2016 REGISTRATION DOCUMENT

including the 2016 annual financial report

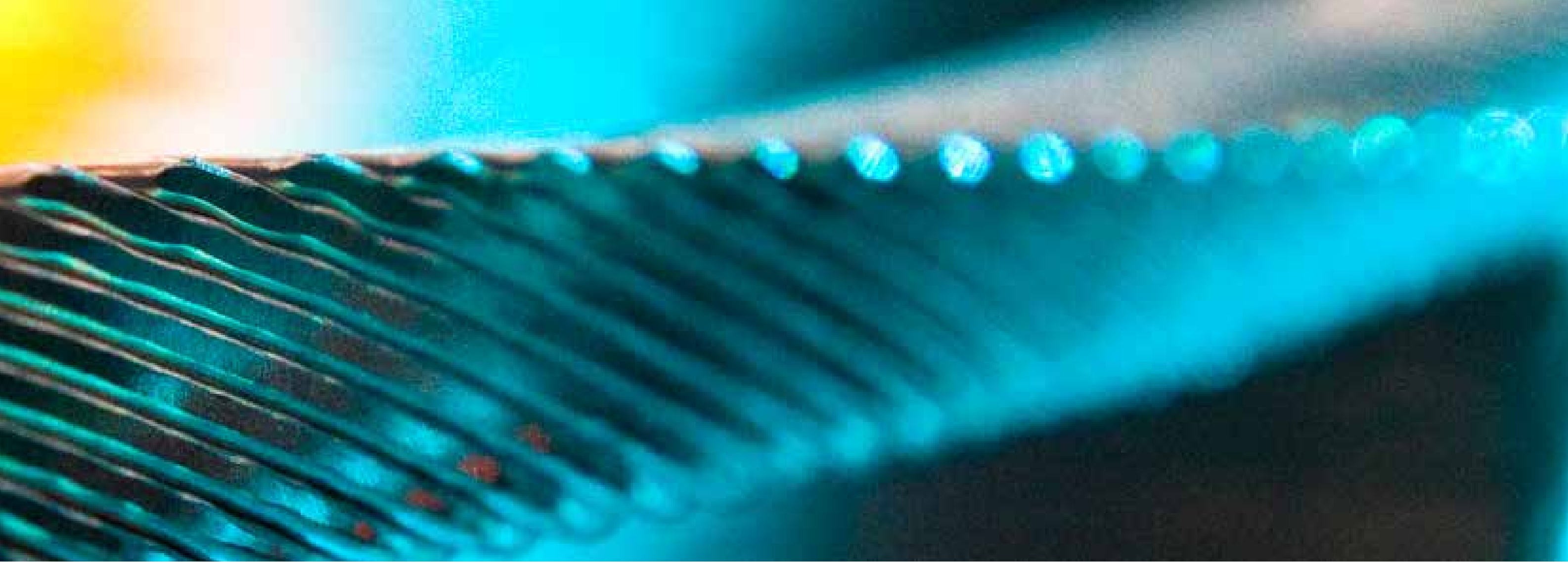
Nexans
BRINGS ENERGY TO LIFE

Contents

This Registration document contains Nexans' annual financial report for fiscal year 2016.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration document was filed with the *Autorité des Marchés Financiers* (French stock market authorities) on March 20, 2017, 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.



A global player in the cable industry bringing energy to life

26,000
EMPLOYEES

5.8
BILLION EUROS IN SALES[1]

MANUFACTURING SITES IN
40 COUNTRIES

WORLDWIDE
SALES PRESENCE

Both economic development and quality of life are dependent on access to energy and information, building and infrastructure safety, and the movement of goods and people.

As a global player in the cable industry, Nexans helps meet these vital needs thanks to equipment that transports and relays the electricity and data we need in our daily lives and our societies safely, efficiently and sustainably.

We help our customers meet the challenges they face in the fields of energy resources, energy infrastructure, transport, buildings, telecommunications and data centers. We leverage our expertise and capacity for innovation to provide solutions for the most complex cable applications in the most demanding environments.
On the leading edge of the cable industry since 1897, Nexans brings energy to life.

Nexans is listed on the regulated market of Euronext Paris.

THE GLOBAL COMPACT
NOUS SOUTENONS LE PACTE MONDIAL

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

(1) At current metal prices.

"IN ACCORDANCE WITH OUR COMMITMENTS, WE WILL PROPOSE AT THE NEXT SHAREHOLDERS' MEETING TO ONCE AGAIN PAY A DIVIDEND AND TO SET IT AT 0.50 EUROS PER SHARE."

Message from Georges Chodron de Courcel,
Chairman of the Board of Directors

The split of the duties of Chairman of the Board and Chief Executive Officer of Nexans was decided in May 2014. Having served as a Nexans Board member since 2001 and Chairman of the Accounts and Audit Committee for eight years, I was named Chairman of the Board of Directors on March 31, 2016. Executive Management is the responsibility of Arnaud Poupart-Lafarge who can thus fully devote himself to the implementation of the Nexans in Motion 2015-2017 strategic plan.

Nexans has returned to profit despite a sharp decline in oil investment, which impacts several of our activities. This turnaround is due exclusively to the validity of the strategic objectives pursued, the effectiveness of their implementation under the leadership of Arnaud Poupart-Lafarge and the commitment of all the teams to deliver the expected results.
On behalf of all the shareholders, I thank them warmly for the work that has been accomplished. In accordance with our commitments, we will propose at the next Shareholders' Meeting to once again pay a dividend and to set it at 0.50 euros per share.

All of Nexans' teams have a stake in Nexans' recovery and this is even more the case in 2016 with the launch in 23 countries of the Group's seventh employee share ownership plan. Employees now hold 3.95% of Nexans' share capital.

A director represents employee shareholders on Nexans' Board of Directors which is made up of twelve members including five women and six independent directors as defined in the AFEP-MEDEF Corporate Governance Code.
The Board met 10 times in 2016 with an 89.55% attendance rate and carried out an assessment of its work as it does every year.

CSR issues are closely monitored, particularly those related to the transition to cleaner energy, which is central to the discussions currently underway with Executive Management in view of establishing Nexans as the cable industry's benchmark through an offering of innovative, sustainable solutions and services for its markets, notably energy and data infrastructure, energy resources, transport and buildings.

"PUTTING NEXANS BACK ON THE ROAD TO GROWTH IN INDUSTRIES OF THE FUTURE."

Interview with Arnaud Poupart-Lafarge,
Chief executive officer

HOW WOULD YOU SUM UP 2016?

Positively. We won several large contracts which strengthen our position as a major player in the transition to cleaner energy. I'm thinking in particular of the equipping of Hornsea, the world's largest wind farm. With its 1,200 MW capacity, it will be able to meet the needs of a million homes. To date, Nexans' cables have enabled power grids to connect to offshore wind farms representing a total output capacity of over 2,600 MW covering the energy needs of nearly 2 million homes. We have made technological advances in direct current cable systems which can transport renewable electricity over long distances to where it is needed with a minimum of power line losses. We have developed new, highly energy-efficient offerings such as our Smart Choices for Digital Infrastructure designed for data centers.

2016 is the second year of the Nexans in Motion 2015-2017 strategic plan and we have now returned to profit. Despite a significant reduction in oil sector investments and a 1.2% decrease in our sales, the operating margin improved by 24% to 242 million euros, representing 5.5% of sales compared to 4.2% in 2015. All segments have contributed to this improvement. The Group ended 2016 with attributable net income of 61 million euros – *versus* a net loss of 194 million euros in 2015 – thanks in particular to major restructuring and impairment of assets. This return to profitability will enable us to once again pay dividends in 2017 (pending the approval of our recommendation by the Shareholders' Meeting).
This performance in 2016 bolsters our confidence in Nexans' ability to generate profits over the long term.

WHAT ARE THE NEW DEVELOPMENTS IN THE GROUP'S VARIOUS BUSINESSES?

Nexans has the advantage of working in very different markets, which have exhibited contrasting trends.

In electricity transmission and distribution, we won nearly 1.8 billion euros in major submarine contracts in 2016 after wins of 1.7 billion euros in 2015. The deliveries scheduled in 2017 provide a more accurate picture of our order book, which represents more than two years of business. We witnessed a strong recovery in land-based high-voltage cables, while medium-voltage cables suffered in the second half of the year. Telecom markets, meanwhile, experienced healthy growth. Despite a 2% decrease in sales for the Transmission, Distribution & Operators business, its operating margin was up 13% to 122 million euros, representing 6.6% of sales versus 5.6% in 2015.

In the Industry segment our sales volumes were down 3.8% due to the sharp decrease in demand from mining and oil operators. This also affected the construction of floating rigs and, as a result, our business with shipyards in South Korea and China. By contrast, we experienced solid growth in the renewable energies, aeronautical and automotive segments. The operating margin improved, reaching 59 million euros which represents 5% of sales compared to 4.6% in 2015.

Lastly, sales in the building sector were up 0.6% on an organic basis, with the momentum in LAN cables and systems more than offsetting the slowdown in power cables. The operating margin grew 23.8% to reach 78 million euros, representing 6.9% of sales compared to 5.5% in 2015. It was a solid performance.

WHAT HAVE BEEN THE IMPACTS OF THE STRATEGIC INITIATIVES?

Our expectations have been met. Our strategic initiatives had a 119 million euro positive impact following their 106 million euro contribution in 2015. This more than offset the cost/price squeeze effect estimated at 78 million euros in 2016. Our initiatives are channeled in three directions: regaining competitiveness, strengthening our market leadership and proactively managing our portfolio.

Our competitiveness was boosted by a 22 million euro reduction in fixed costs in 2016 and 84 million euros over two years. Variable costs were reduced by 58 million in 2016, which is a very good result.

Our initiatives in the area of market leadership contributed 39 million euros as a result of the strengthening of our positions and our margins through pricing policy, product mix, expansion of our offering and innovation. Lastly, our program of selling off, discontinuing or redirecting insufficiently profitable businesses is nearly completed.

WHAT IS THE OUTLOOK FOR 2017 AND WHAT ARE YOUR PRIORITIES?

2017 will be a challenging year. Our environment is highly competitive and we are not expecting a recovery in demand in the oil sector. But the results of our transformation plan and scheduled deliveries of major submarine high voltage projects over the next few months lead us to expect another improvement in operating margin and a return to growth in 2017.

As I see it, our roadmap for 2017 calls for fully completing our restructuring and performance-improvement programs and putting Nexans back on the road to growth in industries of the future.

WHAT INDUSTRIES OF THE FUTURE HAVE YOU IDENTIFIED?

The industries of the future for Nexans are those of a largely zero-carbon world of tomorrow: renewable energies and direct current cables to transport their electrons; sustainable construction and electric mobility across the entire value chain – vehicles, recharging infrastructure, distribution networks – in an increasingly urban world; transoceanic telecommunications, optical fiber networks and highly energy efficient data centers to support the digital revolution.

In all these industries of the future, Nexans can provide high-performance solutions that make a difference.

1 Presentation of the Group and its activities

1.1. Businesses and markets

Population growth, urbanization, industrialization in emerging markets, mobility of people and goods, the transition to cleaner energy, digital transformation and massively increasing volumes of data transmission are all generating considerable needs for energy, infrastructure, transport and buildings. These factors are driving long-term demand for energy and data cables.

As a global player in the cable market, Nexans' operations are focused on four main end-markets.

Four growth markets essential for development

ENERGY AND DATA INFRASTRUCTURE

- High-, medium- and low-voltage submarine, underground and overhead electricity transmission and distribution networks
- Land-based and submarine telecommunications networks, using copper and optical fiber cables

ENERGY RESOURCES

- On- and off-shore wind farms, solar power
- On- and off-shore oil and gas
- Thermal and nuclear power plants
- Mining

TRANSPORT

- Automotive
- Aeronautical and spatial
- Shipbuilding
- Rolling stock and railway networks
- Airports, railway stations and ports

BÂTIMENTS

- Industrial, logistics, tertiary and commercial buildings
- Community facilities
- Housing
- Data centers

Energy and data infrastructure

Electricity transmission and distribution

Electricity is essential for modern life, and its availability is vital for many sectors. The Group's offerings help drive the creation of new submarine, underground and overhead power transmission lines while contributing to ensuring the availability and security of networks and enhancing their energy efficiency and transmission capacity, as well as controlling capital spending and maintenance costs.

Submarine networks. Nexans is a world leader in high voltage submarine applications, which have a strong outlook due to the transition to cleaner energy and the resulting demand for network interconnections between countries as well as offshore wind farm connections and island-to-mainland links. In order to meet this global demand, the Group has production capacity in both Norway and Japan as well as one of the world's most powerful and best equipped cable-laying vessels. The Group offers turnkey solutions, covering the cables' design right through to services such as robotically burying them to protect them from damage.

Land-based networks. In the land-based high- and medium voltage networks market, Nexans offers advanced solutions: composite core cables for overhead lines, superconducting cables for urban networks and superconducting fault current limiters that enhance network security. Its power line carrier (PLC) technologies form the basis of the move towards smart grids, which integrate communication and control functions in order to draw on wind and solar power sources – whose production is variable by nature – and to control peaks in energy consumption. The Group's offerings also include electrification solutions for urban and rural areas in emerging markets.

In addition, for all land-based and submarine networks, Nexans stands out from its competitors thanks to its comprehensive offering of connection accessories.

Telecommunications networks

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

Energy resources

In the energy resources sector – which encompasses the generation of wind, solar, thermal and nuclear power as well as oil and gas production and mining activities – Nexans proposes safe, robust and easy-to-access cabling systems, combined with maintenance and repair services.

The expected increase in global demand for energy and the current combat against climate change are prompting the development of new resources that are safer and more environmentally friendly.
We propose comprehensive cabling solutions for wind turbines and for on- and off-shore wind farms as well as cables to transport electricity produced off-shore. We also provide similar types of offerings for solar power installations.

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.

Transport

Rapid growth in mobility requires new solutions to limit emissions and ensure the safety of heavily used infrastructure. We work in close cooperation with our manufacturing and OEM customers in the automotive, aeronautical, shipbuilding and railway sectors, with a view to meeting their demand for safe, lightweight, compact, easy to install and recyclable products and in-vehicle equipment.

Nexans is a leading global supplier of cables for the aeronautical manufacturing and shipbuilding industries.

It partners a number of leading German automotive manufacturers on several continents. The Group supplies high-performance cables for hybrid and electric vehicles as well as recharging infrastructure for electric vehicles.

Building

By 2050, two-thirds of the world's population will live and work in cities, in increasingly large, sophisticated and connected buildings. In the building market, 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.

New standards, and in Europe a new directive, have recently been introduced for the building industry in a number of different countries and regions, such as HQE in France, BREAAM in the United Kingdom, LEED in North America, Green Mark in Singapore and Green-star in Australia. These are aimed at encouraging sustainable construction and renovation methods, by reconciling energy efficiency, long lasting, recyclable materials, interior air quality and environmental protection. Nexans was the first cable manufacturer to be awarded certification by the Singapore Green Building Council (SGBC), which is South-East Asia's benchmark for sustainable construction.

The Group's offering also covers LANs used for communication, surveillance and security purposes. We propose high added value systems for major tertiary, residential and commercial complexes, as well as for hospitals, research centers, universities and museums, trading rooms, logistics platforms, ports and airports. Our LAN offerings encompass not only the cables and cable connections themselves but also solutions for the management, surveillance, control and security of the networks concerned.

The Group equips data centers with cable systems that include cable connections and racks that are a benchmark in terms of transmission capacities, energy efficiency and compactness. It also provides solutions for managing, monitoring and optimizing connections and energy usage in real time.

1.2. Corporate mission and Strategy

Nexans is pursuing its transformation as part of the Nexans in Motion plan, which aims to build a stronger Group and take fuller advantage of opportunities to serve its customers in its four major markets. The plan has three strategic focuses.

- **Regaining competitiveness:** by optimizing fixed and variable costs and working capital, and improving productivity and operating efficiency.
- **Strengthening our market leadership:** by becoming the cable industry's benchmark in its four end markets; improving margins through pricing policy and product mix, expanding and enhancing our product and service offerings beyond the supplying of cables, by drawing on our innovation and technology (R&D) capabilities.
- **Pro-actively managing our portfolio:** by favoring targeted investments to accelerate growth in very profitable and high-potential businesses and transforming or selling lower-performing businesses with limited potential.

REGAINING OUR COMPETITIVENESS

Operating efficiency

Nexans' manufacturing performance program, dubbed Nexans Excellence Way, aims for continuous, long-term improvements in Nexans' end-to-end processes, from product development and production to administrative and sales activities.
Nexans Excellence Way works on a human scale by involving all Group teams. Its key components include standardizing best practices, inventing innovative and efficient ways of working, and systematically identifying and eliminating unnecessary steps. Combined with lean management, it places strong emphasis on visual management, transparency, responsiveness and structured problem solving to eliminate root causes. The program's objective is to achieve excellence in terms of safety, quality, delivery lead times and costs, while creating a pleasant working environment. Following successful implementation in Nexans' plants, it is now being extended Group-wide.

Competitiveness plan

Nexans is implementing its competitiveness plan focused on eight areas covering the entire value chain: redesign-to-cost, streamlined product references, make-or-buy decisions, optimized purchasing, better payment terms, lower working capital requirement, improved supply chain flows and reduced investment costs.
Each manufacturing site draws up a specific competitiveness plan every year based on the main areas defined at Group level and aimed at achieving efficiency gains specific to the site concerned.

In the majority of its units, redesign-to-cost projects have been put in place in order to reduce production costs. The main projects concern optimizing and standardizing the design and production processes for copper and aluminum conductors, which represent over half the cost of cables, and for rubber and PVC composites which are used for insulation.

We are also streamlining our product portfolios. By halving the number of their product references and concentrating on products that are profitable and have a high turnover rate, several plants have removed bottlenecks, reduced their inventories and working capital requirement, and improved their sales, delivery lead times and results.

An effective purchasing policy is key to the Group's technical and financial performance. Supplier deliveries of copper and aluminum and physical flows between plants are calibrated and paced in order to lighten working capital requirement. Purchasers identify the most competitive countries by product family and approve new suppliers. At the same time, further to production cost analyses that have been carried out, the manufacturing of certain insulating compounds has been brought back into plants.

In addition, in Europe a plan announced in mid-2015 to streamline the Group's support functions and reduce capacity for medium-voltage cables was rolled out at the beginning of 2016.

STRENGTHENING OUR MARKET LEADERSHIP

Technologies

At Nexans we pursue a pro-active innovation policy aimed at creating more value for customers, anticipating changes in industry standards, and proposing long-lasting solutions to safety, energy efficiency and environmental imperatives. We also continually work to strengthen our leadership in the technologies of the future such as superconducting cables, composite core cables, power line carrier (PLC) technology, smart grids, solutions for ultra-fast data transmission technologies, and submarine high-voltage cables.

Nexans' research and development expenditure and resources are among the highest in the world in its industry and the number of patents we file each year and the world records we hold demonstrate the success of our R&D activities and pro-active innovation policy.

Sales excellence and customer satisfaction

Nexans serves very different customers – network operators, energy producers, mining companies, equipment manufacturers, infrastructure builders, construction companies, installers, distributors and engineering firms – which have diverse needs in a range of different countries. We constantly aim to meet all of our customers' requirements, at all levels and in all areas, and strive to embed customer satisfaction into our underlying corporate culture.

To achieve these objectives we use a Group-wide customer relationship management system, as well as shared standards and performance indicators. Standardized satisfaction surveys are used as the basis for improvement plans and we continuously adapt our resources and organizational structures to strengthen our customer relationships and increase responsiveness. Two other customer-centric measures we have taken are decentralizing our marketing actions and aligning our supply chains with customer requirements.

Working closely with major customers, Nexans' managers who handle international and regional key accounts seek to understand the challenges our customers face to meet their needs today and anticipate the needs they will have tomorrow. All of Nexans' functions play a role in the overall customer-oriented approach, which is aimed at building up long-lasting and mutually beneficial relationships.

For example, handling tenders and managing major projects for customers in the energy, mining, railway, port and airport sectors requires coordinated multi-product, multi-site offerings. They are overseen by specialized teams who can mobilize all the Group's resources to provide the most suitable industrial and logistics solutions.

From products to solutions

Nexans has comprehensive offerings for each market segment – including cable connection accessories – as well as a range of services aimed at facilitating the daily lives of our customers and fostering partnerships with them. These services – which we constantly enrich – include grouped and paced deliveries, inventory management, custom cable lengths, ready-to-install cable and harness sets, advanced specification models, design and engineering solutions, turnkey power lines for network operators, training, maintenance, repair and management of cable life cycles.
It provides digital solutions accessible on a computer, tablet and mobile phone, which facilitate its customers' work and gives them access to all cataloged information on the offering and to the installation guides.

PRO-ACTIVELY MANAGING OUR PORTFOLIO

Attractive markets

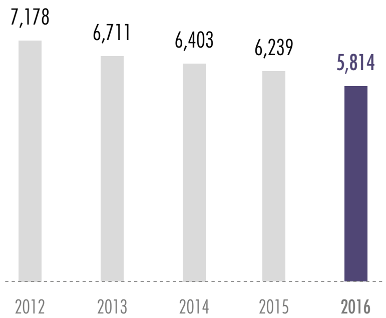
The Group targets markets with a strong growth outlook and in which it can leverage its technological know-how and service offerings, namely submarine applications, renewable energies, energy infrastructure (land-based medium- and high-voltage cables) in growth countries and countries making the transition to cleaner energy, transportation networks, electric mobility and data exchange.

As part of our drive to enhance our ability to serve countries and regions with growth markets, we have developed local production capacity in those areas, including new capacity in China for (i) very high-voltage submarine cables, (ii) cables for industrial applications in the resources and transport markets in China, and (iii) automotive harnesses in China.

1.3. Key figures

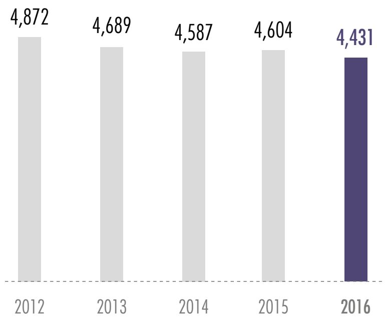
SALES AT CURRENT METAL PRICES

(in millions of euros)

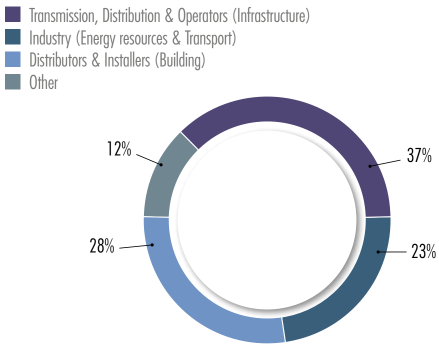


SALES AT CONSTANT METAL PRICES[1]

(in millions of euros)



2016 SALES BY BUSINESS AT CURRENT METAL PRICES



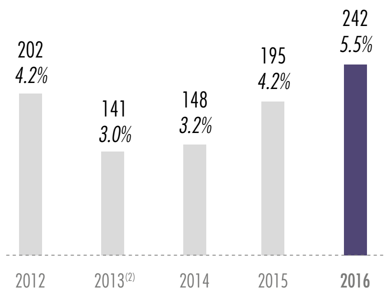
SALES BY BUSINESS AT CONSTANT METAL PRICES

(in millions of euros)

	2015	2016
Transmission, Distribution & Operators	1,935	1,842
Industry	1,250	1,171
Distributors & Installers	1,136	1,127
Other Activities	283	291
TOTAL	**4,604**	**4,431**

OPERATING MARGIN

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



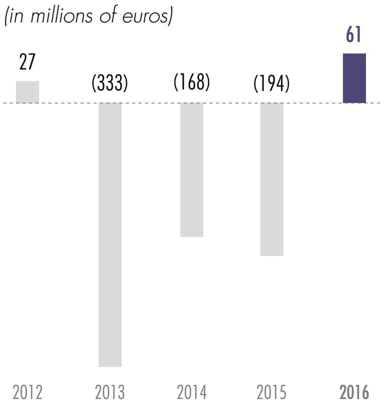
OPERATING MARGIN BY BUSINESS

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

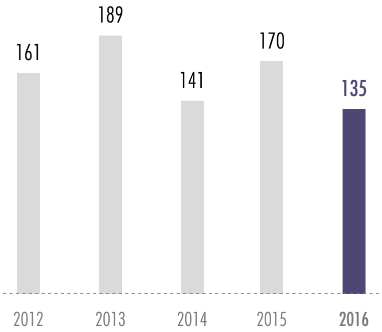
	2015		2016	
Transmission, Distribution & Operators	108	*5.6%*	122	*6.6%*
Industry	57	*4.6%*	59	*5.0%*
Distributors & Installers	63	*5.5%*	78	*6.9%*
Other Activities	(33)	*N/A*	(17)	*N/A*
TOTAL	**195**	**4.2%**	**242**	**5.5%**

(1) To neutralize the effect of fluctuations in non-ferrous metal prices and thus measure the underlying sales trend, Nexans also calculates its sales using constant copper and aluminum prices.
(2) Excluding the 30 million euro non-recurring impact of pensions on operating margin.

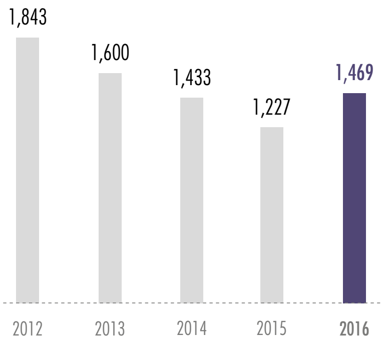
NET INCOME/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT
(in millions of euros)



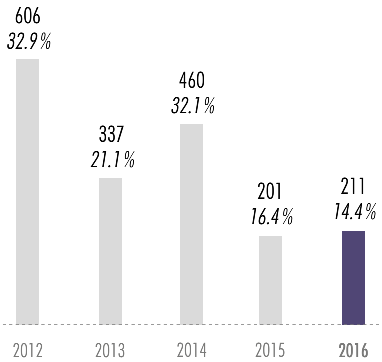
NET CAPITAL EXPENDITURE
(in millions of euros)



EQUITY
(in millions of euros)



NET DEBT
(in millions of euros and as a % of equity)



1.4. Operations during 2016

1.4.1. Consolidated results of the Nexans Group

1.4.1.1. OVERVIEW

Following a slack first half, when organic sales growth came in at just 0.2%, the second half of 2016 saw a slowdown in sales generated with the Oil & Gas and Mining sectors (umbilicals, onshore exploration in the United States and Asian shipyard operations – particularly floating platforms). Excluding these activities, the Group reported a slight 0.7% year-on-year increase in sales.

In spite of this operating backdrop, the Group posted higher operating margins for all of its businesses, paving the way for 2017 when it expects to see an overall return to organic sales growth.

Nexans brings solutions to the key issue of energy transition, as illustrated by some of the news releases of 2016 and the beginning of this year.

In the renewable energies sector, the Group plays a key role in the development of wind farm technologies. For example, DONG Energy Windpower A/S has selected Nexans' cables to equip Hornsea, located off the English coast in the UK. When it is completed, Hornsea will be the world's largest offshore wind farm, with an output of 1,200 MW and capable of meeting the annual electricity needs of a million homes. Similarly, ScottishPower Renewables has chosen Nexans' submarine high-voltage cables to carry energy onshore from its new 714 MW East Anglia ONE offshore wind farm. This new wind farm, which is due to be finished in 2020, will be made of up 102 wind turbines with a capacity to power around half a million homes in the UK. The contract is worth more than 180 million euros.

To date, Nexans' cables have enabled power grids to link up to offshore wind farms representing a total output capacity of over 2,600 MW covering the energy needs of nearly 2 million homes.

During 2016 Nexans achieved technological breakthrough in high-voltage direct current (HVDC) cable systems. These advances – which included the successful type testing of cross-linked polyethylene (XLPE) insulation designs at 525 kV and qualifying the first 600 kV mass impregnated cable with a paper-based insulation – are real milestones for energy operators. In this way Nexans is helping energy operators meet their specific challenges in an operating context where HVDC links will play a key role in reducing the global carbon footprint by allowing consumers to access renewable energy while minimizing transmission losses.

Nexans also provides solutions for the transition to cleaner energy in the industrial sector, such as the new medium-voltage cable EDRMAX by Nexans™. This cable has been eco-designed to reduce its environmental impact and it enables faster and easier grid connection of renewable energy sources.

In the Telecom sector, operators are facing an exponential increase in data transmission. Digital transformation requires agile IT infrastructure that provides reliable and efficient data access and exchange. In order to meet these challenges and respond to the need to fully anticipate migrations, manage energy consumption and reduce operating costs, network managers can now rely on Nexans' "Smart Choices for Digital Infrastructure" offering which helps them make smart decisions for their digital infrastructure.

Lastly, in the Building market, changes in the regulatory landscape are resulting in increasingly exacting requirements for energy efficiency, reliable installations and safety and security. One example of these stricter regulations that applies to cables is the E.U. Construction Products Regulation (CPR), which came into force in the first half of 2017. Nexans helps building industry participants incorporate these changes, both in terms of compliance with the new obligations and cable performance. And at the same time, our new solutions are reinforcing fire safety in buildings.

These commercial successes and technological innovations would not have been possible without the tireless work of our worldwide teams and their dedicated commitment to operational excellence in all areas.

Sales for 2016 came to 5,814 billion euros at current metal prices and 4,431 billion euros at constant metal prices[1], representing a 1.2% organic decrease compared with 2015. Following the first nine months of the year when sales edged back 0.9% on an organic basis, the final quarter saw a period-on-period organic decrease of 0.5%, but a 9.3% upswing for low-voltage power cables for the building market and 13.4% growth for Transmission projects.

Operating margin totaled 242 million euros, up 47 million euros on the 195 million euros recorded for 2015 which was already an increase on the prior year figure. Operating margin for 2016 represented 5.5% of sales at constant metal prices versus 4.2% in 2015.

The Group's sales performance for 2016 reflects mixed operating contexts across its different businesses:

- For the submarine high-voltage business, maintenance work weighed on sales at the beginning of the year but there are good growth prospects for 2017 as orders continued to pick up pace (backlog representing 1,794 million euros in 2016 *versus* 1,706 million euros in 2015).

- In the business segments related to the Oil & Gas sector (umbilicals, exploration and Asian shipbuilding operations), the difficult operating environment deteriorated even further in the first nine months of the year, with sales down 39% in the third quarter before leveling off.

- Sales of medium-voltage cables to energy operators were down 2.8% year on year on an organic basis, with the 4.2% increase seen in the first half canceled out by measures taken by the main energy operators to rebalance their expenditure in the second half of the year. This effect was compounded by an unfavorable basis of comparison with second-half 2015.

- LAN cables posted 5.1% organic sales growth, with contrasting trends in the two halves of the year due to the second half of 2015 being a very high basis of comparison in view of the sharp sales rise in that period.

Sales by geographic area can be analyzed as follows:

- Sales generated in Europe (excluding high-voltage projects and automotive harnesses) decreased 2.5% year on year, mainly due to energy operators' lower demand for low- and medium-voltage distribution cables.

- North America reported 1% growth, as high volumes of sales to energy operators and a strong performance by LAN cables and systems offset the continuing sharp decline in AmerCable's business.

- Sales in South America were up 6.2%, with a 19.9% jump in Brazil and ongoing growth in Colombia (10.2%), which more than offset the 9.1% decrease reported for Peru.

- Sales performance in the Asia-Pacific Area was down 9.4% as this Area was hit by lower volumes of business with shipbuilding (South Korea and China) and a slowdown in sales in the railway market (China). Sales of LAN cables rose during the year but were not sufficient to offset these two negative factors.

- Lastly, sales climbed 6.3% in the Middle East, Russia and Africa Area, with all countries contributing to the increase, except Morocco.

1.4.1.2. ANALYSIS BY BUSINESS

Transmission, Distribution & Operators

Sales generated by the Transmission, Distribution & Operators division amounted to 2,133 million euros at current metal prices and 1,842 million euros at constant metal prices, representing an organic decrease of 2%. This performance reflects a slowdown in sales in the second half stemming from a contraction reported by the Distribution & Operators segment (a 6.9% decrease compared with a 3.2% increase in the first half). The high-voltage segment posted 2.7% sales growth, however, versus a 6.5% decline in the first half.

Distribution

Sales of distribution cables gradually worsened during the second half of 2016, resulting in an overall 2.8% organic decrease for the year. This reflects the fact that the main energy distributors reduced their consumption during the second half to make up for the high levels consumed in the first six months of the year.

This trend was particularly pronounced in Europe, where sales fell 8% year on year (in Germany, Belgium and France), reflecting a 20% contraction in the second half.

The Group's other geographic areas posted overall sales growth of 0.4%, with Canada, Brazil and Russia leading the way.

The Group had anticipated this market situation in 2015 by launching restructuring programs in Europe and the Asia-Pacific Area, and implementing a selective commercial approach and industrial efficiency plans. These measures helped to improve operating margin both in absolute value terms and as a percentage of sales.

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

Operators

After a slow start to the year, with the Operators business reporting 2.4% negative growth for the first half, sales to telecommunications operators advanced 9.6% in the second half, driving a 3.3% overall organic increase for 2016. This sales rise also helped the business increase its operating margin in 2016.

Land high-voltage cables

Sales of land high-voltage cables continued their upward trend in 2016, coming in 18.6% higher than in 2015. The rise in sales has been steady for the past four quarters and has helped to increase margins.

However, operating margin for this business was still negative overall in 2016, due to a production incident in Europe concerning a cable for a project in China, as well as the fact that the Charleston and Yanggu plants in the United States and China are still working below full capacity.

At end-December 2016 the order book for the land high-voltage business represented 168 million euros worth of sales at constant metal prices.

Submarine high-voltage cables

Year-on-year organic sales growth for high-voltage cables came to 3.2%, but this figure is not representative due to the products' delivery schedules. We expect to see very strong growth in 2017 both in terms of sales and operating margin, as deliveries start for the Beatrice, NordLink and NSL contracts.

Sales of umbilical cables were adversely effected in 2016 by lower capital expenditure levels in the Oil & Gas sector and were also hit on a one-off basis by the bankruptcy of a customer. However, a number of major orders were taken in the second half of the year which will fuel sales growth in 2017.

Combined sales of submarine high-voltage cables and umbilicals retreated 8.9% on an organic basis year on year, due to (i) the immobilization of the Group's cable-laying ship (Skagerrak) in the first quarter of 2016, and (ii) a decrease in sales of umbilicals in the second half.

Operating margin for the Transmission, Distribution & Operators division as a whole came to 122 million euros, or 6.6% of sales at constant metal prices, up 14 million euros on 2015.

Industry

Sales for the Industry division totaled 1,346 million euros at current metal prices and 1,171 million euros at constant metal prices, representing an organic decrease of 3.8%.

After three years of double-digit growth, sales of automotive harnesses stabilized at a high level, which automatically resulted in a lower year-on-year growth rate (1.6%).

The wind farm and aeronautical segments delivered double-digit growth, propelled by overall market growth trends and our customers' solid order books.

The depressed operating context for Oil & Gas weighed down the Group's businesses that are the most exposed to this sector, with sales of cables to Asian shipbuilding and extraction cable sales in the Americas falling over 30%. The situation for AmerCable seems to have stabilized, however, and its sales increased in the fourth quarter having troughed at end-September.

In the transport sector, sales were hampered by two more temporary factors in 2016 – a decrease in sales to shipbuilding in Europe, and a contraction in sales of cables for rolling stock in China pending new capital expenditure projects for the high-speed network.

Despite the overall 3.8% sales decrease for the Industry division, operating margin came to 59 million euros, representing 5% of sales at constant metal prices (versus 58 million euros and 4.6% in 2015).

This performance reflects very mixed trends across the division's geographic areas, however. Europe doubled its operating margin thanks to the combined positive impact of the measures taken to (i) streamline the region's portfolio to move towards a more favorable product mix and (ii) totally restructure the manufacturing base in the region, with the closure of three plants over the past three years. Conversely, operating margins in China and South Korea were severely affected by the sales decreases experienced in those countries. Across all of the division's regions, measures to improve operating performance had positive effects.

Distributors & Installers

The Distributors & Installers division posted sales of 1,619 million euros at current metal prices and 1,127 million euros at constant metal prices, representing a year-on-year organic increase of 0.6%.

Sales of **power cables** for the building market decreased 4.6% in the second half of the year compared with the first half, due to a very weak third quarter. Fourth-quarter sales were stable, however, compared with the fourth quarter of 2015, with all of the division's geographic regions seeing this period-on-period upturn.

- In Europe, where the 4.7% decrease in sales volumes affected most countries, the Group prepared for the incoming Construction Products Regulation (CPR) by enhancing its fire-resistant product offering.
- In North America, volumes were generally weak throughout the year (down 5%) despite signs of an upswing towards the end of the year in the United States.
- In South America, sales rose 1.6% year on year, driven particularly by strong momentum in Brazil and Chile towards the year end.
- The positive momentum observed in the first six months of 2016 continued into the second half of the year in the Middle East, Russia and Africa Area, where annual sales growth came to 10.5%.
- In the Asia-Pacific Area, overall year-on-year growth was close to zero although sales climbed nearly 10% in the second half against the first six months of the year.

Despite lower volumes in the second half of 2016, sales of LAN cables and systems continued to fare well and ended the year up 5.1%. The main growth drivers in 2016 were the United States and China, where the Group capitalized on its attractive offering for the growing data center market.

Against this backdrop, operating margin for the Distributors & Installers division increased again in 2016, coming in at 78 million euros and representing 6.9% of sales at constant copper prices (versus 63 million euros and 5.5% in 2015).

Other Activities

The "Other Activities" segment – which essentially corresponds to external sales of copper wires – reported sales of 716 million euros at current metal prices and 291 million euros at constant metal prices, representing an organic increase of 8.3%.

Operating margin for this segment was a negative 18 million euros (versus a negative 33 million euros in 2015). The segment has a negative operating margin because it includes central costs that cannot be allocated to the other divisions and which therefore offset the profit derived from sales of copper wires.

1.4.2. Other items of the 2016 consolidated financial statements

1.4.2.1. CORE EXPOSURE EFFECT

The core exposure effect represented an expense of 6 million euros in 2016 compared with 52 million euros in 2015. This expense was mainly due to a volume effect. In 2015, the sharp decrease in copper prices during the second half of the year had a significant negative impact on the Group's results.

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 33 million euros in 2016 (see breakdown in **Note 22** to the consolidated financial statements), versus 100 million euros in 2015:

- The 2016 figure primarily concerns (i) provisions recognized for employee-related costs (notably in the United States, Europe and Asia-Pacific area), (ii) costs expensed as incurred, in accordance with IFRS and (iii) proceeds from the sale of a land use right in China.
- In 2015, restructuring costs mainly related to the downsizing plans in Europe that were announced on June 12, 2015, as well as plans in the Asia-Pacific region, Norway and the United States.

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

At December 31, 2016, other operating income and expenses represented a net expense of 22 million euros versus a net 110 million euro expense at December 31, 2015, chiefly comprising:

- **A net asset impairment loss** of 8 million euros in 2016 versus 129 million euros in 2015. 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 are set out in **Note 6** to the consolidated financial statements.

The 8 million euro net impairment loss resulting from the tests conducted in 2016 related to the impairment of property, plant and equipment held by the "Asia-Pacific" cash-generating unit (CGU).

The 129 million euro net impairment loss recorded in 2015 primarily broke down as follows:

- 46 million euros in impairment of assets held by the "AmerCable" CGU.
- 38 million euros in impairment of assets held by the "Brazil" CGU.
- 27 million euros in impairment of individual intangible assets located in Australia (trademarks and customer relationships) held by the "Asia-Pacific" CGU.

- **Expenses and provisions for antitrust investigations:** represented a net expense of 20 million euros and corresponded chiefly to an addition to a contingency provision relating to the potential cost of the cases and investigations described in **Note 30** to the consolidated financial statements.

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

- **Gains and losses on asset disposals:** the Group recorded a 7 million euro net disposal loss in 2016, as a result of the fourth-quarter sale of Nexans Rus. LLC, a wholly-owned subsidiary.

  In 2015, the 14 million euro net disposal loss chiefly related to the sale of Nexans Indelqui S.A., a wholly-owned subsidiary based in Argentina.

1.4.2.4. NET FINANCIAL EXPENSE

Net financial expense amounted to 88 million euros in 2016, compared with 105 million euros the previous year.

Cost of net debt totaled 64 million euros in 2016, against 79 million euros the previous year. This year-on-year decrease mainly reflects a reduction in borrowing costs on convertible bond debt following the redemption of Nexans' OCEANE 2016 bonds on January 4, 2016.

Other financial income and expenses represented a net expense of 24 million euros (26 million euros in 2015).

1.4.2.5. INCOME TAXES

The Group's income tax expense for 2016 was 37 million euros. At December 31, 2015, it amounted to 25 million euros despite the fact that the Group reported a loss of 171 million euros before tax.

1.4.2.6. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Group's total consolidated assets increased to 5,296 million euros at December 31, 2016 from 5,029 million euros at December 31, 2015. Changes in the structure of the Group's statement of financial position between those two reporting dates were as follows:

- Non-current assets totaled 1,840 million euros at December 31, 2016, versus 1,835 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, core exposure impact and reclassifications to assets and related liabilities held for sale) increased by 92 million euros in 2016.
- Net debt amounted to 211 million euros at December 31, 2016 against 201 million euros one year earlier.
- Provisions for contingencies and charges – including for pension and other long-term employee benefit obligations – decreased by 50 million euros to 640 million euros.
- Total equity stood at 1,469 million euros at December 31, 2016 compared with 1,227 million euros at December 31, 2015.

1.4.2.7. PRINCIPAL CASH FLOWS FOR THE PERIOD

Cash flows from operations before gross cost of debt and tax totaled 255 million euros in 2016.

The working capital increased by 88 million euros. The cable activities post a slight reduction, the increase resulting from the project businesses. For submarine projects, the level of working capital comes back to a more "normal" level after an extra-ordinary low level at the end of 2015, on the back of large down-payments and favorable cash curves. For terrestrial activities, the higher working capital reflects the strong increase of activity.

Net cash used in investing activities came to 111 million euros in 2016, chiefly corresponding to purchases of property, plant and equipment.

Net cash used in financing activities totaled 20 million euros, notably as a result of the redemption of Nexans' OCEANE 2016 bonds in an amount of 213 million euros, a 248 million euro bond issue with a maturity date of May 26, 2021 and 62 million euros in interest paid.

Overall, taking into account the effect of currency translation differences, net cash and cash equivalents increased by 18 million euros during the year and stood at 1,016 million euros at December 31, 2016 (including 1,025 million euros in cash and cash equivalents recorded under assets and 9 million euros corresponding to short-term bank loans and overdrafts recorded under liabilities).

1.4.2.8. OTHER SIGNIFICANT EVENTS OF THE YEAR

a) International employee share ownership plan

At its meeting held on November 24, 2015, in accordance with the authorizations granted at the May 5, 2015 Annual Shareholders' Meeting, the Board of Directors announced the launch in 2016 of an employee share ownership plan involving the issue of a maximum of 500,000 new shares. This is the seventh international employee share ownership plan set up by the Group.

The settlement-delivery of the shares took place on July 28, 2016 and resulted in the issuance of 483,612 new shares, representing an aggregate amount of 16.8 million euros.

b) Redemption of OCEANE 2016 and issuance of 250 million euros worth of bonds maturing on May 26, 2021

On January 4, 2016, all of the 2016 OCEANE bonds were redeemed in full in cash, with the loan coming to an end. The aggregate amount of payment made amounted to 221,099 thousand euros, including accrued interest.

In addition in 2016, Nexans issued 250 million euros worth of fixed-rate bonds with a five-year term, maturing on May 26, 2021. The bonds were issued at par and have an annual coupon of 3.25%. Their yield to maturity is 3.25%.

The issue was successful, with some 100 international institutional investors taking up the bonds. Crédit Agricole Corporate and Investment Bank, J.P. Morgan Securities plc and Natixis acted as global coordinators and book runners for the issue, and Commerzbank Aktiengesellschaft and Nordea Bank Danmark A/S were also book runners.

The bonds have been listed on the regulated market of Euronext Paris since May 26, 2016.

1.4.3. The Company

1.4.3.1. ACTIVITIES AND RESULTS

The Company is an ultimate holding company.

For the year ended December 31, 2016, the Company reported sales of 22 million euros, derived primarily from services billed to Group subsidiaries (23 million euros in 2015).

After taking into account other income and expenses for the year, primarily 37 million euros in operating costs and 21 million euros in net financial income, the Company ended 2016 with net income of 7 million euros (versus 2 million euros in 2015).

The Company's equity amounted to 1,846 million euros at December 31, 2016, 32 million euros higher than the prior-year figure.

In accordance with the requirements of Articles L.441-6-1 and D.441-4 of the French Commercial Code *(Code de commerce)*, it is hereby disclosed that the Company had outstanding trade payables of 812,425 euros at December 31, 2016 and 111,109 euros at December 31, 2015 (invoices not past due at December 31, 2016 and payable in full in the first quarter of 2017).

1.4.3.2. PROPOSED APPROPRIATION OF 2016 RESULTS AND DIVIDEND PAYMENT

The Annual Shareholders' Meeting to be held on May 11, 2017 will be asked to appropriate the Company's results for 2016 – corresponding to net income of 7,013,177 euros – as follows:

■ Retained earnings brought forward from prior years	107,881,809 euros
■ 2016 net income	7,013,177 euros
■ Transfer to legal reserve	350,659 euros
■ **Total distributable income**	**114,544,327 euros**

At that same meeting, the Board of Directors will recommend a dividend payment of €0.50 per share.

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

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

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

	2015 (paid in 2016)	2014 (paid in 2015)	2013 (paid in 2014)
Dividend per share	-	-	-
Number of shares qualifying	-	-	-
Total payout	-	-	-

1.5. Progress made and difficulties encountered in 2016

In addition to the progress made and difficulties encountered described in this document and particularly in section 1.4. "Operations during 2016" above, throughout the year the Group pursued its measures to transform its business, which are focused on three strategic areas: competitiveness, market leadership and selective portfolio streamlining.

The Group continued to implement its **strategic initiatives** as planned and on schedule:

- The measures put in place to reduce **fixed costs** had a 22 million euro positive impact on operating margin before inflation, in addition to the 62 million euro effect already achieved in 2015. The drop in volumes during the year weighed down on the productivity of fixed costs, which explains why returns were lower in 2016 than the previous year. The major restructuring plans launched in the last three years have now all been completed.

- Reductions in **variable costs** added 58 million euros to operating margin (compared with 10 million euros in 2015). The focus in 2016 was reducing purchasing costs and stepping up industrial efficiency measures.

- **"Market Leadership"** initiatives generated savings of 39 million euros. The impact of these measures is expected to be even higher in 2017 due to the anticipated sales increase for submarine high-voltage cables.

- The majority of the Group's program to **selectively streamline its operations portfolio** has now been completed and operations representing an aggregate amount of over 300 million euros worth of capital employed have undergone divestments, site closures, or strategic refocusings to bring their profitability into line with the Group's expectations.

These strategic initiatives contributed an aggregate 119 million euros to consolidated operating margin in 2016, up on the 2015 figure of 106 million euros. The cost/price squeeze effect was estimated at a negative 78 million euros (versus 53 million euros in 2015), reflecting tighter market conditions, particularly in the second half of 2016.

1.6. Innovation and technology (R&D)

The Group places particular importance on innovation and technology and its total research and development expenses amounted to 81.4 million euros in 2016. More than 600 researchers, engineers and technicians work in the Group's technical centers. The Group currently has a portfolio of approximately 600 patent families, and 57 new patents were filed in 2016. This high number demonstrates the creative abilities of technical teams and strengthens the Group's market positioning by protecting its intellectual property.

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

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

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

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

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

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

In 2016 the Group's R&D efforts were focused on the transition to cleaner energy, smart grids (including smart connections) and renewable energy, and it continued its work on fire-resistant cables. Several major milestones were reached during the year in the area of high-voltage direct current (HVDC) cables, which are used to link up national power transmission networks and to connect offshore wind farms with onshore grids. Following on from the qualification obtained in 2015 for our 320kv HVDC XLPE cable system, in 2016 we continued our developments to achieve a step up in voltage, which led to the successful completion of a type test at 525kv. These technological advances have enabled us to reinforce the Group's position in the markets of power transmission networks and renewable energy.

In addition, through pilot projects carried out in conjunction with customers, Nexans has successfully demonstrated the introduction of smart connections for power distribution networks that make it easier to connect up wind or solar power to the grid.

Also during the year, the Group carried out demonstrations of its new electric vehicle smart recharging solutions for apartment blocks, which were extremely successful and selected by the French government as one of the 100 most innovative projects backing France's transition to cleaner energy.

In the area of fire safety, the Group enhanced its fire-resistant cables for the building market in order to ensure compliance with the E.U. Construction Products Regulation (CPR). The new cables will be launched on the market in the course of 2017. We also launched a new generation of fire-resistant cables for the industry market in 2016, raising the performance bar for this product offering even further.

In 2016, the EDRMAX by Nexans™ solution for grid connections won first prize at the Eco-design awards organized by ADEME. This success demonstrates our technical teams' capacity to incorporate environmental aspects into cable design with a view to reducing both the cables' CO_2 impact and the joule losses when they are used.

Lastly, the Group set up a Digital Lab in 2016 for digitizing cable offerings with a view to partnering customers' digital transformation processes. The underlying objective is to identify new value-creating usages (cable systems with enhanced functions using sensors and other connected devices, information processing software, etc.) and to create demonstration models to be used for validation tests.

1.7. Significant events after the reporting period

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

1.8. Trends and outlook for 2017-2018

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

The "Nexans in Motion 2015-2017" transformation plan will continue to be rolled out and implemented in 2017, with the key priorities of improving operating performance and enhancing profitable growth, particularly in the high-voltage business. The aim is to enable the Group to renew its ability to create long-term value. The strategic goals for all of the Group's divisions are as follows:

- **Regaining our competitiveness** through three key actions:
  - turn around struggling businesses;
  - continue to drastically reduce fixed and variable costs;
  - continue to optimize working capital.
- **Strengthening the Group's leadership in the key markets** in which we are currently nurturing our competitive strengths, by expanding and enhancing our product and service offerings so that we can go beyond just supplying cables, notably through our innovation and R&D capabilities.
- **Pro-actively managing our portfolio** by favoring targeted investments to accelerate growth in very profitable and high-potential businesses and implementing a strategy of transforming or selling lower-performing businesses.

Underpinned by its new corporate culture, the implementation of these strategic goals between 2015 and 2017 represents potential average annual cost savings or improvements amounting to 125 million euros for the Group, and should more than offset the impact of price erosion and cost inflation.

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

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

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

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

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

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

The Group's outlook for 2017-2018 is, however, subject to several major uncertainties:

- The economic and political environment in the European Union and the United States, with potential major changes in trade policies (customs protection, embargoes, etc.) and tax systems, as well as in certain emerging countries where Nexans generates – or plans to generate – significant sales volumes, notably Brazil, China, Ivory Coast, Lebanon, Libya, Nigeria and Turkey.
- The impact of flat prices for oil, natural gas and numerous minerals which is triggering a sharp decline in capital expenditure projects for oil exploration and drilling as well as in the gas and mining sectors, and is destabilizing the economies of countries that are highly dependent on these commodities.
- The crisis in shipbuilding and the construction of offshore platforms, particularly in Asia.
- The impact of Brexit on the European economy in general and on the financing of major electricity infrastructure projects in the United Kingdom, for which Nexans offers high-voltage cable systems solutions.
- The risk that market conditions will prevent the projected restructuring of the Group's business portfolio from being carried out at the planned pace.
- The risk that measures aimed at reigniting growth for the Group might not achieve the targeted sales increases due to worse-than-expected market trends and/or difficulties in implementing the measures concerned.
- Inherent risks related to carrying out major turnkey projects for high voltage submarine cables, which will be exacerbated in the coming years as this business is becoming increasingly concentrated and centered on a low number of large-scale projects (Maritime Link, Nordlink, Beatrice, NSL, East Anglia One).
- The risk that certain programs designed to improve the Group's competitiveness, or certain R&D and innovation programs, experience delays or do not fully meet their objectives.

2 Corporate governance

The corporate governance Code applied by Nexans when preparing this document is the Code applicable to listed companies published by the *Association Française des Entreprises Privées* (AFEP) and *Mouvement des Entreprises de France* (MEDEF), as amended in November 2016 (the "AFEP-MEDEF Corporate Governance Code"). The AFEP-MEDEF Corporate Governance Code is available on the MEDEF's website (www.medef.fr).

Nexans applies **all** the provisions of the Code.

2.1. Governance structure

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

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

This organization allows the Company and Executive Management to concentrate on its strategic priorities and implement the strategic plan under the best possible conditions. It is carried out in conjunction with the Group's transformation. It also helps ensure that the Board of Directors operates better. The conclusions of the Board's annual performance appraisals reinforced this choice.

2.2. Management bodies

Management Board

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

The Management Board's members are:

1 **Arnaud Poupart-Lafarge,** Chief Executive Officer

2 **Pascal Portevin,** Senior Corporate Executive Vice President, International and Operations

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

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

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

6 **Nicolas Badré,** Chief Financial Officer

7 **Anne-Marie Cambourieu,** Senior Corporate Vice President, Human Resources

Management Council

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

- Kamil Beffa,
  Executive Vice President, Controlling, Strategy and Clusters Europe
- Norbert Bluthé,
  Executive Vice President, Asia-Pacific Area
- Giuseppe Borrelli,
  Executive Vice President, Land High Voltage Business
- Max-André Delannoy,
  Vice President, Strategy and TPO[1]
- Vincent Dessale,
  Executive Vice President, Submarine High Voltage Cables
- Paul Floren,
  Senior Corporate Vice President, Communications
- Krister Granlie,
  Executive Vice President, Hybrid Underwater Cables
- Pierre Kayoun,
  Corporate Vice President, Innovation & Technology
- François Lavernos,
  Chief Information Officer
- Marc Mertens,
  Executive Vice President, Power Accessories Business Group
- Patrick Noonan,
  Senior Corporate Vice President, General Secretary
- Jean-Marc Réty,
  Executive Vice President, Purchasing
- Marc Rogers,
  Executive Vice President, LAN Cables & Systems Business Group
- Bernard Sallé,
  Executive Vice President, Industrial Operations
- Steven Vermeulen,
  Executive Vice President, North and South America Areas
- Andreas Wolf,
  Executive Vice President, Automotive and Industrial Harness Business Group

(1) TPO: Transformation Program Office, the team dedicated to providing support to the operating departments to implement the Group's transformation.

