

In 2018, non-recurring items consisted mainly of:

- The loss on free shares allocated to Group employees, for 4,578 thousand euros.
- 1,000 thousand euros in net income from the sale of patents.

NOTE 7. INCOME TAXES

(in thousands of euros)	Net income (loss) from ordinary activities	Non-recurring items and employee profit sharings	Other tax effects	TOTAL
PRE-TAX INCOME	8,836	(3,563)	-	5,273
Income taxes:				
■ at standard rate	-	-	1,001	1,001
■ benefit/(charge) from tax consolidation	(57)	-	-	(57)
INCOME TAXES	**(57)**	**-**	**1,001**	**944**
NET INCOME/(LOSS)	8,779	(3,563)	1,001	6,217

7.1. COMMENTS

The 1,001 thousand euros recorded under "Other tax effects" correspond to research tax credits.

7.2. TAX CONSOLIDATION

Nexans has entered into a tax consolidation agreement with its French subsidiaries in which it directly or indirectly holds an interest of more than 95%. This agreement, which came into force on January 1, 2002, was signed pursuant to the option taken by Nexans to adopt a French tax consolidation group in accordance with Articles 223-A *et seq.* of the French Tax Code.
This option is automatically renewable every five years. The current option's expiration date is December 31, 2021. For every taxation period, the contribution of each subsidiary to the corporate income tax payable on the consolidated net income of the tax group corresponds to the corporate income tax and other contributions for which each subsidiary would have been liable if it had been taxed on a stand-alone basis.

In accordance with the provisions of the tax consolidation agreement, the tax savings realized as a result of the tax losses of subsidiaries, which could be passed back to those subsidiaries if they return to profit, are recognized in "Other liabilities" in the balance sheet (see Note 15).
As part of the tax consolidation agreement under which Nexans is liable for the global tax charge, a tax loss was recorded at the end of 2018. The cumulative tax loss at December 31, 2018 represents an unrecognized tax asset of 251,315 thousand euros.

No non tax-deductible expenses, as defined in Article 39-4 of the French Tax Code, were incurred during 2018.

7.3. DEFERRED TAXES

No deferred taxes are recognized in the corporate financial statements. Deferred tax assets arise from (i) expenses that will be deductible for tax purposes in future periods, or (ii) the carryforward of unused tax losses which will reduce the Company's tax base in future periods.
Deferred tax liabilities arise from expenses deducted in advance for tax purposes, or from income that will be taxable in future periods and will therefore increase the Company's future tax base.

For the Nexans taxable entity alone, temporary differences generating deferred tax assets correspond primarily to tax loss carryforwards, which amounted to 512,454 thousand euros at December 31, 2018 (471,663 thousand euros at December 31, 2017).
As there were no temporary differences that generated deferred tax liabilities at December 31, 2018, the future tax receivable relating to Nexans' corporate financial statements amounted to 176,438 thousand euros at that date (162,392 thousand euros at December 31, 2017).

NOTE 8. FINANCIAL ASSETS

(in thousands of euros)	Gross values				Net values	
	December 31, 2017	Increase	Decrease	December 31, 2018	December 31, 2017	December 31, 2018
Shares in subsidiaries and affiliates	2,739,833	-	-	2,739,833	2,739,833	2,739,833
Other financial assets	100,115	25	(100,054)	86	100,115	86
TOTAL FINANCIAL ASSETS	**2,839,948**	**25**	**(100,054)**	**2,739,919**	**2,839,948**	**2,739,919**

8.1. SHARES IN SUBSIDIARIES AND AFFILIATES

A breakdown of the shares held by Nexans in subsidiaries and affiliates is provided in Note 16.7 (List of subsidiaries and affiliates), and the methods used to calculate any impairment in value of these shares are described in Note 3.

Movements during the year

There were no movements in shares in subsidiaries and affiliates during 2018.

8.2. . OTHER FINANCIAL ASSETS

At December 31, 2017, this item corresponded mainly to a short-term loan granted to an indirect subsidiary, Nexans Services, for a total of 100,041 thousand euros including 41 thousand euros in accrued interest.
This loan – which bore interest at 0.06% – was granted on May 2, 2017 for a period of ten months. It was repaid at maturity on March 19, 2018.

NOTE 9. RECEIVABLES BY MATURITY

(At December 31, in thousands of euros)	2018				2017
	Gross amount[1]	O/w accrued income	Due within one year	Due beyond one year	Gross amount[1]
OTHER FINANCIAL ASSETS	86	-	86	-	100,116
PREPAYMENTS TO SUPPLIERS	46	-	46	-	56
TRADE RECEIVABLES[2]	10,803	7,495	10,803	-	15,049
OTHER RECEIVABLES[3]	268,764	2,918	258,404	10,360	126,712
■ Employee-related receivables and prepaid payroll costs	419	414	419	-	414
■ Prepaid and recoverable income taxes	10,648	-	288	10,360	22,034
■ Prepaid and recoverable VAT	3,116	2,504	3,116	-	3,785
■ Group and associates: tax consolidation	-	-	-	-	940
■ Group and associates: cash pooling current accounts[4]	254,484	-	254,484	-	99,286
■ Other debtors	97	-	97	-	253
PREPAID EXPENSES	422	-	422	-	122

(1) No provisions for impairment in value had been recognized against the above receivables at either December 31, 2018 or 2017.
(2) At both December 31, 2018 and 2017, trade receivables mainly corresponded to intra-group receivables.
*(3) Other receivables due beyond one year correspond to tax credits (essentially research and CICE tax credits) due to entities in the tax group headed by the Company (see **Note 7**). These tax credits are considered to be receivable beyond one year because there is a low probability that they will be offset against tax payable by the tax group in 2019.*
(4) The cash pooling agreements put in place are open-ended agreements.

NOTE 10. MARKETABLE SECURITIES

At December 31, 2018, "Marketable securities" correspond to Nexans shares acquired under the buyback programs authorized by the Annual Shareholders' Meeting (see **Note 12.3**).

NOTE 11. OTHER ASSETS

(in thousands of euros)	Net at January 1, 2018	Increases	Additions to provisions for impairment	Other movements	Net at December 31, 2018
Debt issuance costs	4,246	3,047	(2,060)	-	5,233
Bond redemption premiums	70	-	(70)	-	-
Unrealized foreign exchange losses	0	-	-	0	0
TOTAL	**4,316**	**3,047**	**(2,130)**	**0**	**5,233**

Bond redemption premiums

Redemption premiums on 2018 bonds were paid in full during the year.

Debt issuance costs

Debt issuance costs recognized in 2018 related to the bonds maturing in 2023 (see **Note 14-1**) for 2,014 thousand euros and credit facility arranging fees for 1,033 thousand euros (see **Note 14-2**). They are being amortized on a straight-line basis over the life of the bonds.

NOTE 12. EQUITY

12.1. BREAKDOWN OF SHARE CAPITAL

At December 31, 2018, the Company's share capital comprised 43,606,320 shares, each with a par value of 1 euro.
All of these shares are fully paid up, in the same class and carry the same rights.
There are no founder's shares or other rights of participation in profits.

12.2. . MOVEMENTS IN EQUITY DURING THE YEAR

(in thousands of euros)	Share capital	Additional paid-in capital	Legal reserve	Retained earnings	Net income for the year	Regulated provisions	Total
AT DECEMBER 31, 2017 (BEFORE APPROPRIATION OF NET INCOME)	**43,495**	**1,682,135**	**3,514**	**92,939**	**25,333**	**5,953**	**1,853,369**
Appropriation of 2017 net income	-	-	836	24,497	(25,333)	-	-
Dividends paid	-	-	-	(30,257)	-	-	(30,257)
Other movements	111	1,499	49	-	-	-	1,659
2018 net income	-	-	-	-	6,217	-	6,217
AT DECEMBER 31, 2018 (BEFORE APPROPRIATION OF NET INCOME)	**43,606**	**1,683,634**	**4,399**	**87,179**	**6,217**	**5,953**	**1,830,988**

Other movements can be analyzed as follows:

- The employee share issue carried out under the ACT2018 plan led to:
  - The issue of 460,913 new shares, each with a par value of 1 euro. The total issue premium amounted to 12,644 thousand, net of issue costs.
  - The allocation of 35,564 free shares to participating employees by the Company as a top-up; these shares were paid up by transferring 36 thousand euros from the "Additional paid-in capital account" to the "Share capital" account.
  - The allocation of 49 thousand euros in share premiums to the legal reserve.

- 400,000 treasury shares purchased between June 19 and 22, 2018, were canceled pursuant to the Board of Directors' decision on July 25, 2018. The difference between the shares' buyback price and their par value, in the amount of 11,773 thousand euros, was charged against "Additional paid-in capital".

- 1,418 new shares, each with a par value of 1 euro, were issued during the year on conversion of 1,260 2019 OCEANE bonds. The related issue premium amounted to 90 thousand euros.

- 13,734 new shares with a par value of 1 euro each were issued upon exercise of stock options, at a total premium of 622 thousand euros.

Regulated provisions comprise excess tax amortization of share acquisition costs that are included in the cost of the related investments.

12.3. TREASURY SHARES

At December 31, 2018, the Company held 234,324 treasury shares representing 0.5% of the share capital. Consequently, the number of shares outstanding at that date was 43,371,996.

Treasury shares are carried in "Marketable securities" for a gross amount of 8,466 thousand euros.
An estimated 57,980 shares have been allocated to the July 24, 2015 performance share and free share plan, for an amount of 2,396 thousand euros. A provision for charges has been recorded in liabilities for the value of these shares (see Note 13).

Treasury shares not allocated to a specific plan had a market value of 24.83 euros per share based on the average share price for December. An impairment loss of 1,690 thousand euros was therefore recorded on these shares at December 31, 2018, reducing their carrying amount to 4,380 thousand euros.

At December 31, 2017, the Company held 82,077 Nexans shares representing 0.2% of the share capital, valued at 3,763 thousand euros.

Movements for the year

- During the first half of 2018, the Company purchased 202,336 Nexans shares at a total cost of 8,330 thousand euros under the buyback program described above that was decided by the Board of Directors on July 7, 2017.
  Following the Board of Directors' decision on July 25, 2018 to allocate free shares to the beneficiaries of Long-Term Compensation Plans no. 13 and no. 14, a total of 150,089 shares were allocated to employees or executive officers of the Group.
  The carrying amount of these shares was 5,708 thousand euros, of which 1,882 thousand euros corresponded to the cost of the shares allocated to beneficiaries included in the Company's headcount.

- Pursuant to the decision of the Board of Directors on June 16, 2018 to use the shareholder authorization granted on May 17, 2018, the Company bought back 500,000 Nexans shares in June 2018 at a total cost of 15,194 thousand euros. Following the Board of Directors' decision on July 25, 2018, 400,000 shares bought back under the program were canceled (see Note 12-2).

Share buyback programs

At its meeting on June 16, 2018, the Board of Directors used the shareholder authorization granted on May 17, 2018 to launch a new share buyback program. The main features of this program were as follows:

- The Company could buy back a maximum of 500,000 Nexans shares on Euronext Paris (compartment A).

- At its meeting on June 16, 2018, the Board of Directors decided that up to 100,000 of these shares would be allocated to share-based payment plans for employees and up to 400,000 shares would be canceled in order to reduce the share capital.

At its meeting on July 7, 2017, the Board of Directors used the shareholder authorization granted on May 11, 2017 to launch a new share buyback program. The main features of this program are as follows:

- The Company was authorized to buy back a maximum of 300,000 Nexans shares on Euronext Paris (compartment A) at a maximum purchase price of 70 euros. The amount that could be invested in the program was capped at 21 million euros.

- At its meeting on July 7, 2017, the Board of Directors decided that the shares would be 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)*.

- This share buyback program was to be completed before the Annual Shareholders' Meeting due to be held to approve the financial statements for the year ended December 31, 2017.

12.4. DIVIDEND PAYMENT

At the 2019 Annual Shareholders' Meeting, the Board of Directors will recommend a dividend payment of 0.30 euros per share, representing a total payout of 13,081,896 euros based on the 43,606,320 shares making up the Company's capital at December 31, 2018.

If the Company holds any treasury shares at the time the dividend is paid, the amount corresponding to unpaid dividends on these shares will be allocated to retained earnings.

At the Annual Shareholders' Meeting held on May 17, 2018 to approve the financial statements for the year ended December 31, 2017, the Company's shareholders authorized the payment of a dividend of 0.70 euro per share – representing a total of 30,257 thousand euros – which was paid out on May 24, 2018.

At the Annual Shareholders' Meeting held on May 11, 2017 to approve the financial statements for the year ended December 31, 2016, the Company's shareholders authorized the payment of a dividend of 0.50 euro per share – representing a total of 21,605 thousand euros – which was paid out on May 19, 2017.

NOTE 13. PROVISIONS FOR CONTINGENCIES AND CHARGES

At December 31, 2018, this item included:

- A 624 thousand euro provision for contingencies set aside to cover risks relating to site dismantling and clean-up costs following the sale of the subsidiary, Indelqui S.A.
- A 2,396 thousand euro provision for the charge resulting from the Company's commitment to allocate free shares to beneficiaries of the Long-Term Compensation Plans (see **Note 12**).

NOTE 14. FINANCIAL DEBT

14.1. BONDS

The Company's borrowings are primarily made up of bonds, which can be analyzed as follows:

(At December 31, 2018)	Issue date	Maturity date	Nominal amount[1]	Interest rate	Accrued interest at December 31, 2018[1]	Total bond debt recognized in the balance sheet at December 31, 2018[1]	Interest expense for 2018[1]
CONVERTIBLE BONDS							
2019 OCEANE bonds	Feb. 29, 2012	Jan. 1, 2019	269,144	2.50%	6,729	275,873	6,788
ORDINARY BONDS							
Ordinary bonds maturing in 2018 Issue price: 99.398% of face value	Dec. 19, 2012	March 19, 2018	-	4.25%	-	-	2,270
Ordinary bonds maturing in 2021	May 26, 2016	May 26, 2021	250,000	3.25%	4,875	254,875	8,125
Ordinary bonds maturing in 2023	August 8, 2018	August 8, 2023	325,000	3.75%	4,842	329,842	4,842
Ordinary bonds maturing in 2024	April 5, 2017	April 5, 2024	200,000	2.75%	4,068	204,068	5,500
			775,000		13,785	788,785	20,737
TOTAL			**1,044,144**		**20,514**	**1,064,658**	**27 525**

(1) In thousands of euros.

