UNIVERSAL REGISTRATION DOCUMENT

2019

Nexans
BRINGS ENERGY TO LIFE

Contents

This version cancels and replaces the version of the Universal Registration Document filed on March 27, 2020 with the AMF, in its capacity as competent authority under EU Regulation 2017/1129, without prior approval, in accordance with Article 9 of said Regulation. The change between these two versions consists in the clarification on page 69 of the target rate of the Chief Executive Officer's 2020 annual variable compensation, which represents 100% of his annual fixed compensation. The rest of the 2019 Universal Registration Document remains unchanged.

This Universal Registration Document contains Nexans' annual financial report for fiscal year 2019.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Universal Registration Document was filed on March 27, 2020 with the AMF, in its capacity as competent authority under EU Regulation 2017/1129, without prior approval, in accordance with Article 9 of said Regulation.

The Universal Registration Document may be used for the purpose of a public offer of financial securities or the admission of financial securities to trading on a regulated market only if supplemented by a transaction note and, if applicable, a summary and all amendments to the Universal Registration Document. The group of documents then formed is approved by the AMF in accordance with Regulation (UE) 2017/1129.

PROFILE

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

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

Nexans is a key driver for the world's transition to a more connected and sustainable energy future. For over a century, Nexans works behind the scenes to develop resilient products and state-of-the-art services designed to help our customers meet today's constantly growing energy and data needs.

We are working in partnership with our customers, in the fields of energy infrastructure, energy resources, transportation, buildings, telecom and data, to create a safer, smarter, and more efficient future.

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

Nexans is listed on Euronext Paris.

Manufacturing sites in

34 countries

Worldwide

sales presence

IN FIGURES

6.7

billion euros in sales[(1)]

26,000

employees

Among the

Top 20

companies involved in R&D investment and technological innovation in Europe[(2)]

(1) At current metal prices.
(2) Sources: https://iri.jrc.ec.europa.eu/scoreboard/2019-eu-industrial-rd-investment-scoreboard

WE SUPPORT

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.

"2019 was marked by the successful launch of the New Nexans plan whose results exceeded expectations."

In 2019, there was a major change in the governance structure of Nexans, where the functions of Chairman of the Board and Chief Executive Officer had been separated since 2014. On 15 May 2019, upon the recommendation of the Appointments, Compensation and Corporate Governance Committee, I was appointed Chairman of the Board of Directors, succeeding Georges Chodron de Courcel, who had reached the age limit.

The Board of Directors of Nexans is made up of thirteen members, including seven women with the arrival of Jane Basson and Sylvie Jehanno. With their extensive managerial and industrial experience, I am convinced that these new members will make a strong contribution to our Group's continued recovery. If you approve these resolutions, they will replace Colette Lewiner, whose vast experience and outstanding networks have benefited the Group for many years and Fanny Letier, who has accompanied us through some difficult times, contributing to building an engaged and cohesive Board. There are two directors representing employees and employee shareholders on the Board, both of whom are women. One of them, Angéline Afanoukoé, has just been appointed as member of the Compensation Committee. There are seven independent directors, including a Lead Independent Director, Anne Lebel, appointed in 2019. She is the point of contact for independent directors and may conduct meetings of independent directors, propose that new items be placed on the agenda or ask the Chairman to convene a meeting of the Board.

2019 was marked by the ramp up of the New Nexans plan, deployed by a streamlined Executive Committee chaired with rigor and passion by Christopher Guérin, Nexans' Chief Executive Officer. The Committee comprises eleven people and has been largely renewed since the end of 2018.

This three-year plan was launched in January 2019 and focuses on creating value in three strategic areas: cost reduction, transformation through the SHIFT program, which draws on best investment practices, and selective growth in segments with the best financial ratios.

Risk management – including business, legal, financial and execution risk – is a key component of the plan and the Board of Directors made special efforts to support management in this area in 2019. Investment procedures have been reviewed and more stringent profitability criteria have been introduced. Nexans' tendering processes have also been reorganized and our modeling tool enables us to be highly selective. This has opened up considerable possibilities for the Company to pursue its development.

Nexans' longstanding shareholders support this plan and it has also attracted new French and foreign investors. I would like to take this opportunity to thank all our shareholders for their continued trust and acknowledge the commitment of all the Group's teams.

The progress achieved in 2019, with better-than-expected operating and financial results, fresh progress forecasts, a record backlog in the high-voltage business and, more broadly, the continued acceleration of the energy transition that we are helping to bring about, allow us to look to the future with confidence. It will not have escaped your attention that our CSR performance improved again during the year. The ratings issued by major international non-financial rating agencies are increasingly taken into account by certain clients in assessing our offer compared with that of our competitors. This gives us a competitive edge that has allowed us to stand out and resulted in some remarkable wins during the year.

The Covid-19 epidemic is affecting thousands of people and impacting the global economy on an unprecedented scale. In these highly turbulent times, in agreement with the Board, the Executive Committee put in place a tool early February which is used to support our staff and track the commercial, industrial and financial aspects of our business. Everything is being done to protect our teams, to continue our business and production activities in line with the Authorities' instructions, and to meet our commitments to our clients.

Jean Mouton,
Chairman of the Board of Directors

How would you sum up 2019?

We achieved all of our financial objectives with the help of the New Nexans three-year plan which we launched in 2019. Our profitability (EBITDA) was up 18% to 413 million euros[1] based on comparable data. Return on capital employed (ROCE) grew by 2 points to over 11%. Cash generation came in ahead of forecasts at 25 million euros.

Consolidated sales totaled 4.6 billion euros at constant metal prices, representing an organic increase of 4.5%. For the first time in a long while, all four business recorded double-digit EBITDA growth: there were increases of 27% for Building & Territories, with good growth in Europe and South America; 23% for Industry & Solutions, which reported enhanced profitability in North America and China; 16% for Telecoms & Data with a turnaround in local networks; and 46% pour High Voltage & Projects thanks to the fine performance of submarine high voltage and the ongoing turnaround in the land high-voltage business[2].

Reorganization costs totaled 251 million euros (versus 53 million euros in 2018), including 184 million euros related to the project to reorganize the Group's European operations announced in January 2019. This resulted in an attributable net loss of 122 million euros, compared to attributable net income of 14 million euros in 2018. The Group has a solid balance sheet with stable net debt[3] and a good liquidity position.

How do you explain these encouraging results?

They are attributable to the successful execution of major projects such as the NordLink subsea interconnector power line between Norway and Germany, and a 500 million euros project launched in 2015 and completed on schedule in 2019.

(1) 385 million euros, excluding the impact of the new IFRS 16 accounting standard.
(2) Increase in sales and EBITDA based on comparable data, excluding the impact of IFRS 16 in 2019.
(3) 331 million euros versus 330 million euros in 2018, excluding the impact of IFRS 16 which amounts to 140 million euros.

They also reflect the effectiveness of the New Nexans plan.

- We have cut our costs by 75 million euros – 38% of our target of 210 million euros over three years – and our new streamlined organization structure has enabled us to deploy a "hands on" approach.
- We have also rolled out our SHIFT transformation program to 12 priority units. Dedicated teams help the units to identify and deploy 20 development levers. The upshot has been a 40 million euro increase in EBITDA and a 60 million euros reduction in operating working capital requirements, despite a 1% drop in sales within the corresponding reporting structure. This strategy highlights how a focus on adding value is preferable to simply driving up volumes.
  We expect SHIFT to deliver additional EBITDA of 100 million euros in 2021 and a 190 million euros reduction in our working capital requirements.
- Value-adding initiatives delivered 12 million euros in EBITDA. We are targeting 55 million euros for 2021 – about half from the submarine high voltage business – and the conversion of our Charleston plant together with the construction of a new cable laying vessel are part of this plan. In 2020, Nexans will be the only manufacturer of submarine high voltage cables in the United States, and in 2021, we will have a second world-class deepwater cable-laying vessel – the Aurora.

You are making the energy transition and sustainable development in general a key focus of Nexans' strategy. Why is this and how does it translate into concrete action?

All growth requires energy and meeting increasing needs while preserving the climate and the environment is exactly what the energy transition is all about. To meet this challenge, we need more zero-carbon electricity in our systems and greater energy efficiency across the board. Nexans' technologies make it a key player in this transition.

Our solutions optimize solar and wind power production, reduce line losses, and make better use of installed renewable energy capacity. We use our connected equipment and data analysis to help operators to manage, maintain and develop their power transmission and distribution networks. We are helping to reduce emissions from transport by making vehicles lighter and developing e-mobility. We are enhancing energy efficiency and fire safety in buildings and data centers.

As part of Nexans' commitment to the energy transition and sustainable development, 95% of our factories are ISO 14001-certified, 33,000 tons of copper are recycled, our teams are trained and empowered and suppliers are on-boarded. We aim to be carbon neutral by 2030. These engagements are actually development levers in their own right and they stimulate innovation, continuous improvement, competitiveness and employee buy-in. People, Planet and Profit are inseparable.

How are things looking for Nexans?

We have solid fundamentals and a record backlog[1]: 1.8 billion euros worth of orders in the submarine high voltage business, 80% of which are linked to the energy transition.
In 2019, Siemens and Vestas chose Nexans to supply cables for their wind turbines over the next two years and we are now SSE's preferred power export cable supplier for Seagreen, Scotland's largest offshore wind farm project. We have entered into an exclusive agreement with the world's largest offshore wind farm company, Ørsted, to provide up to 1,000 km of submarine high-voltage export cables – worth around 1.2 billion euros[2]. – for its offshore wind farms in North America through to 2027 We are actively preparing to submit bids for around twenty calls for tenders for major renewable energy and subsea interconnector projects that we are expecting to be launched between now and 2026.

Our priority is to continue the deployment of the New Nexans plan and to go even further to complete the Group's recovery and profound change, and steer it towards profitable and shared value-based growth.

Along with the Executive Committee and the entire management team, we closely monitor the evolution of Covid-19 on a daily basis, always with the health and safety of our teams and stakeholders as a priority. Our teams are mobilized throughout the world for the proper execution of projects and client interests for the duration of the pandemic, in compliance with the instructions of the Health Authorities.

In this context, we must suspend our 2020 Guidance, as announced on February 20th, until the global situation, dictated by the pandemic outbreak, firms up.

I would like to thank our customers, partners and shareholders for their continued trust and all of the Group's employees for their commitment and contribution to the success of the New Nexans plan.

(1) Adjusted subsea backlog including contracts secured not yet enforced.
(2) Only 400 million euros of this amount has been included in our backlog of 1.8 billion euros.


NEXANS AURORA
Nexans brings energy to life

1

PRESENTATION OF THE GROUP AND ITS ACTIVITIES

1.1. Mission, businesses and markets

WE BRING ENERGY AND INFORMATION TO LIFE…

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

- **Our Expertise:** Producing cables – we are the material link at the heart of industry with high performance characteristics developed through constant innovation for over 120 years.
- **Our Mission:** Beyond cables, our systems deliver energy & data, building the essential link that transports information & power everywhere to everyone.
- **Our Purpose:** As a life link, we support development and social contacts. Without us, there can be no communities, exchanges, communications, energy or modern life.

… ACTING AS AN ESSENTIAL LINK FOR ENERGY AND DATA REVOLUTION.

FOUR MARKET SEGMENTS TO SUPPORT THE ENERGY AND INFORMATION TRANSITIONS

BUILDING & TERRITORIES

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

HIGH VOLTAGE & PROJECTS

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

TELECOM & DATA

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

INDUSTRY & SOLUTIONS

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

BUILDING & TERRITORIES

Building & Territories remains our core business in both scale and global reach, representing over 42% of total revenue in 2019. In mature markets, the drive towards connected cities, energy efficiency and e-mobility are key growth areas, while in regions such as Africa and South America, there is increasing demand for off-grid systems to bridge the electrification gap. Nexans is well positioned to meet these needs and provide new solutions for sustainable communities and smart cities as well as industry renowned low and medium voltage cables.

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

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

TELECOM & DATA

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

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

HIGH VOLTAGE & PROJECTS

The continuing expansion of offshore windfarms and other renewable energy sources requiring local, regional and international interconnections needs increasingly effective and resistant cabling and connectivity solutions. High-voltage submarine installation is a particularly promising area for major players such as Nexans, as this requires extensive technical expertise.

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

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

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

INDUSTRY & SOLUTIONS

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

We work in close cooperation with our manufacturing and OEM customers, with a view to meeting their demand for safe, lightweight and compact products that are easy to install, including in-vehicle equipment and cables that can be recycled or reused at the end of their lives.

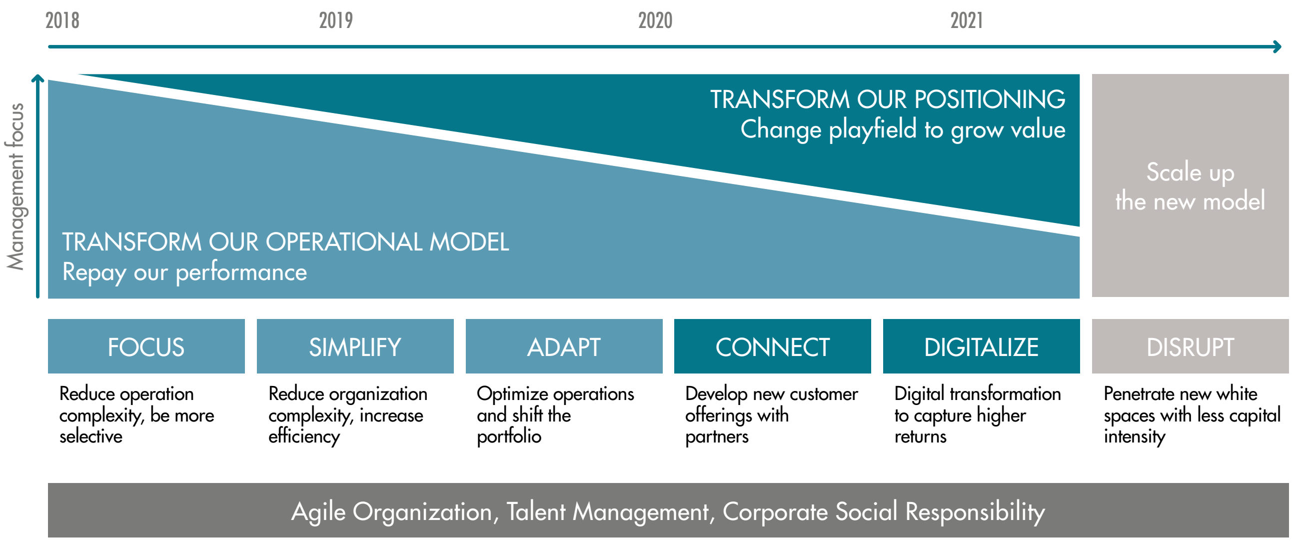
1.2. Strategy – 2019-2020 sequence

TRANSFORMING NEXANS' VALUE DELIVERY MODEL

By the end of 2018, Nexans had transformed 50% of its businesses and enhanced the resilience of this share of its portfolio. The remaining 50% of its businesses still need to be transformed and represent significant potential for short-term value creation.

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

Figure 1



TRANSFORMING OUR OPERATIONAL MODEL

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

It is based around three priorities:

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

TRANSFORMING OUR POSITIONING

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

(1) Our market relies on strong fundamentals

By 2030:

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

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

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

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

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

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

This move should enable Nexans to:

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

Several service offers have been launched successfully in the last five years.
These include the renovation project of Roissy Charles-de Gaulle airport's terminal T2B in the Buildings & Territories segment.
As the provision of cables by Nexans to ENGIE SOLUTIONS was part of the project's critical path, Nexans' services combined secure deliveries and a reduction in the overall cost of the cables as part of a differentiating offer comprising:

- pooled cable inventory management based on the project's estimated monthly requirements and a cuttingto-length system;
- fast delivery to the site in the event of schedule changes or emergencies;
- real-time monitoring at the Nanterre site of inventories, cable length cutting and deliveries on a Web platform using RFID technology.

Nexans had secured a 1.8 billion euro backlog for turnkey projects[1] in the field of renewable energies by the end of 2019.

In November 2019, Nexans was appointed by SSE as the preferred supplier for the design, manufacture and installation of onshore and offshore export cables for the 1,075 MW Seagreen wind farm project.
Nexans will supply and install the three 65 km offshore export cables and three 20 km onshore export cables for the project

Find out more at:
https://www.nexans.com/newsroom/news/details/2019/11/Nexans-is-preferred-power-export-cable-supplier-for-the-Seagreen-offshore-wind-farm-project.html

In December 2019, Nexans signed a framework agreement with Eversource, New England's leading transmission builder, and Ørsted, the world leader in offshore wind. The agreement will reinforce their long-term partnership and will give Nexans the opportunity to provide up to 1,000 km of subsea high voltage export cables for Ørsted's offshore wind farms in North America. The first delivery is expected by 2022 and the agreement will remain in force until 2027.

This agreement illustrates our new business approach, capacity to innovate and confirms Nexans' excellent track record in energy transition.

Find out more at:
https://www.nexans.com/newsroom/news/details/2019/12/Nexans,-Eversource-and-%C3%98rsted-sign-Framework-Agreement-for-NAM-Offshore-Wind-Farm-development.html

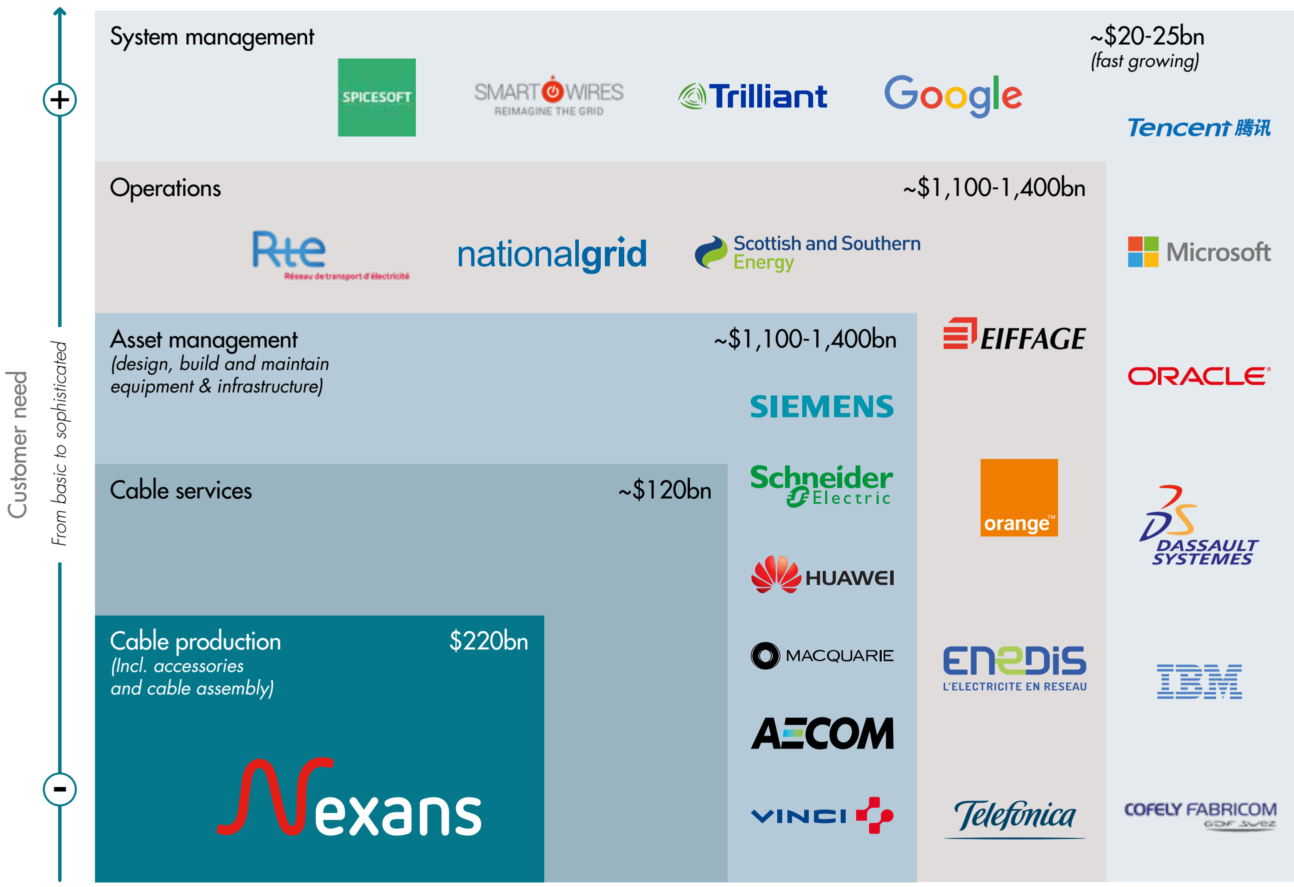
(1) Adjusted subsea backlog including contracts secured but not yet enforced.

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

Figure 2

Big picture view of the energy & data management market
Focus on Transmission & Distribution (power & data out of scope)

Total : ~€2,700bn
Initial estimate



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Business model
Creating value beyond cables

RESSOURCES

FINANCIAL CAPITAL
€1.251 bn in equity
€2.241 bn in capital employed

INDUSTRIAL CAPITAL
Industrial presence in **34** countries
88 production sites

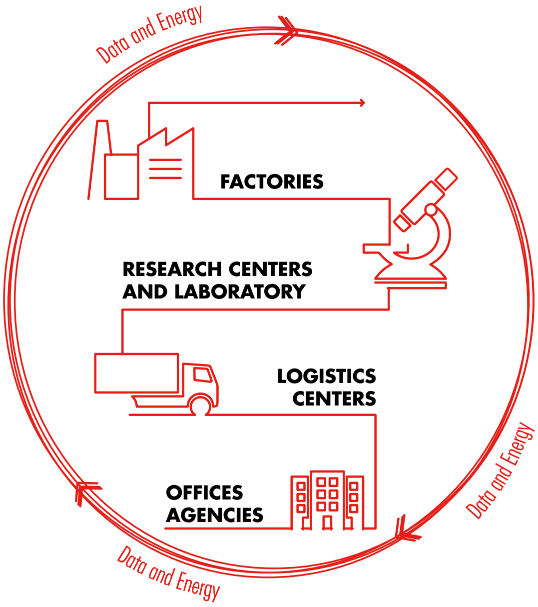
SOCIAL/SOCIETAL CAPITAL
2.70% workplace accident frequency rate
1,400,000 beneficiaries of Nexans Foundation projects since 2013

INTELLECTUAL CAPITAL
1,800 patent families
54 patents filed in 2019

HUMAN CAPITAL
26, 000 employees
5,787 new hires

ENVIRONMENTAL CAPITAL
95% of sites ISO 14001/EPH certified
100% of production sites equipped with GHG emissions monitoring

NEXANS SITES



PRODUCTION

- CABLES
- SYSTEMS
- CABLING SOLUTIONS
- SERVICES
- HARNESSES
- ACCESSORIES

MARKET SEGMENTS

Telecom & Data
11 % of sales

High Voltage & Projects
16 % of sales

Industry & Solutions
25 of sales

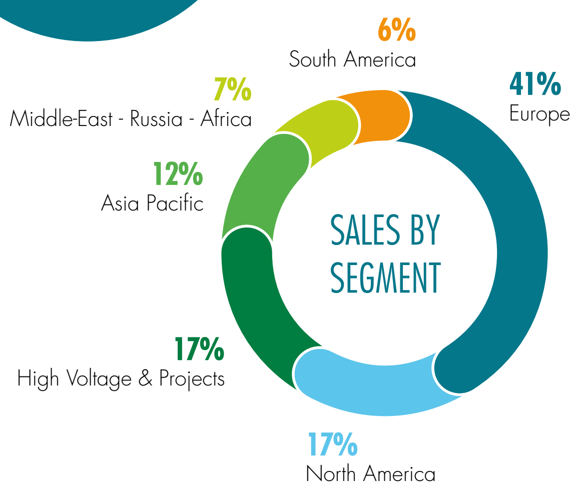
Building & Territories
39 of sales

MAIN SECTORS SERVED

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

2019 SALES[1]

€6.7 bn



VALUE CREATED

FINANCIAL CAPITAL

€13M in dividends paid
4.48% of the share capital is held by employees

INDUSTRIAL CAPITAL

€238M invested in infrastructures
more than **€5 bn** of purchasing

SOCIAL/SOCIETAL CAPITAL

538,000 hours of employee training
€300,000 annual budget allocated to the Nexans Foundation

INTELLECTUAL CAPITAL

€98M invested in R&D

HUMAN CAPITAL

€1.2M in total compensation paid
74% employee engagement rate[4]

ENVIRONMENTAL CAPITAL

42% of non-ferrous metal waste recycled
€6.5M of spending on the environment

PEOPLE

CUSTOMERS

SHAREHOLDERS

SUPPLIERS

LOCAL AUTHORITIES

FINANCIAL ECOSYSTEM: BANKS...

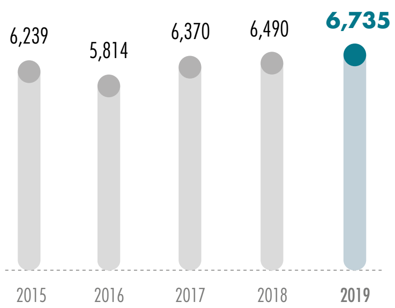
NEXANS FOUNDATION

(1) Sales at current metal prices.
(2) EPC: Engineering, Procurement and Construction contractor.
(3) OEM: Original Equipment Manufacture.
(4) 2018 Internal Opinion Survey.

1.3. Key figures

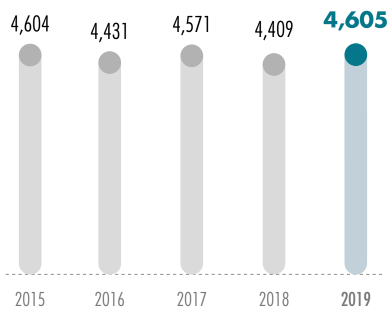
SALES AT CURRENT METAL PRICES

(in €m)

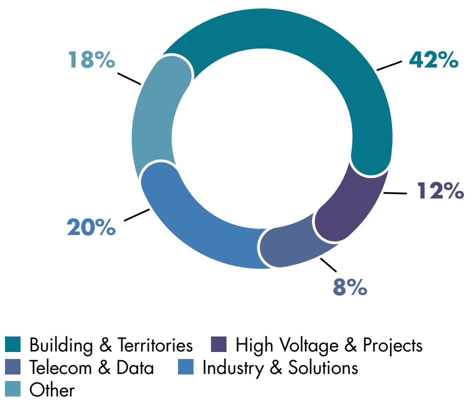


SALES AT CONSTANT METAL PRICES[1]

(in €m)



2019 SALES BY BUSINESS AT CURRENT METAL PRICES



2019 SALES BY BUSINESS AT CONSTANT METAL PRICES

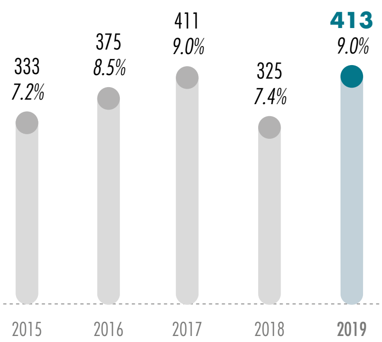
(in €m)

	2019
Building & Territories	1,807
High Voltage & Projects	715
Telecom & Data	515
Industry & Solutions	1,159
Other	409
TOTAL	**4,605**

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

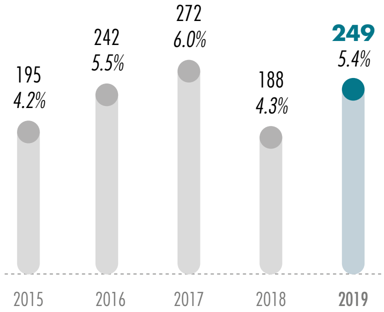
EBITDA[1]

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



OPERATING MARGIN

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



EBITDA[1] AND OPERATING MARGIN BY BUSINESS

(in millions of euros and as a % of sales at constant metal prices)	2019 (incl. IFRS 16)			2018		
	EBITDA[1]	Operating Margin	Operating Margin %	EBITDA[1]	Operating Margin	Operating Margin %
Building & Territories	155	108		120	72	
High Voltage & Projects	103	62		68	34	
Telecom & Data	52	41		44	34	
Industry & Solutions	105	67		86	51	
Other Activities	(2)	(29)		7	(2)	
	413	**249**	**5.4%**	**325**	**188**	**4.3%**

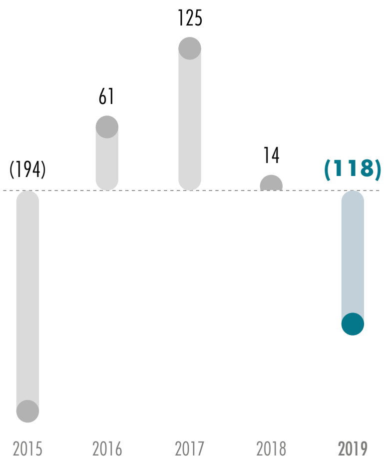
(1) Consolidated EBITDA is defined as operating margin before depreciation and amortization.

BREAKDOWN OF MARKET SEGMENTS

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

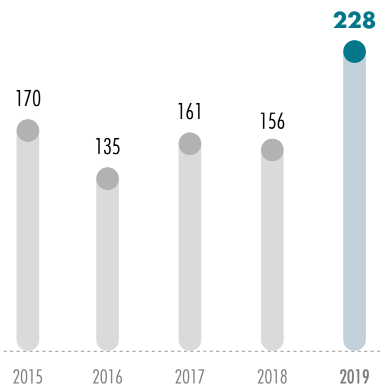
NET INCOME/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT

(in €m)



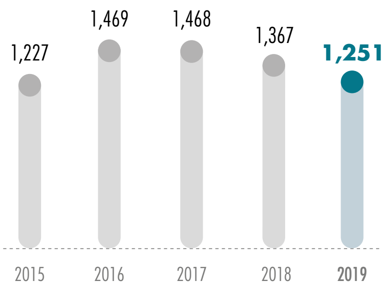
NET CAPITAL EXPENDITURE

(in €m)



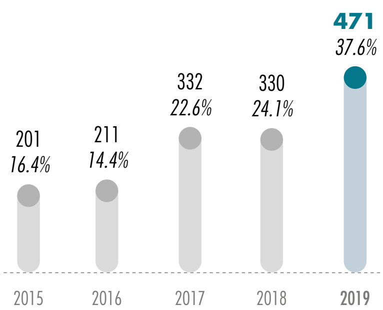
EQUITY

(in €m)



NET DEBT

(in €m and as a % of equity)



1.4. Operations during 2019

1.4.1. CONSOLIDATED RESULTS OF THE NEXANS GROUP

1.4.1.1. OVERVIEW

2019 saw the successful start of the New Nexans plan and betterthanexpected financial and operating results.
Launched in January 2019, this three-year plan is focused on three areas: cost reduction, transformation through the SHIFT program and selective growth. Its objectives are to improve profitability (EBITDA), to generate positive free cash flow, and to improve Return on Capital Employed (ROCE).
In the first year of deployment, EBITDA landed at 413 million euros (up +18% on a comparable basis), cost reductions were of 75 million euros, free cash flow at 25 million euros, and ROCE improved to 11.1% in 2019 from 9.0% in 2018.
The ambition of New Nexans is to focus on creating value rather than seeking pure volumes and become a major player in energy transition. In 2019, the Group achieved a record level of subsea high-voltage backlog (1.8 billion euros), among others, the signing of a historical framework agreement with Eversource and Ørsted for the development of Offshore Windfarms in North America.
Consolidated sales came to 4,605 million euros (at constant metal prices), +4.5% year-on-year organic growth, led by the High Voltage & Projects segment (up +6.7%), which enjoyed a surge both in terms of new orders and of operations with high subsea cable production and installation. Cable business sales grew by +4.1%, reflecting robust growth in the Building & Territories and the Telecom & Data segments.
Thanks to the New Nexans plan and solid project execution among which NordLink, EBITDA in 2019 rose by 18% on a comparable basis, to 413 million euros. The positive impact of the New Nexans plan initiatives reached +127 million euros, of which 75 million euros from cost reduction measures, 40 million euros from the transformation plan SHIFT and 12 million euros from growth initiatives on key markets.
Operating margin totaled 249 million euros, representing 5.4% of sales at constant metal prices, versus 4.3% in 2018.