2.3. Administrative body

2.3.1. Composition of the Board of Directors

In accordance with Article 11 of the Company's bylaws, the Board of Directors may have between 3 and 18 members at the most. As of December 31, 2016, the Board of Directors comprised 12 members from diverse backgrounds. Members are selected for their expertise and experience in varied fields, and taking into account the Board's diversity (representation of men and women, nationalities, international experience).

In accordance with Recommendation 6.2 of the AFEP-MEDEF Corporate Governance Code, the Board discussed the balance reflected in its composition and that of its committees at its meeting on January 18, 2017:

- The directors considered that given the breakdown of its share capital and the fact that three representatives of the principal shareholder Invexans (Quiñenco group) sit on the Board, the size and independence rate of more than 54.54%[1] at the end of 2016 were satisfactory. The Board set itself the objective of maintaining an independence rate of at least 50% in accordance with Recommendation 8.3 of the AFEP-MEDEF Corporate Governance Code.
- The proportion of women on the Board, currently 41.66%, is satisfactory and in line with the provisions of Article L.225-18-1 of the French Commercial Code.
- With three foreign residents and two foreign nationals on the Board as well as two other members who have dual nationality, the Board has strengthened its internationalization.

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, among the salaried members of the Supervisory Board(s) of the corporate mutual fund(s) *(fonds commun de placement d'entreprise* — FCPE), representing employee shareholders.

The Board of Directors did not have any member representing employees as at December 31, 2016. However, pursuant to the French Law of June 14, 2013, as amended on August 17, 2015, the Board has decided to propose to the 2017 Annual Shareholders' Meeting an amendment to the Company's bylaws permitting the appointment of a director representing employees during the second half of 2017.

Pursuant to Article 12 of the bylaws, the term of office of directors is four years. The current directors' terms of office expire as follows:

2017 ANNUAL SHAREHOLDERS' MEETING	Jérôme Gallot, Francisco Pérez Mackenna [2], Andrónico Luksic Craig [2]
2018 ANNUAL SHAREHOLDERS' MEETING	Véronique Guillot-Pelpel, Fanny Letier [3], Philippe Joubert
2019 ANNUAL SHAREHOLDERS' MEETING	Georges Chodron de Courcel, Cyrille Duval, Hubert Porte [2]
2020 ANNUAL SHAREHOLDERS' MEETING	Marie-Cécile de Fougières[4], Colette Lewiner, Kathleen Wantz-O'Rourke

(2) Directors proposed by the principal shareholder Invexans (Quiñenco group).
(3) Director proposed by the shareholder Bpifrance Participations.
(4) Director representing employee shareholders.

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

The summary table below lists the changes that occurred in the composition of the Board of Directors during fiscal 2016:

Date of event	Person concerned	Change that occurred
February 17, 2016	Lena Wujek	Resignation from seat as director representing employee shareholders
March 31, 2016	Frédéric Vincent	End of term as Chairman of the Board and director following his retirement
March 31, 2016	Georges Chodron de Courcel	Appointment as Chairman of the Board
May 12, 2016	Marie-Cécile de Fougières	Election as director representing employee shareholders
May 12, 2016	Kathleen Wantz-O'Rourke	Election as a director

At the Annual Shareholders' Meeting held on May 12, 2016, Nexans' shareholders also re-elected Colette Lewiner as director.

On January 18, 2017, the Board appointed Marc Grynberg as a censor with a view to proposing him as a candidate to become a director at the 2017 Annual Shareholders' Meeting. Since that date, Marc Grynberg has attended Board meetings in an advisory capacity.

2.3.1.1. MEMBERS OF THE BOARD OF DIRECTORS

At December 31, 2016, the members of the Board of Directors were as follows:

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

Georges Chodron de Courcel, Chairman of the Board of Directors

- Chairman of the Board of Directors of Nexans
- First elected as a director: June 15, 2001
- Appointed as Chairman of the Board of Directors: March 31, 2016
- Expiration of current term: 2019 Annual Shareholders' Meeting
- Number of shares held: 500
- 66 years old, French nationality
- Address: 8, rue du Général Foy, 75008 Paris, France

Expertise/Experience

Georges Chodron de Courcel joined BNP in 1972. After holding several management positions, he became Deputy CEO in 1993, then Managing Director in 1996. From 1999 to 2003 he was a member of the Executive Committee and Head of the Finance and Investment Bank of BNP Paribas and he served as Chief Operating Officer of the Group from June 2003 until June 2014. Since November 2014 he has held the position of Chairman of GCC Associés (SAS), a strategy and financial advisory firm. In March 2016 he was appointed as Chairman of the Board of Directors of Nexans.

Directorships and other positions held during 2016 (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)
- President of the Ecole Centrale de Paris Foundation

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

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

Cyrille Duval, , independent director

- Chief Executive Officer of Sorame
- First elected as a director: May 31, 2011
- Expiration of current term: 2019 Annual Shareholders' Meeting
- Number of shares held: 1,284 (including shares held by his wife)
- 68 years old, French nationality
- Address: 60 avenue du Général de Gaulle, 92230 Neuilly-sur-Seine, France

Expertise/Experience

Cyrille Duval is Chief Executive Officer of Sorame and Chairman of CEIR – two companies that together hold a 37% interest in Eramet. He was General Secretary of the alloys division of Eramet from 2007 until April 2016. Prior to that he served as Chief Financial Officer of both Eramet's alloys division and Aubert & Duval (an Eramet subsidiary). He has been a director and member of the Finance Committee of Metal Securities (Eramet's centralized cash management company) since 2005 and a director of Comilog (a mining subsidiary of Eramet's manganese business) since 2006.

Directorships and other positions held during 2016 (and still in force at the year-end)

- Chief Executive Officer of Sorame SAS
- Chief Operating Officer of EHA (Eramet group)
- Chairman of CEIR SAS
- Chairman of Brown Europe (Eramet group)
- 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)
- Chairman of Forges de Monplaisir (Eramet group)

Marie-Cécile de Fougières, director representing employee shareholders

- Manager in charge of the Nexans Group's Transformation Program
- First elected as a director: May 12, 2016
- Expiration of current term: 2020 Annual Shareholders' Meeting
- Number of shares held: 10
- Number of corporate mutual fund units invested in Nexans shares: 1,819 (value of one unit = value of one share)
- 46 years old, French nationality
- Address: 8, rue du Général Foy, 75008 Paris, France

Expertise/Experience

Marie-Cécile de Fougières began her career in 1996 in the logistics department of a leading sports retailer. In 1999 she joined the Nexans Group where she has held both on-site operations positions as well as corporate head-office posts in management control/finance, IT, project management, and logistics and supply chain management, in both France and abroad. She currently reports to the Vice President, Strategy and Transformation and helps project managers to implement the Group's strategic and transformation projects. She holds a master's degree in fundamental physics and is also a graduate from Lyon management school where she studied financial and management control for the industrial sector – a program that was run in conjunction with the Ecole Centrale de Lyon.

Directorships and other positions held during 2016 (and still in force at the year-end)

- Director of **Nexans** representing employee shareholders
- Chair of the Supervisory Board of FCPE Nexans Plus 2014 (employee mutual fund)
- Member of the Supervisory Board of FCPE Nexans Plus 2016 (employee mutual fund)

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

- None

Jérôme Gallot, independent director

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

Expertise/Experience

After serving as an Auditor at the Cour des Comptes for three years, Jérôme Gallot then worked for the General Secretariat of the French Inter-Ministerial Committee on European Economic Cooperation between 1989 and 1992, after which he joined the French Budget Directorate. He was successively Chief of Staff at the Ministries of Industry, Post and Telecommunications, International Trade, and Public Services, before becoming Chief of Staff for the Deputy Finance Minister (1993 to 1997). Between 1997 and 2003 he served as Director General of the Competition, Consumer Affairs and Anti-Fraud Division within the French Ministry of the Economy, Finance, and Industry and was subsequently named Senior Executive Vice President and member of the Executive Committee of Caisse des Dépôts and Consignations. He was Chairman of CDC Entreprises from 2006 to March 2011. Additionally, he was a member of the Executive Committee of Fonds Stratégique d'Investissement (FSI), which was renamed Bpifrance Participations. He was appointed Chief Executive Officer of Veolia Transdev in 2011, before serving as Advisor to the Chairman until 2014. Jérôme Gallot is currently Legal Manager of JGC and holds seats on various Supervisory Boards and Boards of Directors, including at Plastic Omnium and NRJ Group.

Directorships and other positions held during 2016 (and still in force at the year-end)

- Legal Manager of JGC
- Member of the Supervisory Boards of Idinvest Partners and Acerde SAS
- Director of **NRJ Group, Plastic Omnium,** SP3H, OHT and Geocorail

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

- Chief Executive Officer of Veolia Transdev
- Director of **ICADE,** ABIVAX and Caixa Seguradora* (Brazilian subsidiary of CNP Assurances)
- Member of the Supervisory Board of **Schneider Electric S.A.** Chairman of CDC Entreprises and Avenir Entreprises S.A.
- Non-voting member of the Board of Directors of **NRJ Group**

Véronique Guillot-Pelpel, independent director

- Judge at the Paris Commercial Court
- First elected as a director: May 25, 2010
- Expiration of current term: 2018 Annual Shareholders' Meeting
- Number of shares held: 3,885
- Number of corporate mutual fund units invested in Nexans shares: 3,554 (value of one unit = value of one share)
- 66 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 2016 (and still in force at the year-end)

- Judge at the Paris Commercial Court

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

- None

Philippe Joubert, independent director

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

Expertise/Experience

Philippe Joubert is the Executive Chair of the Global Electricity Initiative (GEI - a partnership including the World Energy Council), Senior Advisor and Special Envoy for Energy and Climate for the World Business Council for Sustainable Development (WBCSD) and Chairman of HRH The Prince of Wales's Corporate Leaders Group on Climate Change. He is a member of the Advisory Board of A4S (Accounting for Sustainability) and is a lecturer at the University of Cambridge Institute for Sustainability Leadership (CISL). Between 1986 and 2012, he held managerial positions in the Alstom Group, including President of the Transmission & Distribution sector from 2000 until 2004, President of the Power sector from 2008 to 2011, and Deputy CEO in charge of Strategy and Development from 2011 to 2012. He was a member of Alstom's Executive Committee between 2000 and 2012. Philippe Joubert is also a director of a number of companies, as listed below.

Directorships and other positions held during 2016 (and still in force at the year-end)

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

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

- Deputy CEO of **Alstom**

Fanny Letier, director proposed by Bpifrance Participations

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

Expertise/Experience

A graduate of Sciences Po Paris, ENA and the Institut français des administrateurs, Fanny Letier began her career in 2004 at the French Treasury as Deputy Head of the Insurance Companies and Brokers Office. In 2008, she was named financial advisor for France's Permanent Representation to the EU. In 2010, she became Head of the Corporate Financing and Development Office and Secretary General of the Interministerial Committee for Industrial Restructuring (CIRI). Prior to joining Bpifrance, Fanny Letier was Deputy Chief of Staff for the French Minister in charge of Industrial Recovery. In 2013, she was appointed Director of Bpifrance Investissements Régions and, in March 2015, was named Executive Director for Small and mid cap investments. She also manages Bpifrance's advisory services and coordinates its Accelerator Programs for SMEs and mid-market companies.

Directorships and other positions held during 2016 (and still in force at the year-end)

- Executive Director, Small and mid cap investments and Accelerator Programs at Bpifrance

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

- None

Colette Lewiner, independent director

- Advisor to the Chairman of Cap Gemini
- First elected as a director: June 3, 2004
- Expiration of current term: 2020 Annual Shareholders' Meeting
- Number of shares held: 2,287
- 71 years old, French nationality
- Address: Capgemini, Tour Europlaza - La Défense 4, 20 avenue André Prothin, 92927 Paris-La Défense Cedex, France

Expertise/Experience

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

Directorships and other positions held during 2016 (and still in force at the year-end)

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

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

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

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

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

Expertise/Experience

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

Outside the Quiñenco group, Andrónico Luksic Craig has non-executive duties within Barrick Gold as a member of the International Advisory Board. He is also an active member of several leading organizations and advisory boards, both in Chile and internationally, including the Federation of Chilean Industry (Sociedad de Fomento Fabril – SOFOFA), the Chile-Pacific Foundation, the International Business Leaders' Advisory Council of the municipality of Shanghai, the International Advisory Council of the Brookings Institution and the 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 2016 (and still in force at the year-end)

- Chairman of the Board of Directors of **Quiñenco S.A.***
- Positions held within Quiñenco group companies:
  - Vice-Chairman of the Board of Directors of **Banco de Chile* and CSAV* (Compañia Sudamericana de Vapores S.A.),**
  - Chairman of the Board of Directors of LQ Inversiones Financieras* and **CCU* (Compañia Cervecerías Unidas S.A.)** (and its wholly-owned subsidiaries CCU Chile*, CCU Argentina* and ECUSA*),
  - Director of **Invexans*, Antofagasta Minerals Plc*, Tech Pack S.A.*** (formerly Madeco) and SM Chile*,
  - Advisor to the Board of Directors of Enex.
- Member of the Chilean Federation of Manufacturers – SOFOFA* (Sociedad de Fomento Fabril) and the Chile-Pacific Foundation*
- Member of the International Business Leaders' Advisory Council of the municipality of Shanghai*
- Member of the International Advisory Board of **Barrick Gold*,** the International Advisory Council of the Brookings Institution*, the Advisory Board of the Panama Canal Authority* and the Chairman's International Advisory Council in the Council of the Americas*
- Member of the Global Advisory Council of Harvard University*, the Global Advisory Board of Harvard Business School*, the Global Leadership Council of Columbia University*, the International Advisory Board of the Blavatnik School of Government* at the University of Oxford, and the Advisory Boards of the School of Economics and Management at Tsinghua University* in Beijing and the School of Management at Fudan University* in Shanghai.
- Member of the Latin American Executive Board at the MIT Sloan School of Management*
- Emeritus Trustee of Babson College*

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

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

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

- Chief Executive Officer of Quiñenco
- First elected as a director: May 31, 2011
- Expiration of current term: 2017 Annual Shareholders' Meeting
- Number of shares held: 500
- 58 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 SA) and Enex (Empresa Nacional de Energía Enex SA). Before joining Quiñenco, between 1991 and 1998 Francisco Pérez Mackenna was Chief Executive Officer of CCU. He is also on the advisory boards of the Booth School of Business at the University of Chicago (USA) and the EGADE Business School of the Monterrey Institute of Technology (Mexico). Francisco Pérez Mackenna teaches at the Catholic University of Chile.

Directorships and other positions held during 2016 (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.)** and Enex* (Empresa Nacional de Energía Enex S.A.)
- Vice Chairman of the Board of Directors of **Invexans S.A.*** (formerly Madeco), part of the Quiñenco group
- Director of the following Quiñenco group companies: **Banco de Chile*, CCU* (Compañia Cervecerías Unidas S.A.)** (and various wholly-owned subsidiaries), **SAAM* (Sudamericana Agencias Aéreas y Marítimas S.A.), Tech Pack*** and **Hapag Lloyd AG***

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

- Director of Banchile Corredores de Bolsa*

Hubert Porte, director proposed by Invexans (Quiñenco group)

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

Expertise/Experience

Hubert Porte is Executive Chairman of the private equity firm Ecus Administradora General de Fondos S.A., which was founded in 2004 and invests in Chile through the private equity funds Ecus Private Equity I and Ecus Agri-Food. He is Chairman of the Board of Directors of the Chilean company AMA Time, and is a director of Invexans S.A. (Quiñenco group), Plastic Omnium Chile S.A. and Loginsa. He is also managing partner of Latin American Asset Management Advisors Ltd (LAAMA), which he founded in 2004 and which is the exclusive distributor for the Chilean and Peruvian pension funds of AXA Investment Managers' mutual funds. LAAMA currently manages USD 1.2 billion worth of investments for these funds.

Directorships and other positions held during 2016 (and still in force at the year-end)

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

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

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

Kathleen Wantz-O'Rourke, independent director

- Group Performance Director at AKKA Technologies
- First appointed as a non-voting member of the Board of Directors: November 24, 2015
- First elected as a director: May 12, 2016
- Expiration of current term: 2020 Annual Shareholders' Meeting
- Number of shares held: 500
- 51 years old, French and Australian nationalities
- Address: 20 avenue du Recteur Poincaré, 75016 Paris, France

Expertise/Experience

Kathleen Wantz-O'Rourke is Group Performance Director at AKKA Technologies. Prior to that, she was Senior Vice President, Group Performance and Transformation and Finance «Métiers» at Engie, which she joined in 2012. Between 1984 and 2012, she held various positions within the Siemens group, in finance, business development and general management in large regional companies. She is a member of the Board of Directors of the Trust Management Institute (TMI).

Directorships and other positions held during 2016 (and still in force at the year-end)

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

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

- Director of EFACI, Storengy (Engie group)
- Member of the Supervisory Board of Compagnie Nationale du Rhône
- Director of Siemens SAS, Siemens France Holding SAS, Siemens Financial Services SAS, Siemens Immobiliers Management SAS, and the Siemens France Foundation
- Censor of **Nexans**

On January 18, 2017, the Board of Directors appointed Marc Grynberg as a censor with a view to putting him forward for election as a non executive director at the 2017 Annual Shareholders' Meeting. Since that date, Marc Grynberg has attended meetings of the Board of Directors in an advisory capacity.

Marc Grynberg, censor

- Chief Executive Officer of Umicore
- First appointed as a censor: January 18, 2017
- Expiration of current term: January 18, 2019
- Number of shares held: 0
- 51 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 2016 (and still in force at the year-end)

- Chief Executive Officer of **Umicore***
- Director of 100% held subsidiaries of **Umicore***

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

- Director of Agoria (Belgium Federation of technological industry)

2.3.1.2. INDEPENDENCE

Each year, the characterization of independence of Nexans' directors is discussed by the Appointments, Compensation and Corporate Governance Committee and reviewed by the Board prior to publication of the Registration Document.

On January 18, 2017 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 Corporate Governance Code and confirmed the characterization previously used, namely that, as at December 31, 2016:

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

  - In order to characterize a director as independent, the Board of Directors takes into account the recommendation from the AFEP-MEDEF Corporate Governance Code that stipulates that: "the criteria to be reviewed by the Committee and the Board in order for a director to qualify as independent and to prevent risks of conflicts of interest between the director and the management, the corporation, or its group, are the following: […] not to have been a director of the corporation for more than twelve years." The AFEP-MEDEF Code further states that loss of the status of independent director on the basis of this criterion occurs upon expiry of the term of office during which the 12-year limit is reached. However, this stipulation applies only until the close of the 2017 Annual Shareholders' Meeting. After that Meeting, loss of the status of independent director on the basis of this criterion will occur on the date when the 12-year limit is reached.
    In light of this recommendation, the Board of Directors examined the situation of Colette Lewiner. As stated in the AFEP-MEDF Code, belonging to a board for more than 12 consecutive years does not automatically mean losing one's status as an independent director. The criterion of length of service on the board is designed in particular to determine whether time spent by directors impedes their economic independence, business independence, and critical judgment with respect to Executive Management. This is a legitimate concern in this case that must be analyzed and assessed by the Board of Directors.
    The Board of Directors considers **Colette Lewiner** to be independent with respect to the Group from an economic standpoint given that she has income from other various business activities.
    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. Thus the Board of Directors does not consider that the length of Colette Lewiner's service on the Board affects in any way her independence given the great freedom of judgment and the ability for critical thinking that she demonstrates.

  - **Philippe Joubert** Joubert is a member of Nexans Brazil's Strategy Committee, a statutory body that does not have the power to make decisions or represent the Company and that is responsible for advising Nexans Brazil on its strategy. Nexans Brazil has given Philippe Joubert a specific role, which covers special technical issues for the sole benefit of Nexans Brazil, not the Group as a whole or the company Nexans.
    The 4,000 euros of annual compensation paid by Nexans Brazil represents only a small proportion of the total directors' fees received by Philippe Joubert, who also has many other business activities that are not related to the Group.

  - The meeting of the Board of Directors held on February 17, 2016 decided to appoint **Georges Chodron de Courcel** as Chairman of the Board, as of the end of business on March 31, 2016. Thus, as from this date, he receives annual fixed compensation instead of directors' fees and is characterized as a non-executive corporate officer within the meaning of the AFEP-MEDEF Corporate Governance Code. The Board of Directors therefore decided to characterize him as a non-independent director as from the date when he took up his position.

- The following directors are not independent: (1) Georges Chodron de Courcel, in view of his position as Chairman of the Board of Directors; (2) Andrónico Luksic Craig, (3) Francisco Pérez Mackenna and (4) Hubert Porte, as these last three directors were proposed by the main shareholder Invexans; (5) Fanny Letier, the director proposed by the shareholder Bpifrance Participations and (6) Marie-Cécile de Fougières, as an employee of the Group.

At December 31, 2016, six of Nexans' eleven directors were therefore independent, representing an independence rate of more than 54.5%[1]. This exceeds the proportion of 50% recommended by the AFEP-MEDEF Corporate Governance Code for widely held companies.

On January 18, 2017 the Board of Directors also examined the status of the censor in light of the same independence criteria. The Board concluded that Marc Grynberg would be characterized as independent if he was a director, due to the absence of significant business ties between the Nexans and Umicore groups.

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

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 Corporate Governance Code, which serves as the Company's reference framework. The Internal Regulations include a Code of Business Conduct. They are published in their entirety on the Company's website and updated on a regular basis.

Board decisions

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

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

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

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

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

Role and powers of the Chairman of the Board of Directors

The Internal Regulations set out the role and powers of the Chairman of the Board of Directors. The Chairman represents the Board and, except under special circumstances, is the only person with the power to act and communicate on behalf of the Board. He organizes and oversees the Board of Directors' work and ensures that the management bodies operate efficiently and in accordance with principles of good governance. He coordinates the work of the Board of Directors and that of the Committees. The Chairman ensures that the directors are able to fulfill their duties and that they have all the information that they need to accomplish these duties.

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

He may ask to meet with the Statutory Auditors in order to prepare the Board of Directors' work. He monitors, in conjunction with the Accounts and Audit Committee, the efficiency of the internal audit system, the access to the work of the Internal Audit Department and can, on behalf of the Board of Directors and after having informed the Chief Executive Officer and the Chairman of the Accounts and Audit Committee, ask the Internal Audit Department for specific studies, and he reports findings to the Committee. He also follows, in connection with the Accounts and Audit Committee, the financing of the Group and the risk management process.

He follows with the Strategy and Sustainable Development Committee, the good progress of annual update and execution of strategic plans and that the short, middle and long term objectives of the different stakeholders are being taken into account.

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

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

Management structure

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

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

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

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

Other provisions of the Internal Regulations and Code of Ethics

The Board's Internal Regulations also cover:

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

Nexans has also adopted a Group-wide insider trading policy whereby executives or any person with access to non-public information is required to refrain from trading, either directly or indirectly, in Nexans securities. The policy also includes a simplified calendar of recommended non-trading periods.

2.3.2.2. BOARD MEETINGS IN 2016

The Board is convened in accordance with applicable laws, the bylaws and the internal regulations of the Board.

The Board met ten times in 2016, sometimes as part of sessions without the presence of executive or internal Board members, with an average annual attendance rate of over 89.55%[1] . The number of 2016 meetings attended by each Board member as of the end of 2016 is indicated in the table below:

Director	Number of meetings attended[5]
Georges Chodron de Courcel	10
Marie-Cécile de Fougières [2]	5 [9]
Cyrille Duval	10
Jérôme Gallot	10
Véronique Guillot-Pelpel	9
Philippe Joubert	8[6]
Fanny Letier	8[6]
Colette Lewiner	8[6]
Andrónico Luksic Craig	6[7]
Francisco Pérez Mackenna	9
Hubert Porte	9
Frédéric Vincent [3]	4[9]
Kathleen Wantz-O'Rourke [2]	10[8]
Lena Wujek [4]	3[9]

(2) Director elected for the first time on May 12, 2016.
(3) Director who resigned from the Board after taking retirement on March 31, 2016.
(4) Director who resigned from the Board on February 17, 2016.
(5) Out of 10 meetings, of which 8 meetings set in advance and 2 special meetings on specific topics.
(6) Of which 7 meetings set in advance and 1 special meeting on a specific topic.
(7) Of which 4 meetings set in advance and 2 special meetings on specific topics.
(8) Of which 5 meetings as non-voting director and 5 meetings as voting director.
(9) 100% of meetings held during the director's term of office.

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

(1) Annual attendance rate determined based on the number of directors in office present at the Board meeting in question and including members who left the Board during the year (Frédéric Vincent and Lena Wujek).

The main topics discussed by the Board during its meetings in 2016 were as follows:

Monitoring the Group's key strategic areas and activities	■ Review of strategic plans and of certain strategic initiatives including business portfolio management ■ Review of strategic options and acquisitions (particularly those completed in prior periods) ■ Review of business performance ■ Review of progress in implementing profitability improvement initiatives ■ Presentations on the competition's performance ■ Presentation of pricing policies
The Group's financial position, cash position and commitments	■ 2016 budget ■ Approval of the parent company and consolidated financial statements for the year ended on December 31, 2015 and the six months ended on June 30, 2016 (after reviewing asset impairment and hearing the presentation of the Statutory Auditors and the report of the Chairman of the Accounts and Audit Committee) – Approval of management forecasts ■ Adoption of the management report on the operations and results of the Nexans Group and its parent company ■ Adoption of the interim activity report ■ Review and approval of press releases on such topics as asset impairment and the annual and interim consolidated financial statements ■ Funding projects (including a bond issue) ■ Share buyback program
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 and its independent certification ■ Adoption of the Chairman's Report on internal control and risk management procedures
Management compensation	■ Determination of the former Chairman of the Board's compensation and his termination package following his decision to take retirement ■ Determination of the new Chairman's compensation applicable from the end of business on March 31, 2016 ■ Review of the Chief Executive Officer's 2015 performance and determination of his compensation and benefits for 2016 ■ Quantitative objectives for 2016 used as a basis for determining the variable compensation payable to the Chief Executive Officer and Group senior managers ■ Long-term compensation policy for Group senior managers – Launch of performance share and free share plans ■ Determination that the performance conditions of the long-term compensation plans had been met – Specific conditions applicable to the Chief Executive Officer ■ Amendment of the supplementary pension plan covering certain employees and corporate officers ■ Review of publicly available information about the compensation of executive corporate officers
Corporate governance	■ Formal assessment of the composition, organization and operation of the Board and its Committees with the help of an external consultant and initiatives to be implemented following this assessment ■ Launch (end-2016) of an annual assessment of the Board with the assistance of an external consultant ■ Transition from paper to electronic meeting files for meetings of the Board of Directors and its Committees ■ Adoption of a projected work program for the Board and its committees for 2017 ■ Appointment of a new Chairman of the Board and definition of the terms and conditions for performing his duties ■ Adoption of the Chairman's Report on Corporate Governance ■ Candidates for election or re-election to the Board to be recommended at the 2016 Annual Shareholders' Meeting ■ Characterization of the independence of Board members ■ Work on the composition of the Board Committees and their chairs ■ New requirements for the Accounts and Audit Committee following the EU audit reform
Market transactions	■ Employee share issue under "Act2016" ■ Capital increase following the exercise of stock options ■ Share capital increase linked to the creation of new shares following the vesting of free shares and performance shares
Other	■ Review of the Company's ownership structure ■ Notice of the Annual Shareholders' Meeting, approval of the texts of the proposed resolutions and the reports to be presented to the Meeting ■ Authorizations to grant parent company guarantees ■ 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. At the end of September 2016, directors were able to visit the Cortaillod site in Switzerland, where they were given a presentation of the site and its activities.

Lastly, in December 2016 the members of the Board of Directors took part in a workshop on the Group's long-term strategy.

2.3.2.3. THE BOARD COMMITTEES

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

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

The Accounts and Audit Committee

At December 31, 2016, the Accounts and Audit Committee comprised the following four members, who are all non-executive directors:

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

In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code, the independence rate of this committee, as assessed on the basis of the annual review of independence characterization of directors conducted beginning 2016, was of 75%.

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

- Cyrille Duval, in view of the range of financial positions he has held during his career with the Eramet group, especially as General Secretary of Eramet Alliages.

- Jérôme Gallot, in view of his career as an Auditor at the Cour des Comptes, his experience in private equity as well as the diverse financial positions he has held within the French Finance Ministry.

- Hubert Porte, in view of his experience in private equity and asset management, especially as Executive Chairman of Ecus Private Equity and Managing Partner of Latin America Asset Management Advisors.

- Kathleen Wantz-O'Rourke, in view of the range of financial positions she has held at Siemens and Engie.

For the implementation of the assignments of the Accounts and Audit Committee, the Company applies the recommendations of the Final Report on Audit Committees published by the French financial markets authority (AMF) on July 22, 2010 and the government order dated March 17, 2016 on statutory audits.

The main roles and responsibilities of the Accounts and Audit Committee are described in the Board of Directors' Internal Regulations which are available on the Group's website.

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

In the course of its work, the Accounts and Audit Committee may request to meet with any member of the Finance Department and the Statutory Auditors, including without the presence of the Company's Executive Management. The Committee can also seek the advice of external specialists.

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

The Accounts and Audit Committee met five times in 2016, with an attendance rate of 100% at all meetings. The meetings were also attended by the Chief Financial Officer and the Statutory Auditors, and as needed by the Head of Internal Audit, the Head of Consolidation, the Head of Financial Control, the Head of Financial Processes and the Internal Control Department, the Secretary General and the Head of Risk Management and Security.

The total average attendance rate of the members is 100%.

In 2016, the Committee discussed the following main issues:

Financial information	■ Presentation of the annual and interim financial statements by the Finance Department ■ Review of provisions for disputes and for contingencies and charges ■ Review of asset impairment proposed by Executive Management ■ Presentation by the Statutory Auditors on their work ■ Press releases on asset impairment and annual and interim earnings
Internal audit and risk management	■ Presentation of the activity report for 2015 and a status report on the 2015-2016 internal audit plan, follow-up on the measures taken, review of the 2016-2017 internal audit plan ■ Presentation of the 2016 Internal Control Plan ■ Review of the "Risk factors" section of the 2015 Management Report ■ Review of the 2015 Chairman's Report on internal control and risk management procedures ■ Review of material risks and off-balance sheet commitments ■ Review of antitrust investigations ■ Review of risk management procedures ■ Review of the Ethics compliance risk map ■ Review of the Ethics Compliance Program ■ Presentation by the Ethics Officer of reported and potential ethics violations investigated and dealt with in 2015 and 2016
Other	■ Status review covering the audit reform and the adoption of a procedure for authorizing the provision of non-audit services by the Statutory Auditors ■ Review of funding projects (including a project involving the issuance of bonds) ■ Review of the proposed share buyback program

The Appointments, Compensation and Corporate Governance Committee

At the end of 2016, the Appointments, Compensation and Corporate Governance Committee comprised the following four members, who are all non-executive directors:

Véronique Guillot-Pelpel	Chairwoman
Jérôme Gallot	Member
Fanny Letier	Member
Francisco Pérez Mackenna	Member

On the basis of the annual review of the characterization of independence of directors conducted in early 2016, the proportion of independent members on the Appointments, Compensation and Corporate Governance Committee amounted to 50% taking into account the characterization of Fanny Letier and Francisco Pérez Mackenna as non-independent. Thus the independence rate of this committee is in line with the recommendations of the AFEP-MEDEF Corporate Governance Code, which call for a proportion of at least 50%. The Appointments, Compensation and Corporate Governance Committee is chaired by an independent director.

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

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

During 2016, the Appointments, Compensation and Corporate Governance Committee met six times with a total average attendance rate of over 89%.

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

Appointments	■ Review of terms of office expiring at the 2016 Shareholders' Meeting, proposal of the re-election and election of directors ■ Work on the composition of the Board, its chair, its committees and their chairs ■ Proposed appointment of a new Chairman of the Board and definition of the terms and conditions for performing his duties ■ Proposed appointment of a director representing employee shareholders ■ Management Board's succession plan
Compensation	■ Variable portion of the Chairman's and the Chief Executive Officer's compensation paid for 2015 ■ 2016 compensation of the Chairman and the Chief Executive Officer ■ Review of the former Chairman of the Board's termination package ■ 2016 compensation of the new Chairman ■ 2017 compensation package of the Chief Executive Officer ■ Acknowledgment of the failure to fully achieve performance conditions under Long-Term Compensation Plan No. 12 ■ 2016 and 2017 Long-Term Compensation Plans ■ Amendment of the defined benefit supplementary pension plan ■ Review of publicly available information about the compensation of executive corporate officers ■ International employee share ownership plan ("Act2016")
Corporate governance	■ Characterization of the independence of Board members ■ Results of the Board's assessment conducted for 2015 with the help of an external consultant and initiatives to be implemented following this assessment ■ Launch of an assessment of the Board with the assistance of an external consultant for 2016 ■ Review of compliance with the AFEP-MEDEF Corporate Governance Code ■ Amendments to the Internal Regulations ■ Review of the 2015 Chairman's Report on Corporate Governance ■ Review of the Committee's 2017 work program

The Strategy and Sustainable Development Committee

At the end of 2016 the Strategy and Sustainable Development Committee had four members, who are all non-executive directors:

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

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

During 2016, the Strategy and Sustainable Development Committee met six times with an attendance rate of more than 93%. The Committee focused in particular on updating the strategic plans and their implementation timeline, several specific strategic initiatives, acquisition and divestment opportunities, management of the Group's business portfolio and Corporate Social Responsibility policies and initiatives. Presentations were made to the Committee by several senior managers from the Group. The Vice President Strategy and TPO[1] acted as Committee Secretary.

(1) TPO: Transformation Program Office, the team dedicated to providing support to the operating departments to implement the Group's transformation.

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, Kathleen Wantz-O'Rourke 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.

In the continuous improvement of their knowledge of the Group, directors meet the main representatives from the functional departments or geographic areas and are given the opportunity to participate in annual on-site meetings (see paragraph 2.3.2.2. above on the on-site visit organized at the end of September 2016).

2.3.2.5. EVALUATION OF THE BOARD OF DIRECTORS

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

The Board's appraisal is conducted in one of two ways. Either a detailed questionnaire is sent to each director, and the Appointments, Compensation and Corporate Governance Committee then prepares 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 recommendations for improvement in the outcome of these appraisals are then implemented.

An appraisal was carried out with the assistance of an external consultant at the end of 2016 and was discussed by the Appointments, Compensation and Corporate Governance Committee and then by the Board of Directors on January 18, 2017. The Board noted the recommendations from the appraisal.

The appraisal showed significant improvements.

The governance changes that took place in 2016 (appointment of a new Chairman of the Board, changes in the members and chairs of the various Committees) contributed to enhancing the climate and quality of Board discussions and the Board's overall effectiveness. The appraisal results also confirmed the validity of the decision to separate the positions of Chairman and Chief Executive Officer, with each one playing a clearly defined and complementary role.

Areas for improvement were mentioned, in particular conducting a more detailed examination of succession plans for directors, executive corporate officers, other members of senior management and the chairmanship of Committees.

Similarly, regarding the way the Board operates, the decision was made to work on improving the scheduling of Board meetings and making meeting files available on a more timely basis.

In order to promote continuous improvement, a second assessment of the contribution of each director was carried out during the appraisal and will lead to an individual restitution to each director.

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 contract of the director representing employee shareholders.

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 corporate officers 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.

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

In accordance with the disclosure requirements in Article 223-26 of the General Regulations of the AMF (the French financial markets authority), transactions in the Company's securities carried out during fiscal 2015 by the corporate officers and executives referred to in Article L.621-18-2 of the French Monetary and Financial Code *(Code monétaire et financier)* are listed in the following table.

	Date of transaction	Type of transaction	Financial instrument	Unit price *(in euros)*	Total gross amount *(in euros)*
Vincent Frédéric Chairman of the Board of Directors	03/17/2016	Sale	Shares	€39.259	€173,151.29
Badré Nicolas Chief Financial Officer	07/28/2016	Purchase	Employee mutual fund units	€34.670	€20,000.00
Portevin Pascal Senior Corporate Executive Vice President, International and Operations	07/28/2016	Purchase	Employee mutual fund units	€34.670	€35,000.00
Poupart-Lafarge Arnaud Chief Executive Officer	07/28/2016	Purchase	Employee mutual fund units	€34.670	€25,000.00
De Fougières Marie-Cécile Member of the Board of Directors	07/28/2016	Purchase	Employee mutual fund units	€34.670	€2,400.00
Portevin Pascal Senior Corporate Executive Vice President, International and Operations	08/10/2016	Exercise	Stock options	€37.286	€651,908.42
Portevin Pascal Senior Corporate Executive Vice President, International and Operations	08/10/2016	Sale	Shares	€46.239	€808,444.08

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

The Board of Directors has set at 15,000 the minimum number of shares that Arnaud Poupart-Lafarge is required to hold in his capacity as Chief Executive Officer, and decided that these shares may come from the vesting of performance shares granted to him. At December 31, 2016, Arnaud Poupart-Lafarge held 11,813 Nexans shares and 1,176 employee mutual fund units invested in Nexans shares (value of one unit = value of one share).

2.5. Compensation and benefits

2.5.1. Directors' compensation

At December 31, 2016 the Company's Board of Directors comprised 12 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.

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

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

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

At its meeting on January 18, 2017, the Board of Directors decided to amend the rules for allocating directors' fees with effect from January 1, 2017. As from that date, directors receive:

- A fixed fee of 13,000 euros.
- A fee of 3,000 euros for every Board meeting attended, capped at an aggregate 21,000 euros per year.
- If they are a member of a Board Committee (other than the Committee Chairman), a fee of 3,000 euros per Committee meeting attended, capped at an aggregate 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 director representing employee shareholders and employees will still not receive any directors' fees.

In accordance with the Group's policy, none of Nexans' Board members received any directors' fees in 2016 for positions held in Group subsidiaries, except for Philippe Joubert, who received 4,000 euros from Nexans Brazil in his capacity as a member of that company's Strategy Committee (for more details, see paragraph 2.3.1.2.,Independence).

Non-executive directors did not receive any compensation from the Company in 2016 other than that shown below, apart from the director representing employee shareholders, who receives compensation from the subsidiary that employs her.

The total amount of directors' fees allocated for 2016 was 553,565 euros. The table below shows the allocation between the individual directors for 2016 and 2015 (in euros).

Board members in 2016	Directors' fees allocated in 2015 (for 2015)	Directors' fees allocated in 2016 (for 2016)
Georges Chodron de Courcel (1)	70,000	33,232
Robert Brunck (2)	34,857	-
Marie-Cécile de Fougières (3)	-	-
Cyrille Duval	46,000	58,000
Jérôme Gallot	70,000	58,000
Véronique Guillot-Pelpel	52,000	58,000
Philippe Joubert	46,000	58,000
Fanny Letier	58,000	58,000
Colette Lewiner	46,000	46,000
Andronico Luksic Craig	25,000	31,000
Francisco Pérez Mackenna	58,000	58,000
Hubert Porte	34,000	43,000
Mouna Sepehri (2)	13,507	-
Frédéric Vincent (4)	34,000	15,232
Kathleen Wantz-O'Rourke (5)	-	23,576
Lena Wujek (6)	26,710	13,525
TOTAL	**614,073**	**553,565**

(1) Chairman of the Board of Directors since March 31, 2016 (end of day). Directors' fees allocated as Director and Chairman of the Accounts and Audit Committee before March 31, 2016.
(2) Director whose term of office expired on May 5, 2015.
(3) Director representing employee shareholders, elected on May 12, 2016.
(4) Chairman of the Board of Directors until March 31, 2016.
(5) Director elected on May 12, 2016.
(6) Director representing employee shareholders, who resigned from the Board on February 17, 2016.

In addition, Kathleen Wantz-O'Rourke received 22,424 euros in her capacity as censor between January 1, 2016 and May 12, 2016, when she was elected as a director. This sum represents the equivalent amount of directors fees paid to Board members.

On January 18, 2017, the Board of Directors decided that in his capacity as a censor, Marc Grynberg should also receive the equivalent amount of directors' fees received by the Board members, corresponding to (i) a fixed annual fee of 13,000 euros calculated on a proportionate basis from the time he was appointed as a censor until the termination of his duties, and (ii) an additional fee of 3,000 euros per Board meeting he attends, capped at an aggregate 21,000 euros per year.

2.5.2. Compensation policy for executive directors for 2017

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 financial year 2017 were examined by the Appointments, Compensation and Corporate Governance Committee during three meetings between November 2016 and February 2017, before being proposed to and approved by the Board of Directors.

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

The executive directors' compensation policy as set out in this report is subject to approval by shareholders at the annual general meeting. The Board of Directors also submits to the annual general meeting the elements that make up the remuneration due or allocated for the fiscal year ended to each of the executive directors. This presentation is followed by an imperative vote of the shareholders. When the ordinary general meeting of shareholders issues a negative opinion, the Board, on the advice of the Appointments, Compensation and Corporate Governance Committee, shall decide on the changes to be made to the compensation due or granted for the financial year ended or to the future compensation policy. It shall immediately publish on the Company's website a press release indicating the action it intends to take following the vote of the ordinary general meeting and shall report thereon at the next meeting.

2.5.2.2. COMPENSATION OF THE NON-EXECUTIVE OFFICERS

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

The Chairman of the Board receives a fixed annual fee. He does not receive variable compensation. He does not receive directors' fees and has no other advantage.

2.5.2.3. COMPENSATION OF THE EXECUTIVE OFFICERS

When the Appointments, Compensation and Corporate Governance Committee sets the rules applicable for calculating the compensation of executive officers it ensures that they are consistent with the annual assessment of the individual performance of the Group's executives as well as the Company's performance. It also takes into account the alignment of objectives with the medium-term strategy, the interests of shareholders and modifications of the AFEP-MEDEF Code.

When setting the overall structure of the compensation packages for executive officers, the Committee draws on reports by external consultants on market practices for comparable companies.

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 for, pension plan supplementary pension plan and benefits of all kinds.

2.5.2.3.1. Components of the total compensation package of the executive officers

Fixed compensation

The Chief Executive Officer's fixed compensation package is determined taking into account the level and complexity of his responsibilities, his experience in the position, seniority in the Group and market practices for comparable groups and companies. It is reviewed at relatively long intervals.

The amount of the fixed compensation has been unchanged since the appointment of the Chief Executive Officer in 2014. It was renewed for the fiscal year 2017.

Variable compensation

Executive officers are entitled to annual variable remuneration for which the Board of Directors, upon recommendation of the Appointments, Compensation and Corporate Governance Committee, defines each year performance criteria that are diverse and demanding, precise and pre-set, allowing for a comprehensive performance analysis, aligned with the company's medium-term strategy and shareholder 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 annually the target rate and the maximum rate of annual variable compensation as a percentage of the annual fixed compensation. It determines the proportion of collective and individual objectives and the corresponding set of criteria.

The targeted percentage of Arnaud Poupart-Lafarge's variable annual compensation for 2017 paid in 2018 will represent 100% of his fixed annual compensation and 60% will be determined based on the fulfillment of collective objectives and 40% based on the achievement of specific pre-determined individual objectives that are not disclosed because of confidentiality. Arnaud Poupart-Lafarge's variable compensation for 2017 paid in 2018 may vary based on the achievement of objectives set by the Board of Directors, from 0% to 150% of his fixed annual compensation. The Board of Directors set the financial objectives for the collective portion and their relative weighting as follows: (1) Operating margin: 40%; (2) ROCE: 40% and (3) Free cash flow: 20%. Furthermore, if a minimum level for the operating margin objective is not reached, no quantitative portion of the variable compensation will be paid for 2017.

In addition, the payment of the elements of variable compensation due for the financial year 2017 to executive officers will be conditional upon the approval by the annual ordinary general meeting.

Extraordinary compensation

Highly specific circumstances may warrant the award of an extraordinary compensation (for example due to their importance for the corporation; the involvement they demand and the difficulties they present). The allocation of extraordinary remuneration would be exceptional, justified and disclosed by the Board. Its payment would be subject to approval by the annual general meeting of shareholders.

2.5.2.3.2. Benefits of all kinds in favor of executive officers

Long-term compensation

The Group's long-term compensation policy is part of a global strategy for retention and motivation of its employees under competitive market practices. Each long term incentive plan is subject to approval by the annual general meeting of shareholders. The long-term remuneration policy of the Group is adjusted according to the population concerned. For the Chief Executive Officer, the long-term incentive policy is based on the granting of performance shares which are subject to vesting conditions linked to the Group's financial performance over three years and comparative stock market performance. Since 2016, the latter consists of measuring the TSR (total shareholder return) of Nexans over three years and comparing it to the TSR of a reference panel. The vesting conditions, performance and continuing employment conditions, the vesting period and the lock-up period are the same for all grantees.

The award of performance shares to executive officers are conditional upon the acknowledgement by the Appointments, Compensation and Corporate Governance Committee that the performance conditions determined upon grant have been achieved.

Performance shares, valued in accordance with IFRS standards, must not represent a disproportionate percentage of all of the compensation and shares allocated to each executive officer. The Board has thus limited the allocation of performance shares to the Chief Executive Officer for less than 0.1% of the share capital over the past three years. In addition, at each award of performance shares, the Board ensures that the awards for executive officers do not represent an excessive portion of the total number of performance shares or that are granted, unless a decision to the contrary with the reasons thereof is provided, and over the last three years, it has represented less than 12% of the total allocation of performance shares.

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

Executive officers formally undertake not to use hedging instruments for the duration of the lock-up period.

The sale of the shares definitively vested by executive officers is not possible during the abstention periods, in accordance with the applicable legal and regulatory provisions and the group procedure "Insider trading".

Shares holding obligation

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

Executive officers are thus required to hold, in registered form and for as long as they remain in office, one quarter of the performance shares that they acquire at the end of the vesting period. This requirement applies unless the Board of Directors decides otherwise in view of the executive officer's situation and particularly taking into account the objective of holding an increasing number of shares acquired under such plans.

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.

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 general meeting of shareholders in accordance with the provisions of article L.225-42-1 of the French Commercial Code.

Termination payments

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

Termination indemnity

The payment to an executive officer of a termination indemnity is conditional upon the acknowledgement 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, which latest condition shall be deemed satisfied unless otherwise decided by the Board (such as in the case of serious misconduct). A forced departure can take the form, in particular, of a dismissal or a negative vote by the general shareholders meeting on the Board's proposal to renew the officer's mandate, as the case may be.

The termination indemnity and the payment made under a non-compete clause must not exceed two (2) years of effective compensation (fixed and variable).

Non-compete indemnity

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

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

In accordance with Article 23.3 of the AFEP-MEDEF Code, in the event of 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).

Supplemental defined benefit pension plan

Executive officers have a defined benefit pension plan established by the Group for the benefit of certain employees and corporate officers.

The regulations for the defined benefit plan – which the Board of Directors adopted in 2004 and subsequently amended several times – make the plan's benefits conditional upon the beneficiary ending his professional career while still with the Company. The beneficiary shall also have at least five years of seniority in the Group, be aged at least 62 years and have obtained the liquidation of his basic and supplementary pension rights.

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

The lifetime pension amount is based on the beneficiary's average annual compensation for the last three years before his retirement. It is maintained for 60% of its value to the survivor. This supplemental retirement plan is in addition to the mandatory and base supplemental plans and cannot lead to a replacement rate of less than 30% of the reference income, with all mandatory retirement plans taken together. The supplemental benefit is therefore equal to the difference between the total benefits receivable under mandatory plans and other supplemental plans and 30% of the reference income, representing a replacement rate that is lower than the 45% rate provided for in the AFEP-MEDEF Code. The amount of the supplemental benefit alone may not exceed 30% of the reference income and is capped at 8 annual Social Security caps, i.e. 309,000 euros in 2016.

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

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

Pension and health plans and unemployment insurance plan

Executive officers benefit from Group pension and health care plans (medical, disability, invalidity and death) under the same terms and conditions as Nexans employees. They have coverage for loss of employment, acquired from an insurance agency, guaranteeing them, in case of an involuntary loss of professional activity, daily indemnities in the amount of 55% of 1/365th of tranches A, B and C of their professional income for the fiscal year preceding their departure, applicable for a twelve-month period following the loss of employment.

Company car

Executive officers benefit from the use of a company car.

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

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

2.5.3. Compensation payable to Frédéric Vincent, Chairman of the Board of Directors until March 31, 2016

At the Board of Directors' meeting held on February 17, 2016, Frédéric Vincent announced that he intended to retire and therefore to step down as Chairman of the Board and as a director of Nexans as from March 31, 2016.

Summary of compensation payable to Frédéric Vincent in his capacity as Chairman of the Board of Directors

	Au titre de 2015	Au titre de 2016
Compensation due for the year	€560,072	€146,750[1]

(1) Compensation payable to Frédéric Vincent in his capacity as Chairman of the Board until March 31, 2016.

Breakdown of Frédéric Vincent's compensation and benefits

	2015		2016	
	Amounts due for 2015	Amounts paid in 2015	Amounts due for 2016	Amounts paid in 2016
Fixed compensation	€520,000	€520,000	€130,000	€130,000
Variable compensation	-	€616,887[1]	-	-
Exceptional compensation	-	-	-	-
Directors' fees[2]	€34,000	€34,000	€15,232	€15,232
Benefits-in-kind[3]	€6,072	€6,072	€1,518	€1,518
TOTAL	**€560,072**	**€1,176,959**	**€146,750**	**€146,750**

(1) Compensation as Chairman and CEO until September 30, 2014, and as Chairman of the Board from October 1, 2014.
(2) See paragraph 2.5.1. above (Directors' compensation).
(3) Company car.

2.5.3.1. COMPENSATION PAYABLE TO FRÉDÉRIC VINCENT IN HIS CAPACITY AS CHAIRMAN OF THE BOARD OF DIRECTORS

Frédéric Vincent's compensation in his capacity as Chairman of the Board of Directors was set by the Board at its meeting on July 24, 2014, and was kept at the same amount for 2015 and 2016 based on the recommendation of the Appointments, Compensation and Corporate Governance Committee. Following his decision to retire and therefore to step down as Chairman of the Board and as a director effective March 31, 2016, the Board of Directors noted that out of his total annual fixed compensation of 520,000 euros for 2016, he had been paid a proportionate amount of 130,000 euros, covering the period up to March 31, 2016.

2.5.3.2. STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO FRÉDÉRIC VINCENT IN HIS CAPACITY AS CHAIRMAN AND CEO (UNTIL SEPTEMBER 30, 2014)

In 2016, Frédéric Vincent informed the Company that he had decided to waive all of his rights to exercise stock options and to the allocation of unvested performance shares, whose value was estimated at approximately 2.16 million euros at February 1, 2016[1]. At its meeting on February 17, 2016, the Board of Directors noted this decision and thanked Frédéric Vincent for his gesture.

The tables below show a breakdown of the stock options and performance shares granted to Frédéric Vincent in his capacity as Nexans' Chairman and CEO and for which he waived his exercise and allocation rights.

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

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

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

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

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

(1) Calculation performed by independent actuaries, in accordance with IFRS 2 and using the method applied in the Group's consolidated financial statements, based on Nexans' share price at February 1, 2016.
(2) The figures for Plan 12 take into account the adjustments applied by the Board of Directors on November 20, 2013, in accordance with the applicable law, following the rights issue carried out on November 8, 2013.

2.5.3.3. COMMITMENTS GIVEN TO FRÉDÉRIC VINCENT, CHAIRMAN OF THE BOARD OF DIRECTORS UNTIL MARCH 31, 2016

First appointed as Chairman and CEO: May 26, 2009
Renewal of appointment as Chairman and CEO: May 15, 2012
End of duties as Chief Executive Officer and start of position as Chairman of the Board of Directors: October 1, 2014
End of term of office as Chairman of the Board and as a director: March 31, 2016.

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

Employment contract

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

Termination benefits

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

In accordance with Article 23.5 of the AFEP-MEDEF Code, Frédéric Vincent's total termination payments (termination and non-compete indemnities) could not exceed two years' worth of his actual compensation (fixed plus variable) received prior to his departure.

Termination indemnity

In his capacity as Chairman of the Board of Directors, Frédéric Vincent was entitled to a termination indemnity, the details of which are available under "Corporate Governance – Compensation of executive directors" on Nexans' website at www.nexans.com. The amount of the termination indemnity was payable only in the event of a forced departure resulting from a change of control or strategy. As retirement does not constitute a forced departure, at its meeting of February 17, 2016, the Board of Directors noted that no termination indemnity was payable to Frédéric Vincent.

Non-compete indemnity

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

In return for this undertaking, he was entitled to receive a non-compete indemnity payable in 24 equal and successive monthly installments and corresponding to one year of his total fixed and variable compensation, namely 12 times the amount of his most recent monthly compensation before his departure (fixed portion) plus the corresponding percentage of his bonus.

In accordance with Article 23.3 of the AFEP-MEDEF Code, at its meeting on February 17, 2016, the Board decided to waive the application of Frédéric Vincent's non-compete undertaking and therefore not to pay him any non-compete indemnity.

Supplementary pension plan

As authorized by the Board of Directors on April 3, 2009, and approved in the fourth resolution of the May 26, 2009 Annual Shareholders' Meeting, in his capacity as Chairman and CEO, Frédéric Vincent was a member of the defined benefit pension plan set up by the Group (in accordance with Article 39 of the French Tax Code) for certain employees and corporate officers. He continued to be a member of this pension plan in his capacity as Chairman of the Board of Directors, following the Board's decision of July 24, 2014, as approved at the Annual Shareholders' Meeting of May 5, 2015.