All of the bonds in the above table are redeemable at face value at maturity.

At December 31, 2018, total bond debt amounted to 1,064,658 thousand euros including accrued interest, of which 275,873 thousand euros related to OCEANE bonds. At December 31, 2017, bond debt totaled 999,173 thousand euros, of which 281,875 thousand euros related to OCEANE bonds.

The main movements in the Company's bond debt during 2018 were as follows:

- Ordinary bonds:
  - All of the 2018 bonds were redeemed in cash on March 19, 2018 as they had reached maturity. The total amount paid was 260,125 thousand euros including accrued interest.
  - On August 8, 2018, Nexans issued 325,000 thousand euros worth of bonds maturing on August 8, 2023 ("2023 bonds"). The bonds were issued at par and have an annual coupon of 3.75%.

- 2019 OCEANE convertible bonds:
  - The indentures for the OCEANE bonds maturing on January 1, 2019 included an early redemption option exercisable by the bondholders on June 1, 2018. On June 1, 2018 this option was only exercised for 79,241 bonds out of the total 3,780,588 bonds issued.
  - During 2018, 1,260 bonds were converted into shares, leading to the issue of 1,418 new shares.
  - All of the 3,700,087 bonds outstanding at December 31, 2018 were redeemed at maturity on January 2, 2019. The total amount paid was 275,873 thousand euros including accrued interest.

14.2. COVENANTS

At December 31, 2017, Nexans and its subsidiaries had access to 600 million euros under a medium-term syndicated credit facility expiring on December 14, 2020. Nexans Services was co-borrower under the facility.

On December 12, 2018, Nexans acted in advance of the facility's expiry date by negotiating a maturity extension with its banks. At the same time, Nexans Financial and Trading Services replaced Nexans Services as co-borrower.
Consequently, at December 31, 2018, Nexans and its subsidiaries had access to 600 million euros under a medium-term confirmed credit facility expiring on December 12, 2023. None of this facility had been drawn down at the year-end.

The syndicated loan agreement contains standard covenants (negative pledge, cross default, pari passu and change of control clauses) as well as covenants based on the following two consolidated financial ratios:

- The Group's debt to equity ratio must be below 1.10 at December 31, 2018.
- Consolidated debt must not exceed 3x EBITDA at December 31, 2018. For the purpose of this calculation, EBITDA is defined as consolidated operating margin before depreciation and amortization.

If any of the facility's covenants were breached, any undrawn credit lines would become unavailable and any drawdowns would be repayable, either immediately or after a cure period of 30 days depending on the nature of the breach.

These ratios were well within the specified limits at both December 31, 2018 and at the date the Board of Directors approved the financial statements.

They will change in 2019 due to the impact of applying IFRS 16. Consequently, the ratios applicable as from June 30, 2019 will be adjusted as follows:

- the consolidated net debt to equity ratio (including non-controlling interests) will be capped at 1.20; and
- consolidated debt will be capped at 3.2x consolidated EBITDA.

14.3. NEGOTIABLE EUROPEAN COMMERCIAL PAPER (NEU CP)

On December 21, 2018, the Company set up a 400 million euro negotiable European commercial paper (NEU CP) program. No issues had been carried out under this program at December 31, 2018.

NOTE 15. LIABILITIES BY MATURITY

(At December 31, 2018, in thousands of euros)	2018					2017
	Amount	O/w accrued expenses	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years	Amount
CONVERTIBLE BONDS[1]	275,873	6,729	275,873	-	-	281,875
ORDINARY BONDS[2]	788,785	13,785	13,785	575,000	200,000	717,298
TRADE PAYABLES	16,504	15,724	16,504	-	-	18,775
OTHER LIABILITIES[3]	116,793	3,470	91,111	25,682	-	115,309
■ Employee-related payables and accrued payroll costs	3,330	2,161	3,330	-	-	4,414
■ Accrued VAT	1,545	1,044	1,545	-	-	2,247
■ Other accrued taxes	157	150	157	-	-	160
■ Tax consolidation suspense account[4]	77,232	-	77,232	-	-	74,264
■ Group and associates: tax consolidation	34,154	-	8,472	25,682	-	34,170
■ Other liabilities	375	115	375	-	-	54

*(1) See **Note 14**.*
*(2) See **Note 14**.*
(3) Other liabilities due beyond one year comprise amounts payable to members of the tax consolidation group. These amounts correspond to tax credits (notably research and CICE tax credits) that have a low probability of being offset against taxes payable in 2018.
(4) Tax losses of subsidiaries in the tax consolidation group that may have to be returned to those subsidiaries in subsequent years.

NOTE 16. MISCELLANEOUS INFORMATION

16.1. STOCK OPTIONS, FREE SHARES AND PERFORMANCE SHARES

Stock options

Following the exercise of 13,734 stock options during the first quarter of 2018, at December 31, 2018 no options were outstanding.

At December 31, 2017, there were 170,760 outstanding stock options, representing 0.39% of the Company's share capital. These options were granted on March 9, 2010. Their exercise price was 46.30 euros (including adjustments made following the rights issue on November 8, 2013). They expired on March 8, 2018.

Free shares and performance shares

At December 31, 2018, there were 762,584 free share and performance share rights outstanding – each entitling their owner to one share – representing a total of 1.7% of the Company's share capital. At December 31, 2017, there were 869,724 free share and performance share rights outstanding, representing 2.0% of the capital.
A total of 265,317 free shares and performance shares were granted during 2018.

The free share and performance share rights outstanding at December 31, 2018 can be analyzed as follows:

Grant date	Number of shares originally granted	Number of shares outstanding at the year-end	End of vesting period
July 28, 2015	320,960	57,980	July 28, 2019 for non-French tax residents, and July 28, 2018 followed by a 2-year lock-up period for French tax residents
January 1, 2016	30,000	30,000	January 1, 2020
May 12, 2016	253,200	219,867	May 12, 2020
November 23, 2016	3,900	3,400	November 23, 2020
March 14, 2017	225,300	202,220	March 14, 2021
March 13, 2018	211,100	194,900	March 13, 2022
July 27, 2018 (1)	39,717	39,717	50% on July 27, 2019 – 25% on July 27, 2020 – 25% on July 27, 2021
July 27, 2018	14,500	14,500	July 27, 2022
TOTAL SHARES OUTSTANDING		**762,584**	

(1) Free shares allocated without any performance conditions or requirement to still be employed by the Company on the vesting date. The shares were allocated as partial compensation for the loss of rights accumulated under the defined benefit pension plan to members of the Management Board who are no longer beneficiaries of the plan.

Movements in outstanding free shares and performance shares

FREE SHARES THAT HAD NOT YET VESTED OR WERE SUBJECT TO A LOCK-UP AT BEGINNING OF YEAR	**869,724**
Shares granted during the year(1)	265,317
Shares vested during the year	(150,089)
Shares canceled during the year	(222,368)
FREE SHARES THAT HAD NOT YET VESTED OR WERE SUBJECT TO A LOCK-UP AT YEAR-END	**762,584**

(1) Free shares and performance shares, assuming performance target is met.

The vesting conditions applicable to the performance shares are based both on Nexans' financial performance and its share performance.

16.2. RELATED PARTIES - RELATED COMPANIES

Related party transactions concern subsidiaries and associates and are carried out on arm's length terms.
The principal information concerning related companies is provided in the list of subsidiaries and affiliates in Note 16.7.

In 2018, no new agreements representing material amounts were entered into on non-arm's length terms with related parties within the meaning of Article 123-198 of the French Commercial Code.

16.3. OFF-BALANCE SHEET COMMITMENTS

Reciprocal commitments

None.

Commitments given

- The Company has granted parent company guarantees covering the contractual obligations of certain subsidiaries, amounting to 1,317 million euros at December 31, 2018 (excluding the commitments described below related to receivables sales and syndicated loans).
- When the Group's syndicated credit facility was set up, Nexans undertook to guarantee the commitments given by Nexans Financial and Trading Services to the banking pool concerned. This guarantee represented a maximum amount of 660 million euros.
- A securitization plan for euro-denominated trade receivables was set up in the second quarter of 2010 and rolled over for up to five years on March 30, 2015. Following an amendment to the program in May 2017, the joint and several guarantee granted by Nexans S.A. to the arranging bank covers (i) the payment obligations of the Nexans subsidiary selling the receivables under the program and (ii) the consequences that could arise if any of the receivables sales under the program were rendered invalid, notably in the event that insolvency proceedings were initiated against the subsidiary selling the receivables.

At December 31, 2018, the Group considered the probability of the bank calling on this guarantee to be very low.

At the year-end, this joint and several guarantee was valued at 24 million euros for the portion covering the subsidiary's payment obligations and 95 million euros for the portion covering invalid receivables sales. It had a minimum residual term of more than 12 months at December 31, 2018 and an actual term that varies depending on the seller and type of obligation concerne.

Commitments received

At December 31, 2018, commitments received corresponded to the Company's 600 million euro unused credit facility expiring on December 12, 2023.

16.4. FEES PAID TO THE STATUTORY AUDITORS

The total fees paid to the Statutory Auditors recorded in the income statement for 2018 break down as follows:

(in thousands of euros)	Audit of the corporate financial statements	Audit of the consolidated financial statements	Other services	Total
Mazars 61, rue Henri Regnault, 92075 Paris-La Défense, France	10	210	567	787
PricewaterhouseCoopers Audit 63, rue de Villiers, 92208 Neuilly-sur-Seine, France	10	200	62	272
	20	**410**	**629**	**1,059**

16.5. SUBSEQUENT EVENTS

On January 7, 2019, the Company began issuing negotiable European commercial paper under the program set up on December 21, 2018. As of the date these financial statements were approved by the Board of Directors, issuance under the program amounted to 130 million euros.

16.6. OTHER INFORMATION

On April 7, 2014, Nexans France SAS and the Company were notified of the European Commission's decision, which found that Nexans France SAS had directly participated in an infringement of European antitrust legislation in the submarine and underground high-voltage power cable 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.
In early July 2014, Nexans France SAS paid the 70.6 million euro fine imposed on it by the European Commission.
Nexans France SAS and the Company appealed the European Commission's decision to the General Court of the European Union. The appeal was dismissed on July 12, 2018. Nexans France SAS and the Company filed a claim before the European Court of Justice, which agreed to hear the application on September 26, 2018 and the case is proceeding accordingly.

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 initiated in 2015, has filed a contribution claim against the other cable producers sanctioned by the European Commission, including Nexans France SAS and Nexans S.A.
Investigations carried out by the American, Japanese, New Zealand and Canadian authorities in the high voltage power cable sector were closed without sanctions. During investigations led by the Australian antitrust authority (ACCC), the Australian courts dismissed the ACCC's case and refused to sanction Nexans and its Australian subsidiary in the high voltage power cable sector in a case pertaining to the sale of low- and medium-voltage cables.

Investigations by the antitrust authorities in South Korea and Brazil in the high-voltage power cable sector are still ongoing.

As explained in the Group's previous communications, Nexans' local Korean subsidiaries are cooperating with South Korea's antitrust authority (KFTC) in investigations initiated between 2013 and 2015 into businesses other than the high-voltage business. Rulings have been issued for ten cases and due to the cooperation of Nexans' Korean subsidiaries, the KFTC exempted eight of them from paying a fine. For the other cases, the Korean subsidiaries were granted a reduction of fines for their cooperation with the KFTC and were ordered to pay the KFTC a total of 850 thousand euros.

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 seven summonses from customers and were ordered to pay 200 thousand euros in one case and 6 million euros in a second case (against which the Korean subsidiaries have appealed). Other follow-on claims with customers are still in progress to date.

On November 24, 2017 in Spain, Nexans Iberia and the Company (in its capacity as Nexans Iberia's parent company) were notified of a decision by the Spanish antitrust 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 imposed on Nexans Iberia by the CNMC. In early January 2018, Nexans Iberia settled the 1.3 million euro fine imposed by the CNMC. Nexans Iberia and the Company have appealed the CNMC's decision.

On February 11, 2019, Nexans was informed of the opinion issued by the General Superintendence of CADE, the Brazilian antitrust authority's investigating unit, at the end of its investigation into the Brazilian land and submarine high-voltage cables sector. The General Superintendence recommended that the CADE's Administrative Tribunal impose sanctions on the defendants in this matter, including the Company. The Administrative Tribunal still has to assess certain issues and complexities in this matter. It is not bound by the General Superintendence's recommendation and it is impossible, at this stage, to predict the Tribunal's ruling. Nexans is continuing to forcefully defend its position based on solid arguments and hopes that the Administrative Tribunal will take these arguments into account.

As consistently communicated by the Company in the past, unfavorable outcomes for antitrust proceedings and/or investigations as well as the associated consequences could have a material adverse effect on the results and thus the financial position of the Group.

16.7. LIST OF SUBSIDIARIES AND AFFILIATES

(At December 31, 2018)

Company name	Share capital *(in thousands of currency units)*	Total equity (excluding share capital)[3] *(in thousands of currency units)*	Percentage ownership	Dividends received *(in thousands of euros)*	Gross value of shares held *(in thousands of euros)*	Net value of shares held *(in thousands of euros)*	Net sales[3] *(in thousands of currency units)*	Net income (loss)[3] *(in thousands of currency units)*
A - SUBSIDIARIES AND AFFILIATES WITH A GROSS VALUE IN EXCESS OF 1% OF NEXANS' SHARE CAPITAL								
1) SUBSIDIARIES (OVER 50% OWNED)								
NEXANS FRANCE SAS Paris - France (SIREN : 428 593 230)	130,000	(22,113)	100.00%	-	477,400	477,400	1,632,914	22,662
NEXANS PARTICIPATIONS Paris - France (SIREN : 314 613 431)	418,110	1,329,844	100.00%	49,615	2,048,264	2,048,264	1,075	74,936
INVERCABLE S.A. [1] Santiago - Chile	82,400	130,671	100.00%	6,761	194,948	194,948	-	6,771
2) AFFILIATES (10%-50% OWNED)								
NEXANS KOREA [2] Chungcheongbuk - South Korea	17,125,879	72,689,479	35.53%	-	16,940	16,940	320,801,928	(9,616,028)
B - GENERAL INFORMATION ON OTHER SECURITIES								
French subsidiaries (over 50% owned)					-	-		
Foreign subsidiaries (over 50% owned)					-	-		
French affiliates (10%-50% owned)					-	-		
Foreign affiliates (10%-50% owned)					-	-		
Other investments				45	2,281	2,281		

(1) Amount in thousands of USD (US dollars): 1 USD = 0.8734 euros at December 31, 2018.
(2) Amount in thousands of KRW (Korean won): 1,000 KRW = 0.7825 euros at December 31, 2018.
(3) Provisional data as these companies' financial statements had not yet been formally approved for issue at the date of the Board of Directors' meeting that approved these corporate financial statements.

