

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE AND ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

This report has been prepared in compliance with paragraph 6 of Article L.225-37 of the French Commercial Code, as amended by French Laws No. 2008-649 of July 3, 2008 and No. 2011-103 of January 27, 2011.

It presents the policy on the composition of the Board and the application of the principle of equal representation of men and women, the preparation and organization of the Board's work, and the internal control and risk management procedures set up by the Group, in particular those governing the preparation and processing of financial and accounting information for the financial statements of the Company and the Group.

This report covers the parent company and all Group companies included in the scope of consolidation.

It was presented to the Accounts and Audit Committee and approved by the Board of Directors on March 14, 2016.

In compliance with paragraph 9 of Article L.225-37 of the French Commercial Code, it is specified that the disclosures required by Article L.225-100-3 of said Code are included in the Management Report for the year ended on December 31, 2015, presented by the Board of Directors.

I CORPORATE GOVERNANCE

The corporate governance Code applied by Nexans when preparing this report 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 2015, (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 of the recommendations of the Code except as explained in section 3.1.2 Independence of this Report regarding the application of one of the independence criteria.

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 decision was made at the request of Frédéric Vincent and following the recommendation of the Appointments, Compensation and Corporate Governance Committee.

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. MANAGEMENT BODIES

Management Board

The Management Board is headed by the Group's Chief Executive Officer, Arnaud Poupart-Lafarge. It is responsible for defining 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:

Arnaud Poupart-Lafarge - Chief Executive Officer

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

Christopher Guérin - Senior Executive Vice President, Europe

Dirk Steinbrink - Senior Executive Vice President of the High Voltage & Underwater Cable Business Group

Nicolas Badré - Chief Financial Officer

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 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, business groups and market lines:

Nicholas Ballas, Executive Vice President, Asia-Pacific Area
Christof Barklage, Executive Vice President, Utilities
Norbert Bluthé, Executive Vice President, South America Area
Giuseppe Borrelli, Executive Vice President, Industry and Telecoms Market Line, and (acting) Executive Vice President, Land High Voltage Business
Antoine Caillault, Executive Vice President, Industrial Operations
Max-André Delannoy, Vice President, Strategy and TPO
Vincent Dessale, Executive Vice President, Submarine High Voltage Cables
Benjamin Fitoussi, Executive Vice President, MERA and EMEA/ID
Krister Granlie, Executive Vice President, Hybrid Underwater Cables
Pierre Kayoun, Corporate Vice President, Technology & Innovation
François Lavernos, Chief Information Officer
Marc Mertens, Executive Vice President, Power Accessories Business Group
Jean-Claude Nicolas, Senior Corporate Vice President, Communications
Patrick Noonan, Senior Corporate Vice President, General Secretary
Jean-Marc Réty, Executive Vice President, Purchasing
Steven Vermeulen, Executive Vice President, North America Area
Andreas Wolf, Executive Vice President, Automotive and Industrial Harness Business Group

3. ADMINISTRATIVE BODY

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. In 2015, the size of the Board of Directors decreased from 14 to 12 members, all from diverse backgrounds. Members are selected for their expertise and experience in varied fields.

In accordance with Recommendation 6.3 of the AFEP-MEDEF Corporate Governance Code, the Board discussed its composition and that of its committees at its meeting on January 20, 2016:

- 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 2015 were satisfactory. The Board set itself the objective of maintaining an independence rate of at least 50% in accordance with Recommendation 9.2 of the AFEP-MEDEF Corporate Governance Code.
- With the proportion of women on the Board, currently 33.33%, the Company meets the 20% of women directors' requirement of French Law No. 2011-103 of January 27, 2011 on equal representation between men and women on Boards of Directors. The Board decided to increase the proportion of women members to reach the 40% requirement by 2016.
- With two foreign nationals on the Board at the end of 2015, i.e., more than 16.66%, the Board wishes to strengthen further internationalization.
- Lastly, the Board would like more seats to be held by people with experience in industry.

The Board of Directors does not have any member representing employees. The Company does not fall within the scope of French Law No. 2013-504 of June 14, 2013 on the participation of employee representatives, with voting rights, on the boards of directors of major corporations.

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.

3.1. Composition of the Board of Directors

Pursuant to Article 12 of the bylaws, the term of office of directors is four years. As at December 31, 2015, the directors' terms of office expire as follows:

2016 Annual Shareholders' Meeting Frédéric Vincent, Colette Lewiner, Lena Wujek⁽¹⁾

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⁾

(1) Director representing employee shareholders

(2) Directors proposed by the principal shareholder Invexans (Quiñenco group)

(3) Director proposed by the shareholder Bpifrance Participations.

¹ Independence rate calculated without counting the director representing employee shareholders, in accordance with Recommendation 9.2 of the AFEP-MEDEF Corporate Governance Code

3.1.1 Members of the Board of Directors

The summary table below lists the changes that occurred in the composition of the Board of Directors during fiscal 2015:

Date of event	Person concerned	Change that occurred
May 5, 2015	Robert Brunck	Expiration of term of office
May 5, 2015	Mouna Sepehri	Expiration of term of office

At the Annual Shareholders' Meeting held on May 5, 2015, Nexans' shareholders re-elected as directors Georges Chodron de Courcel, Cyrille Duval and Hubert Porte. On November 24, 2015, the Board appointed Kathleen Wantz-O'Rourke as a non-voting member with a view to proposing her as a candidate to become a director at the 2016 Annual Shareholders' Meeting.

For more information on the members of the Board of Directors, their expertise and their directorships at December 31, 2015 as well as their expired directorships, see section 7 of the 2015 Management Report.

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 20, 2016 the Board of Directors examined the individual status of each of its members in light of the independence criteria defined by Recommendation 9.4 of the AFEP-MEDEF Corporate Governance Code and implemented within Article 1 of the Internal Regulations of the Board of Directors, and confirmed the characterization previously used, namely that:

- The following directors are independent: (1) Georges Chodron de Courcel, (2) Cyrille Duval, (3) Jérôme Gallot, (4) Véronique Guillot-Pelpel, (5) Philippe Joubert and (6) Colette Lewiner.