As provided for under this plan, Frédéric Vincent receives a gross annuity of approximately 300,000 euros.

Welfare plan

Frédéric Vincent was a member of the welfare plan (covering death and disability benefits and medical expenses) set up for the Company's employees until March 31, 2016.

2.5.4. Compensation payable to Georges Chodron de Courcel, Chairman of the Board of Directors since March 31, 2016

At its meeting of February 17, 2016, the Board of Directors decided that the Chairman of the Board would receive fixed annual compensation of 250,000 euros, with the amount payable for 2016 calculated on a proportionate basis from when he took up his duties, at the end of the day on March 31, 2016. The Chairman of the Board does not receive any directors' fees, variable compensation, long-term compensation or benefits in-kind.

Summary of compensation payable to Georges Chodron de Courcel, Chairman of the Board of Directors since March 31, 2016

	2016
Compensation due for the year	€220,732

Summary of compensation payable to Georges Chodron de Courcel, Chairman of the Board of Directors since March 31, 2016

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

(1) Compensation paid in his capacity as Chairman of the Board of Directors since March 31, 2016 (end of day).
(2) Directors' fees received in his capacity as a director prior to March 31, 2016. See section 2.5.1. above (Directors' compensation).

2.5.5. Compensation payable to Arnaud Poupart-Lafarge, Chief Executive Officer

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

Summary of Arnaud Poupart-Lafarge's compensation and benefits

	2015	2016
Compensation due for the year	€1,549,941	€1,572,830
Valuation of performance shares granted during the year[1]	€702,642	€948,510
Valuation of performance shares vested during the year[2]	-	€438,047

(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

	2015		2016	
	Amounts due for 2015	Amounts paid in 2015	Amounts due for 2016	Amounts paid in 2016
Fixed compensation	€700,000	€700,000	€700,000	€700,000
Variable compensation	€814,803	€372,681	€868,630	€814,803
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits-in-kind[1]	€4,200	€4,200	€4,200	€4,200
TOTAL	**€1,519,003**	**€1,076,881**	**€1,572,830**	**€1,519,003**

(1) Company car.

Summary of pluriannual variable compensation of Arnaud Poupart-Lafarge, granted in his capacity as Chief Operating Officer before October 1st, 2014

	Amounts paid in 2016	Amounts paid in 2017
Plan n°12 of July 24, 2013	€30,938	-
Plan n°13 of July 24, 2014	-	€66,000

2.5.5.1. FIXED COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer's compensation package is determined taking into account the level and complexity of his responsibilities, his experience in the position and seniority within the Group, and market practices for comparable groups and companies. It is only reviewed at relatively long intervals.

The Board of Directors approved the recommendation of the Appointments, Compensation and Corporate Governance Committee and maintained the Chief Executive Officer's fixed compensation at 700,000 euros for 2017. This amount has been unchanged since Arnaud Poupart-Lafarge was appointed as Chief Executive Officer in 2014.

2.5.5.2. VARIABLE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

As decided by the Board of Directors at its meeting on January 20, 2016, the targeted percentage of Arnaud Poupart-Lafarge's variable annual compensation for 2016 will represent 100% of his fixed annual compensation, with 70% determined by reference to the achievement of group-based objectives and 30% on the achievement of specific pre-determined individual objectives. Arnaud Poupart-Lafarge's variable compensation for 2016 (paid in 2017) may therefore vary depending on the achievement levels of the objectives set by the Board of Directors, ranging from 0% to 150% of his fixed annual compensation.

The Board of Directors set the financial objectives for the group-based portion and their relative weighting as follows: (1) Operating margin: 40%; (2) ROCE: 40%; and (3) Free cash flow: 20%. Furthermore, if a minimum level for the operating margin objective is not reached, none of the variable compensation contingent on group-based objectives will be paid for 2016.

On February 8, 2017, the Board of Directors set the amount of Arnaud Poupart-Lafarge's variable compensation for 2016 as follows:

- For the portion contingent on group-based objectives, the Board based its calculation on a strict application of the achievement levels for the objectives set for 2016 (with the objective related to operating margin accounting for 40%, ROCE 40%, and free cash flow 20%), and noted the following:
  - The achievement rate for the operating margin objective was 75.7% of the maximum, reflecting an increase in this indicator compared with 2015.
  - The achievement rate for the ROCE objective was 92.9% of the maximum, reflecting an increase in this indicator compared with 2015.
  - The achievement rate for the free cash flow objective was 100% of the maximum, representing a total of 414 million euros.

Based on these figures, the Board of Directors noted that the portion of Mr. Poupart-Lafarge's variable compensation contingent on group-based objectives amounted to 642,880 euros (representing 87.5% of the maximum potential amount of 735,000 euros).

- For the portion contingent on specific, pre-defined individual objectives, the Board assessed the achievement level of the objectives over the period from January 1 to December 31, 2016. Based on this assessment, it set the related amount of Mr. Poupart-Lafarge's variable compensation at 225,750 euros (representing 71.6% of the maximum potential amount of 315,000 euros). The individual objectives applicable in 2016 notably concerned implementing the strategic plan, accelerating group growth, taking into account risk management and CSR issues and improving the Group's financial structure.

The variable compensation paid to Arnaud Poupart-Lafarge for 2016, as determined by the Board, therefore totaled 868,630 euros, representing 82.7% of the maximum potential amount.

2.5.5.3. STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO ARNAUD POUPART-LAFARGE

Stock options granted during the year to the Chief Executive Officer

In accordance with the Group's long-term compensation policy, the Chief Executive Officer did not receive any stock options in 2016. Since 2010 the Company no longer grants any stock options.

Performance shares granted to Arnaud Poupart-Lafarge

At its meeting on July 27, 2016, the Board of Directors noted that the performance conditions for Plan no. 12 of July 24, 2013 had been partially met, with the result that a portion of the performance shares granted to employees and officers (including Arnaud Poupart-Lafarge in his capacity as Chief Operating Officer on the grant date) had vested. The number of shares that vested for Arnaud Poupart-Lafarge in 2016 was 11,073, representing 47.5% of the original grant (23,312 shares based on maximum performance[1]). No vested performance shares reached the end of their lock-up period in 2016.

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

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

(1) Valuation performed at the time of the performance share grant using the Monte Carlo method.
(2) Granted as Chief Operating Officer prior to October 1, 2014.
(3) After adjustments made following a rights issue carried out on November 8, 2013.
(4) Company share capital as at November 8, 2013, following the rights issue.

In accordance with the Group's long-term compensation policy and the authorization given at the Annual Shareholders' Meeting of May 12, 2016, on that same date 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. 16). This plan involves grants of performance shares and free shares to the Group's key senior managers. Under the plan, the Board granted Arnaud Poupart-Lafarge between 0 and 27,000 performance shares. The vesting of these shares is subject to the achievement of the following two performance conditions, which have equal weighting and are applicable to all performance share beneficiaries:

(1) 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, General Electric and Siemens.

(2) A financial performance condition, which also applies to 50% of the shares granted and is based, for 50%, on the achievement rate at end-2018 of objectives relating to operating margin on sales at constant metal prices, and for 50% on ROCE.

2.5.5.4. OTHER COMPENSATION PAYABLE TO ARNAUD POUPART-LAFARGE IN HIS CAPACITY AS CHIEF OPERATING OFFICER PRIOR TO OCTOBER 1, 2014

In his capacity as Chief Operating Officer prior to October 1, 2014, Arnaud Poupart-Lafarge was granted a long-term bonus in 2014 (multi-annual variable compensation), for which the target amount was set at 20% of his fixed annual salary as at July 1, 2014, namely 110,000 euros. The payment of this cash bonus due in February 2017 is subject to (i) Mr. Poupart-Lafarge still being a member of the Group and (ii) the achievement level at end-2016 of the objectives set for the two financial indicators in Long-Term Compensation Plan no. 13 dated July 24, 2014. These two financial performance conditions are the same as those applicable for the grant of performance shares under this plan (representing a maximum of 24,500 shares), which was authorized at the Annual Shareholders' Meeting of May 12, 2014 (see paragraph 2.5.5.3. above). This long-term bonus, which represents a maximum of 110,000 euros payable in cash, was approved in the say-on-pay vote at the Annual Shareholders' Meeting of May 5, 2015.

At its meeting of February 8, 2017, the Board noted that the financial performance conditions had been partially met. Consequently, Arnaud Poupart-Lafarge's long-term bonus corresponds to 60% of the target amount, namely 66,000 euros.

2.5.5.5. COMMITMENTS GIVEN TO THE CHIEF EXECUTIVE OFFICER

First appointed as Chief Executive Officer: October 1, 2014

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

Employment contract

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

Termination payments

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

In accordance with Article 23.5 of the AFEP-MEDEF Code, Arnaud Poupart-Lafarge's total termination payments and non-compete indemnities may not exceed two years' worth of his actual compensation (fixed plus variable) received prior to his departure.

Termination indemnity

As Chief Executive Officer, Arnaud Poupart-Lafarge is entitled to a termination indemnity. This indemnity would be payable only in the event of a forced departure due to a change of control or strategy, which will be deemed to be the case unless specifically decided otherwise by the Board of Directors, notably in the event of serious misconduct, in accordance with the Boards' Internal Regulations and after the Board of Directors has noted whether the performance conditions have been met.

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

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

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

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

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

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

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

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

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

In compliance with the compensation policy for executive officers described in paragraph 2.5.2.3. above, the termination indemnity may not exceed two years of Mr. Poupart-Lafarge's actual compensation (fixed and variable).

Non-compete indemnity

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

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

In accordance with Article 23.3. of the AFEP-MEDEF Code, in the event of Arnaud Poupart-Lafarge's departure, the Board of Directors will decide whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no non-compete indemnity will be payable).

Supplementary pension plan

Arnaud Poupart-Lafarge is a member of the defined benefit pension plan set up by the Group for certain employees and corporate officers in accordance with Article 39 of the French Tax Code. The regulations for this defined benefit plan were adopted in 2004 and amended in 2008 by the Board of Directors.

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

- The retirement age was increased from 60 to 62 years with pension rights frozen as from the age of 62.
- The annual pension has been capped at 8 times the social security ceiling (309,000 euros in 2016).
- Survivor benefits have been reduced from 100% to 60%.

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

The plan provides for the payment of a supplementary pension benefit corresponding to 10% of the beneficiary's reference income (average of the sum of his fixed and variable compensation and benefits-in-kind paid during the 3 years preceding his retirement), plus 1.70% of tranche D per year of seniority.

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

The supplementary pension benefits are funded by quarterly contributions paid by Nexans S.A. into a dedicated fund managed by an insurer. The capital required to pay annuities is withdrawn from this fund when the beneficiaries reach retirement age.

The gross annuity payable to Arnaud Poupart-Lafarge would be approximately 175,500 euros, bearing in mind that this amount has been calculated on the basis of him drawing the annuity as from January 1, 2017, and without taking into account the fact that specific criteria have not yet been met, namely the applicable conditions relating to seniority, retirement age, ending his career with the Company, and being entitled to his state pension. Based on this figure, the total payroll and similar taxes payable by the Company in relation to Mr. Poupart-Lafarge's supplementary pension plan would amount to 1,623,714 euros.

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

Welfare plan and unemployment insurance plan

Arnaud Poupart-Lafarge is a member of the welfare plan (covering death and disability benefits and medical expenses) set up for the Company's employees. He is also a beneficiary under an unemployment protection plan set up with an insurer and effective from October 1, 2014. Under this plan, if he loses his job he will receive daily indemnities amounting to 55% of 1/365th of tranches A, B and C of his professional income for the year preceding his departure, payable for a maximum period of 12 months as from the date of his unemployment. The annual cost of the premiums for the Company was 12,164 euros in 2016.

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 and providing them with a competitive package in view of market practices. Each long-term compensation plan is put to the vote of shareholders at the Annual Shareholders' Meeting.

The Group's long-term compensation policy is adjusted according to the population concerned. For the Chief Executive Officer, it is based for the 2017 plan on grants of performance shares, which are subject to vesting conditions linked to the Group's economic value added (the value created in excess of the weighted average cost of capital) and comparative stock market performance. Since 2016, the stock market performance condition has consisted 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 presence with the Group 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.

The 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 line with this, for the past three years the Board has capped the number of performance shares that may be granted to the Chief Executive Officer at an amount representing 0.1% of the Company's share capital. 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, unless there is a substantiated reason for doing so. For the past three years they have represented less than 12% of the aggregate number of performance shares granted across the Group.

The Board grants performance shares each year, at the same time of year, apart from in exceptional, substantiated circumstances.

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

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

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 two adjustments were calculated in accordance with the regulations of the relevant plans, and in particular the legal formula applicable for adjusting the exercise price.

	Plan no. 7	Plan no. 8	Plan no. 9
Date of Shareholders' Meeting	05/10/07	04/10/08	05/26/09
Grant date	02/22/08	11/25/08	03/09/10
Number of options or shares granted(1)	354,841	358,633	389,026
o/w to the Chief Executive Officer (1)	75,764	52,452	48,723
o/w to the ten employees receiving the most options (1)	90,334	87,653	101,407
Total number of beneficiaries	180	216	240
Start date of exercise period	02/22/09	11/25/09	03/09/11
Expiration date	02/21/16	11/24/16	03/08/18
Exercise price (1)	€61.11	€37.29	€ 46.30
Exercise conditions	One quarter each year	One quarter each year Performance conditions	One quarter each year Performance conditions
Number of shares purchased at Dec. 31, 2016 (1)	-	215,764	21,080
Number of options canceled (1)	354,841	142,869	113,916
Options outstanding at Dec. 31, 2016 (1)	-	-	254,030

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

Shares purchased in 2016 following exercise of stock options by the ten employees exercising the most options (excluding corporate officers)

	Number of shares purchased	Price
Plan no. 8 – November 25, 2008	73,086	€37.286

2.5.6.3. PERFORMANCE SHARES AND RESTRICTED (FREE) SHARES

Summary of performance share and restricted (free) share grants

At its meeting on July 27, 2016, the Board of Directors noted that the performance conditions for Plan no. 12 of July 24, 2013 had been partially met, with the result that 47.5% 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. 11	Plan no. 12	Plan no. 13	Plan no. 14	Plan no. 15	Plan no. 16	Plan no. 16*bis*
Date of Shareholders' Meeting	05/15/12	05/14/13	05/15/14	05/05/15	05/05/15	05/12/16	05/12/16
Grant date	11/20/12	07/24/13	07/24/14	07/28/15	01/01/16	05/12/16	11/23/16
Number of performance shares granted (based on maximum performance)	183,099	301,473 (1)	296,940	291,000	30,000	223,200	3,900
o/w to the Chief Executive Officer (based on maximum performance)	19,816	58,280 (1)	50,000	42,000	-	27,000	-
o/w to the ten employees receiving the most shares	38,232	167,846 (1)	162,800	121,100	30,000	83,800	3,900
Number of free shares granted	17,470	17,534 (1)	15,000	29,960	-	30,000	-
Vesting date (French tax residents)	11/20/15	07/24/16	07/24/17	07/28/18	01/01/19	05/12/20	11/23/20
End of lock-up period (French tax resi-dents)	11/20/17	07/24/18	07/24/19	07/28/20	01/01/19	05/12/20	11/23/20
Total number of beneficiaries	247	173	172	187	1	181	6
Number of shares vested	69,273	83,450	-	-	-	-	-
Number of performance share rights canceled	72,205	197,228	59,700	8,620	-	250	-

(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. 13 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-2016 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. 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.

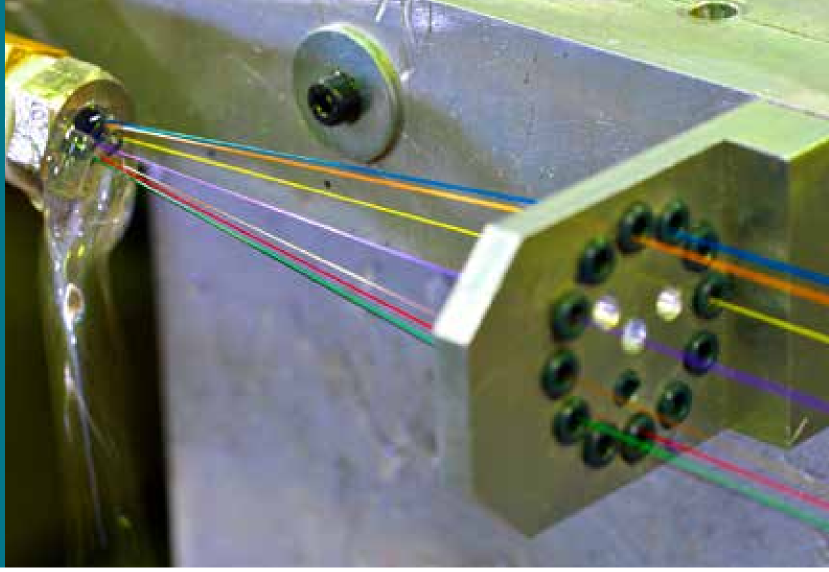
The performance conditions applicable for the performance shares granted under Plan no. 16 of May 12, 2016 and Plan no. 16*bis* of November 23, 2016 are as follows: (1) A stock market performance condition based on Nexans' TSR (total shareholder return) as compared with that of a benchmark panel, and (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 potential dilutive impact of the performance shares and free shares granted under Plan numbers 16 and 16*bis* was approximately 0.59% at end 2016.

Characteristics of stock options and performance shares granted to executive officers

Since the Group adopted the AFEP-MEDEF Code, any grants of performance shares and/or stock options to executive officers have complied with the recommendations set out in said Code and all such grants are now subject to performance conditions. For more details, see the report on the Group's executive compensation policy appended to this Management Report. For more information, please see paragraph 2.5.2.3.2.

3 Main risk factors and risk management within the Group



3.1. Risk factors

3.1.1. Legal risks

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

3.1.1.1. ANTITRUST INVESTIGATIONS

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

In late January 2009, antitrust investigations were launched in several countries against various cable manufacturers including Group companies in relation to anticompetitive behavior in the submarine and underground high-voltage power cables sector.

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

In early July 2014, Nexans France SAS paid the 70.6 million euro fine imposed on it by the European Commission.

As an indirect consequence of the European Commission's decision, one of the Group's competitors, which has been subject to follow-on damages claims launched by customers in the United Kingdom since the beginning of 2015, has filed a contribution claim against the other cable producers sanctioned by the European Commission, including Nexans France SAS and the Company.

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

Similarly, on July 20, 2016, an Australian court declined to impose sanctions against the Company following an investigation into the submarine and underground power cable industry by the Australian Competition and Consumer Commission (ACCC). The ACCC has not appealed this ruling. Certain Group companies in this sector of business are still under investigation by the antitrust authorities in South Korea (in addition to ongoing investigations into local operations as described below) and Brazil.

As described in the consolidated financial statements, two of Nexans' subsidiaries in South Korea are being investigated by local antitrust authorities in relation to activities other than high-voltage power cables.

As explained in the Group's previous communications, as part of several procedures related to the antitrust investigations carried out by South Korea's antitrust authority (the "KFTC"), in recent years fines of approximately 4 million euros have been imposed on two Nexans subsidiaries in South Korea, and customers have subsequently filed claims. In January 2015, a Korean civil court issued a judgment pursuant to which the Korean subsidiaries concerned paid a customer the equivalent of 2 million euros. The customer appealed this judgment and following the appeal decision issued on July 7, 2016 the Korean subsidiaries paid an additional amount representing the equivalent of 4 million euros. Nexans' Korean subsidiaries and the other defendant companies in the case have all appealed this judgment to the Korean Supreme Court.

Nexans' local Korean subsidiaries are cooperating with the KFTC in additional investigations into businesses other than the high-voltage business. Rulings have been issued for five cases and due to the cooperation of Nexans' Korean subsidiaries, the KFTC exempted them from paying a fine. Following two of these rulings handed down in 2015, the customers concerned have issued lawsuits against Nexans Korean subsidiairies and other cables' manufacturers.

Lastly, legal procedures and local antitrust investigations have also been launched against the Group's Spanish subsidiary and one of its Australian subsidiaries (see Note 30 to the consolidated financial statements for further details).

On March 10, 2017, the Federal Court has dismissed the antitrust proceedings brought by the Australian competition authority (ACCC) against the Australian subsidiary. It is still possible for the ACCC to appeal this judgment.

The Group has recorded a 60 million euro contingency provision to cover all of the cases and investigations described above as well the direct and indirect consequences of the related rulings that have already been handed down or will be handed down in the future and notably follow-on damages claims by customers (existing or potential claims). The amount of the provision is based on management's estimates, which derive from 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.

In spite of the risk management rules and procedures in place (see paragraph 3.2.2. Risk Management Policy and Procedures), which have been regularly strengthened over the past several years, the Group cannot guarantee that all risks and problems relating to practices that do not comply with the applicable rules of ethics and business conduct will be fully controlled or eliminated. 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 RISK

The Group has put in place rules and procedures for managing compliance risks, which have been regularly strengthened over the past several years. These notably include the Ethics Compliance Program, the Code of Ethics and Business Conduct, and the internal procedure on agents and consultants (see section 3.2. page 82).

In addition to compliance risk, the Group, like many other businesses, is also exposed to the risk of both internal and external fraud, particularly the theft of funds, notably through cybercrime. Almost all of the attacks on subsidiaries have been successfully countered, except for a few cases which did not represent a material amount.
The procedures and processes put in place by the Group cannot, however, provide an absolute guarantee that all compliance risks and issues will be fully controlled or eliminated. Likewise, the Group cannot provide absolute assurance that it (i) has always been or will always be fully compliant with all the relevant standards and regulations in all circumstances, (ii) is completely protected against the risk of fraud, (iii) will not incur any major costs or be held liable for ensuring its future compliance with these regulations, or (iv) will be able to finance potential future liabilities.

3.1.1.3. RISKS RELATED TO CLAIMS AND LITIGATION

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

As part of its day-to-day business, the Group is subject to legal risks arising from relations with partners, customers and suppliers. A number of Group subsidiaries are currently involved in disputes, primarily relating to contractual liability (see section below entitled Risks related to contractual liability). Disputes and contingent liabilities are also described in Note 30 ("Disputes and contingent liabilities") and Note 22 ("Provisions") to the 2016 consolidated financial statements.

One example of these disputes was a claim made by a European transmission link owner against a Nexans subsidiary for reimbursement of significant repair costs relating to an interconnection cable installed more than ten years ago (which is therefore no longer covered by a warranty) as well as the future costs of replacing this cable. The case has been closed in Nexans' favor.

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 total 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) follow on from the cable project linking Montenegro and Italy (around 300 million euros). In 2016 Nexans won contracts for connecting two offshore wind farms to the UK grid, which represent an aggregate of over 400 million euros in orders for Nexans – (i) Beatrice (around 600 MW), located off the coast of Scotland, for which Nexans is working in a consortium with the Siemens group which will supply the transformers, and (ii) East Anglia One (700 MW), located off the coast of East Anglia. These megaprojects illustrate the growing scale and complexity of the turnkey projects in which the Group is involved.

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

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

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

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

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

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

As at end-2016, certain contracts entered into by the Group could lead to performance difficulties, although the Group currently considers that those difficulties do not justify the recognition of provisions in the accounts or specific disclosure as contingent liabilities.

Risk management

All major contracts entered into by the Group's operating subsidiaries are subject to a systematic risk-assessment procedure and all bids representing over 25 million euros for the high-voltage business and 5 million euros for other businesses are submitted to the Group Tender Review Committee. Particular focus is placed on ensuring that the Group's sales and technical teams are able to pinpoint the risks inherent in sales contracts and that they involve the Group's Legal Department in contractual negotiations. However, for certain contracts – notably in the transport sector – some customers will not agree to liability caps.

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

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

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 2016.

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

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

Lastly, the demand for certain products depends on the economic environment of the related business sector, such as in the oil & gas or mining industries. The sharp falls seen since 2014 in the price of oil and certain minerals have led to fewer capital expenditure projects, and therefore lower demand for cables, in the oil & gas and mining sectors.

3.1.2.3. RISKS RELATED TO RAW MATERIALS AND SUPPLIES

Copper, aluminum and plastics (particularly PE and PVC) are the main raw materials used by the Group's operating companies, with copper and aluminum accounting for the vast majority of their raw material purchases. Optical fiber is also an essential raw material for the Group's manufacture of telecommunications and data cables.

Consequently, price fluctuations and product availability have a direct effect on the Group's business. A global shortage of raw materials, interruptions of supplies or the inability to obtain raw materials at commercially reasonable prices could have an adverse effect on the Group's earnings, even though it has diversified its sources of supply as much as possible in order to reduce these risks and has developed close – but non-exclusive – partnerships with certain key suppliers. This partnership strategy has been pursued and extended over the past two years.

However, should the price of supplies increase, the Group may not be able to fully pass on the increases to its customers.

Copper consumption in 2016 amounted to around 470,000 tonnes (excluding the approximately 82,000 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 2016 totaled 110,000 tonnes.

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

The financial instruments used by Group subsidiaries to manage exposure to commodities risks for copper and aluminum are described in paragraph D (Metals price risk) of Note 26 to the consolidated financial statements (Financial risks). The sensitivity of the Group's earnings to copper prices is described in paragraph F (Market risk sensitivity analysis) of the same note.

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

Risks related to the supply of raw materials are specifically monitored by each purchaser for the product family concerned. The purchasing strategy based on partnerships with a number of key suppliers is aimed at reducing the Group's exposure to shortages of supplies that are essential for its business activities, including metals, plastics, equipment and services. The Group's policy is to have at least two suppliers for any raw material or component used in manufacturing its products. Programs launched in 2008 in conjunction with the Innovation & Technology Department in order to lessen the Group's dependence on sole suppliers have enabled it to make major headway in this area and it did not experience any raw material shortages in 2016.

For 2017, in view of the current market situation and despite its efforts to diversify its supply sources, the Group cannot rule out the possibility of tight supply conditions for optical fiber, which could potentially affect its telecommunications and data cables operations.

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

3.1.2.4. RISKS RELATED TO EXTERNAL GROWTH

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

Aside from the difficulties involved in carrying out acquisitions or forging partnerships under satisfactory conditions, the Group may encounter difficulties with integrating acquired companies or in realizing the full potential of partnerships (notably in terms of synergies). In turn, this can limit the benefits expected from such transactions or even lead the Group to withdraw from them.

The Group has put in place specific processes for controlling these transactions. In particular it has set up a Mergers and Acquisitions Committee which is responsible for examining and approving all acquisition and divestment projects as well as potential strategic alliances or partnerships.

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

3.1.2.5. GEOPOLITICAL RISKS

Certain high-growth regions are important for the Group's development but are exposed to major geopolitical risks. In 2016, some 13% of the Group's sales at current non-ferrous metal prices were generated in the MERA Area (Middle East, Russia, Africa) and around 4% in countries which are classified by the Group's credit insurer as having a very unsettled economic and political environment or representing a very high risk. The Group closely monitors its operations in countries exposed to geopolitical risks, such as Brazil, China, Ivory Coast, Ghana, Lebanon, Libya, Nigeria and Turkey.

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

In view of the morose economic climate and public deficits that have prevailed over 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 but also in developed countries. For example, the Group is closely monitoring the anticipated tax reforms in the United States.

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.

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

The principal competitive factors in the cable industry are cost, service, product quality and availability, innovation, geographical coverage and the range of products offered.

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

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

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

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

3.1.2.7. RISKS RELATED TO TECHNOLOGIES USED

In order to remain competitive, the Group must anticipate technological advances when developing its own products and manufacturing processes. The growing demand for low-energy consumption, recyclable and less polluting products as well as value for-money solutions requires the creation of innovative manufacturing processes, the use of new materials and the development of new products. Most of the markets in which the Group's operating subsidiaries are present tend to favor the use of highly technological products; it is therefore important that the Group undertakes fundamental research in its Research Centers into materials and manufacturing processes in order to have access to cutting-edge technologies. Any delay in identifying, developing and obtaining certification for new technologies could hold up the Group's access to strategic market segments, particularly those with high added value and strong growth potential.

Conversely, by offering its customers ever-more innovative solutions and despite carrying out strict tests prior to launching a new product or manufacturing process, the Group cannot rule out the risk that once they are marketed, its new innovations might reveal certain problems or shortcomings that were not identified before. This could have major consequences on critical applications and therefore a significant financial impact on the Group.

In Europe, the new Construction Products Regulation (CPR) – which notably applies to cables in buildings and tunnels – will come into force on July 1, 2017 and create new differentiation opportunities for the Group, as it has been working on increasing the fire resistance of its cables for many years now. However, qualification tests still need to be performed in the first half of 2017 in order to certify the compliance of all products concerned by the CPR.

In addition, as in all cases when new regulations of this type are introduced, once the CPR comes into force on July 1, 2017, there is a risk that some of the Group's inventories recorded in the balance sheet at June 30, 2017 will become obsolete. The Group's Supply Chain teams in Europe are currently working on measures to minimize this risk.

The Group takes steps to protect its innovations by filing patent applications in strategic market segments. However, if it does not obtain intellectual property rights in countries where there are market development prospects, or if it is unable to defend its rights, its competitors could develop and use similar technologies and products to those developed by the Group's operating subsidiaries which are insufficiently protected. Such developments could have an impact on the competitiveness of the Group's offerings as well as on its image and 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).

For example, in 2012, Nexans Inc. initiated proceedings to invalidate a number of patents held by Belden for data network cables, and Belden lodged infringement lawsuits against Nexans Inc. The United States Patent and Trademark Office reviewed the patents concerned and declared that they were invalid. This decision was then upheld by the Federal Court of Appeal.

In 2013, a Group subsidiary received a claim alleging that the manufacture and sale of "top drive service loop" products infringed certain industrial property rights. The subsidiary refuted this claim. Since then, there has been no further contact with the claimant. In view of the subject matter of the claim, Nexans can in turn claim compensation from a third party, which has been duly notified of the case. Although no lawsuit has been filed in connection with this alleged infringement of industrial property rights, it cannot be ruled out that such a lawsuit will be filed and that it will involve an amount higher than the compensation claimable from the third party.

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 subject to natural disasters. For example, the new Charleston plant in the United States is located close to a river and therefore has access to the sea. This means that the site is subject to natural disaster risks that had to be taken into account at the time of its construction. Although the Group draws up a systematic audit plan of its sites in conjunction with its property and casualty insurer for the purpose of implementing plant integrity risk management processes, it is impossible to rule out all risks of production stoppages.

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

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

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

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

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

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

At December 31, 2016, consolidated provisions for environmental risks amounted to approximately 9.2 million euros and mainly included amounts set aside for (i) clean-up costs for a number of manufacturing sites and (ii) a dispute with the purchasers of a plot of land and the local authorities in Duisburg, Germany concerning soil and groundwater pollution. The Group has also performed surveys at its sites in order to establish whether any environmental clean-up processes may be required. It estimates that any site clean-up costs it may incur that have not already been provisioned should not have a material impact on its earnings in view of the value of the land concerned, which in the past has always exceeded the amount of any required clean-up costs.

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

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

3.1.2.9. RISKS RELATED TO TALENT LOSS AND REORGANIZATIONS

In order to limit the risks related to talent loss, the Group has put in place procedures, programs and specific measures with a view to fostering employee loyalty and building the skill sets required for its development. See section below entitled Social approach and data, for further information.

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

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

3.1.2.10. ASBESTOS

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

In the past (and particularly to comply with French army specifications), asbestos was used to a limited extent to improve the insulation of certain kinds of cables designed for military purposes. It was also used in the manufacture of furnaces for enamel wire at two sites in France, but this activity was discontinued a long time ago. Several claims and lawsuits have been filed against the Group by current and former employees, in France and abroad, concerning alleged exposure to asbestos.

At end-2016, approximately 60 people in France had been classified as suffering from an asbestos-related occupational illness, of whom several (fewer than ten) had filed lawsuits against their employers that are still in progress. Also in France, a lawsuit has been filed against the Group and a claim lodged with the relevant authorities following the closure of a manufacturing site.

The lawsuit involves some 200 plaintiffs, who are seeking compensation for anxiety as a result of alleged exposure to asbestos. In March 2015 the site concerned was classified by the French government as a site that could entitle workers to retire early as a result of their exposure to asbestos (known as ACAATA sites). The Group has made an application to cancel this classification.

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

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

3.1.3. Financial risks

This section should be read in conjunction with **Note 26** to the consolidated financial statements ("Financial risks"), which also sets out a sensitivity analysis for 2016.

Please also refer to **Note 1.F.c** to the consolidated financial statements as well as **Note 6** ("Net asset impairment"), which sets out the assumptions used for the purpose of impairment testing.

Liquidity risks

The Group's main liquidity risks relate to:

- its obligation to repay or redeem its existing debt, primarily corresponding to (i) three issues of bonds maturing in 2017, 2018 and 2021, (ii) an issue of convertible bonds maturing in 2019 (which have early redemption options exercisable at the discretion of the bondholders on June 1, 2018), (iii) a trade receivables securitization program used by two subsidiaries, (iv) mezzanine financing and factoring programs and (v) to a lesser extent, short-term debt taken out by a number of the Group's subsidiaries;
- the Group's future financing requirements; and
- compliance with the financial ratios provided for in the syndicated loan agreement signed by the Group on December 14, 2015 (net debt to equity of less than 1.1:1 and net debt expressed as a multiple of EBITDA of less than 3).

Details of the Group's cash requirements and resources (especially cash surpluses and credit facilities), together with its policy for managing and monitoring liquidity are described in **Note 26** to the consolidated financial statements.

Interest rate and foreign exchange risks

The Group structures its financing in such a way as to limit its exposure to interest rate risk. A sensitivity analysis concerning changes in interest rates is provided in **Note 26.F** to the consolidated financial statements.

The foreign exchange risk to which the Group is exposed is described in Note 26.C. to the consolidated financial statements. Apart from in relation to non-ferrous metal transactions (see below), the Group considers its exposure to foreign exchange risk on operating cash flows to be limited for the Group as a whole, due to its underlying operational structure whereby most subsidiaries primarily operate in their domestic markets, with the main exception being export contracts in the high-voltage business. Currency hedges are set up by the Group in order for operating units' cash flows to remain denominated in their functional currency. A sensitivity analysis concerning fluctuations in the two main currencies that present a foreign exchange risk for the Group (the US dollar and the Norwegian krone) is provided in Note 26.F.

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

Metal price risks

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

The Group's strategy for managing non-ferrous metal price risks, the potential impact of fluctuations in copper prices and the hedges put in place are described in Notes 26.D and 26.F to the consolidated financial statements.

Credit and counterparty risk

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

- Customer credit risk relating to its trade receivables portfolio. The Group's diverse business and customer base and wide geographic reach are natural mitigating factors for customer credit risk. The Group also applies a proactive policy for managing and reducing its customer credit risk by means of a Group-wide credit management policy which was rolled out to all of Nexans' subsidiaries in 2013. The Group has also set up a master credit insurance program for its subsidiaries, although a portion of its trade receivables in China and Libya is not covered by this program. Credit risk has been heightened by the difficult market environment caused by the recent global economic and political crises, and the Group has experienced late and disputed payments from a number of customers. The situation in Brazil has particularly worsened, leading the Group to be increasingly prudent about its business development in this country. In China, where the economic environment has become tougher, the Group is striving to reduce its customer payment times. It is currently more difficult to obtain insurance coverage in Brazil, Greece, Morocco and Turkey, which means that the Group's customer credit insurance is very limited in those countries. Lastly, despite divesting businesses in a number of countries, notably Egypt, the Group still has receivables there, whose recovery is uncertain due to the general economic context in those countries as well as the financial situations of the individual counterparties concerned.
  The Group is also exposed to the risk of its customers terminating commercial contracts in advance of term, which could lead to (i) losses due to the liquidation of currency positions or purchases of non-ferrous metals no longer having a counterparty, or (ii) impairment losses on inventories of specific products.
- Counterparty risk arising from derivatives set up to hedge currency risks and non-ferrous metal price risks.
- Counterparty risk arising from deposits placed with financial institutions.

These different types of risk are described in Note 26.E to the consolidated financial statements.

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 Group subsidiaries exercise managerial control. Local policies are issued in certain countries where there is an obligation to take out insurance, in order to remain compliant with Group policies. Newly-acquired entities are incorporated into the majority of these programs as soon as possible.

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

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

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

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

Property damage – business interruption

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

In certain geographic areas, insurers will only provide limited coverage for natural disaster risks, such as areas with a high risk of earthquakes (e.g., Greece, Turkey, Japan, Lebanon, Chile and Peru) or those exposed to other natural risks such as high winds and flooding (United States). These coverage limits are generally lower than the related exposure amounts and it is becoming increasingly difficult to obtain such coverage for a reasonable price.

As part of its risk management process, the Group has set up a specific capital expenditure program aimed at helping to prevent industrial risks. This program is designed in close collaboration between the Industrial Management Department, the Insurance Department and expert advisors from the Group's property insurer. These advisors regularly visit manufacturing sites, making targeted recommendations on how to improve risk prevention and health and safety procedures. The Industrial Management Department, in conjunction with the Insurance Department, subsequently monitors that the relevant recommendations are followed.

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

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

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

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

Transport

Transport risks that are covered by insurance concern supplies and deliveries for which the Group is responsible as well as transfers between sites, irrespective of the type of transport used.

Comprehensive construction insurance for laying land and submarine cables

Site work relating to the laying of both land and submarine cables is covered by two specific insurance programs tailored to the operations concerned. Whether or not such cable-laying work can be included in these two master programs depends on its specific nature and characteristics and it is sometimes necessary to set up separate policies, notably for very large contracts which exceed the coverage limits in the master programs. This was the case for example, for a project concerning a submarine cable between Montenegro and Italy, for which a specific insurance policy was set up in 2014. The after-delivery warranties requested by certain customers sometimes exceed the coverage periods available in the insurance market.

Coverage for the Group's cable-laying ship Skagerrak

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

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

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

Captive reinsurance entity

The Group has a captive reinsurance entity – Nexans Ré – which has been operational since January 1, 2008 and is aimed at optimizing and managing the Group's risk retention strategy, as well as preventing and managing risks. It has reinsured the following recurring risks since 2008: property and casualty and business interruption risks, short-term credit risks, and transport risks. It operates on a program-by-program basis, with maximum coverage amounts per loss and a 3 million euro cumulative cap per insurance year.

3.2. Internal control and risk management procedures implemented at Nexans

3.2.1. Definitions, scope, objectives and limitations

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

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

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

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

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

The **Internal Audit Department** contributes to overseeing the risk management and internal control system. Its role and responsibilities are described in the Group's Internal Audit Charter. It reports to Executive Management and meets with the Accounts and Audit Committee at least twice a year to discuss the audits carried out by the team and their findings. An internal audit plan is drawn up each year based mainly on the Group risk map. The aim is for all Group entities to be audited at least once every four to five years. The plan is submitted to Executive Management for approval and the approved plan is presented to the Accounts and Audit Committee. The audits cover not only financial and operational processes but also ethics and corporate governance issues. Following each audit, a report is issued describing any observed weaknesses or failures in applying the Group's rules or meeting the Group's objectives, and recommending improvements. Implementation of the most important and urgent recommendations is monitored on a quarterly basis by Executive Management.

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

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

The **Ethics Correspondent** receives and processes reports of violations of the Group's Code of Ethics and Business Conduct. He is attached to the General Secretary and functionally to the Chief Executive Officer. He reports on the cases handled at least once a year to the Audit and Accounts Committee.

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

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

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

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

3.2.2. Risk management policies and procedures

3.2.2.1. CODE OF ETHICS AND BUSINESS CONDUCT

The Group's Code of Ethics and Business Conduct sets out the values, principles of behavior and rules of conduct with which employees are required to comply within 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. 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.

3.2.2.2. ETHICS COMPLIANCE PROGRAM

The aim of the Ethics Compliance Program is to define actions to prevent, detect and handle breaches of ethics laws and regulations. The program is based on a Group-specific ethics risk map prepared by the operating departments and entities and the functional departments with the support of the Risk Management Department and the Ethics Compliance Program Manager. Each year, a specific action plan is developed by Executive Management and rolled out throughout the Group. It includes in particular the signing of Code of Ethics and Business Conduct compliance certificates by all Group managers, a training program, and the review of the program rollout. Sales and purchasing teams receive specific training in antitrust and anti-corruption law compliance, the prevention of fraud and conflicts of interest, and compliance with export control regulations. During their annual performance appraisal, managers are assessed on their compliance with the Group's rules and procedures in the areas dealt with in the Code of Ethics and Business Conduct, as well as on their team's application of these rules and procedures and the rollout of the annual Ethics Compliance Program action plan.

3.2.2.3. 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. An Ethics Correspondent has been appointed to deal with internal and external whistle-blowers, and ensure that the necessary investigations are carried out without disclosing the identity of the accused person for as long as the violation is not proven, that appropriate decisions are made and corrective action is taken, and that the name of the whistle-blower is not revealed. The Ethics Correspondent reports directly to the General Secretary and has a dotted-line reporting relationship with the Chief Executive Officer. He reports the cases handled at least once a year to the Accounts and Audit Committee. The Ethics Correspondant also informs the Accounts and Audit Committee of reports concerning members of the Management Board and manages directly with it about the cases reported concerning members of the Management Board and manages directly with the Ethics Correspondent the cases reported concerning the CEO or the Chairman of the Board of Directors.

3.2.2.4. OTHER RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

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

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

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

3.2.3. Main risk management initiatives in 2016

- **Organization of a Safety Day :** for the third year running, the Group organized a Safety Day at all of its sites simultaneously, involving all employees. A high point in the implementation of the Group's safety policy, the event helps employees throughout the organization to better understand safety issues and take them into account. The presence of a member of senior management at each of the main sites during the Safety Day attests to the fact that workplace safety is a prime concern of Executive Management.

- **Annual information system (IS) security audit:** the audit includes penetration tests and leads to the issue of recommendations for security improvements that are taken up in the Group's IS Development Plan.

- **Mapping of business ethics compliance risks:** in 2016, the Group conducted a comprehensive business ethics risk mapping exercise covering all of its businesses. Once the exercise had been completed, an independent audit was commissioned to assess whether identified corruption risks were adequately addressed in the Group's Ethics Compliance Program. Following the audit, the Group's Corruption Prevention Program was certified by ETHIC Intelligence as effectively addressing the related risk.

- **Rollout of a program to strengthen the segregation-of-duties (SOD) process:** : a standard matrix for the segregation of the main duties for the Group was established in 2015 for the risks identified as the highest and in 2016, a program was launched to roll out this matrix to all Group entities along with procedures to ensure that it is applied, spanning all the different IT environments in use within the Group.

- **Publication of the Nexans Management Handbook:** this document describes the Group's organization and operating principles and rules. It will be followed in 2017 by a rulebook covering the main business processes.

- **Optimization of the currency risk management process:** the Group focused on updating the currency risk maps of the entities with the greatest exposure and overhauling their currency risk management processes. This included creating a cross-entity Treasury function for the European entities and netting USD positions at Group level, a move that considerably reduced its overall exposure to changes in the EUR/USD exchange rate.

- **Crisis management exercise:** in 2016, the members of the Management Board, the General Secretary and the Senior Corporate Vice President, Communications took part in a crisis management exercise.

3.2.4. Financial risks associated with climate change and low-carbon strategy

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

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

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

3.2.5. 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.

3.2.5.1. PROCESS FOR THE PREPARATION OF FINANCIAL AND ACCOUNTING INFORMATION

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

All information relating to summary financial statements is 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.

The breakdown by market line is based on the information from the internal reporting system. These statements 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 the income statement and the statement of financial position by function for the unit and for the market lines within the unit.

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

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

A consolidated accounts closing procedure is carried out on a quarterly basis and a specific procedure is applied at the end of each half-year to review and analyze the financial statements. This specific half-year procedure involves 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.

3.2.5.2. 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.

3.2.6. Oversight of internal control

As a result of the powers conferred upon it by law and by the Board of Directors' Internal Regulations, the **Accounts and Audit Committee** monitors the process for preparing the financial information and where appropriate, makes recommendations to ensure its integrity. It examines the annual and semi-annual 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 significant transactions. It ensures that systems of internal control, 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 their effectiveness by ensuring that corrective actions are taken in case of identified weaknesses and significant anomalies. Each year, the internal audit plan is reviewed by the Accounts and Audit Committee and the Committee is given a presentation on the main conclusions every six months. The **Board of Directors** contributes to monitoring internal control through the work and reports of the Accounts and Audit Committee.

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

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

3.3. Statutory Auditor's Report,

prepared in accordance with Article L.225-235 of the French Commercial Code on the Report prepared by the Chairman of the Board of Directors of Nexans

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 should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Nexans, and in accordance with Article L.225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of the Board of Directors of your Company in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that the report sets out the other information required by Article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

INFORMATION CONCERNING THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report.

These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman of the Board's report, prepared in accordance with Article L. 225-37 of the French Commercial Code.

OTHER INFORMATION

We attest that the Chairman's report sets out the other information required by Article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine and Courbevoie, February 13, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit
Éric Bulle

Mazars
Isabelle Sapet

4 Corporate societal 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 and data exchange explosion require the safest, most reliable and adapted cabling solutions.

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

Nexans, integrated the CSR into its strategic thinking what is translated by a dedicated governance.

Primarily, the CSR Committee chaired by Arnaud Poupart-Lafarge, Chief Executive Officer of the Group, defines CSR policies and assesses the various CSR initiatives. Conscious of the challenges we face in our industry and based on the materiality matrix that integrates both stakeholder needs and the importance of CSR issues for our business, the CSR Committee has set 11 CSR ambitions that fall into four areas of priority: Employees, Environment, Customers and Ethics & Solidarity.

The **CSR Committee,** mostly made up of members of the Management Board, has two specialized committees which ensure that all CSR-related topics and ambitions are taken into account in the Group's operations. These specialized committees, made up of various working groups which are tasked with steering and coordinating the action plans in place in the following main fields:

- **Governance and Social Affairs Committee:** Governance, ethics and business conduct, CSR risk management, labor relations, talent management, internal opinion survey, the Nexans Foundation, CSR reporting and CSR communication.

- **Environment and Products Committee:** Workplace safety, on-site environmental management and audits, recycling and waste management, soil and water pollution, energy efficiency, sustainable purchasing, new product innovation and development, life cycle assessment and eco-declarations, sustainable products and solutions, REACh regulations and chemical substances.

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

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

Independent data verification

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

4.1. Environmental approach and data

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 set by the Industrial Management Department apply to Group operations worldwide.

The Group's main environmental objectives are as follows:

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

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

Environmental evaluation and certification

As part of the continuous improvement approach and of the prevention of the main environmental risks identified in consideration with the Group's activity, Nexans undertook two additional steps of evaluation and certification of its environmental performances:

- An external certification: the ISO 14001 for which 65 sites are certified, representing 76% of the Group's sites.

- An internal label: the EHP (Environment Highly Protected) which is not only an environmental management system, but also a management system of the environmental risks constituting an obligation of result for the sites, what distinguishes it from the ISO 14001. As such, since the 2000s, Nexans has anticipated the recent evolutions of the ISO 14001. This label is awarded under the responsibility of the Group's Industrial Management Department further to the periodic audits made by certified internal auditors. In 2016, it is 20 of 85 sites that were so audited, and 18 awarded or reapproved for the EHP label, what carries a total of 72 sites EHP (85% of sites).

In 2016, 94% of sites are thus covered, in minima, by an environmental certification, the remaining objective is to cover all sites in the short-term.

The EHP (Environment Highly Protected) internal label confirms the sites according to 39 criteria among which the main are described below.

Main criteria	EHP
Implementing an energy efficiency policy	Self-assessment completed + dedicated action plan
Recycling of cooling water	In minima 50%
Water drainage systems	Site equipped by an hydrocarbon separator for the rain water evacuation network
Safe storage of hazardous liquids	All tanks with a capacity of over 1 cu.m must feature a containment system
Operating a waste sorting policy	Valorisation of the waste (by weight) between 50% and 80%

Most production sites in France comply with ICPE[1] 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.

Providing training and information to employees on environmental protection

In addition to the regular internal audits which raise awareness about our environmental management strategy among production site teams, some specific training sessions are provided to employees based on their level of responsibility.

The development program designed for site managers was completely overhauled in 2016 to shift focus to ways that factories can work towards meeting the Group's strategic objectives and achieve performance to ensure a sustainable future for the Group. Thirty-eight site managers are currently enrolled in the program, which features a comprehensive range of learning tools (digital technologies, assessments, testing, case simulations, etc.).

The Group also provides its employees with training in other specific areas, such as REACh[2].

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 paragraph 4.3.1., Regional, economic and social impact of the Groups' businesses).

Resources allocated to preventing environmental risks and pollution

Crisis management - All of the Group's sites draw up environmental crisis management plans. These plans are audited 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 now 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 non asbestos-containing materials in its buildings (leased or owned) and in the equipment it uses worldwide (including in countries where asbestos is authorized).

Environmental expenditure and investments

In 2016, environment-related expenditure amounted to 4.7 million euros, as in 2015 and mainly concerned the following items: environmental taxes (e.g., water tax), maintenance (purchase of filters, for example), analyses and tests, royalties and licenses, and external environmental services. The Group continued to invest in environmental initiatives within its plants through awareness-raising and the rollout of its environmental program launched the previous years.

In view of the industrial projects presented, a total of 2.7 million euros worth of environment-related investments were approved for 2016 (versus 2.9 million euros in 2015). These investments were used for example to replace less energy-efficient equipment, buy new cooling towers, remove asbestos from roofs and repair electric machinery. Other expenses may be incurred for the clean-up of closed sites and sites earmarked for sale, but the Group expects the related amounts to be less than the market value of the sites in question.

Provisions for environmental risks

See paragraph 3.1.2.8., Industrial and environmental risks.

(1) ICPE: Installations classified for the protection of the environment.
(2) REACh : UE directive on the Registration, Evolution, Authorization and Restriction of Cheminals.

4.1.1. Limiting our environmental impact

4.1.1.1. REDUCING THE GROUP'S ENVIRONMENTAL FOOTPRINT

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

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

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

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

Compound production - The production of compounds (such as PVC, rubber and HFFR[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).

Discharges into water - In order to mitigate the risk of an accidental spillage into water networks which could pollute surface water or public facilities, certain specific measures are taken by the Group's sites, including the installation of network shutters that could stop the spread of a major spill or prevent discharge of water used to extinguish fires. The measures taken have already allowed to equip 43 sites of such network shutters. No spills or major discharges were reported in 2016 as a result of the prevention measures taken at sites.

Land use and discharges into the soil - The Group's activities have little impact on the soil as they do not involve any extraction operations and are located in dedicated industrial areas. No chemical extraction or spraying was reported as part of the Group's business activity. For its underground and submarine cable laying operations, the Group strictly complies with the applicable regulatory requirements.

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

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.

No major incidents were reported in 2016.

Concerning Persistent Organic Pollutants (POPs), a program to replace equipment containing PCBs has been put in place for the Group's manufacturing companies.

(1) HFFR : Halogen-Free Flame Retardant.

Air emissions - Air emissions are extremely limited due to the nature of the Group's businesses, and no incidents were reported in 2016. Nevertheless, manufacturing sites strictly monitor their operations to remain in compliance with their environmental certification and during audits, when each of these issues is clearly discussed. 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).

CFC and HCFC emissions are monitored through air conditioning systems in compliance with local regulations. An R22 replacement program is under way at sites that use these air conditioning units.

The use of SF6 is strictly reserved for the laboratories of test of the high voltage cables. Le Group set of procedures to control its use, to avoid any leaks, to substitute it, and to reduce it.

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

4.1.1.2. LIMITING THE NOISE AND OTHER TYPES OF POLLUTION OF OUR OPERATIONS

Noise pollution - Noise pollution is also an area that the Group takes care to address. For example, it is one of the criteria taken into account when purchasing manufacturing equipment. Machinery and equipment, including those used for transportation and handling, can also emit noise and we take precautions to limit their noise impact through measures such as providing special training sessions and personal protective equipment for operators. Sound levels are checked regularly and measured at site perimeters when applying for operating permits from the local authorities in the light of applicable regulations. The few sites whose activities could give rise to noise pollution have adopted appropriate solutions such as reducing noise at source thanks to quieter equipment, covering machines with soundproof enclosures, installing noise barriers, and setting specific times for noise-generating activities.
If, despite all of these measures, any case of noise pollution were brought to the Group's attention, it would take all possible steps to reduce it through appropriate corrective measures.

In 2016, the Calais site handled a complaint from a local resident and is looking into measures to solve the problem.

The Andrézieux site, located near an urban area, has taken preventive measures to limit noise produced at night.

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

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

4.1.1.3. LIMITING THE ENVIRONMENTAL IMPACT OF OUR PRODUCT

Nexans France co-founded and has been a member of the PEPecopassport® organization since 2010. This program is based on type III environmental declarations in application of ISO 14025 which present quantified information and measure environmental impacts at every stage in the life cycle of a product, covering the extraction of raw materials used in its composition, treatment, manufacturing, distribution, use, repair, maintenance and scrapping or recycling.

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).

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

Nexans has registered some one hundred PEPs to cover over a thousand product references, essentially on the markets in France, Belgium and Germany, as well as the United States and Norway. In the United States, these environmental declarations are mainly used to obtain environmental certification for buildings, such as the LEED® program.

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

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

4.1.2. Innovating to promote a circular economy

Environmental protection involves implementing circular economy principles at the Group, which is one of its 11 CSR ambitions. This involves moving from a linear, "take, make, dispose" consumption pattern (removal of resources, manufacturing, product use, end-of-life processes and waste management) to a circular approach, modeled after the natural cycles in ecosystems.

At the Group, circular economy principles break down into three main objectives:

- reducing the waste produced from its manufacturing processes;
- using recycled materials in our manufacturing processes;
- factoring in the "recyclability" of our products and the materials used to make them.

It is worth noting that 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 and, in its very essence, promotes a more reasonable use of non-renewable resources.