Guarantees given by the Company with respect to its subsidiaries are described in the note on off-balance sheet commitments.

5.2.4. COMPANY'S FINANCIAL RESULTS FOR THE LAST 5 FINANCIAL YEARS

	2018	2017	2016	2015	2014
I - SHARE CAPITAL AT THE END OF THE FISCAL YEAR[1]					
a) Share capital *(in thousands of euros)*	43,606	43,495	43,411	42,598	42,051
b) Number of shares issued	43,606,320	43,494,691	43,411,421	42,597,718	42,051,437
II - RESULTS OF OPERATIONS *(in thousands of euros)*					
a) Sales before taxes	31,596	27,422	21,917	22,831	17,843
b) Income before tax, employee profit-sharing, depreciation, amortization and provisions	9,749	29,429	(51,461)	(101,110)	(64,817)
c) Income taxes	944	894	815	816	901
d) Employee profit-sharing due for the fiscal year	(17)	(113)	(145)	(57)	(94)
e) Income after tax, employee profit-sharing, depreciation, amortization and provisions	6,217	25,333	7,013	1,885	(66,588)
f) Dividends	13,082[2]	30,257	21,605	-	-
III - INCOME PER SHARE *(in euros)*					
a) Income after tax and employee profit-sharing but before depreciation, amortization and provisions	0.24	0.69	(1.17)	(2.37)	(1.54)
b) Income after tax, employee profit-sharing, depreciation, amortization and provisions	0.14	0.58	0.16	0.04	(1.58)
c) Dividend per share	0.30	0.70	0.50	-	-
IV - PERSONNEL					
a) Average headcount during the year	6	8	6	6	8
b) Total fiscal year payroll *(in thousands of euros)*	6,980	4,860	3,945	4,375	4,514
c) Total amount paid for employee benefits during the fiscal year *(in thousands of euros)*	2,327	1,620	1,315	1,458	1,504

(1) Refer to paragraph 6.2.1.2. of the 2018 Registration Document for the indication of the number of convertible bonds.
(2) Based on the number of shares at December 31, 2018, ie 43,606,320.

5.2.5. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Nexans for the year ended December 31, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Accounts and Audit Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2018 to the date of our report, and, in particular, we did not provide any non audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics *(Code de déontologie)* for Statutory Auditors.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Valuation of shares in subsidiaries and affiliates

Description of risk

At December 31, 2018, the carrying amount of the Company's shares in subsidiaries and affiliates amounted to €2,740 million. These shares are in six companies.

The value in use of shares in subsidiaries and affiliates is assessed by the Company's management on the basis of various criteria that may correspond, depending on the situation, to historical or forecast data. As indicated in Notes 3 and 8 to the financial statements, an impairment loss is booked when the fair value of these shares, which is based on their value in use, falls below their carrying amount.

We deemed the valuation of shares in subsidiaries and affiliates to be a key audit matter due to their significance in the Company's financial statements and to the level of judgment required from management to determine and assess the value in use of each share.

How our audit addressed this risk

As part of our audit of the financial statements, our work mainly consisted in:

- examining the valuation undertaken by the Company, the methods used and the underlying assumptions;

- assessing the fair value on the basis of the factors used to estimate the value in use: actual and projected earnings, equity, the entity's business outlook, the economic environment and the entity's average share price for the most recent month.

Antitrust investigations and disputes

Description of risk

In the same way as all other industrial players, in view of the Company's wide geographic reach, it is required to comply with numerous national and regional laws and regulations, notably concerning commercial, customs and tax matters. In particular, the Company is involved in antitrust investigations and disputes as described in Note 16.6 to the financial statements, which notably describes the antitrust investigations initiated against the Company.

As indicated in Note 3 to the financial statements, provisions are recognized when the Company has a present obligation resulting from a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

We deemed this issue to be a key audit matter given the significance of the antitrust investigations and disputes and the level of judgment required from management to determine these provisions in multiple and constantly changing regulatory environments.

How our audit addressed this risk

As part of our audit of the financial statements, our work mainly consisted in:

- evaluating the procedures implemented by the Company to identify and list all antitrust investigations and disputes;
- carrying out interviews with the Company's Legal Department in order to obtain an understanding of the risks, as well as of the status of antitrust proceedings and investigations;
- assessing the factors used by the Company to determine the risks and provisions recognized at the end of the reporting period to cover the financial consequences (direct and indirect) of these disputes, with particular attention paid to the opinions of the Company's legal advisors;
- verifying that the significant risks and disputes identified during the implementation of these procedures are described appropriately in Note 16.6 to the financial statements.

SPECIFIC VERIFICATIONS

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information given with respect to the payment terms referred to in Article D.441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L.225-37-5 of the French Commercial Code relating to those items your Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Nexans by the Shareholders' Meetings held on May 15, 2006 for PricewaterhouseCoopers Audit and on May 5, 2015 for Mazars.

At December 31, 2018, PricewaterhouseCoopers Audit and Mazars were in the thirteenth and the fourth consecutive year of their engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Accounts and Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;

- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Accounts and Audit Committee

We submit a report to the Accounts and Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

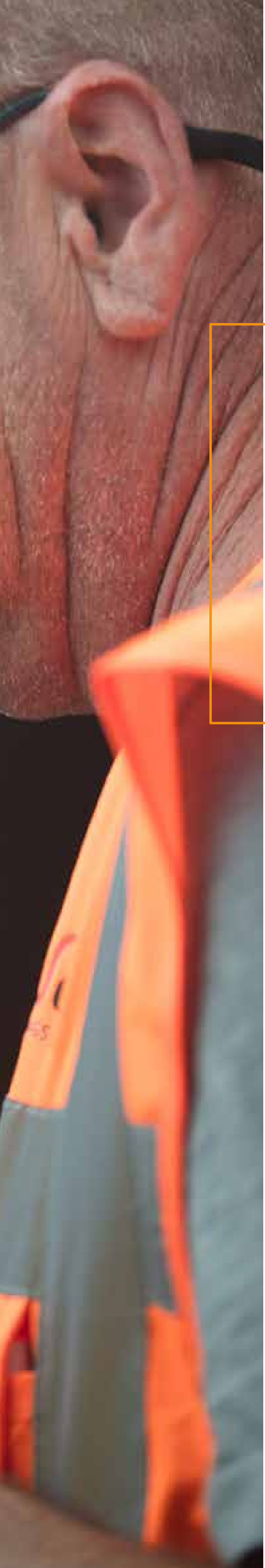
Our report to the Accounts and Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Accounts and Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Accounts and Audit Committee.

Neuilly-sur-Seine and Courbevoie, March 27, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Xavier Belet	**Isabelle Sapet**



6

Information about the share capital and ownership

6.1. Nexans share data

NEXANS IS LISTED ON EURONEXT PARIS (COMPARTMENT A)

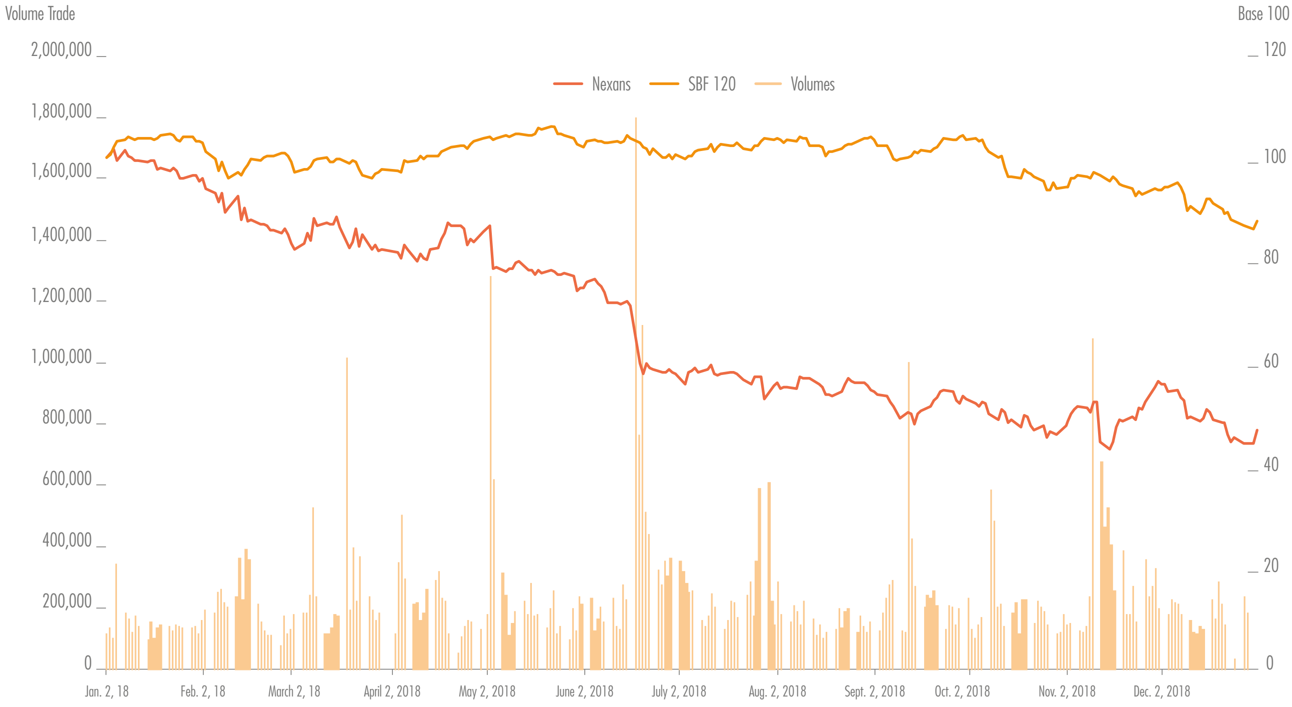
- Deferred settlement service
- ISIN code FR0000044448
- Par value: 1 euro

MARKET CAPITALIZATION AT DECEMBER 31, 2018

1.061 billion euros

SHARE PERFORMANCE

(in euros, from January 1, 2018 to December 31, 2018)



AVERAGE DAILY TRADING VOLUME IN 2018

239,893 shares

INDEX

- SBF 120

PER SHARE DATA

In euros (except ratios)	2018	2017	2016
Net assets(1)	30.39	32.74	32.5
Basic earnings/(loss) per share(2)	0.32	3.04	1.43
Diluted earnings/(loss) per share(3)	0.32	2.71	1.40
PER(4)	94.95	10.77	22.73
Net dividend(5)	0.30	0.70	0.50
Dividend yields(4)	1.23%	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 15, 2018 the Board of Directors will recommend a dividend payment of 0.30 euros per share for 2018.

STOCK MARKET DATA

Share price in euros *(except percentages)*	2018	2017	2016
High	52.06	56.72	54.80
Low	22.06	44.99	29.37
End-of-year closing price	24.33	51.11	49.21
Change over the year	-52.46%	+3.47%	+52.09%
Change in the SBF 120 over the year	-11.36%	+10.29%	+1.78%
Change in the CAC 40 over the year	-10.55%	+8.81%	+4.86%
MARKET CAPITALIZATION AT DECEMBER 31(1)	**1,061**	**2,223**	**2,136**
Average daily trading volume(2)	239,893	175,503	165,707
Number of shares in issue at December 31	43,606,320	43,494,691	43,411,421
SHARE TURNOVER(3)	**0.55%**	**0.40%**	**0.38%**

(1) In millions of euros.
(2) In number of shares.
(3) Daily average over the year.

6.2. Share capital

At December 31, 2018, the Company's share capital stood at 43,606,320 euros, fully paid-up and divided into 43,606,320 shares with a par value of one (1) euro each. This amount includes the impact of the employee share issue which led to the creation of 496,477 new shares, the 13,734 new shares issued upon the exercise of stock options, the OCEANE bonds converted into 1,418 Nexans shares between January 1 and December 31, 2018, and a reduction in capital via the cancellation of 400,000 shares held by the Company in treasury.

Each of the Company's shares carries one voting right.

6.2.1. ESTIMATED BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS AT DECEMBER 31, 2018

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
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
July 18, 2018	Employee share issue	496,477	€496,477	43,991,168
July 25, 2018	Capital increase following the exercise of stock options	13,734	€13,734	44,004,902
July 25, 2018	Capital increase following the conversion of OCEANE bonds	12	€12	44,004,914
July 25, 2018	Capital reduction via cancellation of shares	400,000	€400,000	43,604,914
January 28, 2019	Capital increase following the conversion of OCEANE bonds	1,406	€1,406	43,606,320

6.2.1.2. POTENTIAL SHARE CAPITAL AT DECEMBER 31, 2018

At December 31, 2018, the following securities carried 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. The bonds bore interest at 2.5% per annum, payable in arrears on January 1 each year and their gross yield-to-maturity was 2.5% (if they were not converted and/or exchanged for shares, and if they were not redeemed in advance). The option to convert or exchange the bonds could be exercised by the OCEANE bondholders at any time until the seventh business day preceding the scheduled or early redemption date. At December 31, 2018, 3,700,087 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 3,700,087 OCEANE bonds were converted they would represent an aggregate 4,162,597,875 shares, or 9.55% of the Company's share capital.
On January 1, 2019, these 3,700,087 bonds were redeemed at their face value, i.e., 72.74 euros each, representing a total of 269 million euros.