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

The Board of Directors considers **Georges Chodron de Courcel** to be independent with respect to the Group from an economic standpoint given that he receives a substantial pension and has income from other various business activities. Thus, the directors' fees that he receives from Nexans only represent a small portion of his total income.

In addition, Georges Chodron de Courcel is independent from a business standpoint as he has many other business activities that are not related to the Group.

Lastly, through Georges Chodron de Courcel's personality, he demonstrates that his judgment is completely independent. His length of service on the Board strengthens his understanding of challenges and risks, and his ability to question Executive Management and express himself. Thus the Board of Directors does not consider that the length of Georges Chodron de Courcel's service on the Board affects in any way his independence given the great freedom of judgment and the ability for critical thinking that he demonstrates. Therefore, the Board of Directors confirmed the characterization previously used, namely that Georges Chodron de Courcel is independent.

Furthermore, the Board of Directors held on February 17, 2016 decided to appoint Georges Chodron de Courcel as Chairman of the Board as of end of business on March, 31st, 2016. Thus, as from this date, he will receive annual fixed compensation instead of directors' fees and will be characterized as an executive director within the meaning of the AFEP-MEDEF Corporate Governance Code. The Board of Directors therefore decided to characterize him again as a non-independent director as from his appointment.

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

In addition, the €4,000 of compensation paid per year represents a small proportion (8.2 %) of the average directors' fees received by Nexans'² directors and a very small part of the total income of Philippe Joubert, who also has many other business activities that are not related to the Group.

- The following directors are not independent: (1) Frédéric Vincent, in view of his position as Chairman and CEO before October 1, 2014; (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) Lena Wujek, as an employee of the Group.

At December 31, 2015, six of Nexans' eleven directors were therefore independent, representing an independence rate of more than 54.5%³. This exceeds the proportion of 50% recommended by the AFEP-MEDEF Corporate Governance Code for widely held companies and the rule applied by the Board in its Internal Regulations.

On January 20, 2016 the Board of Directors also examined the status of the non-voting director in light of the same independence criteria. **Kathleen Wantz-O'Rourke** is Director Action Plan & Performance at Engie, which is one of Nexans' clients. The Board of Directors reviewed the business relationships between Engie and Nexans and focused on checking that there were no significant business relationships. To do this, the Board used a quantitative criterion, the percentage of business volume assessed for both companies, Nexans and Engie, which made it possible to show that there was no significant business relationship. Nexans generates less than 0.35% of its sales with Engie. Furthermore, Nexans is not a significant supplier for Engie at the group level, as the Engie group only purchases 0.005% of its supplies from Nexans. The Board also took into account other criteria such as the length and continuity of the relationship between the two companies. This relationship dates back far before Kathleen Wantz-O'Rourke was appointed as a non-voting director and before the position held by Kathleen Wantz-O'Rourke at Engie. This position does not give her direct decision-making power over the commercial agreements that correspond to the business relationship between Nexans and Engie.

3.2. Internal Regulations, Code of Ethics, decisions reserved for the Board, the Chairman of the Board and the Chief Executive Officer

3.2.1 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 Board's Internal Regulations contain an appendix on the "Principles governing Nexans' policy concerning the compensation of executive corporate officers." It is published in its entirety on the Company's website and updated on a regular basis.

3.2.2 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:

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

3.2.3 Role and powers of the Chairman of the Board of Directors

The Internal Regulations⁴ 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.

² Based on the average directors' fees paid for 2015

³ Independence rate calculated without counting the director representing employee shareholders, in accordance with Recommendation 9.2 of the AFEP-MEDEF Corporate Governance Code

⁴ As effective on March 31, 2016

The Chairman presents a report each year to the general shareholders meeting in connection with the conditions for preparing and organizing the Board's work, the limitations that the Board puts on the powers of the Chief Executive Officer as well as the internal control and risk management procedures put in place by the Company. To this end, he receives all necessary information from the Chief Executive Officer.

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 terms 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, to 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.

The Chairman can attend in an advisory capacity all the meetings of the Board's committees of which he is not a member and can consult them on any matter with their remit, particularly the Appointments, Compensation and Corporate Governance Committee for governance issues and the Accounts and Audit Committee for issues related to internal audit and internal control.

Up to the end of business on March 31, 2016, the Chairman is also responsible for the following special duties:

- he chairs the Strategy Committee;
- he represents the Company in national and international professional organizations in liaison with Executive Management;
- he represents the Company in high-level relations with public authorities and the Group's major partners in France and abroad, in liaison with Executive Management.

3.2.4 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.

3.2.5 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; and
- the principles governing Nexans' policy concerning the compensation of executive corporate officers.

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.

3.3. Operation and work of the Board of Directors

3.3.1. Board meetings in 2015

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

The Board met 11 times in 2015, sometimes as part of sessions without the presence of executive or internal Board members, with an average annual attendance rate of over 85.82%⁵. The number of 2015 meetings attended by each Board member as of the end of 2015 is indicated in the table below:

Director	Number of meetings attended ⁽²⁾
Frédéric Vincent	11
Robert Brunck ⁽¹⁾	4
Georges Chodron de Courcel	10
Cyrille Duval	10
Jérôme Gallot	11
Véronique Guillot-Pelpel	10
Philippe Joubert	11
Fanny Letier	10
Colette Lewiner	9 ⁽³⁾
Andrónico Luksic Craig	4 ⁽⁴⁾
Francisco Pérez Mackenna	10
Hubert Porte	8 ⁽⁵⁾
Mouna Sepehri ⁽¹⁾	3
Lena Wujek	11

(1) Director whose term of office expired on May 5, 2015.

(2) Out of 11 meetings, of which 8 meetings set in advance and 3 special meetings on specific topics

(3) Of which 8 meetings set in advance and 1 special meeting on a specific topic

(4) Of which 3 meetings set in advance and 1 special meeting on a specific topic

(5) Of which 7 meetings set in advance and 1 special meeting on a specific topic

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.