As a pioneer in recycling, the Group has put in place a comprehensive solution for recycling and reusing cables at the end of their useful lives.

Award-winning ecodesign

In 2014, Nexans launched an ecodesign test project with its facility in Bourg en Bresse, France. This project led to the launch of the new EDRMAX by Nexans™ medium-voltage cable in early 2016.

Compared with the previous version, this new product:

- reduces energy losses during the use phase to save 2,312 MWh over the life of the cable;
- scales back the climate change impact by 12% over its life cycle for a reduction of 254 tonnes of CO_2[(1)] equivalent.

These results were obtained using a Life Cycle Assessment submitted for critical review by an independent third party.

This product won two ecodesign awards:

- the ecodesign award from the [AvniR][(2)] platform;
- the "Ecoproducts for sustainable development" (*Ecoproduit pour le développement durable*) award from the French Ministry of Ecology and Sustainable Development and the Environment and Energy Management Agency (ADEME) presented at the Pollutec exhibition in Lyon, France[(3)].

The objective following this ecodesign test project is to implement the program at other Nexans business units with the support of research and technical centers.

(1) Results are provided for 1 km of EDR 3 cable x 240 sq.mm aluminum, over a life of 40 years with an average scenario (¼ of time at 25%, 50%, 75% and 100% of Imax, with Imax = 466A) and a French energy mix. These results were obtained based on a life cycle assessment performed in accordance with 14040-44 standards. The life cycle phases taken into account are manufacturing, transportation, installation, use and end-of-life. For the 13 environmental indicators measured, the reductions in impact are similar to that observed for climate change. Sources: Ecoinvent: Weidema et al., 2013, The ecoinvent database: Overview and methodology, Data quality guideline for the ecoinvent database version 3, www.ecoinvent.org. Environmental indicators are calculated using CML V4.2 (2013), including climate change based on the IPCC 2007 report (100 years).
(2) http://www.cd2e.com/?q=prix-ecoconception-congres-avnir-2016
(3) http://www.environnement-magazine.fr/article/48579-les-14-laureats-des-prix-entreprises-environnement/

To promote the integration of life cycle assessments and, depending on the awareness of the different sites and customers, the ecodesign program can be implemented in two ways, adopting either:

- 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 will also contribute to meeting the requirements of ISO 14001:2015 by integrating life cycle aspects into product design.

4.1.2.1. WASTE PREVENTION AND MANAGEMENT

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

- Reducing waste: production waste is monitored monthly by each individual site and the Group Industrial Management Department. In 2016, the proportion of production waste per tonne of cable produced was 4.1%;
- Increasing our waste recycling rate.

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

Processing and recycling - The Group recycles a portion of its manufacturing waste, including all of its non-ferrous metal waste, notably through RecyCâbles, a company in which it owns a 36% interest. In 2016, it recycled 13,355 tonnes of cable waste (10,203 in 2015).

Local initiatives have increased the recycling capacity at Nexans facilities and enabled them to recycle more types of waste.

4.1.2.2. FIGHTING FOOD WASTE

Nexans has taken strong action to monitor its catering service providers in the main countries where it operates. This policy consists in measuring the performance of current suppliers through environmental and HR performance indicators and in using evaluation criteria to rate supplier proposals in the bidding process for catering services.

Of all the indicators measured, Nexans focuses on the reduction of resources used, waste reduction and management and food waste monitoring

4.1.3. Sustainable use of 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.

4.1.3.1. WATER CONSUMPTION

The cable manufacturing process implies the use of water for cooling operations. In order to limit this water consumption, the Group has invested in closed-loop cooling systems. To date, out of the 67 sites that use water for cooling, 56 have a recycling rate of over 75%.
For information purposes, the total water consumed per tonne of cable produced in our cable manufacturing operations is 2.02 cu.m (versus 2.28 cu.m in 2015), representing a 11% decrease.

As water management forms part of our continuous improvement process, the Group works with individual sites during environmental audits to find opportunities for improvement.
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 paragraph 3.1.2.8., Industrial and environmental risks).

4.1.3.2. UTILIZATION OF RAW MATERIALS

The Group's manufacturing companies are taking measures to maximize the portion of recycled copper used in their cables. In 2016, around 22,070 tonnes of copper waste (22,699 in 2015) 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 for cable drums. In line with this, the majority of cable drum supplies for our European sites come from sustainably-managed forests, which guarantees that the wood is sustainably sourced.

In November 2016, Nexans launched its 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 to send the specific location coordinates to the site that will then rapidly take care of pickup. The app is currently available in Switzerland but could 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.

Either on their own initiative or on request from customers, sites generally adopt new practices to reduce packaging. For example, the site in Andrézieux, France has discontinued the use of all cable drum covering film after being specifically asked to do so by a customer.

4.1.3.3. ENERGY CONSUMPTION AND EFFICIENCY

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

Regulatory energy audits were performed in 2015 at the European sites concerned. In 2016, manufacturing sites carried out energy self-assessments based on ISO 50001 recommendations to analyze their energy efficiency and action plans. They can use these findings to set targets towards introducing a low-carbon policy at the Group.

Over 36% of the Group's environment-related investments in 2016 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, dependent on local energy prices, have taken steps to replace traditional lightings with more energy-efficient LED lighting. The Purchasing Department is looking into ways to encourage the use of service providers offering to finance these initiatives.

Some countries also use renewable energy. Note, for example, that the Cortaillod, Switzerland site has installed solar panels, the Suzhou, China site has put in a solar heating system, and the Buizingen, Belgium site has installed two wind turbines. The Lebanon site is currently implementing a project to install solar panels.

4.1.4. Fighting climate change

Climate change is a major issue that Nexans addresses with a response that reflects the nature of its businesses. This means cutting its CO_2 emissions at the source, along with working towards a greater understanding of the effects of climate change and reducing emissions produced by its customers and society at large through innovative solutions.

As a sign of its involvement in fighting climate change, in 2015 Nexans joined other leading companies and international organizations in signing Business Proposals for COP21 to confirm their commitment to support the climate and urge government bodies to reach an agreement at the COP21 conference.

How Nexans is helping to drive the energy transition

In 2016, the Group published a brochure on the energy transition, *How Nexans is helping to drive the energy transition*. This brochure is available in English and French on the Group's website (www.nexans.com).

Thanks to our technological prowess and innovation capacity, Nexans plays a key role in providing safe and sustainable solutions for transitioning to cleaner energy, combating climate change, facilitating access to energy, creating the cities of tomorrow, promoting mobility, and enabling the current massive increase in data transmission. In 2016 the Group's R&D efforts were focused on energy transition, smart grids (including smart connections) and security and safety.

Major advances were achieved in the area of high-voltage direct current (HVDC) systems, which notably enable offshore wind farms to be linked up with onshore grids, including official approvals obtained for 320 kV DC cables during the year. In addition, new higher-capacity submarine cables were developed to connect wind turbines with one another within wind farms. These technological advances will enable Nexans to make an even more significant contribution to the rollout of renewable energy in Europe.
The Group also took part in a number of pilot projects in 2016, installing smart cable accessories in medium-voltage urban and rural electricity grids, with built-in current and voltage sensors.

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

Cleaner, more affordable energy

Nexans develops advanced, robust and reliable solutions to leverage new energy sources. As a partner to large-scale projects, the Group secures the operation of wind turbines with extremely twist-resistant cables, thus optimizing the life and yield of photovoltaic installations. Nexans collects and channels the electricity generated with minimum loss. The Group's software helps customers to determine the ideal architecture for a solar farm and to choose the cables that offer optimum yield, reliability and safety.

Smarter, more resilient networks

Nexans 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, which will have an additional 2.5 billion inhabitants by 2050[1].

As a leading global supplier of cables for submarine applications, Nexans provides turnkey solutions to interconnect networks, secure the power supply, develop installed solar and wind capacity and provide energy to islands and offshore facilities.

Cleaner transport solutions

Global growth in mobility calls for new solutions to limit the impact on the environment and on health, and to ensure the safety of heavily used infrastructure. Nexans works closely with manufacturers and OEMs to provide solutions.

The Group develops light, compact and recyclable cables and harnesses for cars, planes, ships and rolling stock.
Its cables are resistant to fire, sharp temperature variations and electromagnetic interference.
The Group also supplies high-performance cables for hybrid and electric vehicles as well as for recharging stations.
It has also developed environmental friendly power systems for docking ships and taxiing aircraft.

(1) Source : AIE.

Nexans meets the more general demand for safety, ongoing operation and durability of transport infrastructure and freight terminals through its robust, scalable and highly available solutions.

Safer, more efficient buildings and data centers

Ensuring safety, energy efficiency and ease of installation are the main challenges for cabling buildings that are increasingly large, sophisticated and connected.

Nexans assists in the construction and renovation of sustainable buildings, from design through to completion. The Building Tomorrow Today approach combines safety with halogen-free, fire-resistant energy and data cables, energy efficiency, sustainability and a limited environmental footprint.

Nexans optimizes the energy efficiency of data centers with cabling solutions that are a benchmark in terms of resistance to heat and transmission capacities.

Low-carbon manufacturing

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

The Group is working to expand its coverage of scope 3 to significant sources of emissions, such as the purchasing and transportation of raw materials and the transportation of its products and waste, in order to comply with French Law No. 2015-992 of August 17, 2015 on the energy transition for green growth.

The main source of direct GHG emissions within the Group is energy consumption. Improving energy efficiency is therefore its priority in reducing the impact of the Group's operations on climate change. In an example that illustrates this, our Belgian sites have all signed regional industry-level agreements that set targets for reducing GHG emissions.

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 prevent unnecessary travel so that employees from around the world can easily communicate with each other.

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 and offers sales employees training in environmentally friendly driving techniques. The Group's headquarter provides an electric car and electric bicycles for employees to use. Employees are also partially reimbursed for their public transport passes.

Climate change risks

Every year, the Group's property insurer visits our production sites to assess our risks, including risks related to climate change (see paragraph 3.1.4., Insurance).

4.1.5. Conserving biodiversity

The Group's manufacturing operations only have a limited impact on biodiversity. 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.

4.1.6. Data compilation methodology for environmental indicators

The environmental indicators are presented in section 4.4.

The Group's environmental data is tracked, analyzed and consolidated by the Group Industrial Management Department. The information disclosed in section 4.1. above is based on environmental data collected annually, by entity, through an internal data collection system (EMP – Environmental Management Plan), as well as discussions with teams during site visits and internal audits.

If an error is brought to the attention of the person in charge of the Group's 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 (85 sites) and covers companies that are over 50%-held by the Company, either directly or indirectly. Sites acquired in year Y are included in the scope of environmental reporting in year Y+1. Administrative and logistics sites are not included in the scope of consolidation as their environmental impact is not significant. It is for these reasons that data for the Autoelectric de Messadine (Tunisia), Pleven (Bulgaria), Siping (China) and Buizingen (Belgium) sites has not been included in the scope of consolidation for environmental data in 2016. 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 59 sites.

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

Definitions of key indicators used:

Energy consumption - Fuel oil consumption corresponds to purchases of fuel oil made during the year rather than actual consumption.

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

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

Controls - Consistency controls are performed by entities when data is entered and by the Group at the end of the data collection process. .

4.2. Social approach and data

4.2.1. Taking action with and for our employees

In line with Nexans' six core values, including that which aims to «Value people», HR strategy is a key focus within the Group's transformation plan, which empowers the men and women of Nexans every day to achieve our mission of bringing energy and means of communication to the people of the world.

The priority in 2016 was on guiding employees through the change process towards developing new vertical support structures (Finance, Information Systems, Purchasing and Technical & Innovation). This guidance strategy involved redefining the roles and responsibilities of each employee, streamlining decision-making processes and implementing training programs and communication adapted to each Group business.

The transformation process also led to the creation of a new managerial model based on unifying leadership to garner support from all employees for the Group's key objectives.

Fostering the development and engagement of our leaders has been one of our priorities over the past two years. This has involved:

- implementing a robust performance appraisal system including a managerial evaluation tool based on 360° feedback for all key positions;
- defining succession plans and individual development plans;
- rolling out training and coaching programs for senior managers, high-potential employees and key managers within the organization.

This personalized guidance program is being expanded with the development of new modules planned for 2017 to cover all levels of the Group's management and accelerate the managerial transformation process.

To support this change in organization and corporate culture, in 2016 Nexans pushed ahead with the development of its global HR IT system. Set for completion in 2018, the system features new integrated functionalities for managers and employees (performance appraisal, variable compensation systems, talent management and personalized development plans).

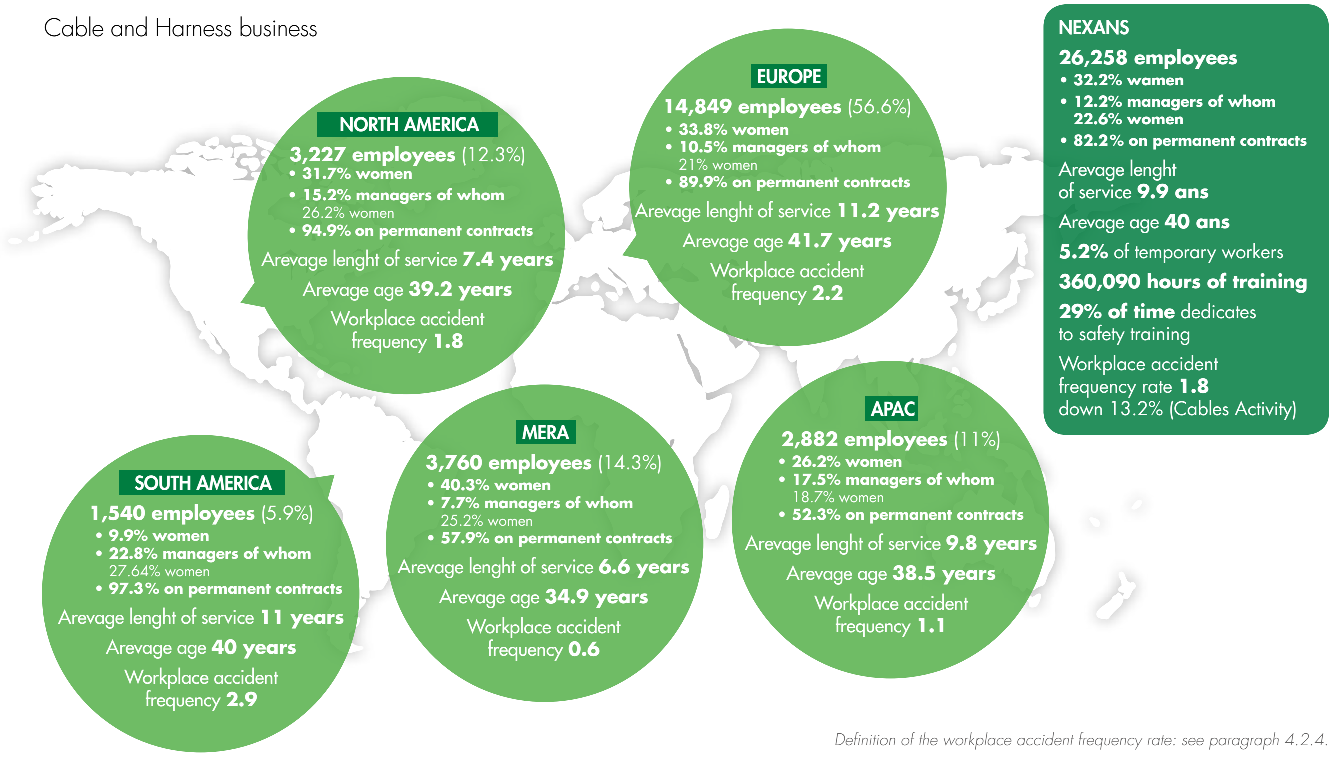
The new expertise recognition (Tesla programs) and employee achievement (Remarkable People) programs were highly successful in 2016, with 18 new experts named and 46 employees receiving an award for their exceptional contribution to the Group's achievements.

A new international opinion poll was conducted in 2016, with a high participation rate of 75% of the over 13,000 employees asked to take part in the poll. The Group's advances over the past two years were prominent areas covered in the opinion poll, including the clarity of its strategic objectives and trust between employees and the Group's executive management to implement those objectives in its operations. The responses offered insight into the needs and expectations of the broad base of employees surveyed and were used to prepare targeted action plans for each region, function and site to strengthen the commitment and motivation of every Nexans employee worldwide.

These plans will be implemented in 2017 alongside the employee engagement and sharing plans launched in 2016. The latter have played an integral part in the rollout of the Group's transformation plan and were central to the social dialogue exercise conducted with employee representative bodies and all employees.

4.2.2. International employee data

Cable and Harness business



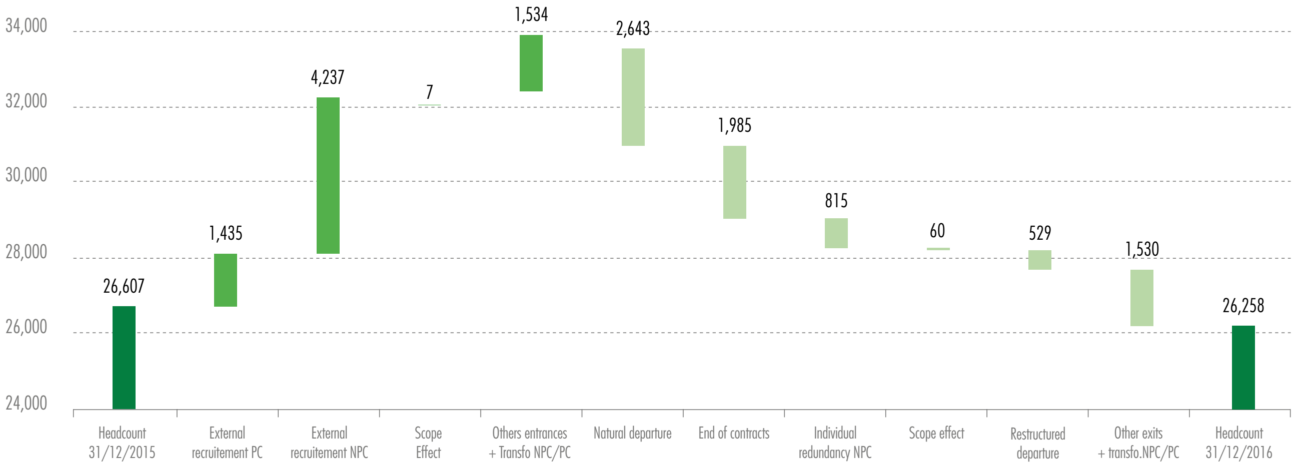
Definition of the workplace accident frequency rate: see paragraph 4.2.4.

At December 31, 2016, the Group's 26,258 employees 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 (12%) made up of executives, engineers or equivalent;
- proportion of women within the Group of 32%;
- a high proportion of employees in full-time employment (98%), including both permanent and fixed-term contracts.

4.2.2.1. MOVEMENTS DURING THE YEAR

Total headcount at December 31, 2016 fell by 1.3% in 2016 from 26,607 in 2015 to 26,258, i.e., 349 fewer employees. This decrease is mainly due to the impact of the SHAPE restructuring plan launched in the European Cables business in 2015 and to plant closures in Europe and North and South America. In contrast, Group headcount continues to grow in Asia and the Middle East. In the Harness business, headcount fell in Romania, Mexico, Slovakia and Germany but continues to rise steadily in China, Bulgaria, Ukraine and Tunisia.



- Cables business: in 2016 Nexans hired 847 employees on permanent contracts and 641 employees on fixed-term contracts. Fixed-term contracts are used to give the Group the flexibility it needs to deal with changes in production workloads. This form of employment accounts for 10% of contracts in four countries: China, Morocco, Greece and Germany. In general, most of the new hires were in Europe, at 49%, ahead of the Asia-Pacific Area with 21%.
  Resignations were the main reason for employee departures during the year (accounting for 480 or 26% of the total), ahead of restructuring (529 or 29%).
- Harness business: nearly 86% of the total 4,184 hires were fixed-term recruitments owing to this business's seasonal nature. However, 1,280 fixed-term contracts were converted into permanent contracts.

The number of employees on permanent contracts accounts for 82% of the Group's headcount, with a strong variation between the Cables and Harness businesses.

The staff turnover rate[1] for the Group dropped significantly for the Cables business, at 7% in 2016 compared with 7.9% in 2015. This rate decreased ligthly for the Harness business at 43%. In the Cables business, sites in China and New Zealand significantly reduced their employee turnover rate in 2016, by more than four percentage points compared with 2015.

In the event of restructurings, the Group takes all possible steps to redeploy all of the employees concerned.

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

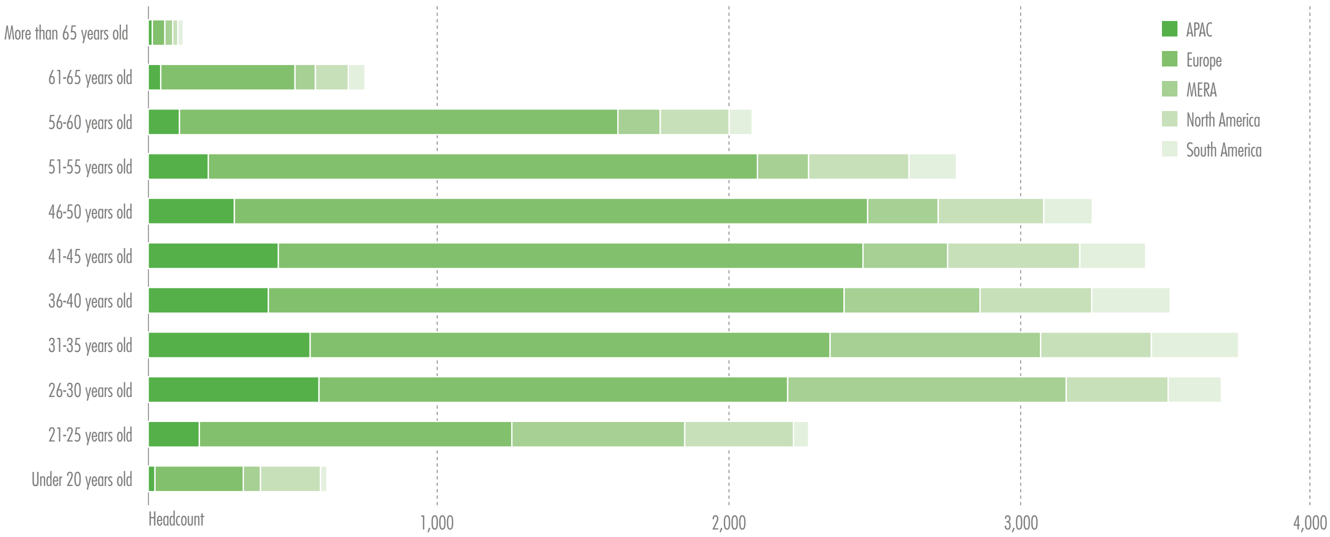
The European plan announced in June 2015 to streamline the Group's support functions and reduce capacity for medium-voltage cables in Europe was implemented as from the beginning of 2016. Most of the plan's measures are now operational, and completion is expected for mid-2017. The Finance and Purchasing functions were significantly simplified and harmonized to improve operating efficiency. Special care is given to guide the people affected by these changes throughout the transformation process. The vision for each function is explained and work seminars are held to pool ideas for improvements and explain new operating methods. Training on new procedures is also offered, while ongoing dialogue is maintained to monitor implementation and take any necessary corrective measures. To make sure these new processes are firmly integrated into Group operations and to continue taking steps to optimize and standardize them, the principles and work methods articulated in the Nexans Excellence Way program (visual management, transparency, responsiveness and structured, participatory problem solving) will be applied in the relevant areas in 2017 at the end of each project. Nexans Excellence Way is the Group's performance program and is now in place across the Group. It aims to eliminate the causes of inefficiency in our internal processes, resolve operating issues by removing the underlying causes and eventually standardize processes. Continuous improvement projects are now operational for the Group's major processes, such as tendering for customer bids, managing the supply chain from purchase request to supplier payment, developing new products and handling IT incidents. New projects are planned for 2017 to extend the functional areas of application and geographic coverage of these initiatives. A comprehensive training course on the principles of continuous improvement was also designed, with the first classes held in 2016.

4.2.2.2. EMPLOYEES

Breakdown by socio-economic category

12% of the Group's headcount is made up of managers, of which 23% are women.

In 2016, the average age of Group employees remained stable at 40 (39.9 in 2015). In the Cables business the average age was



43.5 and 34 in the Harness business.

In the Cables business, employees aged over 50 accounted for 44% of the total headcount in North America, 35% in Europe, 21% in South America and only 16% in the Asia-Pacific region.

- In Peru, early retirement was encouraged and officially spelled out in an agreement signed following negotiations held with employee representative bodies. Under this agreement, early retirees who created their own small business were entitled to financial assistance or tax exemptions.
- In Belgium, collective agreements were signed on the retention of employees over 45. The agreements give priority to these employees for day-time shifts as positions become vacant and provide for special training and tutoring programs.

Group hires by age bracket broke down as follows in 2016: 59.9% of employees were under 30, a total of 26.6% were between 31 and 40, another 10% were between 41 and 50 and 3.5% were over 50.

Average length of service for the Group's employees was 9.9 years, stable compared with 2015.

- In Lebanon, communication and recruitment campaigns highlighting Group values and Nexans' image as a market leader were launched to attract new talent through advertisements and job ads featured in magazines aimed at young professionals. In 2016, Liban Cables took part in four job forums and established partnerships with schools and universities, primarily in search of technical profiles for a medium-term investment. The employee rotation rate is very low in the country, due in part to the emphasis given to well-being.
- In Korea, lunch meetings with young employees were held regularly to discuss the challenges they face in developing a corporate culture and enhancing the appeal of Nexans as an employer. Emphasis was on the prospects of working abroad and collaborating on global projects. Nexans Korea also took part in a job forum in October 2016, essentially promoting sales, finance, technical and R&D positions. The employee turnover rate is low in Korea and has dropped since last year. Based on the findings of an opinion poll, special initiatives were taken (family day, encouraging employees to take paid leave, etc.) to make the Company more attractive to employees.

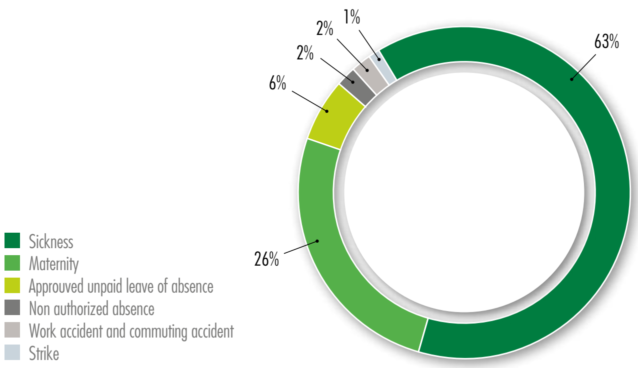
Working schedules

The Group believes in organizing employees' work schedules to enhance their work-life balance. Working hours are structured according to the local statutory and contractual frameworks, which can vary from one country to another. Whenever the total number of an employee's working hours is less than the standard number applicable within the entity concerned the position is considered to be part-time. In the Cables business, 2.5% of employees work part-time, and the percentage is 1% in the Harness business. Most of these employees are located in Europe (56%, all businesses combined), primarily in Germany, France, Norway and Benelux.

Monitoring absenteeism is a key element of management. In 2016, the Group's absenteeism rate lightly increased at 5.5%, with a rate of 4.6% for Cables (decreasing compared to 2015) and 3.3% for the Harness business (sharp decline from 6% in 2015).

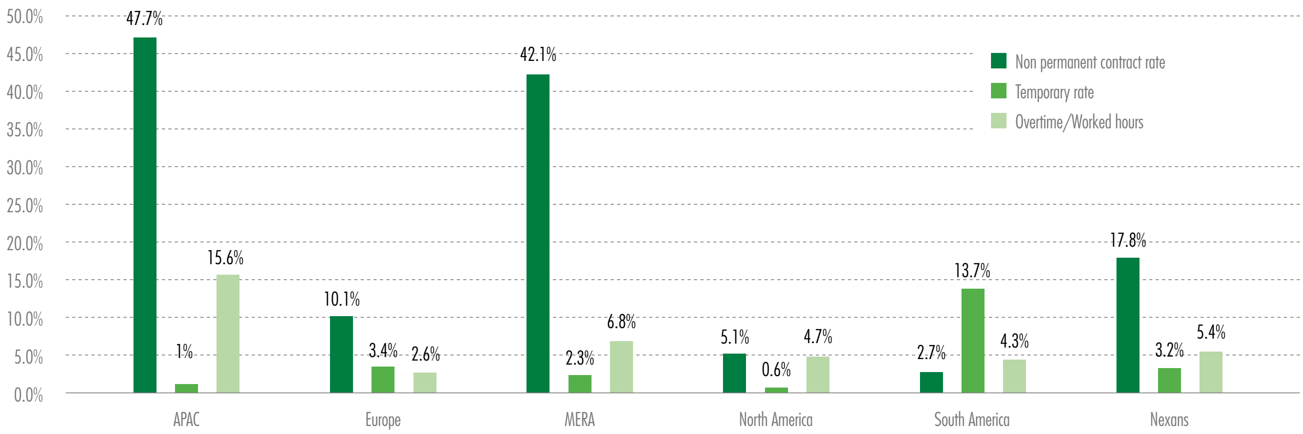
Illness is the primary cause of absence within the Group (63% of cases) followed by maternity leave (26%).

Distribution of absenteeism by motive



In 2016, employees on fixed-term contracts accounted for 18% of the Group's total headcount. In the Cables business, temporary workers represented 5% of the average number of employees (6% in 2015). The Harness business did not use temporary workers.

Overtime accounted for 6% of total hours worked for the Cables business, as in 2015.



4.2.3. Management, development and accountability at every level

4.2.3.1. MANAGING EMPLOYEES AND BUILDING SKILLS

The main aim of our skills building process is to develop our people and our organizational structures so that they can continuously adapt to changes in our business environment, deliver the performances expected of them and position the Group as a leader in its markets.

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

Managerial skills

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

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

In 2016, the Group concentrated on strengthening its ability to share Nexans' strategic vision in order to foster employee engagement and inspire them to act with agility, competitiveness and customer orientation. For that purpose, Nexans gathered its 150 key managers to share the stakes and the objectives of the year, and put forward the skills and the attitudes expected to support the transformation plan. Furthermore, the Group has continued its world campaign dedicated to the sharing of the Group's Vision, "Nexans brings energy to life", *via* personal testimonies from members of the the Management Council (in-house videos), a blog written by the Chief Executive Officer and other contributions from local management teams.

The leadership development programs designed for executives and their potential successors moved forward, more specifically addressing young managers. Meanwhile, evaluation and development efforts continued for two new functions, Finance and Purchasing. As in previous years, the executives who took part in the "leadership in motion" program in 2014 and 2015 benefited from 360° feedback to analyze and enhance the relevance of their individual development plan.

Building employee skills

The Group emphasizes training in each of its businesses, using a set of detailed technical competency models which each take into account Nexans' six core values.
These business competency models form the foundation on which Nexans creates its strategic objectives and aligns its organizational structure. These models form a solid base for building up the professional skills of employees and ensuring that the Group has the new skills and competencies required both for today and the future, while meeting our customers' expectations.

DIGITAL TECHNOLOGY: STEPPING UP THE FINANCE FUNCTION'S TRANSFORMATION AT NEXANS

The Finance Development Hub is a professional platform created under the transformation plan for the function. This change management tool is designed to bring about a long-term shift in culture and behavior by building a learning organization and promoting individual leadership.
The teaching method used helps participants identify, either on their own or with their manager, their development objectives and align them with the training courses on offer. The combination of digital technology with the educational expertise available through Nexans University can be used to reach all employees while taking into account their specific local operations.
The main finance jobs matrix, divided into functional skills, has created an offering of digital training courses which will be regularly expanded with additional training modules.

Technical excellence

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

The TESLA program focuses on recognizing technical experts within the Group in areas such as modeling, metallurgy, polymers, super-conductivity and smart grids. This initiative makes it possible to leverage know-how in research and the development of innovative products and solutions, and to meet the technical challenges that the Group must face by making its key areas of expertise and technical knowledge sustainable. This program is designed to offer all identified experts a career plan that is in line with their function. TESLA continues to grow, with 70 members at December 31, 2016.

In 2016, members made their first contributions on knowledge transfer at the TESLA Day, aiming to capitalize on best practices and make the Group more competitive. They also helped maintain expertise, especially knowledge gained through experience, by leading small group sessions for members of Nexans' technical community at the Group's annual technical conference.

4.2.3.2. GUILDING CAREER PATHS

Talent management

The Group continually seeks to identify talent within the organization, with talent management being one of its 11 CSR ambitions. Professional development is planned and monitored during performance appraisals and "people reviews". This cross-analysis by business or organizational structure creates a shared language and opens horizons for candidates and in-house recruiters to advance mobility and internal promotion.

Succession plans

The SPID (Succession Plan and Individual Development) is a unique process that makes it possible to identify our human resources requirements for the years to come, prepare for changes in career paths and succession plans and find talent. This process, which involves all management staff, was reviewed and rolled out in 2014 throughout all the countries where the Group operates. In 2016, we covered 60% of the manager population, with the goal of reaching all managers. Managers in some countries, for example in North America, Sweden and Switzerland, who had not yet implemented this practice have since joined the program.

Individual development plans

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

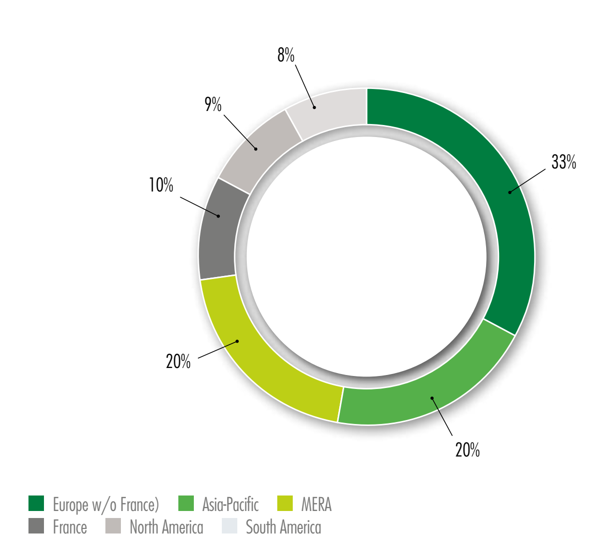
Other tools and training courses have been designed for a broader base of employees to create their own individual development plans. A cascade approach, along with a number of local initiatives, has been taken to drive these tools throughout the organization, reaching more than 50% of employees in 2016. Deployment will continue in 2017, with the aim of making individual development plans available to all employees.

International mobility

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

At end-2016, 78 employees were on international mobility assignments, all of whom were covered by one of two versions of a formal policy – one for within Europe and one for outside Europe – which ensures equal treatment for all participants in the mobility program.

The proportion of women on international mobility assignments continues to grow. It has climbed four percentage points over the past two years to reach 15% in 2016.
Most of the international mobility positions were in Industry, accounting for 23% of expatriates in 2016, followed by Finance with 19%.
Average length of service for expatriates in the Group is 12 years.



4.2.3.3. TRAINING POLICY TO DEVELOP SKILLS AND GUIDE CHANGE

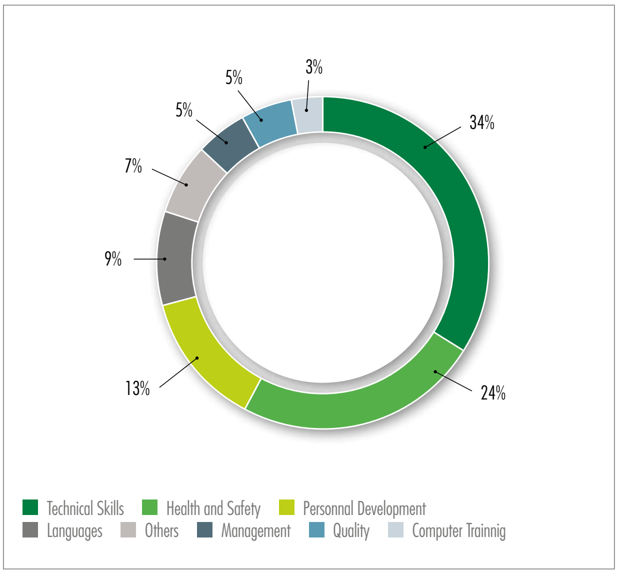
Training is primordial for everyone's growth. Each year, we invest in training at both local and Group level in order to ensure that we are prepared for market changes in the short, medium and long term. Training is offered to all employees and is the main way to build their skill sets.

The training provided by the Group can form part of individual training plans or can be the result of specific plans drawn up based on requirements expressed for particular projects (e.g., strategic plans and industrial, corporate or commercial programs).

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

- professionalizing the educational expertise within the Group;
- encouraging a culture of training and skills development within our core businesses and support functions;
- offering effective training for the allocated budget.

In 2016, the total number of hours devoted to training (in the workplace or outside the Company) amounted to 360,090, of which the Cables business accounted for 65%. A total of 15,618 employees (60% of the Group's average headcount in 2016) followed one or more training courses during the year, representing 23 hours' training per employee per year. Managers represented 17,4% of the total training numbers.



As in 2015, the theme-based breakdown of training time in the pie chart for 2016 highlights the considerable effort to develop courses concerning workplace health and safety.

NEW ACADEMY

The NEW Academy was created in 2016 to bolster the Nexans Excellence Way program. It was set up to drive a continuous improvement culture throughout Nexans' operational departments and support functions. Employees benefit from a two-year learning trajectory that combines theory (27 modules and a simulation workshop) with project experience and coaching. The NEW Academy aims to reach all areas of the organization. Beginning in November 2016, the first class was made up of 15 NEW champions from five countries and working in production, finance, R&D and sales.

PMDP ADVANCED

A new version of the Plant manager Development Program (PMDP), PMDP Advanced, was launched in 2016 and is designed to better prepare site managers for heightened competition and excellence in execution. 38 site managers are currently enrolled in the program, which features a comprehensive range of learning tools such as e-learning, classroom instruction, feedback, testing, case simulations, etc.

TAP, THE TALENTS AND AGILITY PROGRAM

The Group is fully aware of the importance of attracting and retaining new talent. This concern led the High-voltage Business Group to launch an experimental initiative in 2016 to reward and develop the skills of young managers. This program, called TAP for Talents and Agility Program, starts with an evaluation, followed by a more in-depth discussion with an HR professional who helps the manager in defining a personalized individual development plan. Some of the managers reviewed are selected by management to participate in a development program combining theory and practical application to groom them in creating their own authentic leadership style, gaining a thorough understanding of business drivers and building an extensive network within the Group. The program is set for implementation at other units in 2017.

Nexans University

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

Nexans University rolls out the training sessions using the cascading model (train the trainers) and in-house videos which allow to optimize the cost and quality of training, while maintaining a high level of educational expertise throughout the Group.

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

In order to strengthen cooperation, synergy and a cross-business approach between the Group's entities, in 2016 Nexans University continued to offer Process Design, Change Management and Project Management training sessions to support current transformation programs.

STRENGTHENING SALES AND MARKETING EXPERTISE THROUGHOUT THE GROUP

Sales and marketing expertise was emphasized in 2016, especially in Europe, taking a cascade teaching approach to cover topics such as product differentiation, pricing and negotiation skills. The Group will continue these efforts in 2017.
A new multidisciplinary, on-site learning approach combining theory and practical application brings together sales (portfolio optimization, pricing, etc.), manufacturing and technical teams (redesign to cost). This program helped bring about fresh growth and turn performance around at several units.

DIGITAL TAKES ON A BIGGER ROLE AT NEXANS UNIVERSITY

Nexans University continued to support the development of Group programs (Ethics Compliance Program, Business Ethics, etc.) and the rollout of Group tools (Purchasing) through e-learning. It tested different content providers with a view to enlarging its range of online personal development and behavioral skills training courses in 2017. Meanwhile, the first technical e-learning programs, developed and produced entirely in-house, were launched online.

Finding the best ways to share skills, harmonize working methods and improve cooperation among business units was Nexans University's biggest concern in 2016. This work will make it possible to strengthen development support for employees.

4.2.3.4. COMPENSATION AND EMPLOYEE SHARE OWNERSHIP

Compensation policy

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

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

These budgets are determined based on a standardized process that integrates potential local wage changes and inflation rates in the countries where the Group operates. This approach helps manage the budget process and prepare for annual salary negotiations.
For the Group's managers, the compensation policy is underpinned by a job classification system (Nexans Grading System), which began to be rolled out in 2011.

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

In 2016, Nexans continued to apply its standard Group-wide approach for establishing pay raise projections for each of the countries where the Group operates based on local trends in terms of wage and inflation changes. This approach, adjusted for the outcome of annual salary negotiations in each country, is used to set both collective and individual salary increase budgets.

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

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

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

The Group's long-term compensation policy is aligned with Nexans' three-year strategic objectives. The policy is based on the following:

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

Employee share ownership

Nexans firmly believes that employee share ownership provides a powerful means of strengthening a company's financial and human capital, turning employee shareholders into long-term partners.
Since 2002, Nexans has offered employees the opportunity to buy stock in the Company every two years.

In the first half of 2016, 17,000 employees across 23 countries were given the opportunity to participate in the seventh employee share ownership plan («Act2016»).
Following on from the three previous plans, the offer was based on a formula combining a guarantee for employees' individual investments and a multiple based on any increase in Nexans' share price over the next five years.

Nearly 15% of eligible employees took up shares, leading to the creation of 483,612 new shares (of which over 380,000 were awarded to employees) on July 28, 2016.

Following the completion of Act2016, 20% of Group employees now own shares in Nexans, representing 3.95% of the share capital at December 31, 2016.

4.2.3.5. 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.

The collective retirement savings plan (PERCO), established in France in 2011, enables employees to save for retirement with the support of the Company.

4.2.4. An active workplace health and safety policy

"SAFETY FIRST ! Think Safe, Act Safe, Be Safe", such is the commitment of Nexans carried to the highest level decision making.
Employee health and safety is an absolute priority for the Group, both in relation to its own employees and those of all its partners (subcontractors, temporary staff, customers, etc.) fully part of the Group's core Values. Workplace health and safety is a key performance indicator , 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. Forty percent of our manufacturing sites are OHSAS 18001 certified.

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

On September 26, 2016, for the second year in a row, Nexans organized a **Group Safety Day** simultaneously at 154 sites worldwide.
Throughout the day, over 26,000 employees took part in a variety of activities focusing on workplace health and safety.
Each site established a Safety Day Challenge, using a shared format, to set a goal for 2016 and the initiatives to be taken to reach this goal. The day provided an opportunity to remind each entity how important safety is and to share best practices through a specially created Group-wide forum that brings together all sites worldwide.
In 2016, the Group highlighted management involvement, administrative head offices, behavioral activities and the simulation of real risks in the field. Several entities decided to devote an entire day to on-site working groups, with all employees, and managers, together focusing on topics such as analyzing risks, understanding working conditions in the field, using work equipment, environmentally friendly driving techniques, workstation ergonomics and first aid.

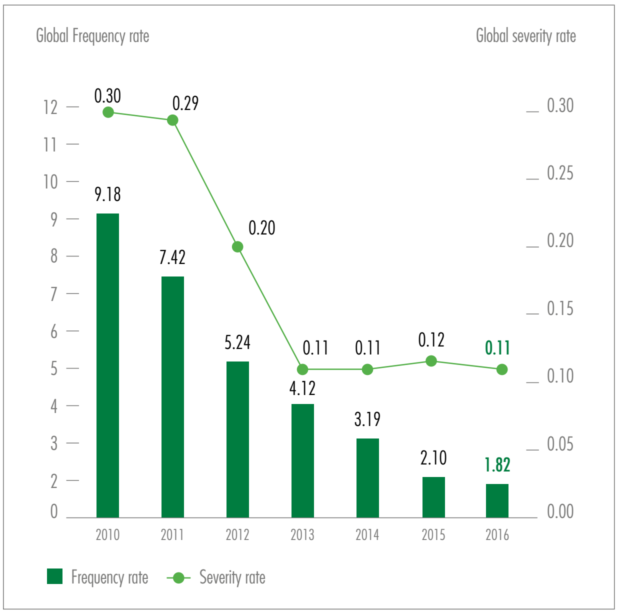
The Group's ongoing safety efforts in 2016 in all of its geographic areas enabled it to achieve an overall work accident frequency rate of 1.8 at the year-end (in line with the annual target), representing a 20% reduction compared with 2015.
This frequency rate breaks down as follows:

- Frequency rate for internal employees: 1.83
- Frequency rate for external employees: 1.66

A total of 34 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 factories.

The number of lost workdays due to occupational accidents stood at 5,683 in 2016.

The Group's severity rate was 0.11. The stability of this rate compared with 2015 testifies to the Group's vigilance towards workplace health and safety.



The definitions of the frequency rate and severity rate are included in section 4.4., Environmental and HR indicators – CSR concordance tables.
The Group plans to continue its work on workplace health and safety in the years to come.

The main occupational health risks for which prevention and control measures are taken involve manual handling, repetitive or strenuous movements and chemical exposure. Entities identify and monitor possible occupational illnesses according to their local legislation. Currently these figures are not consolidated at the Group level.

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

Some sites have started offering special workstation ergonomics awareness training sessions as well as regular check-ups for staff to monitor for musculoskeletal, cardiovascular and psychosocial issues. Other safety measures include the systematic use of personal protective equipment when risk assessments require it in certain site areas or workstations.

In addition to regular health check-ups, employees were surveyed to assess their stress level, exposure to noise pollution and hazardous substances, workstation ergonomics, etc., to prevent health and safety risks and invest in the appropriate equipment.

Along with its measures to reduce the risks of damage to employee health or loss of capacity to work, Nexans also takes local initiatives to support health education and public health programs.

These programs encourage employees to adopt healthy behavior on a day-to-day basis.
They may involve:

- free health check-ups for employees in countries where access to health care is difficult or costly:
  - Nexans Russia provides medical exams and vaccinations,
  - Nexans Liban offered its employees new health care insurance in 2016, with better coverage.
- encouraging physical activity and exercise by making sports equipment available:
  - Nexans Sweden offers access to a fitness room,
  - Nexans Switzerland organizes the sports event, Feel Good at Nexans, every year during which employees compete in four disciplines.
- 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.

Information on asbestos is provided in paragraph 3.1.2.10., Asbestos.

4.2.4.1. A BROAD-BASED APPROACH

During 2016, the Group's workplace health and safety measures were underpinned by the following programs and initiatives, in line with its health and safety roadmap:

Safety Standards: In view of the main risks inherent in its business, the Group has defined a set of basic rules to guarantee its employees' safety. As at the end of 2016, 28 safety standards covered technical aspects, methodology and behavior.

The Basic Safety Tools used by operations teams with the support of the HSE and Continuous Improvement teams (as part of the Nexans Excellence Way program) include:

- Job Safety Analysis (JSA) to analyze tasks performed, identify risks of exposure and determine corrective measures;
- Safe 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.

In 2016, the Group stepped up the use of these basic safety tools by integrating them into Nexans University courses and developing a train-the-trainer program to expand their application across the different operational regions. In late 2016, 28 people attended a seminar on JSA and SUSA tools to learn how to train operations teams in their respective countries.

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

- In 2016, Nexans defined its 15 Safety Golden Rules. These rules mainly address behavior and must now be applied at all Group factories. They were defined based on an analysis of the main risks and most serious or common types of accidents. The Group invested 5 million euros to bring sites into compliance with certain criteria defined in the rules or to significantly improve plant safety in specific areas (machine safety, work at height, drums storage, electrical testing, traffic flow, maintenance and civil works, emergency equipment, etc.).

4.2.5. Labor relations and social dialogue: a key component in change

Nexans holds the freedom of association and collective bargaining to be fundamental rights that must be respected worldwide. Nexans is committed to adhering to local legislation in every country where it operates. The Code of Ethics and Business Conduct, updated in 2016, 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.

The recognition of the right to organize is specifically mentioned in the Code of Ethics and Business Conduct and upheld through Principle 3 of the Global Compact: "*Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining*".

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 covered in the Group's social reporting system.

4.2.5.1. PROACTIVE SOCIAL DIALOGUE

Social dialogue and listening to employees are a central focus in the Group's transformation plan.

These priorities are reflected in the ambitious program to promote new forms of social dialogue with Group employees (employee forums, internal work groups, dealing with social irritants through site action plans, etc.) that is currently being rolled out in Europe.

This innovative program received an award at the 10th "Hopes of Management" (*Les espoirs du Management*) ceremony, an event held every year to honor adaptable initiatives that combine company performance and employee recognition. (See paragraph 4.2.7., Employee commitment and engagement).

It also strengthens the Group's corporate culture, which is based on the principles of collective free expression and mutual respect to maintain lasting, constructive collective labor relations with all employees and their representatives.

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

In 2016, the Group's subsidiaries entered into nearly 50 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.

As for obligations under the Labor Act no. 2016-1088 of August 8, 2016, related to work, the modernization of labor relations and job security, Nexans stays looking forward to the publication of the decree.

4.2.5.2. A EUROPEAN BODY FOCUSING ON SOCIAL DIALOGUEL

Nexans European Works Council (NEWCO)

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

It serves as a veritable cross-border body, with a role that is separate from but complementary to that of the national representative bodies and it has its own specific prerogatives.

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

In 2016, NEWCO's employee representatives closely monitored the implementation of the project to reorganize Nexans' European activities.

This representative body was renewed in early 2016. Seven members were re-elected to serve another term on Newco, and six new members joined the council to replace former members.

4.2.6. Diversity and equal treatment

Nexans continues to play an active role in promoting cultural diversity. In 2016, 24 nationalities were represented at the registered office, with seven nationalities on the Management Council (39% of members are not French citizens).

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.

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

WIN (Women in Nexans) is a special program set up to support women's professional development and form a Group-wide women's network. One of its first initiatives brought together a dozen women of several nationalities for two days to discuss creating a Nexans women's network that focuses on their professional advancement.

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.

In France, during European Disability Employment Week in November 2016, disability awareness workshops designed to change behavior and a hotline service provided by an independent firm were available for employees at the Group's registered office and the Nexans France registered office.

In addition to the traditional reporting system, the Group has implemented measures to detect and address violations of the Code of Ethics and Business Conduct in human resources and other areas. These measures include a whistle-blowing procedure to alert the Group's Ethics Officer to any violations and the request sent out twice a year by the Executive Management asking managers in all countries to report any cases of non-compliance that may have occurred locally. These procedures are described in greater detail in paragraph 4.3.5. below.

4.2.7. Employee commitment and engagement

Internal HR barometer – employee survey

Employee commitment is an important driver for achieving operating excellence and the Group's performance objectives.

Nexans launched another worldwide internal opinion survey in 2016 to assess how employees view topics related to their work life (management, organizational structure and operating efficiency, training and personal development, etc.). This year's updated version included a new category of questions on internal communications to gain greater insight into the topic.

The survey was translated into 15 languages and covered about 50 countries, with the same format as the one conducted in 2014 to compare findings.

At over 75%, the high participation rate reflects the importance employees give to the survey. Its findings showed substantial headway made across all topic categories.

- 78% of managers expressed their confidence in Group Management's vision of the future, a figure that has risen more than 17 points since the 2014 survey.
- 91% of managers feel that the Group provides adapted training programs on workplace safety, representing an increase of 7 points.

Taking into account a larger pool of employees surveyed:

- 87% of employees surveyed say they are well informed of Nexans' core values;
- 75% of employees surveyed strongly believe in the strategic objectives outlined by the Group;
- 77% of employees surveyed think that Nexans is a good employer.

However, there is still room for improvement in the "Accountability" and "Direct Superior" categories.

- 49% of employees surveyed feel that they are working in an environment in which it is acceptable to challenge traditional working methods;
- 58% of employees surveyed receive regular feedback from their direct superior about their performance.

This survey serves as a precious tool for steering the priorities of the Group's organizational transformation and managerial development programs.

New action plans will be deployed in 2017 to build on this progress and further improve its operating and social performance.

Within the scope of this continuous progress-oriented initiative, Nexans' next survey scheduled for 2018 will make it possible to assess the headway made since 2014.

In addition to conducting this Group-wide survey, Nexans' European businesses continued their initiative of holding employee forums to strengthen relations with their employees. The purpose of these forums is to provide local staff with a platform for expression, with a view to working together on trouble-shooting, coming up with pragmatic solutions based on concrete experience and developing the site action plan hand in hand to improve working conditions and operating performance.

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

EUROPEAN EMPLOYEE FORUMS

Employee forums offer a special opportunity for sharing and dialogue to work towards success in transforming our professional practices. Twenty-six employee forums have been held to date in nine European countries. Each forum has produced an action plan that has been monitored and widely disseminated among all staff.

Employee engagement

Transforming organizations and the professional practices of our staff while instilling a new managerial mindset to improve business, social and industrial performance requires engagement and commitment from a vast majority of employees.

A social 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 in determining and monitoring the action taken.
By fostering interaction between the key players in the organization in these areas, we can develop the conditions needed to create a work environment in which everyone can identify ways to drive their own commitment and motivation.

4.2.8. Data compilation methodology for HR indicators

The HR indicators are presented in section 4.4.

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

- Quantitative human resources data is compiled in each country or entity on a quarterly basis *via* an internal data system and is then accessed using a business intelligence system. The data compilation process is subject to internal consistency checks. Data on health and safety is analyzed jointly with the Industrial Management Department. Headcount data is reconciled with the figures reported in the Finance Department's system and discussions may take place between the head office and the entities concerned in relation to other data.

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

The scope of consolidation for human resources data is the same as that used for the Group's consolidated financial statements. Russia was deconsolidated in November 2016 but was included in the human resources data for the year. Not included in the human resources data reported are the following non-significant entities of the Group: Nigeria, Qatar and Ghana (representing about 1% of total headcount).

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

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

If an indicator has already been officially published (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 contract has been suspended).