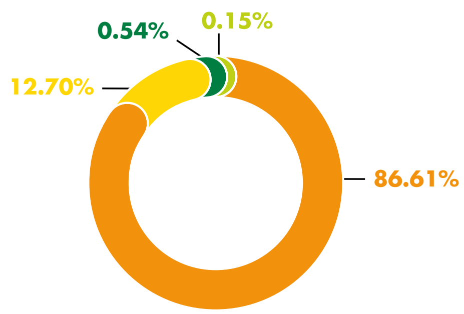
(2) The 610,167 performance shares (based on the achievement of maximum performance targets) granted to employees and corporate officers and not yet fully vested, representing approximately 1.4% of the Company's share capital at December 31, 2018.

(3) The 152,417 performance shares (not subject to performance targets) granted to employees and corporate officers and not yet fully vested, representing approximately 0.35% of the Company's share capital at December 31, 2018.

Except for the above-mentioned instruments, at December 31, 2018 there were no other securities that were convertible, redeemable, exchangeable or otherwise exercisable for the Company's shares.

The Company's potential share capital – corresponding to its existing capital plus any shares to be issued on the exercise of rights to the Company's shares – represented approximately 111.29% of the Company's capital at December 31, 2018 and approximately 101.75% at January 1, 2019, after the redemption of the OCEANE bonds.

6.2.1.3. ESTIMATED BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS[1] AT DECEMBER 31, 2018



- **Institutional investors: 86.61% o/w:**
  - Invexans Limited (UK) and Tech Pack (Quiñenco group, Chile): approximately 28.92% (12,610,914 shares)
  - Bpifrance Participations (France): 7.71% (3,363,446 shares)
  - DNCA (France) : 5.51% (2,402,496 shares)
- **Private investors and employees: 12.70% (5,538,863 shares), o/w:**
  - Private investors: 8.00%
  - Employees: 4.70%
- **Treasury stock: 0.54% (234,324 shares)**
- **Unidentified shareholders: 0.15% (64,224 shares)**

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

As the Company's ownership structure changes frequently, the above breakdown is not necessarily representative of the situation at the date this Registration Document was published.

At December 31, 2018, corporate officers owned approximately 0.06% 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, 2018, the Company held 234,324 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, with the exception of the director representing employees who is exempted from this requirement under Article 12 *ter* of the 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.

(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).

6.2.2. ESTIMATED OWNERSHIP STRUCTURE BY GEOGRAPHIC AREA

At December 31, 2018, Nexans' estimated ownership structure by geographic area was as follows:

Institutional investors – France	34.83%
Institutional investors – United States	3.46%
Institutional investors – UK and Ireland	10.96%
Institutional investors – Other European countries	4.86%
Institutional investors – Other countries (incl. South America)	32.50%
Private investors	8.00%
Employees	4.70%
Treasury stock	0.54%
Unidentified shareholders	0.15%

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

6.2.3. LEGAL THRESHOLD DISCLOSURES FILED IN 2018

The following threshold disclosures were filed with the AMF in 2018:

Date threshold crossed	Date of disclosure	Declaring company or intermediary	Number of shares and voting rights	% capital	% voting rights held	Disclosure event
11/15/2018	11/21/2018	DNCA Finance	2,279,888	5.23%	5.23%	Upward crossing of 5% share ownership and voting rights threshold
11/22/2018	11/27/2018	Invexans Limited (UK)	12,381,054	28.39%	28.39%	Upward crossing of 5%, 10%, 15%, 20% and 25% share ownership and voting rights thresholds

6.2.4. CHANGES IN NEXANS' OWNERSHIP STRUCTURE OVER THE LAST THREE YEARS

Shareholders	Estimated situation at December 31, 2016			Estimated situation at December 31, 2017			Estimated situation at December 31, 2018		
	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
Institutional investors	37,416,176	86.19	86.19	38,103,862	87.60	87.60	37,768,909	86.61	86.61
Employees	1,714,121	3.95	3.95	1,454,827	3.34	3.34	2,051,005	4.70	4.70
Executive directors	28,703	0.06	0.06	39,085	0.09	0.09	27,134	0.06	0.06
Private investors	1,900,574	4.38	4.38	3,267,147	7.42	7.42	3,460,724	7.94	7.94
Treasury stock	-	-	-	82,077	0.19	0.19	234,324	0.54	0.54
Unidentified shareholders	2,363,660	5.44	5.44	586,778	1.35	1.35	64,224	0.15	0.15

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 4.70% at December 31, 2018.

6.4. Shareholders' Meetings

6.4.1. MEETINGS

Nexans' shareholders are called to General Meetings and vote in accordance with the applicable legal provisions and the Company's bylaws. Information on General Shareholders' Meetings and the procedures for exercising voting rights is provided in Articles 20 (Shareholders' Meetings) and 21 (Voting Rights) of Nexans' bylaws, which can be viewed on Nexans' website (www.nexans.com, Corporate Governance section).

At the Shareholders' Meeting held on November 10, 2011, the "one-share-one-vote rule" was adopted to replace the double voting rights attached to shares owned by a single shareholder for more than two years.

At the same meeting, shareholders raised the 8% limit on each shareholder's total voting rights in a Shareholders' Meeting to 20%, applicable only to decisions made at Extraordinary Shareholders' Meetings on major transactions affecting the structure of the Group. This limit prevents any single major shareholder from having a right to veto strategic decisions and is therefore in the interest of all shareholders. At the Annual Shareholders' Meeting held on May 15, 2014, Article 21 of the bylaws was amended to stipulate that the automatic double voting rights provided for by the French law to regulate the real economy, enacted on March 29, 2014, would not apply to Nexans.

6.4.2. 2019 ANNUAL SHAREHOLDERS' MEETING

Nexans' 2019 Annual Shareholders' Meeting will be held on May 15, 2019. The notice for the meeting containing the agenda, information on how to participate in the meeting, the proposed resolutions and the Board of Directors' report on the resolutions – will be available on Nexans' website (www.nexans.com), under Finance and then Shareholders' Information – Shareholders' Meetings – 2019 Annual Shareholders' Meeting.

6.5. Summary of authorizations to increase the Company's share capital and their use during 2018

Resolutions approved at the Annual Shareholders' Meetings of May 11, 2017 and May 17, 2018	Limit for each resolution[1]	Sub-limits applicable to several resolutions[1]	Limits applicable to several resolutions[1]	Use during fiscal 2018
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, 2018) 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, 2018)	-		-
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)	€14,000,000 (14,000,000 shares) Securities representing debt and granting rights to equity securities = €350,000,000	-
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 AND CORPORATE OFFICER 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)	-		Issue of 396,832 shares on July 18, 2018
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)			Issue of 99,645 shares on July 18, 2018
Allocation of performance shares in 2018 (R22 – 2017 AGM)	€300,000 (300,000 shares)	-	-	Allocation of 166,900 performance shares on March 13, 2018 Allocation of 14,500 performance shares on July 27, 2018
Allocation of free shares in 2018 (R23 – 2017 AGM)	€50,000 (50,000 shares)			Allocation of 44,200 shares without performance conditions on March 13, 2018
Allocation of free shares in 2018 (R22 – 2018 AGM)	€40,000 (40,000 shares)	-	-	Allocation of 39,717 shares without performance conditions on July 27, 2018
Allocation of performance shares in 2019 (R20 – 2018 AGM)	€300,000 (300,000 shares)	-	-	-
Allocation of free shares in 2019 (R21 – 2018 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… – 2017 AGM" stands for the number of the resolution submitted for approval at the Annual Shareholders' Meeting of May 11, 2017.

In the above table, the abbreviation "R… – 2018 AGM" stands for the number of the resolution submitted for approval at the Annual Shareholders' Meeting of May 17, 2018.

6.6. Share buybacks

6.6.1. SHARE BUYBACKS IN 2018

In 2018, the Company was authorized to implement share buyback programs pursuant to the resolutions to this effect approved at the Annual Shareholders' Meetings of May 11, 2017 and May 17, 2018.

In accordance with Articles L.225-209 *et seq.* of the French Commercial Code *(Code de Commerce)*, the Annual Shareholders' Meeting of May 11, 2017 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 70 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 July 7, 2017, the Board of Directors decided to use the above-mentioned authorization to launch a 21 million euro share buyback program for a maximum of 300,000 shares that complies with the conditions set out in Article 5 of the EU Market Abuse Regulation (Regulation No 596/2014 dated April 16, 2014).

At its meeting on May 17, 2018, the Board of Directors decided to use the above-mentioned authorization to launch a 7 million euro share buyback program for a maximum of 100,000 shares that complies with the conditions set out in Article 5 of the EU Market Abuse Regulation (Regulation No 596/2014 dated April 16, 2014).

At its meeting on June 16, 2018, the Board of Directors decided to use the above-mentioned authorization to launch a 14.8 million euro share buyback program for a maximum of 400,000 shares 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 2018, a total of 702,336 shares were bought back at a weighted average price of 33.4947 euros per share, representing a total investment of 23.5 million euros. 400,000 of the shares were used in the share cancellation program and 302,336 were allocated to the Company's performance share and free share plans. The Company did not use any derivative instruments.

In 2018, 150,089 shares were allocated to beneficiaries of performance share and free share plans no. 13 dated July 24, 2014 and No. 14 dated July 28, 2015 and 400,000 shares were canceled by a decision of the Board of Directors taken on July 25, 2018.

At December 31, 2018, the Company directly held 234,324 shares with a par value of 1 euro, representing approximately 0.54% of the share capital. These shares were bought back at a total cost of 8.5 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 15, 2019 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 December 31, 2018, the Company held 234,324 of its own shares directly or indirectly, representing 0.54% of the share capital.

ALLOCATION OF THE SHARES HELD AS OF DECEMBER 31, 2018 BASED TO THE PURPOSE FOR WHICH THEY WERE ACQUIRED

The 234,324 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)*.

The Company canceled 400,000 shares following a decision of the Board of Directors taken on July 25, 2018. None of these shares were re-allocated for any 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 15, 2019, 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 agreement 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 15, 2019, the Company will be authorized to buy back Nexans shares (ISIN FR0000044448) traded in compartment A of Euronext Paris at a maximum price of 60 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 15, 2019, the authorization to buy back shares is being sought for a period of 18 months as from May 15, 2019.

6.7. Information with a potential impact in the event of a public offer

In addition to the commitments given to Christopher Guérin 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 Executive Committee 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, 2018, the amount of financed receivables under the "On Balance Sheet" program was 65 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), effective from December 14, 2015, and amended on December 12, 2018, 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 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.

(4) The prospectus for the issuance of the 3.75% ordinary bonds redeemable in 2023, 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 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.

6.8. Shareholder information

Nexans strives to earn the trust of shareholders by engaging openly with them and providing them with transparent information.

CUSTOMIZED COMMUNICATION CHANNELS

Each year the Group publishes several documents for information and transparency purposes:

- a Registration Document;
- three "Shareholder Newsletters", with information of specific interest to shareholders. The newsletters highlight significant events within the Group: financial results, commercial wins, new product launches and customer-focused innovations;

Nexans also publishes an integrated report that provides information to stakeholders (shareholders, customers and employees) as well as to larger communities on the value created by the Group on a daily basis and how it considers developing and improving this process over the short, medium and long term.

Digitalized communications is an area of key importance to the Group and on September 26, 2018, it launched a new website, Nexans.com, to cater more effectively to stakeholder requirements, revamp the way in which the Group is presented and share all of its news.

The new website showcases the Group's business and vision and provides users with a better navigation experience thanks to a streamlined structure and more responsive user interface compatible with all devices (mobile phones, tablets, PCs). Nexans.com is intended to forge closer links with customers, shareholders, employees and everyone who is serious about the energy and digital transition. It is a cutting-edge communication tool that helps project a strong and clear Group brand identity and highlight Nexans' innovative mindset.

In general, all economic and financial information concerning the Group is available on Nexans' website at www.nexans.com.

All queries may be submitted for swift handling via e-mail to nexansinvestor.relation@nexans.com.

OPEN DIALOGUE

Nexans ensures that its shareholders and investors receive timely and relevant information about its businesses, results, strategy, business model, key CSR-related imperatives and long-term outlook. Every year, it organizes a series of roadshows to promote discussion with institutional investors.

The Annual Shareholders' Meeting was held on first call on May 17, 2018 at the "Cœur Défense" conference center, Paris La Défense and a webcast is available on the Group's website (www.nexans.com) for a year.

REGISTERED SHARES

When shareholders register their shares directly with Nexans there are no custody fees. Registered shareholders are also sent information directly about the Group, including the notice for the Annual Shareholders' Meetings.

Shareholders wishing to convert their shares to registered form can contact Société Générale Securities Services, at the following address:

Société Générale Service des Titres
32, rue du Champ de Tir - BP 81236
44312 Nantes Cedex 3

Tel. +33 (0) 2 51 85 67 89, then press *122
Fax +33 (0) 2 51 85 53 42

7
Additional information

7.1. Information about the Group and the Company

7.1.1. SIMPLIFIED ORGANIZATIONAL STRUCTURE[1]

NEXANS S.A.