The main topics discussed by the Board during its meetings in 2015 were as follows:

Monitoring the Group's key strategic areas and activities:	<ul style="list-style-type: none"> • Review of strategic plans and of certain strategic initiatives including business portfolio management • Transformation Program in Europe and review of the cost-savings plan • Review of business performance
The Group's financial position, including cash flow and commitments:	<ul style="list-style-type: none"> • 2015 budget • Approval of the parent company and consolidated financial statements for the year ended on December 31, 2014 and the six months ended on June 30, 2015 (after reviewing asset impairment and hearing the presentation of the Statutory Auditors and the report of the Chairman of the Accounts and Audit Committee) • Adoption of the management report on the operations and results of the Nexans Group and its parent company • Presentations on business trends and the financial and net debt position of the Company and the Group and reports by the Chairman of the Accounts and Audit Committee on topics reviewed by the Committee • Review and approval of press releases on asset impairment, the annual and interim consolidated financial statements and the planned issuance of bonds • Funding projects (including a planned issuance of bonds) • Approval of a new revolving credit facility • Authorization to renew the securitization program

⁵ 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 (Robert Brunck and Mouna Sepehri).

Management compensation:	<ul style="list-style-type: none"> • 2014 performance review and compensation and benefits of the Chairman of the Board of Directors and the Chief Executive Officer • Quantitative objectives for 2015 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 – Performance share and free share plans • Review and approval of advertisements that cover the compensation of executive corporate officers
Corporate governance and internal control:	<ul style="list-style-type: none"> • 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-2015) of an annual assessment of the Board with the assistance of an external consultant • Adoption of the Chairman's Report on Corporate Governance and on Internal Control and risk management procedures • Re-election of directors • Appointment of a non-voting director • Proposal for the appointment of the Statutory Auditors • Characterization of the independence of Board members • Work on the composition of the Board, its chair and its committees • Review of the Management Board's succession plan • Changes to the Board's Internal Regulations regarding the roles and responsibilities of the Accounts and Audit Committee and the Strategy and Sustainable Development Committee • Internal Audit and internal control report • Review of the Ethics Compliance Program
Market transactions:	<ul style="list-style-type: none"> • Supplementary report on the employee share issue under "Act 2014" • Employee share issue under "Act 2016" • Capital increase following the exercise of stock options • Share capital increase linked to the creation of new shares following the vesting of free shares
Other:	<ul style="list-style-type: none"> • Notice of the Annual Shareholders' Meeting • Answers to written questions received from a shareholder • Authorizations to grant parent company guarantees • Presentation on the competition's performance • Review of Corporate Social Responsibility

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 2015, directors were able to visit the Halden site in Norway, where they were given a presentation of the site and high voltage activity.

3.3.2. 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 rules relating to these committees' membership structure, roles and responsibilities, and operating procedures are set out in the Board of Directors' Internal Regulations, which are based on legal requirements and apply the recommendations of the AFEP-MEDEF Corporate Governance Code.

3.3.2.1 The Accounts and Audit Committee

At December 31, 2015, the Accounts and Audit Committee comprised the following three members, who are all non-executive directors:

Georges Chodron de Courcel	Chairman
Cyrille Duval	Member
Jérôme Gallot	Member

Kathleen Wantz-O'Rourke has also taken part in the Accounts and Audit Committee's meetings since she was appointed as a non-voting director on November 24, 2015.

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 2015, was of 100%.

All members of the Accounts and Audit Committee have training and experience in finance and accounting 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 finance and accounting expertise:

- Georges Chodron de Courcel, with extensive experience in finance positions within the BNP Paribas Group from 1972 to 2014 and as former Chief Operating Officer of BNP Paribas (2003 to 2014) and head of the Finance and Investment Bank.
- Jérôme Gallot, in view of his career as an Auditor at the Cour des Comptes, his experience in capital investment as well as the diverse financial positions he has held within the French Finance Ministry.
- Cyrille Duval, in view of the range of financial positions he has held at Aubert et Duval and Eramet Group, and his current duties as General Secretary of Eramet Alliages.

For the implementation of the assignments of the Accounts and Audit Committee, the Company applies the recommendations of the Report of the Working Group on Audit Committees published by the French financial markets authority (AMF) on July 22, 2010.

In accordance with the law and the Board of Directors' Internal Regulations, the main roles and responsibilities of the Accounts and Audit Committee are as follows:

- It examines the accounts and ensures the relevance and continuous application of the accounting methods used by the Company for its corporate and consolidated accounts.
- It monitors the process of preparing the financial information and the independence of the Statutory Auditors.
- It ensures that there are internal control and risk management systems in place and monitors their effectiveness by ensuring that they are deployed and that corrective measures are implemented in the event of significant weak points or problems.

Following the Board's decision dated January 21, 2015, the role of the Accounts and Audit Committee has expressly been extended to the review of the Group's policies on compliance, ethics and professional conduct as well as the systems and procedures set up to ensure their diffusion and implementation.

The Committee also:

- oversees the scope of consolidated companies, the presentation to the committee of a description of internal procedures for identifying off-balance sheet commitments and risks,
- examines the work of the Internal Audit Department,
- participates in the selection of Statutory Auditors and defines the rules for using the auditors' networks for non-audit related engagements,
- reviews the Group's Ethics Compliance Program and its implementation, is informed by the Ethics Officer of issues reported concerning violations of the Code of Ethics and Business Conduct, and
- may carry out specific studies, for which purpose it can contact the Company's senior level managers and report its findings to the Board.