1.4.1.2. ANALYSIS BY SEGMENT

Building & Territories

Building and Territories segment sales were supported by sound conjunctural growth in the first half which tampered down in the second half. Sales stood at 1,807 million euros in 2019 at constant metal prices, hence +3.5% organic growth. EBITDA totaled 155 million euros in 2019, up +27% versus 2018, driven by the New Nexans plan roll out, notably the SHIFT transformation modules, cost reduction measures and value growth initiatives in key markets.
The implementation of SHIFT in South America and the Middle East enabled these two regions to benefit from revamped customer and product portfolios for the *profit driver* entities, and from improved ROCE as well as Working Capital for the *value burner* entities. The cost reduction plans focused on optimizing commercial and administrative forces, particularly in Asia-Pacific and Brazil, led to fixed cost reduction and improved profitability.
In a buoyant market for both construction and infrastructure investments, the segment reported a conjunctural growth mainly on profit drivers.
In Europe, performance was excellent in 2019, driven by higher sales, especially in the first half of the year, market share gains and significantly improved profitability. France continued to perform well in power cables for the building market, benefiting from the buoyant renovation and construction market.
In South America, sales continued to grow and EBITDA nearly doubled over the year. In Peru, sales growth was more subdued, while EBITDA rose sharply. Efforts to boost profitability resulted in improved Return on Capital Employed and free cash flow generation.
Sales in the Asia-Pacific region contracted in 2019, particularly in South Korea and China, without affecting the latter's profitability which rose significantly, while sales in Australia were boosted by robust demand from wholesalers.

In a stable North American market, the distribution cables and accessories business remained resilient. Sales slowed in Canada in the second half of 2019 due to the temporary disruption caused by the migration to a new management information system.

Industry & Solutions

In 2019, the Industry & Solutions segment performed in line with the Group's ambition of focusing on value against volume growth. EBITDA rose to 105 million euros from 86 million euros in 2018, while sales at constant metal prices were stable at 1,159 million euros, representing organic growth of +0.3%. The improved profitability was led by the automotive harnesses and other industrial cables businesses.

In challenging automotive markets, **automotive harnesses** sales edged up by a slight +1.6% on an organic basis compared with 2018. Strong momentum in the United States truck market over the first nine months of the year offset the impact of a weaker Chinese market. In Europe, following the industrial reorganization carried out in 2018, the operational excellence led to a reduction in production costs in 2019.

Over the year, **other industrial cables** activity was supported by several markets, in particular, wind energy, rolling stock, mining and aerospace. In a context of slightly negative organic growth of -0.5% compared to 2018, the teams showed strong resilience and delivered stronger performance. The increase in profitability attributed to the transformation plan SHIFT, strict cost control and restructuring. At the same time, cash generation improved significantly. In all geographies, business improved profitability, notably in the U.S. and in China thanks to the roll out of SHIFT program, and in France thanks to the industrial performance.

Telecom & Data

Telecom & Data sales totaled 515 million euros in 2019 at constant metal prices, +3.0% organic growth. EBITDA was up by +16% at 52 million euros, driven by the cost reduction plan, measures to improve industrial performance, as well as the emphasis put on growth drivers.

In a sluggish market particularly in the U.S., the **LAN cables and systems** business focused on improving its profitability. Deployment of the SHIFT project, lower structural costs and transition to high performance cable connectivity have led to improved industrial performance that offset slower sales growth. Sales organic growth for the year was -0.4% compared to 2018, while EBITDA was up by more than 25%.

Telecom infrastructure sales rose by +3.9% and profitability was stable compared to 2018. Demand for fiber optic cables and accessories remained strong in Europe, despite (i) slowdown in the fourth quarter due to inventory drawdowns by operators and (ii) Asian competition.

Special telecom (subsea) organic sales were up +16.1% and profitability was significantly higher than in 2018, led by the subsea robotics business and the implementation of productivity improvement programs.

High Voltage & Projects

Over the year, High Voltage & Projects subsea business reached excellence through sound project execution while the reorganization plan roll out in the land business proved to be more complex than expected. Sales at constant metal prices amounted to 715 million euros, representing organic growth of +6.7%. EBITDA came in at 103 million euros, reflecting an outstanding performance in subsea cables that offset lower land cable activity.

In 2019, the **subsea high-voltage** business sales growth was of +12.8% thanks to the excellent execution of projects, notably a high level of installation. Both the Nordlink project, high-voltage subsea cable link between Germany and Norway, and the East Anglia, high-voltage cable installation for the offshore wind farm project in the United Kingdom, are nearly completed. The transformation of Charleston plant continues and is in line with expectations for cable production starting second half of 2020.

Over the year, the **land high-voltage** business benefited from key initiatives to restore profitability. In China, the Yanggu high-voltage plant was closed during the third quarter as planned. In Europe, the closure of the Hanover plant is effective since end of the year 2019 with some production delays that will be solved first quarter of 2020. Despite strong management focus and an employee incentive plan, production was impacted more than forecasted, generating delays which have impacted the plant reorganization costs. The transformation plan is focused on improving the existing projects' execution quality and the quotation system of future bids. In this environment, the land high-voltage business experienced a -9.6% organic decline in sales in 2019 (versus -21.9% for 2018 over 2017).

Other Activities

The "Other Activities" segment – corresponding for the most part to external sales of copper wires – reported sales of 409 million euros at constant metal prices, up +22.3% on an organic basis over 2018. Growth was mainly driven by Canada.

The segment's EBITDA was negative 2 million euros versus positive 7 million euros in 2018.

The 2019 figure includes corporate structural costs that cannot be allocated to the other segments, notably the impacts of the restatements made on the first-time application of IFRS 16 for lease assets not allocated to specific activities. Total IFRS 16 restatements in 2019 amounted to 18 million euros.

1.4.2. OTHER ITEMS IN THE 2019 CONSOLIDATED FINANCIAL STATEMENTS

1.4.2.1. CORE EXPOSURE EFFECT

The core exposure effect was a negative 11 million euros in 2019 (versus a negative 15 million euros in 2018), reflecting lower average copper and aluminium prices during the year.

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

1.4.2.2. REORGANIZATION COSTS

Reorganization costs came to 251 million euros in 2019 (see breakdown in **Note 23** to the consolidated financial statements), compared with 53 million euros in 2018:

- Out of the 2019 figure, 184 million euros related to the project to reorganize the Group's operations in Europe announced on January 24, 2019. This amount primarily corresponds to provisions for employee-related costs in Germany, France and Belgium. Reorganization costs recognized in 2019 also included 17 million euros in costs directly related to the transformation program announced by the Group on November 9, 2018, and the remainder mainly concerned reorganization plans in progress in the Asia-Pacific region, Brazil and North America.
- The 2018 figure chiefly corresponded to provisions recognized for employee-related costs (notably in South Korea, Brazil and Europe) and costs for which no provisions could be recorded in accordance with IFRS (particularly in the United States and Europe).

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

1.4.2.3. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses represented net income of 2 million euros in 2019 versus a 9 million euro net expense the previous year, chiefly comprising:

- A 13 million euro net reversal of asset impairment losses, versus net asset impairment losses of 44 million euros recognized in 2018.
  The reversals recorded in 2019 mainly correspond to impairment losses originally recognized for individual items of property, plant and equipment held by the high voltage business in North America in relation to the site's new focus. The Group carries out impairment tests on goodwill at least once a year and on other intangible assets and property, plant and equipment whenever there is an indication of impairment. The main assumptions used for these impairment tests as well as explanations concerning the impairment losses recognized during the year are set out in **Note 8** to the consolidated financial statements.

  The 44 million net impairment loss for 2018 primarily corresponded to write downs of individual items of property, plant and equipment, including 28 million euros for the Europe Land HighVoltage cash-generating unit (CGU) and 18 million euros for the China CGU.
- Gains and losses on asset disposals: this item represented a net gain of 7 million euros in 2019, mainly relating to the sale of real estate assets in Europe.

  In 2018, the Group recognized a net disposal gain of 44 million euros, primarily concerning the sale of the Group's Lyon plant.
- Expenses and provisions for antitrust investigations amounting to a net expense of 19 million euros in 2019, and chiefly corresponding to an addition to a provision following a reassessment of the risks relating to antitrust investigations in the submarine and underground power cables industry. In 2018, the net expense was 1 million euros.

1.4.2.4. NET FINANCIAL EXPENSE

Net financial expense amounted to 63 million euros in 2019, compared with 56 million euros in 2018.

Cost of net debt decreased to 38 million euros from 47 million euros, notably as a result of the savings generated by the bond refinancing carried out in 2018 and the redemption of convertible bonds that took place in early January 2019. The positive effects of these transactions were partly offset, however, by the interest expense recognized in connection with the Group's application of IFRS 16 as from January 1, 2019.
Other financial income and expenses represented a net expense of 24 million euros compared with 9 million euros in 2018, with the year-on-year increase mainly attributable to a more unfavorable currency effect.

1.4.2.5. INCOME TAXES

The Group's income tax expense for 2019 was 44 million euros, reflecting the fact that, as in 2018, the majority of the reorganization costs recognized in 2019 did not generate an immediate tax benefit.

1.4.2.6. CONSOLIDATED BALANCE SHEET

The Group's total consolidated assets fell slightly to 5,117 million euros at December 31, 2019 from 5,119 million euros at December 31, 2018. Changes in the structure of the Group's balance sheet between those two reporting dates were as follows:

- Non-current assets amounted to 2,053 million euros at December 31, 2019, versus 1,770 million euros one year earlier.
- Operating working capital requirement (trade receivables plus inventories less trade payables and accounts related to long-term contracts) decreased by 63 million euros in 2019.
- Net debt amounted to 471 million euros at December 31, 2019 versus 330 million euros at December 31, 2018.
- Provisions for contingencies and charges – including for pension and other long-term employee benefit obligations – increased by 161 million euros over the year to 671 million euros at December 31, 2019. Of this amount, 373 million euros related to pension benefit obligations, compared with 363 million euros at end-2018.
- Total equity stood at 1,251 million euros at December 31, 2019 compared with 1,367 million euros at December 31, 2018.

1.4.2.7. MAIN CASH FLOWS FOR THE PERIOD

Cash flow from operations before gross cost of debt and tax totaled 260 million euros in 2019.

The cash impact of the decrease in working capital requirement amounted to 56 million euros and reflects the improved working capital position of the Group's cables businesses and, to a lesser extent, significant payments received by the projects business in December.

Net cash used in investing activities came to 228 million euros in 2019, chiefly corresponding to purchases of property, plant and equipment and notably including those related to the construction of the Group's new cable-laying vessel, Aurora.

Net cash used in financing activities totaled 332 million euros, primarily reflecting:
- The redemption of convertible bonds maturing in 2019, representing an outflow of 269 million euros.
- 52 million euros in interest payments.
- 15 million euros in dividend payments.
- Partly offset by the 51 million euro drawdown on a loan for financing the construction of the Group's new cable-laying vessel.

Overall, taking into account the effect of currency translation differences, net cash and cash equivalents decreased by 260 million euros during the year to 626 million euros at December 31, 2019 (corresponding to 642 million euros in cash and cash equivalents less 16 million euros in short-term bank loans and overdrafts).

1.4.2.8. OTHER SIGNIFICANT EVENTS OF THE YEAR

Framework agreement to develop an offshore wind farm in North America

On December 3, 2019, the Nexans Group, Eversource group (leader in power transmission line construction in New England) and Ørsted group (world leader in offshore wind) announced that they had signed a framework agreement, to reinforce their long-term partnership. Under the agreement, Nexans will provide up to 1,000 km of submarine high-voltage export cables to Ørsted for its offshore wind farms in North America. The first delivery is expected by 2022 and the agreement extends until 2027.

Financing the construction of the Aurora cable-laying vessel

In 2018, work began on a new cable-laying ship which is due to be delivered to the Group in 2021 to support growth in the submarine high voltage cables business. The financing contract for this cable laying vessel, worth 1,050 million Norwegian kroner, was signed on May 10, 2019 (see Notes 14 and 24 to the consolidated financial statements for further details).

Redemption of bonds convertible into new shares and/or exchangeable for existing shares (OCEANE bonds)

All of the outstanding 2019 OCEANE bonds were redeemed at maturity at the beginning of January 2019, for a total of 276 million euros including accrued interest.

European reorganization project

On January 24, 2019, Nexans launched an information and consultation procedure and announced a European restructuring plan with the objective of:

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

The plan is now being implemented and enables Nexans to:
- Resize corporate business activities at head office level;
- Pool certain functional activities between countries;
- Adapt selected manufacturing infrastructure.

The plan also enhances the way Innovation and Technology is optimized and organized within the Group alongside the shift to more scalable and versatile businesses and services.

The main social impact will be in Germany, France, Switzerland and, to a lesser extent, Belgium, Norway and Italy. Nexans will be working closely with all stakeholders to minimize the social impact of the plan in accordance with the applicable laws. Nexans is deeply committed to working closely with the affected employees and the union representatives to provide the appropriate support.

1.4.3. THE COMPANY

1.4.3.1. ACTIVITIES AND RESULTS

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

For the year ended December 31, 2019, the Company reported sales of 28 million euros, derived primarily from services billed to Group subsidiaries (32 million euros in 2018).

After taking into account net operating expense of 64 million euros, net financial income of 58 million euros and non-recurring expenses of 4 million euros, the Company ended 2019 with net income of 23 million euros (versus 6 million euros in 2018).

The Company's equity amounted to 1,841 million euros at December 31, 2019, compared with 1,831 million euros one year earlier.

Payment periods of trade payables

In accordance with the requirements of Articles L.441-6-1 and D.441-4 of the French Commercial Code *(Code de commerce)*, it is hereby disclosed that the Company had outstanding trade payables of 1,730,298 euros at December 31, 2019 and 779,880 euros at December 31, 2018.

Information on supplier payment periods is set out below:

At December 31, 2019	1 to 30 days	30 to 60 days	Beyond 60 days	Total
Invoices received not past due by maturity				
Total amount of invoices concerned in euros (including taxes)	859,376	848,400	-	**1,707,776**
Number of invoices concerned	13	1	-	14
Invoices past due by late payment tranche[1]				
Total amount of invoices concerned in euros (including taxes)	-	5,873	16,648	**22,521**
Number of invoices concerned	-	2	3	5
Percentage of purchases	0.00%	0.01%	0.04%	0.05%
Accrued invoices not received at December 31, 2019				**24,902,464**
Accrued external Supplier invoices (including taxes)				6,556,864
Accrued Intra-Group invoices (including taxes)				18,345,600

(1) Reference payment terms used to calculate late payment (Articles L.441-6 or L.443-1 of the French Commercial Code).

Payment terms for trade receivables

With the Company's receivables comprising only amounts receivable from Group companies, certain information required by Article D.441-4 of the French Commercial Code is not included below as it is deemed irrelevant. Trade receivables totaling 2,990,704 euros (including taxes) at December 31, 2019 break down as follows:

- Trade receivables not past due: 2,671,654 euros;
- Trade receivables past due: 319,050 euros.

At the year-end, unbilled revenue amounted to 6,263,788 euros (including taxes) and only concerned intra-Group receivables.

1.4.3.2. PROPOSED APPROPRIATION OF 2019 RESULTS AND DIVIDEND PAYMENT

The Annual Shareholders' Meeting to be held in the first half of 2020 will be asked to appropriate the Company's results for 2019 – corresponding to net income of 23,441,270 euros – as follows:

- Retained earnings brought forward from prior years 80,384,520 euros
- Net income for the year 23,441,270 euros
- Total distributable income 103,825,790 euros

At the same May 13, 2020 meeting, the Board of Directors will recommend a dividend payment of 0.40 euro per share.

In the event that the Company holds any treasury shares at the time the dividend is paid, the amount corresponding to the dividends not paid on those 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:

	2018 (paid in 2019)	2017 (paid in 2018)	2016 (paid in 2017)
Dividend per share	€0.30	€0.70	€0.50
Number of shares qualifying for the dividend	43,371,996	43,224,012	43,210,277
Total payout	€13,011,598.80	€30,256,808.40	€21,605,138.50

1.5. Progress made and difficulties encountered in 2019

The **New Nexans** plan was launched in November 2018 and deployed as from January 2019. It is designed to rebuild the Group's operating fundamentals by achieving a sustainable cost reduction, transforming the operating model through the SHIFT program, and implementing value growth initiatives focused on the businesses with the best financial performance. The teams are focusing their efforts on sustainable and significant value creation.

The measures implemented in 2019 are in line with our expectations and efforts. Reorganization costs of the New Nexans plan incurred in 2019 amounted to 201 million euros, out of a total budgeted cost for the plan of 250 million euros. The impact on EBITDA amounted to 127 million euros.

The New Nexans transformation plan offset the 61 million euro total negative effect of price pressure and cost inflation thanks to the acceleration of cost reduction initiatives. The plan covered several areas:

- Cost reduction initiatives of 75 million euros that were attributable to:
  - The organization simplification plan which involved reducing the number of hierarchical levels in the Group, rationalizing support functions and bringing closer to the field the decision-making teams. These measures were implemented as planned in the second half of the year, after completing the social procedures in the first half.
  - Measures to reduce other indirect costs had a significant impact. The actions focused on a better management of needs, particularly on expenses not linked to production activities (travel, communication, etc.)
  - Implementation of an industrial productivity plan, combining dedicated teams deployed on the field with a series of transversal actions. The targeted themes allow better use of group scale by duplicating "best practices" and/or by standardizing key processes.
- The SHIFT transformation plan based on a methodology developed in-house at Nexans was deployed at 12 priority units by dedicated centrally-managed teams, generating 40 million euros in positive effects on EBITDA. The profitability improvements were significant as of the first half in South and North America, and as of the second half in the Asia-Pacific, in the Middle East and in Africa.
- The value growth initiatives are focused on Telecom and subsea High-Voltage activities. Contracts signed at the end of the year put the Group as one of the leaders in the offshore wind market and strengthen our position among the key players of the energy transition.

During the year, the main difficulty concerned the **land high-voltage business**, where the closure of the Hanover site since the year-end has led to production delays that will be resolved in the first quarter of 2020. Despite management's close vigilance and an incentive plan for employees, the impact on production has been greater than expected, entailing delays, which will be included in the site's reorganization costs. The transformation plan for this business focuses on improving the performance quality of existing projects and the pricing of future offers.

1.6. Trends and outlook

On February 20, at the occasion of the publication of the 2019 full-year results, Nexans announced that after an initial successful year deploying the «New Nexans» plan, the Group is embarking on a second year of reorganization with, provided a macroeconomic outlook remaining broadly unchanged, the following outlook for the year as a whole:

- EBITDA between €440 and €460 million;
- Cash generation (free cash flow) expected to be negative due to the delay in disbursements for reorganization and strategic capex;
- Return on Capital Employed (ROCE) before tax expected to be between 11% and 12%.

On 24 March 2020, due to the evolution of the Covid-19 pandemic, the Group suspended the above-mentioned 2020 objectives. The details of this communication are given in paragraph 1.9 on page 33.

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

Financial impact of initiatives *(Cumulative % to 2021)*		2019	2020	2021
	Transformation Plan	20% - 30%	60% - 70%	100%
	Organic growth & value growth initiatives	5% - 15%	55% - 65%	100%
	Cost reduction initiatives	30% - 40%	60% - 70%	100%
	Price cost squeeze & labor inflation	33%	66%	100%

OUR FINANCIAL ROADMAP

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

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

The 2019 transformation results are in line with the New Nexans plan.

CHANGING THE MANAGEMENT CULTURE

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

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

A FEW WORDS ON SHIFT

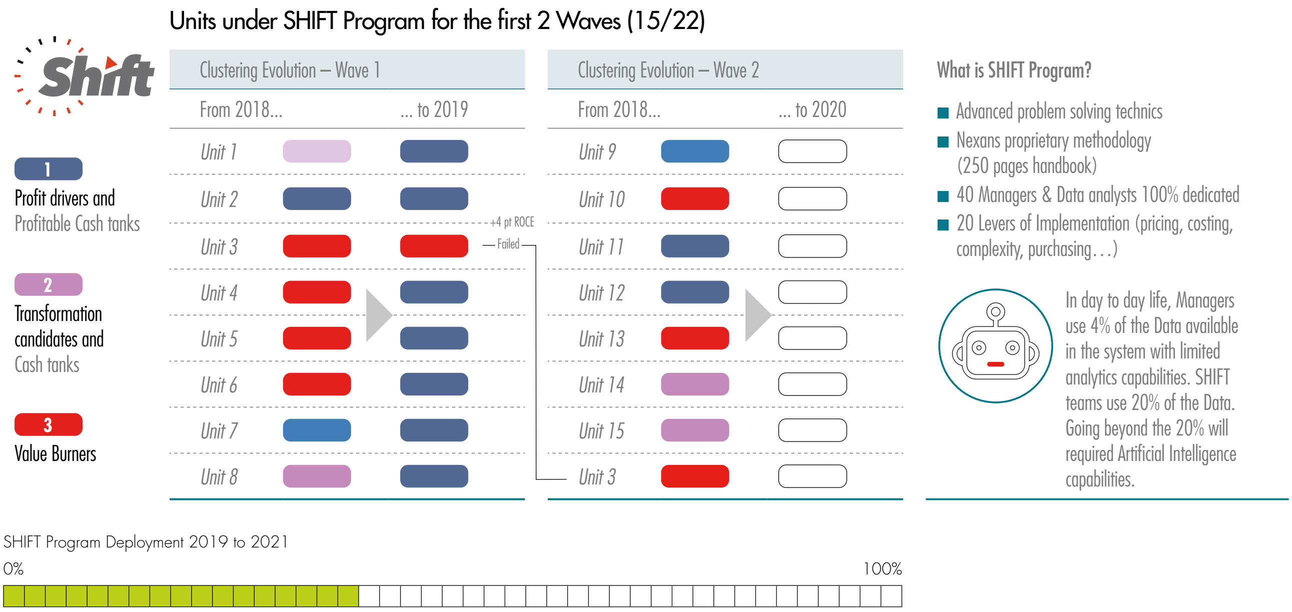
Nexans has developed an in-house methodology, called SHIFT, which has helped to successfully turnaround its business in Europe and Middle East Africa.

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

In 2019, the modules deployed generated 40 million euros in incremental EBITDA and a strong impact on operating working capital. The results are ahead of the plan presented in November 2018. The ISP and B&T segments benefited strongly from the results of the program.

Transformation plan

Major progress in B&T/ISP thanks to the successful deployment of SHIFT



FOCUS ON COST REDUCTION INITIATIVES

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

- The new structure resulting from the organization simplification plan launched on January 24, 2019 was announced in September and involves reducing the number of reporting levels in the Group, removing certain regional structures and optimizing support functions. This plan is being implemented in line with our expectations.
- Measures to reduce indirect costs were pursued, with different timings depending on the segment.
- Industrial productivity efforts were highly structured in 2019 and a robust pipeline of initiatives has been built up, the effects of which were already visible during the year, with a ramp up expected in 2020.

Cost reduction plan

Restructuring in progress, lean organization in place

By 2021 we will achieve cost savings of €210m

In parallel we will reorganize the Group in a leaner way, reengineer our Capex policy, and resize the Headquarters.

Fixed costs reduction & reorganization (€120m)

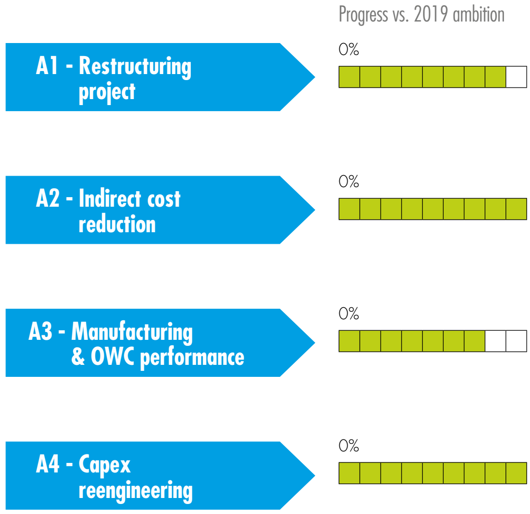
- Land HV: Hanover plant closure on-going
- Complete resizing of the organization by focusing on the core Business Groups
- A leaner and cost effective organization, streamlining of Top Management

Indirect spend reduction (€30m)

- All pockets of indirect spend have been rethought and reduced

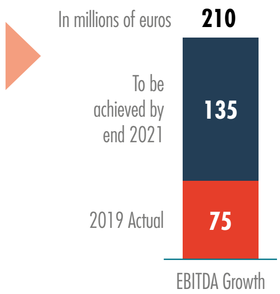
Productivity (€60m) & Capex reengineering

- Margin improvement through cost reallocation, improved manufacturing variances, redesign to enhance cost and employee productivity



Cost reduction financial savings 2019

In Europe, restructuring started in September 2019. We have already reduced costs by €75m.



In 2019, these initiatives generated 75 million euros of EBITDA in line with the New Nexans plan.

1.7. Uncertainties

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

- The uncertain economic and political environments in the United States and Europe, with the risk of growth being slowed by potential major changes in US trade policy on one side of the Atlantic and the possible consequences of Brexit on the other.
- The impact of protectionist trade policies (such as those implemented by the current US government), as well as growing pressure to increase local content requirements.
- Geopolitical instability, particularly in certain countries or regions such as Qatar, Libya, Lebanon, Iraq, and the Persian/ Arabian Gulf as well as in Hong Kong.
- The operational and financial impacts that the COVID-19 pandemic could generate on our operations around the world, as well as on our customers and suppliers; being due to restrictions imposed by government authorities across the country.
- Political, social and economic uncertainty in South America, such as in Brazil, Chile, Venezuela and Bolivia, which i) is affecting the building market as well as major infrastructure projects in the region (such as the Maracaibo project in Venezuela), ii) creating exchange rate volatility and iii) increasing risks of customer default.
- A marked drop in non-ferrous metal prices resulting in the impairment of Core exposure, not having an impact on cash or operating margin, but impacting net income.
- The impact of growing inflationary pressure, particularly on commodities prices (resins, steel) and labor costs, which could affect competitiveness depending on the extent to which they can be passed on to customers in selling prices.
- The sustainability of growth rates in the fiber and copper structured cabling (LAN) market and the Group's capacity to seize opportunities relating to the move to higher performing categories in this market.
- The speed of deployment of "FTTH" ("fiber to the home") solutions in Europe and North West Africa and the Group's capacity to seize opportunities relating to the development of this market.
- The risk that the sustained growth expected on the North American automotive markets and on the global electric vehicle market does not materialize.
- Fluctuating oil and gas prices, which are leading Oil & Gas sector customers to revise their exploration and production capex programs at short notice. The considerable uncertainty about the implementation of these customers'' capex programs may also affect the Group's ability to plan for future means of cables and umbilicals for these customers.
- The risk of the award or entry into force of submarine and land cables contracts being delayed or advanced, which could interfere with schedules in a given year.
- Inherent risks related to (i) carrying out major turnkey projects for high-voltage cables, which will be exacerbated in the coming years as this business becomes increasingly concentrated and centered on a small number of large-scale projects (NSL, East Anglia One, Hornsea 2, Mindanao-Visayas, Lavrion - Syros, Seagreen, Mallorca - Menorca and DolWin6, the latter of which will be our first contract to supply and install HVDC extruded insulation cables), (ii) the high capacity utilization rates of the plants involved, (iii) the projects' geographic location and the political, social and economic environments in the countries concerned (Venezuela, Philippines).
- Uncertainty as regards the award of a portion of the German Links projects with respect to technical, delivery time and capital expenditure challenges.
- The inherent risks associated with major capital projects, particularly the risk of completion delays and the risks of delays in the time to win projects to fill the new capacities. These risks notably concern the construction of a new submarine cable laying ship, the extension of Charleston plant in North America to increase the production of submarine high voltage cables, two projects that will be instrumental in ensuring that we fulfill our 2020 and 2021 objectives.
- Inherent risks related to (i) the reorganization project announced in January 2019 for the land high voltage activity that could lead to delays in projects or generate additional costs, and (ii) the transformation project in the land high voltage activity to manufacture new technology such as 525kV HVDC extruded cables for mega onshore projects, which could question a rapid return to break even.

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

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

1.8. Innovation and Technology (R&D)

Research and innovation is at the heart of Nexans' strategy and is a key factor in the growth and transformation of our business. Nexans' history has been marked by innovation for over 100 years, fully aligned with the evolving world leading to major changes in society, economics and the environment.

Climate change and the energy transition from Fossil to renewable is one of the deepest changes we are experiencing, and we have to address. According to the International Energy Agency, electricity demand is expected to increase by 60% by 2040. 60% will be Renewable energy vs 30% today. Improving energy efficiency is therefore a key challenge.
Nexans shares its expertise in design, manufacturing, management of electricity transmission and distribution to help its customers connect to an active world in order to accelerate time to market and improve energy efficiency. In 2019 the Group launched a series of innovative and differentiated offers described as follows:

- 600 KV Mass Impregnated HVDC CABLES is the preferred technology for high power transfer with proven reliability. Nexans has pushed the limits for voltage levels, transmission capacity and installation depth based on decades of service experience and R&D. Nexans consolidates its leading position by qualifying 600 kV MI cables, with a power rating exceeding 2,200 MW for bi-pole.
  Following the qualification of a 525 kV extruded-insulated High Voltage DC cable solution for land and submarine applications, Nexans is continuing its development program. The main objectives being:
  - to improve the resistance to electrical breakdown over time, over the entire operating period of the system;
  - to better quantify and limit the risks associated with this technology, whose voltage level has never before been reached in terrestrial high voltage.
- Steel-polymer armor for 3-core XLPE cable is a major innovation that allows cable weight reduction, the optimization of transmission capacity, cable cost and installation cost. The installation of such innovative cables can be carried out at depths of up to 100m; extensive tests prove it withstands all mechanical stresses throughout its lifetime.
- Innovation does not only concern products but also services that make the conception, the logistics, and the installation of cables easier and safer. Nexans has developed a Virtual Reality training program for High voltage cable installation in order to reinforce expertise in real time, improve safety in the field and ensure quality during the operation of junction. Such an innovation has been recognized by a major customer and awarded as a 2019 key innovation with the trophy of best service.
- Nexans has brought together its experience and expertise in the field of inspection maintenance (e.g., fault location technologies) and high voltage system repair in order to help customers reduce the risk of cable system faults through real time diagnosis and preventive maintenance. This service also aims to improve efficiency in the face of unforeseen damage with the support of a specialized team. These seasoned experts are able to assist customers worldwide, with emergency response services, a 24/7 support line, and an extremely short turnaround time. Thanks to Nexans IMR's preventive preparation service, a network operator can reduce the time for potential power outage due to damage by more than 70%.

Living in an increasingly connected world is also a fast-moving change in our lives. Data IP traffic doubles every 3 years and connected devices are expected to reach 75 billion worldwide by 2025. 5G Technology is a key technology for mobile networks, connected cars, fixed wireless access and low-latency enterprise and factory automation networks. The Internet of Things, which represents around 6 devices per person in 2020, is expected to grow to more than 15 devices per person in 2030 leading to tremendous growth and developments in both wired and wireless networks.
In today's hyper-connected world, Nexans is playing a key role in connecting people, businesses, cities and continents through a full range of differentiated connectivity solutions and services, that cover Data Transmission (Submarine, Fiber, FTTx), 5G and Telecom Networks, Hyperscale and Edge Data Centers, Data Network and Power over Ethernet Solutions.
Our main objective is to partner with our customers to facilitate the deployment of optical fiber and/or copper network infrastructures through plug-and-play cabling and connecting solutions that are applied indoor and outdoor, on land and at sea.
Research and Development (R&D) programs for Telecom & Data are fully aligned with our business strategy, customer expectations and technology mega-trends. Our core competency is optical fiber, copper cables and cable systems. As such, we continue to develop innovative and differentiated cable and connectivity products and solutions, such as smaller and more dense fiber optic cables, pre-terminated cables and modules, robust and reliable cables for Industrial Ethernet (IE). The main results and innovations were as follows in 2019:

- Nexans industrial ethernet solutions, bulk copper cable and cordsets, compliant with key industrial ethernet protocols – ODVA's EtherNet/IP™, PROFINET and CC-Link IE. The Industrial Internet of Things (IIoT) and the growing needs of enterprise networks are accelerating the needs for modern

Industrial Ethernet, characterized by its simplicity, scalability, diagnostic capabilities and high performance. In addition to greater data transmission capabilities, their industrial-optimized attributes include high-flex capability tested to 35 million cycles, 600V AWM UL rating, chemical resistance, ingress protection to IP-67 performance, and superior shielding effectiveness with protection against electromagnetic interference in noisy industrial environments.