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

- **Workplace health and safety:** Workplace accident frequency and severity rates are calculated based on the actual number of hours worked, the number of workplace accidents with more than 24 hours of lost time, and the number of calendar days lost due to workplace accidents. The frequency rate also takes into account 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 HR indicators provided in section 4.4. of this present document.

4.3. Societal approach and data

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

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

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

As reiterated in the Code of Ethics and Business Conduct, it places great importance on building up close ties with local and regional communities, economic and social players, universities, schools and training centers with a view to capitalizing on its strong local presence.

The Group also contributes to community projects and its subsidiaries' sites seek to forge high-quality relationships with their neighboring communities both financial and human resources to supporting non-profit organizations, aid programs, voluntary work, and partnerships with schools.

The following are just a few examples of the initiatives supported in 2016:

- **Local economic and industrial development projects organized** through employer federations, chambers of commerce and industry and cooperatives (for example in Sweden, Nexans is represented by the city Chamber of Commerce and Industry, which works actively on manpower and infrastructure issues);

- Contribution to organizations that take measures to improve the environment (litter pick-up, recycling, energy spending awareness, pollution, etc.):
  - In Switzerland, an orchard was planted in a field next to the Cortaillod plant,
  - In Lebanon, donations were made to the Lebanon Mountain Trail to maintain local agriculture and help farmers (some of whom are employees) through the "apple crisis" (difficulty selling stocks due to the war in Syria);

- Well-being programs for both employees and their families (addiction counseling, nutrition advice, sports facilities, massages, etc.) and sponsorship of disease control and disaster relief organizations:
  - In Italy, the innovative Special Stage charity project is the first music contest to take place at hospitals in cooperation with young musicians,
  - In Chester in the United States, several non-profit organizations (fight against breast cancer, construction of children's hospitals) are promoted by Nexans as well as given donations,
  - In Colombia, appointments are available with nutritionists who perform check-ups to prevent cardiovascular diseases,
  - In Turkey, the Safe Life Seminar was held at a local high school to educate students, teachers and parents about the risks of natural disaster to stay prepared in the event of an earthquake (emergency evacuation drill). The School Emergency Exit Planning organization was also involved and gave each student who took part in the program a CD with the Nexans logo.

- 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 Canada, four scholarships were granted to finance the undergraduate education of children of Group employees. Donations were also given to colleges and engineering schools,
  - In Chile, a program has been set up with specialized manufacturing schools under an agreement between the schools and the Group, which hires apprentices with knowledge of the machines, tools, safety and maintenance. Designated tutors at the Company guide students through their apprenticeship. Following the training program, students with the best performance are hired for any positions available;
- Children's programs and education: The Group supports children's programs in several countries. For example, Peru sponsors and collects donations for two local educational development organizations. Morocco offers tutoring sessions for children of employees to prevent children from dropping out of school.

4.3.2. Relations with stakeholders

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

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

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

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

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
Suppliers	■ CSR Charter (2) ■ Supplier CSR risk map	Purchasing
Employees	■ Intranet ■ NewsWire, electronic newsletter ■ Surveys ■ Employee forum at European sites ■ Corporate values ■ Safety day ■ Individual skills development meetings ■ Social dialogue with employee representative bodies	Human Resources,Communications, Site Management
ESG analysts and investors (1)	■ Response to rating questionnaires ■ Individual meetings	CSR, Finance
Technical and Research Centers	■ Collaborative approach, setting up and participating in competitiveness clusters, R&D programs, university chairs and trade associations ■ Partnerships with universities ■ Taking on apprentices and interns ■ PEPecopassport program	Technical
Communities, NGOs	■ Corporate citizenship programs ■ Partnerships with local NGOs ■ Open house days	RSE, Communication, Pays

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

4.3.3. The Nexans Foundation: Solidarity through electrical power

Created in early 2013, the Nexans Foundation aims to help bring electrical power to disadvantaged communities throughout the world by giving priority to grassroots-level organizations and sustainable solutions. This commitment follows on from the United Nation (UN)'s call in 2012 to promote awareness worldwide about energy poverty and the importance of developing access to energy. In 2015, the UN took this initiative further by including an energy component in its new sustainability targets – to ensure access to affordable, reliable, sustainable and modern energy for all (sustainable development objective no. 7) – a priority long recommended by the International Energy Agency (IEA)(3), which advocates universal energy access by 2030.

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

(3) www.iea.org.

Sustainable Energy for All[1] currently estimates that 1.1 billion people do not have access to electricity and at least 2.9 billion people do not have access to clean energy for cooking. More than 95% of these people live in sub-Saharan Africa or in developing 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 29 organizations and helping over 600,000 people since 2013

With an annual budget of 300,000 euros, the Nexans Foundation has supported 47 projects in 24 countries in partnership with 29 organizations since it was created. These projects have brought or plan to bring electrical power to nearly 600,000 people.

The Nexans Foundation supports large non-profits that are well known in the area of access to energy such as Electricians Without Borders, the Group for the Environment, Renewable Energy and Solidarity (GERES) and the *Fondation Energies pour le Monde* for large-scale projects, as well as smaller organizations. It works in all countries and primarily in countries affected by energy poverty. While most of the Foundation's projects are developed in sub-Saharan Africa (in 14 countries), projects also exist in Morocco, Asia (in six countries), Brazil, Haiti and France.
An activity report must be submitted to ensure that the project meets all necessary requirements to receive financial assistance.

The Nexans Foundation also supports one-off projects involved in emergency situations (e.g., Haiti in 2016).

The Foundation launched a volunteer program called We Are Volunteers in September 2015. This solidarity initiative, which is currently being tested in Europe, gives Group employees the opportunity to volunteer their personal and professional skills that may be needed by the Foundation's partner organizations. In 2016, volunteer employees took part in 16 missions, including a photo report project in Madagascar with the *Fondation Energies pour le Monde*.

For more information on the Nexans Foundation, please visit: http://fondationnexans.com/en/

4.3.4. Subcontracting and suppliers

In 2016, subcontracting represented 2.5% of the Group's purchases, which comes to 1.7% of its consolidated sales.

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

The Group carefully monitors that human rights – mainly through the principles of the United Nations Global Compact, of which it is a member – and its internal rules on ethics are respected at every stage of the supply chain, by asking "Class A" suppliers (representing 80% of total purchases) and new suppliers to sign its CSR charter. The majority of the Group's Class A suppliers have already agreed to sign the Charter. In addition, a CSR risk map has been drawn up, which identifies the Group's few suppliers whose awareness needs to be more acutely raised about sustainable development issues and respecting CSR principles.

The Group's subsidiaries strive to develop fair and sustainable relations with their subcontractors and suppliers while taking into account the social and environmental impacts of their activities. A questionnaire on compliance with the principles of the CSR Charter (compliance with ILO principles and OECD guidelines, human rights, labor standards, environmental standards, corporate governance, product responsibility, etc.) was sent to our suppliers that could present potential CSR risks in an effort to raise buyers' awareness about CSR and to assess any instances of these suppliers' non-compliance that might require corrective measures, including on-site audits. The deadline for these questionnaires is in early 2017.

(1) http://www.se4all.org

The Group's sustainable sourcing policy is reviewed every year by EcoVadis[1], an organization that provides supplier sustainability ratings and scorecards. With a rating of 68/100 in 2016, Nexans ranks in the top quartile of the thousands of companies assessed by EcoVadis.

The Group is also looking into additional due diligence measures it may be required to introduce if the proposed bill on the duty of care (*devoir de vigilance*) for parent companies and large French companies is passed in France.

Conflict minerals

In dealing with the issue of minerals from conflict zones[2] (e.g., the Democratic Republic of the Congo and adjoining countries), specifically those listed in the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, Nexans is required to "conduct a reasonable country of origin inquiry" on the minerals that it uses and exercise due diligence to determine if any so-called conflict minerals, as defined in Dodd-Frank, are used in the supply chain.

The Group is not quoted on any U.S. stock exchange, which would require it to comply with this legislation. However, Nexans takes the rules of the Dodd-Frank Act seriously, in line with its CSR commitments, especially to the United Nations Global Compact. As such, it has implemented a procedure to address this issue within its own supply chain and meet its customers' requests:

- As a downstream manufacturer, Nexans works with its suppliers at the greatest risk (primarily suppliers of tin and compounds containing gold) to ensure that the metals used originate from sources free of these conflict minerals. Inquiries led thus far have confirmed that supplies come from sources "free of conflict";

- If Nexans became aware of any supplier that uses metals containing "conflict minerals", it would take immediate action to remedy the situation.
  This position was articulated in the Group's Conflict Mineral Policy signed by the Executive Vice President for Purchasing and updated in January 2015.

4.3.5. 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, 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 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. Each year, a specific action plan is established and rolled out throughout the Group by management.

- It includes in particular the signing of Ethics Code compliance certificates by all Group managers and an advanced 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.

(1) EcoVadis: http://www.ecovadis.com/.
(2) The main conflict minerals are cassiterite (tin ore), coltan (tantalum ore), wolframite (tungsten ore) and gold ore.

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.

Certified anti-corruption procedure

Nexans has developed a detailed anti-corruption procedure that requires due diligence on the integrity of agents and business partners in high corruption risk countries, commitments to comply with applicable international regulations relating to anti-corruption and the content of services provided by agents.

Nexans was awarded the ETHIC Intelligence certificate in 2016, demonstrating the quality of the anti-corruption prevention policy featuring in its Ethics Compliance Program.

Program coordination and supervision

In the Executive Management's continuous effort to stress the importance of the Ethics Compliance Program and its action for the Group, the design of the program and guidance for managers in deploying it has come under the responsibility of the Ethics Compliance Program Manager since October 20, 2015.

A whistle-blowing procedure is open to all Group employees and third parties to alert the Group's Ethics Officer (whose function is different from that of the Ethics Compliance Program Manager) to any violations of the Code of Ethics and Business Conduct.

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.

4.3.6. Measures taken to protect consumers' health and safety

Protecting consumers' health and safety is an absolute priority for the Group. Nexans takes steps to achieve this in three main areas:

- managing chemical substances used in its products;
- disclosing environmental product information;
- developing products with a reduced environmental impact through ecodesign.

Chemical 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 2016, the Group continued its action to comply with and uphold REACh regulations:

- **Anticipate:** by identifying chemicals currently being assessed at the European level and participating in the European consultations on the use of these substances at our factories and in our products. Twice a year, the Technology and Innovation Department issues an internal roadmap on the substances used at Nexans and for which Europe has launched a process to assess the risk of a change in classification or restriction in use.

- **Innovate:** several research programs were initiated to find innovative solutions to replace substances that could potentially be classified as dangerous in the future.

- **Communicate:** through dialogue with its suppliers, Nexans maintained its strict monitoring of the composition of materials used in 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. Initially available in Belgium, Nexans Tracker was deployed in France in 2016. This tool provides customers with easy access to information on any dangerous substance on the REACh authorization list that could be present in products. Information is updated in real time in line with EU regulations so that customers always have access to the most recent developments.

All the cables produced by the Group comply with European RoHS regulations.

The Group continues to develop innovative solutions to replace other substances that do not come under REACh or RoHS regulations in anticipation of potential future regulations banning substances that could eventually be dangerous to the health and safety of employees and consumers.

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.

ECO Material Declaration is an environmental communication format developed by Europacable, the trade association for Europe's leading cable manufacturers, which Nexans chaired in 2016. 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).

Product Environmental Profile (PEP).

See paragraph 4.1.1.3., Limiting the environmental impact of our products.

Ecodesign

See paragraph 4.1.2., Innovating to promote a circular economy.

4.3.7. Data compilation methodology for societal data

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

The Group's subcontractor data is tracked, analyzed and consolidated by the Purchasing Department. The information disclosed in section 4.3. is collected annually through a survey of the Group's different units. Amounts include value added tax (VAT).

4.4. Environmental and social indicators – CSR concordance tables

Environmental indicators

	2016	2015	2014
Number of sites monitored	85	90	92
CONSUMPTION OF RAW MATERIALS			
Energy purchased (MWh)	1,235,928	1,218,955	1,285,619
■ o/w electricity (MWh)	699,377	732,011	772 200
■ o/w fuel oil (MWh)	62,004	78,186	97,746
■ o/w gas (MWh)	461,010	393,143	400,181
■ o/w steam (MWh)	13,536	15,615	15,492
Water consumption (cu.m)	2,080,471	2,272,977	2,729,212
Solvent purchased (tonnes)	433	460	514
Copper consumption (tonnes)[2]	470,000	445,000	476,000
Aluminum consumption (tonnes)[2]	110,000	113,000	133,000
WASTE AND EMISSIONS			
Waste tonnage (tonnes)	80,123	84,832	98,712
■ o/w hazardous waste (tonnes)	5,048	5,368	6,840
CO_2 emissions (tonne CO_2 eq.)[1]	407,973	411,396	559,553
MANAGEMENT			
Number of ISO 14001 certified sites	65	66	63
% of sites with ISO 14001 certification	76%	73%	68%

(1) CO_2 emissions include direct and certain indirect emissions (from electricity and steam consumption, power line losses, use of fossil fuels and waste treatment, as well as fugitive emissions). Reporting scope covering 85 sites.
(2) The tonnes consumed correspond to the tonnes sold to Group external customers during the year.

HR indicators

	2016	2015	2014
NEXANS GROUP			
TOTAL HEADCOUNT	**26,258**	**26,607**	**26,144**
Europe	14,849	15,194	15,214
Asia-Pacific	2,882	2,707	2,434
North America	3,227	3,415	3,153
South America	1,540	1,585	1,882
Middle East, Russia, Africa	3,760	3,706	3,461
CABLES BUSINESS			
HEADCOUNT, CABLES BUSINESS	**16,329**	**16,606**	**17,543**
% female employees	16%	16%	16%
% female managers (out of manager population)	23%	22%	21%
Average age	43.5 years	43.5 years	43.1 years
Average length of service	13.1 years	13.1 years	12.7 years
% temporary employees	5.16%	8.52%	5.82%
Disabled employees(1)	365	333	319
EMPLOYMENT DATA			
Natural departures	-1,375	-2,316	-1,631
Restructurings	-389	-520	-590
New hires	1,488	2,289	1,573
Impact of changes in Group structure	7	1	6
Transfers	-58	60	-102
Employee turnover rate(2)	6.74%	7.90%	7.90%
Overtime rate(3)	6.10%	5.70%	6.30%
Part-time contracts	394	477	480
% fixed-term contracts	8.90%	7.90%	8.00%
Absenteeism rate	4.56%	5.20%	4.20%
HEALTH AND SAFETY			
Overall workplace accident frequency rate(4)	2.62	2.75	3.45
Number of sites with a zero accident rate	34	35	35
Overall workplace accident severity rate(5)	0.18	0.18	0.14
TRAINING			
Total number of training hours	233,029	237,087	322,177

(1) This figure does not take into account countries where this information is not disclosed due to local regulations.
(2) Employee turnover rate = number of departures (resignations, contract expirations, individual terminations, death) excluding departures due to retirement, restructurings, business disposals and employee mobility transfers/average headcount x 100.
(3) Overtime rate = number of overtime hours worked/total number of hours worked.
(4) 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.
(5) Overall workplace accident severity rate = total number of lost work days (due to accidents at work)/total number of hours worked x 1,000. This rate relates to internals and externals.

	2016	2015	2014
HARNESS BUSINESS			
HEADCOUNT, HARNESS BUSINESS	**9,929**	**10,001**	**8,601**
Europe	5,691	5,836	5,348
Asia-Pacific	569	423	N/A
North America	1,796	1,894	1,482
Middle East, Russia, Africa	1,873	1,848	1,771
% female employees	59%	60%	61%
% female managers (out of manager population)	19%	15%	13%
Average age	34.2 years	33.9 years	34 years
Average length of service	4.6 years	4.3 years	4.4 years
EMPLOYMENT DATA			
Natural departures	-4,068	-4,185	-2,488
Restructurings	-1,400	-8	-47
New hires	4,184	4,462	3,966
Impact of changes in Group structure	0	79	0
Transfers	-71	0	0
HEALTH AND SAFETY			
Overall workplace accident frequency rate(1)	0.4	0.9	2.5
Overall workplace accident severity rate(2)	0.01	0.01	0.03
TRAINING			
Total number of training hours	127,061	49,444	25,586

(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) Overall workplace accident severity rate = total number of lost work days (due to accidents at work)/total number of hours worked x 1,000. This rate relates to internals and externals.

CSR concordance tables

The CSR concordance tables are available in section 8.4. p. 276.

The concordance tables include the following:
- The concordance between articles R225-104 *et seq.* of the French Commercial Code and the GRI-G4 indicators,
- The concordance with the principles of the Global Compact.

4.5. Report by the appointed independent third party

on the consolidated social, environmental and societal information provided in the Management Report

Year ended 31 December 2016

To the Shareholders,

In our capacity as independant third party of the company NEXANS S.A., accredited by the COFRAC registered under number 3-1049[1], we hereby present to you our report on the consolidated social, environmental and societal information (hereinafter the "CSR Information" in the Management Report for the year ended 31 December 2016, presented in the Management Report (hereinafter the "CSR Information"), in accordance with Article L.225-102-1 of the French Commercial Code.

Company's responsibility

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

Independence and quality control

Our independence is defined by regulatory texts, the French Code of Ethics (*Code de déontologie*) of our profession and the requirements of article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

Responsibility of the appointed independent third party

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

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved five persons and was conducted between November 2016 and February 2017 during a seven week period.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of statutory auditors (*Compagnie nationale des Commissaires aux Comptes*) relating to this engagement and with ISAE 3000[2] concerning our conclusion on the fairness of CSR Information.

1. ATTESTATION REGARDING THE COMPLETENESS OF CSR INFORMATION

Nature and scope of the work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

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

(1) For which the scope is available on the site www.cofrac.fr.
(2) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in 9.1.6., 9.2.8. and 9.3.6. section of the Management Report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. CONCLUSION ON THE FAIRNESS OF CSR INFORMATION

Nature and scope of the work

We conducted around twenty interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important[(1)]:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the Management Report;
- at the level of a representative sample of entities selected by us[(2)] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents for example 18% of headcount considered as material data of social issues and between 16% and 65% of environmental data considered as material data[(3)] of environmental issue.

(1) Social Indicators: Total Workforce (repartition by gender and by age), Hiring and dismissals, Absenteeism rate, Frequency and severity rate of work accidents of Nexans employees, Total number of training hours.
Environmental Indicators: Energy consumption (electricity consumption, natural gas consumption), Fuel bought, Water consumption, Quantity of solvent bought, Quantity of produced waste and. Proportion of sites certified ISO 14001.
Societal indicator: Importance of subcontracting.
Qualitative informations : Organization of social dialogue ; Occupational health and safety conditions ; Policies implemented regarding training; The organization of the company to integrate environmental issues ; Consideration in the relationship with subcontractors and suppliers of their social and environmental responsibility and actions implemented against corruption.
(2) Social Indicators: Nexans Benelux (Belgium), Nexans Norway (Norway), AUTO Romania (Romania).
Environmental Indicators (without proportion of sites certified ISO 14001) : Halden (Norway), Nava (Mexico), Piedras Negras (Mexico);
Quantity of produced waste: Battipaglia (Italy), Grimsas (Sweden), Montreal (Canada), New Holland (USA), Noyelles Casting (France), Santiago (Chili);
Electricity consumption : Battipaglia (Italy), Grimsas (Sweden), Mesaieed (Qatar), Montreal (Canada), New Holland (USA), Noyelles Casting (France);
Natural gas consumption : Battipaglia (Italy), Montreal (Canada);
Fuel bought : Mesaieed (Qatar) ; Nahr Ibrahim (Lebanon);
Water consumption : Montreal (Canada);
Quantity of solvent bought : Noyelles Casting (France);
Proportion of sites certified ISO 14001 was verified at parent entity level (France)
(3) Electricity consumption, natural gas consumption, fuel bought, water consumption, quantity of solvent bought, quantity of produced waste proportion of sites certified ISO 14001.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the Company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part. We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Qualification

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

Conclusion

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

Emphasis of matter

Without qualifying the above conclusion, we draw your attention to the following matters:

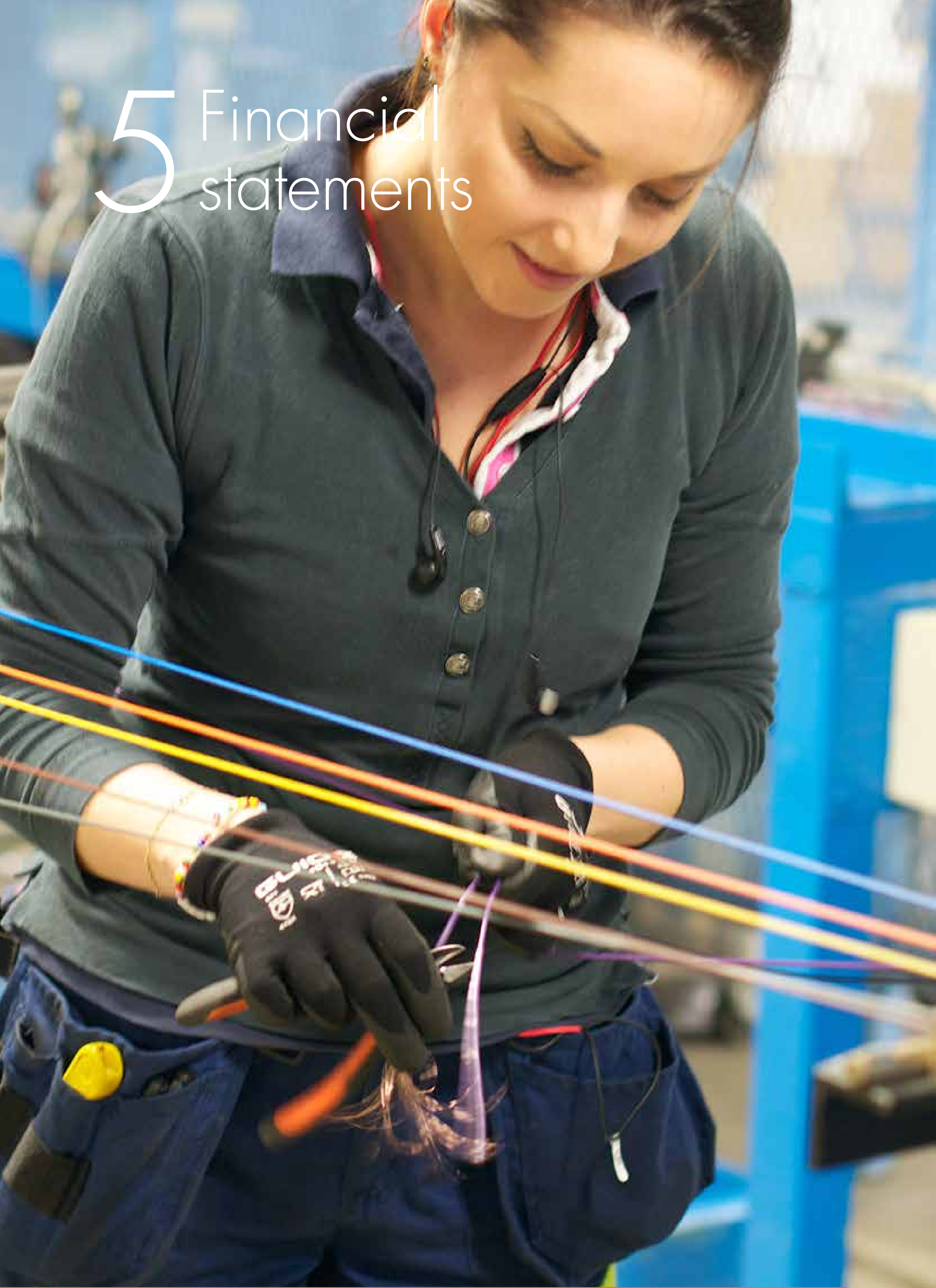
- The consolidation process for human resources information of the Harness business does not allow a systematic distribution of departures according to the different categories communicated by the Group.

Paris-La Défense, February 8, 2017
KPMG S.A.

Anne Garans
Partner
Climate Change and Sustainability services

Valérie Besson
Partner

5 Financial statements



5.1. Consolidated financial statements

5.1.1. Consolidated income statement

(in millions of euros)	Notes	2016	2015
NET SALES	1.E.a and 3	**5,814**	**6,239**
Metal price effect[1]		(1,383)	(1,635)
SALES AT CONSTANT METAL PRICES[1]	1.E.a and 3	**4,431**	**4,604**
Cost of sales		(5,002)	(5,456)
Cost of sales at constant metal prices[1]		(3,619)	(3,821)
GROSS PROFIT		**812**	**783**
Administrative and selling expenses		(489)	(506)
R&D costs		(81)	(82)
OPERATING MARGIN[1]	1.E.b and 3	**242**	**195**
Core exposure effect[2]	1.E.c	(6)	(52)
Other operating income and expenses[3]	5	(22)	(110)
Restructuring costs	22.B	(33)	(100)
Share in net income (loss) of associates[4]		4	1
OPERATING INCOME (LOSS)	1.E.d	**185**	**(66)**
Cost of debt (net)[5]	1.E.e	(64)	(79)
Other financial income and expenses	1.E.e and 8	(24)	(26)
INCOME (LOSS) BEFORE TAXES		**97**	**(171)**
Income taxes	9	(37)	(25)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**60**	**(196)**
Net income (loss) from discontinued operations		-	-
NET INCOME (LOSS)		**60**	**(196)**
▪ attributable to owners of the parent		61	(194)
▪ attributable to Non-controlling interests		(1)	(2)
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE *(in euros)*	10		
▪ basic earnings (loss) per share		1.43	(4.55)
▪ diluted earnings (loss) per share		1.40	(4.55)

(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 5 *and* 6*, "Other operating income and expenses" included 8 million euros in net asset impairment in 2016 versus 129 million euros in 2015.*
(4) The Group's share in the net income (loss) of associates whose operating activities are an extension of those of the Group is presented within "Operating income (loss)".
(5) Financial income amounted to 4 million euros in 2016 versus 6 million euros in 2015.

5.1.2. Consolidated statement of comprehensive income

(in millions of euros)	Notes	2016	2015
NET INCOME (LOSS)		**60**	**(196)**
Recyclable components of comprehensive income		169	(15)
■ Available-for-sale financial assets		0	0
■ Currency translation differences		56	17
■ Cash flow hedges	25	113	(32)
Tax impacts on recyclable components of comprehensive income	9.C	(26)	6
Non-recyclable components of comprehensive income		9	(31)
■ Actuarial gains and losses on pension and other long-term employee benefit obligations	21.B	9	(31)
■ Share of other non-recyclable comprehensive income of associates		-	-
Tax impacts on non-recyclable components of comprehensive income	9.C	(2)	18
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		150	(22)
TOTAL COMPREHENSIVE INCOME (LOSS)		**210**	**(218)**
■ attributable to owners of the parent		211	(218)
■ attributable to Non-controlling interests		(1)	(0)

5.1.3. Consolidated statement of financial position

(At December 31, in millions of euros)	Notes	2016	2015
ASSETS			
Goodwill	6	254	250
Intangible assets	11	146	148
Property, plant and equipment	12	1,170	1,156
Investments in associates	13	30	30
Deferred tax assets	9.D	180	192
Other non-current assets	14	60	59
NON-CURRENT ASSETS		**1,840**	**1,835**
Inventories and work in progress	15	926	881
Amounts due from customers on construction contracts	16	238	172
Trade receivables	17	996	924
Current derivative assets	25	70	51
Other current assets	18	201	154
Cash and cash equivalents	23.A	1,025	1,012
Assets and groups of assets held for sale		0	0
CURRENT ASSETS		**3,456**	**3,194**
TOTAL ASSETS		**5,296**	**5,029**

(At December 31, in millions of euros)	Notes	2016	2015
EQUITY AND LIABILITIES			
Capital stock, additional paid-in capital, retained earnings and other reserves		1,253	1,153
Other components of equity		159	20
Equity attributable to owners of the parent		**1,412**	**1,173**
Non-controlling interests		57	54
TOTAL EQUITY	20	**1,469**	**1,227**
Pension and other long-term employee benefit obligations	21	430	453
Long-term provisions	22	100	86
Convertible bonds	23	263	255
Other long-term debt	23	504	604
Non-current derivative liabilities	25	10	37
Deferred tax liabilities	9.D	90	84
NON-CURRENT LIABILITIES		**1,397**	**1,519**
Short-term provisions	22	110	151
Short-term debt	23	469	354
Liabilities related to construction contracts	16	209	185
Trade payables	24	1,244	1,163
Current derivative liabilities	25	47	98
Other current liabilities	24	351	332
Liabilities related to groups of assets held for sale		0	0
CURRENT LIABILITIES		**2,430**	**2,283**
TOTAL EQUITY AND LIABILITIES		**5,296**	**5,029**

5.1.4. Consolidated statement of changes in equity

(in millions of euros)	Number of shares outstanding	Capital stock	Additional paid-in capital	Treasury stock
JANUARY 1, 2015	**42,051,437**	**42**	**1,569**	**-**
Net income (loss) for the year	-	-	-	-
Other comprehensive income (loss)	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	-	-	-	-
Dividends paid	-	-	-	-
Capital increases	-	-	-	-
Equity component of OCEANE bonds	-	-	-	-
Employee stock option plans:				
■ Service costl	-	-	-	-
■ Proceeds from share issues(1)	546,281	1	8	-
Transactions with owners not resulting in a change of control	-	-	-	-
Other	-	-	-	-
DECEMBER 31, 2015	**42,597,718**	**43**	**1,577**	**-**
Net income (loss) for the year	-	-	-	-
Other comprehensive income (loss)	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	-	-	-	-
Dividends paid	-	-	-	-
Capital increases	-	-	-	-
Equity component of OCEANE bonds	-	-	-	-
Employee stock option plans:				
■ Service cost(2)	-	-	-	-
■ Proceeds from share issues(3)	813,703	0	24	-
Transactions with owners not resulting in a change of control	-	-	-	-
Other	-	-	-	-
DECEMBER 31, 2016	**43,411,421**	**43**	**1,601**	**-**

(1) Corresponding to the impact of the Act2014 plan following the share settlement-delivery that took place on January 21, 2015 (see Note 20.H*).*
(2) Including a 0.7 million euro expense related to the ACT2016 plan.
(3) Corresponding to the impact of the Act2016 plan following the share settlement-delivery that took place on July 28, 2016 (see Note 20.H*).*

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
(265)	**(64)**	**95**	**1,377**	**56**	**1,433**
(194)	-	-	(194)	(2)	(196)
(13)	(26)	15	(24)	2	22
(207)	**(26)**	**15**	**(218)**	**(0)**	**(218)**
-	-	-	-	(2)	(2)
-	-	-	-	-	-
-	-	-	-	-	-
5	-	-	5	-	5
-	-	-	9	-	9
(0)	-	-	(0)	(0)	(0)
-	-	-	-	-	-
(467)	**(90)**	**110**	**1,173**	**54**	**1,227**
61	-	-	61	(1)	60
7	87	56	150	0	150
68	**87**	**56**	**211**	**(1)**	**210**
-	-	-	-	(1)	(1)
-	-	-	-	-	-
-	-	-	-	-	-
6	-	-	6	-	6
-	-	-	24	-	24
2	-	(3)	(1)	5	4
(1)	-	0	(1)	0	(1)
(392)	**(3)**	**163**	**1,412**	**57**	**1,469**

5.1.5. Consolidated statement of cash flows

(in millions of euros)	Notes	2016	2015
Net income (loss)		60	(196)
Depreciation, amortization and impairment of assets (including goodwill)[1]	11, 12	141	266
Cost of debt (gross)		68	85
Core exposure effect[2]		6	52
Current and deferred income tax charge (benefit)	9	37	25
Net gains (losses) on asset disposals	7	6	14
Other restatements[3]		(63)	(26)
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAXES[4]		**255**	**220**
Decrease (increase) in working capital	19	(105)	364
Income taxes paid		(37)	(37)
Impairment of current assets and accrued contract costs		17	33
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		**(125)**	**360**
NET CASH GENERATED FROM OPERATING ACTIVITIES		**130**	**580**
Proceeds from disposals of property, plant and equipment and intangible assets		11	6
Capital expenditure	11, 12	(146)	(176)
Decrease (increase) in loans granted and short-term financial assets		1	(1)
Purchase of shares in consolidated companies, net of cash acquired		0	(4)
Proceeds from sale of shares in consolidated companies, net of cash transferred		23	2
NET CASH USED IN INVESTING ACTIVITIES		**(111)**	**(173)**
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		**19**	**407**
Proceeds from (repayments of) long-term and short-term borrowings		17	(72)
▪ of which proceed from the 2016-2021 ordinary bonds	23	248	-
▪ of which repayment of the OCEANE 2016 convertible/exchangeable bonds	23	(213)	-
Cash capital increases (reductions)	20	24	9
Interest paid		(62)	(69)
Transactions with owners not resulting in a change of control		2	-
Dividends paid		(1)	(1)
NET CASH USED IN FINANCING ACTIVITIES		**(20)**	**(133)**
Net effect of currency translation differences		19	(63)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**18**	**211**
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	23.A	**998**	**787**
CASH AND CASH EQUIVALENTS AT YEAR-END	23.A	**1,016**	**998**
▪ of which cash and cash equivalents recorded under assets		1,025	1,012
▪ of which short-term bank loans and overdrafts recorded under liabilities		(9)	(14)

(1) In 2016, the Group changed its presentation of impairment losses related to restructuring operation to record them on the line "Other restatements". The reclassification was performed for 2015.
(2) Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact (see Note 1.E.c*).*
(3) Other restatements in 2016 primarily included a negative 70 million euros to cancel the net change in operating provisions (including provisions for pensions, restructuring costs and antitrust proceedings). Other restatements in 2015 primarily included (i) a negative 54 million euros to cancel the net change in operating provisions (including provisions for pensions, restructuring costs and antitrust proceedings) and (ii) a positive 19 million euros related to the cash impact of hedges.
(4) The Group also uses the "operating cash flow" concept which is mainly calculated after adding back cash outflows relating to restructurings (86 million euros and 104 million euros in 2016 and 2015 respectively), and deducting gross cost of debt and the current income tax paid during the year.

5.1.6. Notes to the consolidated income statement

Note 1. Summary of significant accounting policies

A. GENERAL PRINCIPLES

Nexans S.A. 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 8, rue du Général Foy, 75008 Paris, France.

Nexans S.A. is listed on NYSE 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. They were approved by Nexans' Board of Directors on February 8, 2017 and will become final after approval at the Annual Shareholders' Meeting, which will take place on May 11, 2017 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, 2016.

The Group has applied all of the new interpretations and amendments to existing standards that were mandatory for the first time in the fiscal year beginning January 1, 2016, and which were as follows:

- Annual improvements to IFRSs (2012-2014 cycle).
- Amendments to IFRS 11, "Accounting for Acquisitions of Interests in Joint Operations".
- Amendments to IAS 16 and IAS 38, "Clarification of Acceptable Methods of Depreciation and Amortisation".
- Amendments to IAS 27 "Equity method in separate financial statements"
- Amendments to IAS 1, "Disclosure Initiative".
- Amendments to IAS 19, "Defined Benefit Plans: Employee Contributions".

These amendments 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:

- IFRS 15, "Revenue from Contracts with Customers".
- IFRS 9, "Financial Instruments", and amendments to IFRS 9.

The IASB has also issued the following new standards and amendments which have not yet been endorsed by the European Union:

- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture".
- Amendments to IAS 12, "Recognition of Deferred Tax Assets for Unrealised Losses".
- IFRS 16, "Leases".
- Amendments to IAS 7, "Disclosure Initiative".
- Amendments to IFRS 2, "Classification and measurement of share-based payment transactions"

The Group is currently analyzing the potential impacts of these new standards and amendments.

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 6**).
- Deferred tax assets not recognized in prior periods relating to unused tax losses (see **Note 1.E.f** and **Note 9.E**).
- Margins to completion and percentage of completion on long-term contracts (see **Note 1.E.a** and **Note 16**).
- The measurement of pension liabilities and other employee benefits (see **Note 1.F.i** and **Note 21**).
- Provisions and contingent liabilities (see **Note 1.F.j**, **Note 22** and **Note 30**).
- The measurement of derivative instruments and their qualification as cash flow hedges (see **Note 1.F.k** and **Note 25**).

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 32.

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.k.

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 IAS 39 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 IAS 32 and IAS 39.

E. INCOME STATEMENT ITEMS

a. Sales

Net sales

Net sales (at current metal prices) represent sales of goods held for resale as well as sales of goods and services deriving from the Group's main activities, net of value added taxes (VAT).

In accordance with IAS 18, revenue is recognized when the risks and rewards of ownership of goods are transferred to the buyer and the amount of the revenue can be reliably measured. Sales are measured at the fair value of the consideration received or receivable, which takes into account the financial impact of payment deferrals when they are significant.

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 (see Note 26.C).

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 2016 and 2015, these reference prices were set at 1,500 euros per tonne for copper and 1,200 euros per tonne for aluminum.

Construction contracts

IAS 11 defines a construction contract as a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. They essentially cover the Group's high-voltage cable and umbilical cable activities.

Sales and earnings from construction contracts are recognized on a percentage-of-completion basis. The percentage of completion is determined based on physical criteria as follows:

- For production phases, depending on the type of contract concerned, the physical stage of completion is estimated based on either (i) the ratio between the number of hours spent on the contract and the total number of budgeted hours or (ii) the quantity of manufactured and tested drums compared with the total quantity of drums to be produced.
- For installation phases, the physical stage of completion is generally based on an analysis – conducted in conjunction with the customer – of the work performed, by reference to clearly defined technical milestones such as transport, linear meters of laid cables, or network connection.

When it is probable that total costs will exceed total contract revenue, the expected loss to completion is recognized immediately in cost of sales.

Work in progress on construction contracts is stated at production cost, including borrowing costs directly attributable to the contracts, in accordance with IAS 23, "Borrowing Costs", but excluding administrative and selling expenses. Changes in provisions for penalties are charged to sales.

For each construction contract, the amount of costs incurred plus profits recognized is compared to the sum of losses recognized (including any potential losses to completion) and progress billings. If the balance obtained is positive, it is included in assets under "Amounts due from customers on construction contracts" and if it is negative it is recorded in liabilities under "Amounts due to customers on construction contracts" (see Note 16).

Down payments received for construction contracts before the corresponding work is performed are recorded as customer deposits and advances under liabilities in the consolidated statement of financial position. They are taken to "Amounts due from customers on construction contracts" and "Amounts due to customers on construction contracts" as the progress billings are made.

b. Operating margin

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.h), pension operating costs (see Note 1.F.i) 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) changes in fair value of non-ferrous metal derivatives; (iii) restructuring costs; (iv) gains and losses on asset disposals; (v) expenses and provisions for antitrust investigations; (vi) acquisition-related costs when they concern acquisitions that have been completed or whose probability of completion is almost certain; (vii) impairment losses recorded on property, plant and equipment, goodwill and other intangible assets following impairment tests; (viii) financial income and expenses; (ix) income taxes; (x) share in net income of associates; and (xi) net income (loss) from discontinued operations.

c. Core exposure effect

This line of the consolidated income statement includes the following two components (see also Note 26.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 of a permanent inventory of metal that is not hedged (called "Core exposure").
  The accounting impact related to this difference is not included in operating margin and instead is accounted for in a separate line of the consolidated income statement, called "Core exposure effect". Within operating margin – which is a key performance indicator for 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, which is close to its LIFO value, whereas at operating income level it is valued at weighted average cost (see Note 1.F.d) 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, the tonnage of Core exposure is usually kept at a stable level from one period to the next, in accordance with the management principles described in Note 26.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.j), share in net income (loss) of associates, and other operating income and expenses. Other operating income and expenses are presented in Note 5 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 pension 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 8 and 23.

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 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 "Amounts due from customers on construction contracts" and "Amounts due to customers on construction contracts".

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 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:

- Cash-generating units: 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 group 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-year or seven-year business plans are used, based on the Group's budget process and strategic plan for the first three years, with an extrapolation calculated in conjunction with local management for the last two or four years.
- 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.j**).

d. 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:

- In respect to Nexans rod continuous casting activities, the core-exposure represents the minimum stock of non-ferrous metal quantities necessary to establish and ensure the continued functionality.
- In respect to Nexans cabling activities, the core-exposure represents the amounts of non-ferrous metals required for the cables Group's 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.E.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.

e. Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Interest-free short-term operating receivables are recognized at nominal value as the impact of discounting is not material.

Impairment of trade receivables is recorded 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.

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". When a receivable is irrecoverable, it is derecognized and offset by the reversal of the corresponding impairment loss. When a previously derecognized receivable is recovered the amount is credited to "Cost of sales" in the income statement.

f. 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.

g. 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 are presented 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.

h. 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.

i. 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 "Pension 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.j):

- 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 also recognized in the consolidated statement of financial position under "Pension 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 8).

j. 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 will 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.i**), 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.

k. 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.

l. 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.

Note 2. Significant events of the year

A. GOVERNANCE

During the Board of Directors meeting on February 17, 2016 Frédéric Vincent announced his decision to end his term as Chairman of the Company and as director effective March 31, 2016 and to retire.
The Board of Directors appointed Georges Chodron de Courcel as non-executive Chairman of the Board of Directors, effective upon Frédéric Vincent's departure.

B. BOND ISSUE & REDEMPTION

On January 4, 2016, all of the 4% 2016 OCEANE convertible/exchangeable bonds were redeemed in cash as they had reached maturity. The total amount paid was 221 million euros including accrued interest on the bonds.

On May 26, 2016 Nexans carried out a 250 million euro bond issue with a maturity date of May 26, 2021. The issue price was 100.00% of the bonds' par value.
The coupon on the bonds is 3.25 % per annum, payable in arrears on May 26 each year. The first coupon payment date will be May 26, 2017 and the bonds will be redeemed on May 26, 2021. Their yield to maturity is 3.25% (for further details see the Finance/French financial market authority *(Autorités des Marchés Financiers – AMF)*. Documentation section on www.nexans.com and the website of the *Autorité des Marchés Financiers* at www.amf-france.org).

C. EMPLOYEE SHARE OWNERSHIP PLAN

At its meeting held on November 24, 2015, and in accordance with the authorizations granted at the Annual Shareholders' Meeting of May 5, 2015, the Board of Directors announced the launch of an employee share ownership plan involving a maximum of 500,000 new shares.

This is the seventh 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 and 2014 plans, whereby employees were able to subscribe for the shares 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).
The subscription period for the plan ran from May 12 through May 27, 2016 and was followed by a period during which employees could withdraw their subscriptions, from June 28 through July 1, 2016. The subscription price was set on June 27, 2016 at 34.67 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 28, 2016 and resulted in the issuance of 483,612 new shares, representing an aggregate amount of 16,8 million euros.

D. CHANGES IN GROUP STRUCTURE

The main change in the Group's structure in 2016 was the sale of Nexans Rus.LLc, that was wholly owned by Nexans. This sale resulted in a 7 million euro net disposal loss in the second half of the year which was recognized under "Other operating income and expenses" in the consolidated income statement and a 17 million euro positive impact on the Group's net debt.

E. SHARE BUYBACK PROGRAM

The Annual Shareholders' Meeting on May 12, 2016 authorized the Company to trade in its own shares subject to the terms and conditions set by shareholders at the Meeting.

At its meeting on November 23, 2016, the Board of Directors ruled to use the above-mentioned authorization to launch a share buyback program that complies with the conditions set out in Article 5 of the EU Market Abuse Regulation (Regulation No 596/2014 dated April 16, 2014).

The purpose of the program is to buy back shares to be allocated under the free share and performance share plans set up for employees and officers of the Company and the amount that may be invested is capped at 18 million euros. The shares bought back may not represent more than 10% of the Company's capital as at the date of the buyback(s) and the maximum number of shares that may be bought back is 300,000. This share buyback program should be completed before the Annual Shareholders' Meeting due to be held to approve the financial statements for the year ended December 31, 2016.

At December 31, 2016, the Company held none of its own shares.

Note 3. Operating segments

The Group has the following three reportable segments within the meaning of IFRS 8 (after taking into account the aggregations authorized by the standard):

- **"Transmission, Distribution & Operators",** comprising power cables for energy infrastructures (low-, medium- and high-voltage cables and related accessories), as well as copper and optical fiber cables for public telecommunications networks.
  The "Transmission, Distribution & Operators" reportable segment is made up of four operating segments: power cables, power cable accessories, cables for telecom operators, and high-voltage & underwater cables.

- **"Industry",** comprising specialty cables for industrial customers, including harnesses, and cables for the shipbuilding, railroad and aeronautical manufacturing industries, the oil industry and the automation manufacturing industry.
  The "Industry"reportable segment is made up of three operating segments: harnesses, industrial cables, and infrastructure & industrial projects.

- **"Distributors & Installers",** comprising equipment cables for the building market as well as cables for private telecommunications networks.
  The "Distributors & Installers" reportable segment is made up of a single operating segment, as the Group's power and telecom (LAN) products are marketed to customers through a single sales structure.

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 wirerods, electrical wires and winding wires production operations.

Two specific factors are reflected in this column:

- A total of 92% of the sales at constant metal prices recorded in the "Other Activities" column in 2016 were generated by the Group's Electrical Wires business (compared with 86% in 2015).
- Operating margin for "Other Activities" came in at a negative 17 million euros, reflecting the combined impact of profit generated from sales of copper wires and certain centralized Group costs that are not allocated between the segments (such as holding company expenses).

Transfer prices between the various operating segments are generally the same as those applied for transactions with parties outside the Group.

Operating segment data are prepared using the same accounting policies as for the consolidated financial statements, as described in **Note 1**.

A. INFORMATION BY REPORTABLE SEGMENT

2016 *(in millions of euros)*	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other Activities	Group total
Net sales at current metal prices	2,133	1,346	1,619	716	5,814
Net sales at constant metal prices	1,842	1,171	1,127	291	4,431
Operating margin	122	59	78	(17)	242
Depreciation and amortization	(69)	(32)	(26)	(6)	(133)
Net impairment of non-current assets (including goodwill) (see **Note 6**)	(8)	-	-	-	(8)

2015 *(in millions of euros)*	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other Activities	Group total
Net sales at current metal prices	2,262	1,500	1,749	728	6,239
Net sales at constant metal prices	1,935	1,250	1,136	283	4,604
Net sales at constant metal prices and 2016 exchange rates	1,880	1,240	1,115	278	4,513
Operating margin	108	57	63	(33)	195
Depreciation and amortization	(72)	(33)	(27)	(6)	(138)
Net impairment of non-current assets (including goodwill) (see **Note 6**)	(32)	(62)	(35)	-	(129)

The Management Board and the Management Council also analyze the Group's performance based on geographic area.

B. INFORMATION BY MAJOR GEOGRAPHIC AREA

2016 *(in millions of euros)*	France	Germany	Norway	Other[3]	Group total
Net sales at current metal prices[1]	864	807	634	3,509	5,814
Net sales at constant metal prices[1]	630	735	587	2,479	4,431
Non-current assets (IFRS 8)[1] (at December 31)	161[2]	179	153	1,107	1,600

(1) Based on the location of the Group's subsidiaries.
(2) Including Corporate activities.
(3) Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

2015 *(in millions of euros)*	France	Germany	Norway	Other[3]	Group total
Net sales at current metal prices[1]	877	814	705	3,843	6,239
Net sales at constant metal prices[1]	612	718	657	2,617	4,604
Net sales at constant metal prices and 2016 exchange rates[1]	612	718	635	2,548	4,513
Non-current assets (IFRS 8)[1] (at December 31)	148[2]	148	162	1,126	1,584

(1) Based on the location of the Group's subsidiaries.
(2) Including Corporate activities.
(3) 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 2016 or 2015.

Note 4. Payroll costs and headcount

		2016	2015
Payroll costs (including payroll taxes)	*(in millions of euros)*	1,115	1,139
Staff of consolidated companies at year-end	*(in number of employees)*	26,258	26,607

Payroll costs in the above table include share-based payments within the meaning of IFRS 2. These expenses totaled 5 million euros in 2016 and 4.7 million euros in 2015 (excluding payroll taxes). See **Note 20** for further details.

Compensation paid to employees affected by restructuring plans in progress is not included in the above table.

Note 5. Other operating income and expenses

(in millions of euros)	Note	2016	2015
Net asset impairment	6	(8)	(129)
Changes in fair value of non-ferrous metal derivatives		12	(3)
Net gains (losses) on asset disposals	7	(6)	(14)
Acquisition-related costs		-	-
Expenses and provisions for antitrust investigations		(20)	36
OTHER OPERATING INCOME AND EXPENSES		**(22)**	**(110)**

The 20 million of provision recorded under "Expenses and provisions for antitrust investigations" in 2016 take into consideration reassessment of provisions covering the investigations mentioned in **Note 30**.

Note 6. Net asset impairment

(in millions of euros)	2016	2015
Impairment losses – non-current assets	(8)	(67)
Reversals of impairment losses – non-current assets	-	-
Impairment losses – goodwill	-	(62)
Impairment losses – assets and Groups of assets held for sale	-	-
NET ASSET IMPAIRMENT	**(8)**	**(129)**

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 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. This review led to the recognition of an 8 million euro impairment loss mainly on tangible assets (see also **Notes 3**, **11** and **12**).
In 2015, a 27 million euro impairment loss was recognized on individual intangible assets located in Australia (brand and customer relationship) and was recorded in view of weaker cash flow forecasts for the Group's Australian operations due to (i) the worsening recession in Australia's mining industry, (ii) delays in obtaining official approval for products supplied from the Group's Chinese manufacturing plants, and (iii) lower demand from the industrial building market.

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 2016

Goodwill balances and movements in goodwill in 2016 can be analyzed as follows by CGU:

(in millions of euros)	AmerCable CGU	Asia-Pacific CGU	South America CGU (excluding Brazil)	Brazil CGU	Other CGUs	Total
DECEMBER 31, 2015						
Goodwill	29	83	68	-	70	250
Business combinations	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Exchange differences and other movements	1	1	3	-	(1)	4
DECEMBER 31, 2016						
Goodwill	30	84	71	-	69	254

No impairment loss on goodwill was recognized by the Group over 2016.

As the whole goodwill of "Brazil" CGU had been impaired in 2015 and all intangible assets were fully depreciated only tangible assets remained. There was no indication of impairment over 2016; this CGU was thus not tested.

The impairment tests conducted in 2015 resulted in the recognition of a 129 million euro net impairment loss, mainly relating to the following CGUs:

- The "AmerCable" CGU (46 million euro impairment loss): further falls in commodity prices in the second half of 2015 resulted in lower capital spending by companies in the oil & gas and mining industries, which in turn adversely impacted the AmerCable CGU's outlook in terms of business volumes and earnings generated with customers operating in those industries.

- The "Brazil" CGU (38 million euro impairment loss): Nexans' business volumes in Brazil decreased sharply in 2015, notably due to the country's recession deepening in the second half of the year. The Group does not expect the Brazilian economy to recover in the short term in view of both unfavorable forecasts for commodities prices and the country's current economic and political environment.

B. MAIN ASSUMPTIONS

The main assumptions applied by geographic area when preparing the business plans used in connection with impairment testing are listed below:

- As a result of the interest rate environment in 2016, the Group reduced the discount rate applied for Europe at December 31, 2016. Consequently, the discount rate used for Europe was 25 basis points lower than at December 31, 2015.

- The perpetuity growth rates used for the Group's CGUs at December 31, 2016 were stable compared with those used one year earlier.
- 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 2017 Budget and the 2018-2019 Strategic Plan). Cash flows are projected over a five-year or seven-year period for the purpose of these assumptions.
- The forecast used for oil prices corresponded to a stable price of approximately 40 US dollars a barrel until the first half of 2020 followed by a recovery to 70 US dollars a barrel.

C. SENSITIVITY ANALYSES

The main assumptions described above were used for measuring the CGUs that were tested for impairment. In addition, the following sensitivity analyses were carried out for "Amercable" CGU as the discount rate and EBITDA rate were key hypothesis:

- A 50 basis-point increase in the discount rate compared with the assumptions applied would have led to the recognition of additional impairment losses at December 31, 2016 amounting to 3 million euros for the "AmerCable" CGU.
- A 100 basis-point decrease in the EBITDA rate (operating margin less depreciation and amortization) as a percentage of sales at constant metal prices compared with the assumptions used for the Group's asset impairment tests would have led to the recognition of additional impairment losses amounting to 9 million euros for the "AmerCable" CGU.

Note 7. Net gains (losses) on asset disposals

(in millions of euros)	2016	2015
Net gains (losses) on disposals of fixed assets	4	(1)
Net gains (losses) on disposals of investments	(10)	(13)
Other	-	-
NET GAINS (LOSSES) ON ASSET DISPOSALS	**(6)**	**(14)**

The 10 million euro net loss recorded under "Net gains (losses) on disposals of investments" in 2016 corresponds mainly to the sale of Nexans Rus.LLc in the fourth quarter (a 7 million euro net loss).

Note 8. Other financial income and expenses

(in millions of euros)	2016	2015
Dividends received from non-consolidated companies	1	1
Provisions	(1)	(4)
Net foreign exchange gain (loss)	(7)	(8)
Net interest expense on pension and other long-term employee benefit obligations[1]	(10)	(10)
Other	(7)	(5)
OTHER FINANCIAL INCOME AND EXPENSES	**(24)**	**(26)**

(1) See Note 21.B.

Note 9. Income taxes

A. ANALYSIS OF THE INCOME TAX CHARGE

(in millions of euros)	2016	2015
Current income tax charge	(48)	(40)
Deferred income tax benefit (charge), net	11	15
INCOME TAX CHARGE	**(37)**	**(25)**

Nexans S.A. heads up a tax group in France that comprised 11 companies in 2016. Other tax groups have been set up where possible in other countries, including in Germany, North America, Italy and South Korea.