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 nine times in 2015, 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

In 2015, the Committee discussed the following main issues:

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| Financial information: | <ul style="list-style-type: none"> • 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 |
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Internal audit and risk management:

- Presentation by the Head of Internal Audit of the activity report for 2014 and a status report on the 2014-2015 internal audit plan, follow-up on the measures taken, submission of the 2015-2016 internal audit plan for approval
- Presentation by the Head of Financial Control of the 2015 Internal Control Plan
- Review of the "Risk factors" section of the 2014 Management Report
- Review of the Chairman's Report on internal control and risk management procedures
- Review of material risks and off-balance sheet commitments
- Review of risk management procedures
- Review of antitrust investigations

Other:

- Request for proposals to select a Statutory Auditor and a deputy – interviewing candidates and making a recommendation
- Review of funding projects (including a project involving the issuance of bonds)
- Review of plans for a new revolving credit facility
- Review of plans to renew the securitization program

As its meeting held on March 14, 2016, the Board of Directors decided to change the composition of the Accounts and Audit Committee as follows:

Cyrille Duval	Chairman
Jérôme Gallot	Member
Hubert Porte	Member

Kathleen Wantz-O'Rourke takes part in the Accounts and Audit Committee's meetings as a non-voting director.

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

3.3.2.2 The Appointments, Compensation and Corporate Governance Committee

At the end of 2015, the Appointments, Compensation and Corporate Governance Committee comprised the following five members, who are all non-executive directors:

Véronique Guillot-Pelpel	Chairwoman
Georges Chodron de Courcel	Member
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 2015, the proportion of independent members on the Appointments, Compensation and Corporate Governance Committee amounted to 60% taking into account the characterization of Fanny Letier and Francisco Pérez Mackenna as non-independent. Thus the independence rate of this committee exceeded the recommendations of the AFEP-MEDEF Corporate Governance Code and the Board's Internal Regulations, which call for a proportion of more than 50%.

The responsibilities of the Appointments, Compensation and Corporate Governance Committee are as follows:

- It proposes candidates to the Board of Directors for the appointment of new Board members and corporate officers, for cooptation or proposal to the shareholders at the Annual Shareholders' Meeting.
- It monitors issues related to corporate governance, the appraisals of the operation and work of the Board, and examines the determination of independence of each Board member subject to the Board of Directors' final decision.
- It examines any issues related to the application of the Directors' Charter and, in particular, conflicts of interest.
- It formulates a proposal to submit for the Board's decision regarding the fixed and variable portions of the executive corporate officers' compensation based on short- and medium-term strategy and market practices, and termination benefits.
- It examines the policy concerning stock option or performance share plans (the frequency, persons concerned and amount), which it proposes to the Board of Directors, and gives its opinion to the Board on plans proposed by Management.

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 2015, the Appointments, Compensation and Corporate Governance Committee met nine times with a total average attendance rate of over 93%.

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

Directors:	<ul style="list-style-type: none"> • Review of terms of office expiring at the 2015 Shareholders' Meeting, proposal of the re-election of directors • Characterization of the independence of Board members • Work on the composition of the Board, its chair and its committees
Compensation:	<ul style="list-style-type: none"> • Variable portion of the Chairman's and the Chief Executive Officer's compensation paid for 2014 • 2015 compensation of the Chairman and the Chief Executive Officer Acknowledgment of the failure to achieve performance conditions under Long-Term Compensation Plan No. 11 • 2015 Long-Term Compensation Plan • Review of advertisements that cover the compensation of executive corporate officers
Other:	<ul style="list-style-type: none"> • Results of the Board's assessment conducted for 2014 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 2015 • Amendments to the Internal Regulations • Management Board's succession plan • Review of the Chairman's Report on Corporate Governance

The formal performance assessment commissioned in 2015 was presented to the Board in early 2016. For more information on this assessment, see section 2.5 of this Report of the Chairman.

As its meeting held on March 14, 2016, the Board of Directors decided to change the composition of the Appointments, Compensation and Corporate Governance Committee as follows:

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

3.3.2.3 The Strategy and Sustainable Development Committee

At the end of 2015 the Strategy and Sustainable Development Committee had six members, who are all non-executive directors:

Frédéric Vincent	Chairman
Philippe Joubert	Member
Fanny Letier	Member
Colette Lewiner	Member
Francisco Pérez Mackenna	Member
Lena Wujek	Member

In accordance with the Board's Internal Regulations, the Strategy and Sustainable Development Committee reviews the following matters proposed by Executive Management in order to express its opinion to the Board of Directors:

- The three-year strategic plan (through a preliminary review before the strategic plan is presented to the Board of Directors), and in particular, any change to the scope of the businesses

(discontinuing significant operations or expanding into significant new segments);

- Annual follow-up on the progress of some of the most important strategic initiatives;
- Any recommendations from independent consultants hired by the Company to develop plans or strategic initiatives; and
- Strategic considerations related to major mergers, acquisitions, divestments and/or industrial investments which are reviewed by the Board of Directors in accordance with the Board's Internal Regulations.

The Strategy and Sustainable Development Committee also reviews how the Group takes into account sustainable development issues in defining its strategy.

During 2015, the Strategy and Sustainable Development Committee met three times with an attendance rate of 84%. The committee focused in particular on updating the 2013-2015 strategic plans, several specific initiatives, opportunities for consolidation, the management of its business portfolio and a presentation of Corporate Social Responsibility topics. Presentations were made to the Committee by several senior managers from the Group. The manager in charge of Strategy and TPO⁶ functions attended all meetings.

As its meeting held on March 14, 2016, the Board of Directors decided to change the composition of the Strategic and Sustainable Development Committee as follows:

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

3.4 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.

Furthermore, the non-voting director who joined the Board in November 2015 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, stock market information, corporate governance and human resources.

In the continuous improvement of their knowledge of the Group, directors are given regular presentations by the main representatives from the functional departments or geographic areas and participate in an annual on-site meeting (see section 3.3.1 above on the on-site visit organized at the end of September 2015).

3.5 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 2015 and was discussed by the Appointments, Compensation and Corporate Governance Committee and then by the Board of Directors on January 20, 2016. The committee noted the recommendations from the appraisal.

The appraisal showed significant improvements.

Reducing the size of the Board to 12 members helped make the Board more efficient. The appraisal recognized better planning of work thanks to the implementation of a summary table. The appraisal also found the Appointments, Compensation and Corporate Governance Committee had improved the efficiency of its work. This committee must continue its work on the composition of the Board and its committees in view of the upcoming change as regards the Chairman of the Board.