- Power over Ethernet (PoE) provides a convenient and cost-effective approach to deliver both power and data connectivity but has traditionally been limited by the standard 100 m. New solutions were launched in 2019 that extend the network beyond the standard 100-meter distance limitation. The EXT-100 is a lower-cost system for extended PoE, which is perfect for cameras, access control, or other ethernet-enabled utility devices or sensors, allowing data transmission of up to 100 Mbps and power transmission up to 30 Watts over a distance that can reach 365m (1,200 feet). The second new solution is used where local power is available. It can be connected back into a network up to 11km (7 miles) away using single-mode fiber. This solution allows data transmission of up to 1Gbps per port, power transmission of up to 240 Watts.
- Nexans' 5G SxTP® cable has been specifically designed to address 5G indoor challenges and technical specifications: high data rate transmission capability combined with easy installation and power distribution with a high heat dissipation factor.
- Nexans Odin cable was launched in 2019 and holds the world record for the submarine cable with the highest number of optical fibres: 2,016 fibres in just one cable! In comparison, it only takes two fibers to support simultaneous phone calls between 300 million people.

Another major trend is the increase in the global population which will reach 9 billion and the development of Megacities. More than 50% of the world population lives in urban areas today and the 300 largest metropolitan economies account for 50% of all global output. Megacities are expanding at a faster pace than the global economy. Population growth, urbanization, and rising income levels have led to an increase in mobility needs, which are expected to increase by +40% in 20 years.

One of the strategic orientations that Nexans is pursuing consists of capturing growth by escalading the value chain from the production of cables towards the provision of cable systems and modules, advanced cable services and asset management solutions to better address the current and future needs of our customers.

Nexans' Services & Solutions department aims to enrich Nexans' cable products offer with innovative added value solutions that generate (i) financial returns (cost savings, working capital reduction…), (ii) operational gains (increased productivity, shorter production time…), and (iii) societal benefits (reduced environmental impact, increased worker safety…) for our customers.

The main mission of the Services & Solutions department can be summarized as follows:

1. Design, build and industrialize innovative solutions that address the unmet needs of our customers, leveraging to a large extent digital technologies and a network of partners from startups to multinational groups.
2. Support the sales force in the construction and promotion of a differentiated "beyond the cable" offering dedicated to key segments and accounts.
3. Manage the services offer portfolio through an active dissemination of best practices, definition of pricing strategies and preferred business models.

Capitalizing on the growing contribution of Services & Solutions activities to the Group's business performance, a global team of dedicated experts has been appointed to duplicate and deploy the services offer portfolio across all business groups and geographies where the key customers of the Group operate. The main results and innovations in 2019 include:

- A steady acceleration of the global expansion of CONNECTED DRUMS, Nexans' mobile asset tracking solution, was achieved in 2019 with a growing number of projects deployed with customers in several new European countries, South America, Canada and the Middle East.
- ASSET ELECTRICAL, Nexans' strategic asset management software solution designed in collaboration with CosmoTech to provide energy network operators with powerful decision-making capabilities was successfully launched. 2019 recorded the signature of the first multi-year subscription contract with a leading Swiss utility and an intensive tendering activity.
- The deployment of a SMART INVENTORY MANAGEMENT solution designed to streamline and secure the supply chain of our customers continued at a high pace, enabling a record level of orders to be awarded, notably in the power generation and transportation markets.
- Engineering services allowing customers to optimize the design of their cabling architectures leading to an optimal compromise in terms of capex spend, operating costs and environmental impact.

In 2020, Nexans will step up its investments in the development of innovative offers in new playfields such as full systems supply and asset management solutions and services.

In 2019, the Group invested almost 100 million euros in research, the development of new services and products, the continuous improvement of processes and materials, high-level technical assistant and management knowledge and skills. Beyond the challenge of conquering new markets and moving up the value chain, R&D investment makes it possible to increase the Group's operational performance by constantly improving competitiveness, incorporating innovative industrialized practices into activities and ensuring the dissemination and sharing of knowledge through a global network of nearly 900 experts.

Nexans also continued its commitment to intellectual property by filing 54 new patent applications and maintaining a patent portfolio of over 1,800 titles. Nexans has been consistently ranked over the last 10 years among the top 50 French companies in terms of filing activity in the main patent offices.
Among the newer patent applications it is worth noting a new approach to fire safety, building on a forte of the Group developed over the last 15 years, and new areas reaching maturation such as renewable energies and digital solutions.

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

1.9. Significant events since the approval of the 2019 management report

On March 24th, 2020, the Group published the information below:
Nexans is closely monitoring the Covid-19 pandemic and managing its consequences, to ensure the best possible outcome in the interest of our People, our Customers and business partners and all our stakeholders.
The Executive Committee and the entire management team globally, are fully engaged in managing the crisis and are focusing on these main key objectives:

- Workforce Protection;
- Supply Chain & Production Continuity;
- Customer Engagement;
- Preserving our financial liquidity.

At this stage, as several governments have taken, and continue to take, restrictive measures which may affect our supply chain and production schedule worldwide and given the overall uncertainty, it is too early to assess the impacts on the Group results. We must, therefore, suspend our 2020 Guidance, as announced on February 20th, until the global situation, dictated by the pandemic outbreak, firms up.

2

CORPORATE GOVERNANCE

For corporate governance matters, Nexans refers to the Corporate governance code for listed companies published by the Association Française des Entreprises Privées (AFEP) and *Mouvement des Entreprises de France* (MEDEF), as amended in January 2020 (the "AFEP-MEDEF Code"). The AFEP-MEDEF Code is available on the MEDEF website, www.medef.com, and the AFEP website, www.afep.com. Nexans' application of the AFEP-MEDEF Code recommendations is presented in section [2.3.4.] Corporate governance code.

The Board of Directors' report on corporate governance was reviewed by the Appointments, Compensation and Corporate Governance Committee on February 17, 2020. It was approved by the Board of Directors at its meeting of February 19, 2020, as required by Article L.225-37 of the French Commercial Code *(Code de commerce)*, and is included in this section.

2.1. Governance structure

SEPARATING THE DUTIES OF CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

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

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

2.2. Management bodies

CHIEF EXECUTIVE OFFICER

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

Number of shares held: 14,521
Number of corporate mutual fund units invested in Nexans shares: 1,273
47 years old, French nationality
Address: 4 Allée de l'Arche, 92400 Courbevoie, France

Expertise/Experience

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

Directorships and other positions held during 2019 (and still in force at the year-end)

- None

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

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

EXECUTIVE COMMITTEE

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

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

The Executive Committee members are:

Christopher Guérin, Chief Executive Officer

Nino Cusimano, 55, is Senior Corporate Vice President, General Counsel & Secretary General and joined the Group in September 2018. He is based in Paris. Prior to joining Nexans, Nino Cusimano, an Italian national, was Group General Counsel for Telecom Italia and more recently, for CMA CGM. In addition, he has held senior global roles with multinational groups such as General Electric and PPG Industries.

Vincent Dessale, 53, is Chief Operations Officer and Senior Executive Vice President in charge of the B&T Northern Business Group. Vincent joined Nexans in 2001. He has French nationality and is based in Paris. Vincent held various key Supply Chain management positions in Europe before heading up Operations in South Korea in 2006, and extending his responsibilities to the Asia-Pacific area in 2009. He held several positions in the Submarine High Voltage Business from 2012 and was appointed Senior Executive Vice President Subsea and Land Systems in February 2018 before being appointed to his current position in December 2019.

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

Juan Ignacio Eyzaguirre, 36, is Corporate Vice President, Strategy and Mergers & Acquisitions. A Chilean national, he is based in Paris. Prior to joining Nexans in February 2017, Juan held various positions in investment management and investment banking, mainly in mergers, acquisitions and securities transactions. He also served in the Chilean Government as Chief of Staff of the President of Chile. During his tenure in government he also acted as Board Member and Executive Director of Chile's state-owned holding company that mainly manages infrastructure assets.

Jérôme Fournier, 50, was appointed Corporate Vice President, Innovation, Services & Growth on January 1, 2019. He has French nationality and is based in Lyon, France. Jérôme joined the Metallurgy division of Alcatel Cables in 1997. Between 2007 and 2011, he was Head of R&D at Nexans before working for the Michelin Group from 2011 to 2018 where he held various positions as R&D Director.

Ragnhild Katteland, 51, is Executive Vice President and has been in charge of the Subsea & Land Systems Business Group since January 6, 2020. She has Norwegian nationality and is based in Oslo, Norway. Ragnhild began her career in 1993, working as an electrical engineer for Alcatel Contracting in Norway, and she subsequently held several positions in the Submarine High Voltage Business. Ragnhild will retain her role as CEO for Norway.

Julien Hueber, 49, is Executive Vice President in charge of the Industry Solutions & Projects Business Group. He has French nationality and is based in Shanghai, China. Julien joined Nexans in 2002 and has a strong background in Supply Chain management and Purchasing along with excellent knowledge of the Asia-Pacific region where he has held various positions in Australia, South Korea and China.

Jean-Christophe Juillard, 52, is Senior Corporate Vice President and Chief Financial Officer in charge of Finance and Information Systems. He has French nationality and is based in Paris. Jean-Christophe has more than 25 years' experience working in finance in the United States and Europe in various companies in the manufacturing and energy sectors. In 1992, he joined a subsidiary of Spie Batignolles before moving to the Ernst & Young audit department in Paris in 1996. He held various managerial roles in Finance between 2004 and 2013 at Alstom Transport for North and South America and then in Alstom's renewable energy division. Before joining Nexans in January 2019, Jean-Christophe was Executive Vice President and Chief Financial Officer of ContourGlobal Group.

Vijay Mahadevan, 53, is Executive Vice President in charge of the B&T Northern Business Group. He has Indian nationality and is based in Paris. Before joining Nexans in December 2017, Vijay Mahadevan was CEO of ArcelorMittal Ostrava in the Czech Republic.

He has spent most of his career in the steel industry at ArcelorMittal, where he held various positions in sales and marketing, plant management and general management on several continents. Vijay has extensive knowledge of Eastern Europe, Central Asia, the United States and the Middle East.

Steven Vermeulen, 53, is Executive Vice President in charge of the Telecom & Data Business Group. He has Belgian nationality and is based in Toronto, Canada. Steven joined Nexans in January 2016 after serving as Vice-President & Managing Director of Engineered Solutions for the Composite Division of Owens Corning where he also held various positions in the United States and in Europe.

DIVERSITY AND GENDER BALANCE AMONG GOVERNANCE BODIES

When redesigning its governance structure, the Group based its recruitments and appointments on explicit criteria (qualifications, experience, skills, motivation), a non discriminatory approach and criteria corresponding to the duties entrusted. With six different nationalities represented on the Executive Committee, the Group's governance structure is illustrated by the richness of its cultural origins.
Since the appointment of Ragnhild Katteland, as Executive Vice President Subsea and Land Systems on January 6, 2020, the Executive Committee comprises 9% of women.
In view of improving the gender balance, the Group undertakes, for all recruitments, to propose a woman in the lists of candidates.

2.3. Administrative body

2.3.1. BOARD OF DIRECTORS' COMPOSITION AND DIVERSITY POLICY

In accordance with Article 11 of the Company's bylaws, the Board of Directors may have between 3 and 18 members at the most. As of December 31, 2019, the Board of Directors comprised 13 members.

In accordance with Recommendation 6.2 of the AFEP-MEDEF Code, at its meeting of February 19, 2020, the Board discussed the balance reflected in its composition and that of its committees, notably in terms of diversity. The Board aims to boost diversity and complementary skills and maintain a diverse profile in terms of age, nationality, international experience and gender balance.

Pursuant to Article L.225-37-4 of the French Commercial Code, the following table sets out the diversity policy applied by the Board and stipulates the criteria used, the objectives set down by the Board, the implementation procedures and the results obtained over the period ended December 31, 2019.

Criteria	Objectives	Procedures implemented and results obtained in 2019
Size of the Board	Maintaining the number of directors at between 12 and 16.	Given the breakdown of its share capital and the fact that three directors were appointed based on a proposal submitted by the principal shareholder Invexans Limited (UK) (Quiñenco group), and that shareholder Bpifrance Participations sits on the Board, the Board considered 13 directors at the end of 2019 to be a satisfactory number..
Age of directors	Less than one-third of directors should be over 70 years of age.	As of December 31, 2019, the average age of the directors was 54.5 One director was over 70.
Gender	Maintaining a balanced representation between men and women with at least 40% of female directors.	The proportion of women(1) on the Board at December 31, 2019 was 45.5%.
Nationalities	Over 25% of directors are foreign nationals.	Four directors are foreign nationals and one director has dual nationality, i.e., 38.5% of foreign national directors at December 31, 2019.
Independence	The Board set itself the objective of maintaining an independence rate of at least 50% in accordance with Recommendation 9.3 of the AFEP-MEDEF Code.	The independence rate was over 63.6%(2) at end-2019. Concerning the characterization of director independence, see section 2.3.1.2 of this Universal Registration Document.
Expertise/experience	Seeking out complementary expertise in industry, energy, finance and services as well as extensive knowledge of the Nexans Group and its stakeholders, and rounded out by senior executive experience.	Of the Board of Director members: ■ 9 have a career in industry; ■ 2 have a career in energy; ■ 5 have a career in finance; ■ 2 have a career in services; ■ 2 work within the Nexans Group; ■ 7 have exercised senior management functions.
Representation of stakeholders	Ensuring balanced representation of the different stakeholders.	Three directors were appointed based on a proposal submitted by the principal shareholder Invexans Limited (UK) (Quiñenco group). One director was appointed based on a proposal submitted by the shareholder Bpifrance Participations. Pursuant to Article 12 bis of the bylaws(3), one of the members of the Board of Directors is appointed at the Ordinary Shareholders' Meeting, based on the proposal of the Board of Directors, from among the salaried members of the Supervisory Board(s) of the corporate mutual fund(s) (*fonds commun de placement d'entreprise* – FCPE), to represent employee shareholders. Pursuant to Article 12 *ter* of the bylaws(4), a director representing employees is designated by the Group Works Council in France.

(1) Proportion of women on the Board calculated without counting the directors representing employees and employee shareholders, in accordance with paragraph 2 of Article L.225-27 of the French Commercial Code.
(2) Independence rate calculated without counting the directors representing employees and employee shareholders, in accordance with Recommendation 9.3 of the AFEP-MEDEF Code.
(3) Pursuant to the French Pacte Law (government action plan for business growth and transformation), a change in the process for designating directors representing employees will be recommended to the 2020 Annual Shareholders' Meeting.
(4) Pursuant to the French Pacte Law (government action plan for business growth and transformation), a second director representing employees will be designated by the European Group Works Council within six months of the 2020 Annual Shareholders' Meeting.

Pursuant to Article 12 of the bylaws, the term of office of directors is four years. At December 31, 2019, the terms of office of directors appointed by the Annual Shareholders' Meeting expire as follows:

2020 ANNUAL SHAREHOLDERS' MEETING	Marie-Cécile de Fougières[1], Colette Lewiner, Kathleen Wantz-O'Rourke
2021 ANNUAL SHAREHOLDERS' MEETING	Marc Grynberg, Francisco Pérez Mackenna[2], Andrónico Luksic Craig [2]
2022 ANNUAL SHAREHOLDERS' MEETING	Anne Lebel, Fanny Letier
2023 ANNUAL SHAREHOLDERS' MEETING	Jean Mouton, Hubert Porte, Bpifrance Participations (représenté par Anne-Sophie Hérelle), Oscar Hasbún Martinez[2]

(1) Director representing employee shareholders.
(2) Directors proposed by the main shareholder Invexans Limited (UK) (Quiñenco group).

The summary table below lists the changes that occurred in the composition of the Board of Directors and its Committees during fiscal 2019:

Date of event	Person concerned	Change that occurred
January 28, 2019	Georges Chodron de Courcel, Marc Grynberg, Oscar Hasbún Martinez, Kathleen Wantz-O'Rourke	Creation of a Transformation Committee for a one-year mission
February 14, 2019	Jean Mouton	Appointed as a censor
March 19, 2019	Anne Lebel	Appointed as Lead Independent Director
May 14, 2019	Véronique Guillot-Pelpel	Resigned as a director and member of the Appointments, Compensation and Corporate Governance Committee
May 15, 2019	Georges Chodron de Courcel	End of term of office as director, Chairman of the Board of Directors and member of the Transformation Committee
	Cyrille Duval	End of term of office as director and Chairman of the Accounts, Audit and Risk Committee
	Hubert Porte	Renewal of the term of office as Director
	Jean Mouton	Appointed as director and Chairman of the Board of Directors
	Oscar Hasbún Martinez	Appointed as director and Chairman of the Strategy and Sustainable Development Committee
	Bpifrance Participations (represented by Anne-Sophie Herelle)	Appointed as director and member of the Appointments, Compensation and Corporate Governance Committee and the Strategy and Sustainable Development Committee
	Kathleen Wantz-O'Rourke	Appointed as Chairman of the Accounts, Audit and Risk Committee
	Colette Lewiner	Appointed as member of the Appointments, Compensation and Corporate Governance Committee
	Fanny Letier	End of term of office as Chairman of the Strategy and Sustainable Development Committee
January 22, 2020	Marc Grynberg, Oscar Hasbún Martinez, Kathleen Wantz-O'Rourke	End of Transformation Committee one-year mission

At the beginning of 2020, Nexans Board of Directors decided to appoint Jane Basson and Sylvie Jéhanno as censors with a view to proposing their appointment as directors at the Shareholders' Meeting to be held on May 13, 2020.

If they are appointed by the Shareholders' Meeting, Jane Basson and Sylvie Jéhanno will succeed Colette Lewiner, whose term of office will end on May 13, 2020, and Fanny Letier who will resign, effective May 12, 2020.

2.3.1.1. MEMBERS OF THE BOARD OF DIRECTORS

At December 31, 2019, 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).

Jean Mouton, Chairman of the Board of Directors

- Chairman of the Board of Directors of Nexans
- First elected as a director: May 15, 2019
- Appointed as Chairman of the Board of Directors: May 15, 2019
- Appointed as Censor: February 14, 2019
- Expiration of current term: 2023 Annual Shareholders' Meeting
- Number of shares held: 10,550
- 64 years old, French nationality
- Address: 4 Allée de l'Arche, 92400 Courbevoie, France

Expertise/Experience

Jean Mouton is Senior Advisor to the Boston Consulting Group (BCG) and Chairman of Stelmax. He was Senior Partner and Managing Director of the Boston Consulting Group (BCG) until April 30, 2019. When he joined the BCG in 1982, Jean worked extensively – primarily in France and in Italy – in a wide range of industrial sectors, including energy, industrial goods and infrastructure. He has partnered with global companies to redefine their strategies and organization and has supported numerous clients through mergers and acquisitions. Prior to joining BCG, Jean worked for Vinci in the Middle East. He is a member of the audit committee of the ARC Foundation (NGO cancer research) and Chairman of Stelmax SAS. Jean is a graduate engineer from the École Supérieure des Travaux Publics and holds an MBA from the University of Chicago.

Directorships and other positions held during 2019 (and still in force at the year-end)

- Member of the audit committee of the ARC Foundation
- Member of the supervisory board of the Hermione Academy Foundation
- Chairman of Stelmax SAS

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

- Senior Partner to the Boston Consulting Group
- Censor of **Nexans**

Angéline Afanoukoé, director representing employees

- Head of External Affairs for Nexans Group
- First elected as a director: October 11, 2017
- Expiration of current term: October 10, 2021
- Number of shares held: 240
- Number of corporate mutual fund units invested in Nexans shares: 970
- 49 years old, French nationality
- Address: 4 Allée de l'Arche, 92400 Courbevoie, France

Expertise/Experience

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

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

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

Directorships and other positions held during 2019 (and still in force at the year-end)

- None

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

- None

Bpifrance Participations, represented by Anne-Sophie Herelle

- Managing Director, Member of Bpifrance Capital Développement Executive Committee
- First elected as a director: May 15, 2019
- Expiration of current term: 2023 Annual Shareholders' Meeting
- Member of the Strategy and Sustainable Development Committee
- Member of the Appointments, Compensation and Corporate Governance Committee
- Number of shares held by Anne-Sophie Herelle: 0
- Number of shares held by Bpifrance Participations: 3,363,446
- 39 years old, French nationality
- Address: 6-8 boulevard Haussmann, 75009 Paris, France

Expertise/Experience

Anne-Sophie Herelle has been a Managing director and member of Bpifrance Capital Développement Executive Committee since 2017. Anne Sophie began her career working in mergers and acquisitions at JPMorgan London in 2003 before joining Fonds Stratégique d'Investissement (FSI) (which subsequently became Bpifrance Investissement) as Investment Director when it was set up in 2009. Anne-Sophie Herelle represents Bpifrance on the boards of the companies listed below.

Directorships and other positions held during 2019 (and still in force at the year-end)

- Bpifrance's representative on the boards of Total Eren, NGE and Bastide Le Confort Medical
- Censor, Bpifrance's representative on the Board of Galileo Global Education

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

- Bpifrance's representative on the boards of Cegedim, Medipole and Novasep
- Censor of Quadran (now known as Total Quadran)

Marie-Cécile de Fougières, director representing employee shareholders

- Industry & Solutions Europe Customer Service Manager for EPCs[1] and Operators at Nexans
- First elected as a director: May 12, 2016
- Expiration of current term: 2020 Annual Shareholders' Meeting
- Number of shares held: 600
- Number of corporate mutual fund units invested in Nexans shares: 2,377
- 49 years old, French nationality
- Address: 4 Allée de l'Arche, 92400 Courbevoie, France

Expertise/Experience

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

Directorships and other positions held during 2019 (and still in force at the year-end)

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

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

- None

Marc Grynberg, independent director

- Chief Executive Officer of Umicore
- First elected as a director: May 11, 2017
- Appointed as Censor: January 18, 2017
- Expiration of current term: 2021 Annual Shareholders' Meeting
- Member of the Strategy and Sustainable Development Committee
- Member of the Transformation Committee
- Number of shares held: 500
- 54 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 (École de Commerce Solvay) and, prior to joining Umicore, worked for DuPont de Nemours in Brussels and Geneva.

Directorships and other positions held during 2019 (and still in force at the year-end)

- Chief Executive Officer of **Umicore***
- Other positions held within the **Umicore*** group
  - Chairman of the Supervisory Board of Umicore Management AG (Germany)*
  - Chairman of the board of directors of Umicore Poland Sp. z.o.o. *, Umicore Japan KK*, Umicore Marketing Services Korea Co., Ltd*
  - Director of Umicore Marketing Services (Hong Kong) Ltd*
  - Chief Executive Officer of Umicore Korea Ltd*

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

- Censor of **Nexans** (until May 11, 2017)
- Director of Umicore International (Luxembourg)*

(1) EPC = Engineering, Procurement and Consulting.

Oscar Hasbún Martinez, director proposed by Invexans Limited (UK) (Quiñenco group)

- Chief Executive Officer of CSAV (Compañia Sud Americana de Vapores S.A.)
- First elected as a director: May 15, 2019
- Appointed as Censor: May 17, 2018
- Expiration of current term: 2023 Annual Shareholders' Meeting
- Chairman of the Strategy and Sustainable Development Committee
- Member of the Transformation Committee (until January 22nd, 2020)
- Number of shares held: 500
- 50 years old, Chilean nationality
- Address: Hendaya 60, piso 14, Las Condes, Santiago, Chile

Expertise/Experience

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

Directorships and other positions held during 2019 (and still in force at the year-end)

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

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

- Censor of **Nexans** (until May 15, 2019)

Anne Lebel, Lead Independent Director

- Chief Human Resources and Corporate Culture Officer of Natixis
- First elected as a director: May 17, 2018
- Expiration of current term: 2022 Annual Shareholders' Meeting
- Chair of the Appointments, Compensation and Corporate Governance Committee
- Number of shares held: 500
- 54 years old, French nationality
- Address: 30, avenue Pierre Mendès France, 75013 Paris, France

Expertise/Experience

Anne Lebel has been Chief Human Resources Officer of Natixis since 2016, and on November 7, 2019, she was appointed Natixis Corporate Culture Officer. She began her career in 1987 at Bossard Consultants as an organization and change management consultant. In 1997, Anne joined Schering Plough France as Human Resources and Training Manager for France and later headed up HR Organization and Development in Europe. In 2004, she joined Serono France as Head of Human Resources in France. In 2008, Anne moved to Allianz Global Corporate & Specialty where she was appointed Head of Human Resources for France, Italy and Spain, and later for Europe and Asia, before becoming Global Head of Human Resources between 2012 and 2016. Anne Lebel is a graduate of the Institute of Political Studies in Strasbourg and holds a postgraduate diploma in Business Management and Administration (DESS CAAE) from the Institut d'Administration des Entreprises graduate school of management in Paris.

Directorships and other positions held during 2019 (and still in force at the year-end)

- None

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

- Director of Natixis Assurances
- Censor of **Nexans** (from November 22, 2017 to May 17, 2018)

Fanny Letier, independent director

- Co-founder of Geneo Capital Entrepreneur
- First elected as a director: May 15, 2014
- Expiration of current term: 2022 Annual Shareholders' Meeting[1]
- Member of the Appointments, Compensation and Corporate Governance Committee
- Number of shares held: 210
- 40 years old, French nationality
- Address: 14, boulevard du Général Leclerc, 92200 Neuilly-sur-Seine, France

Expertise/Experience

Fanny Letier is co-founder of GENEO, a venture capital firm that finances and partners the growth and transfer of SMEs and mid-caps. From 2013 to 2018 she was Executive Director of Bpifrance in charge of Private Equity Funds and support activities.

Fanny Letier previously held several positions in the French civil service, including Deputy Chief of Staff in the Industrial Recovery Ministry in 2012-2013, Secretary General of the Interministerial Committee for Industrial Restructuring (CIRI) in 2009-2012 and various positions within the Treasury Department. She was also a financial advisor for the Permanent Representation of France to the EU in Brussels from 2008 to 2009. She is currently a member of the boards of directors of Aéroports de Paris, the BioMérieux group and Institut Français des Administrateurs (IFA), the French institute of company directors.

Directorships and other positions held during 2019 (and still in force at the year-end)

- Co-founder of Geneo Capital Entrepreneur
- Director of **Aéroports de Paris**, the **BioMérieu**x group and Institut Français des Administrateurs (IFA), the French institute of company directors

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

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

(1) Fanny Letier has resigned as director, effective May 12, 2020.

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[1]
- Member of the Strategy and Sustainable Development Committee
- Member of the Appointments, Compensation and Corporate Governance Committee
- Number of shares held: 2,287
- 74 years old, French nationality
- Address: Capgemini, 147 quai du Président Roosevelt, 92130 Issy-Les-Moulineaux, France

Expertise/Experience

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

Directorships and other positions held during 2019 (and still in force at the year-end)

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

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

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

(1) *She will not be seeking to be appointed for an additional term.*

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

- Chairman of the Board of Directors of Quiñenco
- First elected as a director: May 14, 2013
- Expiration of current term: 2021 Annual Shareholders' Meeting
- Number of shares held: 3,500
- 65 years old, Chilean nationality
- Address: Enrique Foster Sur 20, piso 15, Las Condes, Santiago, Chile

Expertise/Expérience

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 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 2019 (and still in force at the year-end)

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

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

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

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

- Chief Executive Officer of Quiñenco
- First elected as a director: May 31, 2011
- Expiration of current term: 2021 Annual Shareholders' Meeting
- Member of the Appointments, Compensation and Corporate Governance Committee
- Member of the Strategy and Sustainable Development Committee
- Number of shares held: 500
- 61 years old, Chilean nationality
- Address: Enrique Foster Sur 20, piso 14, Las Condes, Santiago, Chile

Expertise/Experience

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

Directorships and other positions held during 2019 (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: Chief Executive Officer of **CSAV* (Compañia Sud Americana de Vapores S.A.)**, ENEX* (Empresa Nacional de Energía Enex S.A.), **Invexans S.A.*** and **Tech Pack***
- Director of the following Quiñenco group companies: **Banco de Chile***, **CCU* (Compañia Cervecerías Unidas S.A.)** (and various wholly-owned subsidiaries) and **SM SAAM* (Sociedad Matriz Sudamericana Agencias Aéreas y Marítimas S.A.)** (and various subsidiaries)
- Member of the Supervisory Board of **Hapag-Lloyd AG***, a Quiñenco group company

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

- Director of Banchile Corredores de Bolsa*
- Director of the subsidiary of Quiñenco Hidrosur*

Hubert Porte, independent director

- Founding Partner and CEO of Ecus Administradora General de Fondos S.A.
- First elected as a director: November 10, 2011
- Expiration of current term: 2023 Annual Shareholders' Meeting
- Chairman of the Accounts, Audit and Risk Committee
- Number of shares held: 571
- 55 years old, French nationality
- Address: Isidora Goyenechea 3477, 7th floor, Las Condes, Santiago, Chiley

Expertise/Experience

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

Directorships and other positions held during 2019 (and still in force at the year-end)

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

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

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

Kathleen Wantz-O'Rourke, independent director

- Chairman of the Management Board & Group Executive Director Finance & Legal, Keolis Group
- First elected as a director: May 12, 2016
- Appointed as Censor: November 24, 2015
- Expiration of current term: 2020 Annual Shareholders' Meeting
- Chairman of the Accounts, Audit and Risk Committee
- Member of the Transformation Committee (until January 22nd, 2020)
- Number of shares held: 500
- 54 years old, French and Australian nationalities
- Address: 20, rue Le Peletier, 75009 Paris, France

Expertise/Experience

Kathleen Wantz-O 'Rourke was appointed Keolis Group Executive Director Finance & Legal in April 2018. On November 1, 2019, Kathleen was also appointed interim Chairman of the Keolis Group, pending the arrival of the new Chairman of the Management Board and after Jean-Pierre Farandou left to take up an appointment at SNCF. Before joining Keolis, she was Group Senior Vice-President Operations & Performance at AKKA Technologies and between 2012 and 2016, she was Group Performance & Transformation and Corporate Finance Director at Engie. Between 1984 and 2012, she held various positions within the Siemens group, in finance, business development and general management in large regional companies.

Directorships and other positions held during 2019 (and still in force at the year-end)

- Chairman of the Management Board, Keolis Group SAS
- Chief Executive Officer, Keolis SA
- Member of the Board of Directors of the Trust Management Institute (TMI)
- Positions held within the Keolis Group: director of Transpole and the following Australian companies: Keolis Downer Pty Ltd*, KDR Gold Coast Pty Ltd*, and KDR Victoria Pty*.

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

- Director of Storengy (Engie group)
- Member of the Supervisory Board of Compagnie Nationale du Rhône
- Censor of **Nexans** (until May 12, 2016)

On February 19, 2020 and March 6, 2020, Nexans Board of Directors appointed Jane Basson and Sylvie Jéhanno as censors with a view to proposing their candidature as members of the Board of Directors to the 2020 Shareholders' Meeting.

As censors, Jane Basson and Sylvie Jéhanno attend Board of Directors meetings with a consultative role, and the Board benefits from their experience and expertise. The Internal Regulations of the Board is applicable to them in all its provisions.

If they are appointed by the Shareholders' meeting, Jane Basson and Sylvie Jéhanno will succeed Colette Lewiner, whose term of office will end on May 13th 2020, and Fanny Letier who will resign, effective May 12th, 2020.