NEXANS PARTICIPATIONS S.A. (FRANCE)

Region	Country	Companies
Europe	France	Nexans Interface, Nexans Power Accessories France, Eurocable, Recycables[4], Lixis, Nexans Financial and Trading Services, Confecta, Nexans Wires, TLM, IES Energy[4], Rollcap, Prinsys, Nexans Solar Technologies, Sito Technologie France
	Germany	Nexans Deutschland, Nexans Logistik, Nexans Superconductors, Nexans Deutschland Metallurgie GmbH, Lackdraht Union Unterstutzüngseinrichtung, Nexans Power Accessories Germany, Nexans Autoelectric, Leitungstechnik Ostbayern (LTO), Elektrokontakt, Metrofunkkabel-Union, Kabeltrommel, Kabeltrommel GmbH & Co, Logistics Warehousing Systems GmbH
	Belgium	Nexans Benelux, Nexans Harnesses, Nexans Network Solutions, Opticable, Nexans Services[2], Cablebel, Cablinter
	Bulgaria	Makris GPH, Elektrokabel Bulgaria
	Denmark	Nexans Industry Solutions A/S, Nexans Industry Solutions International
	Spain	Nexans Iberia
	Greece	Nexans Hellas
	Ireland	Nexans Ireland
	Italy	Nexans Italia, Nexans Intercablo, Nexans Partecipazioni Italia Nexans Wires Italia
	Lithuania	Gerhardt Petri Vilnius UAB
	Luxembourg	Nexans Ré[3]
	Norway	Nexans Norway, Nexans Skagerrak, Nexans Subsea Operations
	Netherlands	Nexans Nederland, Nexans Cabling Solutions
	Poland	Nexans Polska, NPAP Sp Zo.o, Nexans Industry Solutions Spzoo
	Czech Republic	Elektrometall Sro, Elektromodul Sro, GPH Spol
	Romania	Nexans Romania, Elektrokontakt
	United Kingdom	Nexans UK, Nexans Logistics, Nexans Power Accessories UK
	Slovakia	Nexans Slovakia, Elekroconnect Sro
	Sweden	Nexans Sweden, Axjo Kabel, Elproman AB[4]
	Switzerland	Nexans Suisse, Confecta, Voltimum[4]
	Ukraine	Elektrokontakt Ukraina TzOV, TOV Nexans Ukrain
Middle East, Russia, Africa	Afrique du Sud	Nexans Trade, Dynamic Cables South Africa[4], Dynamic Cables Convergence[4], Isotech
	Angola	Nexans Angola
	Côte d'Ivoire	Nexans Côte d'Ivoire
	Egypt	ICC[4]
	United Arab Emirates	Nexans Trade JLT
	Ghana	Nexans Kabelmetal Ghana
	Kazakhstan	Nexans Kazakhstan
	Kenya	Nexans Power Network Kenya Limited
	Morocco	Nexans Maroc, Sirmel Maroc, Tourets et Emballages du Maroc, Coprema, Imouka
	Nigeria	Nexans Kabelmetal Nigeria[4], Northern Cable Processing and Manufacturing Company[4], Nexans Power Networks Nigeria, Nexans Subsea Energy Nigeria
	Qatar	Qatar International Cable Company[4]
	Russia	Impex Electro[4]
	Senegal	Sirmel Sénégal, Les Câbleries du Sénégal[4]
	Tunisia	Nexans Tunisia, Electrocontact Tunisie
	Turkey	Nexans Turkiye Endustri Ve Ticaret
North America	Canada	Nexans Canada
	United States	Nexans USA, Nexans Energy USA, Nexans Magnet Wire USA, Berk-Tek., Autoelectric of America Inc , Nexans High Voltage USA, AmerCable Incorporated, Nexans Specialty Holding
South America	Brazil	Nexans Brazil
	Chile	Nexans Chile, Cotelsa, Colada Continua[4], Inversiones Nexans Uno, Centro Estudios y capacitation Nexans, Cabos de Lorena
	Colombia	Nexans Colombia
	Mexico	Elektrokontakt S. de R.L de C.V, Mexico
Asia-Pacific	Australia	Olex Australia Pty, Olex Holding Pty, Nexans Australia Holding Pty
	China	Nexans China Wires & Cables Co., Nexans Hong Kong, Nexans Communications (Shanghai) Cable Co., Nexans Autoelectric Tianjin, Nexans (Yanggu) New Rihui Cables Co., Nexans Suzhou
	South Korea	Nexans Korea, Kukdong Electric Wire Co., Daeyoung Cable
	Indonesia	PT Nexans Indonesia
	Japan	Nippon High Voltage Cable Corporation
	New Zealand	Nexans New Zealand
	Singapore	Nexans Singapore Pte, Sito Technologies Pte Ltd

INVERCABLE (CHILI) — Indeco Peru, Cobrecon[4] (Peru)

NEXANS FRANCE SAS (FRANCE) — Liban Cables, Liban Cables Contracting, Liban Cables Packing, Cables Technology Invest Holding Company

(1) Simplified operational structure at December 31, 2018.
Nexans' main direct and indirect subsidiaries are listed in Note 33 to the 2018 consolidated financial statements.
(2) The company responsible for the Group's cash management.
(3) The Group's captive reinsurance company.
(4) Companies in which Nexans holds a minority interest

7.1.2. GENERAL INFORMATION

7.1.2.1. COMPANY PROFILE

Corporate name and registered office: Nexans
4, allée de l'Arche, 92400 Courbevoie, France
Tel: + 33 (0)1 78 15 00 00

7.1.2.2. LEGAL FORM AND GOVERNING LAW

Nexans is a French joint stock corporation *(société anonyme)*, subject to all the laws governing corporations in France, and in particular the provisions of the French Commercial Code.

7.1.2.3. TRADE REGISTER NUMBER

The Company is registered in the Nanterre Trade Register under number 393 525 852. Its APE business identifier code is 7112B.

7.1.2.4. DOCUMENTS AVAILABLE TO THE PUBLIC

Nexans' bylaws, the financial statements of the Company and the Group, reports submitted to the Shareholders' Meetings by the Board of Directors and the Statutory Auditors, and all other corporate documents that may be consulted by shareholders in accordance with the applicable laws and regulations are available at the Company's registered office and, in some cases, on Nexans' website at www.nexans.com. This website also contains the legal and financial information that has to be published in accordance with Articles 221-1 *et seq.* of the General Regulations of the AMF, the Internal Regulations of the Board of Directors, and Nexans' Code of Ethics and Business Conduct.

7.1.2.5. DATE OF INCORPORATION AND TERM

The Company was incorporated on January 5, 1994, under the name "Atalec" (changed to "Nexans" at the Shareholders' Meeting held on October 17, 2000), for a term of 99 years which will expire on January 7, 2093. Nexans was formed from most of the cable activities of Atalec, which is no longer a Nexans shareholder, and was floated on the Paris stock market in 2001.

7.1.2.6. CORPORATE PURPOSE (SUMMARY OF ARTICLE 2 OF THE BYLAWS)

The Company's purposes in all countries are the design, manufacture, operation and sale of any and all equipment, materials and software for domestic, industrial, civilian, military or other applications in the fields of electricity, telecommunications, information technology, electronics, the aerospace industry, nuclear power, and metallurgy, and in general any and all means of production or means of power transmission and communications (cables, batteries and other components), as well as all activities relating to operations and services which are incidental to these purposes. The acquisition of shareholdings in other companies, regardless of their form, associations, French and foreign groups, regardless of their corporate purpose and activity, as well as, in general, any and all industrial, commercial and financial transactions, involving both securities and real estate, related either directly or indirectly, in whole or in part, to any of the purposes of the Company indicated in the bylaws or to any similar or related purposes.

7.1.2.7. FISCAL YEAR

The Company's fiscal year begins on January 1 and ends on December 31.

7.1.3. SPECIFIC PROVISIONS OF THE BYLAWS

7.1.3.1. FORM OF SHARES, EVIDENCE OF OWNERSHIP AND DISCLOSURE THRESHOLDS (ARTICLE 7 OF THE BYLAWS)

Shares must be held in registered form until they are fully paid up.

Fully paid-up shares may be held in either registered or bearer form, at the shareholder's discretion.

In addition to the legal requirement to inform the Company of holdings exceeding certain fractions of the Company's share capital, any individual or legal entity and/or any existing shareholder whose interest in the Company attains or exceeds 2% of the share capital must notify the Company of the total number of shares held within a period of fifteen days from the time the threshold is crossed; this notification shall be sent by registered letter with return receipt requested. The same disclosure formalities must be carried out each time the threshold of a multiple of 2% of the share capital is crossed. To determine the thresholds, all shares held indirectly shall be taken into account as well as all the forms of shareholding covered by Articles L.233-7 *et seq.* of the French Commercial Code.

In each notification filed as set forth above, the party making the disclosure must certify that it covers all shares held or deemed to be held pursuant to the foregoing paragraph. They must also disclose the relevant acquisition date(s).

In the event of non-compliance with these disclosure obligations and subject to applicable law, the shareholder shall forfeit the voting rights corresponding to any shares that exceed the thresholds which should have been disclosed. Any shareholder whose stake in the share capital falls below any of the above-mentioned thresholds must also notify the Company within fifteen days, in the same manner as described above.

Ownership of shares is evidenced by an entry in the shareholder's name in the share register held by the issuer or by an accredited intermediary. Transfers of registered shares are made by inter account transfer. All share registrations, payments and transfers shall be made in accordance with the applicable law and regulations. Unless the shareholders concerned are exempted by law, the Company may require that the signatures on disclosures or transaction or payment orders be certified in accordance with the prevailing law and regulations.

In accordance with the applicable laws and regulations the Company may request from any accredited intermediary or other body any information on its shareholders or holders of securities carrying immediate or deferred voting rights, including their identity, the number of securities held and any restrictions on the securities.

7.1.3.2. SHAREHOLDERS' MEETINGS (SUMMARY OF ARTICLE 20 OF THE BYLAWS)

Shareholders' Meetings are convened and conduct business in accordance with the provisions set forth by law and the Company's bylaws. When the required quorum is reached, the Shareholders' Meeting represents all the shareholders. Its resolutions are binding on all shareholders, including those who were absent or dissenting at the meeting concerned. In addition, if decided by the Board of Directors, shareholders may participate in and vote at meetings by videoconference or any other remote transmission method that enables them to be identified, in accordance with the terms and methods set forth by law.

For shareholders to be eligible to attend General Meetings, cast a postal or electronic vote or be represented by proxy the following conditions must be met:

- registered shares must be recorded in the name of their owner in the share register managed by the Company or by its accredited intermediary;
- holders of bearer shares must provide a certificate evidencing ownership of their shares, in accordance with the law.

Postal votes and proxy documents may be signed electronically by shareholders or their legal or judiciary representative provided that the identification requirements set out in Article 1367 of the French Civil Code are respected. In order for postal votes to be taken into consideration they must be received by the Company at least one business day before the meeting (by 3 p.m. CET at the latest), unless a shorter timeframe is provided for under the applicable laws and regulations.

7.1.3.3. VOTING RIGHTS (ARTICLE 21 OF THE BYLAWS)

Subject to applicable law and the Company's bylaws, each shareholder shall have a number of votes equal to the number of shares that they hold or represent.
As an exception to the last paragraph of Article L.225-123 of the French Commercial Code, the Company's bylaws do not provide for any double voting rights. Voting rights are exercisable by the beneficial owner at all Ordinary, Extraordinary and Special Shareholders' Meetings.

7.1.3.4. RESTRICTIONS ON VOTING RIGHTS (ARTICLE 21 OF THE BYLAWS)

Regardless of the number of shares held directly and/or indirectly, when voting on the following types of resolution at Extraordinary Shareholders' Meetings, either in person or by proxy, a shareholder may not exercise a number of voting rights representing more than 20% of the voting rights of all shareholders present or represented at the meeting concerned:

(i) Any resolutions relating to any form of reorganization transaction in which the Company is involved and which has an impact on the share capital and/or equity of any participating or resulting entity. Such reorganization transactions notably include partial asset transfers – including those governed by the legal regime applicable to demergers – as well as share for share exchanges, mergers, demergers, partial demergers, reverse mergers or any other similar transactions.

(ii) Any resolutions relating to a public tender offer, public exchange offer, alternative public offer or combined public offer, initiated by or with respect to the Company, including resolutions on how to defend against a takeover bid.

(iii) Any resolutions – other than those related to the transactions referred to in points (i) and (ii) above – that concern capital increases carried out through the issuance of either (a) ordinary shares representing over 10% of the Company's total outstanding ordinary shares at the date of the Extraordinary Shareholders' Meeting concerned and/or (b) securities carrying rights to shares in the Company within the meaning of Articles L.228-91 *et seq*. of the French Commercial Code, when exercise of such rights could result in a capital increase representing over 10% of the Company's total outstanding ordinary shares at the date of the relevant Extraordinary Shareholders' Meeting.

(iv) Any resolutions relating to a distribution in kind carried out equally for all shareholders.

(v) Any resolutions concerning voting rights, except for resolutions relating to (a) creating double voting rights, (b) lowering the limit on voting rights to below 20%, or (c) extending the list of resolutions subject to the 20% voting rights limit.

(vi) Any resolutions concerning delegating powers to the Board of Directors in connection with any of the transactions referred to in points (i) to (v) above.

For the purpose of applying this voting rights limit, all shares held indirectly shall be taken into account, as well as all the forms of shareholding covered by Articles L.233-7 et seq. of the French Commercial Code.

The above-described limit shall automatically become null and void if an individual or legal entity (acting alone or in concert with one or more other persons or legal entities) holds at least 66.66% of the total number of shares in the Company, following a public tender or exchange offer for all of Nexans' shares.

7.1.3.5. APPROPRIATION OF INCOME (ARTICLE 23 OF THE BYLAWS)

The difference between revenue and expenses for the year, net of any provisions, constitutes the net income or loss for the year as recorded in the income statement. Five percent of the net income, less any losses brought forward from prior years, is transferred to the legal reserve until such time as the legal reserve represents one tenth of the share capital. Further transfers are made on the same basis if the legal reserve falls below one tenth of the share capital, whatever the reason.

Income available for distribution consists of net income for the year less any losses brought forward from prior years and any transfer made to the legal reserve as explained above, plus retained earnings brought forward from prior years. On the recommendation of the Board of Directors, shareholders in a general meeting may appropriate all or part of said income to retained earnings or to general or special reserves, or decide to pay all or part of the amount to shareholders in the form of a dividend. In addition, the shareholders may resolve to distribute amounts taken from discretionary reserves either to pay all or part of a dividend or as an exceptional dividend. In this case, the resolution shall indicate specifically the reserve account from which the payments are to be made. However, dividends will first be paid out of distributable income for the year.

Shareholders at an Ordinary General Meeting may decide to offer each separate shareholder the option of receiving all or part of the final dividend or any interim dividend in the form of shares instead of cash.

In the event of interim dividends, the Shareholders' Meeting or the Board of Directors shall determine the date on which the dividend is to be paid.

7.1.4. MATERIAL CONTRACTS

Apart from contracts entered into in the ordinary course of business, including acquisition, divestment and financing contracts relating to current bond debt and the multicurrency revolving facility agreement, as described in this Registration Document in **Note 27** Financial risks and the receivables securitization program described in **Note 27.A** Liquidity risks to the 2018 consolidated financial statements, no other material contracts were entered into by the Company and/or any other member of the Group in the two years immediately preceding the publication of this Registration Document which contain provisions under which any member of the Group has an obligation or entitlement that could have a material impact on the Group's operations, financial position or cash flow.