In France, local business tax *(taxe professionnelle)* was abolished in 2010 and replaced by a new "territorial economic tax" *(Contribution Économique Territoriale – CET)*, which includes a contribution based on companies' "value added" *(Cotisation sur la Valeur Ajoutée des Entreprises – CVAE)*. The Group has decided to classify the CVAE as falling within the scope of application of IAS 12 and has therefore included this contribution in the "Income taxes" line in the consolidated income statement since 2010. This gives rise to the recognition of deferred taxes where appropriate.

B. EFFECTIVE INCOME TAX RATE

The effective income tax rate was as follows for 2016 and 2015:

Tax proof *(in millions of euros)*	2016	2015
Income (loss) before taxes	97	(171)
■ of which share in net income (loss) of associates	4	1
INCOME (LOSS) BEFORE TAXES AND SHARE IN NET INCOME (LOSS) OF ASSOCIATES	**93**	**(172)**
Standard tax rate applicable in France (in %)[1]	34.43%	34.43%
THEORETICAL INCOME TAX BENEFIT (CHARGE)	**(32)**	**59**
Effect of:		
■ Difference between foreign and French tax rates	18	13
■ Change in tax rates for the period	2	5
■ Unrecognized deferred tax assets	(15)	(70)
■ Taxes calculated on a basis different from "Income before taxes"	(4)	(7)
■ Other permanent differences[2]	(6)	(25)
ACTUAL INCOME TAX BENEFIT (CHARGE)	**(37)**	**(25)**
EFFECTIVE TAX RATE (IN %)	**40.17%**	**14.49%**

(1) For the purpose of simplicity, the Group has elected to only use the standard tax rate for France, i.e., including surtaxes.
(2) In 2015, primarily reflecting (i) the fact that the goodwill impairment losses recognized were not deductible for tax purposes, and (ii) movements in the Group's provisions for antitrust investigations.

The theoretical income tax benefit (charge) is calculated by applying the parent company's tax rate to consolidated income (loss) before taxes and share in net income (loss) of associates.

C. TAXES RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME

Taxes recognized directly in other comprehensive income in 2016 can be analyzed as follows:

(in millions of euros)	January 1, 2016	Gains (losses) generated during the year(1)	Amounts reclassified to the income statement(1)	Total other comprehensive income (loss)	December 31, 2016
Available-for-sale financial assets	0	-	-	-	0
Currency translation differences	(5)	0	-	0	(5)
Cash flow hedges	27	(22)	(4)	(26)	1
TAX IMPACT ON RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME	**22**	**(22)**	**(4)**	**(26)**	**(4)**
Actuarial gains and losses on pension and other long-term employee benefit obligations	59	(2)	N/A	(2)	57
Share of other non-recyclable comprehensive income of associates	-	-	N/A	-	-
TAX IMPACT ON NON-RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME	**59**	**(2)**	**N/A**	**(2)**	**57**

(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.

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 of temporary difference:

(in millions of euros)	December 31, 2015	Impact on the income statement	Change in consolidation scope	Impact on equity	Exchange differences and other	December 31, 2016
Fixed assets	(73)	(4)	(2)	-	(2)	(81)
Other assets	(41)	7	-	-	(1)	(35)
Employee benefit obligations	89	(2)	-	(2)	0	85
Provisions for contingencies and charges	35	(5)	-	-	2	32
Other liabilities	45	9	-	(29)	(1)	24
Unused tax losses	565	16	-	-	10	591
DEFERRED TAX ASSETS (GROSS) AND DEFERRED TAX LIABILITIES	**620**	**21**	**(2)**	**(31)**	**8**	**616**
Unrecognized deferred tax assets	(512)	(10)	2	2	(8)	(526)
NET DEFERRED TAXES	**108**	**11**	**0**	**(29)**	**0**	**90**
■ of which recognized deferred tax assets	192					180
■ of which deferred tax liabilities	(84)					(90)
NET DEFERRED TAXES EXCLUDING ACTUARIAL GAINS AND LOSSES	**49**					**32**

At December 31, 2016 and 2015, deferred tax assets in the respective amounts of 526 million euros and 512 million euros were not recognized as the Group deemed that their recovery was not sufficiently probable. These mainly concern the tax losses described in **Note 9.E** below.

E. UNUSED TAX LOSSES

Unused tax losses carried forward represented potential tax benefits for the Group of 591 million euros at December 31, 2016 (565 million euros at December 31, 2015). The main entities to which these tax losses related at those dates were as follows:

- German subsidiaries, in an amount of 156 million euros (163 million euros at December 31, 2015), of which 55 million euros were recognized in deferred tax assets at December 31, 2016 (48 million euros at December 31, 2015).
- French subsidiaries, in an amount of 228 million euros (202 million euros at December 31, 2015), of which 11 million euros were recognized in deferred tax assets at December 31, 2016 (11 million at December 31, 2015).

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)	2016	2015
Year y+1	5	5
Years y+2 to y+4	19	22
Year y+5 and subsequent years	567	538
TOTAL	**591**	**565**

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 10. Earnings per share

The following table presents a reconciliation of basic earnings (loss) per share and diluted earnings (loss) per share:

	2016	2015
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT *(in millions of euros)*	61	(194)
Interest expense on OCEANE bonds, net of tax	Anti-dilutive	Anti-dilutive
ADJUSTED NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT *(in millions of euros)*	61	(194)
ATTRIBUTABLE NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	-
Average number of shares outstanding	42,930,486	42,529,353
Average number of dilutive instruments	986,737	0 (anti-dilutive instruments)
■ of which free shares and performance shares	969,721	Anti-dilutive
■ of which stock options	17,016	Anti-dilutive
■ of which convertible bonds	Anti-dilutive	Anti-dilutive
Average number of diluted shares	43,917,223	42,529,353
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE *(in euros)*		
■ Basic earnings (loss) per share	1.43	(4.55)
■ Diluted earnings (loss) per share	1.40	(4.55)

Note 11. Intangible assets

(in millions of euros)	Trademarks	Customer relationships	Softwares	Intangible assets in progress	Other	Total
Gross value	60	206	74	26	51	417
Accumulated amortization and impairment	(22)	(170)	(66)	-	(11)	(269)
NET AT JANUARY 1, 2016	**38**	**36**	**8**	**26**	**40**	**148**
Acquisitions and capitalizations	-	-	2	10	0	12
Disposals	-	-	(0)	-	-	(0)
Depreciation expense	-	(5)	(5)	-	(2)	(12)
Impairment losses[1]	(1)	(0)	-	-	-	(1)
Changes in Group structure	-	-	(0)	-	(0)	-
Exchange differences and other	1	1	3	(7)	1	(1)
NET AT DECEMBER 31, 2016	**38**	**32**	**8**	**29**	**39**	**146**
Gross value	61	212	77	29	51	430
Accumulated amortization and impairment	(23)	(180)	(69)	-	(12)	(284)

(1) See Note 6.

Note 12. 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	900	2,297	124	235	3,556
Accumulated amortization and impairment	(574)	(1,633)	-	(193)	(2,400)
NET AT JANUARY 1, 2016	**326**	**664**	**124**	**42**	**1,156**
Acquisitions and capitalizations	12	23	90	9	134
Disposals	(1)	(2)	(0)	(0)	(3)
Depreciation expense	(19)	(90)	-	(12)	(121)
Impairment losses(1)	-	(7)	-	-	(7)
Changes in Group structure	0	(1)	(0)	0	(1)
Exchange differences and other	53	57	(101)	3	12
NET AT DECEMBER 31, 2016	**371**	**644**	**113**	**42**	**1,170**
Gross value	948	2,295	113	234	3,590
Accumulated amortization and impairment	(577)	(1,651)	-	(192)	(2,420)

(1) See Note 6.

Note 13. Investments in associates – Summary of financial data

A. EQUITY VALUE

(At December 31, in millions of euros)	% control	2016	2015
Cabliance Maroc and Cabliance Belgium	0%	N/A	3
Qatar International Cable Company	30.33%	17	13
Cobrecon/Colada Continua	33.33%/41.00%	9	8
Recycâbles	36.50%	4	4
Nexans Kabelmetal Ghana Limited(1)	59.13%	N/A	2
TOTAL		**30**	**30**

(1) Since January 1 2016, Nexans Kabelmetal Ghana is fully consolidated.

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)	2016	2015
Property, plant and equipment and intangible assets	74	74
Current assets	152	109
TOTAL CAPITAL EMPLOYED	**226**	**183**
Equity	77	74
Net financial debt	26	24
Other liabilities	123	85
TOTAL FINANCING	**226**	**183**

Condensed income statement

(in millions of euros)	2016	2015
Sales at current metal prices	276	237
Operating income	18	10
Net income (loss)	14	1

Note 14. Other non-current assets

(At December 31, in millions of euros, net of impairment)	2016	2015
Long-term loans and receivables	22	22
Available-for-sale securities[1]	16	13
Pension plan assets	2	4
Derivative instruments	8	9
Other	12	11
TOTAL	**60**	**59**

(1) Available-for-sale securities are carried at cost.

The maturity schedule for non-current assets at December 31, 2016 is presented below, excluding (i) available-for-sale securities which correspond to shares in non-consolidated companies, and (ii) pension plan assets:

(At December 31, 2016, in millions of euros)	Carrying amount	1 to 5 years	> 5 years
Long-term loans and receivables	22	18	4
Derivative instruments	8	8	-
Other	12	2	10
TOTAL	**42**	**28**	**14**

Movements in impairment losses were as follows in 2016:

(in millions of euros)	Long-term loans and receivables	Available-for-sale securities	Other
AT DECEMBER 31, 2015	**11**	**8**	**7**
Additions	1	0	-
Disposals/Reversals	(1)	(1)	-
Other	(0)	0	(3)
AT DECEMBER 31, 2016	**11**	**7**	**4**

Note 15. Inventories and work in progress

(At December 31, in millions of euros)	2016	2015
Raw materials and supplies	280	287
Industrial work in progress	289	246
Finished products	417	411
GROSS VALUE	**986**	**944**
IMPAIRMENT	**(60)**	**(63)**
NET VALUE	**926**	**881**

Note16. Construction contracts

Construction contracts are measured and presented in accordance with the accounting policy described in Note 1.E.a. These contracts mainly cover the high-voltage cable operations of the Transmission, Distribution & Operators segment (see Note 3).

The positions for construction contracts presented in the consolidated statement of financial position correspond to the aggregate amount of costs incurred on each individual contract plus profits recognized (net of any losses recognized, including any losses to completion), less progress billings. Positive amounts are included in assets under "Amounts due from customers on construction contracts" and negative amounts are classified in liabilities under "Amounts due to customers on construction contracts" (which are presented in "Liabilities related to construction contracts" in the consolidated statement of financial position).

Contracts in progress at December 31, 2016 and 2015 break down as follows:

(At December 31, in millions of euros)	2016	2015
ASSETS RELATED TO CONSTRUCTION CONTRACTS	238	172
▪ *of which "Amounts due from customers on construction contracts"*	*238*	*172*
LIABILITIES RELATED TO CONSTRUCTION CONTRACTS	209	185
▪ *of which "Amounts due to customers on construction contracts"*	*99*	*62*
▪ *of which advances received on construction contracts*	*110*	*123*
TOTAL NET ASSETS (LIABILITIES) RELATED TO CONSTRUCTION CONTRACTS	**29**	**(13)**

Advances received from customers on construction contracts correspond to work not yet performed at the year-end.

Excluding advances received, the net asset position related to construction contracts at December 31, 2016 and 2015 can be analyzed as follows (aggregate amounts for construction contracts in progress at the year-end):

(At December 31, in millions of euros)	2016	2015
Aggregate amount of costs incurred plus profits recognized (net of any losses recognized, including any losses to completion)	2,211	2,612
Progress billings	2,072	2,502
NET BALANCE EXCLUDING ADVANCES RECEIVED	**139**	**110**
■ *of which "Amounts due from customers on construction contracts"*	*238*	*172*
■ *of which "Amounts due to customers on construction contracts"*	*(99)*	*(62)*

Sales at current metal prices recognized in relation to construction contracts at December 31, 2016 amounted to 647 million euros, versus 704 million euros at December 31, 2015.

There were no significant contingent liabilities at either December 31, 2016 or 2015 that could negatively affect the expected margins on the Group's construction contracts.

The amount of retentions relating to progress billings issued totaled 58 million euros at December 31, 2016 versus 56 million euros at December 31, 2015.

Note 17. Trade receivables

(At December 31, in millions of euros)	2016	2015
Gross value	1,034	963
Impairment	(38)	(39)
NET VALUE	**996**	**924**

At December 31, 2016 and 2015, Nexans France SAS had respectively sold 31 million euros and 39 million euros worth of euro-denominated trade receivables to a bank as part of a receivables securitization program set up by the Group in 2010, referred to as the "On Balance Sheet" program. The receivables sold under this program cannot be derecognized as they do not meet the required criteria under IAS 27 and IAS 39.

Changes in provisions for impairment of trade receivables can be analyzed as follows (see **Note 26.D** for details on the Group's policy for managing customer credit risk):

(in millions of euros)	At Jan. 1	Additions	Utilizations	Reversals	Other (currency translation differences, IFRS 5 requirements)	At Dec. 31
2016	**39**	**10**	**(6)**	**(4)**	**(1)**	**38**
2015	41	12	(11)	(2)	(1)	39

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, 2016	**30**	**27**
December 31, 2015	37	37

At December 31, 2016 and 2015 the remaining receivables past due but not written down mainly related to leading industrial groups, major public and private electricity companies and telecom operators, and major resellers. They are generally located in geographic areas where contractual payment dates are often exceeded and historically present an extremely low default rate.

Note 18. Other current assets

(At December 31, in millions of euros)	2016	2015
Prepaid and recoverable income taxes	47	34
Other tax receivables	58	41
Cash deposits paid	9	13
Prepaid expenses	24	20
Other receivables, net	63	46
NET VALUE	**201**	**154**

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 26.D**) are presented under "Cash deposits paid" and amounted to 2 million euros at December 31, 2016 and 5 million euros at December 31, 2015.

Note 19. Decrease (increase) in working capital

(At December 31, in millions of euros)	2016	2015
Inventories and work in progress	(54)	138
Trade receivables and other receivables	(137)	139
Trade payables and other debts	86	87
DECREASE (INCREASE) IN WORKING CAPITAL	**(105)**	**364**

During the first half of 2016 the Group sold tax receivables which had a net cash impact of 9 million euros (22 million euros in 2015). As the sales concerned transferred substantially all the risks and rewards of ownership they meet the derecognition criteria in IAS 39 and have therefore been derecognized.

Note 20. Equity

A. COMPOSITION OF CAPITAL STOCK

At December 31, 2016, Nexans S.A.'s capital stock comprised 43,411,421 fully paid-up shares with a par value of 1 euro each, compared with 42,597,718 shares at December 31, 2015. 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 0.50 euro per share, representing an aggregate payout of 21.7 million euro based on the 43,411,421 shares making up the Company's capital stock at December 31, 2016.

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, 2017 and the date of the Annual Shareholders' Meeting called to approve the dividend payment, following the exercise of stock options. Any OCEANE bonds converted between the year-end and the dividend payment date will not entitle their holders to the dividend for the year in which the bonds are converted.

At the Annual Shareholders' Meeting held on May 12, 2016 to approve the financial statements for the year ended December 31, 2015, the Company's shareholders approved the Board's proposal not to pay a dividend for 2015.

C. TREASURY SHARES

On November 23, 2016, the Board approved the launch of a share buyback program up to a maximum of 300,000 shares of the Company with a maximum value of 60 euro each (see **Note 2.E**).

Nexans did not hold any treasury shares at either December 31, 2016 or 2015.

D. STOCK OPTIONS

At December 31, 2016, there were 254,030 stock options outstanding, each exercisable for one Nexans share, i.e., 0.6 % of the Company's capital stock. At December 31, 2015 a total of 960,742 options were outstanding, exercisable for 2.3% of the Company's capital stock.

The options outstanding at December 31, 2016 and at December 31, 2015 can be analyzed as follows:

Plan characteristics

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
February 15, 2007	29,000	32,147	-	100.94	86.60	From Feb. 15, 2009 (3) to Feb. 14, 2015
February 22, 2008	306,650	354,841	-	71.23	61.11	From Feb. 22, 2009 (2) to Feb. 21, 2016
November 25, 2008	312,450	358,633	-	43.46	37.29	From Nov. 25, 2009 (2) to Nov. 24, 2016
March 9, 2010	335,490	389,026	254,030	53.97	46.30	From March 9, 2011 (2) to March 8, 2018
TOTAL	**983,590**	**1,134,647**	**254,030**			

(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.
(3) 50% vesting after two years following the grant date and the balance vesting at an annual rate of 25% thereafter.

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	**960,742**	**48.44**
Options granted during the year	-	-
Options canceled during the year	(131,019)	42.14
Options exercised during the year	(216,285)	38.07
Options expired during the year	(359,408)	58.50
OPTIONS OUTSTANDING AT THE YEAR-END	**254,030**	**46.30**
▪ of which exercisable at the year-end	254,030	46.30

Valuation of options

The vesting conditions applicable to stock options are described in section 7.7.

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 2016 and in 2015 no corresponding expense was recognized in the income statement.

E. FREE SHARES AND PERFORMANCE SHARES

The Group allocated an aggregate 287,100 free shares and performance shares in 2016 and 320,960 in 2015.

At December 31, 2016 there were 886,859 free shares and performance shares outstanding, each entitling their owner to one share on vesting, representing a total of 2.0% of the Company's capital stock (959,096 at December 31, 2015, representing a total of 2.3% of the Company's capital stock).

The free shares and performance shares outstanding at December 31, 2016 can be analyzed as follows:

Plan characteristics

Grant date	Number of shares originally granted	Number of shares granted as adjusted after the rights issue[1]	Number of shares outstanding at the year-end	End of vesting period
November 21, 2011	113,180	131,237	-	November 21, 2015 for non-French tax residents, and November 21, 2014 followed by a 2-year lock-up period for French tax residents
November 20, 2012	121,370	141,478	-	November 19, 2016 for non-French tax residents, and November 20, 2015 followed by a 2-year lock-up period for French tax residents
July 24, 2013	275,000	319,007	38,329	July 24, 2017 for non-French tax residents, and July 24, 2016 followed by a 2-year lock-up period for French tax residents
July 24, 2014	311,940	N/A	249,340	July 24, 2018 for non-French tax residents, and July 24, 2017 followed by a 2-year lock-up period for French tax residents
July 28, 2015	320,960	N/A	312,340	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	N/A	30,000	January 1, 2020
May 12, 2016	253,200	N/A	252,950	May 12, 2020
November 23, 2016	3,900	N/A	3,900	November 23, 2020
TOTAL	**1,429,550**		**886,859**	

(1) On November 8, 2013 the Group carried out a rights issue which resulted in a capital increase of 283.8 million euros.

Following the rights issue carried out on November 8, 2013 the number of free shares and performance shares granted was adjusted, with no increase in their fair value.

Movements in outstanding free shares and performance shares

	Number of shares
SHARES OUTSTANDING AT BEGINNING OF YEAR	**959,096**
Shares granted during the year	287,100
Shares canceled during the year	(245,531)
Shares vested during the year	(113,806)
SHARES OUTSTANDING AT THE YEAR-END	**886,859**

Valuation of free shares and performance shares

The assumptions applied to value the shares impacting income for 2015 and 2016 were as follows:

Grant date	Nov. 21, 2011	Nov. 20, 2012	July 24, 2013	July 24, 2014	July 28, 2015	Jan. 1, 2016	May 12, 2016	Nov. 23, 2016
Share price at grant date (in euros)	37.79	33.81	40.21	34.85	36.19	33.84	43.47	49.80
Vesting period	3 to 4 years	3 to 4 years	3 to 4 years	3 to 4 years	3 to 4 years	4 years	4 years	4 years
Volatility (%) (1)	48%	43%	41%	42%	35%	35%	37%	37%
Risk-free interest rate (%)	1.50%	0.25%	0.35%	0.25%	0.00%	0.00%	0.00%	0.00%
Dividend rate (%)	2.0%	2.8%	2.8%	2.3%	2.0%	2.0%	1.0%	1.0%
Fair value of each share (in euros)	24.86-36.11	19.82-30.23	12.94-35.95	11.61-31.79	12.04-33.41	17.27-31.24	28.50-41.76	25.76-47.85

(1) Only for shares subject to a stock market performance condition.

See also section 7.7.

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 2016 income statement this expense totaled 5 million euros. In the 2015 income statement the payroll expense was 4.7 million euros (excluding 1 million euros in payroll taxes for the 2015 plan).

F. PUT OPTIONS GRANTED TO NON-CONTROLLING INTERESTS

At December 31, 2016 Nexans has no commitment to buy non-controlling interests shareholdings as the put options granted to Non-controlling interests in Liban Cables has expired in 2016.

At December 31, 2015, Nexans residual commitment to buy Non-controlling interests in Liban Cables was considered as a financial liability under IAS 32 and amounted to 2 million euros. It was related to 3.85% of Liban Cables' shares.

G. EQUITY COMPONENT OF THE OCEANE CONVERTIBLE/EXCHANGEABLE 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 pre-tax amounts of 41 million euros.

H. EMPLOYEE SHARE OWNERSHIP PLAN

In 2015 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 28, 2016 and resulted in the issuance of 483,612 new shares, representing an aggregate amount of 16.8 million euros. The expense relating to this plan (representing 0.7 million euros) was recognized in 2016 and includes 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 15.7 million euros in "Additional paid-in capital".

In 2014 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 January 21, 2015 and resulted in the issuance of 499,862 new shares, representing an aggregate amount of 10.2 million euros. 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 8.8 million euros in "Additional paid-in capital" in 2015.

Note 21. 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 a statutory retirement indemnities paid by the employer. For historical reasons, certain employees are also members of a defined benefit supplementary pension plan, which has been closed to new entrants since 2005. In addition, the French members of the Group's Management Council have a top hat defined benefit pension plan.
- 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.

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 93% of the Group's pension obligations at December 31, 2016).

	Discount rate 2016	Estimated future salary increases 2016	Discount rate 2015	Estimated future salary increases 2015
France	1.70%	2.00% - 2.50%	2.00%	2.50%
Germany	1.70%	3.00%	2.00%	3.00%
Norway	2.25%	N/A	2.60%	2.50%
Switzerland	0.60%	0.40%	1.00%	1.50%
Canada	3.55%	3.50%	3.95%	3.50%
United States	4.35%	3.50%	4.50%	3.50%
Australia	2.90%	2.00%	3.50%	2.00%

The discount rates applied were determined as follows:

a) 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.

b) 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)	2016	2015
RETIREMENT COSTS FOR THE YEAR		
Service cost	(21)	(20)
Net interest expense	(10)	(10)
Actuarial gains/(losses) (on jubilee benefits)	(1)	2
Past service cost	11	4
Effect of curtailments and settlements	-	-
Impact of asset ceiling	-	-
NET COST FOR THE YEAR	**(21)**	**(24)**
▪ of which operating cost	(11)	(14)
▪ of which finance cost	(10)	(10)

(in millions of euros)	2016	2015
VALUATION OF BENEFIT OBLIGATION		
PRESENT VALUE OF BENEFIT OBLIGATION AT JANUARY 1	**911**	**884**
Service cost	21	20
Interest expense	19	21
Employee contributions	2	3
Plan amendments	(11)	(4)
Business acquisitions and disposals	1	-
Plan curtailments and settlements	-	(12)
Benefits paid	(72)	(50)
Actuarial (gains)/losses	11	22
Other (exchange differences)	11	27
PRESENT VALUE OF BENEFIT OBLIGATION AT DECEMBER 31	**893**	**911**

(in millions of euros)	2016	2015
PLAN ASSETS		
FAIR VALUE OF PLAN ASSETS AT JANUARY 1	**462**	**452**
Interest income	9	11
Actuarial gains/(losses)	19	(7)
Employer contributions	14	16
Employee contributions	2	3
Business acquisitions and disposals	-	-
Plan curtailments and settlements	-	(12)
Benefits paid	(50)	(27)
Other (exchange differences)	9	26
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**465**	**462**

(At December 31, in millions of euros)	2016	2015
FUNDED STATUS		
Present value of wholly or partially funded benefit obligations	(563)	(576)
Fair value of plan assets	465	462
FUNDED STATUS OF BENEFIT OBLIGATION	**(98)**	**(114)**
Present value of unfunded benefit obligation	(330)	(335)
BENEFIT OBLIGATION NET OF PLAN ASSETS	**(428)**	**(449)**
Unrecognized surplus (due to asset ceiling)	-	-
NET PROVISION RECOGNIZED	**(428)**	**(449)**
■ of which pension assets	2	4

(in millions of euros)	2016	2015
CHANGE IN NET PROVISION		
NET PROVISION RECOGNIZED AT JANUARY 1	**449**	**432**
Expense/(income) recognized in the income statement	21	24
Expense/(income) recognized in other comprehensive income	(9)	31
Utilization	(36)	(39)
Other impacts (exchange differences, acquisitions/disposals, etc.)	3	1
NET PROVISION RECOGNIZED AT DECEMBER 31	**428**	**449**
■ of which pension assets	2	4

C. SIGNIFICANT EVENTS OF THE YEAR

The actuarial losses recognized in 2016 primarily reflect (i) the lower discount rates applied, partially offset by (ii) the experience effects (retiree headcount, tax legislation update), and (iii) the return on plan assets (excluding amounts included in net interest on the net defined benefit obligation). Retirement costs for the year include the profit of 11 million euro in non-recurring income as a result of numerous plan amendments mainly in France, Switzerland and Brazil.
Actuarial losses recognized in 2015 were mainly due to (i) the lower discount rates applied, and (ii) the return on plan assets (excluding amounts included in net interest on the net defined benefit obligation). Retirement costs for the year included the impact of 4 million euros in non-recurring income as a result of the reduction in pension and other retirement benefit obligations recorded due to the restructuring plans put in place for the Group's operations in France.

The Group's employer contributions relating to defined benefit plans are estimated at 14 million euros for 2017.

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 84 million euros in 2016 and 87 million euros in 2015.

D. ANALYSIS OF ACTUARIAL GAINS AND LOSSES

Actuarial gains and losses arising on the Group's defined benefit obligation can be analyzed as follows:

	2016		2015	
	in millions of euros	% of DBO	in millions of euros	% of DBO
Discount rate	47	5%	17	2%
Salary increases	(9)	-1%	(0)	0%
Mortality	(0)	0%	3	0%
Staff turnover	0	0%	-	0%
Other changes in assumptions	1	0%	2	0%
(GAINS)/LOSSES FROM CHANGES IN ASSUMPTIONS	39	4%	22	2%
(GAINS)/LOSSES FROM PLAN AMENDMENTS	-	0%	-	0%
(GAINS)/LOSSES FROM EXPERIENCE ADJUSTMENTS	(28)	-3%	0	0%
OTHER	0	0%	0	0%
TOTAL (GAINS)/LOSSES ARISING DURING THE YEAR	**11**	**1%**	**22**	**2%**

E. BREAKDOWN OF PLAN ASSETS BY CATEGORY

The Group's portfolio of plan assets breaks down as follows:

	2016		2015	
	in millions of euros	% of DBO	in millions of euros	% of DBO
Equities(1)	144	31%	149	32%
Bonds and other fixed income products(1)	180	38%	174	38%
Real estate	83	18%	83	18%
Cash and cash equivalents	13	3%	12	3%
Other	45	9%	44	9%
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**465**	**100%**	**462**	**100%**

(1) All of the instruments recognized under "Equity" and "Bonds and other fixed income products" are listed.

F. SENSITIVITY ANALYSES

The present value of the Group's obligation for pension and other retirement benefits is sensitive to changes in discount rates. In 2016, 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:

	2016		
	Actual DBO in millions of euros	Adjusted DBO in millions of euros	% of DBO
Europe	668	713	6.70%
North America	183	194	6.26%
Asia	29	30	4.54%
Other countries	13	13	4.39%
TOTAL	**893**	**950**	**6.51%**

The present value of the Group's obligation for pension 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):

	2016		
	Actual DBO in millions of euros	Adjusted DBO in millions of euros	% of DBO
Europe	668	686	2.68%
North America	183	183	0.00%
Asia	29	29	0.00%
Other countries	13	12	0,01%
TOTAL	**893**	**910**	**2.00%**

G. CHARACTERISTICS OF THE MAIN DEFINED BENEFIT PLANS AND RISKS ASSOCIATED WITH THEM

The two plans described below represent 58% of the total present value of the Group's defined benefit obligation at December 31, 2016.

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 14 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 12 years.

Note 22. Provisions

A. ANALYSIS BY NATURE

(At December 31, in millions of euros)	2016	2015
Accrued contract costs	39	38
Restructuring provisions	81	128
Other provisions	90	71
TOTAL	**210**	**237**
▪ of which short-term	110	151
▪ of which long-term	100	86

Movements in these provisions were as follows during 2015 and 2016:

(in millions of euros)	TOTAL	Accrued contract costs	Restructuring provisions	Other provisions
AT DECEMBER 31, 2014	**274**	**38**	**130**	**106**
Additions	120	19	83	17
Reversals (utilized provisions)	(82)	(10)	(68)	(4)
Reversals (surplus provisions)	(73)	(7)	(19)	(47)
Business combinations	-	-	-	-
Exchange differences and other	(2)	(2)	2	(1)
AT DECEMBER 31, 2015	**237**	**38**	**128**	**71**
Additions	58	17	20	21
Reversals (utilized provisions)	(68)	(10)	(56)	(2)
Reversals (surplus provisions)	(19)	(5)	(11)	(3)
Business combinations	(2)	(1)	-	(1)
Exchange differences and other	4	(0)	(0)	4
AT DECEMBER 31, 2016	**210**	**39**	**81**	**90**

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 30). They do not include provisions for construction contracts in progress, as any expected losses on these contracts are recognized as contract costs 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 60 million euros at December 31, 2016 (see Note 30).

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 33 million euros in 2016, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairment and retirements[1]	Other monetary expenses	Total
Additions to provisions for restructuring costs	13	20	7	40
Reversals of surplus provisions	(11)	(2)	(0)	(14)
Other costs for the year	4	-	3	7
TOTAL RESTRUCTURING COSTS	**6**	**18**	**9**	**33**

(1) Deducted from the carrying amount of the corresponding assets in the consolidated statement of financial position.

In 2016 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 33 million euro expense recognized under restructuring costs in 2016 corresponds to (i) provisions for restructuring plans in the United States, Europe and Asia-Pacific region, (ii) costs expensed as incurred and (iii) proceeds from the sale of a land use right in China.

"Other monetary expenses" primarily correspond to costs for cleaning up, dismantling and/or maintaining sites as well as for 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 expenses" when the sales are completed.

As was the case in previous years, wherever possible the restructuring plans implemented by the Group in 2016 included assistance measures negotiated with employee representative bodies as well as measures aimed at limiting lay-offs and facilitating redeployment.

In 2015, restructuring costs came to 100 million euros, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairment and retirements[1]	Other monetary expenses	Total
Additions to provisions for restructuring costs	79	23	4	106
Reversals of surplus provisions	(19)	(2)	(0)	(21)
Other costs for the year	8	0	7	15
TOTAL RESTRUCTURING COSTS	**68**	**21**	**11**	**100**

(1) Deducted from the carrying amount of the corresponding assets in the consolidated statement of financial position.

The 100 million euro expense for 2015 mainly included provisions recognized for downsizing plans in Europe, the Asia-Pacific region, Norway and the United States.

Note 23. Net debt

At both December 31, 2016 and 2015 the Group's long-term debt was rated BB- by Standard & Poor's with a stable outlook.

A. ANALYSIS BY NATURE

(At December 31, in millions of euros)	2016	2015	Notes
LONG TERM - ORDINARY BONDS[1]	**498**	**598**	23.B
LONG TERM - CONVERTIBLE BONDS[1]	**263**	**255**	
Other long-term borrowings[1]	5	6	
SHORT TERM - ORDINARY BONDS[1]	**350**	-	
SHORT TERM - CONVERTIBLE BONDS[1]	**0**	**213**	
Short-term borrowings and short-term accrued interest not yet due	111	127	
Short-term bank loans and overdrafts	9	14	
GROSS DEBT	**1,236**	**1,213**	
Short-term financial assets	-	-	
Cash	(376)	(447)	
Cash equivalents	(649)	(565)	
NET DEBT	**211**	**201**	

(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 85 million euros (see Note 17).

B. BONDS

(At December 31, in millions of euros)	Carrying amount	Face value at issue date	Maturity date	Nominal interest rate	Strike price[3] *(in euros)*
2019 OCEANE convertible/exchangeable bonds	270	275	January 1, 2019	2.50%	72.74
TOTAL CONVERTIBLE BONDS[1]	**270**	**275**			
Ordinary bonds redeemable in 2017	363	350	May 2, 2017	5.75%	N/A
Ordinary bonds redeemable in 2018	258	250	March 19, 2018	4.25%	N/A
Ordinary bonds redeemable in 2021	253	250	May 26, 2021	3.25%	N/A
TOTAL ORDINARY BONDS[2]	**874**	**850**			

(1) Including 7 million euros in short-term accrued interest.
(2) Including 26 million euros in short-term accrued interest.
(3) Redemption price at face value. The conversion ratio is 1.1250 shares for 2019 OCEANE bond.

At December 31, 2016, the Group's debt included an OCEANE convertible/exchangeable bonds maturing on January 1, 2019. The indentures for the 2019 OCEANE bond issues include early redemption options exercisable by the bondholders June 1, 2018 or the first business day thereafter.

On January 4, 2016, all of the 2016 OCEANE convertible/exchangeable bonds were redeemed in cash as they had reached maturity. The total amount paid was 221 million euros including accrued interest on the bonds.

The ordinary bonds redeemable in 2017 were reclassified to short-term debt at December 31, 2016 as their maturity was within twelve months of that date.

On May 26, 2016 Nexans carried out a 250 million euro bond issue with a maturity date of May 26, 2021. The issue price was 100.00% of the bonds' par value.

In accordance with IAS 32, the portion of the 2019 OCEANE bonds corresponding to the value of the conversion option was included in equity in pre-tax amounts of 41.2 million euros at its issue date.

Consolidated statement of financial position

(At December 31, in millions of euros)	2016	2015
EQUITY COMPONENT (RETAINED EARNINGS AND OTHER RESERVES), BEFORE TAX	41	78
Convertible bonds (liability component)	229	395
Accrued interest	41	88
FINANCIAL LIABILITIES	**270**	**483**

Income statement

(in millions of euros)	2016	2015
Contractual interest paid	(7)	(15)
Additional interest calculated at interest rate excluding the option	(8)	(16)
TOTAL FINANCIAL EXPENSE	**(15)**	**(31)**

C. ANALYSIS OF GROSS DEBT BY CURRENCY AND INTEREST RATE

Long-term debt (excluding short-term accrued interest not yet due)

(At December 31)	Weighted average EIR[1] (%)		In millions of euros	
	2016	2015	2016	2015
2019 OCEANE convertible/exchangeable bonds	5.73	5.73	263	255
Ordinary bonds redeemable in 2017[2]	N/A	5.95	N/A	349
Ordinary bonds redeemable in 2018	4.53	4.53	249	249
Ordinary bonds redeemable in 2021	3.40	N/A	249	N/A
Other	3.45	1.05	5	6
TOTAL	**4.57**	**5.44**	**766**	**859**

(1) Effective interest rate.
(2) The 2017 ordinary bonds were reclassified to short-term debt in 2016.

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 borrowings granted to Liban Cables, which carry preferential rates, and to Nexans Brasil.

Short-term debt

(At December 31)	Weighted average EIR[1] (%)		In millions of euros	
	2016	2015	**2016**	2015
2016 OCEANE convertible/exchangeable bonds	N/A	8.48	-	213
Ordinary bonds redeemable in 2017	5.95	N/A	350	N/A
Euro (excluding OCEANE convertible/exchangeable bonds)	5.37	2.96	16	29
US dollar	4.28	2.21	29	18
Other	5.07	4.93	41	57
TOTAL SHORT-TERM DEBT EXCLUDING ACCRUED INTEREST	**5.74**	**6.98**	**436**	**317**
Accrued interest (including short-term accrued interest on long-term debt)	N/A	N/A	34	37
TOTAL SHORT-TERM DEBT	**5.74**	**6.98**	**470**	**354**

(1) Effective interest rate.

At December 31, 2016, 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 Ghana), 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 majority of the Group's short-term debt (excluding the 2017 ordinary bonds) is at variable rates.

D. 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 26.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, 2016

(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
Bonds redeemable in 2017	350	20	-	-	-	-	350	20
Bonds redeemable in 2018	-	11	250	11	-	-	250	22
Bonds redeemable in 2021	-	8	250	33	-	-	250	41
2019 OCEANE convertible/ exchangeable bonds	-	7	275	14	-	-	275	21
Other long-term borrowings	-	0	3	0	2	-	5	0
Short-term borrowings including short-term bank loans and overdrafts	86	2	-	-	-	-	86	2
TOTAL	**436**	**48**	**778**	**58**	**2**	**-**	**1,216**	**106**

Notes concerning the preparation of the maturity schedule:

- It is assumed that the 2019 OCEANE convertible/exchangeable bonds will be redeemed on January 2, 2019.
- Foreign exchange and interest rate derivatives used to hedge the Group's external debt are not material at the level of the Group.
- The euro equivalent amount for borrowings in foreign currencies has been calculated using the year-end exchange rate at December 31, 2016.
- 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 2017.
- The interest cost has been calculated based on contractual interest rates for fixed-rate borrowings and on weighted average interest rates at December 31, 2016 for variable-rate borrowings (see **Note 23.C** above).

Note 24. Trade payables and other current liabilities

(At December 31, in millions of euros)	2016	2015
TRADE PAYABLES	**1,244**	**1,163**
Social liabilities	234	221
Current income tax payables	59	36
Other tax payables	16	19
Deferred income	0	3
Other payables	42	53
OTHER CURRENT LIABILITIES	**351**	**332**

At December 31, 2016, trade payables included approximately 281 million euros (224 million euros at December 31, 2015) related to copper purchases whose payment periods can be longer than usual for such supplies.

Amounts due to suppliers of fixed assets totaled 4 million euros at December 31, 2016 (12 million euros at December 31, 2015).

Note 25. Derivative instruments

Notional amounts and market value *(in millions of euros)*	December 31, 2016							December 31, 2015		
	Notional amounts					Market value		Notional amounts	Market value	
	USD	NOK	EUR	Other	Total	Assets	Liabilities		Assets	Liabilities
FOREIGN EXCHANGE DERIVATIVES - CASH FLOW HEDGES						39	31		42	47
Forward sales	513	683	506	639	2,341			1,681		
Forward purchases	416	1,078	491	363	2,348			1,670		
FOREIGN EXCHANGE DERIVATIVES - HELD FOR TRADING						16	12		16	21
Forward sales	275	121	423	310	1,129			1,546		
Forward purchases	419	13	355	344	1,131			1,545		
METAL DERIVATIVES	Copper	Aluminum	Lead	Other	Total					
METAL DERIVATIVES - CASH FLOW HEDGES						21	13		1	64
Forward sales	77	2	5	-	84			44		
Forward purchases	362	3	44	-	409			454		
METAL DERIVATIVES - HELD FOR TRADING						2	1		1	3
Forward sales	31	8	1	-	40			29		
Forward purchases	58	16	3	-	77			73		
TOTAL						**78**	**57**		**60**	**135**

- Foreign exchange derivatives:

In 2016 the Group recorded a 11 million euro 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 34 million euro gain was recognized in the consolidated statement of comprehensive income in 2016 for foreign exchange derivatives designated as cash flow hedges and a 7 million euro loss was reclassified to the income statement.

- Metal derivatives:

The ineffective portion of gains or losses arising on the fair value remeasurement of metal derivatives designated as cash flow hedges is recognized in "Changes in fair value of non-ferrous metal derivatives" in the consolidated income statement, and represented a nil amount in 2016.

An aggregate 54 million euro gain was recognized in the consolidated statement of comprehensive income in 2016 for metal derivatives designated as cash flow hedges and an 18 million euro loss was reclassified to the income statement.

Note 26. 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. This Department forms part of Nexans Services.
- 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, 2016 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, 2016, 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-flow forecasts which are compared to actual cash-flow 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 23 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, 2016, the Group's cash surpluses were recognized under "Cash and cash equivalents" in the consolidated statement of financial position and were invested in:

- 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; and
- 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/exchangeable bonds, i.e., the 2019 OCEANE bonds (see Note 23).
- Issues of ordinary bonds maturing in 2017, 2018 and 2021 (see Note 23).
- A medium-term syndicated credit facility representing an amount of 600 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 a maximum period of five years. This program still includes two separate parts: an "Off Balance Sheet" program and an "On Balance Sheet" program (see **Note 17**). The amount of receivables that may be sold under the Off Balance Sheet program is currently capped at 25 million euros. This program is renewable every six months and the transfer of the risks and rewards of ownership of the receivables does not give rise to any risk of dilution. At December 31, 2016, financed receivables under the Off Balance Sheet program represented an outstanding amount of 14 million euros (13 million euros at December 31, 2015).
  - Factoring programs set up in Norway under which the amount of sold receivables totaled 77 million euros at December 31, 2016 (70 million euros at December 31, 2015).
  - Factoring programs set up in Morocco under which the amount of sold receivables totaled 11 million euros at December 31, 2015 (26 million euros at December 31, 2015).
  - During the first half of 2016, the Group sold CIR and CICE tax receivables for 9 million euros net of fees (compared to 22 million euros in 2015)
- Local credit facilities.

Covenants and acceleration clauses

The 600 million euro syndicated credit facility, which expires on December 14, 2020, contains the following covenants:

- the consolidated net debt to equity ratio (including Non-controlling interests) must not exceed 1.10; and
- consolidated debt must not exceed 3x consolidated EBITDA.

For the purpose of this calculation consolidated EBITDA is defined as operating margin before depreciation.

These ratios were well within the specified limits at both December 31, 2016 and at the date the Board of Directors approved the financial statements.

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 thirty 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 2017, 2018 and 2021 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 programs renewed on March 30, 2015 for a maximum five-year term contain clauses similar to those negotiated when the original program was set up in 2010. Consequently these new programs do not include any acceleration clauses. However, they do contain change of control and cross default clauses as well as clauses relating to significant changes in the behavior of the portfolio of the sold receivables, which could lead to a termination of the receivables purchases and consequently the programs themselves.

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, 2016 the bulk of this debt corresponded to the 2019 OCEANE bonds and the ordinary bonds redeemable in 2018 and 2021.
- All of the Group's short-term debt at December 31, 2016 (excluding the 2017 ordinary bonds) was at variable rates based on monetary indices (EONIA, EURIBOR, LIBOR or local indices). 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 over a shorter duration than that of the investment). Consequently, the Group's net exposure to changes in interest rates is limited and amounted to 938 million euros at December 31, 2016 and 915 million euros at December 31, 2015.

The Group did not have any interest rate hedges in place at either December 31, 2016 or December 31, 2015.

(At December 31, in millions of euros)	2016			2015		
	Current	Non Current	Total	Current	Non Current	Total
VARIABLE RATE						
Financial liabilities[(1)]	87	3	90	97	4	101
Cash and cash equivalents	(1,025)	-	(1,025)	(1,012)	-	(1,012)
NET VARIABLE RATE POSITION	**(938)**	**3**	**(935)**	**(915)**	**4**	**(911)**
FIXED RATE						
Financial liabilities[(1)]	383	763	1,146	257	855	1,112
NET FIXED RATE POSITION	**383**	**763**	**1,146**	**257**	**855**	**1,112**
NET DEBT	**(555)**	**766**	**211**	**(658)**	**859**	**201**

(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 policy for managing non-ferrous metals risks is defined and overseen by the Metals Management Department and is 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.

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.

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 centrally or locally hedges 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 metals risks. Lastly, the Internal Audit Department systematically checks that the procedures for identifying and hedging metals 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 a permanent 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 (which is close to LIFO value). However, as described in Note 1.E.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). 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, 2016, 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 risk by means of a Group-wide credit management policy which was rolled out to Nexans' international subsidiaries throughout the course of 2016. 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. Currently it is still difficult to obtain credit risk coverage in Brazil where insurers are still selective and coverage remains limited and there is also some pressure regarding credit risk in Turkey.

Foreign exchange derivatives

In accordance with Group policy, in order to keep counterparty risk as low as possible, entities have mid or long term commercial commitments that require adhoc foreign exchange derivatives expiring in more than one year will be limited by our internal counterparty risk policy to deal with banks that have been assigned medium- and long-term ratings of at least A- by Standard & Poor's and A3 by Moody's. For transactions expiring in less than one year, the banks used must have been assigned short-term ratings of at least A2 by Standard & Poor's and P2 by Moody's.

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 at December 31, 2016 (the sum of the absolute values of notional amounts of buyer and seller positions), 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)	2016		2015	
	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	2,778	2,770	2,783	2,794
Between 1 and 2 years	594	588	374	373
Between 2 and 3 years	54	56	55	60
Between 3 and 4 years	51	54	3	0
Between 4 and 5 years	2	2	-	-
Beyond 5 years	-	-	-	-
TOTAL	**3,479**	**3,470**	**3,215**	**3,227**

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, 2016 – 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 metals 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 32.5 million euros at December 31, 2016 and 4.5 million euros at December 31, 2015.

(At December 31, in millions of euros)	2016		2015	
	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	337	119	368	73
Between 1 and 2 years	91	5	73	-
Between 2 and 3 years	28	-	33	-
Between 3 and 4 years	30	-	24	-
Between 4 and 5 years	0	-	29	-
Beyond 5 years	-	-	-	-
TOTAL	**486**	**124**	**527**	**73**

Cash deposited to meet margin calls on copper forward purchases whose fair value was negative at the year-end (see **Note 18**) amounted to 2 million euros at December 31, 2016 and 5 million euros at December 31, 2015.

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, 2016. These Nexans Services deposits and investments amounted to an aggregate 719 million euros at that date, representing 70% of the Group total.

(At December 31 2016, in millions of euros)

COUNTERPARTY RATING[1]	AA-	A+	A	A-	BBB+	Money market funds (SCAV)	Total
Cash on hand	26	23	51	-	-	-	100
Short-term money market funds (OPCVM)[2]	-	-	-	-	-	578	578
Certificates of deposit/EMTN	-	-	41	-	-	-	41
TOTAL	**26**	**23**	**92**	**-**	**-**	**578**	**719**

(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 26.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 requirement and therefore limited 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 happen 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, 2016 and translation of this impact evenly across the entire price curve without any distortion of forward point spreads.
- All working capital requirement components (inventories, and the copper component of trade receivables and payables) would be impacted by the increase in copper prices.
- 47,000 tonnes and 56,000 tonnes of copper included in working capital requirement at December 31, 2016 and 2015 respectively.
- Short-term interest rate (3-month EURIBOR) of -0.27% in 2016 and -0.13% in 2015.
- A worst-case scenario, in which the increase in working capital requirement 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).
- 56,155 tonnes of copper classified as Core exposure at December 31, 2016 (58,455 tonnes at December 31, 2015).
- A theoretical income tax rate of 34.43% for 2016 and 2015.

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)	2016	2015
Impact on operating income	29	31
Impact on net financial expense	0	0
NET IMPACT ON INCOME (AFTER TAX)	**19**	**21**
IIMPACT ON EQUITY[1] (AFTER TAX)	**19**	**19**

(1) Excluding net income (loss) for the period.

Sensitivity to the US dollar 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, 2016 and 2015, e.g., using US dollar/euro exchange rates of 1.16 and 1.20 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, 2016 *(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	(3)	N/A
Trade payables	15	N/A
Loans/borrowings	(1)	-
NET POSITION – USD UNDERLYINGS[3]	0	-
Portfolio of forward purchases[4]	(32)	(21)
Portfolio of forward sales[4]	15	39
NET POSITION – USD DERIVATIVES	(17)	18
NET IMPACT ON THE GROUP	**(17)**	**18**

Sensitivity at December 31, 2015 *(in millions of euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
Trade receivables	(10)	N/A
Bank accounts	(3)	N/A
Trade payables	10	N/A
Loans/borrowings	(10)	-
NET POSITION – USD UNDERLYINGS[3]	(13)	-
Portfolio of forward purchases[4]	(22)	(16)
Portfolio of forward sales[4]	23	25
NET POSITION – USD DERIVATIVES	1	9
NET IMPACT ON THE GROUP	**(12)**	**9**

(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 to the Norwegian krone

The Norwegian krone (NOK) 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 10.0 and 10.6 at December 31, 2016 and 2015 respectively, without any changes in the forward points curve.

Sensitivity at December 31, 2016 *(in millions of euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
Trade receivables	1	N/A
Bank accounts	0	N/A
Trade payables	(1)	N/A
Loans/borrowings	2	-
NET POSITION – NOK UNDERLYINGS	**2**	-
Portfolio of forward purchases[3]	1	35
Portfolio of forward sales[3]	(1)	(57)
NET POSITION – NOK DERIVATIVES	**0**	**(22)**
NET IMPACT ON THE GROUP	**2**	**(22)**

Sensitivity at December 31, 2015 *(in millions of euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
Trade receivables	0	N/A
Bank accounts	1	N/A
Trade payables	(0)	N/A
Loans/borrowings	9	-
NET POSITION – NOK UNDERLYINGS	**10**	-
Portfolio of forward purchases[3]	(7)	22
Portfolio of forward sales[3]	(2)	(38)
NET POSITION – NOK DERIVATIVES	**(9)**	**(16)**
NET IMPACT ON THE GROUP	**1**	**(16)**

(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 27. 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)	IAS 39 category	Fair value hierarchy level	2016		2015	
			Carrying amount	Fair value	Carrying amount	Fair value
ASSETS						
Available-for-sale securities	Available-for-sale financial assets		16	16	13	13
Other non-current financial assets	Loans and receivables		35	35	33	33
Commercial receivables						
▪ Amounts due from customers on construction contracts	Loans and receivables		238	238	172	172
▪ Trade receivables	Loans and receivables		996	996	924	924
Derivative instruments[1]	Financial assets at fair value through profit or loss	Foreign exchange: 2 Metal : 1	55 23	55 23	58 1	58 1
Other current financial assets	Loans and receivables		129	129	100	100
Cash and cash equivalents	Financial assets at fair value through profit or loss	Term deposits: 2 Other: 1	649 376	1,025	565 447	1,012
LIABILITIES						
Gross debt						
▪ Convertible bonds	Financial liabilities at amortized cost		270	302	483	512
▪ Ordinary bonds	Financial liabilities at amortized cost		874	905	620	649
▪ Other financial liabilities	Financial liabilities at amortized cost		92	92	110	110
Commercial payables						
▪ Amounts due to customers on construction contracts	Financial liabilities at amortized cost		209	209	185	185
▪ Trade payables	Financial liabilities at amortized cost		1,244	1,244	1,163	1,163
Derivative instruments[1]	Financial liabilities at fair value through profit or loss	Foreign exchange: 2 Metal: 1	43 14	43 14	68 67	68 67
Other current financial liabilities	Financial liabilities at amortized cost		291	291	292	292

(1) Derivatives designated as cash flow hedges are carried at fair value through other comprehensive income. Derivatives not designated as cash flow hedges are carried at fair value through profit or loss.

At December 31, 2016 the Group's fixed rate debt mainly comprised its ordinary bonds redeemable in 2017, 2018 and 2021 as well as the liability 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 ordinary bonds was calculated based on a bank valuation provided at December 31, 2016 and included interest accrued at the year-end. The fair value of the Group's OCEANE bonds was determined excluding the equity component and based on the following:

i. The market price and historic volatility of Nexans' shares at December 31, 2016 (49.21 euros).
ii. The spot price of the OCEANE bonds at December 31, 2016 (79.90 euros for the 2019 OCEANE bonds).
iii. A two-year euro swap rate of -0.16% for the 2019 OCEANE bonds. The term applied corresponds to the term of the investors' put options on the convertible bonds.
iv. A two-year credit spread of 150 basis points for the 2019 OCEANE bonds, based on a 32% implicit volatility. The term applied corresponds to the term of the investors' put options on the convertible bonds.
v. A bond lending/borrowing cost representing 50 basis points.

The fair value of the Group's OCEANE bonds at December 31, 2015 was determined based on the following:

i. The market price and historic volatility of Nexans' shares at December 31, 2015 (33.70 euros).
ii. The spot price of the OCEANE bonds at December 31, 2015 (55.28 euros and 77.05 euros for the 2016 OCEANE bonds and 2019 OCEANE bonds respectively).
iii. A three-year euro swap rate of 0.06% for the 2019 OCEANE bonds. The term applied corresponds to the term of the investors' put options on the convertible bonds.
iv. A three-year credit spread of 196 basis points for the 2019 OCEANE bonds, based on 32% implicit volatility. The term applied corresponds to the term of the investors' put options on the convertible bonds.
v. A bond lending/borrowing cost representing 100 basis points.

B. CALCULATIONS OF NET GAINS AND LOSSES

2016 *(in millions of euros)*	Net gains (losses)					
		On subsequent remeasurement				
	Interests	Fair value adjustments	Currency translation differences	Impairment	On disposal	2016 total
OPERATING ITEMS						
Receivables	N/A	N/A	(13)	(6)	-	(19)
Financial assets and liabilities at fair value through profit or loss	N/A	6	N/A	N/A	-	6
Financial liabilities at amortized cost	N/A	N/A	9	N/A	-	9
Cost of hedging						*(5)*
SUB-TOTAL – OPERATING ITEMS	0	6	(4)	(6)	0	(9)
FINANCIAL ITEMS						
Available-for-sale financial assets		-	-	-	-	0
Loans	1	N/A	(1)	(1)	-	(2)
Financial assets and liabilities at fair value	N/A	7	N/A	N/A	-	7
Financial liabilities at amortized cost	(62)	N/A	(2)	0	-	(63)
Cost of hedging						*(6)*
SUB-TOTAL – FINANCIAL ITEMS	(61)	7	(3)	(1)	0	(64)
TOTAL	**(61)**	**13**	**(7)**	**(7)**	**0**	**(73)**

- 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 23**).

- 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 loans are recognized as financial expenses and impairment losses on operating receivables are recognized as operating expenses.