Jane Basson is Chief of Staff to the Chief Operating Officer of Airbus and Head of People Empowerment in Operations. She also chairs Balance for Business, a 10,000 strong employee-led inclusion and diversity platform at Airbus. Jane worked for various law firms and the Business and Industry Advisory Committee to the OECD in Paris before joining Airbus in 2000. She held various roles in Corporate Communications before being appointed Vice President Internal Communications in 2003. In 2008 she joined Human Resources to develop a culture change programme in support of the company's business transformation strategy Power8 and was appointed Senior Vice President Leadership Development & Culture Change for the Group in June 2012 when she set up the Airbus Leadership University. From 2016 to 2019 she became Chief of Staff to the CEO. Jane has a degree in International Communications, Journalism and Business Administration. Originally South African, Jane (51) has French nationality and lives in Toulouse, France with her husband and daughter.

Sylvie Jéhanno was appointed Chief Executive Officer of Dalkia in January 2017, and Chairwoman and Chief Executive Officer in January 2018. Dalkia, a leader in energy services with the development of local renewable energies and energy efficiency, is a subsidiary of the EDF Group. Sylvie Jéhanno began her career at EDF as manager of an operations unit. She then became manager of a customer relations center and, after that, of a marketing team in charge of preparing the deregulation of energy markets. In 2005, she was appointed B2B Marketing Director before taking charge of EDF's Key Accounts Department in 2007. From the end of 2011 to the end of 2016, she was EDF's Director of Residential Customers Division and led the SOWEE innovation project. Sylvie Jéhanno is a graduate of *École Polytechnique* and *École des Mines de Paris*. She is ViceChairwoman of the National Strategic Committee for the «New Energy Systems» industries.

2.3.1.2. INDEPENDENCE

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

On February 19, 2020, 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 Code and noted the following situation at December 31, 2019:

- The following directors were independent:
  (1) Jean Mouton, (2) Marc Grynberg, (3) Hubert Porte, (4) Anne Lebel, (5) Fanny Letier, (6) Colette Lewiner and (7) Kathleen Wantz-O'Rourke.

  - **Jean Mouton** is Senior Advisor to the Boston Consulting Group (BCG). The Board of Directors deemed him independent given the absence of any significant business relationship between Nexans and Boston Consulting Group in 2019.

  - **Marc Grynberg** is Chief Executive Officer of Umicore. The Board of Directors deemed him independent given the absence of any significant business relationship between Nexans and Umicore in 2019.

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

    Natixis group's net revenue generated by its business with Nexans in 2019 was less than 1 million euros. Given that Natixis total net revenues amounted to around 9.6 billion euros, the relationship between Natixis and Nexans is not significant for Natixis. Moreover, Natixis is one of the banks with which Nexans works on a regular basis, among others, being specified that for each financing operation, various banks are automatically brought into competition. In view of the total fees and commissions paid by Nexans group to the Natixis group in 2019, the Board of Directors does not consider the business relationship to be significant for the purpose of the independence criteria.

    In addition, the Board also took into account other criteria such as the length and continuity of the relationship between the two companies as it is a longstanding relationship dating back prior to Anne Lebel's appointment director, since it goes back to the creation of Nexans in 2001. The Board also considered the position of Anne Lebel within Natixis as Chief Human Resources and Corporate Culture Officer.

    This position does not give her direct decision-making power over the commercial agreements and financing that correspond to the business relationship between Nexans and Natixis.

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

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

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

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

    The Board of Directors considers Colette Lewiner to be independent with respect to the Group from an economic standpoint given that she has income from other various business activities. Therefore, the compensation that she receives in her capacity as Director from Nexans only represent a small portion of her total income.

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

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

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

Finally, the term of office as Director of C. Lewiner will expire at the end of the General Meeting of Shareholders in 2020, and will not be renewed.

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

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

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

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

  Moreover, the Annual Shareholders' Meeting of May 15, 2019 renewed Hubert Porte's term of office as an independent director.

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

- **Kathleen Wantz-O'Rourke** is Chairman of the Management Board and Executive Director Finance & Legal of Keolis Group. The Board of Directors deemed her independent given the absence of any significant business relationship between Nexans and Keolis in 2019.

- The following directors do not qualify as independent: (1) Oscar Hasbún Martinez, (2) Andrónico Luksic Craig, and (3) Francisco Pérez Mackenna, as these three directors were proposed by the main shareholder Invexans Limited (UK) (Quiñenco group); (4) Bpifrance Participations which owns 7.71% of Nexans' share capital and voting rights; (5) Marie-Cécile de Fougières and (6) Angéline Afanoukoé, as employees of the Group.

At December 31, 2019, seven of Nexans' eleven directors were therefore independent, representing an independence rate of more than 63.6%[1]. This exceeds the proportion of 50% recommended by the AFEP-MEDEF Corporate Governance Code for widely held companies.

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

The following table summarizes the situation of each director with regard to the independence criteria set out in Recommendation 9 of the AFEP-MEDEF Code, as of December 31, 2019:

Criterion	Employee or corporate officer over the past five years	Cross-directorships	Significant business ties	Family ties	Statutory Auditors	Term of office less than 12 years	Status of significant shareholder
Jean Mouton	√	√	√	√	√	√	√
Angéline Afanoukoé	x	√	√	√	√	√	√
Bpifrance Participations	√	√	√	√	√	√	x
Marie-Cécile de Fougières	x	√	√	√	√	√	√
Marc Grynberg	√	√	√	√	√	√	√
Oscar Hasbún Martinez	√	√	√	√	√	√	x
Anne Lebel	√	√	√	√	√	√	√
Fanny Letier	√	√	√	√	√	√	√
Colette Lewiner	√	√	√	√	√	x [1]	√
Andrónico Luksic Craig	√	√	√	√	√	√	x
Francisco Pérez Mackenna	√	√	√	√	√	√	x
Hubert Porte	√	√	√	√	√	√	√
Kathleen Wantz-O'Rourke	√	√	√	√	√	√	√

(1) Please refer to paragraph above.

2.3.2. OPERATION AND WORK OF THE BOARD OF DIRECTORS

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

Internal Regulations

The Board of Directors adopted Internal Regulations in 2003. Their purpose is to supplement legal and regulatory rules and the Company's bylaws by setting out detailed operating procedures for the Board and its Committees and the duties of directors, particularly in light of the corporate governance principles contained in the AFEP-MEDEF Code, which serves as the Company's reference framework. The Internal Regulations include a Code of Ethics and a procedure for designating a director as the permanent representative of a legal entity. They are published in their entirety on the Company's website and updated on a regular basis (and most recently on January 22, 2020).

Board decisions

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

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

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

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

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

Role and powers of the Chairman of the Board of Directors

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

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

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

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

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

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

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

Management structure

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

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

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

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

Role and powers of the Lead Independent Director

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

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

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

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

Other provisions of the Internal Regulations and Code of Ethics

The Board's Internal Regulations also cover:
- information provided to the directors;
- the internal regulations of the Board Committees;
- the directors' Code of Ethics.

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

2.3.2.2. BOARD MEETINGS IN 2019

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

The Board met 10 times in 2019, sometimes without the presence of the Chief Executive Officer and/or internal Board members, with an average annual attendance rate of 84.3%[1]. The number of 2019 meetings attended by each Board member as of the end of 2019 is indicated in the table below:

Director / Censor	Number of meetings attended[2]
Georges Chodron de Courcel	3[3]
Jean Mouton	7[4]
Angéline Afanoukoé	10
Marie-Cécile de Fougières	7
Cyrille Duval	3[5]
Marc Grynberg	9
Véronique Guillot-Pelpel	3[5]
Oscar Hasbún Martinez	10
Anne -Sophie Hérelle (Bpifrance Participations)	6[6]
Anne Lebel	8
Fanny Letier	7
Colette Lewiner	9
Andrónico Luksic Craig	2
Francisco Pérez Mackenna	10
Hubert Porte	8
Kathleen Wantz-O'Rourke	10

(2) Out of 10 meetings, of which seven meetings set in advance and three special meetings on specific topics.
(3) i.e., 100% of meetings held during his term of office as Chairman of the Board of Directors.
(4) i.e., 100% of meetings held during his term of office as censor and Chairman of the Board of Directors.
(5) i.e., 100% of meetings held during the director's term of office.
(6) For seven meetings, i.e., 85.71% 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, via the Board's digital platform, about any agenda items that require particular analysis and prior reflection.

The main topics discussed by the Board during its meetings in 2019 were as follows:

Monitoring the Group's key strategic areas and activities	■ Review of the strategic plan and of strategic initiatives ■ Review and follow-up of the Transformation Plan ■ Review of strategic options and mergers and acquisitions projects ■ Authorization of acquisitions and investments ■ Review of business performance ■ Review of Nexans integrated report ■ Comparative performance and market valuation criteria used by competitors
The Group's financial position, cash position and commitments	■ 2019 budget ■ Approval of the parent company and consolidated financial statements for the year ended December 31, 2018 and the six months ended June 30, 2019 ■ Adoption of the management report on the operations and results of the Nexans Group and its parent company ■ Adoption of the interim activity report ■ Review of quarterly earnings and interim and annual perspectives ■ Review and approval of press releases on such topics as the annual and interim consolidated financial statements ■ Approval of the company's report relating to financial planning
Internal control, risk management and compliance	■ Review of the Group's risk management and launch of a risk management assessment by the Board of Directors ■ Internal Audit and internal control report ■ Review of the Compliance Program
Management compensation	■ Adoption of the compensation policy for executive directors for 2019 ■ Determination of the compensation and benefits for 2019 of the incoming and outgoing Chairman of the Board ■ Review of the performances of the incoming and outgoing Chief Executive Officers in 2018 ■ Decision not to pay the exceptional transition period bonus to the outgoing Chief Executive Officer ■ Determining the Chief Executive Officer's compensation for 2019 ■ Launch of performance share and free share plans for 2019 ■ Determination that the performance conditions of the long-term compensation plans had been met – Specific conditions applicable to the Chief Executive Officer ■ Review of publicly available information about the compensation of executive directors
Corporate governance	■ Changes to the Board's Internal Regulations ■ Selection process and proposal for the appointment of the new Chairman of the Board ■ Appointment of a Lead Independent Director ■ Assessment of the composition, organization and operation of the Board and its committees with the help of an external consultant and action plan to be implemented following this assessment ■ Launch (end-2019) of an annual self-assessment of the Board ■ Adoption of a projected work program for the Board and its committees ■ Adoption of the diversity policy within the Board of Director and within governance bodies ■ Adoption of the Board's Report on Corporate Governance ■ Directors' mandates to be proposed at the 2019 Annual Shareholders' Meeting ■ New processes for designating the director representing employees ■ Composition of Committees ■ Characterization of the independence of Board members ■ Appointment of a censor ■ Review of authorizations given and decisions taken by the Board ■ Review of press releases concerning changes in governance
Market transactions	■ Share capital increase following the conversion of OCEANE bonds ■ Employee share capital increase carried out under the ACT 2020 international employee share ownership plan
Other	■ Review of the Company's ownership structure, share price and the roadshows ■ Notice of the Annual Shareholders' Meeting, approval of the draft resolutions and the reports to be presented to the Meeting ■ Authorization to issue sureties, endorsements and guarantees ■ Review of related-party agreements and commitments ■ Review of the Corporate Social Responsibility program

Presentations are also proposed to the Board of Directors on a regular basis by the various managers in charge of the Business Groups and functional departments. In late September 2019, the directors attended a two-day strategy seminar in Bourg-en-Bresse, France. They were able to visit the Bourg-en-Bresse industrial site where they were given presentations by management.

In September 2019, independent directors also held a meeting chaired by the Lead Independent Director where they discussed how the Board works together with opportunities for moving Nexans' corporate governance forward.

2.3.2.3. THE BOARD COMMITTEES

In July 2001, the Board of Directors set up the Accounts and Audit Committee (renamed the Accounts, Audit and Risk Committee in January 2019) and the Appointments and Compensation Committee, whose purview was extended in 2012 to cover corporate governance. Starting in 2013, the Board also put in place a Strategy Committee, whose purview was extended in 2015 to cover sustainable development. Finally, the Board of Directors set up a Transformation Committee for the year 2019 which completed its mission in January 2020.

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

Accounts, Audit and Risk Committee

At December 31, 2019, the Accounts, Audit and Risk Committee comprised the following three members, who are all non-executive directors:

Kathleen Wantz-O'Rourke	Chairwoman
Francisco Pérez Mackenna	Member
Hubert Porte	Member

In accordance with the recommendations of the AFEP MEDEF Code, the independence rate of this committee, as assessed on the basis of the annual review of director independence conducted in early 2020, was 66.7%, taking into account the characterization of Francisco Pérez Mackenna as non-independent director. The Accounts, Audit and Risk Committee is chaired by an independent director.

Two-thirds of the members of the Accounts, Audit and Risk Committee have training and experience in finance, accounting or audit that comply with 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:

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

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

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

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

In the course of its work, the Accounts, Audit and Risk Committee may request to meet with any member of the Finance Department and the Statutory Auditors, including without the presence of the Company's Executive Management.

Presentations are made to the Committee once a year by the Head of Risk Management, the Compliance Program Officer and the Ethics Officer. The Committee can also seek the advice of external specialists.

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

The Accounts, Audit and Risk Committee met four times in 2019. The meetings were also attended by the Chief Financial Officer and the Secretary General, and as needed by the Statutory Auditors, the Head of Internal Audit and Internal Control, the Head of Consolidation, and the Head of Financial Control.
The total average attendance rate of the members was 100%, as shown in the following table:

Director	Number of meetings attended
Kathleen Wantz-O'Rourke	4
Cyrille Duval	2
Francisco Pérez Mackenna	2
Hubert Porte	4

In 2019, the Committee discussed the following main issues:

Financial information	■ Review of annual and interim consolidated financial statements ■ Press releases on annual and interim results ■ Impact of new accounting standards (IFRS) on the financial statements ■ Reviewing and follow-up of investments ■ Change of copper standard
Internal audit, internal control, risk management and ethics compliance	■ Review of internal audit and internal control ■ Review of the "Risk factors and risk management within the Group" "Strategy" and "trends and outlook» sections of the 2018 Management Report ■ Review of the "Risks and uncertainties" section in the 2019 interim activity report ■ Presentation and review of 2019 risk management program ■ Group's risk assessment by the Board of Directors and risks associated with the status as Nexans director ■ Review of the risk of shareholder activism ■ Review of the Ethics Compliance Program ■ Presentation by the Ethics Officer of reported and potential ethics violations ■ Presentation and review of 2019 data protection action plan
Statutory Auditors	■ Presentation by the Statutory Auditors on their work ■ Monitoring of the services provided by the Statutory Auditors and authorization of non-audit services
Other	■ Review of antitrust investigations ■ Review of the transfer of treasury management activities to France ■ Review of the Committee's work program

Appointments, Compensation and Corporate Governance Committee

At the end of 2019, the Appointments, Compensation and Corporate Governance Committee comprised the following five members, who are all non-executive directors:

Anne Lebel	Chairwoman
Bpifrance Participations représenté par Anne-Sophie Hérelle	Member
Fanny Letier	Member
Colette Lewiner	Member
Francisco Pérez Mackenna	Member

On the basis of the annual review of the characterization of independence of directors conducted in February 2020, the proportion of independent members on the Appointments, Compensation and Corporate Governance Committee amounted to 60%, taking into account the characterization of Francisco Pérez Mackenna and Bpifrance Participations as non-independent directors. The Appointments, Compensation and Corporate Governance Committee is chaired by the Lead 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 Company bylaws, the Chairman of the Appointments, Compensation and Corporate Governance Committee can convene a Board meeting and set the agenda.

During 2019, the Appointments, Compensation and Corporate Governance Committee met five times with a total average attendance rate of 88%, as shown in the following table:

Director	Number of meetings attended
Anne Lebel	5
Bpifrance Participations (represented by Anne-Sophie Herelle)	2 (1)
Cyrille Duval	3 (2)
Véronique Guillot-Pelpel	3 (2)
Fanny Letier	2
Colette Lewiner	2 (1)
Francisco Pérez Mackenna	5

(1) Member of the Committee since 15 May 2019.
(2) Member of the Committee until 15 May 2019.

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

Appointments	▪ Selection process and proposal for the appointment of the new Chairman of the Board ▪ Review of terms of office expiring at the Annual Shareholders' Meeting, proposal of re-election and appointment of new directors ▪ Work on the composition of the Board and its Committees ▪ Proposed appointment of a censor ▪ Executive Committee succession plan ▪ Board of Directors' diversity policy
Compensation	▪ Compensation policy for executive directors for 2019 and 2020 ▪ Compensation policy for corporate officers for 2019 ▪ Variable portion of the Chief Executive Officer's compensation for 2018 ▪ 2019 compensation of the Chairman of the Board of Directors and the Chief Executive Officer ▪ 2019 Long-Term Incentive Plan ▪ Review of publicly-available information about the compensation of executive directors ▪ Draft report on the resolutions submitted to the 2019 Annual Shareholders' Meeting ("say-on-pay") ▪ International employee share ownership plan ("Act 2020")
Corporate governance	▪ Characterization of the independence of Board members ▪ Findings of the formal assessment of the Board for 2018 carried out with the help of an external consultant ▪ Launch of the Board's self-assessment for 2019 and action plan to be implemented following this assessment ▪ Review of the Report of the Board of Directors on Corporate Governance ▪ Review of the Committee's 2019 and 2020 work programs

Strategy and Sustainable Development Committee

At the end of 2019, the Strategy and Sustainable Development Committee had five members, who are all non-executive directors:

Oscar Hasbún Martinez	Chairman
Bpifrance Participations représenté par Anne-Sophie Hérelle	Member
Marc Grynberg	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. On the basis of the annual review of the characterization of independence of directors conducted in early 2020, the proportion of independent members on the Strategy and Sustainable Development Committee amounted to 40% taking into account the characterization of Oscar Hasbún Martinez, Francisco Pérez Mackenna and Bpifrance Participations as non-independent.

During 2019, the Strategy and Sustainable Development Committee met four times with an attendance rate of 100%.

Director	Number of meetings attended
Oscar Hasbún Martinez	4
Marc Grynberg	4
Fanny Letier	2
Colette Lewiner	4
Bpifrance Participations (represented by Anne-Sophie Herelle)	2
Francisco Pérez Mackenna	4

The Committee focused in particular on reviewing the strategic plan and its implementation timeline, business portfolio management; several strategic options and acquisition projects, and the Group's Corporate Social Responsibility policies and initiatives. Presentations were made to the Committee by several senior managers from the Group and by external consultants. The Corporate Vice President Strategy and M&A acted as Committee Secretary.

Transformation Committee

The Transformation Committee was created for the year 2019 on January 1, 2019 and it completed its mission on January 20, 2020. At December 31, 2019, the Transformation Committee comprised the following three members, who are all non-executive directors:

Marc Grynberg	Member
Oscar Hasbún Martinez	Member
Kathleen Wantz'O'Rourke	Member

The Transformation Committee regularly reviewed and monitored the deployment of the Group Transformation Plan and reported on its activity to the Board of Directors. The Transformation Committee met six times in 2019 and once in January 2020 with an attendance rate of 90%:

Director	Number of meetings attended
Georges Chodron de Courcel[1]	4
Marc Grynberg	7
Oscar Hasbún Martinez	7
Kathleen Wantz-O'Rourke	5

(1) Director and Chairman of the Board of Directors whose term of office expired on May 15, 2019.

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, Jean Mouton 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. Jean Mouton also visited a number of the Group's factories.

In the continuous improvement of their knowledge of the Group, from time to time directors meet the main representatives from the functional departments or Business Groups. In September 2019, the directors visited the industrial site of Bourg-en-Bresse, in France and benefited from presentations of the local management team.

In 2019, a Director's Handbook was made available to the members of the Board of Directors. It comprises documents and information essential to the execution of the Board members' duties, including the Group's strategy, the Company's bylaws, the Board's Internal Regulations, the AFEP-MEDEF Code, several internal procedures and the action plan implemented following the last Board assessment. This Handbook is updated regularly.

2.3.2.5. ASSESSMENT OF THE BOARD OF DIRECTORS

The Board of Directors' annual assessment 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 assessment is conducted annually in one of two ways. Either a detailed questionnaire is sent to each director, and the Appointments, Compensation and Corporate Governance Committee then reviews a synthesis of the results that is reviewed at a Board meeting; or individual interviews are held by specialized consulting firms without the presence of representatives from the Company. The various recommendations for improvement that emerge from these appraisals are discussed by the Appointments, Compensation and Corporate Governance Committee and the Board of Directors and those selected are implemented.

An assessment based on a detailed online questionnaire was carried out at the end of 2019. Among the strengths that emerge from the findings of this self-assessment, the members of the Board of Directors emphasized the constant improvement over the previous year, an excellent appreciation of the roles of the Chairman of the Board of Directors, the Chief Executive Officer and the Lead Independent Director, the quality of debates and the quality of material submitted to Board members, and of presentations given to the Board, as well as appreciation for the coverage on ethics and compliance.

Areas for improvement included the possible appointment of a director with an executive background and experienced in the industry sector, a review of the composition of the Appointments, Compensation, and Corporate Governance Committee, the adoption of balance scorecard business oriented, and the training provided to new Board members.

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

2.3.3. ADDITIONAL INFORMATION

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

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

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

In addition, certain Board members or executive directors serve as corporate officers and/or senior managers for companies that may enter into contractual agreements with companies of the Nexans Group for commercial transactions (e.g., customers). Any such contracts are negotiated and signed under arm's length conditions. On February 19, 2020, the Board of Directors adopted, upon the recommendation of the Appointments, Compensation and Corporate Governance Committee, an internal procedure for evaluating agreements relating to current operations under normal conditions. Under this procedure, the Accounting department regularly assesses the terms and conditions of the agreements signed by the Company relating to current operations under normal conditions. The people directly or indirectly concerned by these agreements do not participate in this assessment.

The Company is not aware of any possible conflicts of interest between the corporate officers' duties towards Nexans and their private interests and/or any of their other obligations.

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

2.3.4. CORPORATE GOVERNANCE CODE

For corporate governance matters, Nexans refers to the AFEP-MEDEF Code, as amended in January 2020. It is available on the MEDEF website (www.medef.com) and the AFEP website (www.afep.com).

The Company's practices are in line with the recommendations contained in the AFEP-MEDEF Code, with the exception for 2019 of the following recommendations:

	Recommendation in the AFEP-MEDEF Code	The Company's practice and explanations
§ 9.5	In order to qualify a director as independent, the Board of Directors must review the following criterion: "not to have been a director of the corporation for more than twelve years."	The Board of Directors considers that belonging to a board for more than 12 consecutive years does not automatically mean losing one's status as an independent director. The criterion of length of service on the board is designed in particular to determine whether time spent by directors impedes their economic independence, business independence, and critical judgment with respect to Executive Management. This is a legitimate concern in this case that must be analyzed and assessed by the Board of Directors. The Board of Directors considers Colette Lewiner to be independent with respect to the Group from an economic standpoint given that she has income from other various business activities. Therefore, the compensation that she receives from Nexans only represent a small portion of her total income. In addition, Colette Lewiner is independent from a business standpoint as she has many other business activities that are not related to the Group. Lastly, through Colette Lewiner's personality, she demonstrates that her judgment is completely independent. Her length of service on the Board strengthens her understanding of challenges and risks, and her ability to question Executive Management and express herself. Therefore, the Board of Directors does not consider that the length of Colette Lewiner's service on the Board affects in any way her independence given the great freedom of judgment and the ability for critical thinking that she demonstrates. Finally, the term of office as Director of Colette Lewiner will expire at the end of the 2020 Shareholders' Meeting and will not be renewed.
§ 18.1	It is recommended that one of the members of the compensation committee be a director who represents employees or employee shareholders.	At its meeting held on March 17, 2020, the Board of Directors decided that the Appointments, Compensation and Corporate Governance Committee would cease to exist in its current form and would give rise, as from 13 May 2020, to two separate committees: the Appointments and Corporate Governance Committee and the Compensation Committee. It also decided to appoint Angéline Afanoukoé, Director representing employees, as a member of the Compensation Committee.

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

In accordance with the disclosure requirements in Article 223-26 of the AMF's General Regulations, transactions in the Company's securities carried out and disclosed to the AMF during fiscal 2019 by the corporate officers and senior managers referred to in Article L.621-18-2 of the French Monetary and Financial Code *(Code monétaire et financier)* are listed in the following table.

	Date of transaction	Type of transaction	Financial instrument	*Number (Of corporate mutual fund units or shares)*	Total gross amount *(in euros)*
Mouton Jean Censor	02/18/2019	Purchase	Shares	8,550	€249,760.03
Letier Fanny Director	02/21/2019	Purchase	Shares	100	€2,894.00
Fitoussi Benjamin *Senior Corporate Vice President and Chief Operating Officer*	07/27/2019	Purchase	Shares(1)	4,180	€0.00
Guérin Christopher Chief Executive Officer	07/27/2019	Purchase	Shares(1)	3,731	€0.00
Luksic Craig Andrónico Director	09/10/2019	Purchase	Shares	3,000	€95,674.50
Guérin Christopher Chief Executive Officer	10/03/2019	Purchase	Shares	3,103	€98,041.35
Guérin Christopher Chief Executive Officer	11/21/2019	Sale	Shares	466	€16,603.58

(1) Shares granted under the Compensation Plan n°18A of July 27, 2018 (see section 2.5.7. for more information on the plan conditions).

Pursuant to Article 11 of the Company's bylaws, all directors – except the director representing employees and the permanent representative of Bpifrance Participations – must own at least 10 shares. This principle is respected by all directors. Furthermore, the Directors' Charter appended to the Board of Directors' Internal Regulations recommends that each Board member should own at least 500 shares.

2.5. Compensation and benefits

2.5.1. COMPENSATION POLICY FOR DIRECTORS AND EXECUTIVE DIRECTORS FOR 2020

The compensation policy for directors and executive directors for 2020 was decided by the Board of Directors at its meeting of February 19, 2020, based on the recommendation of the Appointments, Compensation and Corporate Governance Committee. In accordance with Article L.225-37-2 of the French Commercial Code, the policy presented in this section will be submitted for approval to the 2020 Annual Shareholders' Meeting.

2.5.1.1. DIRECTORS' COMPENSATION

At December 31, 2019 the Company's Board of Directors comprised 13 members. The aggregate annual amount of compensation for Board members 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.

The methods for determining and allocating the directors' compensation is approved by the Board of Directors and only reviewed in the event of a change in the conditions and organization of the work performed by the Board of Directors and its committees.

These methods generally include the calculation of a fixed portion and a predominant variable portion based on the directors' attendance at Board meetings and their membership of Committees.

Since January 1, 2017, the rules for allocating directors' compensation are as follows. Each director receives:

- A fixed compensation of 13,000 euros per year.
- A compensation 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 compensation 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 compensation of 6,000 euros per Committee meeting attended, capped at an aggregate 36,000 euros per year.

The Appointment, Compensation and Corporate Governance Committee will cease to exist in its current form on 13 May 2020 and will be replaced by two separate committees:

- The Appointment and Corporate Governance Committee, and
- The Compensation Committee.

When the meeting of the Appointment and Corporate Governance Committee and the Compensation Committee are held on the same day, the members of the Compensation Committee do not receive any compensation in addition to the amount received for the meeting of the Appointment and Corporate Governance Committee. If the meeting of the Compensation Committee is held on a day other than the day of the meeting of the Appointment and Corporate Governance Committee, the members of the Compensation Committee shall be compensated in accordance with the provisions of this paragraph.

The Chairman of the Board does not receive compensation as Board member. His compensation as Chairman of the Board of Directors is detailed in paragraph 2.5.1.2 below. Directors representing employees and employee shareholders do not receive any directors' compensation. Neither the Lead Independent Director nor the members of the Transformation Committee receive any compensation for the missions[1] entrusted to them.

Censors receive the equivalent amount of the compensation paid to Board members[2].

Non-executive directors did not receive any compensation from the Company or its subsidiaries in 2019 other than that shown below, apart from the directors representing employees and employee shareholders, who receive compensation from the subsidiary that employs them.

(1) The Transformation Committee terminated its mission on January 22, 2020.
(2) As of December 31, 2019, the Board of Directors does not include any censors. As of March 6, 2020, the Board of Directors had two censors: Jane Basson and Sylvie Jéhanno.

2.5.1.2. COMPENSATION POLICY FOR EXECUTIVE DIRECTORS

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 compensation policy for Nexans executive directors for fiscal 2020 was examined by the Appointments, Compensation and Corporate Governance Committee during [three] meetings between November 2019 and February 2020, before being proposed to and approved by the Board of Directors.

The Board takes constant care to ensure that the various components that make up the compensation of executive directors result in compensation that is competitive, fair, comprehensible, consistent and performance-related. The compensation components of executive directors, whether vested or potential, are made public after the decision of the Board of Directors having determined them.

In accordance with Article L. 225-37-2 III of the French Commercial Code, in exceptional circumstances, the Board of Directors may, on the recommendation of the Compensation Committee, adapt certain provisions of the compensation policy in line with the main principles of the compensation policy, provided that this exemption is temporary, in accordance with the social interest and necessary to guarantee the sustainability or viability of the Company.

COMPENSATION OF NON-EXECUTIVE OFFICERS

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

The Chairman of the Board receives a fixed annual fee. He does not receive variable compensation. The Chairman of the Board does not receive compensation as member of the Board of Directors.

COMPENSATION OF EXECUTIVE OFFICERS

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

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

It ensures that none of the components of the compensation package is disproportionate and analyzes the compensation package as a whole by taking into account all of its components: fixed compensation, variable compensation, long term incentive plan, supplementary pension plan and benefits of all kinds. Variable components make up a predominant portion of the compensation paid to executive officers.

Fixed compensation

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

Annual variable compensation

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

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

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

Long-term compensation

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

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

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

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

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

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

Shareholding obligation

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

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

Exceptional compensation

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

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

Benefits for taking up a position

Benefits for taking up a position may only be granted to a new executive officer who has come from a company outside the Group. The payment of this benefit is intended to compensate the executive officer for the loss of the entitlements from which he or she previously benefited before joining the Group.

It is explicitly indicated and the amount is made public at the time it is determined. It cannot be higher than the value of the entitlements lost by the new executive officer upon leaving his or her previous position.

Commitments given to executive officers

All commitments given to executive officers are authorized by the Board of Directors and submitted for approval to the Annual Shareholders' Meeting. Details can be found in section 2.5.5. of this document.

Termination and non-compete indemnities

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

Termination indemnity

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

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

Non-compete indemnity

The Chief Executive Officer has undertaken not to exercise any business that would compete either directly or indirectly with any of the Company's businesses for a period of two years from the end of his term of office as Chief Executive Officer. In return for his undertaking, he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will not exceed one year of his total fixed and variable compensation.

The Board could decide to impose a non-compete obligation on the Chief Executive Officer for a period shorter than two years. In such a case, the non-competition indemnity would be reduced on *a pro rata temporis basis*.

In accordance with Article 24.3 of the AFEP-MEDEF Code, in the event of an executive officer's departure, the Board of Directors will decide whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no non-compete indemnity will be payable).

Moreover, in accordance with Article 24.4 of the AFEP-MEDEF Code, the non-compete indemnity shall not be payable if the executive officer exercises his pension rights. In any event, no indemnity shall be paid beyond the age of 65.

Supplementary pension plan

Executive officers are covered by a supplementary pension plan set up by the Group for certain senior executive vice presidents and members of the Executive Committee. This "Article 82" defined contribution pension plan under which contributions are paid to a third party was set up on September 1, 2018.

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

Pension and welfare plans and unemployment insurance plan

Executive officers benefit from Group pension and welfare plans (medical, disability, invalidity and death) under the same terms and conditions as Nexans employees.

They have coverage for loss of employment, acquired from an insurance agency, guaranteeing them, in case of an involuntary loss of professional activity, daily indemnities in the amount of 55% of 1/365th of tranches A, B and C of their professional income for the fiscal year preceding their departure, applicable for a twelve-month period following the loss of employment.

Benefits-in-kind

Executive officers benefit from the use of a company car.