7.1.5. INVESTMENTS

Nexans' gross capital expenditure came to 207 million euros in 2018 (versus 169 million euros in 2017).

Capital expenditure during the year was mainly focused on (i) increasing capacity and improving reliability of high voltage submarine cables production at the Halden plant; (ii) developing new products, increasing automation and continuing to deploy production capacity in low-cost countries for the automotive harnesses segment; and (iii) developing new solutions for medium and high voltage accessories.

The investments made in the Group's European plants were mainly dedicated to reducing production costs.

The Group's overall capital expenditure in 2018 was distributed as follows: 59% for expansion projects, 20% for cost reduction projects, 16% for plant maintenance and 4% for environmental and safety improvements, including reducing greenhouse gas emissions, thereby contributing to the Group's climate strategy.

In 2019, the Group intends to pursue its capital expenditure programs for energy infrastructure cables, particularly in North America, and for automotive harnesses as well as for its continuing expansion in Africa and the Middle East.

7.1.6. PROPERTY, PLANT AND EQUIPMENT

The Group's plants and facilities are located in 41 countries around the world, and they represent a wide range of sizes and types of business. The majority of the Group's property, plant or equipment do not individually represent a material amount for the Group as a whole (i.e., an amount exceeding 5% of the Group's total gross property, plant, and equipment – replacement value). Only two sites exceed this 5% proportion: Halden in Norway (approximately 6%) and Cortaillod in Switzerland (just under 7%). As an industrial group, Nexans does not own significant non-operating real estate assets.

The environmental issues raised by the use of property, plant and equipment are addressed in Chapter 4, section 4.2., Planet of this Registration Document.

7.1.7. LEGAL AND ARBITRATION PROCEEDINGS

To the best of the Company's knowledge, other than the cases referred to in this Registration Document, there are no governmental, administrative, legal or arbitration proceedings (including any such proceedings that are pending or threatened) which may have, or have had in the past twelve months, a material impact on the financial position or profitability of the Company and/or the Group, taking into account provisions already recognized, insurance coverage in place and the possibility of recourse against third parties, and based on Management's assessment of the probability of a material impact occurring in view of these factors. The cases referred to in this Registration Document are described in (i) Chapter 3, section 3.1., Risk factors, and (ii) **Note 23** Provisions and **Note 31** Disputes and contingent liabilities to the 2018 consolidated financial statements.

7.1.8. SIGNIFICANT EVENTS SINCE THE YEAR-END AND APPROVAL OF THE 2018 MANAGEMENT REPORT

To the best of the Company's knowledge at the date of this Registration Document, no significant changes in Nexans' financial or trading position have occurred since February 13, 2019 – the date on which the 2018 corporate financial statements were closed and the 2018 Management Report was approved.

7.2. List of related-party agreements and commitments

7.2.1. AGREEMENTS AND COMMITMENTS REMAINING IN FORCE IN 2018

In accordance with Article L.225-40-1 of the French Commercial Code, at its meeting on February 13, 2019 the Board of Directors reviewed the agreements and commitments entered into in prior years which remained in force during 2018. The Board also examined the agreements and commitments authorized and entered into at the beginning of 2018, which were ratified by the Shareholders' Meeting of May 17, 2018, and which continued to be implemented in 2018.

7.2.1.1. CORPORATE OFFICER INVOLVED: ARNAUD POUPART-LAFARGE, CHIEF EXECUTIVE OFFICER UNTIL JULY 3, 2018

The agreements and commitments below concerning Arnaud Poupart-Lafarge's term of office as Chief Executive Officer were entered into in 2014 and remained in force until July 3, 2018. These agreements and commitments were approved at the May 5, 2015 Annual Shareholders' Meeting.

Termination indemnity

On July 24, 2014, with effect from October 1, 2014, the Board of Directors approved the allocation of a termination indemnity to Arnaud Poupart-Lafarge in the event of his removal from office as Chief Executive Officer.

The termination 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, in particular in the event of gross misconduct, and after the Board of Directors has placed on record that the applicable performance conditions have been met, either at the time of, or after the termination or change in the Chief Executive Officer's duties, in accordance with Article L.225-42-1 of the French Commercial Code.

As Arnaud Poupart-Lafarge's departure was not a forced departure, at its meeting of July 3, 2018, the Board of Directors noted that no termination indemnity was payable to him.

Non-compete indemnity

On July 24, 2014, with effect from October 1, 2014, the Board of Directors required Arnaud Poupart-Lafarge to enter into a non compete obligation, under which he undertook 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 would receive a non-compete indemnity which would be paid in 24 equal and successive monthly installments and correspond to one year of his fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus an amount equal to his most recent monthly base compensation (fixed portion) multiplied by his most recent nominal bonus rate.

Following Arnaud Poupart-Lafarge's departure, in accordance with Article 23 of the AFEP-MEDEF Code, the Board of Directors decided to apply the non compete undertaking and to pay him a non-compete indemnity totaling 1,400,000 euros. This amount will be paid in installments over a two-year period beginning on October 1, 2018. The amount of the non-compete indemnity paid in 2018 totaled 175,002 euros.

Supplementary pension plan

On July 24, 2014, in connection with his term of office as Chief Executive Officer, with effect from October 1, 2014, the Board of Directors approved Arnaud Poupart-Lafarge's membership of the defined benefit pension plan set up by Nexans for certain employees and corporate officers.

In order to reduce the expense incurred by the company each year for the supplementary defined benefit pension plan (Article 39 of the French Tax Code), on the recommendation of the Appointments, Compensation and Corporate Governance Committee, the Board of Directors decided at its March 20, 2018 meeting to terminate the plan for beneficiaries who will not be in a position to claim retirement benefits under the general social security system within the next seven years.

Regarding the rights accrued in the past under the defined benefit supplementary pension plan that are lost for those who will no longer benefit from the plan, the Board has decided to partially compensate this loss of rights, with a component in shares and a component in cash. The Annual Shareholders' Meeting held on May 17, 2018 therefore voted to allocate a maximum of 40,000 free shares, without performance conditions, as compensation for the benefits accrued in the past under the supplementary defined benefit pension plan and lost by the former beneficiaries of the plan, including Arnaud Poupart-Lafarge.

Arnaud Poupart-Lafarge received partial compensation including the award of 16,800 free shares and payment of 620,430 euros in cash, as approved at the Annual Shareholders' Meeting of May 17, 2018.

These related-party commitments made to Arnaud Poupart-Lafarge as Chief Executive Officer (i.e., termination of defined benefit pension plan commitments and payment of a compensatory indemnity) were approved at the Annual Shareholders' Meeting of May 17, 2018 pursuant to the provisions of Article L.225-38 of the French Commercial Code.

Welfare and unemployment insurance plan

On July 24, 2014, in connection with his term of office as Chief Executive Officer, with effect from October 1, 2014, the Board of Directors approved Arnaud Poupart-Lafarge's membership of (i) the Nexans' welfare plan (covering death and disability benefits and medical expenses), and (ii) an unemployment insurance plan, set up with an insurer, under which, 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.

In accordance with the decision taken by the Board of Directors on March 16, 2018 and approved at the Annual Shareholders' Meeting of May 17, 2018, Arnaud Poupart-Lafarge shall continue to be a member of the Company's welfare plan (covering death and disability benefits and medical expenses) for a period of 12 months following the end of his term in office.

Exceptional bonus for the transition period

At its March 16, 2018 meeting, the Board of Directors decided to grant Arnaud Poupart-Lafarge an exceptional bonus for the transition period in a maximum gross amount of 700,000 euros, 40% of which will be based on a financial criterion and 60% on his preparation of and assistance with the transition to his successor. Therefore, the amount of the bonus could vary according to the achievement of one or both of the above criteria and their respective weight.
This undertaking to pay a transition period bonus was approved by the May 17, 2018 Annual Shareholders' Meeting.

On February 13, 2019, based on the recommendation of the Appointments, Compensation and Corporate Governance Committee, the Board of Directors noted that the financial criterion had not been met and, based on the results of Arnaud Poupart-Lafarge's work in preparing and assisting with the transition to his successor, the amount of the exceptional transition period bonus payable to him would be zero.

2016 Long-Term Compensation Plan

As Chief Executive Officer, Arnaud Poupart-Lafarge was granted 27,000 performance shares by the Board of Directors on May 12, 2016.

The performance share plan provides that the performance shares granted will only vest at the end of a four-year vesting period (i.e., on May 12, 2020) subject to a condition of continued presence and performance conditions.

In the event of resignation or removal from office, it is expressly indicated that the right to receive the performance shares will be forfeited.

The vesting of the performance shares is also subject to two performance conditions:
- 50% of the total number of performance shares granted is subject to a share performance condition measured over a period of 3 years;
- 50% of the total number of performance shares granted is subject to financial performance conditions measured over a period of 3 years.

In accordance with the decision taken by the Board of Directors on March 16, 2018, and approved at the Annual Shareholders' Meeting of May 17, 2018, the continued presence condition under the 2016 long-term compensation plan was lifted for Arnaud Poupart-Lafarge, however the performance conditions remain applicable.

2017 Long-Term Compensation Plan

As Chief Executive Officer, Arnaud Poupart-Lafarge was granted 19,800 performance shares by the Board of Directors on May 14, 2017.

The performance share plan provides that the performance shares granted will only vest at the end of a four-year vesting period (i.e., on March 14, 2021) subject to a condition of continued presence and performance conditions.

In the event of resignation or removal from office, it is expressly indicated that the right to receive the performance shares will be forfeited.

The vesting of the performance shares is also subject to two performance conditions:

- 50% of the total number of performance shares granted is subject to a share performance condition measured over a period of 3 years;
- 50% of the total number of performance shares granted is subject to financial performance conditions measured over a period of 3 years.

In accordance with the decision taken by the Board of Directors on March 16, 2018, and approved at the Annual Shareholders' Meeting of May 17, 2018, the continued presence condition under the 2017 long-term compensation plan was lifted for Arnaud Poupart-Lafarge, however the performance conditions remain applicable.

7.2.1.2. AGREEMENT ENTERED INTO WITH A SHAREHOLDER HOLDING MORE THAN 10% OF THE COMPANY'S CAPITAL AND VOTING RIGHTS, AND CORPORATE OFFICERS INVOLVED: ANDRONICO LUKSIC CRAIG (NEXANS AND INVEXANS BOARD MEMBER), FRANCISCO PÉREZ MACKENNA (NEXANS BOARD MEMBER AND VICE-CHAIRMAN OF THE BOARD OF DIRECTORS OF INVEXANS) AND HUBERT PORTE (NEXANS AND INVEXANS BOARD MEMBER)

Invexans (Quiñenco group) engagement letter of May 22, 2014

On May 22, 2014, the Board of Directors accepted Invexans' long-term commitment under the terms and conditions of which Invexans will not request representation on the Board in excess of three non-independent members on a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

This commitment entered into force on May 22, 2014 and will expire on November 26, 2022 or before this date should one of the following events transpire:

(1) The filing of a public offer for Nexans' entire share capital and voting rights including, to avoid any ambiguity, by Invexans.

(2) A third party not acting in concert, within the meaning of Article L.233-10 of the French Commercial Code, with Invexans, holds a share in the Company that exceeds the following thresholds: (i) 15% of the share capital or voting rights or (ii) the percentage of the share capital or voting rights held by Invexans at that time.

(3) The percentage of the share capital held by Invexans in Nexans falls below 10%.

(4) Invexans holds 30% or more of the share capital or voting rights in Nexans following a transaction approved by Nexans' shareholders and has obtained an exemption from the obligation to file a takeover bid from the French financial markets authority (*Autorité des marchés financiers* – AMF).

7.2.1.3. CORPORATE OFFICER INVOLVED: FANNY LETIER, NEXANS BOARD MEMBER AND EXECUTIVE DIRECTOR, SMALL AND MID CAP INVESTMENTS AT BPIFRANCE THROUGH SEPTEMBER 30, 2018

Service agreement entered into with Bpifrance Investissement/Le Hub

At its meeting of November 10, 2017, the Board of Directors approved a service agreement with Bpifrance Investissement, which is wholly owned by Bpifrance Participations, which in turn owns a 7.75% stake in Nexans. Under the agreement, Bpifrance Investissement will identify and select promising start-ups operating in markets adjacent to those of Nexans and refer them to the Company.

The objective, nature and compensation of the agreement were reviewed by the Board of Directors, which acknowledged that it was in the Company's interests to sign the agreement before approving it. Fanny Letier was not involved in the decision.

Under the agreement, Bpifrance Investissement received total compensation of 50,000 euros, half of which was paid in January 2018, and half in January 2019.

7.2.1.4. CORPORATE OFFICER INVOLVED: ARNAUD POUPART-LAFARGE, HSBC FRANCE BOARD MEMBER AND NEXANS CHIEF EXECUTIVE OFFICER UNTIL JULY 3, 2018

Agreement with HSBC France

At its meeting of November 10, 2017, the Board of Directors authorized the Company to enter into a corporate banking agreement with HSBC France to support and assist Nexans in the preparation, organization, negotiation and execution of an external growth transaction.

The objective, nature and compensation of the agreement were reviewed by the Board of Directors without Arnaud Poupart-Lafarge being present. The Board of Directors acknowledged that it was in the Company's interests to sign the agreement before approving it.

Under the agreement, HSBC could receive a maximum total of 2,250,000 euros, to be paid only if the external growth transaction takes place.

The planned external growth transaction did not take place in 2018 and no amounts were paid under the agreement with HSBC France.

7.2.2. AGREEMENTS AND COMMITMENTS EXECUTED IN 2018 AND SUBMITTED FOR RATIFICATION AT THE MAY 2019 ANNUAL SHAREHOLDERS' MEETING

CORPORATE OFFICER INVOLVED: CHRISTOPHER GUÉRIN, CHIEF EXECUTIVE OFFICER FROM JULY 4, 2018

Termination indemnity

On July 3, 2018, the Board of Directors approved the allocation of a termination indemnity to Christopher Guérin in the event of his departure.