Regarding the way the Board operates, areas for improvement were mentioned, in particular looking into an online portal dedicated to the Board's work and sending the committees' minutes after each meeting. Meetings must also be scheduled to follow up on decisions made by the Board.

In order to promote continuous improvement, a second assessment of the contribution of each director was carried out during the appraisal. Each director is provided with an individual report from the external advisor.

4. DIRECTORS' RIGHTS, ACCESS TO INFORMATION AND CODE OF CONDUCT

The Board of Directors' Internal Regulations set out the principles adopted by the Company concerning the rights of Nexans' directors as well as their access to information. The conduct expected of the Company's directors is formally set out in a Directors' Charter which is appended to the Board's Internal Regulations.

Corporate officers (directors) are not subject to any restrictions concerning the sale or transfer of their shares, with the exception of rules applicable to insider trading and, regarding executive corporate officers, the holding period applicable to a portion of the shares held on exercise of stock options and to a portion of fully vested performance shares, subject to decision of the Board. A table detailing transactions in Nexans shares carried out by corporate officers during 2015 is provided in section 7.2 of the 2015 Management Report.

⁶ TPO: Transformation Program Office, the team dedicated to providing support to the operating departments to implement the Group's transformation.

5. SHAREHOLDERS' MEETINGS

Shareholders of Nexans 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 the right to veto by any single major shareholder on 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 law to bring back the real economy, enacted on March 29, 2014, would not apply at Nexans.

6. COMPENSATION AND BENEFITS PAID TO CORPORATE OFFICERS

The corporate officers are the 12 members of the Board of Directors at December 31, 2015. The Company had two executive corporate officers at end-2015, Frédéric Vincent, Chairman of the Board of Directors and Arnaud Poupart-Lafarge, the Chief Executive Officer.

The principles and rules approved by the Board of Directors for determining the compensation and benefits payable to the Company's corporate officers are described in section 7.3 (Directors compensation) and sections 7.5 and 7.6 (Compensation of Frédéric Vincent and Arnaud Poupart-Lafarge) of the 2015 Management Report. The Board's Internal Regulations contain an appendix on Nexans' policy concerning the compensation of executive corporate officers based on the recommendations set out in the AFEP-MEDEF Corporate Governance Code.

Details on the compensation of the executive corporate officers and the termination benefits that could be payable in the event of a loss of office, as decided by the Board, are published on the

Company's website, in accordance with the applicable legal requirements, the recommendations of the AFEP-MEDEF Corporate Governance Code and the Board of Directors' Internal Regulations.

In accordance with Recommendation 24.3 of the AFEP-MEDEF Corporate Governance Code and the Board's Internal Regulations, the compensation of executive corporate officers is reviewed and subject to an advisory vote at Shareholders' Meetings.

7. 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 incrimination and/or 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) and/or financial transactions (e.g., investment banks and/or guarantors). 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 approved in advance by the Board, and the Board's agreement to propose 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.

II INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED AT NEXANS

1. DEFINITIONS, SCOPE, OBJECTIVES AND LIMITATIONS

Nexans' risk management infrastructure is designed to:

- identify and track the major risks that could jeopardize the continuity or growth of the Group's activities,
- implement the decisions made as regards taking risks (for example ensuring that the Group has sufficiently hedged its risks) or mitigating risks by transferring them (in particular with insurance), monitoring risks (using internal control or mitigation plan management) or avoiding risks,
- monitor exposure to risks, by assessing the occurrence of risks and verifying the effectiveness of internal controls and other risk mitigation measures.

It covers all of the Group's short-, medium- and long-term risks (strategic, operating, financial, legal and compliance). It is not only limited to security, financial control and accounting aspects. It also covers all of the Group's key transactions, processes, and human and financial assets. It relies on all players (Board of Directors, senior managers and staff) and involves all the operating and functional levels within the Group.

Nexans' risk management infrastructure has three complementary pillars: (i) risk management, (ii) internal control and (iii) internal audit.

Risk management is the process by which operating and functional managers understand and incorporate risk into their day-to-day management, including implementing relevant risk mitigation plans, in line with the risk tolerance levels set out by the Group. Risk management is a process to identify, assess, prioritize and systematically handle major risks to which the Group is exposed, and to monitor this exposure over time. The department dedicated to risk management aims to support and monitor managers at all levels as they anticipate and manage risks using risk management procedures.

Internal controls are used by operating and functional managers to minimize the impact or probability of certain risks (including the risks of error and fraud). In addition to the specific operating risks that an organizational structure decides to reduce, there is generally a shared base for internal control within the organizational structures to protect assets, provide reliable reporting on financial and non-financial information, and comply with laws, regulations and internal policies. Internal control generally includes the control of operations, oversight control and the segregation of duties. The dedicated internal control function aims to support and oversee managers at all levels as they implement and monitor relevant internal controls in order to reduce risk.

Internal audit serves as the independent expert on how risks are managed and monitored. It aims to determine, by using a systematic and methodical approach, whether the internal control measures, other management processes decided upon and the decisions (including risk management and corporate governance rules) are in place or applied, and work properly. The internal audit team can also give specific advice on allocations, at the request of the Chief Executive Officer or the Accounts and Audit Committee.

2. CONTROL ENVIRONMENT

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.

2.2 Ethics Compliance Program

The purpose of the Ethics Compliance Program is to establish the actions to prevent, detect and handle breaches of ethics laws and regulations. Each year, a specific action plan is established and rolled out throughout the Group by management (and includes in particular the signing of Ethics Code compliance certificates by all Group managers, a training program, and the audit of the rollout of the program). The sales and purchasing teams are particularly made aware of competition rules.

2.3 Procedures

The Group has established some 15 key procedures, issued by Executive Management, covering the main areas of ethics, governance and internal control (Code of Ethics, insider trading, competition rules, agent management, contract rules, rules relating to capital expenditure, etc.). Since 2010, the Group has implemented a procedure to limit the powers to make external commitments within entities and to establish a system for the delegation of power and signing authority.