Other components of compensation

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

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

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

2.5.1.3. APPENDIX TO THE COMPENSATION POLICY FOR EXECUTIVE DIRECTORS: COMPONENTS SET FOR 2020

Compensation of the Chairman of the Board of Directors

The fixed annual compensation of the Chairman of the Board of Directors for 2020 has been set at 250,000 euros. This amount has been unchanged since the Chairman's appointment in May 2019.

Compensation of the Chief Executive Officer

1. Fixed compensation

The Board of Directors, at its meeting on January 27th, 2020, set Christopher Guérin's fixed compensation as Chief Executive Officer at €600,000. This compensation has remained unchanged since his appointment on July 4th, 2018.

2. Variable compensation

The Board of Directors, at its meeting of January 27th, 2020, set the objectives of Christopher Guérin's variable compensation for 2020. This variable compensation may vary based on the achievement of objectives set by the Board of Directors, from 0% to 150% of his fixed annual compensation. The target rate of annual variable compensation represents 100% of the annual fixed compensation. It will be determined based on the fulfillment of collective objectives for 60% and on the achievement of demanding, pre-defined individual objectives for 40%.

The target amounts for the selected objectives are those of the 2020 budget.

Collective objectives for 2020

Criteria	Weighting
ROCE	25%
EBITDA	50%
OFCF*	25%
TOTAL	**100%**

** Additionally, should the Free Cash Flow result be negative, the OFCF criteria would be lost.*

Free Cash Flow is defined as total cash flow before distribution of dividends and mergers and acquisitions, as reported in the 2020 financial statements published in 2021 (based on net debt).

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

Individual objectives for 2020

The individual objectives and their respective weighting for 2020 are as follows:

1. Anchor the changes of transformation internally, achieve the objectives of the transformation plan (including land high voltage), and achieve a net income target of 80 million euros adjusted for the impact of the core exposure and on foreign exchange results. Below 40 million euros, the achievement will be 0: 25 %,
2. Deployment and supervision of projects aimed at improving operational efficiency, monitoring and control of related costs (all work sites and deployment projects of the investment in Charleston): 20%,
3. Strategic plan update beyond 2021, in order to prepare the next sequence to be presented to the market at the occasion of an Investor Day to be held on the third quarter 2020: 20%,
4. Deployment of CSR, continued deployment of the CSR scorecard: 15%,
5. Finalize the assessment of the Business Unit managers and prepare the development accordingly. Strengthen the succession plan for senior management. Define a new mission statement, a new culture and a new values for the Group: 20%.

These objectives were set in line with the Group's strategy and on the basis of the projected budget reviewed by the Board of Directors on January 22, 2020.

Payment of annual variable compensation will be subject to approval at the 2021 Annual Shareholders' Meeting of the resolution related to the total compensation and benefits of all kinds paid or granted to the Chief Executive Officer for 2020 under Article L.225-100 of the French Commercial Code.

3. Long-term compensation

The Board of Directors, at its meeting of February 19, 2020, set out the performance conditions for the long-term incentive plan. 40% of the performance shares that may be granted to the Chief Executive Officer for 2020 will be subject to a vesting condition based on Nexans' TSR (total shareholder return) as compared with that of a benchmark panel made up of the following 9 companies: Belden, Legrand, Leoni, Prysmian, Rexel, ABB, Schneider Electric, NKT Cables and ZTT.

The Board of Directors may revise the panel during the period if any of the companies cease to exist or merge with another company.

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

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

40% of the performance shares granted in 2020 will be subject to a financial performance condition based on the amount of Free Cash Flow at end of 2022. In the event of a significant change in the Group's reporting structure, the Board of Directors may decide to adjust the operating margin and capital employed to take account of this change.
20% of the performance shares granted in 2020 will be subject to a performance condition linked to the Group's CSR profile as set out in the roadmap for 2018-2022.

For 2020, the shares that may be granted to the Chief Executive Officer are capped by the resolution adopted by the Annual Shareholders' Meeting of May 15, 2019 at no more than 12% of the aggregate number of performance shares granted (i.e., 36,000 shares), corresponding to less than 0.08% of the Company's share capital at December 31, 2019 (made up of 43,606,320 shares).

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

2.5.2. DIRECTORS' COMPENSATION FOR 2019

The total compensation and benefits of all kinds paid or allocated to directors and censors for offices held in the course of 2019 was **549,014 euros**. The table below shows the allocation between the individual directors and censors for 2019 in comparison with 2018 (in euros).

Board member	Directors' fees in 2018 (for 2018)	Directors' fees in 2019 (for 2019)
Georges Chodron de Courcel	-	-
Jean Mouton	-	6 205[1]
Angéline Afanoukoé[2]	-	-
Bpifrance Participations (Anne-Sophie Hérelle)	-	41,227
Cyrille Duval[3]	76,000	34,808
Marie-Cécile de Fougières[4]	-	-
Marc Grynberg	34,000	46,000
Véronique Guillot-Pelpel[5]	70,000	22,773
Oscar Hasbún Martinez	29,156	52,000
Philippe Joubert[6]	22,879	-
Anne Lebel	70,000	64,000
Fanny Letier	70,000	46,000
Colette Lewiner	43,000	52,000
Andrónico Luksic Craig	25,000	19,000
Francisco Pérez Mackenna	61,000	67,000
Hubert Porte	46,000	46,000
Kathleen Wantz-O'Rourke	43,000	52,000
TOTAL	**590,036**	**549,014**

(1) As censor from February 14, 2019 to May 15, 2019.
(2) Director representing employees.
(3) Director whose term of office expired on May 15, 2019.
(4) Director representing employee shareholders.
(5) Director who resigned from the Board on May 14, 2019.
(6) Director whose term of office expired on May 17, 2018.
(7) Of which 34,879 euros as censor through May 17, 2018.
(8) Amount received as censor since May 17, 2018.

Jean Mouton received 6,205 euros in his capacity as censor between February 14 and May 15, 2019, when he was appointed as director and Chairman of the Board of Directors. Oscar Hasbún Martinez received 12,482 euros in his capacity as censor between January 1, 2019 and May 15, 2019. These sums represent the equivalent amount of directors fees paid to Board members, in accordance with the Group's compensation policy for corporate officers.

In 2019, the non-executive corporate officers received no compensation from the Company or its subsidiaries other than the listed above, with the exception of Directors representing employees and employee shareholders, who receive remuneration from the subsidiary employing them.

2.5.3. COMPENSATION PAYABLE FOR 2019 TO GEORGES CHODRON DE COURCEL, CHAIRMAN OF THE BOARD OF DIRECTORS UNTIL MAY 15, 2019

At its meeting of January 28, 2019, the Board of Directors decided that the Chairman of the Board would receive fixed annual compensation of 250,000 euros. This amount was unchanged from when he took up his duties on March 31, 2016. The Chairman of the Board does not receive any additional amounts in directors' fees, nor is he entitled to any variable or long-term compensation or to any benefits-in-kind.

Summary of compensation payable to Georges Chodron de Courcel, Chairman of the Board of Directors until May 15, 2019

	2018	2019
Compensation due for the year	€250,000	€92,628

Breakdown of compensation payable to Georges Chodron de Courcel, Chairman of the Board of Directors until May 15, 2019

	Amounts due for 2018	Amounts paid for 2018	Amounts due for 2019	Amounts paid in 2019
Fixed compensation	€250,000	€250,000	€92,628	€92,628
Variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits-in-kind	-	-	-	-
TOTAL	**€250,000**	**€250,000**	**€92,628**	**€92,628**

2.5.4. COMPENSATION PAYABLE FOR 2019 TO JEAN MOUTON, CHAIRMAN OF THE BOARD OF DIRECTORS SINCE MAY 15, 2019

At its meeting of March 19, 2019, the Board of Directors decided that the Chairman of the Board would receive fixed annual compensation of 250,000 euros, payable on a proportionate basis from when he took up his duties. The Chairman of the Board does not receive any additional amounts in directors' fees, nor is he entitled to any variable or long-term compensation or to any benefits-in-kind.

Summary of compensation payable to Jean Mouton, Chairman of the Board of Directors since May 15, 2019

	2019
Compensation due for the year	€157,051

Breakdown of compensation payable to Jean Mouton, Chairman of the Board of Directors since May 15, 2019

	Amounts granted in 2019	Amounts paid in 2019
Fixed compensation	€157,051	€157,051
Variable compensation	-	-
Exceptional compensation	-	-
Directors' fees	-	-
Benefits-in-kind	-	-
TOTAL	**€157,051**	**€157,051**

2.5.5. COMPENSATION PAYABLE FOR 2019 TO CHRISTOPHER GUÉRIN, 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 compensation payable to Christopher Guérin, Chief Executive Officer

	2018	2019
Compensation due for the year as Chief Executive Officer	€59,207	€1,380,657
Valuation of performance shares granted during the year as Chief Executive Officer[1]	€264,552	€517,300
Valuation of performance shares vested during the year	€151,195[2]	-

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

Breakdown of compensation payable to Christopher Guérin, Chief Executive Officer

	2018		2019	
	Amount due for 2018	Amount paid in 2018	Amounts due for 2019	Amounts paid in 2019
Fixed compensation	€295,385	€295,385	€600,272	€600,272
Variable compensation	€162,462	-	€776,400	€162,462
Exceptional compensation	-	-	-	-
Directors' fees[1]	-	-	-	-
Benefits-in-kind[2]	€1,360	€1,360	€3,985	€3,985
TOTAL	**€459,207**	**€296,745**	**€1,380,657**	**€766,719**

(1) Christopher Guérin is not a Director of Nexans.
(2) Supply of a Company car.

In March 2019, Christopher Guérin also received 32,578 euros in cash as part of his variable annual compensation as an employee of Nexans from January 1, 2018 to July 3, 2018, prior to his appointment as Chief Executive Officer.

2.5.5.1. FIXED COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

On January 28, 2019, 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 600,000 euros for 2019. This amount remains unchanged from when he took up his duties on July 4, 2018.

2.5.5.2. VARIABLE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

As decided by the Board of Directors at its meeting on January 28, 2019, the targeted percentage of Christopher Guérin's variable annual compensation for 2019 will represent 100% of his fixed annual compensation, with 60% determined by reference to the achievement of group-based objectives and 40% on the achievement of specific predefined individual objectives. Christopher Guérin's variable compensation for 2019 may vary depending on the achievement levels of the objectives set by the Board of Directors, ranging from 0% to 150% of his fixed annual compensation as Chief Executive Officer.

The Board of Directors set the financial objectives for the group-based portion and their relative weighting as follows:
(1) ROCE: 50%, (2) EBITDA: 50%.

On February 19, 2020, the Board of Directors voted on the determination of the amount of Christopher Guérin's variable compensation for 2019 and decided:

- For the portion contingent on group-based objectives, the Board based its calculation on a strict application of the achievement levels for the objectives set for 2019 (with the objective related to ROCE and EBITDA each accounting for 50%), and noted the following:
  - The achievement rate for the ROCE objective was 81.2% of the maximum, reflecting a significant increase in this indicator compared to 2018.
  - The achievement rate for the EBITDA objective was 82.8% of the maximum, this indicator has also improved compared to 2018.

Based on these figures, the Board of Directors noted that the portion of variable compensation contingent on group-based objectives amounted to 442,800 euros (for a potential maximum potential of 540,000 or 82 % of this amount).

- For the portion contingent on specific, pre-defined individual objectives, the Board assessed the achievement level of the objectives for 2019. After assessing their degree of achievement, the Board of Directors defined them as follows:
  - The achievement rate for rallying the team and driving a new dynamic with investors was 100% of the maximum amount. The new Executive Committee and the new dynamic were put in place from day one, thanks to the preparation of the succession plan. Some internal promotion at the Executive Committee has been demonstrated. The new organization was launched in September 2019
  - The achievement rate for deploying and overseeing projects to boost operating efficiency and tracking and controlling the related costs was 86.7% of the maximum amount. 1200 initiatives operate on weekly routines managed directly by a member of the Executive Committee, the management of restructuring and expenditure reduction are done within the deadlines and in accordance with the expectations.
  - The achievement rate for the transformation initiatives was 100% of the maximum. The SHIFT programme is proving the quality of the methods with positive results in South America and is currently being implemented in South Korea, China and Morocco.
  - The achievement rate for improving the Group's CSR profile is 66.7% of the maximum, considering the investments made in the renewable energy for our plants and the reduction of the consumption of electricity in the metallurgy industry thanks to the installation of sensors.

Therefore, the Board of Directors determined the amount of variable compensation contingent on individual objectives at 333,600 euros (representing 92.7% of the maximum potential amount of 360,000 euros).

The total amount of the variable compensation paid to Christopher Guérin as determined by the Board for 2019 was thus 776,400 euros or 86.3% of the maximum amount.

Payment of the Chief Executive Officer's variable compensation is subject to its approval by the 2020 Annual Shareholders' Meeting.

2.5.5.3. STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO CHRISTOPHER GUÉRIN

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 2019. Since 2010, the Company no longer grants any stock options.

Shares granted to Christopher Guérin in 2019

	Plan no. 19 March 19, 2019
Number of shares granted in 2019	Between 0 and 28,000
Value of shares based on the method used in the consolidated financial statements[1]	€517,300
% capital represented by shares granted	0.06%
Vesting date	03/19/2023
End of lock-up period	03/19/2023
Performance conditions	Yes

(1) Valued at the time of the performance share grant using the Monte Carlo method.

In accordance with the Group's long-term compensation policy and the authorization given at the Annual Shareholders' Meeting of May 17, 2018, on March 19, 2019 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. 19). This plan involves grants of performance shares and free shares to the Group's key senior managers. Under the plan, the Board granted Christopher Guérin between 0 and 28,000 performance shares as Chief Executive Officer. The vesting of these shares is subject to the achievement of the following two performance conditions, which have equal weighting and are applicable to all performance share beneficiaries:

- A share performance condition, which applies to 50% of the shares granted and is based on Nexans' TSR (total shareholder return) as compared with that of a benchmark panel made up of the following 10 companies: Belden, Legrand, Prysmian, Rexel, ABB, Schneider-Electric, Saint Gobain, Leoni, NKT Cables and ZTT;
- A financial performance condition, which applies to 50% of the shares granted and is based on measuring the Company's Simplified Economic Value Added, which corresponds to the value created in excess of the average cost of capital, at the end of 2021. Simplified Economic Value Added will be calculated as follows: operating margin – 10% of capital employed[1].

In the event of a significant acquisition, the Board of Directors may decide to adjust the operating margin and capital employed to take into account the acquisition's impact.

Out of the performance shares granted to the Chief Executive Officer, the number of shares that will actually vest at the end of the vesting period on March 19, 2023 may range between a minimum of 0 and a maximum of 28,000 depending on the attainment of the following applicable performance targets.

Performance achieved by Nexans compared with the TSR benchmark panel	% of shares vested based on this condition
> 90th percentile	100%
> 80th percentile	80%
> 70th percentile	70%
> 60th percentile	60%
≥median	50%
<median	0%

(1) For Nexans, capital employed at the year-end corresponds to the sum of goodwill, property, plant and equipment, intangible assets and operating and non-operating working capital requirement as shown in the year-end financial statements.

The Group's EVA at end-2021	% of shares vested based on this condition
≥€120M	100%
≥€108M and <€120M	90%
≥€96M and <€108M	80%
≥€84M and <€96M	70%
≥€72M and <€84M	60%
≥ €60M and <€72M	50%
<€60M	0%

Shares vested in 2019

In accordance with the Board's decision of March 20, 2018, approved by the Shareholders' Meeting of May 17, 2018, the Board of Directors has decided to compensate a portion of the loss of accrued pension plan rights defined-benefit plans by 4 former members of the Company's Management Board who were no longer beneficiaries.

In this context, the Board meeting of 25 July 2018 decided to grant a total number of 7,461 free shares without conditions of performance or presence condition to Christopher Guérin as compensation for the rights he had accumulated under the defined-benefit pension plan from which he benefited as an employee member of the Management Board.

50% of the number of shares thus granted became definitively vested for Christopher Guérin on July 27, 2019, i.e. 3,731 shares. These shares remain subject to a holding period until 27 July 2020.

2.5.5.4. COMMITMENTS GIVEN TO THE CHIEF EXECUTIVE OFFICER

First appointed as Chief Executive Officer: July 4, 2018

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

Employment contract

In accordance with the recommendation of the AFEP-MEDEF Code, Christopher Guérin's employment contract was terminated when he was appointed Chief Executive Officer of the Company on July 4, 2018.

Termination benefits

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

In accordance with Article 24.5 of the AFEP-MEDEF Code, Christopher Guérin's total termination benefits and non compete indemnities may not exceed two years' worth of his actual compensation (fixed plus variable) received prior to his departure.

Termination indemnity

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

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

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

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

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

In compliance with the compensation policy for executive officers described in section 2.5.2. above, the termination indemnity may not exceed two years of Christopher Guérin's actual compensation (fixed and variable).

Non-compete indemnity

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

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

In accordance with Article 24.4 of the AFEP-MEDEF Code (January 2020 version), in the event of Christopher Guérin's departure, the Board of Directors will decide whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no non-compete indemnity will be payable).

Moreover, in accordance with Article 24.4 of the AFEP-MEDEF Code, the non-compete indemnity shall not be payable if Christopher Guérin exercises his pension rights.

Supplementary pension plan

On July 3, 2018, in connection with his term of office as Chief Executive Officer, the Board of Directors approved Christopher Guérin's membership of the defined contribution pension plan set up by the Group for certain employees and corporate officers, with effect from September 1, 2018. The annual amounts payable under this defined contribution pension plan are paid exclusively by the Company and are equal to 20% of the Chief Executive Officer's reference compensation, defined as his actual annual fixed and variable compensation. The annual cost of the premiums for the Company was 240,000 euros in 2019.

Pension and welfare plans and unemployment insurance plan

Christopher Guérin is a member of the welfare plan (covering death and disability benefits and medical expenses) set up for the Company's employees. He also has coverage for loss of employment, acquired from an insurance agency, guaranteeing him, in case of an involuntary loss of professional activity, daily indemnities in the amount of 55% of 1/365th of tranches A, B and C of his professional income for the fiscal year preceding his departure, applicable for a twelve-month period following the loss of employment. The annual cost of the premiums for the Company was 11,093 euros in 2019.

2.5.6. EQUITY RATIO

This information is provided in accordance with the provisions of the Pacte Act of May 22, 2019 and the recommendations of the AFEP-MEDEF Code in its January 2020 version.

Equity ratio between the level of compensation of executive directors and the average and median compensation of the employees of the Company and its subsidiary Nexans France

The ratios below have been calculated on the basis of the fixed and variable compensation paid during the financial years mentioned as well as the free and performance shares vested during the same periods and valued at their fair value. The scope of this information includes employees of Nexans and Nexans France.

	Ratio	2019	2018	2017	2016
Chairman of the Board	Average	6	5	5	7
	Median	8	7	7	10
Chief Executive Officer	Average	23	31	30	39
	Median	40	44	42	55

Nexans France employees did not benefit from profit-sharing in 2019. The calculation was based on the target variable compensation of the Chief Executive Officer.

For 2018, the data on the compensation of the two successive Chief Executive Officers (current and former) do not include the free shares granted nor the additional compensation paid in cash, as partial compensation for the rights accrued under their previous defined benefit pension plan.

Equity ratio between the level of compensation of executive directors and the Group's performance

Ratio in %	2019	2018	2017	2016
Sales	0.02	0.03	0.02	0.03
EBITDA	0.31	0.51	0.38	0.52

2.5.7. STOCK OPTIONS AND PERFORMANCE SHARES

2.5.7.1. 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 executives and employees under competitive market practices. Each long-term compensation plan is put to the vote of shareholders at the Annual Shareholders' Meeting.

The Group's long-term compensation policy is adjusted according to the population concerned. For the Chief Executive Officer, it is based for the 2019 plan on grants of performance shares, which are subject to vesting conditions linked to the Group's economic value added (the value created in excess of the weighted average cost of capital) and comparative stock market performance. The stock market performance condition consists of measuring Nexans' TSR (total shareholder return) over a three-year period compared with that of a benchmark panel. The financial performance conditions apply consistently to all executives who receive performance shares, as do the conditions relating to vesting, continued employment and holding periods.

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

Performance shares granted to executive officers will only vest if the Appointments, Compensation and Corporate Governance Committee notes that the performance conditions set by the Board at the grant date have been met.

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

In addition, for each performance share grant, the Board ensures that the grants made to executive officers do not represent an excessive proportion of the total number of shares granted. The Board therefore capped the shares granted to the Chief Executive Officer for 2020 at 12% of the aggregate number of performance shares granted, or 0.08% of the Company's share capital at December 31, 2019 (made up of 43,606,320 shares).

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

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

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

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

2.5.7.2. STOCK OPTIONS

Summary of stock option plans

Since 2010, the Company no longer grants any stock options. There were no outstanding stock option plans at December 31, 2019.

Shares purchased in 2019 following the exercise of stock options by the ten employees exercising the most options (excluding corporate officers)

None.

2.5.7.3. PERFORMANCE SHARES AND RESTRICTED (FREE) SHARES

History of free share plans and performance share plans

At its meeting on July 25, 2018, the Board of Directors noted that the performance conditions for Plan no. 14 of July 28, 2015 had been partially met, with the result that 50% of the total performance shares originally granted under the plan (based on maximum performance) had vested. For more details on the achievement of the performance conditions, see the "Corporate Governance – Compensation of executive directors" section of the www.nexans.com website.

	Plan no. 14	Plan no. 15	Plan no. 16	Plan no. 16 bis	Plan no. 17	Plan no. 18	Plan no. 18A	Plan no. 18B	Plan no. 19
Date of Annual Shareholders' Meeting	05/05/15	05/05/15	05/12/16	05/12/16	05/12/16	05/11/17	05/11/17	05/11/17	05/17/18
Grant date	07/28/15	01/01/16	05/12/16	11/23/16	03/14/17	03/13/18	07/27/18	07/27/18	03/19/19
Number of performance shares granted (based on maximum performance)	291,000	30,000	223,200	3,900	195,300	166,900	-	14,500	269,850
o/w to the Chief Executive Officer (based on maximum performance)	42,000	-	27,000	-	19,800	-	16,800	14,500	28,000
o/w to the ten employees receiving the most shares	121,100	30,000	83,800	3,900	73,800	53,300	39,717	14,500	123,100
Number of free shares granted	29,960	-	30,000	-	30,000	44,200	39,717	-	49,850
Vesting date (French tax residents)	07/28/18	01/01/19	05/12/20	11/23/20	03/14/21	03/13/22	07/27/2019 for 50% 07/27/2020 for 25% 07/27/2021 for 25%	07/27/22	03/19/23
End of lock-up period (French tax residents)	07/28/20	01/01/19	05/12/20	11/23/20	03/14/21	03/13/22	07/27/2020 for 75% 07/27/2021 for 25%	07/27/22	03/19/23
Total number of beneficiaries	187	1	181	6	216	246	4	1	297
Number of shares vested	95,570	-	-	-	-	-	-	-	-
Number of performance share rights canceled	167,410	-	33,333	500	23,080	16,200	-	-	-

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

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

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

The performance conditions applicable for the performance shares granted under Plan no. 17 of March 14, 2017, Plan no. 18 of March 13, 2018 and Plan no. 18B of July 27, 2018 are as follows: (1) a stock market performance condition based on Nexans' TSR (total shareholder return) as compared with that of a benchmark panel, and (2) a financial performance condition, based on measuring the Company's Simplified Economic Value Added, which corresponds to the value created in excess of the average cost of capital – at the end of 2019 for Plan no. 17 and the end of 2020 for Plan numbers 18 and 18B. Simplified Economic Value Added will be calculated as follows: operating margin - 10% of capital employed.

The performance conditions applicable for the performance shares granted under Plan no. 19 of March 19, 2019 are as follows: (1) a stock market performance condition based on Nexans' TSR (total shareholder return) as compared with that of a benchmark panel, and (2) a financial performance condition, based on measuring the Company's Simplified Economic Value Added, which corresponds to the value created in excess of the average cost of capital, at the end of 2021. Simplified Economic Value Added will be calculated as follows: operating margin – 10% of capital employed.

The potential dilutive impact of the performance shares and free shares granted under Plan no. 19 was approximately 0.73% of capital at end-2019 (made up of 43,606,320 shares).

Free shares granted during 2019

In accordance with Article L.225-197-4 of the French Commercial Code, the following section details share grants made during 2019 pursuant to Articles L.225-197-1 to L.225-197-3 of the Code.

At December 31, 2019, Nexans holding company comprised a Chairman of the Board of Directors, Jean Mouton, a Chief Executive Officer, Christopher Guérin, and eight employees.

Pursuant to the authorizations granted by the Combined Shareholders' Meeting of May 17, 2018, the Board of Directors adopted a long-term incentive plan in 2019 with the following main features:

	Plan no. 19
Date of Annual Shareholders' Meeting	05/17/2018
Grant date	03/19/2019
Number of performance shares granted	269,850
Number of free shares granted	49,850
o/w to the Chief Executive Officer	28,000
o/w to the ten employees receiving the most shares	123,100
Vesting date	03/19/2023
End of lock-up period	03/19/2023
Total number of beneficiaries	297
Number of shares vested	-
Number of performance share rights canceled	-

Vesting of free share plan numbers 19 is contingent on continued employment in the Company. Vesting of performance share plan numbers 19 is contingent on continued employment in the Company and performance conditions measured over a three-year period. For more information on the plan conditions, see paragraph 2.5.7.3 above.

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

No. and date of plan	Beneficiary	Number of shares granted in 2019[2]	Valuation of shares[1]	Vesting date	End of lock-up period
Plan no. 19	Chief Executive Officer[2]	28,000	€517,300	03/19/2023	03/19/2023

(1) Method used for the consolidated financial statements.
(2) Positions held at the grant date.

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

(1) Excluding employees.

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

Nexans SA beneficiary employees[2]	Number of performance shares granted	Value of shares granted[1]
Member of the Executive Committee	23,000	€424,925
Member of the Executive Committee	13,000	€240,175
Other employee	11,200	€206,920
Member of the Executive Committee	9,100	€168,123
Member of the Executive Committee	8,000	€147,800
Member of the Executive Committee	6,900	€127,478
Other employee	1,500	€27,713

(1) Method used for the consolidated financial statements.
(2) Positions held at the grant date.

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

Performance shares

Category of beneficiary	Number of beneficiaries	Number of performance shares granted	Value of shares granted[1]
Chief Executive Officer[2]	1	28,000	€517,300
Members of the Executive Committee[2]	10	94,900	€1,753,278
Other employees	70	146,950	€2,714,901
Total	81	269,850	€4,985,479

(1) Valued at the grant date under the method used for the consolidated financial statements.
(2) Positions held at the grant date.

Free shares not subject to performance conditions

	Number of beneficiaries	Number of free shares granted	Value of shares granted[1]
Employees who are not members of the Executive Committee[2]	216	49,850	€1,298,593
Total	216	49,850	€1,298,593

(1) Valued at the grant date under the method used for the consolidated financial statements.
(2) Positions held at the grant date.

Characteristics of stock options and performance shares granted to executive directors

Since the Group adopted the AFEP-MEDEF Code, any grants of performance shares and/or stock options to executive directors have complied with the recommendations set out in said Code and the characteristics described in the compensation policy for executive officers set out in section 2.5.1.2 above, particularly:

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

3

MAIN RISK FACTORS AND RISK MANAGEMENT WITHIN THE GROUP

3.1. Risk factors

The Group conducts to a formal risk assessment to identify the risk factors to which it is exposed. The risks presented below, at the date of this Universal Registration Document, are the risks that the Group considers may have a significant negative impact on its business, financial condition, outlook, reputation, operational results or ability to achieve its objectives should they occur. The list of these risks is, however, not exhaustive and other risks or uncertainties, unknown or not considered herein at the date of this Universal Registration Document, could occur or arise and have a material adverse effect on the Group's business, financial condition, outlook, reputation, operational results or ability to achieve its objectives. As part of the Group's risk management approach, the Group is committed to regularly assessing the risks and implementing internal control and mitigation action plans with the objective of either reducing the likelihood that the identified risks will occur or reducing their potential impact should the identified risks occur.

Pursuant to the provisions of Article 16 of Regulation (EU) 2017/1129 of the European Parliament and the Council, this chapter presents the principal specific risks that could, on the date of this Universal Registration Document, impact the Group's business, financial condition, outlook reputation, operational results or ability to achieve its objectives, as identified primarily in the preparation of the Group's major risk mapping, which assesses their criticality, meaning, their seriousness and probability of occurrence, after taking into account mitigation action plans put in place. The criticality of risks is assessed according to four levels (weak, moderate, material, critical).

The table below summarizes the key risks and associated control systems, organized into four categories: strategic risks, operational risks, legal and compliance risks and financial risks. In each of the four categories, risks are ranked according to criticality as mentioned above. Only risks assessed as «critical», «material» or "moderate" are detailed in this chapter.

RISK FACTORS	SYSTEMS OF CONTROL IN PLACE TO MITIGATE THE RISKS	CRITICALITY	REFERENCE
STRATEGIC RISKS			3.1.1
Geopolitical, political and social instability risks	■ Close monitoring follow up of the geopolitical, political and social environment ■ Policy of diversification of suppliers, internal sourcing unit ■ Crisis management processes and in particular dedicated actions on people and assets security ■ Development of Business Continuity Plans	Critical	3.1.1.1
Risks related to the competitive environment of the group's operating subsidiaries	■ Market intelligence ■ Development of differentiated offers	Material	3.1.1.2
Risks related to dependence on customers	■ Diversification of customers portfolio ■ Development of differentiated offers ■ Development of customer intimacy	Moderate	3.1.1.3
OPERATIONAL RISKS			3.1.2
Risks related to COVID-19	■ Implementation of sanitary measures aligned with WHO's recommendation ■ Constitution of crisis management organization ■ Implementation of business continuity plans	Critical	3.1.2.1
Cybersecurity, continuity and performance of information systems	■ Security and Incident and Problem management masterplan ■ Backbone Infrastructure centrally managed for datacenter, network and telecom ■ Backbone infrastructure monitored 24/7 ■ Audit of systems in place	Critical	3.1.2.2
Risks related to contractual liability: contracts related to turnkey projects	■ Tender Review Procedure in place to analyze and define mitigation actions to identified risks ■ Quality policy/Processes to monitor quality in production ■ ISO 9001 certification for production sites ■ Technology development	Critical	3.1.2.3 (i)
Risks related to contractual liability: product liability	■ Tender Review Procedure in place to analyze and define mitigation actions to identified risks ■ Quality policy/Processes to monitor quality in production ■ All industrial sites hold quality certifications. Some hold quality certifications specific to business activities (e.g. IRIS for rolling stock, ISO 9100 for aerospace, …) ■ Contract clauses to limit liability	Material	3.1.2.3 (ii)
Risks related to climate change and natural hazard	■ Mapping of sites exposed to climatic risks property & casualty insurer ■ Definition and implementation of technical solutions and mitigations plans ■ Crisis Management organization	Critical	3.1.2.4

Industrial and Environmental Risks	■ Capex procedure to control achievement of targets and return of investment ■ Definition of prevention plan to mitigate identified risks and vulnerabilities ■ Regular investments in modernization and maintenance of industrial facilities ■ Phase 1 & Phase 2 due diligence reports ■ Strict monitoring of any identified pollution	Material	3.1.2.5
Risks related to raw materials and supplies	■ Multi-sourcing strategy to mitigate supplier risks to mitigate the risk of dependence ■ Financial instruments used by Group subsidiaries to manage exposure to commodities risks for copper and aluminum ■ Identification of supplier's financial vulnerability	Material	3.1.2.6
Risks related to reorganizations and transformation of the Group	■ Specific processes to accompany reorganization plans ■ Talent and change management process ■ Retention mechanisms ■ Onboarding of new employees	Material	3.1.2.7
Risks related to technologies used	■ Patent filing strategy ■ Market monitoring	Moderate	3.1.2.8
LEGAL AND COMPLIANCE RISKS			3.1.3
Risks related to antitrust investigations	■ Tone at the top ■ Antitrust Rules and Code of Ethics and Business Conduct ■ Training of marketing, commercial and purchasing teams on Antitrust ■ Annual Compliance certificate signing ■ Internal Audit ■ Whistleblowing system in place in the Group ■ Annual Compliance certificate signing	Material	3.1.3.1
Risks related to non-compliance with anti-bribery legislation	■ Tone at the top ■ Code of ethics and business conduct ■ Mapping of corruption risks with all Group business units ■ Risks mapping on Agents ■ Specific procedures on anticorruption including obligation to make due diligence/integrity check on Third Parties and in particular intermediaries ■ Training on Anticorruption ■ Whistleblowing system in place in the Group ■ Annual Compliance certificate signing	Material	3.1.3.2
Risks related to Claims and litigations	■ Dedicated team of contract managers and Legal Department in to monitor possible claims or litigation	Moderate	3.1.3.3
FINANCIAL RISKS			3.1.4
Foreign exchange risks	■ Currency hedges are set up on operational risk ■ Sensitivity analysis on operational exposure	Material	3.1.4
Interest rate	■ Limited sensitivity as Nexans debt mainly fixed	Moderate	3.1.4
Liquidity risks	■ Commercial paper program up to 600M€ put into place in 2019 ■ Revolving Credit Facility of 600M€ (not used as of the date of this Universal Registration Document)	Moderate	3.1.4
Metal price risks	■ Dedicated team to manage copper, aluminium, non ferrous metal hedging ■ Real time monitoring of Group positions	Moderate	3.1.4
Credit and counterparty risk	■ Follow up based on financial situation and rating of our main financial counterparties ■ Limitation of the number of brokers	Moderate	3.1.4

3.1.1. STRATEGIC RISKS

3.1.1.1. GEOPOLITICAL, POLITICAL AND SOCIAL INSTABILITY RISKS

Certain high-growth regions are important for the Group's development but are exposed to major geopolitical risks. In 2019, some 8% of the Group's sales at current non-ferrous metal prices were generated in the MERA Area (Middle East, Russia, Africa) and around 3% in countries which are classified by the Group's credit insurer as having a very unsettled economic and political environment or representing a very high risk. The Group closely monitors its industrial and commercial operations and its turnkey projects in countries exposed to geopolitical risks, including in Brazil, China, Ivory Coast, Ghana, Lebanon, Libya and Turkey.