- The accounting treatment of changes in fair value of derivatives is described in **Note 26** 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 3 million euros in 2016 and 5 million euros in 2015. These amounts are calculated taking into account interest received and paid on the instruments concerned, as well as realized and unrealized gains.

Note 28. Operating leases

Future minimum payments under non-cancelable operating leases were as follows at December 31, 2016 and 2015:

(in millions of euros)	Total	Payments due by maturity		
		Within 1 year	Between 1 and 5 years	Beyond 5 years
AT DECEMBER 31, 2016	**135**	**40**	**63**	**32**
At December 31, 2015	110	34	57	19

The increase in the amount of the operating leases obligation between December 31, 2015 and December 31, 2016 is mainly due to the relocation of the Group headquarters.

Note 29. 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 29.D** below).

A. INCOME STATEMENT

(in millions of euros)	2016	2015
REVENUE		
■ Non-consolidated companies	40	61
■ Joint ventures	-	-
■ Associates	3	4
COST OF SALES		
■ Non-consolidated companies	(3)	(3)
■ Joint ventures	-	-
■ Associates	(60)	(12)

B. STATEMENT OF FINANCIAL POSITION

The main items in the statement of financial position affected by related party transactions in 2016 and 2015 were as follows:

(At December 31, in millions of euros)	2016	2015
ASSETS		
■ Non-consolidated companies	5	7
■ Joint ventures	-	-
■ Associates	4	6
FINANCIAL LIABILITIES/(RECEIVABLES)		
■ Non-consolidated companies	(10)	(11)
■ Joint ventures	-	-
■ Associates	5	4
OTHER LIABILITIES		
■ Non-consolidated companies	0	2
■ Joint ventures	-	-
■ Associates	27	6

C. RELATIONS WITH THE QUIÑENCO GROUP

Following Nexans' acquisition of the Quiñenco group's cables business on September 30, 2008 as well as the agreement entered into on March 27, 2011 and the amendment thereto dated November 26, 2012, aimed at giving Quiñenco a leading position in the Company's share capital, at December 31, 2012 the Quiñenco group directly held an interest of around 22.5% in Nexans S.A.. At the same date, Quiñenco held three seats on Nexans' Board of Directors and also had a representative on the Appointments and Compensation Committee. The Quiñenco group's interest in Nexans is held through Madeco, which was renamed Invexans S.A. following an operational reorganization carried out in early 2013. The agreement entered into on March 27, 2011 and amended on November 26, 2012 was terminated on May 22, 2014. On that date Invexans gave 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, 2016, the Quiñenco group (through Invexans S.A.) held approximately 29% of Nexans S.A.'s capital and voting rights, unchanged from December 31, 2015.

At December 31, 2016 the main contractual relations between Nexans and the Quiñenco group concerned agreements related to the purchase agreement contract dated February 21, 2008 for the above-mentioned acquisition of the Quiñenco group's cables business, as amended by an addendum signed on September 30, 2008.

In addition, a settlement agreement was signed on November 26, 2012 relating to the payment due under the seller's warranty granted by the Quiñenco group under the said purchase agreement. A further two settlement agreements were entered into on August 21, 2014 and November 26, 2014 in order to enable Nexans to benefit from a tax amnesty program in Brazil (see also **Note 31** and, for the second settlement agreement, the 2014 Statutory Auditors' report on related party agreements and commitments).

The impact of the above-mentioned commercial agreements on the income statement and statement of financial position is included in the tables set out in **Note 29.A** and **Note 29.B** above. Invexans paid the Group's Brazilian subsidiary almost 9 million euros (23 million Brazilian reals) under the above-mentioned settlement agreements in 2014.

D. COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key Management Personnel have 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)	2016	2015
Compensation for corporate officer positions(1)	2.4	2.8
Directors' fees(1)	0.0	0.0
Compensation under employment contracts and benefits in kind(1)	3.8	3.4
Stock options(2)	-	0.0
Performance shares(2)	2.5	2.5
Termination benefits(1)	-	-
Long-term incentive plan(2)	0.2	0.2
Accruals for pension and other retirement benefit obligations(3)	4.0	5.0
TOTAL COMPENSATION	**12.9**	**13.9**

(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 Management Board):

- Changes in the Company's governance structure: during the Board of Directors meeting on February 17, 2016 Frédéric Vincent announced his decision to end his term as Chairman of the Company and as director effective March 31, 2016 and to retire.
  The Board of Directors appointed Georges Chodron de Courcel as non-executive Chairman of the Board of Directors, effective upon Frédéric Vincent's departure.
- The Group's total obligation for pensions and other retirement benefits relating to Key Management Personnel (net of plan assets) amounted to 11 million euros at December 31, 2016, compared with 15 million euros at December 31, 2015.
- On May 12, 2016, 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 Frédéric Vincent in his capacity as the Chairman of the Board of Directors until March 31, 2016

All of the commitments given to Frédéric Vincent in his capacity as Chairman of the Board of Directors until March 31, 2016 are described in detail in section 2.5.3.

At the Board of Directors' meeting of February 17, 2016, Frédéric Vincent announced his decision to retire, thereby ending his term of office as Chairman and member of the Board of Directors effective on end of business day March 31, 2016.

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

Frédéric Vincent benefits from the supplementary pension plan set up by the Group for certain employees and corporate officers which provides for the payment of an annuity based on the average annual compensation for the last three years before retirement. The expenses recorded for these obligations are included in the compensation table presented above.

Commitments given to the Chief Executive Officer

All of the commitments given to Arnaud Poupart-Lafarge in his capacity as Chief Executive Officer are described in detail in section 2.5.4.

As Chief Executive Officer, Arnaud Poupart-Lafarge has received the following commitments from the Company, which were authorized at the Board Meeting of July 24, 2014 and approved at the Annual Shareholders' Meeting held on May 5, 2015:

- If Arnaud Poupart-Lafarge 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 is subject to three performance conditions, two of which relate to the Group's financial performance and the third to the average stock market performance of Nexans shares compared with a benchmark panel. The amount of the termination indemnity due will be based on the degree to which these performance conditions are met and it will be payable only in the event of a forced departure resulting from a change of strategy or control.
- 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, Arnaud Poupart-Lafarge 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 paragraph 3 of the Appendix to the Internal Regulations of the Board of Directors and Article 24.5.1 of the AFEP-MEDEF Corporate Governance Code revised in November 2016, Arnaud Poupart-Lafarge's total termination payments – i.e., termination and non-compete indemnities – may not exceed two years' worth of his actual compensation (fixed plus variable) received prior to his departure.

A 4 million euro provision has been set aside for these commitments in the consolidated financial statements.

If Arnaud Poupart-Lafarge retired, he would be entitled to benefits under the supplementary pension plan set up by the Group for certain employees and corporate officers which provides for the payment of an annuity based on the average annual compensation for the last three years before retirement and capped to 8 times the social security ceiling, corresponding to 309,000 euros in 2016. The expenses recorded for these obligations are included in the compensation table presented above.

Note 30. 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 directly participated in a breach of European antitrust legislation in the submarine and underground high voltage power cables sector. The Company was held jointly liable for the payment of a portion of the fine imposed by the European Commission. Nexans France SAS appealed the European Commission's decision to the General Court of the European Union.

In early July 2014, Nexans France SAS paid the 70.6 million euro fine imposed by the European Commission.

As an indirect consequence of the decision, one of the Group's competitors which has been sued by customers for follow-on damages claims in the United Kingdom in 2015, has filed contribution claims against the other cable producers sanctioned by the European Commission, including Nexans France SAS and the Company.

In November 2015, the United States Department of Justice Antitrust Division closed its investigation into the submarine and underground power cable industry without any prosecution or sanctions being taken against any Nexans Group company. This was the same outcome as in previous years for the investigations initially launched in Japan, New Zealand and Canada. Likewise in Australia, on July 20, 2016 the Australian trial court rendered its judgment in relation to the Australian proceedings and dismissed the case of Australian Competition and Consumer Commission (the "ACCC") against the Company. ACCC did not appeal the verdict.

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

In addition, as mentioned above, two of Nexans' Korean subsidiaries are being investigated by local antitrust authorities in relation to activities other than high-voltage power cables.

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

Nexans' local Korean subsidiaries are cooperating with the KFTC in additional investigations into businesses other than the high-voltage business. The KFTC has exempted the Korean subsidiaries from paying a fine because of its cooperation in 5 cases on which a decision has been taken (the most recent decision on 2 cases having been published by KFTC on January 20, 2017). Customer claims have followed the decisions taken in 2015.

Investigations have also been launched in Australia and Spain concerning businesses other than the high-voltage business. The Group's Australian subsidiary Olex Australia Pty Ltd was included in a court proceedings brought by the ACCC against cable wholesalers and other manufacturers in Australia. They relate to initiatives taken in 2011 to deal with supply chain inefficiencies involving Olex's wholesaler customers for low-voltage cables, which the ACCC alleges involved competition law violations. Following a trial in 2015 and 2016, a judgment is expected in 2017.

In Spain, in early July 2015 Nexans Iberia received a request for information as part of an investigation carried out by the Spanish competition authority ("CNMC") in relation to low and medium voltage power cables. On December 16, 2016, Nexans Iberia and the Company, in its quality of parent company, have been notified by the CNMC that they were part of a formal investigation. This notification was received more than nine months after the other investigated companies being formally notified. On January 3, 2017, Nexans Iberia and the Company received a Statement of Objections which was answered on January 30, 2017, within the time limit fixed by the applicable Spanish regulation. A decision is expected to take place by the end of 2017.

A global provision of 60 million euros have been booked to cover all the investigations mentioned above as well as the consequences, direct or indirect, of decisions or judgments rendered or to be rendered and in particular the follow-on damages claims (actual or future). The provision is based on assumptions that take into account consequences in similar cases as well as on management's estimates using 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 at December 31, 2016. While the Group has put in place rule and procedures of risk management, including in particular its compliance program (see the section on Policies and Procedures of Risk Management in the Chairman Report 2016) that have been reinforced over the past year, the Group cannot guarantee that all risks and problems related to behavior or actions not in compliance with the Group Code of Conduct have been completely controlled and 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 outcome 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 most significant of these cases is as follows:

- In 2013, a Group subsidiary received a claim alleging that the manufacture and sale of "top drive service loop" products infringed certain industrial property rights. The subsidiary refuted this claim. Since then, there has been no further contact with the holder of the industrial property rights concerned. Even though no lawsuits have been filed in connection with this alleged infringement of industrial property rights, this does not in any way prejudge the outcome of the claim. However, in view of the subject matter of the claim, the Company has reserved its rights to claim compensation from a third party, which has been duly notified of the case. It cannot be ruled out that a lawsuit will be filed and that it will involve an amount higher than the compensation claimable from the third party.

The Group considers that the other existing or probable disputes for which provisions were recorded at June 30, 2016 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 June 30, 2016, 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 as such in the financial statements or specific disclosure as contingent liabilities.

Note 31. Off-balance sheet commitments

The Group's off-balance sheet commitments that were considered material at December 31, 2016 and 2015 are set out below.

A. COMMITMENTS RELATED TO THE GROUP'S SCOPE OF CONSOLIDATION

Receivables securitization program

As part of the process to set up a securitization program for euro-denominated trade receivables in the second quarter of 2010 (as described in **Note 26.A**), which was renewed on March 30, 2015 for a maximum period of five years, Nexans granted a joint and several guarantee to the arranging bank. This guarantee covers (i) the payment obligations of the two Nexans subsidiaries selling the receivables under the programs concerned and (ii) the consequences that could arise if any of the receivables sales under the programs were rendered invalid, in the event that insolvency proceedings were initiated against either of the two subsidiaries selling the receivables.

At December 31, 2016, 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 39 million euros for the portion covering the subsidiaries' payment obligations and 155 million euros for the portion covering invalid receivables sales. It had a minimum residual term of more than 12 months at December 31, 2016 and an actual term that varies depending on the seller and type of obligation concerned.

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 22** and **Note 30**).

Conversely, when acquiring other entities, Group companies are sometimes given sellers' warranties. For example, as part of the August 1, 2008 acquisition of the Italian company Intercond, an escrow account was set up in accordance with the purchase agreement to cover payments that may be due to Nexans in the event of a claim during the seller's warranty period (14 million euros held until December 31, 2012, 7 million euros at December 31, 2013, 1 million euros at December 31, 2014, 0.6 million euros at December 31, 2015 and at December 31, 2016).

When the Group acquired AmerCable on February 29, 2012 an escrow account was set up for similar purposes into which Nexans paid 21 million US dollars. At December 31, 2016 the residual amount in this escrow account was 5 million US dollars.

Acquisition of the cables business of Invexans (formerly Madeco)

When Nexans acquired the cables business of the Chile-based group Madeco 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 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 Madeco group concerning the amounts payable by the Madeco group to Nexans Brasil in relation to the outcome of civil, employment law and tax proceedings in Brazil.

Under the terms of this agreement Madeco undertook to pay Nexans Brasil a lump sum of around 23.6 million Brazilian reals (approximately 9.4 million euros). In return, the Madeco 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. Two settlement agreements were signed in 2014 – one on August 21 and the other on November 26 – in order to enable Nexans to benefit from a tax amnesty in Brazil. The payments provided for under the above-described settlement agreements had been made by December 31, 2014 and no issues covered by the agreements were still pending.

B. COMMITMENTS RELATED TO THE GROUP'S FINANCING

Commitments given

- The Group had no outstanding pledged collateral at either December 31, 2016 or 2015.
- Syndicated credit facility: when the Group's syndicated credit facility was set up (see **Note 26.A**), Nexans undertook to guarantee the commitments given by Nexans Services to the banking pool concerned. This guarantee represented a maximum amount of 660 million euros at December 31, 2016.

Commitments received

At December 31, 2016 the Group had access to a 600 million euro syndicated credit facility expiring on December 14, 2020, none of which had been drawn down (see **Note 26.A** for further details).

As described in **Note 31.A** above, in April 2010 Nexans set up a receivables securitization program, which was renewed on March 30, 2015 for a maximum term of five years. The amount of receivables that may be sold is capped at 25 million euros for the Off-Balance Sheet program and at 85 million euros for the On-Balance Sheet program (see **Note 26.A** for further details).

C. COMMITMENTS RELATED TO THE GROUP'S OPERATING ACTIVITIES

The Group's main off-balance sheet commitments related to operating activities (excluding parent company guarantees – see below) are summarized in the following table:

(At December 31, in millions of euros)	2016	2015	Note
COMMITMENTS GIVEN			
Forward purchases of foreign currencies(1)	3,479	3,215	Note 25
Forward purchases of metals	486	527	Note 25
Firm commitments to purchase property, plant and equipment	36	43	
Commitments for third-party indemnities	3,403	2,547	See (1) below
Take-or-pay copper purchase contracts (in tons)	111,178	106,062	See (2) below
Future minimum payments under non-cancelable operating leases	135	110	Note 28
COMMITMENTS RECEIVED			
Forward sales of foreign currencies(1)	3,470	3,227	Note 25
Forward sales of metals	123	73	Note 25
Commitments to sell copper at set prices	112,254	122,888	See (2) below
Other commitments received	801	142	

(1) Including derivatives used to hedge the Group's net debt.

(1) 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 (805 million euros and 801 million euros at December 31, 2016 and 2015 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 22** and **Note 30**).

- At December 31, 2016 the Group had granted parent company guarantees in an amount of 2,598 million euros (1,746 million euros at December 31, 2015). These mainly correspond to performance bonds given to customers.

(2) 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 26.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 32. Main consolidated companies

The table below lists the main entities included in the Group's scope of consolidation at December 31, 2016.

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 SAS	100%	100%	
Nexans Interface	100%	100%	
Eurocable	100%	100%	
Recycâbles	36.5%	36.5%	Equity method
Nexans Power Accessories France	100%	100%	
BELGIUM			
Nexans Benelux S.A.	100%	100%	
Nexans Harnesses	100%	100%	
Nexans Network Solutions NV	100%	100%	
Nexans Services[3]	100%	100%	
Opticable S.A. NV	60%	60%	
GERMANY			
Nexans Deutschland GmbH	100%	100%	
Nexans Superconductors GmbH	100%	100%	
Metrofunkkabel Union GmbH	100%	100%	
Nexans Auto Electric GmbH[4]	100%	100%	
Nexans Power Accessories Deutschland GmbH	100%	100%	

Companies by geographic area	% control	% interest	Consolidation method[1]
NORTHERN EUROPE			
Nexans Nederland BV	100%	100%	
Nexans Norway A/S	100%	100%	
Nexans Suisse S.A.	100%	100%	
Confecta AG	100%	100%	
Nexans Ré[5]	100%	100%	
Nexans Logistics Ltd	100%	100%	
Nexans Sweden AB	100%	100%	
Nexans Denmark	100%	100%	
Axjo Kabel AG	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]	88.57%	88.57%	
Nexans Turkiye Endustri Ve Ticaret AS	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 Aerospace USA LLC	100%	100%	
Nexans High Voltage USA Inc.	100%	100%	
SOUTH AMERICA			
Invercable S.A.	100%	100%	
Nexans Chile S.A. Cerrada	100%	100%	
Colada Continua S.A.	41%	41%	Equity method
Nexans Colombie	100%	100%	
Indeco Peru[2]	96.75%	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]	83.59%	83.59%	
Sirmel Maroc	84.83%	70.91%	
Qatar International Cable Company	30.33%	30.33%	Equity method
Nexans Kabelmetal Ghana Ltd[6]	59.13%	59.13%	

Companies by geographic area	% control	% interest	Consolidation method(1)
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%	
Nexans (Suzhou) Cables Solutions Co. Ltd	100%	100%	
Nexans Korea Ltd	99.51%	99.51%	
Kukdong Electric Wire Co. Ltd	97.90%	97.90%	
Daeyoung Cable	100%	99.51%	
Nippon High Voltage Cable Corporation	66%	66%	
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) The entity responsible for the Nexans Group's cash management since October 1, 2008.
(4) 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.
(5) Nexans Ré is the Group's captive reinsurer.
(6) Since January 1, 2016, Nexans Kabelmetal Ghana is fully consolidated.

Note 33. Subsequent events

No significant event for which disclosure is required has occurred since December 31, 2016.

5.1.7. Statutory Auditors' report on the consolidated 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. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.
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,

In compliance with the assignment entrusted to us by your Shareholders' Meetings, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Nexans;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 at December 31, 2016 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.

Without qualifying our opinion, we draw your attention to section A "Antitrust investigations" of Note 30 "Disputes and contingent liabilities" to the consolidated financial statements, which describes the antitrust investigations initiated against the company.

II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

Impairment of assets

The Group tests goodwill for impairment and assesses whether there is any indication of impairment of non-current assets, as described in section F.c "Impairment tests" of Note 1 "Summary of significant accounting policies" to the consolidated financial statements. We have reviewed the methods used to carry out these impairment tests as well as the corresponding cash flow forecasts and assumptions used. We have also verified that Note 1.F.c and Note 6 "Net asset impairment" to the consolidated financial statements provide appropriate disclosures.

Deferred tax assets

The Group recognizes deferred tax assets in the consolidated statement of financial position on the basis of business plans and 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 9 "Income taxes" to the consolidated financial statements. Our work consisted of assessing the information and assumptions used to determine the recoverability of these deferred tax assets in future periods and verifying that the consolidated financial statements provide appropriate disclosures.

Pensions

The Group recognizes provisions for retirement benefits in accordance with the methods described in section F.i "Pensions, statutory retirement bonuses and other employee benefits" of Note 1 "Summary of significant accounting policies" to the consolidated financial statements. These obligations are valued with the assistance of external actuaries. Our work consisted of reviewing the information and actuarial assumptions used as well as the calculations performed and verifying that Note 21 "Pensions, retirement bonuses and other long-term benefits" to the consolidated financial statements provides appropriate disclosures.

Antitrust investigations

With respect to antitrust investigations and their repercussions, as described in Note 30 "Disputes and contingent liabilities" to the consolidated financial statements, our work consisted of assessing the information and assumptions used by the Group to determine the risks and the provisions recognized to cover the direct and indirect financial consequences of these investigations. This information includes the opinions of the Group's legal advisors. We have also verified that the consolidated financial statements provide appropriate disclosures.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - SPECIFIC VERIFICATION

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, February 13, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit
Éric Bulle

Mazars
Isabelle Sapet

5.2. Corporate financial statements

5.2.1. Income statement

(in thousands of euros)	Notes	2016	2015
NET SALES	4.1	21,917	22,831
Other operating income	4.3	1,801	1,760
TOTAL OPERATING INCOME		23,718	24,591
Other purchases and external charges		(26,827)	(32,425)
Taxes other than on income		(1,355)	(824)
Payroll expenses	4.2	(8,387)	(9,404)
Depreciation, amortization and provisions – Operating items		(1,740)	(3,551)
Other expenses		(576)	(618)
TOTAL OPERATING EXPENSES		(38,885)	(46,823)
NET OPERATING INCOME (LOSS)	4	**(15,167)**	**(22,231)**
Dividend income		497	332
Net interest expense		(38,649)	(43,328)
Net additions to/(reversals of) amortization and provisions – Financial items		59,481	104,524
Net foreign exchange gains/(losses)		(8)	(21)
NET FINANCIAL INCOME (LOSS)	5	**21,319**	**61,507**
NET INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX		6,152	39,275
NET NON-RECURRING INCOME (LOSS)	6	**191**	**(38,150)**
Employee profit-sharing		(145)	(57)
Income taxes	7	815	816
NET INCOME		**7,013**	**1,885**

5.2.2. Balance Sheet

(in thousands of euros)	Notes	Gross amount	Depreciation, amortization and provisions	Net at December 31, 2016	Net at December 31, 2015
ASSETS					
Intangible assets		400	(400)	-	-
Property, plant and equipment		-	-	-	-
Financial assets	8	2,941,610	-	2,941,610	2,880,678
TOTAL FIXED ASSETS		2,942,010	(400)	2,941,610	2,880,678
Trade receivables	9	10,345	-	10,345	7,721
Other receivables	9	175,292	-	175,292	168,606
Cash and cash equivalents		-	-	-	34
Prepaid expenses	9	120	-	120	32
TOTAL CURRENT ASSETS		185,757	-	185,757	176,393
Other assets	10	5,153	-	5,153	5,720
TOTAL ASSETS		**3,132,920**	**(400)**	**3,132,520**	**3,062,791**

(in thousands of euros)	Notes	December 31, 2016	December 31, 2015
EQUITY AND LIABILITIES			
Share capital		43,411	42,598
Additional paid-in capital		1,678,363	1,654,949
Legal reserve		3,163	2,872
Regulated reserves		0	0
Retained earnings		107,882	106,091
NET INCOME FOR THE YEAR		7,013	1,885
Regulated provisions		5,953	5,953
TOTAL EQUITY	11	1,845,786	1,814,348
PROVISIONS FOR CONTINGENCIES AND CHARGES	12	737	823
Convertible bonds	13 & 14	281,875	502,974
Other bonds	13 & 14	876,628	621,753
Trade payables	14	17,363	20,909
Other liabilities	14	110,111	101,901
DEFERRED INCOME		21	84
TOTAL LIABILITIES		1,285,998	1,247,621
TOTAL EQUITY AND LIABILITIES		**3,132,520**	**3,062,791**

5.2.3. Notes to the corporate financial statements

The notes below relate to the balance sheet at December 31, 2016, 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, 2016. The balance sheet total was 3,132,520 thousand euros and the Company ended the year with net income of 7,013 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 S.A. is a holding company, its business corresponds to managing the equity interests it holds in other companies.

Nexans S.A. is the consolidating parent company of the Nexans Group.

Note 2. Significant events

The following significant events occurred in 2016:

1. At the Board of Directors' meeting held on February 17, 2016, Frédéric Vincent announced that he intended to retire and therefore to step down as Chairman of the Board and as a director of Nexans as from March 31, 2016. The Board subsequently appointed Georges Chodron de Courcel as non executive Chairman of the Board of Directors, effective from the date of Frédéric Vincent's departure.

2. On July 28, 2016, the Company issued 483,612 new shares representing a total gross amount of 16,767 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, 484 thousand euros was recognized in "Share capital" and 15,707 thousand euros (net of the related issue costs) was recognized in "Additional paid-in capital".

3. During the year, the Board placed on record:

   - On July 27, 2016, that the vesting period for French tax residents under Long-Term Compensation Plan no. 12 of July 24, 2013 had expired, resulting in the allocation of 76,670 performance shares and 6,780 free shares to the beneficiaries concerned.

   - On November 23, 2016, that the vesting period for non-French tax residents under Long Term Compensation Plan no. 11 of November 20, 2012 had expired, resulting in the allocation of 21,490 performance shares and 8,866 free shares to the beneficiaries concerned.

Consequently, a 114 thousand euro capital increase was recognized in the Company's financial statements, which was paid up by capitalizing additional paid-in capital (see **Note 11**).

4. At its meeting on November 23, 2016, the Board of Directors used the shareholder authorization granted on May 12, 2016 to launch a new share buyback program.
   The main features of this program are described in **Note 11.3**.

5. On January 4, 2016, all of the 2016 OCEANE convertible/exchangeable bonds were redeemed in cash as they had reached maturity. The total amount paid was 221,099 thousand euros, including accrued interest.

6. On May 26, 2016, Nexans issued 250 million euros worth of bonds maturing on May 26, 2021.
   The bonds were issued at par and have an annual coupon of 3.25%, payable in arrears on May 26 each year. The first coupon payment date will be May 26, 2017 and the bonds will be redeemed on May 26, 2021.

7. During the first half of 2016, the Company sold tax receivables (research tax credits and CICE tax credits) for 9,493 thousand euros net of the related fees.

Note 3. Summary of significant accounting policies

GENERAL PRINCIPLES

The financial statements of Nexans S.A. for the year ended December 31, 2016 have been prepared in accordance with French generally accepted accounting principles (comprising the general conventions prescribed by Regulation no. 2014-03 of the French accounting standards authority *(Autorité des normes comptables - ANC)* for the French chart of accounts), including the principles of prudence and segregation of accounting periods. They are presented on a going concern basis and accounting policies have been applied consistently from one period to the next.

Assets and liabilities have been measured according to the historical cost convention.

The main accounting policies applied are described below.

INTANGIBLE ASSETS

This item includes:

- "Concessions, patents and similar rights", measured at historical cost and amortized on a straight-line basis over their estimated useful lives, corresponding to between five and twenty years.
- "Software", 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).
- 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". In accordance with the principle of prudence, a provision is recorded for unrealized foreign exchange losses. Unrealized foreign exchange gains have no impact on the income statement.

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.

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.

5.2.4. Notes to the income statement

Note 4. Operating income and expenses

After taking into account rebillings to subsidiaries, the Company reported net operating loss of 15,167 thousand euros for 2016, primarily corresponding to headquarters expenses, commissions and brokerage fees, depreciation, amortization and provisions, and various consulting fees.

4.1. NET SALES

The Company's 2016 net sales came to 21,917 thousand euros, and primarily related to the invoicing of services provided to Group entities.

4.2. PAYROLL EXPENSES

Payroll expenses include employees' gross salaries as well as payroll taxes payable by the Company.

4.2.1. Headcount

In 2016 and 2015, the Company had an average headcount of eight people (including two corporate officers).

4.2.2. Management compensation

Nexans' Board of Directors appointed Georges Chodron de Courcel as non-executive Chairman of the Board, effective from March 31, 2016, the date of Frédéric Vincent's departure (see **Note 2**).
The total amount of compensation, benefits and directors' fees paid to the Chairman of the Board of Directors and the Chief Executive Officer in 2016 was 1,863 thousand euros before tax.

The members of the Board of Directors received an aggregate 576 thousand euros in directors' fees for 2016 (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, 2016, the present value of its obligation under these plans, net of plan assets, was 14,801 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 2016).

- The Chief Executive Officer is eligible for a non-compete indemnity as compensation for agreeing not to exercise, for a period of two years from the end of his term of office, any business activity that would compete with that of the Company. He is also eligible for a termination benefit in the event of a forced departure.
  At December 31, 2016, total commitments given by the Company to the Chief Executive Officer represented an estimated 3,931 thousand euros.

4.3. OTHER OPERATING INCOME

Other operating income primarily consists of transfers of the costs related to the issue of the bonds maturing in 2021 as they are being recognized over the life of the bonds (see **Note 10**).

Note 5. Financial income and expenses

The Company recorded net financial income of 21,319 thousand euros in 2016, reflecting the combined impact of:

- 42,500 thousand euros in interest expense on bonds (see **Note 13.1**).
- 3,966 thousand euros in net income from investments.
- 497 thousand euros in dividends received.
- Amortization of bond redemption premiums for the bonds redeemable in 2017 and 2018, amounting to 257 thousand euros and 285 thousand euros respectively (see **Note 10**).
- A 60,000 thousand euro reversal of a provision for impairment in the value of investments (see **Note 8**).

Note 6. Non-recurring items

The net non-recurring income reported by the Company in 2016 primarily corresponds to 250 thousand euros in indemnities received.

Note 7. Income taxes

(in thousands of euros)	Net income (loss) from ordinary activities	Non-recurring items and employee profit-sharing	Other tax effects	TOTAL
PRE-TAX INCOME	6,152	46		6,198
Income taxes:				
■ at standard rate	-	-	865	865
■ benefit/(charge) from tax consolidation	(50)	-	-	(50)
INCOME TAXES	**(50)**	**-**	**865**	**815**
NET INCOME	6,102	46	865	7,013

7.1. COMMENTS

The 865 thousand euros recorded under "Other tax effects" in 2016 corresponded to research tax credits.

7.2. TAX CONSOLIDATION

Nexans S.A. 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 S.A. to adopt a French tax consolidation group in accordance with Article 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, 2016. 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 14**).

As part of the tax consolidation agreement under which Nexans S.A. is liable for the global tax charge, the cumulated tax loss at December 31, 2016 represented an unrecognized tax asset of 227,556 thousand euros.

No non tax-deductible expenses, as defined in Article 39-4 of the French Tax Code, were incurred during 2016.

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 S.A. taxable entity alone, temporary differences generating deferred tax assets correspond primarily to tax loss carryforwards, which amounted to 428,527 thousand euros at December 31, 2016 (384,659 thousand euros at December 31, 2015).

As there were no temporary differences that generated deferred tax liabilities at December 31, 2016, the future tax receivable relating to Nexans' corporate financial statements amounted to 147,542 thousand euros at that date (132,438 thousand euros at December 31, 2015).

5.2.5. Notes to the balance sheet

Note 8. Financial assets

(in thousands of euros)	Shares in subsidiaries and affiliates	Other financial assets[1]	Total financial assets
GROSS VALUES			
December 31, 2015	2,739,833	200,845	2,940,678
Acquisitions - increases	-	1,777	1,777
Disposals- decreases	-	(845)	(845)
DECEMBER 31, 2016	**2,739,833**	**201,777**	**2,941,610**
PROVISIONS FOR IMPAIRMENT			
December 31, 2015	(60,000)	-	(60,000)
Additions	-	-	-
Reversals	60,000	-	60,000
DECEMBER 31, 2016	**-**	**-**	**-**
NET VALUES			
December 31, 2015	2,679,833	200,845	2,880,678
DECEMBER 31, 2016	**2,739,833**	**201,777**	**2,941,610**

(1) Including loans to related companies amounting to 200,845 thousand euros at December 31, 2015 and 2016.

8.1. SHARES IN SUBSIDIARIES AND AFFILIATES

A breakdown of the shares held by Nexans S.A. in subsidiaries and affiliates is provided in **Note 15.7**, 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 2016.

Impairment

At December 31, 2016, the Company valued its shares held in Nexans France SAS using the method described in **Note 3**. Based on the results of this valuation, it reversed the full amount of the provision previously recorded for impairment in value of these shares (60,000 thousand euros).

8.2. OTHER FINANCIAL ASSETS

Loans

At both December 31, 2016 and 2015, this item corresponded to a medium-term loan granted to Nexans Services, representing a principal amount of 200,000 thousand euros plus 845 thousand euros in accrued interest.
This loan – which bears interest at 1.95% – was granted on April 19, 2015 for a four-year term expiring on April 19, 2019.

Deposits paid

When the Company sold its subsidiary, Nexans Indelqui S.A., in 2015, a portion of the sale price (991 thousand US dollars, corresponding to 932 thousand euros at hedged exchange rates) was placed in an escrow account in accordance with an indemnity clause for the buyer provided for in the sale agreement. This amount will be released from escrow within one year.

Note 9. Receivables by maturity

(At December 31, in thousands of euros)	2016				2015
	Gross amount[1]	O/w accrued income	Due within one year	Due beyond one year	Gross amount[1]
OTHER FINANCIAL ASSETS[2]	201,777	845	1,777	200,000	200,845
TRADE RECEIVABLES[3]	10,345	7,277	10,345	-	7,721
OTHER RECEIVABLES[4]	175,292	2,503	165,242	10,050	168,606
▪ Employee-related receivables and prepaid payroll costs	14	-	14	-	5
▪ Prepaid and recoverable income taxes[2]	10,822	-	772	10,050	10,668
▪ Prepaid and recoverable VAT	4,073	2,503	4,073	-	4,371
▪ Group and associates: tax consolidation	34	-	34	-	432
▪ Group and associates: cash pooling current accounts[5]	160,178	-	160,178	-	151,350
▪ Other debtors	171	-	171	-	1,780
PREPAID EXPENSES	120	-	120	-	32

(1) No provisions for impairment in value had been recognized against the above receivables at either December 31, 2016 or 2015.
*(2) See **Note 8.2**.*
(3) At both December 31, 2016 and 2015, trade receivables mainly corresponded to intra-group receivables.
*(4) 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 2017.*
(5) The cash pooling agreements put in place are open-ended agreements.

Note 10. Other assets

(in thousands of euros)	Net at January 1, 2016	Increases	Additions to provisions for impairment	Other movements	Net at December 31, 2016
Debt issuance costs	4,714,	1,738	(1,740)	0	4,712
Bond redemption premiums	983	0	(542)	0	441
Unrealized foreign exchange losses	23	-	-	(23)	0
TOTAL	**5,720**	**1,738**	**(2,282)**	**(23)**	**5,153**

Bond redemption premiums

The bond redemption premiums recognized in the balance sheet at December 31, 2016 relate to the bonds maturing in 2017 and 2018. They are being amortized on a straight-line basis over the life of the related bonds. The amortization expense for 2016 amounted to 542 thousand euros.

Debt issuance costs

The debt issuance costs recognized in 2016 relate to the bonds maturing in 2021 (see Note 13). They are being amortized on a straight-line basis over the life of the bonds (six years).

Note 11. Equity

11.1. BREAKDOWN OF SHARE CAPITAL

At December 31, 2016, the Company's share capital comprised 43,411,421 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.

11.2. 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 DEC. 31, 2015 (BEFORE APPROPRIATION OF NET INCOME)	42,598	1,654,949	2,872	106,091	1,885	5,953	1,814,348
Appropriation of 2015 net income	-	-	94	1,791	(1,885)	-	-
Dividends paid	-	-	-	-	-	-	-
Other movements	814	23,414	197	-	-	-	24,425
2016 net income	-	-	-	-	7,013	-	7,013
AT DEC. 31, 2016 (BEFORE APPROPRIATION OF NET INCOME)	**43,411**	**1,678,363**	**3,163**	**107,882**	**7,013**	**5,953**	**1,845,786**

Other movements can be analyzed as follows:

- The employee share issue carried out under the Act2016 plan, which led to the issue of 483,612 new shares with a par value of 1 euro each, and the recognition of the related issue premium (15,707 thousand euros net of costs).
- A 114 thousand euro capital increase paid up by capitalizing additional paid-in capital, which was carried out on the final vesting of free shares and performance shares (i) for French tax-resident beneficiaries under Long-Term Compensation Plan no. 12, and (ii) for non-French tax-resident beneficiaries under Long-Term Compensation Plan no. 11 (see **Note 2**).
- The issue of 216,285 new shares with a par value of 1 euro each following the exercise of stock options, and the recognition of the related issue premium totaling 8,018 thousand euros.
- 197 thousand euros in additions to the legal reserve, which were deducted from the issue premium set in connection with employee share issues.

Regulated provisions comprise excess tax amortization of share acquisition costs that are included in the cost of the related investments.

11.3. TREASURY SHARES

At its meeting on November 23, 2016, the Board of Directors used the shareholder authorization granted on May 12, 2016 to launch a new share buyback program. The main features of this program are as follows:

- The Company may buy back a maximum of 300,000 Nexans shares on Euronext Paris (compartment A) at a maximum purchase price of 60 euros. The amount that may be invested in the program is capped at 18 million euros.
- The purpose of the program is to buy back shares to be allocated under the free share and performance share plans set up for employees and officers of the Company.

Nexans S.A. did not buy back any of its own shares during 2016.

11.4. DIVIDEND PAYMENT

At the 2017 Annual Shareholders' Meeting, the Board of Directors will recommend a dividend payment of 0.50 euro per share, representing a total payout of 21,706 thousand euros based on the 43,411,421 shares making up the Company's capital at December 31, 2016.

If the Company holds any treasury stock at the time the dividend is paid, the amount corresponding to unpaid dividends on these shares will be allocated 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 following the exercise of stock options between January 1, 2017 and the date of the Annual Shareholders' Meeting called to approve the dividend payment.

Note 12. Provisions for contingencies

The 737 thousand euro provision for contingencies recorded in the balance sheet at December 31, 2016 has been set aside to cover risks relating to site dismantling and clean-up costs following the sale of the subsidiary, Indelqui S.A.

Note 13. Financial debt

13.1. BONDS

The Company's borrowings are primarily made up of bonds, which can be analyzed as follows:

	Issue date	Maturity date	Number of bonds outstanding at Dec. 31, 2016	Nominal amount[1]	Interest rate[1]	Accrued interest[1] at Dec. 31, 2016	Total[1] bond debt recognized in the balance sheet at Dec. 31, 2016	Interest expense[1] for 2016
CONVERTIBLE BONDS								
2019 OCEANE bonds	Feb. 29, 2012	Jan. 1, 2019	3,780,588	275,000	2.50%	6,875	281,875	6,875
ORDINARY BONDS								
Ordinary bonds maturing in 2017 Issue price: 99.266% of face value	May 2, 2007	May 2, 2017	7,000	350,000	5.75%	13,398	363,398	20,125
Ordinary bonds maturing in 2018 Issue price: 99.398% of face value	Dec. 19, 2012	March 19, 2018	2,500	250,000	4.25%	8,355	258,355	10,625
Ordinary bonds maturing in 2021	May 26, 2016	May 26, 2021	2,500	250,000	3.25%	4,875	254,875	4,875
				850,000		**26,628**	**876,628**	**35,625**
TOTAL				**1,125,000**		**33,503**	**1,158,503**	**42,500**

(1) In thousands of euros.

All of the bonds in the above table are redeemable at face value at maturity.

At December 31, 2016, total bond debt amounted to 1,158,503 thousand euros including accrued interest, of which 281,875 thousand euros related to OCEANE bonds. At December 31, 2015, bond debt totaled 1,124,724 thousand euros, of which 502,974 thousand euros related to OCEANE bonds.

The main movements in the Company's bond debt during 2016 were as follows:

- On January 4, 2016, all of the 2016 OCEANE bonds were redeemed in cash as they had reached maturity. The total amount paid was 221,099 thousand euros including accrued interest.
- On May 26, 2016, Nexans S.A. issued 250 million euros worth of bonds maturing on May 26, 2021. The bonds were issued at par and have an annual coupon of 3.25%.

The indentures for the OCEANE bonds maturing on January 1, 2019 (the 2019 OCEANE bonds) include an early redemption option exercisable by the bondholders on June 1, 2018 or the first business day thereafter.

13.2. COVENANTS

At December 31, 2016, Nexans S.A. and its subsidiaries had access to 600 million euros under a medium term confirmed credit facility expiring on December 14, 2020. None of this facility had been drawn down at the year-end.

The loan agreement related to this credit facility contains standard covenants (negative pledge, cross default, pari passu and change of control clauses). In addition, the Group's debt to equity ratio must be below 1.10 and consolidated debt must not exceed 3x EBITDA. See Note 26 to the consolidated financial statements for further information.

These ratios were well within the specified limits at both December 31, 2016 and at the date the Board of Directors approved the financial statements.

Note 14. Liabilities by maturity

(At December 31, in thousands of euros)	2016				2015
	Amount	O/w accrued expenses	Due within 1 year	Due between 1 and 5 years	Amount
CONVERTIBLE BONDS(1)	281,875	6,875	6,875	275,000	502,974
ORDINARY BONDS(2)	876,628	26,628	376,628	500,000	621,753
TRADE PAYABLES	17,363	16,550	17,363	-	20,909
OTHER LIABILITIES(3)	110,111	5,656	110,111	-	101,792
■ Employee-related payables and accrued payroll costs	5,051	4,165	5,051	-	3,891
■ Accrued VAT	1,676	1,213	1,676	-	1,448
■ Other accrued taxes	227	227	227	-	
■ Tax consolidation suspense account(4)	70,940	-	70,940	-	67,954
■ Group and associates: tax consolidation	32,150	-	8,309	23,841	28,498
■ Other liabilities	67	51	67	-	110
DEFERRED INCOME	21	-	21	-	84

(1) See Note 13.
(2) See Note 13.
(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 2017.
(4) Tax losses of subsidiaries in the tax consolidation group that may have to be returned to those subsidiaries in subsequent years.

At December 31, 2016, the Company did not have any liabilities due beyond five years.

5.2.6. Miscellaneous information

Note 15. Miscellaneous information

15.1. STOCK OPTIONS, FREE SHARES AND PERFORMANCE SHARES

Stock options

At December 31, 2016, there were 254,030 outstanding stock options held by employees, representing 0.6% of the Company's share capital, versus 960,742 at December 31, 2015 (2.3% of the share capital).

The options outstanding at December 31, 2016 were granted on March 9, 2010. Their exercise price is 46.30 euros (including adjustments made following the rights issue on November 8, 2013) and they expire on March 8, 2018.

Changes in the number of options outstanding

	Number of options
OPTIONS OUTSTANDING AT BEGINNING OF YEAR	**960,742**
Options granted during the year	-
Options canceled during the year	(131,019)
Options exercised during the year	(216,285)
Options expired during the year	(359,408)
OPTIONS OUTSTANDING AT THE YEAR-END	**254,030**
▪ of which exercisable at the year-end	254,030

Free shares and performance shares

At December 31, 2016, there were 886,859 free shares and performance shares outstanding – each entitling their owner to one share – representing a total of 2.0% of the Company's share capital. At December 31, 2015, there were 959,906 free shares and performance shares outstanding, representing 2.3% of the Company's share capital.
A total of 287,100 free shares and performance shares were granted during 2016.

The free shares and performance shares outstanding at December 31, 2016 can be analyzed as follows:

Grant date	Number of shares originally granted	Number of shares granted as adjusted for the rights issue[1]	Number of shares outstanding at the year-end	End of vesting period
July 24, 2013	275,000	319,007	38,329	July 24, 2017 for non-French tax residents, and July 24, 2016 followed by a 2-year lock-up period for French tax residents
July 24, 2014	311,940	N/A	249,340	July 24, 2018 for non-French tax residents, and July 24, 2017 followed by a 2-year lock-up period for French tax residents
July 28, 2015	320,960	N/A	312,340	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	N/A	30,000	January 1, 2020
May 12, 2016	253,200	N/A	252,950	May 12, 2020
November 23, 2016	3,900	N/A	3,900	November 23, 2020
TOTAL SHARES OUTSTANDING			**886,859**	

(1) The number of free shares and performance shares granted was adjusted following the rights issue carried out on November 8, 2013.

Movements in outstanding free shares and performance shares

SHARES OUTSTANDING AT BEGINNING OF YEAR	**959,096**
Shares granted during the year[1]	287,100
Shares canceled during the year	(245,531)
Shares vested during the year	(113,806)
NUMBER OF SHARES IN VESTING PERIOD AT THE YEAR-END	**886,859**

(1) Based on achievement of the target performance level.

The vesting conditions applicable to the performance shares are based both on Nexans' financial performance and its share performance.

15.2. RELATED PARTIES – RELATED COMPANIES

Related party transactions concern subsidiaries and affiliates 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 15.7.

In 2016, 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.

15.3. OFF-BALANCE SHEET COMMITMENTS

Reciprocal commitments

At December 31, 2016 the market value of currency forwards (USD) entered into by the Company amounted to 2 thousand euros.

Commitments given

- The Company has granted parent company guarantees covering the contractual obligations of certain subsidiaries, amounting to 1,618 million euros at December 31, 2016 (excluding the commitments described below related to receivables sales and the syndicated loan).

- When the Group's syndicated loan was set up, Nexans undertook to guarantee the commitments given by Nexans Services to the banking pool concerned. This guarantee represented a maximum amount of 660 million euros at December 31, 2016.

- As part of the process to set up a securitization plan for euro-denominated trade receivables in the second quarter of 2010, Nexans granted a joint and several guarantee to the arranging bank. This guarantee covers (i) the payment obligations of the two Nexans subsidiaries selling the receivables under the programs concerned and (ii) the consequences that could arise if any of the receivables sales under the programs were rendered invalid, notably in the event that insolvency proceedings were initiated against either of the two subsidiaries selling the receivables.
  At the year-end, this joint and several guarantee was valued at 39 million euros for the portion covering the subsidiaries' payment obligations and 155 million euros for the portion covering invalid receivables sales. It had a minimum residual term of more than 12 months at December 31, 2016 and an actual term that varies depending on the seller and type of obligation concerned.

Commitments received

At December 31, 2016, commitments received corresponded to the Company's 600 million euro unused credit facility expiring on December 1, 2020.

15.4. FEES PAID TO THE STATUTORY AUDITORS

The total fees paid to the Statutory Auditors recorded in the income statement for 2016 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	221	55	286
PricewaterhouseCoopers Audit 63, rue de Villiers, 92208 Neuilly-sur-Seine, France	15	227	25	267
	25	**448**	**80**	**563**

15.5. SUBSEQUENT EVENTS

No significant events occurred between the end of the reporting period and the date on which these corporate financial statements were approved for issue.

15.6. 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 a breach 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 by the European Commission. Nexans France SAS and the Company appealed the European Commission's decision to the General Court of the European Union.

On July 4, 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 in the United Kingdom since the beginning of 2015, has filed a contribution claim against the other cable producers sanctioned by the European Commission, including Nexans France SAS and Nexans S.A.

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

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

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

In addition, on December 16, 2016, Nexans Iberia and Nexans S.A. (in its capacity as Nexans Iberia's parent company) were notified by the Spanish antitrust authorities (CNMC) that a formal investigation was being launched into Nexans Iberia's conduct as part of its overall investigation into the low- and medium-voltage power cables sector. This notification was received nine months after the other companies concerned were informed of the investigation.

On January 3, 2017, Nexans Iberia and Nexans S.A. received a notification of grievances from the CNMC to which they replied on January 30, 2017, within the timeframe provided for under the applicable Spanish regulations.

The Company expects the CNMC to issue its decision on this case by the end of 2017.

15. 7. LIST OF SUBSIDIARIES AND AFFILIATES

At December 31, 2016

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 registration no. 428 593 230)	130,000	(76,199)	100.00%	-	477,400	417,400	1,391,101	(7,337)
NEXANS PARTICIPATIONS Paris - France (SIREN registration no. 314 613 431)	418,110	1,346,883	100.00%	-	2,048,264	2,048,264	754	51,318
INVERCABLE SA[1] Santiago - Chile	82,400	123,236	100.00%	-	194,948	194,948	-	12,857
2) AFFILIATES (10%-50% OWNED)								
NEXANS KOREA[2] Chungcheongbuk - South Korea	17,125,879	82,577,383	35.53%	-	16,940	16,940	281,416,716	18,297,943
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				497	2,281	2,281		

(1) Amount in thousands of USD (US dollars): 1 USD = 0.9487 euros at December 31, 2016.
(2) Amount in thousands of KRW (Korean won): 1,000 KRW = 0.788 euros at December 31, 2016.
(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.

5.2.7. Parent company results for the last five years

	2016	2015	2014	2013	2012
I - SHARE CAPITAL AT THE END OF THE FISCAL YEAR[1]					
a) Share capital *(in thousands of euros)*	43,411	42,598	42,051	42,043	29,394
b) Number of shares issued	43,411,421	42,597,718	42,051,437	42,043,145	29,394,042
II - RESULTS OF OPERATIONS *(in thousands of euros)*					
a) Sales before taxes	21,917	22,831	17,843	17,899	25,970
b) Income before tax, employee profit-sharing, depreciation, amortization and provisions	(51,461)	(101,110)	(64,817)	32,794	41,291
c) Income taxes	815	816	901	295	777
d) Employee profit-sharing due for the fiscal year	(145)	(57)	(94)	(89)	(142)
e) Income after tax, employee profit-sharing, depreciation, amortization and provisions	7,013	1,885	(66,588)	(50,787)	(35,486)
f) Dividends	21,706[2]	-	-	-	14,697
III - INCOME PER SHARE *(in euros)*					
a) Income after tax and employee profit-sharing but before depreciation, amortization and provisions	(1.17)	(2.37)	(1.54)	0.78	1.43
b) Income after tax, employee profit-sharing, depreciation, amortization and provisions	0.16	0.04	(1.58)	(1.21)	(1.21)
c) Dividend per share	0.5	-	-	-	0.5
IV - EMPLOYEES					
a) Average headcount during the year	6	6	8	8	8
b) Total fiscal year payroll *(in thousands of euros)*	3,945	4,375	4,514	4,797	5,475
c) Total amount paid for employee benefits during the fiscal year *(in thousands of euros)*	1,315	1,458	1,504	1,599	1,825

(1) The number of convertible bonds is set out in paragraph 6.2.1 of 2016 Registration document.
(2) Based on the number of shares at December 31, 2016, ie 43,411,421 shares.

5.2.8. 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. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.
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,

In compliance with the assignment entrusted to us by your Shareholders' Meetings, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying financial statements of Nexans;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to Note 15.6 "Other information" to the financial statements, which describes the investigations initiated against the Company and its subsidiary, Nexans France SAS, in relation to anticompetitive behavior.

II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

Impairment of shares in subsidiaries and affiliates

The Company records a provision for impairment of its shares in subsidiaries and affiliates when their carrying amount exceeds their fair value, which is estimated on the basis of value in use, as described in the "Financial assets" section of Note 3 "Summary of significant accounting policies" to the financial statements. Our work consisted in assessing the data and assumptions on which these estimates are based, reviewing the calculations made by the Company, and reviewing the management's procedures for approving those estimates.

Antitrust investigations

With respect to antitrust investigations and their repercussions, as described in Note 15.6 "Other information" to the financial statements, our work consisted in assessing the information used by the Company to determine the risks and the provisions recognized to cover the direct and indirect financial consequences of these investigations. The information includes the opinions of the Company's legal advisors. We also verified that the notes to the financial statements provide appropriate disclosure.

As part of our assessments, we also ensured that the estimates were reasonable.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - SPECIFIC VERIFICATIONS AND INFORMATION

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 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.

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Courbevoie, March 14, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit
Éric Bulle

Mazars
Isabelle Sapet

6 Information about the share capital and ownership structure

6.1. Nexans share data

NEXANS IS LISTED ON EURONEXT PARIS (COMPARTMENT A)

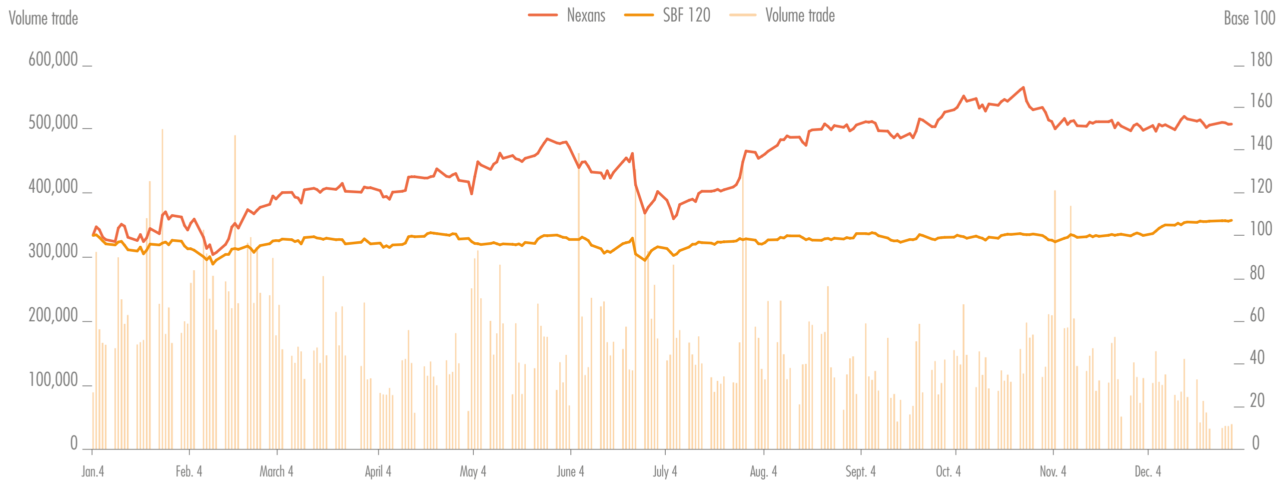
- Deferred settlement service
- ISIN code FR0000044448
- Par value: 1 euro

MARKET CAPITALIZATION AT DECEMBER 31, 2016

2.136 billion euros

Share performance

(in euros, from January 1, 2016 to December 31, 2016)



AVERAGE DAILY TRADING VOLUME IN 2016

165,707 shares

INDEX

- SBF 120

PER SHARE DATA

in euros (except ratios)	2016	2015	2014
Net assets(1)	32.5	27.5	32.75
Basic earnings/(loss) per share(2)	1.43	(4.55)	(4.01)
Diluted earnings/(loss) per share(3)	1.40	(4.55)	(4.01)
PER(4)	22.73	-	-
Net dividend(5)	0.50	-	-
Dividend yield(4)	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 11, 2017 the Board of Directors will recommend a dividend payment of 0.50 euros per share for 2016.