In accordance with the Group's procedures, each subsidiary implements all the points set out in the Group's Internal Control Booklet. This manual presents principles and practical recommendations for the main areas of the internal control environment and the segregation of duties, and sets out the main internal controls to be implemented within the operating and financial processes based on the Reference Framework published by the French financial markets authority (AMF) in June 2010.

The Group also drew up an Accounting Manual based on the practices recommended by the Reference Framework published by the AMF. This manual is updated regularly by the Consolidation Department to take into account changes in accounting and reporting standards. In 2015, these manuals were supplemented by a list of 25 mandatory key controls covering the various processes within the Company. A standard matrix for the segregation of the main duties for the Group was also established for the risks identified as the highest.

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, metals management, credit risk management and physical inventories. Particular attention is paid to the hedging of foreign exchange and commodity risks (e.g., copper and aluminum).

Finally, the Group's other functional departments implement procedures covering areas including communication, purchasing, information systems, quality, intellectual property, insurance, human resources and legal issues. Some of these procedures are then implemented in each country and within each entity.

2.4 Departments involved in internal control and risk management

Operational and functional managers

The entities' and the Group's business and functional managers, including the Management Board⁽⁷⁾ and the Management Council⁽⁸⁾, represent the first line in managing risks insofar as internal controls and risk management are incorporated into the systems and processes for which they are responsible.

The Group's Management defines the structures, the reporting relationships, as well as the powers and the appropriate responsibilities to achieve the goals of internal control and risk management. It organizes assessments – carried out by internal audit, by the Group Risk Management Department or by an independent third party – to ensure that the elements of internal control and risk management are in place and function effectively. It ensures that the major risks identified are taken into account in the Group's management.

Through a cascading structure of responsibility, managers are responsible for assessing, overseeing and mitigating risks within their scope of responsibility. They are directly in charge of ensuring the day-to-day implementation and effectiveness of the internal control and risk management procedures established by the Group. They must put in place relevant oversight controls to identify internal control deficiencies and inadequate processes – particularly as regards the objectives and the procedures defined by the Group's Management, compliance with the Code of Ethics and Business Conduct, and with laws and regulations – as well as unexpected events or changes that could have a significant impact on the internal control system or their risk management. They are responsible for implementing appropriate corrective measures if issues are encountered with the internal control and risk management procedures.

The Risk Management and Security Department

The Group Risk Management and Security Department defines, deploys and coordinates the Risk Management processes and provides a consistent methodological framework. It ensures that risk management procedures are consistent with other strategies put in place by management. The Group's risk management process is set out in the "Nexans Risk Infrastructure Charter." In order to ensure consistency, the Risk Management Department handles insurance plans and optimizes the coverage of risks that have been analyzed.

Risk management by the operational and functional departments is regularly reviewed by the Management Board both through the quarterly management reviews of the various operating activities and through the committees dedicated to reviewing specific risks. The Group's Risk Management procedures are reviewed periodically by the Accounts and Audit Committee.

The Risk Management and Security Department reports to the General Secretary and liaises with the Financial Processes and Internal Control Department and the Internal Audit Department on a regular basis.

The Financial Processes and Internal Control Department

The Financial Processes and Internal Control Department defines, deploys and drives the internal control process throughout the Group. It works in close collaboration with the Risk and Security Management and Internal Audit Departments on a regular and consistent basis. It

⁷ Chaired by the Chief Executive Officer, the Management Board brings together the Senior Corporate Executive Vice President, in charge of International and Operations, the Senior Executive Vice President Europe, the Senior Executive Vice President High Voltage & Underwater Cable Business Group, the Chief Financial Officer and the Senior Corporate Vice President Human Resources. It is responsible for drawing up the Group's business strategy, allocating resources, and determining organizational structures.

⁸ Chaired by the Chief Executive Officer, the Management Council brings together the members of the Management Board, the Group's main functional departments, as well as Executive Vice Presidents in charge of areas, business groups and market lines. Its role is to reflect on, debate and discuss the challenges facing the Group.

also communicates regularly with the Group's functional departments regarding controls over those processes that such departments oversee. The directional guidelines of the Group Internal Control system are set out in the "Nexans Risk Infrastructure Charter." These guidelines include a description of control activities for the various processes and focus on 25 key control points.

The Financial Processes and Internal Control Department manages the drafting and regular update of Group policies and tools designed to improve internal control. It provides assistance to the operational and functional departments with front-line responsibility over internal control. It participates on an ad hoc basis in reviewing existing internal control procedures and resolving internal control issues. It helps share good practices identified in the area of internal control, offers continuing education for those involved in internal control, and contributes to constantly improving procedures and fostering a strong internal control culture at Nexans. In 2015, the Financial Processes and Internal Control Department focused on developing ways to control conflicts in the segregation of duties and on key controls related to accounting processes. The role of the Financial Processes and Internal Control Department – as coordinator and leader of the internal control system – is relayed to the different levels of the organization by the finance managers of the areas and the countries. The internal control function's work is presented periodically to the Accounts and Audit Committee.

Developments of this organization are under consideration: the Internal Control Department's tasks may change between the Financial Processes and Internal Control Department and the Internal Audit Department.

The Internal Audit Department

In accordance with good corporate governance practices, the Internal Audit Department reports to the Chief Executive Officer. It has a dotted-line reporting relationship with the Finance Department.

The Internal Audit Department, whose responsibilities are set out in the Internal Audit Charter, helps the Group to achieve its objectives by systematically and methodically assessing the proper implementation and effectiveness of a set of internal control, risk management and corporate governance procedures and processes. It identifies weak points in these systems, makes proposals to improve their effectiveness and monitors the audit issues until they are resolved. The ongoing responsibilities of the Internal Audit Department include conducting financial audits and operational audits, implementing self-assessments using questionnaires to provide an overview of the level of maturity of a particular process within the Group, proposing corrective measures, and identifying and promoting best practices.

A four- to five-year audit plan is drawn up to audit all the Group's entities based, in particular, on the Group's risk mapping. The audit plan is updated annually. It is reviewed by the Management Board and the Accounts and Audit Committee. Audit assignments aim in particular to ensure that measures implemented by auditees are adequate based on the procedures and processes defined by the Group.