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

Similarly, the blockade of Qatar has led to fewer export opportunities for our subsidiary to the Gulf states and caused longer supply lead times. In 2019, the political instability in Lebanon has led to a strict foreign exchange control policy by Lebanese banks which may affect activities of our subsidiary in Lebanon.

In an environment shaped by chronic budget deficits in emerging countries in the past several years, governments are now tending to introduce stricter tax laws in order to maximize their income from taxes and levies. Consequently, these governments take positions that could lead to legal disputes or double taxation issues. In some countries (in particular in non OCDE countries), the Group may face issues of tax instability and uncertainties which could affect the financial results of Group's operating entities.

3.1.1.2. 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. 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 (both domestically and internationally), particularly for cables for the energy infrastructure and building sectors. These players have emerged over the last ten years and are growing rapidly, in many regions of the world including in Southern and Eastern Europe, the Middle East, South Korea, China but also in South America and Africa.

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

3.1.1.3. 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 the Group level and no customer accounted for more than 5% of consolidated sales in 2019.

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 of facilities.

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

Lastly, the demand for certain products depends on the economic or regulatory environment of the related business sector, such as in the oil & gas or mining industries which may be hit by extreme price volatility or reduced demand.

3.1.2. OPERATIONAL RISKS

3.1.2.1. RISKS RELATED TO COVID-19

In the current uncertain environment, regarding the outbreak of COVID-19, we at Nexans are monitoring its development closely and managing its effects to ensure the best possible outcome in the interest of our People and Communities, our Customers and business partners, of all our stakeholders.

The Company is focusing on four (4) main key objectives: Workforce Protection, Supply Chain & Production Continuity, Customer Engagement, and continuing to focus on strengthening our financial liquidity.
Health and safety are our number one priority. We are following health authorities' guidance and updating workplace recommendations to employees, regularly. We express our gratitude to all our colleagues worldwide; their discipline and determination in managing the effects on our business and operations are outstanding.

The Group closely monitors the evolution of this pandemic and in particular restrictive measures adopted by State authorities in many countries around the world (such as the travel ban on European citizens in the United States, social distancing in Italy, France, Norway or similar measures in many other countries).

The Group is also taking mitigation actions to minimize the economic impacts of this pandemic and ensure a continuity of its business in its industrial and commercial operations. A dedicated crisis management cell has been set up at the Group level as well as at the level of Group entities impacted by this pandemic. In this respect, the Group salutes the professionalism of its teams, particularly in China, Korea, Japan, Europe and the United States, areas most affected by coronavirus exposure to date.

The adoption by State authorities in many countries around the world of national restrictive measures (travel bans, containment measures, etc.) and prolonged measures to control the pandemic could affect the Group's operations, its operating profit and financial position. For example, States measures could affect either directly the manufacturing capacity of Nexans' operational entities (absenteeism, shutdown of certain factories, delay in the execution of projects or orders, etc.) or indirectly the commercial or industrial activities of Nexans entities (suppliers unable to supply Nexans production sites, customers postponing projects or orders, shortage of raw materials). In addition, given all the factors that may affect Nexans' sales, there could be a substantial period of time between a possible recovery in the global economic and business environment and an improvement of Nexans financial results.

As a consequence, as of the date of this URD and given the overall uncertainty, it is impossible to predict the duration and extent of the damages caused by the current coronavirus outbreak and therefore to assess the impacts on the Group results.

3.1.2.2. RISKS RELATED TO CYBERSECURITY, CONTINUITY AND PERFORMANCE OF INFORMATION SYSTEMS

Due to the international nature of the Group, Nexans' business activity requires multiple and often interconnected information systems. The majority of business projects now either directly or indirectly leverage information systems hardware and software as key or supporting components of the delivered products and services. In addition, the implementation of more digital initiatives, new services, and potentially disruptive technology increases Nexans' exposure to cyber security threats, including without limitation, denial of service attacks, industrial espionage and ransomware attacks.

Any disruption of service could have the potential to affect multiple regions and businesses, with significant disruption on industrial processes (disturbance of production or distribution activities), the capacity for internal communication, and on the Group's image (digital identity theft, dissemination of false information, etc.). This risk is increasing in a context of reinforced regularity requirements related to protection and confidentiality of data.

This disruption of services could originate from within the Group (system obsolescence, configuration errors, lack of infrastructure maintenance, malicious acts) – or from outside Nexans (cybercrime, viruses, etc.). Traditional IT systems (e.g. IS network, servers, applications, user devices) remain a main source of these information and cyber risks. Increasingly, Nexans makes use of third party service providers either in the frame of outsourcing of tasks or processes, or to maintain and operate equipment or tools. This use can contribute to these information and cyber security risks, especially at Nexans industrial sites.

The IT System is centrally managed by the Corporate IT department.

The Information Systems department is organized as follows:

- The security team, led by the Chief Information Security Officer, defines and implements policies and projects specific to the IT security plan as well as personal data protection. They develop guidelines on the use of information Systems for all employees. This department is also responsible for conducting regular security audits and intrusion tests on the Group's information Systems, with the support of external service providers;
- The Application teams manage the development, deployment and maintenance of Nexans' Backbone Applications, as well as manage through a global governance the local application teams in the countries;
- The Projects and Architecture team defines global Backbone Infrastructure Solutions and implements them in project mode;

- Service Delivery teams are responsible for continuity of service of infrastructure. They define the necessary investment and maintenance programs and oversee the change management process;
- The Performance Team oversees contract management, budget controlling, as well as allocating and recharging the global cost of IS services to the business groups
- Infrastructure management is centralized and overseen through specific governance arrangements. They include server back-up and virtualization arrangements, user access management via Active Directory, the management of IT hardware, LANs and WANs, co-ordination of outsourced services and contract management.

The IS Backbone (global applications and infrastructure) is managed centrally. However, certain area or plant specific applications are managed locally.

Nexans is continuously strengthening Group's preventive and monitoring measures internally and in close relation with its service providers, increasing its focus on developing its ability to react quickly. To reinforce this activity and to strengthen its Protection, Monitoring and Response capabilities, Nexans is following a Cyber plan structured around the following key components:

- A detailed analysis of key risks, including industrial risks
- Making security an integrated part of all IT & Business projects
- Monitoring security incidents with a Security Operations Center
- Reinforcing its end user awareness program
- A structured approach to incident management with an internal crisis response team, including expert external cyber partners
- Update of our Information and Cyber Risk policy
- Implementation of a Group Cyber Security committee, including Group ExCom members.

3.1.2.3. RISKS RELATED TO CONTRACTUAL LIABILITY

Contracts related to turnkey projects

The majority of contracts for the supply and installation of cables as part of turnkey infrastructure projects involve submarine and land high-voltage cable operations. The sales generated on such projects vary from one year to another and represent approximately 15% of consolidated sales at constant non-ferrous metal prices. The individual value of these contracts is often high and they contain penalty and liability clauses that could be triggered if a Group company does not comply with the delivery schedule and/or with quality requirements (for example, technical defects requiring major intervention after installation due to product non-conformity resulting from production anomalies). In 2015 Nexans received orders for two major high-voltage subsea power links, between Norway and Germany (Nordlink) and between Norway and the United Kingdom (NSL). These two megaprojects (which represent an aggregate of more than 800 million euros worth of orders for Nexans) followed on from the cable project linking Montenegro and Italy (around 300 million euros).

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

In 2017, the Group won an order to supply and install HVDC extruded insulation cables for the DolWin6 offshore wind farm direct current link. This will be the Group's first contract of its type and will represent a new technical challenge benefiting our customers and the energy transition process.

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

In 2019, the Group:

- Won with RTE the Saint Brieuc windfarm project which represents an amount of 115 million euros for the supply and installation of 225kV export cables;
- Has been awarded preferred supplier for the supply and installation of 320kV export cable for the 1,075MW Seagreen windfarm project in Scotland which represents an amount of 240 million euros;
- Won two subsea grid connections orders, one for the Marjan Increment project (supply of 220kV 3-core submarine power cables) in the Kingdom of Saudi Arabia and the other for the Crete-Attika interconnection project (for the supply and installation of 500kV HVDC MI submarine power cables). Together, the two projects represent over 347 million euros worth of orders for Nexans.

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

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

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

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

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

As at end-2018, certain contracts entered into by the Group could lead to performance difficulties, although the Group currently considers that those difficulties do not justify the recognition of provisions in the financial statements or specific disclosure as contingent liabilities.

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).

3.1.2.4. RISKS RELATED TO CLIMATE CHANGE AND NATURAL HAZARDS

Some of the Group's manufacturing sites are located in areas at risk of natural disasters (earthquakes, tornadoes, floods, etc.).

For example, the Charleston plant in the United States is located next to a river and therefore has access to the sea; it is also an area prone to hurricanes. 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.

In 2016, a review was performed with the Group's property & casualty insurer to assess the possible impact of global warming on the Group's exposure to flood and storm risks and make any necessary adjustments to its insurance coverage of these risks. This was followed, in 2018, by a review to assess the possible impact of global warming on the Group's exposure to drought risk. In a context where it is becoming increasingly difficult to obtain such coverage for a reasonable price, the 2020 renewals lead to a decrease in natural catastrophe insurance limits.

The list below details the sites exposures to natural hazard with high level of exposure plus some sites or countries which have encountered in the past exposures to natural hazard:

- Earthquake : Japan, USA, Lebanon, Turkey, Italy, Chile, Peru;
- Windstorm : Switzerland, Belgium, Japan, Norway, USA;
- Flood : Norway, Australia, USA, France, Turkey, Brazil;
- Hail/ Ice Strom: Switzerland, Germany, Belgium, France, Canada, Turkey;
- Tornado : USA, Japan;
- Coastal flood, tsunami : Japan.

* it does not mean that other sites cannot be exposed but the level of exposure is not assessed as high.

The reviews in 2016 showed that the standard global warming scenarios should not lead to any significant increase in the flood, storm and drought risk exposure of the Group's sites.

3.1.2.5. INDUSTRIAL AND ENVIRONMENTAL RISKS

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

In view of the importance to the Group of the submarine high-voltage cables market, it needs a cable-laying vessel capable of performing installation contracts within the required timeframes. As there are very few of these vessels available worldwide, the Group has its own cable-laying vessel, the Skagerrak (owned through one of its Norwegian subsidiaries), which is one of the rare ships in the world specially designed to transport and lay submarine high-voltage cables over long distances and in deep waters. It also regularly charters cable-laying ships. These ships are exposed to marine risks (e.g., storms, icebergs and acts of piracy). In 2017, work began on a new cable laying ship which is due to be delivered to the Group in 2021 to support business growth.

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 equipment or new plants built with a view to enabling the Group to break into markets where it does not have an operating presence or has a limited presence.

Industrial investments in Charleston or investment of a new cable laying ship launched in 2017 are examples of such capital expenditures projects which could have a material impact if targets are not achieved. For example, the expansion of the Charleston facility is subject to the issuance of permits by the relevant regulatory authorities and there is no guarantee that these permits will not be denied or delayed.

Environmental Risks

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

The Group ensures that its manufacturing sites have sufficient resources to identify and track regulatory requirements that concern them, as well as changes in those regulations, and also that they have the financial resources they need to ensure regulatory compliance (see below, section 4.2. Planet, for a description of the Group's environmental management system).

In the United States, the Group's operating companies are subject to several federal and state environmental laws, under which certain categories of entity (as defined by law) can be held liable for the full amount of environmental clean-up costs, even if no fault against said entity is determined or even if the relevant operations comply with the applicable regulations

The Group is also subject to clean-up obligations when it closes a site. In line with this obligation, following the closure of a site in Brazil, the local subsidiary is performing clean-up operations in compliance with Brazilian regulations.

No Group companies are currently involved in any legal proceedings of this type but no guarantees can be given that no such proceedings will arise in the future which could negatively impact the Group.

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

At December 31, 2019, consolidated provisions for environmental risks amounted to approximately 10.9 million euros and mainly included amounts set aside for (i) clean-up costs for several manufacturing sites and (ii) a dispute with the purchasers of a plot of land and the local authorities in Duisburg, Germany concerning soil and groundwater pollution. The Group has also performed surveys at its sites in order to establish whether any environmental clean-up processes may be required. It estimates that any site clean-up costs it may incur that have not already been provisioned should not have a material impact on its earnings in view of the value of the land concerned, which in the past has always exceeded the amount of any required clean-up costs.

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

Asbestos Risk

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, in full compliance with applicable laws, 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 and in continuous casting at one site in France. The manufacture of furnaces for enamel wire activity was discontinued a long time ago. Several claims and lawsuits have been filed against the Group by current and former employees, in France and abroad, concerning alleged exposure to asbestos.

As of end-2016, approximately 60 people in France had been classified as suffering from an asbestos-related occupational illness, of whom several (fewer than ten) had filed lawsuits against their employers that are still in progress.

Also in France, a lawsuit has been filed against the Group and a claim lodged with the relevant authorities following the closure of a manufacturing site. The lawsuit involves some 200 plaintiffs, who are seeking compensation for anxiety as a result of alleged exposure to asbestos. In March 2015 the site concerned was classified by the French government as a site that could entitle workers to retire early as a result of their exposure to asbestos (known as ACAATA sites).

The Group made an application to cancel this classification. The classification was subsequently canceled by the administrative court in October 2017 but the French government has appealed the court's ruling.

Similar proceedings are also under way in Italy.

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.

3.1.2.6. RISKS RELATED TO RAW MATERIALS AND SUPPLIES

Copper, aluminum, lead 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 – relationships with certain key suppliers. This partnership strategy has been pursued and extended over the last years. However, should the price of its supplies increase, the Group may not be able to fully pass on the increases to its customers.

Copper consumption in 2019 amounted to around 525,000 tons (versus some 495,000 tons in 2018), excluding the approximately 82,000 tons 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 2019 totaled 110,000 tons (versus 105,000 tons in 2018).

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

The financial instruments used by Group subsidiaries to manage exposure to commodities risks for copper and aluminum are described in the notes to the consolidated financial statements (**Note 27** Financial risks, paragraph C, Foreign exchange and metal price risks). The sensitivity of the Group's earnings to copper prices is described in paragraph E, Market risk sensitivity analysis of the same note.

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

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

Risks related to the supply of raw materials are specifically monitored by each purchaser for the product family concerned. The purchasing strategy based on close relationships 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. Since more than 10 years, the Group is working on reducing situations where the Group is dependent on a sole supplier. A new broad-based initiative was launched in 2018 (and continued in 2019) to approve alternative materials and new suppliers. No raw materials shortages were experienced in 2019. The Group is nevertheless still facing a certain number of cases where suppliers are in a single source or mono source situation.

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

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

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

Lastly, the Group exercises its duty of vigilance when it comes to selecting suppliers and has strengthened its supplier qualification procedures in order to limit the risk of unethical practices in the supply chain (for more information about supplier qualification procedures, see section 4.4.3 Sustainable purchasing).

3.1.2.7. RISKS RELATED TO REORGANIZATIONS AND TRANSFORMATION OF THE GROUP

With respect to reorganizations, the Group has launched in January 2019 restructuring plan mainly in Europe to be fully implemented by the end of 2020 which final costs might exceed the related provisions initially set aside.

In this frame and the Group transformation, the following actions have been launched :

- the Corporate functions have been reorganized with the purpose to have a leaner and more efficient organizational structure;
- Several industrial restructuring initiatives has been deployed (e.g Germany with a high voltage plant closure, Switzerland, Belgium, …);
- Technical direction has been reorganized;
- The creation of new shared center services in domain of expertise in finance, human resources, purchasing and communication functions.

To deploy this new organization, several specific workstreams have been set up to accompany these changes.

For the land high voltage activity, the reorganization project associated with the plan could lead to delays in projects and generate additional costs.

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 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.

Finally, in order to limit the inherent risks of talent losses that may result from the restructuring plan and reorganization initiatives described above, 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.

3.1.2.8. RISKS RELATED TO TECHNOLOGIES USED

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

In order to respond to the growing demand for low-energy consumption, recyclable and less polluting products as well as value-for-money solutions, we need to regularly review the design of our products and introduce innovative manufacturing processes. Most of the markets in which the Group's operating subsidiaries are present tend to favor the use of highly technological products; it is therefore important that the Group undertakes advanced research in its Research Centers and Process Centers into materials and manufacturing processes and tests them thoroughly in order to have access to cutting-edge technologies.

Any delay in identifying, developing and obtaining certification or patents for new technologies could hold up the Group's access to strategic market segments, particularly those with high added value and strong growth potential.

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

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

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

Moreover, despite the Group's significant R&D efforts, and the ongoing monitoring of potentially competitive technologies, there is no guarantee that the technologies currently used by the Group's operating subsidiaries will not be subject to claims for alleged patent infringement. In the event of a patent infringement case, the Group could be compelled to stop using the technologies protected by the disputed intellectual property rights.

The Group's companies are regularly involved in patent infringement claims filed either by themselves against third parties or by competitors against them. Until now, the financial consequences of such disputes have not been material for the Group but it cannot be ruled out that legal proceedings currently in process or new proceedings could have a major impact on the Group's resources and lead to significant expenses (notably legal costs, royalty fees or compensation payments).

3.1.3. LEGAL AND COMPLIANCE RISKS

3.1.3.1. RISKS RELATED TO NON-COMPLIANCE WITH ANTITRUST LAWS

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

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

In early July 2014, Nexans France SAS paid 70.6 million euro fine imposed on it by the European Commission.
Nexans France SAS and the Company appealed the European Commission's decision to the General Court of the European Union. The appeal was dismissed on July 12, 2018. Nexans France SAS and the Company appealed the General Court's judgment before the European Court of Justice. This action is still pending and the subsequent judgment expected during the first semester 2020.

As an indirect consequence of the European Commission's decision, certain Group entities received in April 2019, claims from customers filed before the courts in the United-Kingdom, the Netherlands and Italy against Nexans and other defendants.
In the UK, Scottish and Southern Energy lodged a claim against Nexans France SAS, the Company and certain companies of the Prysmian Group. However, in September 2019, the claim against Nexans France SAS and the Company was stayed.

In addition, one of the Group's competitors, which has been subject to follow-on damage claims initiated in 2015 in the UK, has filed a contribution claim against the other cable producers sanctioned by the European Commission, including Nexans France SAS and the Company. The contribution claim is currently stayed, pending the result of the main proceedings.

The claim in Italy has been brought before the Court of Milan by Terna S.p.A. Nexans Italia filed a defense on October 24, 2019 focusing on Nexans Italia's lack of standing to be sued. Following an initial hearing on November 13, 2019, the judge ruled Terna's claim to be null for lack of clarity on February 3, 2020. Terna is to supplement its claim by May 11, 2020. The judge will then rule on the other preliminary questions and a hearing is scheduled for September 29, 2020.

The claim in Netherlands was made jointly by Electricity & Water Authority of Bahrain, GCC Interconnection Authority, Kuwait Ministry of Electricity and Water and Oman Electricity Transmission Company, against certain companies of the Prysmian Group and its former shareholders, and companies in the Nexans Group and ABB Groups. This action has been brought before the Court of Amsterdam. On December 18, 2019, Nexans filed a motion contesting jurisdiction to which claimants are required to submit their response. Hearing and decision on the procedural issues could occur in 2020.

Investigations carried out by the American, Japanese, New Zealand and Canadian authorities in the high-voltage power cable sector were closed without sanctions. During investigations led by the Australian antitrust authority (ACCC), the Australian courts dismissed ACCC's case and refused to sanction Nexans and its Australian subsidiary in the high-voltage power cable sector in a case pertaining to the sale of low- and medium-voltage cables.

Investigation in Brazil by the General Superintendence of the antitrust authority "CADE" in the high-voltage power cable sector has been concluded on February 11, 2019 and recommendation has been made by the same to the Administrative Tribunal of CADE to sanction the defendants in this case. A judgment by the Tribunal of CADE is expected first semester of 2020.

Investigation by the antitrust authority in South Korea ("KFTC") in the high-voltage power cable sector has not been officially closed but Nexans understands that the statute of limitations should be considered expired.

Nexans' local Korean subsidiaries have cooperated with the KFTC in investigations initiated between 2013 and 2015 in businesses other than the high-voltage. As a result, full leniency (zero fine) has been granted by KFTC in 15 cases, and for two other cases the Korean subsidiaries were granted a 20% reduction of fines and were ordered to pay the KFTC a total of approx. 850,000 euros. All such investigations are now closed, and the risks associated with the majority of claims brought by customers in connection with them are now all closed.

On November 24, 2017 in Spain, Nexans Iberia and the Company (in its capacity as Nexans Iberia's parent company) were notified of a decision by the Spanish competition authority

("CNMC"), which found that Nexans Iberia had participated directly in an infringement of Spanish competition laws in the low- and medium-voltage cable sectors. The Company was held jointly liable for the payment of part of the fine levied on Nexans Iberia by the CNMC. In early January 2018, Nexans Iberia settled the 1.3 million euro fine levied by the CNMC. Nexans Iberia and the Company have appealed the CNMC's decision. Appeal decision is expected to take place in 2020.

As of 31 December 2019, and following a reassessment of risks, the Group has a recorded contingency provision of 74 million euros to cover all the investigations mentioned above as well as the direct and indirect consequences of the related rulings that have been or will be handed down and in particular the follow-on damages claims by customers (existing or potential claims). The amount of the provision is based on management's assumptions that take into account the consequences in similar cases and currently available information. There is still considerable uncertainty as to the extent of the risks related to potential claims and/or fines. The final costs related to these risks could therefore be significantly different from the amount of the provision recognized.

The Group's risk prevention and compliance systems have been strengthened regularly and significantly in recent years. However, the Group cannot guarantee that all risks and problems relating to practices that do not comply with the applicable rules of ethics and business conduct will be fully controlled or eliminated. The compliance program includes means of detection which could generate internal investigations, and even external investigations. As consistently communicated by the Company in the past, unfavorable outcomes for antitrust proceedings and/or investigations as well as the associated consequences could have a material adverse effect on the results and thus the financial position of the Group.

3.1.3.2. RISKS OF NON-COMPLIANCE WITH ANTI-BRIBERY LEGISLATION

With a global presence worldwide and activities in a diversity of sectors such as Oil & Gas, energy infrastructure, large international projects for high voltage, employees worldwide might be confronted with corruption practices, specifically in high risk countries (as per the Corruption Perception Index by Transparency International).

To prevent corruption risks, Nexans has developed extensive trainings, and has designed and implemented anti-corruption procedures and tools throughout the Group. In particular, employees are required to perform integrity due diligence of agents and business partners, and closely review activities reports of the agents. Further, employees sign annually a compliance certificate pursuant to which they commit to implement applicable international regulations relating to anti-corruption.

Top and middle management frequently deliver anti-corruption messages to Nexans employees.

In addition, Nexans has deployed in the Group a corruption risk mapping and conducted an in-depth risk assessment of its relationship with agents and sales intermediaries, who may represent an inherent corruption risk.

Further information with respect to the fight against corruption in the Group can be found in the Compliance Section 4.4.4.

3.1.3.3. RISKS RELATED TO CLAIMS AND LITIGATIONS

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

As part of its day-to-day business, the Group is subject to legal risks arising from relations with partners, customers and suppliers. A number of Group subsidiaries are currently involved in disputes, primarily relating to contractual liability (see below, section 3.1.2.3 Risks related to contractual liability). Disputes and contingent liabilities are also described in the 2019 consolidated financial statements, in Note 30 Disputes and contingent liabilities, and Note 23 Provisions.

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

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

3.1.4. FINANCIAL RISKS

This section should be read in conjunction with **Note 27**, Financial risks to the consolidated financial statements, which also sets out a sensitivity analysis for 2019.

Please also refer to **Note 1.F.c** to the consolidated financial statements as well as **Note 8**, Net asset impairment, which sets out the assumptions used for the purpose of impairment testing.

Interest rate and foreign exchange risks

The Group structures its financing in such a way as to limit its exposure to interest rate risk. A sensitivity analysis concerning changes in interest rates is provided in **Note 27.B** to the consolidated financial statements.

The foreign exchange risk to which the Group is exposed is described in **Note 27.C** to the consolidated financial statements. Apart from in relation to non-ferrous metal transactions (see below), the Group considers its exposure to foreign exchange risk on operating cash flows to be limited for the Group as a whole, due to its underlying operational structure whereby most subsidiaries primarily operate in their domestic markets, with the main exception being export contracts in the high-voltage business. Currency hedges are set up by a dedicated team of the Group in order for operating units' cash flows to remain denominated in their functional currency. This is notably the case for the Group's subsidiaries in Brazil (BRL vs USD), Canada (CAD vs USD), Norway (NOK vs EUR, GBP, JPY and USD), Switzerland (CHF vs EUR) and Turkey (TRY vs EUR, USD).

A sensitivity analysis concerning fluctuations in the two main currencies that present a foreign exchange risk for the Group (the US dollar and the Norwegian krone) is provided in **Note 27.E**.

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

Liquidity risks

The Group's main liquidity risks relate to:

- its obligation to repay or redeem its existing debt, primarily corresponding to (i) three issues of bonds maturing in 2021, 2023 and 2024, (ii) a trade receivables securitization program used by one subsidiary, (iii) factoring programs and (iv) to a lesser extent, short-term debt taken out by a number of the Group's subsidiaries; and
- the Group's future financing requirements (including working capital fluctuations).

To mitigate the liquidity risk of the Group, the Group has:

- entered into a new syndicated loan on December 12, 2018 with a maturity to 2023 and for an amount of 600 million euros (see **Note 27.A** to the consolidated financial statements for further details) for which the Group is to comply with financial ratios; and
- signed in January 2019 commercial papers for an amount up to 600 million euros (see **Note 27.A** to the consolidated financial statements for further details).

Details of the Group's cash requirements and resources (especially cash surpluses and credit facilities), together with its policy for managing and monitoring liquidity are described in **Note 27** to the consolidated financial statements.

Metal price risks

The nature of the Group's business activities exposes it to volatility in non-ferrous metal prices (copper and, to a lesser extent, aluminum and lead).

In 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. In addition, a dedicated team at Group level is fully monitoring the risk of volatility of non-ferrous metal prices.

Despite this general policy, the Group remains exposed to non-ferrous metal price vitality risk due to the nature of activities of the Group (such as long term contracts, …).

In that respect, the Group's strategy for managing non-ferrous metal price risks, the potential impact of fluctuations in copper prices and the hedges put in place are described in **Notes 27.C** and **27.E** to the consolidated financial statements.

Credit and counterparty risk

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

- Customer credit risk relating to its trade receivables portfolio. The Group's diverse business and customer base and wide geographic reach are natural mitigating factors for customer credit risk. The Group also applies a proactive policy for managing and reducing its customer credit risk by means of a credit management policy rolled out to all of Nexans' subsidiaries.

The Group has also set up a master credit insurance program for its subsidiaries, although trade receivables in particular in Lebanon, Libya, Ghana and Ivory Coast are not covered, as of the date hereof, by this program.

Credit risk has been heightened by the difficult market environment caused by the recent global economic and political crises.
It is currently difficult to obtain credit insurance in Brazil, Greece Turkey and Africa, which means that the Group's customer credit insurance is very limited in those countries. The political situation in the Middle East, particularly Saudi Arabia and Qatar, is also restricting the availability of credit insurance for these countries. The Group assists its insurer in obtaining financial information about customers and analyzing the customer credit risk for certain risk classes or some countries. Lastly, despite divesting businesses in a number of countries, the Group still has receivables there, whose recovery is uncertain due to the general economic context in those countries as well as the financial situations of the individual counterparties concerned. The Group is also exposed to the risk of its customers terminating commercial contracts in advance of term, which could lead to (i) losses due to the liquidation of currency positions or purchases of non-ferrous metals no longer having a counterparty, or (ii) impairment losses on inventories of specific products.

- Counterparty risk arising from derivatives set up to hedge currency risks and non-ferrous metal price risks. The Group is monitoring Group exposure to counterparties and on regular basis follow up financial situation and/or rating of the main counterparties.

- Counterparty risk arising from deposits placed with financial institutions. The Group is monitoring its exposure to financial institutions and on regular basis follow up financial situation and/or rating of the main financial institutions

These different types of risk are described in Note 27.D to the consolidated financial statements.

3.1.5. INSURANCE

The Group's Insurance Department has in place master insurance programs, covering companies that are over 50%-owned and/or over which the Group exercises managerial control. Local policies are issued in certain countries where there is an obligation to take out insurance. Newly acquired entities are incorporated into the Group's programs as soon as possible.

The insurance programs are negotiated with top-rated insurers, taking into account their solvency ratings. The insurances policies are negotiated currently on an annual basis. The coverage limits on these policies are based on a risk assessment taking into account the Group's claims experience and the advice of its brokers as well as on specific and/or actuarial studies.

Although they generally exceed the maximum amount of insured losses incurred by the Group in the past (apart from for credit insurance), they do not always cover the entire risk as they may be capped in terms of insured amounts or not include certain types of coverage (for example, the value of replacement products and late delivery penalties are not covered in the Group's third-party liability policy or the policy covering business interruption risks during the transportation of goods).

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

The overall cost of insurance policies (excluding life, health and bodily injury insurance) taken out at Group level represents less than 0.5% of consolidated sales at constant non-ferrous metal prices. The Group regularly invites insurers to bid for its insurance programs, a policy that helps to ensure that cover is closely aligned with the Group's risk exposure and optimize insurance costs.

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

Property damage – business interruption

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

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

These coverage limits by the insurers are generally lower than the related exposure amounts and it is becoming increasingly difficult to obtain such coverage for a reasonable price. It was particularly true for the 2020 renewals of the insurance policies. A more detailed analysis of the Group's exposure to earthquakes and other natural disaster risks conducted in 2017 showed that the maximum cover provided under the policies in 2019 appeared adequate. But the 2020 renewals lead to a decrease in natural catastrophe insurance limits. In 2020, the Group objective will be to reassess its risks exposure and adapt, if necessary, our natural catastrophe insurance limits.