The termination indemnity would be payable only in the following cases: (i) 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, particularly in the event of gross misconduct; (ii) in the event of a forced departure in the form of his removal as Chief Executive Officer by the Board at any time ("Forced Departure"); and (iii) after the Board of Directors has placed on record that the applicable performance conditions have been met, either at the time of, or after the termination or change in the Chief Executive Officer's duties, in accordance with Article L.225-42-1 of the French Commercial Code.

No indemnity would be due if Christopher Guérin (i) leaves the Company of his own initiative, (ii) exercises his pension rights, or (iii) changes position within the Group.

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

The payment of the indemnity would be subject to a performance condition based on an overall rate of achievement of collective and individual objectives for target annual variable compensation of at least 60% over the three years prior to the date of the forced departure.

If forced departure were to occur before the end of three full years as from the date on which he took up his position, i.e., before the end of 2020, the indemnity would be equal to one year's total fixed and variable compensation and the performance condition would be assessed based on the number of full years completed (i.e., either one or two years).

The Appointments, Compensation and Corporate Governance Committee will first determine the achievement rate of the applicable performance conditions and submit their findings to the Board for a final decision. The final amount payable in relation to the termination indemnity would be paid in one installment within a maximum of one month after the Board of Directors' assessment of whether the applicable criteria have been met.

Non-compete indemnity

On July 3, 2018, with effect from July 4, 2018, the Board of Directors approved the allocation of a non-compete indemnity to Christopher Guérin, under which he undertook 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 would receive a non-compete indemnity which would be paid in 24 equal and successive monthly installments and correspond to one year of his fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus an amount equal to his most recent monthly base compensation (fixed portion) multiplied by his most recent nominal bonus rate.

In accordance with Article 23.3 of the AFEP-MEDEF Code, in the event of Christopher Guérin's departure, the Board of Directors will issue a decision as to 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).

Moreover, in accordance with Article 23.4 of the AFEP-MEDEF Code, the non-compete indemnity shall not be payable if Christopher Guérin exercises his pension rights.

Lastly, in accordance with Article 23.6 of the AFEP-MEDEF Code, the total amount of termination payments and non-compete indemnities may not exceed two years' worth of his actual compensation (fixed plus variable).

Supplementary pension, welfare and unemployment insurance

On July 3, 2018, in connection with his term of office as Chief Executive Officer, the Board of Directors approved Christopher Guérin's membership of the defined contribution pension plan set up by the Group for certain employees and corporate officers, with effect from September 1, 2018.

The annual amounts payable under this defined contribution pension plan are paid exclusively by the Company and are equal to 20% of the Chief Executive Officer's reference compensation, defined as his actual annual fixed and variable compensation.

In connection with his term of office as Chief Executive Officer and with effect from July 4, 2018, the Board of Directors also approved Christopher Guérin's membership of (i) the Nexans' welfare plan (covering death and disability benefits and medical expenses), and (ii) an unemployment insurance plan, set up with an insurer, under which, 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.

CORPORATE OFFICER INVOLVED: ARNAUD POUPART-LAFARGE, CHIEF EXECUTIVE OFFICER UNTIL JULY 3, 2018

Fixed-term employment contract from July 4, 2018 to September 30, 2018

At its meeting on July 3, 2018, the Board of Directors decided to appoint Christopher Guérin as Chief Executive Officer. Consequently, Arnaud Poupart-Lafarge agreed to bring forward the effective date of his resignation as Chief Executive Officer to July 3, 2018.

In the interests of the Company, it was decided that Arnaud Poupart-Lafarge should be at the Company's disposal during the transition period through September 30, 2018, in accordance with the commitments made on March 16, 2018.

Consequently, the Board approved a fixed-term employment contract with Arnaud Poupart-Lafarge covering the period through September 30, 2018. Arnaud Poupart-Lafarge acted as Adviser to the new Chief Executive Officer from July 4, 2018 to September 30, 2018, providing expertise and assistance in return for the minimum wage provided for in the collective agreement.

The objective, nature and compensation of the agreement were reviewed by the Board of Directors without Arnaud Poupart-Lafarge being present. The Board acknowledged that it was in the Company's interests to sign the agreement before approving it. The total salary paid to Arnaud Poupart-Lafarge from July 4, 2018 to September 30, 2018 amounted to 6,192 euros.

CORPORATE OFFICER INVOLVED: ANNE LEBEL, NEXANS BOARD MEMBER AND NATIXIS CHIEF HUMAN RESOURCES OFFICER

Addendum to the multi-currency revolving credit facility of December 14, 2015

On November 7, 2018, the Board of Directors authorized the execution of a related-party agreement corresponding to an addendum to the December 14, 2015 syndicated loan agreement entered into between (i) the Company and Nexans Services and (ii) a pool of 11 French and foreign banks, and concerning a 600 million euro confirmed credit facility. The Board also authorized the signature by the Company of a new first-demand guarantee for the lenders' benefit. Nexans wished to open a swingline facility for a maximum amount of 200 million euros, without increasing the total amount of the contract in principal, replacing Nexans Services as borrower with Nexans Financial and Trading Services, and extending maturity by five years, i.e., through December 2023.

Anne Lebel, a Nexans Board member, is Natixis Chief Human Resources Officer and a member of Natixis Executive Management. As lender, Natixis receives the same fee for its services as the ten other lenders in the syndicated agreement. In 2018, the Company paid Natixis commission totaling 101,250 euros.

Placement agent agreement for a Negotiable EUropean Commercial Paper (NEU CP) program

Nexans has set up a money market securities program (NEU CP) for a maximum amount of 400 million euros. The program is not listed on a regulated market nor is it underwritten and it does not have an agency rating. Most of the notes issued are placed by a number of banks acting as placement agents. NEU CP are domiciled with a domiciliary agent.

Anne Lebel, a Nexans Board member, is also Natixis Chief Human Resources Officer and a member of Natixis Executive Management. At its meeting of November 7, 2018, the Board of Directors authorized the signature by the Company of a placement agent agreement with Natixis. The objective, nature and terms and conditions of the agreement were reviewed by the Board of Directors without Anne Lebel being present.

The Board acknowledged that it was in the Company's interests to sign the placement agent agreement with Natixis before approving it. No amounts were paid under this agreement in 2018.

7.2.3. STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

To the Shareholders,

In our capacity as Statutory Auditors of Nexans, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R.225-31 of the French Commercial Code *(Code de commerce)*, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized and entered into during the year

In accordance with Article L.225-40 of the French Commercial Code, we were informed of the following agreements and commitments entered into during the year and authorized in advance by the Board of Directors.

1. Commitments given to Christopher Guérin, Chief Executive Officer from July 4, 2018

1.1 Termination indemnity

On July 3, 2018, the Board of Directors granted Christopher Guérin a termination indemnity. The termination indemnity would be payable only in the following cases:

- 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, particularly in the event of gross misconduct; a forced departure could take the form of his removal as Chief Executive Officer by the Board at any time; and
- after the Board of Directors has placed on record that the following performance condition has been met, either at the time of or after the termination or change in the Chief Executive Officer's duties, in accordance with Article L.225-42-1 of the French Commercial Code.
  - An overall rate of achievement of collective and individual objectives for target annual variable compensation of at least 60% over the three years prior to the date of the forced departure.

If forced departure were to occur before the end of three full years as from the date on which he took up his position, i.e., before the end of 2020, the indemnity would be equal to one year's total fixed and variable compensation and the performance condition would be assessed based on the number of full years completed (i.e., either one or two years).

The Appointments, Compensation and Corporate Governance Committee will first determine the achievement rate of the applicable performance condition and submit their findings to the Board for a final decision.

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

No benefits would be due if Christopher Guérin (i) leaves the Company of his own initiative, (ii) exercises his pension rights, or (iii) changes position within the Group.

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

1.2 Non-compete indemnity

On July 3, 2018, the Board of Directors granted Christopher Guérin a non-compete indemnity in his capacity as Chief

Executive Officer with effect from his appointment date of July 4, 2018, under the conditions set out below:

- Christopher Guérin undertakes 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 would receive a non-compete indemnity which would be paid in 24 equal and successive monthly installments and correspond to one year of his fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus an amount equal to his most recent monthly base compensation (fixed portion) multiplied by his most recent nominal bonus rate.

In accordance with Article 23.3 of the AFEP-MEDEF Code, in the event of Christopher Guérin's departure, the Board of Directors will issue a decision as to whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no noncompete indemnity will be payable).

Moreover, in accordance with Article 23.4 of the AFEP-MEDEF Code, the non compete indemnity shall not be payable if Christopher Guérin exercises his pension rights.

Lastly, in accordance with Article 23.6 of the AFEP-MEDEF Code, the total amount of termination payments and non-compete indemnities may not exceed two years' worth of his actual compensation (fixed plus variable).

1.3 Supplementary pension, welfare and unemployment insurance plan

On July 3, 2018, the Board of Directors decided that Christopher Guérin, in his capacity as Chief Executive Officer, would be eligible for the defined contribution pension plan set up by the Group for certain employees and corporate officers, with effect from September 1, 2018.

The annual amounts payable under this defined contribution pension plan are paid exclusively by the Company and are equal to 20% of the Chief Executive Officer's reference compensation, defined as his actual annual fixed and variable compensation.

In connection with his term of office as Chief Executive Officer and with effect from July 4, 2018, the Board of Directors' meeting of July 3, 2018 also approved Christopher Guérin's membership of (i) the Nexans welfare plan (covering death and disability benefits and medical expenses), and (ii) an unemployment insurance plan, set up with an insurer, under which, 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.

2. Fixed-term employment contract from July 4, 2018 to September 30, 2018 signed with Arnaud Poupart Lafarge

Pursuant to the Board of Directors' decision of July 3, 2018 to appoint Christopher Guérin as Chief Executive Officer from July 4, 2018, Arnaud Poupart-Lafarge agreed to bring forward the effective date of his resignation as Chief Executive Officer to July 3, 2018. In accordance with the commitments made on March 16, 2018, in the interests of the Company, it was decided that Arnaud Poupart-Lafarge would be at the Company's disposal during the transition period through September 30, 2018.

Consequently, on July 3, 2018, the Board of Directors approved a fixed-term employment contract with Arnaud Poupart-Lafarge covering the period through September 30, 2018. Arnaud Poupart Lafarge acted as Adviser to the new Chief Executive Officer from July 4, 2018 to September 30, 2018, providing expertise and assistance in return for the minimum wage provided for in the collective agreement.

The objective, nature and compensation of the agreement were reviewed by the Board of Directors without Arnaud Poupart-Lafarge being present. The Board acknowledged that it was in the Company's interests to sign the agreement and therefore approved it. The total amount of fixed compensation paid to Arnaud PoupartLafarge from July 4, 2018 to September 30, 2018 was 6,192 euros.

3. Amendment to the multi-currency revolving credit facility of December 14, 2015

Corporate officer involved: Anne Lebel, Nexans Board member, Natixis Chief Human Resources Officer and member of Natixis Executive Management.

On November 7, 2018, the Board of Directors authorized the execution of an addendum to the December 14, 2015 syndicated loan agreement entered into between (i) the Company and Nexans Services and (ii) a pool of 11 French and foreign banks, and concerning a confirmed 600 million euro credit facility. Nexans wished to open a swingline facility for a maximum amount of 200 million euros, without increasing the total amount of this contract in principal, replacing Nexans Services as borrower with Nexans Financial and Trading Services, and extending the maturity by five years, i.e., through December 2023.

The Board of Directors also authorized the signature by the Company of a new first demand guarantee provided by Nexans Financial and Trading Services for the lenders' benefit.

Anne Lebel, a Nexans Board member, is Natixis Chief Human Resources Officer and a member of Natixis Executive

Management. As lender, Natixis receives the same fee for its services as the ten other lenders in the syndicated agreement. In 2018, the Company paid Natixis commission totaling 101,250 euros.

4. Placement agent agreement for a Negotiable EUropean Commercial Paper (NEU CP) program

Corporate officer involved: Anne Lebel, Nexans Board member, Natixis Chief Human Resources Officer and member of Natixis Executive Management.

Nexans has set up a money market securities program (NEU CP) for a maximum amount of 400 million euros. The program is not listed on a regulated market nor is it underwritten and it does not have an agency rating. Most of the notes issued are placed by a number of banks acting as placement agents. NEU CP are domiciled with a domiciliary agent.

Anne Lebel, a Nexans Board member, is also Natixis Chief Human Resources Officer and a member of Natixis Executive Management. On November 7, 2018, the Board of Directors authorized the signature by the Company of a placement agent agreement with Natixis. The objective, nature and terms and conditions of the agreement were reviewed by the Board of Directors without Anne Lebel being present. The Board acknowledged that it was in the Company's interests to sign the placement agent agreement with Natixis and therefore approved it. Under this agreement, no amounts were paid to Natixis during the year ended December 31, 2018.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in previous financial years

a) Agreements and commitments approved in previous years that remained in force during the yearé

In accordance with Article R.225-30 of the French Commercial Code, we were informed that the following agreements and commitments, approved by the Shareholders' Meeting in previous years, remained in force during the year.

1. Invexans (Quiñenco group) engagement letter of May 22, 2014 – Agreement entered into with a shareholder holding more than 10% of the Company's capital and voting rights

Corporate officers involved: Andronico Luksic Craig (Nexans and Invexans Board member), Francisco Pérez Mackenna (Nexans Board member and Vice-Chairman of the Board of Directors of Invexans) and Hubert Porte (Nexans and Invexans Board member).

On May 22, 2014, the Board of Directors accepted Invexans' long-term commitment, under the terms and conditions of which Invexans will not request representation on the Board of Directors in excess of three nonindependent members on a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

This commitment entered into force on May 22, 2014 and will expire on November 26, 2022 or before this date should one of the following events transpire:

(1) The filing of a public offer for Nexans' entire share capital and voting rights including, to avoid any ambiguity, by Invexans.
(2) A third party not acting in concert, within the meaning of Article L.233-10 of the French Commercial Code, with Invexans, holds a share in the Company that exceeds the lower of the following thresholds: (i) 15% of the share capital or voting rights or (ii) the percentage of the share capital or voting rights held by Invexans at that time.
(3) The percentage of the share capital held by Invexans in Nexans falls below 10%.
(4) Invexans holds 30% or more of the share capital or voting rights in Nexans following a transaction approved by Nexans' shareholders and has obtained an exemption from the obligation to file a takeover bid from the French financial markets authority (Autorité des marchés financiers – AMF).