After each audit is conducted, the Internal Audit Department issues a report containing recommendations which are subject to a formal and systematic follow-up. In addition, the Internal Audit Department submits a summary of its work twice a year to the Accounts and Audit Committee, and once a year to the Board of Directors.

During 2015, audits assessing compliance with Group's procedures were conducted in certain subsidiaries in France and abroad. A number of specific audit engagements were also carried out, notably in relation to monitoring the implementation of the Ethics Compliance Program and overseeing capital expenditure in liaison with the Industrial Management Department.

The Ethics Officer

The Group has a reporting management procedure for issues related to the Code of Ethics and Business Conduct. An Ethics Officer was thus appointed to manage the handling of any ethics-related issues reported, ensure that any issues are verified and that appropriate decisions are taken and corrective measures are put in place if necessary. The Ethics Officer reports directly to the General Secretary and has a dotted-line reporting relationship with the Chief Executive Officer. He reports the cases handled at least once a year to the Accounts and Audit Committee.

Compliance Program Manager

The Ethics Compliance Program Manager establishes the actions to prevent, detect and handle breaches of ethics laws and regulations, and supports the functional and operational managers in implementing the Ethics Compliance Program throughout the Group.

The Ethics Compliance Program Manager works under the supervision of the General Secretary and also has a dotted-line reporting relationship with the Chief Executive Officer. He reports on his work to the Accounts and Audit Committee at least once a year.

Functional departments

Functional departments (HR, legal, finance, etc.) provide — at Group, area and country level — the framework for internal control in their area of expertise and help implement it when controls are integrated into operations carried out by business/frontline teams. In particular,

support functions design the internal control policies and procedures that fall within their expertise, help analyze operational risks and monitor and keep the organization informed of changes to laws and regulations.

In addition, the Group's functional departments and their correspondents at the different levels within the organization are responsible for ensuring, for their area of expertise, that the first line of defense regarding risk management is properly designed, in place, and functioning as expected.

The Group's functional departments thus contribute to the overall internal control and risk management process by providing the cross-business approach required in order for the Group to function effectively.

- The **Finance Department** includes six corporate departments: the Group Control Department, which is made up of the Financial Processes and Internal Control Department presented above, and the Financial Control Department, the Consolidation Department, the Treasury and Financing Department, the Non-Ferrous Metals Management Department, the Tax Department and the Financial Transactions Department including the Financial Communication Department. The latter ensures legibility and relevance of financial information provided to market.

These six functional departments play a key role in the internal control and risk management systems, particularly through the guidelines and procedures that they establish, their monitoring of accounting and financial requirements, the analyses and controls, that they perform on the financial statements and other financial reporting information from the units and the management of risks of metal prices and exchange rates.

In Europe, the Finance Departments in each country report to the Financial Processes and Internal Control Department, while maintaining a dotted-line relationship with the Country Manager.

Outside Europe, the Finance Departments report to the Country Manager and have a dotted-line reporting relationship with the Group Finance Department, thereby seeking to ensure satisfactory coordination and processing of financial information.

- The **Legal Department** reports to the General Secretary's Department, as does the Risk Management and Security Department. The Legal Department defines the Group's legal policy and offers legal support to the Group's activities.
- The **Strategy and TPO Department** is responsible for guiding the definition and implementation of the Group's strategic priorities. Its role particularly includes driving and facilitating the strategic plan process, monitoring its implementation and risks related to carrying out the strategic plan, and identifying opportunities for growth.
- The **Purchasing Department** is responsible for selecting suppliers that provide materials, equipment and services required for the Group to function smoothly. The responsibilities of the Group's Purchasing Department include selecting suppliers as well as negotiating and drawing up contracts, and monitoring and assessing each supplier. It oversees the purchasing process for the Group as a whole and defines and verifies the implementation of Group purchasing methods and procedures.
- The **Industrial Management Department** assists the Group's geographic areas in industrial matters and oversees industrial strategy, capital expenditure budgets, and the Area and country level Industrial Management Departments, which are responsible for the performance of Nexans' manufacturing plants. The Industrial Management Department is also closely involved in managing Nexans' industrial equipment, managing and monitoring capital expenditure and industrial projects, and assessing any new manufacturing tools and processes. It is involved in the industrial risk prevention policy through its Safety & Environment units, and by working with the Senior Corporate Vice President, Insurance, and the risk prevention engineering and consulting service of the "property damage and business interruption" insurer.
- The **Human Resources Department** is in charge of defining and coordinating the Group's Human Resources policies and handles relations with employee representatives at the European level. It is also tasked with coordinating the international network of Human Resources Directors.
- The **Information Systems Department** is responsible for defining the Group's IT policy and overseeing its implementation. It helps protect the Group's information, particularly through initiatives involving information system security.
- The **Technology & Innovation Department** oversees all the Group's research and development projects, in particular through its Competence Centers and the Research Center. It helps manage risks by monitoring technological changes and protecting innovations.

3. RISK MANAGEMENT

The Group has put in place risk management procedures to identify and manage the risks related to its activities. Such risk 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 understand the risks to which it is exposed and to better control these risks so that it can deploy its strategy properly.

The Group's risk management procedures are a key part of its governance. They are implemented by operational staff, organized by the Risk Management and Security Department and monitored by the Management Board and the Management Council. In accordance with law, the Accounts and Audit Committee monitors the effectiveness of risk control systems.

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 relevant coverage plans, controls and monitoring procedures are put in place – in line with the levels of risk appetite set out by the Group.

Risk management at Nexans also involves various Committees (described below) and draws on specific procedures (see section 2.3 above).

3.1 Process and risk mapping

The risk management process is a continuous improvement drive that goes from defining the strategy all the way to implementing it. It covers all the risks related to the Group's past, present and future activities.

It must help each entity to better manage its objectives and ensure that it continues to add value to the Group. It enables managers to make more reliable decisions at every level and have a clear picture of the risks related to their activities.

The ongoing risk identification process draws on targeted risk mapping procedures for major risks, both at entity and Group level.