STOCK MARKET DATA

Share price in euros *(except percentages)*	2016	2015	2014
High	54.8	39.84	43.57
Low	29.37	24.45	23.07
End-of-year closing price	49.21	33.7	25.40
Change over the year	+52.09%	+26.40%	-31.01%
Change in the SBF 120 over the year	+1.78%	+6.40%	+0.69%
Change in the CAC 40 over the year	+4.86%	+8.50%	-0.54%
MARKET CAPITALIZATION AT DECEMBER 31(1)	**2,136**	**1,436**	**1,068**
Average daily trading volume(2)	165,707	205,153	170,783
Number of shares in issue at December 31	43,411,421	42,597,718	42,051,437
SHARE TURNOVER(3)	**0.38%**	**0.48%**	**0.41%**

(1) In millions of euros.
(2) In number of shares.
(3) Daily average over the year.

6.2. Share capital

At December 31, 2016, the Company's share capital stood at 43,411,421 euros, fully paid-up and divided into 43,411,421 shares with a par value of one (1) euro each. This amount includes the impact of the employee share issue carried out on July 28, 2016, which led to the creation of 483,612 new shares, as well as the issue of 46,419 new shares following the vesting of free shares and performance shares and the exercise of stock options. Each of the Company's shares carries one voting right.

6.2.1. Estimated breakdown of share capital and voting rights at December 31, 2016

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	New amount of share capital (in euros) and number of shares
January 11, 2012	Capital increase following the exercise of stock options	3,050	€3,050	28,723,080
July 24, 2012	Capital increase following the exercise of stock options	37,630	€37,630	28,760,710
August 3, 2012	Employee share issue	499,984	€499,984	29,260,694
December 18, 2012	Conversion of "1.5% 2013 OCEANE bonds"	98	€98	29,260,792
January 14, 2013	Capital increase following the exercise of stock options	133,250	€133,250	29,394,042
August 31, 2013	Capital increase following the exercise of stock options	9,500	€9,500	29,403,542
September 30, 2013	Capital increase following the exercise of stock options	24,661	€24,661	29,428,203
October 31, 2013	Capital increase following the exercise of stock options	2,000	€2,000	29,430,203
November 8, 2013	Capital increase through the issuance of new shares paid up in cash	12,612,942	€12,612,942	42,043,145
May 31, 2014	Capital increase following the exercise of stock options	175	€175	42,043,320
June 30, 2014	Capital increase following the exercise of stock options	933	€933	42,044,253
November 19, 2014	Capital increase following the vesting of free shares	7,184	€7,184	42,051,437
January 21, 2015	Employee share issue	499,862	€499,862	42,551,299
November 24, 2015	Capital increase following the vesting of free shares and performance shares	46,419	€46,419	42,597,718
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	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	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

6.2.1.2. POTENTIAL SHARE CAPITAL AT DECEMBER 31, 2016

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

(1) The OCEANE bonds issued on February 29, 2012. This public issue involved 3,780,588 OCEANE bonds, each with a face value of 72.74 euros, and represented a total value of approximately 275 million euros (the "**2.5% 2019 OCEANE bonds**"). The prospectus for the issue was approved by the AMF on February 21, 2012 under number 12-083. The term of the bonds was set at six years and 307 days. If the bonds run until their scheduled redemption date, they will be redeemed in full on January 1, 2019 at their face value, namely at a price of 72.74 euros per bond. However, the Company has an early redemption option under which it is entitled to require the bondholders to convert their bonds into shares if the Company's share price exceeds a certain level. The bondholders also have a right to early redemption of the bonds exercisable on June 1, 2018. The bonds bear interest at 2.5% per annum, payable in arrears on January 1 each year and their gross yield-to-maturity is 2.5% (if they are not converted and/or exchanged for shares, and if they are not redeemed in advance). The option to convert or exchange the bonds can be exercised by the OCEANE bondholders at any time until the seventh business day preceding the scheduled or early redemption date. At December 31, 2016, all of the 2.5% 2019 OCEANE bonds were still outstanding.
As a result of the rights issue carried out on November 8, 2013 and in accordance with the adjustment formulae provided for in the issue terms and conditions of the 2.5% 2019 OCEANE bonds, since November 8, 2013, one 2.5% 2019 OCEANE bond has been convertible into 1.1250 Nexans shares compared with the previous conversion ratio of one share per bond. Consequently, if all of the OCEANE bonds were converted they would represent an aggregate 4,253,161.5 shares, or 9.79% of the Company's share capital.

(2) The 254,030 outstanding stock options granted by the Company and not yet exercised, representing approximately 0.59% of the Company's share capital and exercisable for one share each.

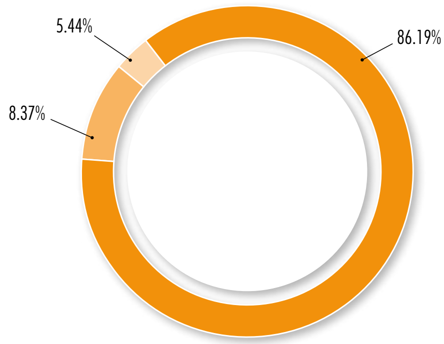
(3) The 804,669 performance shares (based on the achievement of maximum performance targets) granted to employees and corporate officers and not yet definitely vested, representing approximately 1.85% of the Company's share capital at December 31, 2016.

(4) The 82,190 free shares (with no performance conditions attached) granted to certain employees and not yet definitely vested, representing approximately 0.19% of the Company's share capital at December 31, 2016.

Except for the above-mentioned instruments, at December 31, 2016 there were no other securities that were convertible, redeemable, exchangeable or otherwise exercisable for the Company's shares.

The Company's potential share capital, namely its existing capital plus any shares to be issued on the exercise of rights to the Company's shares, represented approximately 112.42% of the Company's capital at December 31, 2016.

6.2.1.3. ESTIMATED BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS[1] AT DECEMBER 31, 2016



- **Institutional investors: 86.19% o/w:**
  - Invexans (Quiñenco group, Chile): approximately 29.05% (12,610,914 shares)
  - Bpifrance Participations (France): 7.75% (3,363,446 shares)
  - Other institutional shareholders: 49.39% (21,441,816 shares)
- **Private investors and employees: 8.37% (3,631,585 shares) o/w:**
  - Private investors: 4.42%
  - Employees: 3.95%
- **Unidentified shareholders: 5.44% (2,363,660 shares)**

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

(1) For resolutions in Extraordinary Shareholders' Meetings that relate to major structural transactions (such as mergers and significant capital increases) no single shareholder may exercise voting rights representing more than 20% of the total voting rights of shareholders present or represented at the meeting concerned (see Article 21 of the Company's bylaws).

As the Company's ownership structure changes frequently, the breakdown above is not necessarily representative of the situation at the date this Registration Document was published.

At December 31, 2016, the members of Nexans' Board of Directors held approximately 0.04% of the Company's capital, both directly and through the FCPE corporate mutual fund.

By letter received on March 15, 2017, Norges Bank notified the Company of two changes in their ownership. On March 13, 2017, as a result of an increase of the number of shares held as collateral, Norges Bank held 2,274,993 shares representing 5.24% of the capital and of the voting rights (breaching the shareholding threshold of 5% imposed by the AMF General Regulation). The following day of March 14, 2017, the ownership decreased to 2,028,556 shares representing 4.67% of the capital and of the voting rights.

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, 2016, the Company did not hold any treasury shares and each member of the Board of Directors held at least the number of shares recommended in the Company's bylaws.

Nexans is not aware of the existence of any individual or legal entity that, directly or indirectly, acting alone or in concert, exercises control over its share capital, nor of any agreement that if implemented could trigger a change of control of the Company.

6.2.2. Estimated ownership structure by geographic area

At December 31, 2016, Nexans' estimated ownership structure by geographic area was as follows:

Institutional investors – France	23.10%
Institutional investors – United States	12.16%
Institutional investors – UK and Ireland	10.22%
Institutional investors – Other European countries	9.02%
Institutional investors – Other countries (incl. South America)	31.69%
Private shareholders	4.42%
Employees	3.95%
Unidentified shareholders	5.44%

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

6.2.3. Legal threshold disclosures filed in 2016

No statutory threshold disclosures were filed with the AMF in 2016.

6.2.4. Changes in Nexans' ownership structure over the last three years

Shareholders	Estimated situation at December 31, 2014			Estimated situation at December 31, 2015			Estimated situation at December 31, 2016		
	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
Institutional investors	38,133,133	90.66	90.66	39,974,819	86.8	86.8	37,416,176	86.19	86.19
Employees	1,291,085	3.10	3.10	1,324,516	3.10	3.10	1,714,121	3.95	3.95
Members of the Board of Directors	39,709	0.10	0.10	39,253	0.10	0.10	16,890	0.04	0.04
Private shareholders	1,732,178	4.12	4.12	2,815,641	6.6	6.6	1,900,574	4.38	4.38
Treasury stock	-	-	-	-	-	-	-	-	-
Unidentified shareholders	891,315	2.12	2.12	1,490,920	3.5	3.5	2,363,660	5.44	5.44

6.3. Employee share ownership

The proportion of the Company's share capital owned by employees, calculated in accordance with Article L.225-102 of the French Commercial Code (*Code de commerce*), was 3.95% at December 31, 2016.

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 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. 2017 Annual Shareholders' Meeting

The notice for Nexans' Annual Shareholders' Meeting to be held on May 11, 2017 – containing the agenda, information on how to participate in the meeting, the proposed resolutions and the Board of Directors' report on the resolutions – is available on Nexans' website (www.nexans.com), under Finance and then Shareholders' Information – Shareholders' Meetings – 2017 Annual Shareholders' Meeting.

6.4.2.1. APPROVAL OF THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS – APPROPRIATION OF PROFIT

In addition to approving the parent company and consolidated financial statements, shareholders will be asked to approve a dividend payment of 0.50 euros per share. If this resolution is approved, the dividend will be detached on May 16, 2017 and paid starting on the 6th trading day following the date of the Shareholders' Meeting, i.e. May 19, 2017.

6.4.2.2. GOVERNANCE – ELECTION AND RE-ELECTION OF DIRECTORS

Shareholders will be invited to (i) re-elect as directors for a four-year term Andrónico Luksic Craig and Francisco Pérez Mackenna (directors proposed by the Company's principal shareholder, Invexans), and (ii) elect as an independent director Marc Grynberg, who has been Censor since January 18, 2017.

If the shareholders were to approve the resolutions concerning the re-elections and election, then (i) the Company would be able to maintain the proportion of independent members on the Board at more than the 50% recommended for widely-held companies in the AFEP-MEDEF Corporate Governance Code[1], and (ii) the Board would comprise 12 directors at the close of the Annual Shareholders' Meeting.

(1) Proportion of independent directors calculated excluding the director representing employee shareholders, in accordance with Recommendation 8.3 of the November 2016 version of the AFEP-MEDEF Code.

Of these directors, the following six were qualified as independent by the Board at its meeting on January 18, 2017: Cyrille Duval, Jérôme Gallot, Philippe Joubert, Véronique Guillot-Pelpel, Colette Lewiner and Kathleen Wantz-O'Rourke, corresponding to a proportion of 54.5%, which exceeds the 50% recommended for widely-held companies in the AFEP-MEDEF Corporate Governance Code[1]. The proportion of women on the Board would be more than 41%, which complies with the provisions of the French Act of January 27, 2011.

If the candidates are elected or re-elected, the directors' terms of office would continue to be staggered, and would expire as follows:

2018 Annual Shareholders' Meeting	Véronique Guillot-Pelpel, Philippe Joubert, Fanny Letier (2)
2019 Annual Shareholders' Meeting	Georges Chodron de Courcel, Cyrille Duval, Hubert Porte (3)
2020 Annual Shareholders' Meeting	Marie-Cécile de Fougières (4), Colette Lewiner, Kathleen Wantz-O'Rourke
2021 Annual Shareholders' Meeting	Marc Grynberg, Andrónico Luksic Craig(3), Francisco Pérez Mackenna (3)

(2) Directors proposed by Bpifrance Participations.
(3) Director proposed by the Company's principal shareholder, Invexans.
(4) Director representing employee shareholders.

6.4.2.3. VOTE ON EXECUTIVE OFFICERS' COMPENSATION

In accordance with the new provisions of Article L.225-37-2 of the French Commercial Code, shareholders will be invited to vote on the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components making up the total compensation and benefits-in-kind payable to Nexans' executive officers for 2017. These components are set out in section 2.5.2 of this Registration Document.

In accordance with the recommendations of the November 2016 version of the AFEP-MEDEF Code – which Nexans uses as its corporate governance framework – shareholders will be given a "say-on-pay" vote on the compensation due or paid for 2016 to Frédéric Vincent (Chairman of the Board of Directors until March 31, 2016), Georges Chodron de Courcel (Chairman of the Board of Directors since March 31, 2016) and Arnaud Poupart-Lafarge (Chief Executive Officer).

The shareholders' say-on-pay vote concerning Frédéric Vincent will relate to the following compensation components due or paid for 2016: in particular fixed compensation, directors' fees and benefits-in-kind (all of which were published on the Company's website when Frédéric Vincent left Nexans in March 2016).

The say-on-pay vote concerning Georges Chodron de Courcel will relate to his fixed compensation for 2016.

Concerning Arnaud Poupart-Lafarge, the say-on-pay vote will relate to the following compensation components due or paid for 2016: in particular fixed compensation, variable compensation, deferred variable compensation awarded under the 2014 long-term compensation plan in his capacity as Chief Operating Officer, performance shares and benefits-in-kind (company car).

These components of the compensation due or paid to the Chairman and the Chief Executive Officer for 2016 are detailed in the tables included in the notice of meeting for the 2017 Annual Shareholders' Meeting.

6.4.2.4. FINANCIAL AUTHORIZATIONS – EMPLOYEE SHARE OWNERSHIP – PERFORMANCE SHARE PLAN

Shareholders will be invited to renew for an eighteen-month period the authorizations enabling the Board of Directors to implement the Company's employee share ownership policy and long-term compensation policy.

In relation to the 2018 long-term compensation plan, shareholders will be asked to authorize the Board to set up a plan involving the allocation of a maximum of 300,000 performance shares and 50,000 free shares. The free shares would be allocated to certain high potential managers and/or other employees who have delivered exceptional performance (other than Management Council members and performance share beneficiaries), and the allocations would be made on a non-recurring basis. The performance shares would only vest if the beneficiary were still a member of the Group at the vesting date and would be subject to strict performance conditions, each measured over a three-year period. The performance conditions would be divided into two categories – share performance and financial performance – as described in the Board of Directors' report on the proposed resolutions contained in the notice of meeting for the May 11, 2017 Annual Shareholders' Meeting.

The portion of performance shares allocated to the Chief Executive Officer would represent a maximum of 10% of the total 300,000 performance shares authorized for allocation, i.e., around 0.07% of the Company's capital at December 31, 2016. The total dilutive impact of the proposed plan would be approximately 0.8% based on the Company's capital at December 31, 2016.

6.4.2.5. DIRECTORS REPRESENTING EMPLOYEES

Shareholders will be invited to amend the Company's bylaws in order to (i) permit the appointment of an employee representative director with voting rights on the Board of Directors, and (ii) designate the Group Works Council based in France as the body responsible for appointing this employee representative director. The appointment must take place within six months of the Annual Shareholders' Meeting.

(1) Proportion of independent directors calculated excluding the director representing employee shareholders, in accordance with Recommendation 8.3 of the November 2016 version of the AFEP-MEDEF Code.

6.4.2.6. APPROVAL OF THE CHANGE IN REGISTERED OFFICE

Shareholders will be asked to approve the Board of Directors' March 14, 2017 decision to relocate the Company's registered office to 4 allée de l'Arche, 92400 Courbevoie, France. The relocation will take effect on June 6, 2017.

6.4.3. Summary of financial authorizations submitted to the may 11, 2017 annual shareholders' meeting

The table below summarizes the financial authorization proposals submitted to the General Shareholders' Meeting dated May 11, 2017:

Resolutions proposed to General Shareholders' Meeting dated May 11, 2017[1]	Ceilings per resolution (par value)[2]	Subceilings shared by serveral resolutions (par value)	Ceilings shared by several resolutions (par value)	Aggregate ceiling (par value)
SHARE CAPITAL INCREASE WITH AND WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS				
Issuance **of ordinary shares** or **securities** (French ORAs, OBSAs, OCEANEs, ABSAs, ABSOs, ABSARs…) with preferential subscription rights (**R14**) and with a possible over-allocation option (**R18**)	€14 000 000, or 14,000,000 shares) (≈32% of the share capital as of February 28, 2017) Debt securities = €350,000,000	-	€14,000,000, or 14,000,000 shares (≈32% of the share capital as of February 28, 2017)	**€14,000,000 or 14,000,000 shares** **Debt securities granting = €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**)	€14,000,000, or 14,000,000 shares (≈32% of the share capital as of February 28, 2017)	-		
Issuance of **ordinary shares** or **securities** (French ORAs, OBSAs, OCEANEs, …) without preferential subscription rights *via* a **public offering** (**R16**) with a possible over-allocation option (**R18**) or an issuance of shares or securities representing debt and granting rights to equity securities (French ORAs, OBSAs, OCEANEs…) *via* a **private investment** (**R17**) with a possible over-allocation option (**R18**)	€4,342,000 or 4,342,000 shares (<10% of the share capital as of February 28, 2017) Debt securities = €350,000,000	€4,342,000 or 4,342,000 shares (<10% of the share capital as of February 28, 2017)		
Issuance of **ordinary shares** and **securities** granting rights to equity securities in consideration of tendered securities : as a method of payment for **acquisitions** (**R19**)	€4,342,000 or 4,342,000 shares (< 10 % of the share capital as of February 28, 2017)			
EMPLOYEE PROFIT-SHARING SCHEMES (INTÉRESSEMENT)				
Issuance of ordinary shares or securities granting rights to equity securities and **reserved for employees** who are members of company savings plans (**R20**)	€400,000 or 400,000 shares	-		
In the event that the above delegation is used, an issuance of ordinary shares or securities granting rights to equity securities for the benefit of a credit institution for the purpose of implementing an SAR (*stock appreciation right*) type alternate formula, in favor of **certain foreign employees** (USA, Italy, Chile, China, South Korea, Greece, Sweden) (**R21**)	€100,000 or 100,000 shares			
2018 grant of **performance shares** to corporate officers and key managers (**R22**)	€300,000 or 300,000 shares	-	-	-
2018 grant of **free shares** to certain high-potential executives and/or exceptional contributors (other than the members of the *Management Council* and the beneficiaries of performance shares) (**R23**)	€50,000 or 50,000 shares			

(1) The abbreviation "R…" indicates the number of the resolution submitted to the General Shareholders' Meeting dated May 11, 2017.
(2) The maximum number of shares that could potentially be issued corresponds to the maximum par value of the share capital increases that could potentially be carried out insofar as the par value of a Company share is equal to one Euro.

6.5. Summary of authorizations to increase the company's share capital and their use during 2016

<table>
<tr><th>Resolutions approved at the Annual Shareholders' Meetings of May 5, 2015 and May 12, 2016</th><th>Limit for each resolution[1]</th><th>Sub-limits applicable to several resolutions[1]</th><th>Limits applicable to several resolutions[1]</th><th>Use during fiscal 2016</th></tr>
<tr><td colspan="5">CAPITAL INCREASES WITH AND WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS</td></tr>
<tr><td>Issue of ordinary shares with pre-emptive subscription rights (R19 – 2015 AGM), with a greenshoe option if oversubscribed (R23 – 2015 AGM)</td><td>10,000,000 shares</td><td>-</td><td rowspan="7">10,000,000 shares</td><td>-</td></tr>
<tr><td>Issue of shares to be paid up by capitalizing additional paid-in capital, reserves or income (R20 – 2015 AGM)</td><td>10,000,000 shares</td><td>-</td><td>-</td></tr>
<tr><td>Issue of debt securities carrying rights to capital securities (convertible bonds, equity notes, bonds with stock warrants, OCEANE bonds, etc.) without pre-emptive subscription rights, through a public offering (R21 – 2015 AGM) or a private placement (R22 – 2015 AGM),with a greenshoe option if oversubscribed (R23 – 2015 AGM)</td><td>4,255,000 shares
Debt securities = €250,000,000</td><td rowspan="2">4,255,000 shares</td><td>-</td></tr>
<tr><td>Issue of shares or securities carrying rights to shares in payment for securities transferred to the Company as payment for acquisitions (R24 – 2015 AGM)</td><td>4,255,000 shares</td><td>-</td></tr>
<tr><td colspan="3">EMPLOYEE INCENTIVE PLANS</td><td></td></tr>
<tr><td>Issue of shares or securities carrying rights to shares reserved for participants in employee share ownership plans (R25 – 2015 AGM)</td><td>400,000 shares</td><td rowspan="2">-</td><td>Issue of 383,762 shares on July 28, 2016</td></tr>
<tr><td>Issue of shares or securities carrying rights to shares, for a specific category of beneficiaries under employee stock ownership plans (plans d'actionnariat salarié) (R26 – 2015 AGM)</td><td>100,000 shares</td><td>Issue of 99,850 shares on July 28, 2016</td></tr>
<tr><td>Allocation of performance shares (R11 – 2016 AGM for 2016 and R13 – 2016 AGM for 2017)</td><td>330,000 shares in 2016

330,000 shares in 2017</td><td rowspan="2">-</td><td rowspan="2">-</td><td>Allocation of 223,200 shares (if 100% performance target reached) on May 12, 2016

Allocation of 3,900 shares (if 100% performance target reached) on November 23, 2016</td></tr>
<tr><td>Allocation of free shares (R12 – 2016 AGM for 2016 and R14 – 2016 AGM for 2017)</td><td>30,000 shares in 2016

30,000 shares in 2017</td><td>Allocation of 30,000 shares (with no performance conditions attached) on May 12, 2016</td></tr>
</table>

(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... – 2015 AGM" stands for the number of the resolution submitted for approval at the Annual Shareholders' Meeting of May 5, 2015.

In the above table, the abbreviation "R... – 2016 AGM" stands for the number of the resolution submitted for approval at the Annual Shareholders' Meeting of May 12, 2016.

6.6. Share buybacks

The Annual Shareholders' Meeting on May 12, 2016 authorized the Company to trade in its own shares subject to the terms and conditions set by shareholders at the Meeting.

At its meeting on November 23, 2016, the Board of Directors ruled to use the above-mentioned authorization to launch a share buyback program that complies with the conditions set out in Article 5 of the EU Market Abuse Regulation (Regulation No 596/2014 dated April 16, 2014).

The purpose of the program is to buy back shares to be allocated under the free share and performance share plans set up for employees and officers of the Company and the amount that may be invested is capped at 18 million euros. The maximum number of shares that may be bought back is 300,000 and the shares bought back may not represent more than 10% of the Company's capital as at the date of the buyback(s).

This share buyback program should be completed before the Annual Shareholders' Meeting due to be held to approve the financial statements for the year ended December 31, 2016.

At December 31, 2016 the Company did not hold any of its own shares.

As of March 15, 2017, the Company holds 129,393 of its own shares.

6.7. Information with a potential impact in the event of a public offer

In addition to the commitments given to Arnaud Poupart-Lafarge in his capacity as Chief Executive Officer, as described in chapter 7, "Compensation and benefits for executive officers", certain salaried members of the Company's Management Council would be entitled, in the event of termination of their employment contract (for any reason other than gross negligence or serious misconduct), to an indemnity representing one or two years of their total gross compensation.

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

(1) A multi-year securitization program set up in April 2010 and rolled over in March 2015 under which the amount of receivables that may be sold has been capped at 250 million euros. The receivables sales are carried out through two programs: (i) an "On Balance Sheet" program, under which the sold receivables are not derecognized and the level of outstandings is currently capped at 110 million euros worth of receivables; and (ii) an "Off Balance Sheet" program, under which the sold receivables are derecognized and the level of outstandings is currently capped at 25 million euros worth of receivables. At December 31, 2016, the amounts of financed receivables under the "On Balance Sheet" and "Off Balance Sheet" programs were 15.1 million euros and 13.9 million euros respectively. According to the terms of these securitization programs, the receivables sales and the programs themselves may be terminated in the event of a change in control of the Company.

(2) The syndicated loan agreement (Multicurrency Revolving Facility Agreement), which entered into effect on December 14, 2015 for an amount of 600 million euros and which contains an acceleration clause that would be triggered by a change in control of the Company.

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

(4) The prospectus for the issuance of the 2.5% 2019 OCEANE bonds, which provides bondholders with an early redemption option exercisable on June 1, 2018 (or the first business day thereafter).

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

(6) The prospectus for the issuance of the 3.25% ordinary bonds redeemable in 2021, which provides bondholders with an early redemption option at 101% of the bonds' face value in the event of a change in control of the Company leading to a rating downgrade.

6.8. Shareholder information

Nexans strives to earn the trust of shareholders by engaging openly with them and providing them with transparent information.

A WIDE RANGE OF FINANCIAL INFORMATION

Each year the Group publishes a Registration document, a summarized activity report entitled "Overview", a Corporate Social Responsibility and Sustainable Development brochure and three Shareholder Newsletters.

All economic and financial information concerning the Group is available on Nexans' website at www.nexans.com.

The Shareholder E-Club (www.eclub.nexans.com) also provides video coverage and interviews on Nexans' website to help shareholders get better acquainted with the Group, its projects and its markets.

In order to receive regular e-mail updates on important initiatives and events at Nexans, the sole requirements are ownership of one Nexans share and a valid e-mail address.

All queries may be submitted for swift handling *via* e-mail to investor.relation@nexans.com.

OPEN DIALOGUE

Regularly dialoguing with private shareholders in particular through the E-Club, Nexans also organize several roadshows each year to promote discussion with Institutional investors.

The Annual Shareholders' Meeting was held on first call on May 12, 2016 at the Palais des Congrès in Paris and a webcast was available on the Group's website (www.nexans.com).

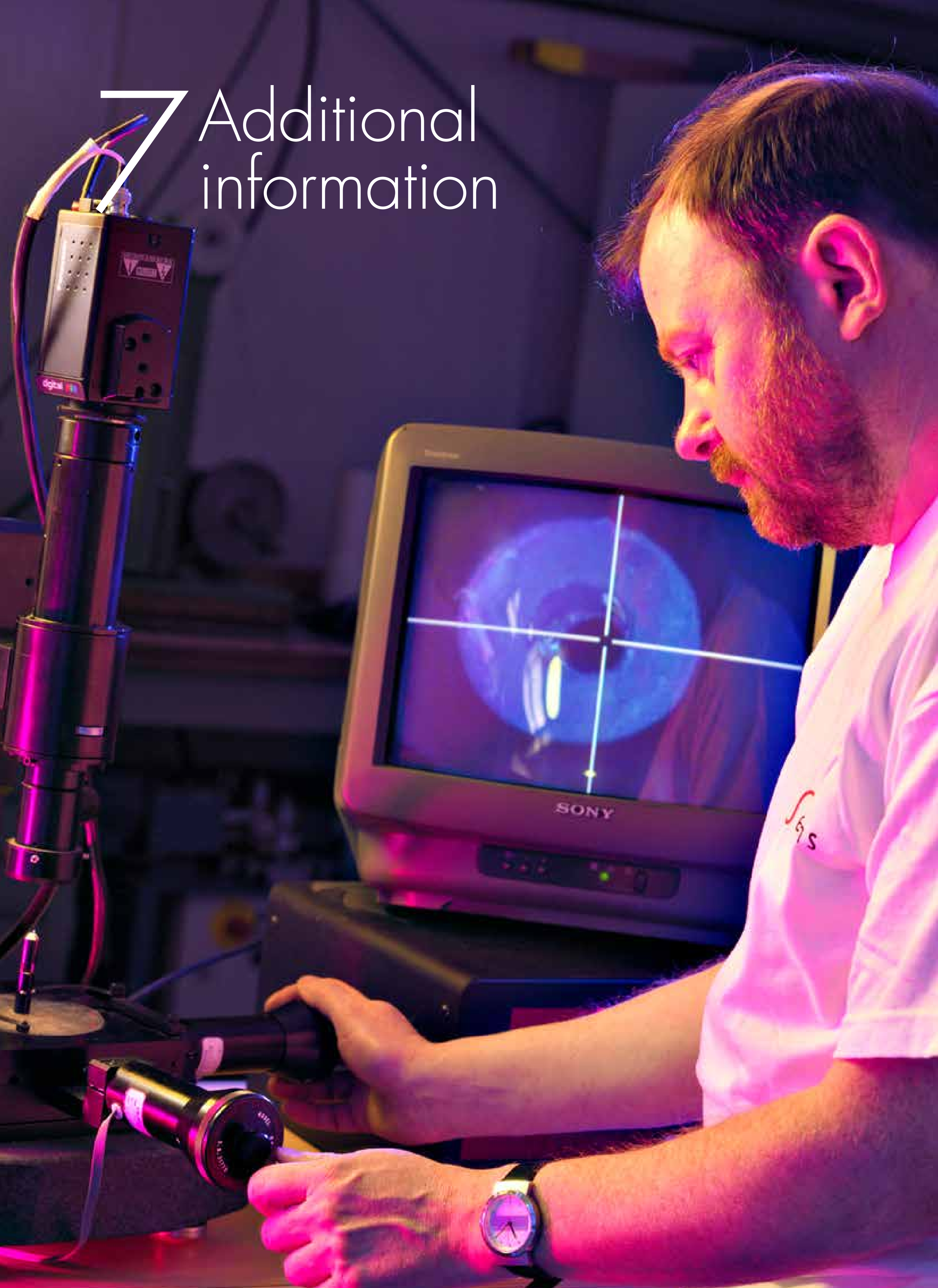
REGISTERED SHARES

When shareholders register their shares directly with Nexans there are no custody fees. Registered shareholders are also sent information directly about the Group, including shareholder newsletters, notices of Shareholders' Meetings and information meetings, and updates on the business.

Shareholders wishing to convert their shares to registered form can contact Nexans' securities services agent, Société Générale, at the following address:

Société Générale Service des Titres
32, rue du Champ de Tir - BP 81236
44312 Nantes Cedex 3, France
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 Nexans

7.1.1. Simplified organizational structure[1]

NEXANS S.A.

NEXANS PARTICIPATIONS S.A. (FRANCE)

Europe	France	Nexans Interface, Nexans Power Accessories France, Eurocable, Recycables, Lixis, Linearis, Netlink, Confecta, Nexans Wires, TLM
	Belgium	Nexans Benelux, Nexans Harnesses, Nexans Network Solutions, Opticable, Nexans Services[2], Cablebel, Cablinter
	Bulgaria	Makris GPH, Elektrokabel Bulgaria
	Czech Republic	Elektrometall Sro, Elektromodul Sro, GPH Spol
	Denmark	Nexans Denmark
	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
	Greece	Nexans Hellas
	Ireland	Nexans Ireland
	Italy	Nexans Italia, Nexans Intercablo, Nexans Partecipazioni Italia
	Lithuania	Gerhardt Petri Vilnius UAB
	Luxembourg	Nexans Re[3]
	Netherlands	Nexans Nederland, Nexans Cabling Solutions
	Norway	Nexans Norway, Nexans Skagerrak
	Poland	Nexans Polska, NPAP Sp Zo.o
	Romania	Nexans Romania, Elektrokontakt
	Slovakia	Nexans Slovakia, Elektroconnect Sro
	Spain	Nexans Iberia
	Sweden	Nexans Sweden, Axjo Kabel, Elproman AB
	Switzerland	Nexans Suisse, Confecta, Voltimum
	Ukraine	Elektrokontakt Ukraina TzOV, TOV Nexans Ukraine
	United Kingdom	Nexans UK, Nexans Logistics, Nexans Power Accessories UK
Middle East, Russia, Africa	Angola	Nexans Angola
	Côte d'Ivoire	Nexans Côte d'Ivoire
	Egypt	ICC Egypt
	Ghana	Nexans Kabelmetal Ghana
	Kazakhstan	Nexans Kazakhstan
	Kenya	Nexans Power Network Kenya Limited
	Morocco	Nexans Maroc, Sirmel Maroc, Tourets et Emballages du Maroc, Cabliance Maroc, Coprema, Imouka
	Nigeria	Nexans Kabelmetal Nigeria, Northern Cable Processing and Manufacturing Company, Nexans Power Networks Nigeria
	Qatar	Qatar International Cable Company
	Russia	Impex Electro
	Senegal	Sirmel Sénégal, Les Câbleries du Sénégal, CGE du Sénégal
	South Africa	Nexans Trade, Dynamic Cables South Africa, Dynamic Cables Convergence, Isotech
	Tunisia	Nexans Tunisia, Electrocontact Tunisie
	Turkey	Nexans Turkiye Endustri Ve Ticaret
	United Arab Emirates	Nexan Trade JLT
North America	Canada	Nexans Canada
	United States	Nexans USA, Nexans Energy USA, Nexans Magnet Wire USA, Berk-Tek., Autoelectric USA, Nexans High Voltage USA, Nexans Aerospace USA, AmerCable Incorporated, The Valley Group, Nexans Specialty Holding
South America	Brazil	Nexans Brazil, Cabos de Lorena
	Chile	Nexans Chile, Cotelsa, Colada Continua, Inversiones Nexans, Centro Estudios y capacitation Nexans Limitada
	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
	India	Nexans India
	Indonesia	PT Nexans Indonesia
	Japan	Nippon High Voltage Cable Corporation
	New Zealand	Olex New Zealand
	Singapore	Nexans Singapore Pte
	South Korea	Nexans Korea, Kukdong Electric Wire Co., Daeyoung Cable

INVERCABLE (CHILE) — Indeco Peru, Cobrecon

NEXANS FRANCE SAS (FRANCE) — Liban Cables, Liban Cables Contracting, Liban Cables Packing, Cables Technology Invest Holding Company

(1) Simplified operational structure at December 31, 2016. Nexans' main direct and indirect subsidiaries are listed in Note 32 *to the 2016 consolidated financial statements on pages 205 to 207 of this Registration Document.*
(2) The company responsible for the Group's cash management.
(3) The Group's captive reinsurance company.

7.1.2. General information

7.1.2.1. COMPANY PROFILE

Corporate name and registered office: Nexans
8, rue du Général Foy, 75008 Paris, France
Tel: + 33 (0)1 73 23 84 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 Paris Trade Register under number 393 525 852. Its APE business identifier code is 7010Z.

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 Alcatel's cable activities 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 (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 1316-4, paragraph 2 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 26** Financial risks (page 186) and the receivables securitization program described in **Note 26.A** Liquidity risks to the 2016 consolidated financial statements (page 186), 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. Investissements

Nexans' gross capital expenditure on tangible and intangible assets amounted to 146 million euros in 2016, compared to 176 million euros in 2015.

Capital expenditure was mainly focused on three segments: (i) Increased production capacity of the Halden plant for high-voltage submarine cables; (ii) new product development, automation of manufacturing processes and further deployment to low-cost countries for automotive harnesses; and (iii) the ramp-up of the new Chinese plant in Suzhou for the production of cables for the Industry segment.

The investments made in the Group's European plants were mainly dedicated to reducing production costs.

The Group's overall capital expenditure in 2016 was distributed as follows: 50% for expansion projects, 15% for cost reduction projects, 8% for environmental and safety improvements, and 6% for new IT solutions helping the optimization of administrative processes.

In 2017, the Group's investments will continue in energy infrastructure cables and in automotive harnesses, while expanding the presence 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 8%) 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 4.1., Environmental approach and data of this Registration Document on pages 93 *et seq*.

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 22** Provisions and **Note 30** Disputes and contingent liabilities to the 2016 consolidated financial statements.

7.1.8. Significant events since the year-end and approval of the 2016 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 8, 2017 – the date on which the 2016 corporate financial statements were closed and the 2016 Management Report approved.

7.2. List of related-party agreements and commitments

7.2.1. Prior agreements and commitments remaining in force in 2016

In accordance with Article L.225-40 of the French Commercial Code, at its meeting on February 8, 2017 the Board of Directors reviewed the agreements and commitments entered into in prior years which remained in force during 2016.

7.2.1.1. CORPORATE OFFICER INVOLVED: FRÉDÉRIC VINCENT, CHAIRMAN OF THE BOARD OF DIRECTORS UNTIL MARCH 31, 2016

The agreements and commitments below concerning Frédéric Vincent's term of office as Chairman were entered into in 2014 and remained in force until March 31, 2016 when Frédéric Vincent retired. These agreements and commitments were approved at the May 5, 2015 Annual Shareholders' Meeting.

Termination indemnity

On July 24, 2014, the Board of Directors approved the allocation of a termination indemnity to Frédéric Vincent in the event of his removal from office as Chairman of the Board of Directors. As retirement does not constitute a forced departure, at its meeting on February 17, 2016, the Board of Directors noted that no termination indemnity was payable to Frédéric Vincent.

The termination indemnity was payable only (i) in the event of a forced departure due to a change of control or strategy (it being specified that this condition would be deemed to be met unless the departure was due to serious misconduct), and (ii) after the Board of Directors had placed on record that the applicable performance conditions had been met, either at the time of or after the termination or change in the Chairman's duties, in accordance with Article L.225-42-1 of the French Commercial Code.

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

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

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

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

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

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

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

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

Non-compete indemnity

On July 24, 2014, the Board of Directors approved the allocation of a non-compete indemnity to Frédéric Vincent under which he undertook to not exercise any business that would compete either directly or indirectly with any of the Company's businesses for a period of two years from the end of his term of office as Chairman of the Board of Directors, irrespective of the reason for the termination of his duties.

In return for this undertaking Frédéric Vincent was entitled to receive a non-compete indemnity payable in 24 equal and successive monthly installments and corresponding to one year of his total fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) before his departure plus the corresponding percentage of his bonus.

In accordance with Article 23.2.5 of the AFEP-MEDEF Code in force at the time, at its meeting on February 17, 2016, the Board decided to waive the application of Frédéric Vincent's non-compete undertaking and therefore not to pay him any non-compete indemnity.

Welfare and pension plans

On July 24, 2014, in connection with Frédéric Vincent's term of office as Chairman of the Board of Directors, the Board of Directors confirmed that he could remain a member of the defined benefit pension plan set up by the Group for certain employees and corporate officers, as well as of Nexans' welfare plan (covering death and disability benefits and medical expenses).

The regulations for the defined benefit plan – which the Board of Directors adopted in 2004 and subsequently amended in 2008 – make the plan's benefits conditional upon the beneficiary ending his professional career while still with the Company.

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

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

On February 17, 2016, the Board of Directors noted that Frédéric Vincent was a member of the defined benefit pension plan set up by the Group for certain employees and corporate officers. As provided for under this plan, Frédéric Vincent receives an annuity of approximately 300,000 euros.

7.2.1.2. CORPORATE OFFICER INVOLVED: ARNAUD POUPART-LAFARGE, CHIEF EXECUTIVE OFFICER

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 in 2016. 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 in accordance with the Board of Directors' Internal Regulations and after the Board of Directors has placed on record that the performance conditions have been met.

The indemnity would be equal to two years of Arnaud Poupart-Lafarge's 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 the most recent corresponding percentage of his bonus.

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

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

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

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

If Arnaud Poupart-Lafarge's forced departure takes place before the end of three full years as from the date he took up his position, the operating margin and free cash flow conditions will be assessed based on the number of full years completed (i.e., either one or two years).

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

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

The termination indemnity would be payable only (i) in the event of a forced departure due to a change of control or strategy (it being specified that this condition would be deemed to be met in accordance with the conditions set out in paragraph 3 of the Appendix to the Board of Directors' Internal Regulations), and (ii) 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 final amount due in relation to the termination indemnity would be paid in one installment within a maximum of one month after the Board of Directors' assessment of whether the applicable criteria have been met.

Non-compete indemnity

On July 24, 2014, with effect from October 1, 2014, the Board of Directors approved the allocation of a non-compete indemnity to Arnaud Poupart-Lafarge, under which he has undertaken to not 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 Arnaud Poupart-Lafarge will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond to one year of his total fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

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

Supplementary pension, 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 defined benefit pension plan set up by the Group for certain employees and corporate officers, (ii) Nexans' welfare plan (covering death and disability benefits and medical expenses), and (iii) an unemployment protection 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.

The regulations for the defined benefit pension plan were adopted in 2004 and amended in 2008 by the Board of Directors.

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

- The retirement age was increased from 60 to 62 years with pension rights frozen as from the age of 62.
- The annual pension has been capped at eight times the social security ceiling (309,000 euros in 2016).
- Survivor benefits have been reduced from 100% to 60%.

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

The amount of the annuity paid under the plan, which applies for the lifetime of the beneficiary with 60% survivor benefits, is based on the beneficiary's average annual compensation for the last three years before his retirement. This pension supplements the amounts due under the basic and top-up state pension plans and must not represent more than 30% of the beneficiary's fixed and variable compensation (i.e., below the 45% ceiling recommended in the AFEP-MEDEF Code). It is capped at eight times the social security ceiling (representing a total of 309,000 euros in 2016).

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

7.2.1.3. AGREEMENT EXECUTED 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 occur:

(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, within the meaning of Article L.233-10 of the French Commercial Code, in concert 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).

7.2.2. Agreements and commitments executed in 2016 and submitted for ratification at the May 2017 Annual Shareholders' Meeting

None

7.2.3. Statutory Auditors' special report on related-party agreements and commitments

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

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, and the reasons for, 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

We were not informed of any agreement or commitment entered into during the year to be submitted for approval at the Shareholders' Meeting pursuant to the provisions of Article L.225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in previous years

a) which were implemented during the year ended December 31, 2016

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 ended December 31, 2016.

1.1 Corporate officer involved: Frédéric Vincent, Chairman of the Board of Directors until March 31, 2016

The commitment below concerning Frédéric Vincent's term of office as Chairman was entered into in 2014 and remained in force until March 31, 2016 when Frédéric Vincent retired. This commitment had been approved in advance by the May 5, 2015 Annual Shareholders' Meeting.

Welfare and pension plans

On July 24, 2014, in connection with his term of office as Chairman of the Board of Directors, the Board of Directors confirmed that Frédéric Vincent could remain registered with the defined benefit pension plan set up by the Group for certain employees and corporate officers, as well as with Nexans' welfare plan (death, disability, incapacity and medical expenses).

The regulations for the defined benefit pension plan were adopted in 2004 and amended in 2008 by the Board of Directors and make the plan's benefits conditional upon the beneficiary ending his professional career while still with the Company.

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

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

On February 17, 2016, the Board of Directors noted that Frédéric Vincent was a member of the defined benefit pension plan set up by the Group for certain employees and corporate officers. Frédéric Vincent's pension calculated in accordance with the terms and condition of the plan amounts to approximately 300,000 euros per year.

Termination indemnity

On July 24, 2014, the Board of Directors approved the allocation of a termination indemnity to Frédéric Vincent in the event of his removal from office as Chairman. As voluntary retirement was not deemed to be a forced departure, the Board of Directors' meeting of February 17, 2016 noted that the termination indemnity would not be paid to Frédéric Vincent.

The termination indemnity was payable only (1) in the event of a forced departure due to a change of control or strategy, this condition being considered as met unless the departure was due to serious misconduct, and (2) after the Board of Directors had placed on record that the applicable performance conditions had been met, either at the time of or after the termination or change in the Chairman's duties, in accordance with Article L. 225-42-1 of the French Commercial Code.

The indemnity would have been equal to two years of his total fixed and variable compensation, i.e., 24 times his most recent monthly base salary (fixed portion) prior to the month of his termination plus 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 was subject to three performance conditions, each measured over a three-year period:

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

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

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

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

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

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

Non-compete indemnity

On July 24, 2014, the Board of Directors approved the allocation of a non-compete indemnity to Frédéric Vincent under which he undertook to not exercise any business that would compete either directly or indirectly with any of the Company's businesses for a period of two years from the end of his term of office as Chairman of the Board of Directors, irrespective of the reason for the termination of his duties.

In return for this undertaking he would have received a non-compete indemnity which would have been paid in 24 equal and successive monthly installments and would have corresponded 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.

In accordance with Article 23.2.5 of the AFEP-MEDEF Code in force at the time, the Board decided at its February 17, 2016 meeting not to apply the non-compete agreement and consequently, not to pay the non-compete indemnity to Frédéric Vincent.

1.2 Invexans (Quiñenco Group) Letter of Commitment of May 22, 2014 – Agreement executed 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

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, within the meaning of Article L.233-10 of the French Commercial Code, in concert 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 market authority (*Autorité des marchés financiers* – AMF).

b) which were not implemented during the year ended December 31, 2016

In addition, we have been informed of the following agreement and commitment approved at the Shareholders' Meeting in previous financial years, which remained in force but were not implemented in financial year 2016.

Corporate officer involved: Arnaud Poupart-Lafarge, Chief Executive Officer

Termination indemnity

On July 24, 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 as of October 1, 2014.

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 in accordance with the Board of Directors' Internal Regulations and after the Board of Directors has placed on record that the performance conditions have been met.

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

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

(1) A share performance condition based on Nexans' share performance as compared with that of the SBF 120 index (or any equivalent index that may replace it in the future), measured over a three-year period ending on the date of Arnaud Poupart-Lafarge's forced departure.
This condition would be deemed to be met if during the 60-day period ending on the date of forced departure, the

average of Nexans' share price ratio on the SBF 120 index (based on closing prices) equals at least 50% of the same average calculated over the 60-day period ending three years before the date of forced departure.

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

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

If Arnaud Poupart-Lafarge's forced departure takes place before the end of three full years as from the date he took up his position, the operating margin and free cash flow conditions will be assessed based on the number of full years completed (i.e., either one or two years).

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

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

The termination indemnity would 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 in accordance with the conditions set out in paragraph 3 of the Appendix to the Board of Directors' Internal Regulations), 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 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 24, 2014, the Board of Directors approved the allocation of a non-compete indemnity to Arnaud Poupart-Lafarge with effect from October 1, 2014 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 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 23.2.5 of the AFEP-MEDEF Code, in the event of Arnaud Poupart-Lafarge's departure, the Board of Directors will issue a decision whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no non-compete indemnity will be payable).

Supplementary pension, welfare and unemployment insurance plan

On July 24, 2014, in connection with his term of office as Chief Executive Officer as from October 1, 2014, the Board of Directors confirmed that Arnaud Poupart-Lafarge could remain registered with the defined benefit pension plan set up by the Group for certain employees and corporate officers, as well as with Nexans' welfare plan (death, disability, incapacity and medical expenses), and with an unemployment insurance plan, with an insurance agency, guaranteeing him, in case of an involuntary loss of professional activity, daily indemnities in the amount of 55% of 1/365th of tranches A, B, and C of his professional income for the year preceding his departure, for a period of 12 months after the loss of employment.

The regulations for the defined benefit pension plan were adopted in 2004 and amended in 2008 by the Board of Directors.

In order to take into account regulatory changes to pension plans, the Board of Directors' meeting of November 23, 2016 authorized the plan to be amended.

The plan was therefore amended as follows:

- Legal retirement age increased from 60 to 62 years of age with pension rights frozen as from 62;
- Annual pension capped at eight times the social security ceiling (309,000 euros in 2016);
- Reversionary benefits reduced from 100% to 60%.

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

The lifetime pension amount, with partial survivor benefits (60%), is based on the beneficiary's average annual compensation for the last three years before his retirement. This pension supplements the mandatory and supplementary basic plans and is limited to 30% of the beneficiary's fixed and variable compensation, i.e., below the 45% ceiling provided for in the AFEP-MEDEF Code. It is capped at eight times the social security ceiling (309,000 euros in 2016).

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

Neuilly-sur-Seine and Courbevoie, March 14, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit
Éric Bulle

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 Éric Bulle.
Appointed on May 15, 2012.
Term expires at the 2018 Annual Shareholders' Meeting.

SUBSTITUTE AUDITORS

Gilles Rainaut
61, rue Henri Régnault, 92400 Courbevoie, France
Appointed on May 5, 2015.
Term expires at the 2021 Annual Shareholders' Meeting.

Étienne Boris
63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France
Appointed on May 15, 2012.
Term expires at the 2018 Annual Shareholders' Meeting.

FEES PAID BY NEXANS TO THE STATUTORY AUDITORS

	Mazars				PricewaterhouseCoopers Audit			
	Amount (excl. Taxes)		%		Amount (excl. Taxes)		%	
(in thousand of euros)	2016	2015	2016	2015	2016	2015	2016	2015
Audit services - Statutory and contractual audits								
■ Parent company	200	200	12%	12%	225	225	14%	13%
■ Fully consolidated companies	1,370	1,286	82%	74%	1,079	1,156	70%	66%
SUB-TOTAL	1,570	1,486	94%	86%	1,304	1,381	84%	78%
Other non audit-related services								
■ Parent company	15	160	1%	9%	48	0	3%	0%
■ Fully consolidated companies	82	90	5%	5%	200	381	13%	22%
SUB-TOTAL	97	250	6%	14%	248	381	16%	22%
TOTAL	**1,667**	**1,736**	**100%**	**100%**	**1,552**	**1,762**	**100%**	**100%**

7.4. Statement by the person responsible

for the Registration document containing an annual financial report

Paris, March 20, 2017

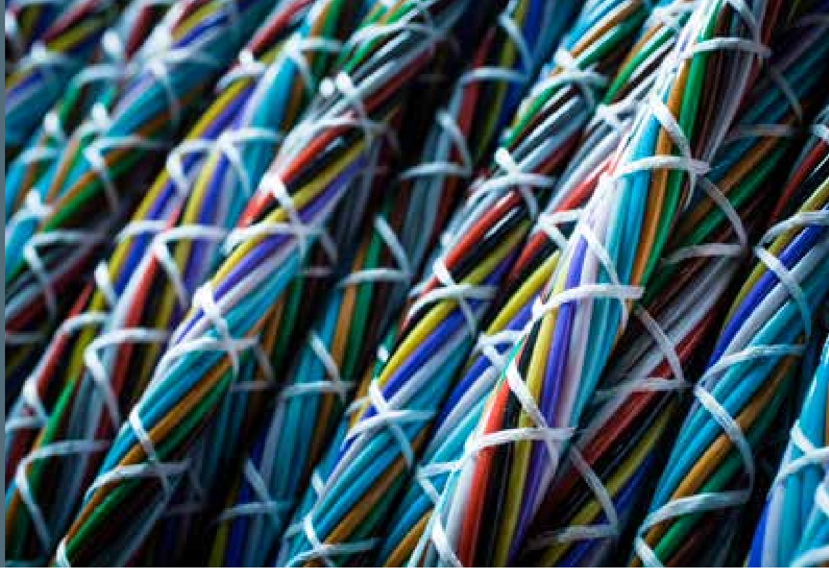
I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

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.

Arnaud Poupart-Lafarge,
Chief Executive Officer

8 Concordance tables



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, 2015, presented on page 128 *et seq.* of the 2015 Registration document, and the information contained in the Management Report, also presented in the 2015 Registration document (see concordance table on page 276) filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on April 7, 2016 under no. D.16-0294.
- The Group's consolidated financial statements and the Statutory Auditors' reports for the year ended December 31, 2014, and the information contained in the Management Report, presented on pages 112 *et seq.* and 16 *et seq.*, respectively, of the 2014 Registration document filed with the AMF on March 27, 2015 under no. D.15-0212.

The sections of the 2014 and 2015 Registration documents not included are either not applicable for investors or are covered by another section in this 2016 Registration document.

The page numbers in the table below refer to this Registration document.

Concordance table

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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 Article L.225-100 *et seq.* of the French Commercial Code.

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8.4. 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.

Obligations under Articles R.225-104 *et seq.* of the French Commercial Code	Global reporting Index GRI-G4	Pages of the Registration document
POLICY		
■ Company efforts to take into account the social and environmental consequences of its activity, as well as its societal commitments to sustainable development; strategy specifying, where necessary, the actions or initiatives implemented	G4-1, G4-2, G4-15, G4-34, G4-36, G4-37 to 42, G4-48	92 to 129
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b) Work organization		
■ Working hours	G4-10	104; 106 to 108; 128-129
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c) Labor relations		
■ Organization of social dialogue	G4-11	115-116; 121-122
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■ Workplace accidents and occupational illnesses	G4-LA6, G4-LA7	104; 113 to 116; 128-129
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■ Training policies	G4-LA10, G4-LA11	108 to 111
■ Total number of training hours	G4-LA9	110; 128-129
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Obligations under Articles R.225-104 *et seq.* of the French Commercial Code	Global reporting Index GRI-G4	Pages of the Registration document
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The informations retained in this Registration document comply with the 10 Global Compact principles presented hereafter:

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FOR FURTHER INFORMATION

Nexans' corporate and financial publications may be accessed directly at www.nexans.com or may be requested from:

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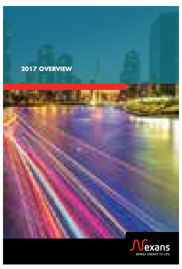
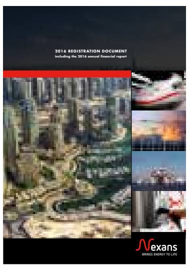
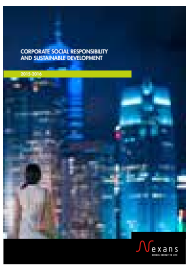


Nexans 2017 Overview



Registration document 2016



2015-2016 CSR Brochure

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Every day, our energy and data cables make it possible for millions of people to take action, make things, get around, stay informed, communicate, have fun and stay healthy.

Our mission: to design, produce and market cables and cabling systems that transport the electricity and data we need in our daily lives and societies safely, reliably, efficiently and sustainably.

On the leading edge of our industry for over a century, we provide solutions for the most complex applications in the most demanding environments.
Through our combination of technological leadership, global expertise and local presence, we can effectively partner our customers' development projects, offering them the best conditions for achieving their objectives while respecting the highest levels of safety and taking the greatest possible care of people and the environment.

A world leader in the cable industry, we bring energy to life.

Nexans is listed on the regulated market of Euronext Paris.

Nexans
BRINGS ENERGY TO LIFE