2. Commitments made to Arnaud Poupart-Lafarge, Chief Executive Officer until July 3, 2018

2.1 Non-compete indemnity

On July 24, 2014, with effect from October 1, 2014, the Board of Directors imposed a non-compete indemnity on Arnaud Poupart-Lafarge, under which he undertakes 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 would receive a non-compete indemnity which would be paid in 24 equal and successive monthly installments and correspond to one year of his fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus an amount equal to his most recent monthly base compensation (fixed portion) multiplied by his most recent nominal bonus rate.

Following Arnaud Poupart-Lafarge's departure and in accordance with Article 23 of the AFEPMEDEF Code, on March 16, 2018, the Board of Directors decided to apply the non compete undertaking and therefore to pay him the corresponding indemnity.

The indemnity, in a total amount of 1,400,000 million euros, will be paid in installments over a twoyear period beginning on October 1, 2018. The amount of the non-compete indemnity paid in 2018 totaled 175,002 euros.

2.2 Welfare and unemployment insurance plan

On July 24, 2014, in connection with his term of office as Chief Executive Officer and with effect from October 1, 2014, the Board of Directors approved Arnaud Poupart Lafarge's membership of (i) the Nexans welfare plan (covering death and disability benefits and medical expenses), and (ii) an unemployment insurance plan, set up with an insurer, under which, 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.

In accordance with the decision taken by the Board of Directors on March 16, 2018 and approved at the Annual Shareholders' Meeting of May 17, 2018, Arnaud Poupart-Lafarge continues to be a member of the Company's welfare plan (covering death and disability benefits and medical expenses) for a period of 12 months following the end of his term in office.

b) Agreements and commitments approved in previous years that did not remain in force during the year

In addition, we have been informed that the following agreements and commitments that were approved by the Shareholders' Meeting in prior years were not implemented during the year.

1. Commitments made to Arnaud Poupart-Lafarge, Chief Executive Officer until July 3, 2018

1.1. Termination indemnity

On July 24, 2014, with effect from October 1, 2014, the Board of Directors approved the allocation of a termination indemnity to Arnaud Poupart-Lafarge in the event of his removal from office as Chief Executive Officer.

The termination 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, in particular in the event of gross misconduct, and after the Board of Directors has placed on record that the applicable performance conditions have been met, either at the time of or after the termination or change in the Chief Executive Officer's duties, in accordance with Article L.225-42-1 of the French Commercial Code.

As Arnaud Poupart-Lafarge's departure was not a forced departure, at its meeting of July 3, 2018, the Board of Directors noted that no termination indemnity was payable to him.

AGREEMENTS AND COMMITMENTS APPROVED DURING THE YEAR

We were informed of the implementation, during the year, of the following agreements and commitments, previously approved by the Annual General Meeting of May 17, 2018, as indicated in the Statutory Auditors' special report of March 29, 2018.

1. Agreement entered into with HSBC France on November 14, 2017

Corporate officer involved: Arnaud Poupart-Lafarge, Chief Executive Officer of Nexans until July 3, 2018 and HSBC France Board member.

At its meeting of November 10, 2017, the Board of Directors authorized the Company to enter into a corporate banking agreement with HSBC France to support and assist Nexans in the preparation, organization, negotiation and execution of an external growth transaction.

The objective, nature and compensation of the agreement were reviewed by the Board of Directors without Arnaud Poupart-Lafarge being present. The Board of Directors acknowledged that it was in the Company's interests to sign the agreement and therefore approved it.

Under the agreement, HSBC could receive a maximum total of 2,250,000 euros, to be paid only if the external growth transaction takes place. The planned external growth transaction did not take place in 2018 and no amounts were paid under the agreement with HSBC France.

2. Service agreement entered into with Bpifrance Investissement/Le Hub on November 28, 2017

Corporate officer involved: Fanny Letier, Nexans Board member and Executive Director, Small and Mid Cap Investments at Bpifrance through September 30, 2018.

At its meeting of November 10, 2017, the Board of Directors approved a service agreement with Bpifrance Investissement, which is wholly owned by Bpifrance Participations, which in turn owns a 7.75% stake in Nexans. Under the agreement, Bpifrance Investissement will identify and select promising start-ups operating in markets adjacent to those of Nexans and refer them to the Company.

The objective, nature and compensation of the agreement were reviewed by the Board of Directors, which acknowledged that it was in the Company's interests to sign the agreement and therefore approved it. Fanny Letier was not involved in the decision.

Under the agreement, Bpifrance Investissement received total compensation of 50,000 euros, half of which was paid in January 2018 and half in January 2019.

3. Commitments made to Arnaud Poupart-Lafarge, Chief Executive Officer until July 3, 2018.

3.1. Supplementary pension plan

On July 24, 2014, in connection with his term of office as Chief Executive Officer, with effect from October 1, 2014, the Board of Directors approved Arnaud Poupart¬Lafarge's membership of the defined benefit pension plan set up by Nexans for certain employees and corporate officers.

In order to reduce the expense incurred by the Company each year for the supplementary defined benefit pension plan (Article 39 of the French Tax Code *[Code général des impôts]*), on the recommendation of the Appointments, Compensation and Corporate Governance Committee, in line with the proposal described in the 2018 executive corporate officers' compensation policy published in February 2018, the Board of Directors decided at its March 20, 2018 meeting to terminate the plan for beneficiaries who will not be in a position to claim retirement benefits under the French general social security system within the next seven years.

Regarding the rights accrued in the past under the defined benefit plan and to be lost by the beneficiaries who will no longer benefit from it, the Board has decided to partially compensate this loss of rights, with a component in shares and a component in cash.

The Annual Shareholders' Meeting held on May 17, 2018 therefore voted to allocate a maximum of 40,000 shares, without performance conditions, as compensation for the benefits accrued in the past under the supplementary defined benefit pension plan and lost by the former beneficiaries of the plan, including Arnaud Poupart-Lafarge.

As the shares will be granted as a compensatory measure, the Board of Directors decided that they would not be subject to the beneficiary's continued presence within the Group or any performance conditions.

Arnaud Poupart-Lafarge received partial compensation for these benefits, including 16,800 free shares and a cash payment of 620,430 euros, approved by the Annual Shareholders' Meeting of May 17, 2018. These related-party commitments made to Arnaud Poupart¬Lafarge as Chief Executive Officer (i.e., termination of defined benefit pension plan commitments and payment of a compensatory indemnity) were approved at the Annual Shareholders' Meeting of May 17, 2018 pursuant to the provisions of Article L.225-38 of the French Commercial Code.

3.2. Exceptional transition period bonus

At its March 16, 2018 meeting, the Board of Directors decided to grant Arnaud Poupart-Lafarge an exceptional transition period bonus in a maximum gross amount of 700,000 euros, 40% of which will be based on a financial criterion and 60% on his preparation of and assistance with the transition to his successor. Therefore, the amount of the bonus could vary according to the achievement of one or both of the above criteria and their respective weightings.

This undertaking to pay a transition period bonus was approved by the May 17, 2018 Annual Shareholders' Meeting.

On the recommendation of the Appointments, Compensation and Corporate Governance Committee, the Board of Directors noted at its February 13, 2019 meeting that the financial criterion had not been met and that the criterion concerning his preparation of and assistance with the transition to his successor could not be considered as having been met. The transition was marked by disappointing financial results, which impacted the Group's priorities and outlook, which had to be revised. The amount of the exceptional transition bonus paid to Arnaud Poupart-Lafarge is therefore zero.

3.3. Lifting of the continued presence condition under the 2016 performance share plan

As Chief Executive Officer, Arnaud Poupart-Lafarge was granted 27,000 performance shares by the Board of Directors on May 12, 2016.

The performance share plan rules provide that the performance shares granted will only vest at the end of a four-year vesting period (i.e., on May 12, 2020) subject to a condition of continued presence and performance conditions.

In the event of resignation or removal from office, it is expressly indicated that the right to receive the performance shares will be forfeited.

The vesting of the performance shares is also subject to two performance conditions:

- 50% of the total number of performance shares granted is subject to a share performance condition measured over a period of three years;
- 50% of the total number of performance shares granted is subject to financial performance conditions measured over a period of three years.

In accordance with the decision taken by the Board of Directors on March 16, 2018, and approved at the Annual Shareholders' Meeting of May 17, 2018, the continued presence condition under the 2016 long-term compensation plan was lifted for Arnaud Poupart-Lafarge, whereas the performance conditions remain applicable.

3.4 Lifting of the continued presence condition under the 2017 performance share plan

As Chief Executive Officer, Arnaud Poupart-Lafarge was granted 19,800 performance shares by the Board of Directors on March 14, 2017.

The performance share plan rules provide that the performance shares granted will only vest at the end of a four-year vesting period (i.e., on March 14, 2021) subject to a condition of continued presence and performance conditions.

In the event of resignation or removal from office, it is expressly indicated that the right to receive the performance shares will be forfeited.

The vesting of the performance shares is also subject to two performance conditions:

- 50% of the total number of performance shares granted is subject to a share performance condition measured over a period of three years;
- 50% of the total number of performance shares granted is subject to financial performance conditions measured over a period of three years.

In accordance with the decision taken by the Board of Directors on March 16, 2018, and approved at the Annual Shareholders' Meeting of May 17, 2018, the continued presence condition under the 2017 long-term compensation plan was lifted for Arnaud Poupart-Lafarge, whereas the performance conditions remain applicable.

Neuilly-sur-Seine and Courbevoie, March 27, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit Xavier Belet	Mazars Isabelle Sapet

7.3. Statutory auditors

STATUTORY AUDITORS

Mazars
(member of the Compagnie Régionale des Commissaires aux Comptes de Paris)
Tour Exaltis, 61, rue Henri Régnault, 92075 Paris-La Défense Cedex, France, represented by Isabelle Sapet
Appointed on May 5, 2015.
Term expires at the 2021 Annual Shareholders' Meeting.

PricewaterhouseCoopers Audit
(member of the Compagnie Régionale des Commissaires aux Comptes de Versailles)
63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France, represented by Xavier Belet
Appointed on May 15, 2012
Term expires at the 2024 Annual Shareholders' Meeting

SUBSTITUTE AUDITORS

Gilles Rainaut
61, rue Henri Régnault, 92075 Paris-La Défense Cedex,
Appointed on May 5, 2015.
Term expires at the 2021 Annual Shareholders' Meeting.

Patrice Morot
63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex
Appointed on May 17, 2018.
Term expires at the 2024 Annual Shareholders' Meeting.

FEES PAID BY NEXANS TO THE STATUTORY AUDITORS IN 2018

	Mazars				PricewaterhouseCoopers Audit			
	Amount (excl. taxes)		%		Amount (excl. taxes)		%	
(in thousands of euros)	2018	2017	2018	2017	2018	2017	2018	2017
Audit services – Statutory and contractual audits								
▪ Parent company	220	200	10%	9%	210	225	15%	14%
▪ Fully consolidated companies	1,409	1,451	63%	67%	1,062	1,091	74%	70%
SUB-TOTAL	1,629	1,651	72%	77%	1,272	1,316	89%	84%
Other non audit-related services								
▪ Parent company	604	468	27%	22%	62	18	4%	1%
▪ Fully consolidated companies	16	31	1%	1%	102	230	7%	15%
SUB-TOTAL	620	499	28%	23%	164	248	11%	16%
TOTAL	**2,249**	**2,150**	**100%**	**100%**	**1,436**	**1,564**	**100%**	**100%**

7.4. Statement by the person responsible for the Registration Document containing an annual financial report

Paris, March 28, 2019

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that to the best of my knowledge, (i) the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of operations of the Company and its subsidiaries, and (ii) the Management Report provides a fair review of the business, results of operations and financial position of the Company and its subsidiaries, as well as a description of the principal risks and uncertainties to which they are exposed.

I obtained a completion letter from the Statutory Auditors confirming that they have read the Registration Document in its entirety and verified the information contained therein relating to the Group's financial position and accounts.

Christopher Guérin,
Chief Executive Officer

8

Concordance table

8.1. Concordance table of the Registration Document

Pursuant to Article 28 of European Regulation no. 809/2004 of April 29, 2004, the following are incorporated by reference in this Registration Document:

- The Group's consolidated financial statements and the Statutory Auditors' reports for the year ended December 31, 2017, presented on pages 137 *et seq.* of the 2017 Registration Document, and the information contained in the Management Report, also presented in the 2017 Registration Document (see concordance table on page 280) filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 30, 2018 under no. D.18-0234.

- The Group's consolidated financial statements and the Statutory Auditors' reports for the year ended December 31, 2016, presented on pages 134 *et seq.* of the 2016 Registration Document, and the information contained in the Management Report, also presented in the 2016 Registration Document (see concordance table on pages 274 and 275) filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 20, 2017 under no. D.17-0186.

The sections of the 2016 and 2017 Registration Documents not included are either not applicable for investors or are covered by another section in this 2018 Registration Document.

The page numbers in the table below refer to this Registration Document.

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8.2. Concordance table of the annual financial report

This Registration Document contains all the information included in the annual financial report and referred to in Article L.451-1-2 of the French Monetary and Financial Code *(Code monétaire et financier)* and Article 222-3 of the AMF's General Regulations.

The page numbers in the table below refer to this Registration Document.

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8.3. Concordance table of the Management Report

This Registration Document contains all the information included in the Board of Directors' Management Report, within the meaning of Articles L.225 -100, L.232-1, II and R.225-102 *et seq.* of the French Commercial Code.

The page numbers in the table below refer to this Registration Document.

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8.4. Concordance table of the Corporate Governance Report

This Registration Document contains all the information included in the corporate governance report, within the meaning of Articles L.225-37 *et seq*. of the French Commercial Code.

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8.5. Concordance tables for Corporate Social Responsibility

CONCORDANCE BETWEEN ARTICLES R.225-104 *ET SEQ.* OF THE FRENCH COMMERCIAL CODE AND THE GRI-G4 INDICATORS

This Registration Document contains all the information referred to in Articles R.225-104 *et seq.* of the French Commercial Code.

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