Entities, and/or countries, and/or activities, and the functional departments work with the Group Risk Management and Security Department to develop a risk map for each of their activities. Risk mapping is performed systematically in particular when the Group's three-year strategic plans are drawn up. Specific risk maps are also developed as needed.

A Group risk mapping process is performed at least every two years, and was last performed in 2015. The aim of this process is to identify risks and areas of risk brought to attention by the Group's Executive Management, contextualize the related risk control measures already put in place and evaluate the potential impact of these risks on the Group's financial position and reputation. The risk map is used as a basis for preparing the Group's annual audit plan and workshops for monitoring and handling major risks coordinated by the Risk Management and Security Department.

3.2 Workshops for monitoring and handling major risks

On a regular basis, the Group organizes workshops bringing together operational staff and members of functional departments to analyze the Group's main identified risks through risk mapping so that procedures and processes could be improved.

The purpose of these workshops – which are coordinated by the Group Risk Management Department – is to propose solutions to remedy the risks or limit the impact of the main risks that have been identified. The summary report of the activity of these workshops and their recommendations is monitored by the Management Council. For example, in 2014 the work conducted during one of these workshops led to overhauling the procedure for making decisions about significant investments. Similarly, in 2015, a workshop assessed and monitored the risk for the Group of Greece exiting the Euro zone.

Ad hoc risk management initiatives are also organized. On June 16, 2015, a Safety Day was organized at all Nexans sites to help all Group employees better understand safety issues and take them into account. A member of management was present at each site for the Safety Day. Furthermore, the travel policy was reviewed in 2015 to better control and assist with business travel and trips in high-risk areas. The Group also created a Charter defining its organization for risk management and control.

3.3 Special committees that help manage risk

The Group has set up several committees that help identify and/or monitor the main risks.

- The **Disclosure Committee** comprises the General Secretary and General Counsel, the Chief Financial Officer, the Head of Management Control, the Head of Consolidation, as well as the Corporate and Securities Counsel, the Head of Internal Audit, the Head of Risk Management and Security, the Head of Internal Control, the Head of Tax and the Area Controllers. The Committee's role is to help identify the main risks surrounding the Group's businesses based on responses provided from the subsidiaries as part of the Group-wide

reporting procedure, including in terms of contracts and disputes, to 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. This Committee is chaired by the Chief Executive Officer (when a bid exceeds 50 million euros) and comprises the Senior Corporate Executive Vice President, the Executive Vice President of the Area concerned, as well as the General Secretary and General Counsel, the Chief Financial Officer and the Head of Group Risk Management and Security.
- The **Mergers & Acquisitions Committee** reviews and approves (provided that the Board approves projects with a unit value higher than 50 million euros) any potential business acquisition or divestment projects, or possible strategic alliances or partnerships. This Committee is chaired by the Chief Executive Officer and its other members are the Senior Corporate Executive Vice President, the General Secretary and General Counsel, the Chief Financial Officer, the Head of Tax, the Head of Financial Transactions, the Head of Strategy and TPO, and the Executive Vice Presidents of the Areas concerned by the project.
- The **CSR Committee** monitors the Group's various CSR initiatives and sets out its sustainable development policies. The Corporate Social Responsibility Committee is chaired by the Chief Executive Officer and is assisted by two specialized committees, the Governance and Social Affairs Committee and the Environment and Products Committee⁹.

Other committees help manage specific risks. The Careers Committee is dedicated to monitoring the career paths of the Group's key senior managers, while the IS /IT Oversight Committee (IT infrastructure and Information Systems) proposes an IT policy for the Group and oversees its rollout.

3.4 Specific procedures that help manage certain risks

Rules specific to the management of risks related to non-ferrous metals

In view of the importance of non-ferrous metals (copper, aluminum) to Nexans' various businesses and the risks associated with price fluctuations, Nexans has implemented specific procedures for managing non-ferrous metals, which is overseen by a team reporting to the Group Finance Department (see **Notes 25(d)** and **25(f)** to the consolidated financial statements).

The Non-Ferrous Metals Management Department defines policies and provides support and technical advice to the Group's entities to hedge its metal needs. It also centralizes and manages the use of derivatives on organized markets for the majority of the Group's business units.

Centralized cash management

The Treasury and Financing Department (Nexans Services) sets out the treasury and financing policies of the subsidiaries and provides support and advice to the entities to help them manage their foreign exchange risk. It helps set up the Group's financing plans (see **Note 25** to the consolidated financial statements) and, for the subsidiaries that allow this kind of organization, pools their resources and financing needs, and performs foreign exchange hedging and makes payments in foreign currencies for these entities.

Crisis management

A Crisis Management and Communication procedure, which is available to all Group employees, was released in September 2012 and is updated on a regular basis. A procedure also sets out the rules for how the Group Crisis Management unit operates. Group crisis simulation exercises were organized in 2007, 2009 and 2012.

4. PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

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

4.1 Process for the preparation of financial and accounting information

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

⁹ See chapter 4 of the 2015 Registration Document for a description of the organization of the Sustainable Development/CSR function.

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.

4.2 Main internal control procedures for financial and accounting information

The Group's Finance Department keeps the Group Accounting Manual, the Internal Control Booklet and the list of 25 mandatory key controls, presented above, up-to-date. It has also drawn up procedures for the main areas that fall within its purview, particularly procedures for reporting, treasury, 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 financial risk factors identified (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.

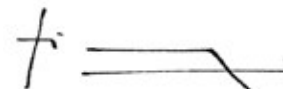
5. OVERSIGHT OF INTERNAL CONTROL

As a result of the powers conferred upon it by law and by the Board of Directors' Internal Regulations, the Accounts and Audit Committee monitors the process for preparing the financial information and the effectiveness of internal control and risk management systems. 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 and Security, regular business reviews for the Group, and performance-indicator monitoring.

March 14, 2016

A handwritten signature in black ink, consisting of a stylized 'F' followed by a horizontal line that ends in a small hook.

Frédéric Vincent
Chairman of the Board of Directors