As part of its risk management process, the Group has set up a specific capital expenditure program aimed at helping to prevent industrial risks and based to a large extent on the recommendations of its insurers. This program is designed in close collaboration between the Operations Department (covering Industry and Purchasing), 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 Operations Department, in conjunction with the Insurance Department, subsequently monitors that the relevant recommendations are followed.

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

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

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

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

Transport

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

Comprehensive construction insurance for laying land and submarine cables

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

Coverage for the Group's cable-laying ship Skagerrak

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

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

Since 2013, a short-term credit insurance policy is being deployed throughout the Group covering most of its subsidiaries.

Captive reinsurance entity

The Group has a captive reinsurance entity – Nexans Re – which has been operational since January 1, 2008 and is aimed at optimizing and managing the Group's risk retention strategy, as well as preventing and managing risks. It reinsured in 2019 property and business interruption risks. In the past it also reinsured short-term credit risks and transport risks. It operates on a program-by-program basis, with maximum coverage amounts per loss and a cumulative cap per insurance year. The maximum amount reinsured by Nexans Re across all programs currently stands at 2 million euros.

In 2020, it will also cover Group third party liability risks.

3.2. Internal control and risk management

3.2.1. DEFINITIONS, SCOPE, OBJECTIVES AND LIMITATIONS

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

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

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

In this regard, the Business Groups and entities play a front-line role in managing risks in their respective geographic and business areas.

Their departments are responsible for applying all of the Group's risk management and internal control policies and procedures in their area of responsibility, covering such issues as compliance with applicable laws and regulations and with the Group's Code of Ethics and Business Conduct.

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

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

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

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

The Ethics Correspondent receives and processes reports of violations of the Group's Code of Ethics and Business Conduct. The Ethics Correspondent reports directly to the General Secretary, with a dotted-line reporting relationship with the Chief Executive Officer, and reports the cases handled at least once a year to the Accounts, Audit and Risk Committee as well as the CSR Committee (see section 4.4.4. Fair practices below).

An Ethics Compliance Program Manager reports 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. The Ethics Compliance Program Manager reports on the work performed to the Accounts, Audit and Risk Committee at least once a year.

A Group Data Protection Officer has 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. The Group Data Protection Officer is supported in the tasks by a network of local data protection correspondents and the Information Systems Security Officer.

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

- **The Disclosure Committee,** whose role is to help identify the main legal and financial risks surrounding the Group's businesses and entities, assess their materiality and ensure that risks are communicated properly outside the Group.
- **The Tender Review Committee** reviews the commercial, legal, financial and technical terms and conditions of all bids in excess of 5 million euros and 25 million euros for the High Voltage business.
- **Purchase Contract Review Committees** review the legal, financial and technical terms and conditions of purchase contracts in excess of 1 million euros. The persons invited to take part in the reviews depend on the amounts involved.
- **The Mergers & Acquisitions Committee** reviews and approves (subject to prior approval by the Board of Directors of projects with a unit value higher than 50 million euros) any potential business acquisition or divestment projects, or possible strategic alliances or partnerships.
- **The CSR Committee** determines the Group's corporate social responsibility policies and monitors its CSR initiatives. It is assisted by two specialized committees, the Governance and Social Affairs Committee and the Environment and Products Committee. See section 4.4.6 Duty of care plan.

3.2.2. RISK MANAGEMENT POLICIES AND PROCEDURES

3.2.2.1. CODE OF ETHICSAND BUSINESS CONDUCT

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

The program to prevent, detect and deal with ethical breaches is described in section 4.4.4.

3.2.2.2. WHISTLE-BLOWING PROCEDURE

The Group has set up a procedure for managing reported violations and potential violations of the Code of Ethics and Business Conduct. See section 4.4.4.

3.2.2.3. OTHER RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

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

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

In addition, several specific procedures developed by the Finance Department and that apply to all the Group's entities also contribute to risk management and accounting and financial internal control, particularly the procedures for treasury management, currency risk management, non-ferrous metals management, credit risk management and physical inventories. The procedures for the management of currency risk and non-ferrous metals risk are described in Note 27 to the consolidated financial statements.

3.2.3. MAIN RISK MANAGEMENT INITIATIVES IN 2019

- Following the publication in 2017 of the ten golden rules of information systems security, a series of initiatives were implemented to raise awareness of these rules among information system users, make them more risk-aware, and promote best prevention practices. Examples included international and local phishing campaigns, publication of guidance on the Nexans intranet, class-room training and systems security quizzes. The reporting and monitoring of suspected phishing emails was made easier with a one-click integrated phishing reporting tool.

- A crisis management exercise was conducted with ExCom members on a cyber-attack scenario to reinforce the awareness of cyber-risk as one of the main business risks.

- A cyber-attack exercise conducted by the Group's Systems Security Department including a French industrial site and groups risk, HR and communication teams.

- An external cyber audit was performed on the group's cyber security perimeter to assess the maturity of our cyber processes.

- The cyber team was centralized and reinforced globally.

- Security testing was performed on key assets and global infrastructure to detect current vulnerabilities leading to major risks.

- Work was completed on the cybersecurity audit, launched originally in 2018 (at the level of our former Group's cash management subsidiary) in response to a request issued by SWIFT to all of its members to upgrade their protection. The conclusion of this audit has been applied within the organization of NFTS (our newly created Group's cash management subsidiary).

- An internal audit was performed by the cyber audit team at Genpact, one of Nexans' main third party service providers.

- A Group Cyber Security Quarterly Committee to which Executive Committee members are participating has been constituted. Its purpose is to provide oversight and monitoring of the key risks to the organization, sponsoring the cyber program and ensuring awareness at the highest level of the organization.

- The data analysis project was deployed to several subsidiaries, focused on the purchasing area. During 2020, the project deployment will cover other functional areas.

- The Internal Audit Department continue to improve the access to data covering manual accounting entries recorded, to correct posting errors.

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

- The Metals Department carried out a crisis management exercise.

- Compliance days were held to continue the efforts of raising awareness among all Group entities of the importance of complying with the rules set out in the Nexans Code of Ethics and Business Conduct. See section 4.4.4. Fair practices.

- Realization of an anti-corruption risk mappinq at Group level worldwide.

- Realization of an overall risks' assessment on sales agents/ intermediaries relationship with operating entities of the Group. In 2020, recommendations presented to the Executive Committee and the Audit, Accounts and Risks Committee will be deployed.

- Psychological cells at the disposal of employees during the reorganization

3.2.4. PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

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

3.2.4.1. PROCESS FOR THE PREPARATION OF FINANCIAL AND ACCOUNTING INFORMATION

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

All amounts reported on the face of the financial statements are obtained from the accounting systems of the legal entities, whose accounts are kept according to local accounting principles and then restated in accordance with the accounting principles and methods applied by Nexans to prepare the consolidated financial statements, which are drawn up in accordance with IFRS pursuant to EC Regulation 1606/2002.

The Group's entire financial and accounting reporting process is structured around the Hyperion System.

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

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

The business units produce monthly reports that are analyzed by management. The consolidated results by Business Group are analyzed with the Group's management at dedicated Business Group meetings.

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

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

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

3.2.4.2. MAIN INTERNAL CONTROL PROCEDURES FOR FINANCIAL AND ACCOUNTING INFORMATION

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

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

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

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

3.2.5. OVERSIGHT OF INTERNAL CONTROL

As a result of the powers conferred upon it by law and by the Board of Directors' Internal Regulations, **the Accounts, Audit and Risk Committee** monitors the process for preparing the financial information and, where appropriate, makes recommendations to ensure its integrity.

The Accounts, Audit and Risk Committee reviews the annual and interim financial statements and ensures the continuous application of accounting methods adopted by the Company for its parent company and consolidated financial statements, in particular for significant transactions.

The Accounts, Audit and Risk Committee ensures that systems of internal control and risk management and, where applicable, the internal audit of the procedures relating to the preparation and processing of the accounting and financial information, are in place; it follows up on their effectiveness by ensuring that corrective actions are taken in case of identified weaknesses and significant anomalies. Each year, the internal audit plan is reviewed by the Accounts, Audit and Risk Committee and the Committee is given a presentation on the main conclusions every six months. The Board of Directors contributes to monitoring internal control through the work and reports of the Accounts, Audit and Risk Committee.

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

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

4

NON-FINANCIAL PERFORMANCE STATEMENT - CORPORATE SOCIAL RESPONSIBILITY

Nexans brings Energy to life!

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

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

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

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

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

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

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

CSR strategy

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

This test was used to establish the materiality matrix below. It shows the issues that concern stakeholders the most in order of importance for Nexans' business. The Group has drawn up a CSR roadmap for 2018-2022 in which it has set four CSR priorities, taking into account (i) its legal obligations (including identifying the main CSR risks to which it is exposed), (ii) the above-mentioned materiality test, and (iii) its dialogue with stakeholders.

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

The four priorities in Nexans' CSR strategy break down into 12 ambitions corresponding to the issues that give rise to challenges and risks on which the Group is focusing its CSR efforts. The CSR priorities draw on the Sustainable Development Goals set by the United Nations, which the Group adopted in 2008 when it joined the Global Compact.

PEOPLE: *Bring individual and collective performance to our business*

- Workplace safety: guarantee health and safety on sites
- Human capital: build people who build business
- CSR awareness: motivate people to act on CSR issues

PLANET: *Manage environmental impacts*

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

PRODUCTS: *Promote a sustainable, innovative and competitive model*

- Energy transition: engage with our customers to build a sustainable economy
- Innovation: strengthen collaboration with our stakeholders to support innovation
- Resources: increase resource efficiency

PARTNERS: *Embed leadership based on values and ethics*

- Business ethics: maintain a compliant framework and fair business practices
- Stakeholders: maintain a sustainable stakeholder relationship
- Nexans Foundation: help underprivileged communities access energy

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

		KPI	2016	2017	2018	2019	Evolution	Target 2022
PEOPLE	Workplace safety	Workplace accident frequency rate[1]	1.82	2.02	2.01	2.70	↗	<1
	Human capital	Managers with an Individual Development Plan	58%	72%	77%	77%	→	100%
		Women in management positions	22.6%	22.9%	23.7%	23.8%	↗	25%
	CSR awareness	Directors having CSR goals in their performance targets[2]	NC	NC	NC	NC		100%
PLANET	Environmental management	Industrial sites certified EHP and/or ISO 14001[3]	94%	93%	93%	95%	→	97%
	Energy	Energy intensity[4]	279	257	268	256	↘	-3%
	Climate	Reduction of GHG emissions (scopes 1, 2 and 3) (versus n-1)[5]	-0.83%	-2.70%	+0.41%	-5.82%	↘	-5%
PRODUCTS	Energy transition	Revenues generated from products and services that contribute to energy transition[6]	M€485	M€770	M€581	M€618	↗	NC
	Innovation	R&D investments (% in constant metal prices sales)[7]	M€89 (2.00%)	M€102 (2.23%)	M€107 (2.43%)	M€98 (2.13%)	↘	NC
	Sustainable Products	Total waste recycled[8]	42%	44%	55%	42%	↘	>50%
PARTNERS	Business ethics	Managers having signed the Compliance Certificate[9]	95%	96%	97%	92%	↘	100%
	Stakeholders	OTIF - 1C[10]	92.6%	93.0%	92.8%	94%	↗	94%
		Employee engagement index[11]	72%	NA	74%	NA		+3 points
	Nexans Foundation	Amount allocated by the Nexans Foundation	€300,000	€300,000	€300,000	€300,000	→	€300,000

(1) Overall workplace accident frequency rate: total number of workplace accidents with more than 24 hours of lost time/total number of hours worked x 1,000,000. This rate relates to internals and temporary workers. The calculation methodology changed in 2019, see 4.1.1.1 "Safety at work".
(2) Directors, category of employees from the list of "top executives" reviewed annually by the Group's Executive Committee. The performance objectives have been integrated into the 2020 long-term performance plan.
(3) Number of site certified EHP and/or ISO 14001/Total number of sites in the scope of the EMP survey (Industrial Department tool).
(4) MWh consumed by the industrial sites/M€ in constant metal prices sales.
(5) Greenhouse Gas (GHG) emissions include direct and certain indirect emissions (from electricity and steam consumption, upstream power line losses, use of fossil fuels and wastes treatment, as well as fugitives emissions). The 2022 target is based on the reduction of emissions in 2016, the base year.
(6) Revenues generated from products and services contributing to energy transition (offshore wind farm, interconnexions projects, e-mobility, smart grids, accessories, solar energy and wind energy).
(7) Total R&D expenses (including R&D, innovation, local development and assistance engineering costs).
(8) Recycling rate of non ferrous metal waste generated.
(9) So called in HR tool My Click "graded" employees to sign a compliance certificate by which they commit to comply with Nexans Code of Ethics and Business Conduct and declare conflict of interest, if any.
(10) On Time In Full first confirmed: Nb of order lines shipped in the right quantity at first confirmed date/Total number of shipped order lines in the month. including logistic and plants data.
(11) Scope: Cable activity.

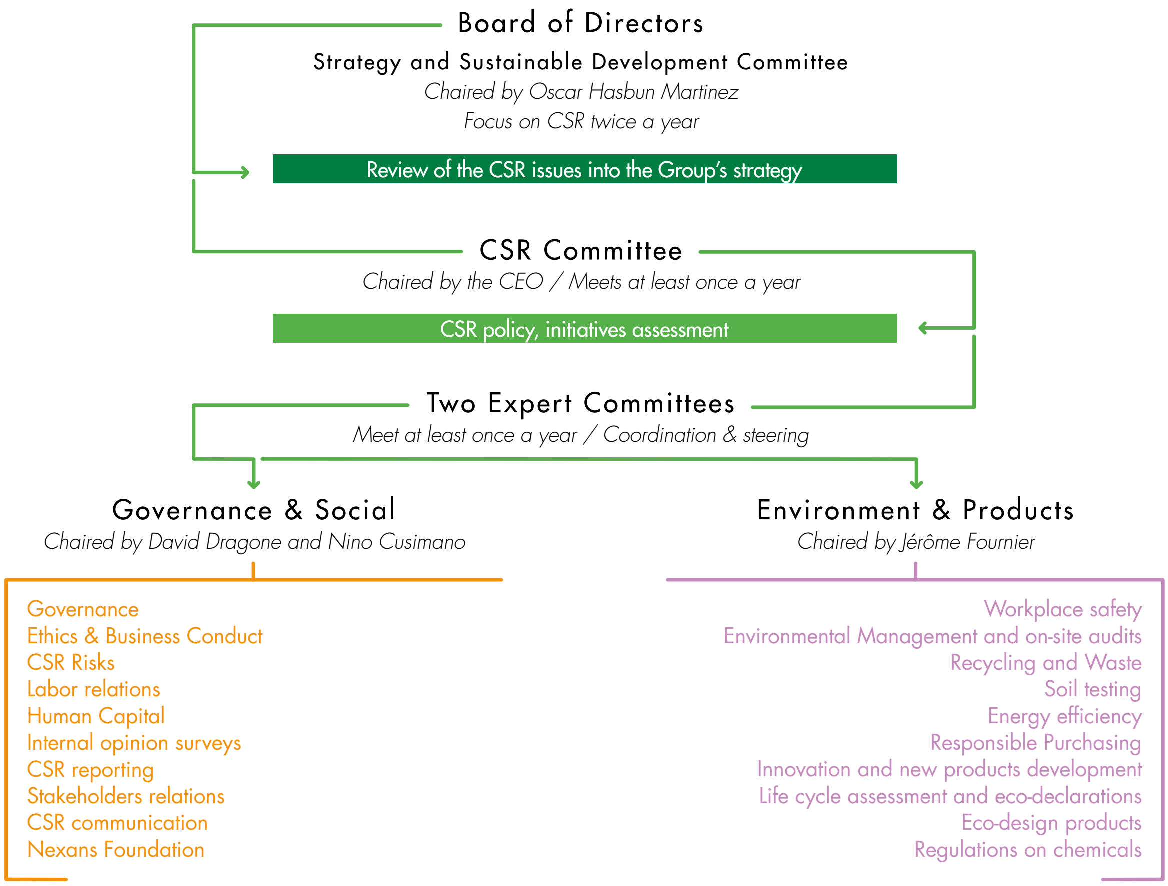
CSR performance

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

The strength of its CSR performance was affirmed in 2019, as assessed by:

- **ISS Oekom:** B- rating maintained (the best rating in the industry is B), enabling the Group to keep its "Prime" status.
- **CDP *(Carbon Disclosure Project)*:** A- rating (versus A in 2018).
- **EcoVadis:** Advanced rating maintained at 74% (versus 72% in 2018), earning the Group the EcoVadis Gold level CSR recognition medal. Nexans now ranks among the top 1% of companies assessed by EcoVadis.
- **Sustainalytics:** Rating of 73% (versus 71% in 2018), ranking the Group 9th out of 43 in its industry.
- **MSCI:** BBB rating (versus BB in 2018), ranking the Group among the 4th best marks in its industry.

CSR governance



To steer its CSR ambitions, the Group has set up a dedicated governance structure overseen by the CSR Department, which reports to the Group's Senior Corporate Vice President Human Resources, in charge of Communications and CSR, and member of the Executive Committee. Regarding the Fair Practices, an ethical compliance program under the responsibility of the Group's Secretary General and the Head of the Ethical Compliance Program, who report to the Chief Executive Officer and the Audit and Accounts Committee of the Board of Directors.

The Group's highest decision-making bodies and operating and support departments are closely involved in CSR governance. This is reflected in the commitment to integrate CSR into its strategy through various committees.

Primarily, the CSR Committee[1] chaired by the Chief Executive Officer[2], is made up of members of the Management Board. This committee meets at least once a year to define CSR policy and assess the various initiatives. The CSR Committee works with two expert committees that meet at least once a year to translate the CSR ambitions and other CSR issues into operations:

- **Governance and Social Affairs Committee** co-chaired by the Group's Senior Corporate Vice President Human Resources, in charge of Communications and CSR, and member of Executive Committee, and by the Senior Corporate Vice President, General Secretary, and member of the Executive Committee: Governance, ethics and business conduct, CSR risks, labor relations, human capital, internal opinion surveys, CSR reporting, stakeholder relations, CSR communication, Nexans Foundation.

- **Environment and Products CSR Committee** chaired by the Corporate Vice President Innovation, Services & Growth who is a member of the Executive Committee: Workplace safety, environmental management and on-site audits, recycling and waste, soil testing, energy efficiency, responsible purchasing, innovation and new product development, life cycle assessment and eco-declarations, ecodesign, regulations on chemicals.

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

(1) CSR: Corporate Social Responsibility.
(2) CSR goals in the variable portion of the Chief Executive Officer's compensation, see section 2.5.4.2. of this report.

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

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

Main CSR risks and opportunities

In connection with preparing its Non-financial Information Statement, the Group analyzed its CSR risks in 2019 with a view to assessing its opportunities and risk management processes.
As well as taking into account Group-level risk analyses, stakeholder requests (including from non-financial rating agencies), the issues raised in the above-mentioned materiality test and operational risks related to its business, the Group performed a specific CSR risk mapping process during the year. The overall CSR risk analysis was carried out jointly by the Risk Department and the CSR Department in conjunction with the Industrial, HR, Innovation and Purchasing Departments, and the findings were presented to the Board of Directors.

During the analysis, the Group identified the non-financial risks to which it is exposed in relation to its business activities, products and services, notably concerning social and environmental issues, human rights and anti-corruption measures. Its level of exposure to these risks were then assessed based on a scoring system that takes into account both probability and impact. For each of the main identified risks, the Group verified that it has the appropriate systems in place as well as adequate human and financial resources for effective risk management.

The main CSR risks identified and the related commitments made by the Group are as follows:

- Risks related to sustainable purchasing and conflict minerals: ensure that the Group continues to comply with the applicable laws and regulations, effectively prepares for regulatory changes, and implements the practices required at operational level (see section 4.4.3. "Sustainable purchasing").
- Risks related to regulations on chemicals: ensure that the Group remains compliant with the REACh regulation and the RoHS Directive and putting in place the requisite resources for achieving such compliance (see section 4.3.3. "Reducing the use of hazardous substances").
- Risks related to workplace safety: ensure safety in the workplace for the Group's employees and partners and stepping up the measures aimed at reaching the objective set for 2022 (see section 4.1.1. "An active workplace health and safety policy" and section 4.4.6. "Duty of care plan").
- Risks related to attracting and retaining talent: check that as part of its transformation plan, the Group has, and will maintain, the necessary skills to meet the strategic goals it has set itself (see section 4.1.2.1. "Attracting and developing talent").
- Risks related to environmental pollution: identify any sources of pollution and implement measures to eliminate, reduce or manage them when they are identified (see section 4.2.2. "Managing pollution risks" and section 4.4.6. "Duty of care plan").
- Fair practices: ensure that the Group's people respect the Code of Ethics and Business Conduct when carrying out their professional duties, and that external stakeholders also comply with the rules and practices set out in said Code (see section 4.4.4. "Fair practices").
- Risks related to climate change: ensure that the Group meets stakeholder expectations and carries out the necessary work to contribute to the target set in the Paris Agreement (which the Group has undertaken to respect) to keep global warming below 2°C (see section 4.3.1., "Driving the energy transition").

The Group has put in place strategies for managing each of these risks, with carefully tracked action plans backed by results indicators and regular performance reporting. Reviews of this approach are included on the agenda of specific CSR Committee meetings.

Independent data verification

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

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

4.1. People

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

The Group's social approach is a key focus of its CSR policy and one of its four CSR priorities.
It covers employee-related issues to promote individual and collective performance, and targets workplace health and safety, human capital and CSR awareness.

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

- Workplace health and safety is an absolute priority and a fundamental value upheld at all times by the Group.
- Regarding human capital, in 2019, the Group capitalized on the work accomplished in previous years to support employee development and to attract and retain talent.
- Regarding CSR awareness, the Group's aim is for all of its executive managers to have CSR annual performance objectives (assessed by the managers in their teams) by 2022. These objectives have already been incorporated into the 2020 long-term incentive plan. The "CSR awareness" indicator will be calculated for 2020 and presented in the next Universal Registration Document.

Nexans' HR policy and the initiatives taken or continued in 2019 are perfectly in line with its CSR priorities and address the main CSR risks. The objective is to support Nexans' strategy to become a learning organization, where each employee can play an active role in his or her personal development, a diverse organization, concerned about individual well-being and safety at the workplace, and capable of attracting the talent the Group needs for its future growth.

			2016	2017	2018	2019	Evolution	Target 2022
PEOPLE	Workplace safety	Workplace accident frequency rate(1)	1.82	2.02	2.01	2.70	↗	<1
	Capital Humain	Managers with an Individual Development Plan	58%	72%	77%	77%	→	100%
		Women in management positions	23%	23%	23%	23,8%	↗	25%
	CSR awareness	Directors having CSR goals in their performance targets (2)	NA	NA	NA	NA		100%

(1) Overall workplace accident frequency rate: total number of workplace accidents with more than 24 hours of lost time/total number of hours worked x 1,000,000. This rate relates to internals and temporary workers. The calculation methodology changed in 2019, see 4.1.1.1 "Safety at work".
(2) Executive managers: an employee category in the "top executives" list, which is reviewed annually by the Group Executive Committee. The performance objectives have been incorporated into the 2020 long-term incentive plan (see section 2.5.1.3., Appendix to the compensation policy for executive directors: components set for 2020).

At December 31, 2019, the Group's 25,945 employees (27,058 in 2018) broke down as follows:
- its international scope: 89% of the Group's employees work outside France and 45% work outside Europe;
- a substantial proportion of headcount (15%) made up of executives, engineers or the equivalent, of which 24% are women;
- proportion of women within the Group of 34%;
- a high proportion of employees in full-time employment (98%), and on permanent contracts (85.5%).

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

NORTH AMERICA

3,199 employees (12%)
- **32.5% women**
- **16.1% managers** of whom 26.7% women
- **96.6% on permanent contracts**

Average length of service **7.7 years**
Average age **40.4 years**
Workplace accident frequency **2.54**

EUROPE

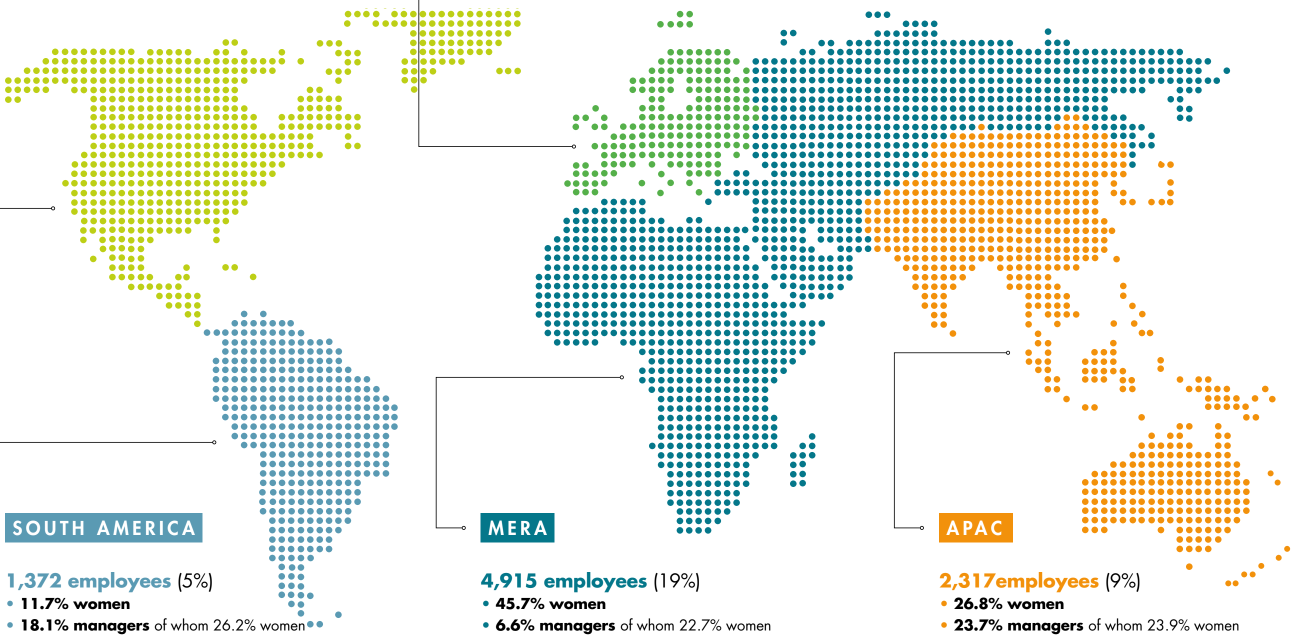
14,142 employees (55%)
- **33.7% women**
- **15.5% managers** of whom 22,6% women
- **95.7% on permanent contracts**

Average length of service **11.1 years**
Average age **42.6 years**
Workplace accident frequency **3.67**

NEXANS

29,945 employees
- **34.1% women**
- **14.7% managers** of whom 23.6% women
- **85.5% on permanent contracts**

Average length of service **9.4 years**
Average age **40.4 years**
2.7% of temporary workers



SOUTH AMERICA

1,372 employees (5%)
- **11.7% women**
- **18.1% managers** of whom 26.2% women
- **95.0% on permanent contracts**

Average length of service **9.1 years**
Average age **41.0 years**
Workplace accident frequency **5.19**

MERA

4,915 employees (19%)
- **45.7% women**
- **6.6% managers** of whom 22.7% women
- **56.4% on permanent contracts**

Average length of service **5.8 years**
Average age **33.5 years**
Workplace accident frequency **0.20**

APAC

2,317employees (9%)
- **26.8% women**
- **23.7% managers** of whom 23.9% women
- **64.0% on permanent contracts**

Average length of service **9.8 years**
Average age **40.6 years**
Workplace accident frequency **1.90**

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

In 2019, the Group's 5,787 hires by age group were as follows: 60% were under 30, 26% were between 31 and 40, 11% were between 41 and 50, and 3% were over 50.

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

Monitoring absenteeism is a key element of management. In 2019, the Group's absenteeism rate stood at 5.5%. It stabilized at 5% for Cables and 6.2% for the Harness business.

In 2019, 14.5% of the Group's total headcount were on fixed-term contracts.
7.3% of temporary workers increased the total headcount in 2019.
Overtime accounted for 5.5% of total hours worked.

Diversity and equal treatment

Promoting diversity is a core Group commitment to its teams and professional environment.

The Group has set a target of 25% female managers by 2022 (24% in 2019).

With some 30 nationalities represented at the registered office, of which six nationalities among the 11 members of the Executive Committee (including one woman who is Norwegian), the Group's governance structure has a rich cultural diversity (see section 2.2. "Diversity policy among governance bodies").

The Group places great importance on eliminating all forms of discrimination in terms of employment and professional activities (gender, age, race, political affiliation, religion, etc.) and pays special attention to professional equality, gender equality, the employment of seniors and young people, the employment of people with disabilities and access to training.

These principles are stated in the Group's Code of Ethics and Business Conduct, and its Human Resources policy, and are in line with the United Nations Global Compact, which Nexans joined in 2008.

WOMEN IN NEXANS

The WIN (Women in Nexans) program has been implemented in nearly every country where the Group operates. Local and regional action plans have taken shape thanks to the motivation of WIN Country Leaders and members of the Global Steerco. These plans focus on three key aims: 1. Sustaining and developing the community, 2. Building up the talent pool through HR policies, and 3. Well-being. WIN members share and discuss issues to decide where to take action. Initiatives include a mentoring program in four countries, an e-coaching test project with a French start-up, awareness sessions in honor of International Women's Day on March 8 and of Pink October for Breast Cancer Awareness Month. The WIN program reaches a large audience within the Group via its dedicated intranet site and digital tools such as Yammer. Since WIN was set up in 2018, the proportion of women managers in the Group has risen from 1.6% to 23.8% at end-December 2019.

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.

An in-house assessment on the respect of human rights and fundamental freedoms was conducted among the Group's country-level HR managers and no cases of non-compliance were noted (see section 4.4.6.3. "Human rights and fundamental freedoms risks").

DISABILITY EMPLOYMENT WEEK

In November 2019, for the fourth consecutive year, the Group's registered office and the Nexans France registered office held events and awareness workshops for European Disability Employment Week.
The week began with a breakfast meeting – attended by the Group's social welfare assistant – to discuss the topic of disability in general. Then a well-being massage workshop with disabled people was proposed, which gave employees a better idea of what working life involves for people with disabilities.
A digital quiz about disability was also organized during the year, with employees taking part through Yammer and the winners enjoying a dinner at a restaurant run by visually impaired people.
The same hotline service available to employees for the past three years was again provided by an independent firm to meet needs and answer questions, particularly about administrative issues.

4.1.1. AN ACTIVE WORKPLACE HEALTH AND SAFETY POLICY

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

Employee health and safety is an absolute priority for the Group, both in relation to its own employees and those of all its partners (subcontractors, temporary staff, customers, etc.) who are fully part of the Group's core values. Workplace health and safety is a key performance indicator covered by the CSR ambitions and an integral part of the managerial routines.

With a view to encouraging risk prevention, in 2008 the Group set up a dedicated Health and Safety unit, reporting to the Operations Department, which relays health and safety standards and implements related initiatives across the Group through a network of HSE representatives.

4.1.1.1. WORKPLACE SAFETY

The Group has put in place the following programs and initiatives:

Safety Standards

In view of the main risks inherent in its business, the Group has defined a set of basic rules to guarantee its employees' safety. These rules cover technical aspects (handling of cable drums, electric testing, etc.), methodology (maintenance rules, consignment, etc.) and behavior described below.

The Basic Safety Tools used by operations teams with the support of the HSE and Continuous Improvement teams (as part of the Nexans Excellence Way program) include:

- Job Safety Analysis (JSA) to analyze tasks performed, identify risks of exposure and determine corrective measures;
- Safe and Un-Safe Act (SUSA) to report safety problems and suggestions;
- Safety Proactivity to calculate performance criteria by monitoring the number of issues resolved compared with the number of issues observed.

Alert Management System (AMS)

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

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

Measures implemented

In addition to the safety standards described above, Nexans defined in 2016 its 15 Safety Golden Rules, which mainly address behavior and must be applied at all Group sites. They were defined based on an analysis of the main risks and most serious or common types of accidents. The rules mainly cover drum storage, handling, work at height, traffic flow, wearing required protective equipment, etc.

Every quarter, the Group's overall compliance is measured and analyzed to determine any potential cases of non-compliance. Each site then defines corrective measures to meet the requirements of each golden rule.

At end-2019, the Group's overall compliance came to 86%.

Since 2014, the Group has held its annual Safety Day event at all its sites. On September 16, 2019, all employees took part in a variety of activities focusing on workplace health and safety. The following priorities were set for 2020 to improve safety performance and awareness:

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

To round out this approach, each manager is now asked to commit to the following nine "Safety Managing Basics", which form part of a pro-active, standard-setting approach to safety management.

To improve risk prevention, a detailed analysis of risks specific to each site is being carried out and will continue in 2020. This analysis will be used to define the priorities for each site and the associated action plans.

Workplace Safety indicators

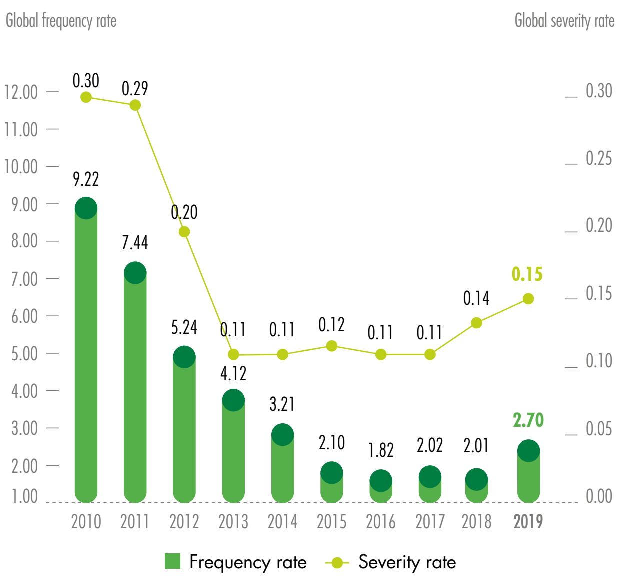
Despite the efforts made over the year, the total workplace accident frequency rate with lost working time was 2.70 at end-2019, for a target of 1.80. The Group clearly plans to continue its work on workplace health and safety in the years to come, and targets a frequency rate of 1 by 2022. However, the frequency rate has fallen by 71% since 2010.

This frequency rate breaks down as follows:

- Frequency rate for internal employees: 2.62 (with 123 accidents)
- Frequency rate for temporary employees: 4.38 (with 11 accidents)

In 2019, nearly half of the manufacturing sites did not record any occupational accidents involving lost working time in excess of 24 hours. No fatal accidents occurred at any of the Group's sites.

Several sites have stood out as not having any significant accidents for a number of years. For example, the Tokyo Bay site in Japan, with over 4,800 days without any accidents, the Amercable site in the USA with over 3,400 days without any accidents, Charleston in the USA with over 2,700 days without any accidents, and Kynsperk in the Czech Republic, with over 2,500 days without any accidents. The Group's severity rate remains stable at 0.15 in 2019 (versus 0.14 in 2018).



The definitions of the frequency rate and severity rate are included in section 4.5. "Environmental and HR indicators – CSR cross-reference tables".

Over 40% of the Group's manufacturing sites are OHSAS 18001 certified.

Behaviour Based Safety

To further boost its safety performance, the Group is now developing a BBS, or Behavior-Based Safety, program.

Train-the-trainer sessions were continued in 2019 and the BBS approach is now in full effect at the sites where it has been introduced. This initiative was initially developed in Sweden to enable each employee to change habits based on mutual encouragement. The program will continue to be rolled out mainly at European sites, where additional effort is needed.

Communicating about behavior contributes to improving workplace safety performance. BBS methodology mainly involves practical exercises performed in workshops with HSE experts. They become real teachers who will then be responsible for developing this culture throughout their own sites.

4.1.1.2. WORKPLACE HEALTH

The main prevention measures cover risks involving manual handling, cable drums and extrusion processes. Entities identify and monitor possible occupational illnesses according to their local legislation. Currently these figures are not consolidated at the Group level.

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

Along with the extensive information and training on workplace health and well-being provided at our Safety Day held on September 16, 2019, 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:

- Preventive actions and free health check-ups for employees in countries where access to health care is difficult or costly (in Canada, South Korea, the United States, Chile, Peru, Ghana and Lebanon, Nexans offers medical check-ups and vaccinations).
- Encouraging physical activity and exercise by making sports equipment available and proposing well-being and fitness programs (Nexans Sweden offers access to a fitness room and Nexans France has set up in-company osteopathy sessions).
- Awareness and prevention campaigns (addictions, nutrition, cardiovascular diseases, etc.) that can be tailored to local priorities:
  - (Nexans Chile has put in place a Drug and Alcohol Charter and has introduced a Quality of Life improvement program, while
  - Nexans USA and Nexans Canada offer a well-being program with personalized monitoring and coaching).

Information on asbestos is provided in section 3.1.2.10. "Asbestos".

4.1.2. APPEAL, DEVELOPMENT AND ACCOUNTABILITY AT EVERY LEVEL

To achieve operational excellence and develop products and services to stand out in globalizing markets, the Group upholds its policy to attract, retain and develop talent.

In November 2018, the Group announced a new strategy, along with a change to its organizational and governance structures. All of the talent management measures launched by the Group in 2019 were focused on supporting this transformation.

Nexans has set up a number of initiatives to welcome its new employees and works continuously to provide an environment and development opportunities that will allow its employees to grow professionally and enhance their skills.

In line with its overall transformation, the Group is continuously pursuing new development experiences, such as special projects in multi-cultural groups, opportunities to temporarily trade job positions, or mobility to new job functions and/or geographic locations. It is focusing on developing this mobility to guide its employees towards greater agility and open-mindedness.

In 2019, the Group set up a Learning Center of Expertise (COE) whose goal is to shape Nexans into a learning organization in view of the high agility expected from its people in connection with its transformation process. The Learning COE offers a range of training programs (professional, technical, managerial, and personal development) to support Nexans' employees and foster individual motivation and drive. This offer is available in digital form in the Group's Learning Management System in order to ensure fair access to all employees.

4.1.2.1. ATTRACTING AND DEVELOPING TALENT

The Group's aim is to develop its internal resources over the long term (with the objective of ultimately filling 80% of its key posts internally) as well as bringing in the new skills it needs to successfully implement its strategic plans.

Attracting talent

In order to strengthen and create a more formal structure for internal mobility and recruitment, in 2019 the Group set up a Recruitment Shared Services Center (SSC) comprising six international specialists based in France, Norway and Germany, tasked with filling all of the Group's vacant managerial posts in Europe. The SSC builds close ties with Group employees, which encourages them to put themselves forward for posts and work alongside managers to attract and develop talent.
The main achievements in this area in 2019 were as follows:

- Since July 2019, there have been 103 new hires, with women accounting for 30% of the short-listed candidates. The Group strives to have at least one female candidate in each short list.
- As part of the compliance program, the Group has put in place an external reference system for candidates applying for key posts worldwide.

In keeping with this philosophy, the Group developed a Volunteering for International Experience (VIE) program managed by Business France. This program provides the opportunity for young people aged 18 to 28 to take an assignment from six to 24 months at an overseas subsidiary of a French company. At

December 31, 2019, the Group had 18 employees working under the VIE program in nine countries (Australia, Belgium, Brazil, Germany, Italy, Norway, Qatar, Spain and Switzerland). About 20% of these workers are recruited at the end of their assignment on either a local contract in the host country or in France.

Furthermore, a partnership with AIESEC, the largest student organization worldwide, was signed to offer foreign students 6 to 18-month internships. At end-2019, nine interns were working within the Group under this partnership.

Developing managerial talent

Several years ago, the Group implemented a talent review process (SPID) applicable to all levels of the organization in order to identify employees with the capacity and drive to advance through different levels of the organization or gain specific expertise.

In 2019, the Group particularly focused on the talents identified during this process, in view of the organizational changes that took place during the year.

Individual and personalized development plans have also been put in place.

4.1.2.2. DEVELOPING SKILLS AND CAREERS

The diversity of professional backgrounds is also a key factor in managing employees at the Group. To improve this form of diversity, managers and their team members share various tools, including individual development plans (IDP), annual performance and career appraisals and systematic publication of vacant positions.

The Group's target is for 100% of managers to have an individual development plan by 2022 (77% in 2018).

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

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

In 2018, a digital academy began providing employees with tools, software and processes that enable them to build their own training course.
Since 2018, our digital academies have been exploring the gaming universe to boost enrollment in the digital courses available. In 2020, the Group intends to consolidate the positive experiences of these academies' trainees while improving ways of signing up to the courses and integrating digital training into the working environment.

The main programs developed in 2019 include:
- The Service Academy – a certification program on sales of our new services.
- An HR Academy, focused on change management.

The proportion of digital training is constantly growing within the overall offering proposed by the Learning COE, with internally produced content also increasing, notably thanks to collaboration with the Research & Development Department.

People management skills

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

In 2019, the Group continued to deploy the Manage Me Up! program launched in 2017 to train the Group's 2,300 managers regardless of their organizational level or culture. The underlying objectives of this program are to:

- Develop a Nexans managerial DNA made up of components that clearly say "We do it like this at Nexans".
- Give managers efficient, operational tools and managerial routines to speed up the Group's transformation and effectively manage the related processes, both on an individual and collective basis.
- Give meaning to managerial activities and inspire managers by making them fully aware of the impact they can have.

By the end of 2019, 1,045 managers were being or had been trained, including 256 who were given training during the year. A total of 42 classes took place in 2019, 24 of which were led by a team of internal trainers. The program is expected to continue until 2021.

Manage Me Up! demonstrates the importance the Group gives to all its managers, the essential links in the chain towards achieving results and disseminating a shared culture of rigor, care, and kindness.

Technical skills and excellence

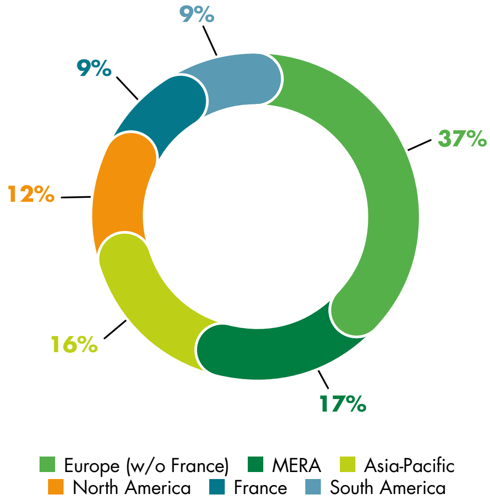
Every major Group function is responsible for keeping its employees' professional expertise up to date. In addition to local initiatives, there are Group-wide programs coordinated by academies (group of experts in charge of defining the basic training, experience and skills needed to fully understand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

International mobility

The Group promotes international mobility for the professional development of its managers. This policy also provides a means of retaining talent, transferring expertise, relaying the Group's corporate values throughout the world, and bringing our international customers Group representatives with a global perspective. At end-2019, 68 employees were on international mobility assignments (lasting more than one year). They are all covered by four formal policies which ensure equal treatment for all those involved in the international mobility program, along with social and tax protection adapted to their individual situation.

Most of the international mobility positions were in Industry, accounting for 28% of expatriates in 2019, followed by Finance with 12%.

Expatriates 2019



4.1.2.3. POLICY GROUP TRAINING

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

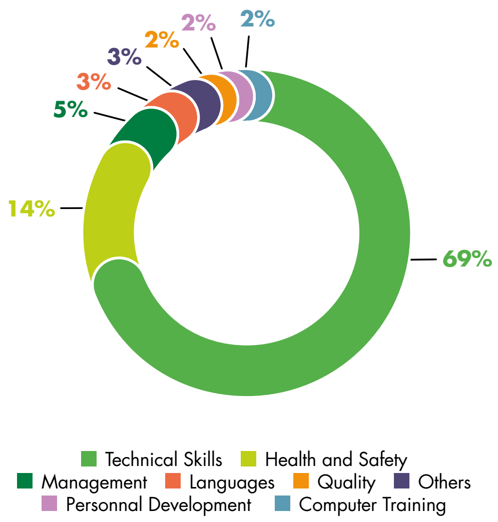
The Group's continuous improvement policy reinforces this choice to provide employees with the means to adapt to changes in their business, expand and develop their knowledge, reinforce their curiosity, and enhance their employability.

At end-2019, the total time devoted to training (in or outside the workplace) amounted to 538,092 hours (versus 603,301 in 2018).

Group-wide, 18,005 employees (over 68% of the Group's average headcount in 2019, versus 76% in 2018) followed one or more training courses during the year, representing an average of 30 hours' training per employee trained in 2019.

Managers represented 17% of the total training numbers.

In 2019, training efforts focused on technical skills, which represented 69% of the training provided. Up to 14% of the total training provided during the year related to safety.



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

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

Nexans University supports operational staff in designing training programs in all areas and for all levels, including skills based training for operators in the Group's core businesses (extrusion, metallurgy, etc.), as well as training in technical, support services and managerial domains.
Special expertise is provided for course design techniques, in house train-the-trainer programs, selection of service providers, and digital technology applied to knowledge transfer.

4.1.2.4. COMPENSATION, BENEFITS AND EMPLOYEE SHARE OWNERSHIP

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

Compensation policy

The Group's compensation policy is driven by the principles of competitiveness on local markets, equity within the organization and differentiating compensation based on performance to attract, motivate and develop the skills of our employees.

It aims to ensure that the Group's entities offer fair and competitive compensation packages by providing for regular use of compensation surveys and for salary increase budgets to be set in line with the Group's financial resources and local market trends in each country concerned. This policy is adapted in every country where Nexans operates, in line with local legislation (collective bargaining, application of industry wide collective agreements on compensation, etc.).

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

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

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

Short-term variable compensation (for managerial and specialist staff) is based on target amounts which may represent up to 50% of the employee's basic annual salary (depending on his or her level of responsibility). The amount of variable compensation actually paid is calculated by reference to the achievement of both individual and Group objectives.

Individual salary raises of fixed compensation are granted based on the set budget as well as each employee's pay positioning by reference to both the market and in-house practices. They also take into account assessments of employees' actual and potential performance as well as the skills they have acquired and demonstrated.

Information on the Group's total payroll and its changes is available in the parent company financial statements (wages and salaries) published in the Universal Registration Document.
The Group's long-term compensation policy is aligned with Nexans' three year strategic objectives. This policy is based on the following:

- For senior managers, a mix of performance shares and long-term bonuses, the vesting/payment of which are contingent on the Group's share performance, financial performance, and following our CSR roadmap as assessed at the end of a three year period.
  Firmly convinced that CSR contributes to its overall performance, the Group's aim is for all of its executive managers to have CSR annual performance objectives (assessed by the managers in their teams) by 2022.
- For other high-potential managers, or managers who have made an exceptional contribution, free shares are granted with the aim of giving them a stake in the Group's future performance and providing them with a differentiated form of compensation.

Employee benefits

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

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

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

Employee share ownership

Employee share ownership plays a major role in employee engagement for Nexans as it builds their sense of belonging to a shared community and gives them a stake in the Company's capital.

It is also an effective way for the Group to share its gains. Regular share ownership plans therefore constitute a relatively significant component of the employee benefits offered by the Group, and are particularly interesting from a long-term perspective.

At December 31, 2019, Group employees hold 4.48% of the share capital.

Act 2014

The Act 2014 share ownership plan reached maturity in January 2020 after a five-year holding period.
Act 2014 has been the best-performing Nexans share ownership plan to date, with a minimum gain of 213% (in euros, excluding taxes and duties).
Employee share owners were given the option of cashing in on their investment and receiving the realized gains, or keeping the funds in the Group's Savings Plan, notably through the corporate mutual fund invested in Nexans shares.

Almost 22% of the amounts that could have been taken out by employees remained invested in Nexans shares.

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

Through its adherence to the Ten Principles of the Global Compact, Nexans demonstrates its strong support for freedom of association and collective bargaining as universal fundamental rights. Nexans employees agree to uphold local legislation at all times in every country where the Group operates and to develop the best internal labor standards for its employees.
The Code of Ethics and Business Conduct remains the Group's shared set of standards that applies to all its employees around the world. This Code of Ethics and Business Conduct is derived from the Ten Principles of the UN Global Compact, the Universal Declaration of Human Rights and international labor standards, especially those concerning forced labor and child labor.

Social dialogue is handled at country level by country managers and HR managers who work with employee representative bodies and labor unions. At the transnational level, the Nexans European Works Council (NEWCO) is responsible for most of Europe.

Social dialogue is also fully integrated into the Group's social reporting system.

As for obligations under the Labor Act no. 2016-1088 of August 8, 2016, related to work, the modernization of labor relations and job security, Nexans continues to look forward to the publication of the decree.

4.1.3.1. PROACTIVE SOCIAL DIALOGUE

Social dialogue and listening to employees are a central focus in the Group's transformation plan.

These priorities are reflected in the ambitious program to promote new forms of social dialog with Group employees (employee forums, internal work groups, dealing with social irritants through site action plans, Generation Y engagement initiatives, etc.) which has been widely deployed in France and will be rolled out to the other regions of the world in which the Group has an operating presence.

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 2019, and in a concern for economic performance and improvement of employees' working conditions, the Group's subsidiaries entered into some 30 collective agreements with employee representative bodies in 11 countries in all regions of the world. The main agreements signed during the year concerned the following topics:

- compensation and benefits (salaries, bonuses, profit sharing, etc.);
- organizational issues (skills and performance, job classifications, restructuring, etc.);
- working conditions (working time, training, paid leave, psychosocial risks, strenuous working conditions, non discrimination, gender equality, etc.);
- health and safety (five new agreements in three countries).

4.1.3.2. A EUROPEAN BODY DEDICATED TO SOCIAL DIALOGUE

Set up on July 16, 2003, the Nexans European Works Council (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 2019 NEWCO was fully involved in the Group's restructuring project and the ensuing consequences on its European operations.
Of the six NEWCO meetings held during the year, four were dedicated to the reorganization project, which enabled in depth discussion and led to adaptations to the plan presented.

The information/consultation procedure took place between January 24, 2019 and April 24, 2019 – the date on which NEWCO put forward a reasoned opinion on the presented plan.

4.1.4. EMPLOYEE COMMITMENT AND ENGAGEMENT

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

The Group has launched a number of initiatives over the past several years to engage all its employees and reinforce their feeling of belonging. This approach features worldwide programs, such as Safety Day, which was held on September 16, 2019. This one-day event brings together Group employees to participate in workshops on workplace safety and the safety mindset.

Special focus is given to induction programs to teach new employees about the Group's culture and enable them to network in their first months on the job. Four three-day induction sessions have been held since 2018, bringing together some 160 employees at the Group's head office and including a visit to a manufacturing site.

The engagement and outstanding contribution of certain employees is celebrated every year with the Nexans Remarkable People Program, which has handed out awards to 272 employees since it began in 2016.

REMARKABLE PEOPLE

The program's fourth edition in 2019 confirmed its important role within the Group. This year, 162 applications were submitted for recognition of individual or collective achievement.
In all, 29 projects were selected, with 85 employees in 29 countries winning awards for their remarkable engagement or performance.
This annual employee recognition program embodies the Group's six corporate values and reflects employees' strong dedication. Twenty percent of managers actively participate in the program, which receives applications from one out of every 50 employees.

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

Employee commitment

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

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

All areas had improved since the 2016 survey, concretely reflecting the visibility and progress of initiatives launched in 2017 and continued in 2018. Over 600 actions have been taken at Group sites to improve areas such as working conditions, organizational efficiency, internal communication. At endDecember 2019, almost all of the planned actions had been put in place.

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

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

Employee engagement

Transforming organizations and the professional practices of our staff while instilling a new managerial mindset to improve business, human resource and industrial performance requires engagement and commitment from a vast majority of employees.

In order to create the best possible conditions for successfully achieving this transformation on a European scale, which forms part of the Group's overall strategic plan, a corporate-culture transformation program is gradually being implemented, with unions and employee representative bodies becoming involved from a very early stage 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.

It covers a number of actions aimed at meeting specific challenges and is based on three key principles:

- Embark, which is the first step in successfully engaging Nexans' people.
- Liberate, which means empowering people at all levels of the organization.
- Connect, to strengthen our ties in order to capitalize on our diversity and boost performance, innovation and continuous improvement.

The program's actions are structured around four main initiatives:

- Employee Forums: 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 management teams of Nexans' various entities organize these forums at as many sites as possible in the Group's host countries, particularly at sites directly affected by the transformation program.
- Family Days: These are events during which we open up our manufacturing sites to our employees and their families. They allow our people to show their families where they work and explain to them what they do every day, and are also the perfect opportunity for showing what our company does in a "real-life" context.
- Customer Days: These are day-long events when a customer is invited to a production site to present their company, business and products, and to explain what they expect from our Group. They are excellent opportunities for our employees to be able to talk to and exchange ideas with the customers they work for on a daily basis, and they help to enhance our customer relationships across the globe.
- Regional initiatives: These are all the actions and measures undertaken at our various sites to strengthen ties with their local regions, from an economic, environmental or social perspective.

Several key performance indicators are used to measure the success of the corporate-culture transformation program (absenteeism rate, accident frequency rate, diversity, etc.). As from January 1, 2020, these indicators will form an integral part of the factors taken into account when assessing the performance of our sites.

By putting human capital at the center of our business strategy, we are creating favorable conditions for the Group's transformation, particularly by providing a working environment where everyone can identify ways to drive their own commitment and motivation.

4.2. Planet

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

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

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

Climate change is another key focus. The Group has taken numerous initiatives so that its business activity has the lowest possible impact on the climate. The Carbon Disclosure Project (CDP) recognized the Group's efforts to reduce climate change by giving it an A- rating for 2019.

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

			2016	2017	2018	2019	Evolution	Target 2022
PLANET	Environmental management	Industrial sites certified EHP and/or ISO 14001[1]	94%	93%	93%	95%	→	97%
	Energy	Energy intensity[2]	279	257	268	256	↘	-3%
	Climate	Reduction of GHG emissions (scopes 1, 2 and 3) (versus n-1)[3]	-0.83%	-2.7%	+0.41%	-5.82%	↘	-5%

(1) HPE: Highly Protected Environment - the Group's Internal Environmental label.
(2) MWh consumed by the industrial sites/M€ in constant metal prices sales.
(3) Greenhouse Gas emissions including direct and certain indirect emissions (from electricity and steam consumption, upstream power line losses, use of fossil fuels and waste treatment, as well as fugitive emissions). The 2022 target is based on the reduction of emissions in 2016, the base year.

4.2.1. WORKING TOWARDS RIGOROUS ENVIRONMENTAL MANAGEMENT

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

The Group's main environmental objectives are as follows:

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

The continuous performance improvement program for production sites is steered by the Environment and Products CSR Committee and coordinated by the Group's Environment Manager, who works with the network of local environment managers and site managers.

Environmental evaluation and certification

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

- An external certification: ISO 14001;
- An internal label: the EHP (Highly Protected Environment) which is not only an environmental management system, but also a management system of the environmental risks constituting a performance obligation for the sites, distinguishing it from the ISO 4001. Thanks to these systems, the Group has been preparing for the recent changes to ISO 14001 since the 2000s. This label is awarded under the responsibility of the Group's Operations Department based on periodic audits carried out by certified internal auditors specifically trained for this purpose. In 2015, the Environment and Products CSR Committee defined the EHP2 label, which applies more stringent criteria to aim for excellence.

In 2019, 65 sites were ISO 14001-certified and 73 held the EHP label, (representing 79% and 89%, respectively, of the Group's total sites). To date, six sites have been awarded the EHP2 label.

Accordingly, as in 2018, 95% of the Group's sites were covered by at least one environmental certification in 2019. The objective in the CSR roadmap is to have 97% of sites certified by 2022.

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

Main criteria	EHP	EHP2
Implementing an energy efficiency policy	Self-assessment completed + dedicated action plan	Self-assessment over 60%
Recycling of cooling water	*In minima 50%*	*In minima 75%*
Water drainage systems	Site equipped by an hydrocarbon separator for the rain water evacuation network	No potential pollution outside the site
Safe storage of hazardous liquids	All tanks with a capacity of over 1 cu.m must feature a containment system	Same, including for wire drawing tanks
Operating a waste sorting policy	Recovery of the waste (by weight) between 50% and 80%	Waste recovery over 80%
Volatile Organic Compounds (VOCs)	Emissions of over 10 tonnes per year	Emissions of less than 10 tonnes per year
Liquid refrigerants	HCFC (R22) without replacement plan	HCFC (R22) with replacement plan
Regulatory non-compliance	Known cases of NC and planning <3 months	Compliant with regulations

Providing training and information to employees on environmental protection

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

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

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

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

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

Targeted training is provided to employees working in areas that have specific environmental concerns, such as product life cycle analysis, eco-design, hazardous substance management, and REACh[1] (see section 4.1.2.3. "Group training policy").

In addition, diverse and targeted communications campaigns are regularly carried out jointly by the Operations 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. Other environmental actions have also been taken as part of the Remarkable People program (see section 4.1.4. "Employee commitment and engagement"). These included a prize-winning project put in place by the teams at the Halden plant in Norway to have fewer forklifts on-site and therefore help cut down on fuel consumption and reduce the risks of accidents.

Employees are also involved in local environmental protection programs (see section 4.4.1. "Regional, economic and social impact of the Group's businesses").

Preventing environmental risks

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

Natural disasters - As mentioned in Chapter 3, Main risk factors and risk management within the Group, some of the Group's manufacturing sites are located in areas at risk of natural disasters (earthquakes, tornadoes, floods, etc.).
For example, the Charleston plant in the United States is located close to a river and has access to the sea. This means that the site is subject to natural disaster risks that had to be taken into account at the time of its construction.
Although the Group draws up a systematic audit plan of its sites in conjunction with its property and casualty insurer for the purpose of implementing a plant integrity risk management policy, it is impossible to rule out all risks of production stoppages.

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

Crisis management - All of the Group's sites draw up environmental crisis management plans. These plans are audited as part of the environmental audits and are backed by investments in protective equipment such as containment basins and valves to prevent external pollution, as well as emergency intervention kits (contaminant booms, mobile valves, etc.).
This protective equipment is regularly tested during dedicated verification exercises.

The environmental risk prevention program is included in the Group's Lean Manufacturing methodology and the management processes at its 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 regularly updated for all manufacturing sites – provide a precise inventory of any materials still present in buildings or equipment that contain bonded asbestos (i.e., not likely to release fibers into the atmosphere). Where risk areas are identified, specific instructions are provided to anyone who may be required to work in those areas in order to ensure that all necessary protective measures are taken and respected.

The Group uses asbestos-free materials in new buildings and in the equipment it uses worldwide (including in countries where asbestos might still be authorized). Leased buildings undergo a preliminary asbestos assessment.

ICPE[2] - Most production sites in France comply with ICPE regulations. These sites are required to monitor and report on areas which mainly include waste management, noise pollution, water and soil pollution and greenhouse gas emissions. ICPE sites are closely monitored to ensure they meet all regulatory requirements.

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

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

Environmental expenditure and investments

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

In 2019, environment-related expenditure amounted to 6.5 million euros (versus 4.5 million euros in 2018)

These expenditures mainly concerned the following items: environmental taxes (including water tax), maintenance (including the purchase of filters), analyses and tests, royalties and licenses, and external environmental services. The Group continued to invest in environmental initiatives within its plants through awareness-raising and the rollout of its environmental program launched the previous years.

In view of the industrial projects presented, a total of 6.0 million euros worth of environment-related investments were approved for 2019 (versus 3.9 million euros in 2018). These investments were used to replace less energy-efficient equipment, buy new cooling towers, remove asbestos from roofs, repair electric machinery, and treat emissions of air pollutants, among other things. Other expenses may be incurred for the clean-up of closed sites and sites earmarked for sale, but the Group expects the related amounts to be less than the market value of the sites in question.

4.2.2. MANAGING POLLUTION RISKS

EHP and ISO 14001 certifications and their audits contribute to this approach to reducing the Group's environmental footprint.

One of the objectives of the Group's environmental policy is to control its pollution risks. It has therefore analyzed the sources of pollution within its business activities, based on the key processes used, the overall risks they generate, and measures implemented.

Sources of pollution

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

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

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

Compound production – The production of compounds (such as PVC, rubber and HFFR[1] – which are used as raw materials for insulating cables – requires the use of certain products that are potential pollutants (peroxide, silane and plasticizing agents) and which require the 17 sites concerned to take particular precautions for their storage, transport and utilization in accordance with the relevant regulations in force in each country (e.g., ventilation of premises, storage with adequate containment facilities and the use of spill pallets for on-site transportation).

Preventive and corrective measures

Discharges into water

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

The measures taken have already allowed 40 sites to be equipped to contain fire water and stop the spread of a potential spill thanks to containment basins, containment valves and network valves.

To date, no spills or major discharges have been reported.

(1) HFFR : Halogen-Free Flame Retardant

Land use and discharges

The Group's activities have little impact on the soil as they do not involve any extraction or spraying operations and are located in dedicated industrial areas. For its underground and submarine cable laying operations, the Group strictly complies with the applicable regulatory requirements.

The Group has set up a special committee to deal with the pollution risks related to its sites' environmental liabilities, as well as an environmental management procedure for its real estate assets, applied when sites are acquired or sold. The committee also ensures that it is consistently and proactively implemented across all of the Group's sites. Its aim is to enable the Group to identify and effectively control pollution risks and to mitigate their potential consequences.
Studies of past activity are conducted every year at selected sites. If pollution risks are identified, land and groundwater surveys may also be carried out. Other actions may be considered based on the findings of each phase of the study.

The Group's sites are subject to the risk of causing gradual or accidental pollution as they store hazardous products, even if sites have emergency intervention kits that can be used in the event of an accidental spillage. The Group regularly assesses this risk, which is a major component in the environmental audit checklist. For example, sites must make sure that all tanks with a capacity of over 1 cu.m used to store potentially environmentally-harmful liquids feature a containment system.
The Group therefore launched a program to systematically protect all tanks containing potentially environmentally-harmful substances that do not yet feature protection systems to totally eradicate this risk. Since 2017, it has invested 800,000 euros in this program and will continue investing in it in the years to come.

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

Air emissions

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

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

To date, no air pollution incidents have been reported.

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

Noise pollution

Noise pollution is also an area that the Group takes care to address. For example, it is one of the criteria taken into account, especially when purchasing manufacturing equipment. Machinery and equipment, including devices used for transportation and handling, can also emit noise. Sound levels are checked regularly and measured at site perimeters when applying for operating permits from the local authorities in the light of applicable regulations. The few sites whose activities could give rise to noise pollution have adopted appropriate solutions such as special training sessions, use of personal protective equipment, reducing noise at source thanks to quieter equipment, covering machines with soundproof enclosures, installing noise barriers, and setting specific times for noise-generating activities. If, despite all of these measures, any case of noise pollution were brought to the Group's attention, it would take all possible steps to reduce it through appropriate corrective measures.
No complaints were filed in 2019.

Vibrations

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

Odor pollution

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

4.2.3. CONSERVING RESOURCES

One of the objectives of the Group's environmental and risk management policy is to establish a sustainable approach that enables our manufacturing processes to conserve resources, as defined in the environmental management system.

In environmental audits, the measures taken to protect resources are assessed based on defined objectives.

Water consumption

The cable manufacturing process involves the use of water for cooling operations. In order to limit this water consumption, the Group has invested in closed-loop cooling systems. To date, out of the 61 sites that use water for cooling, 52 have a recycling rate of over 75% (see EHP table).

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

Utilization of raw materials

The Group is taking measures to maximize the portion of recycled copper used in its cables. For example, in 2019, around 33,220 tonnes of copper waste (27,439 in 2018) were used in the Group's continuous casting operations in Montreal, Canada and Lens, France.

The Group has also taken the initiative to reduce the impact of packaging, cardboard and plastic, notably cable drums. In line with this, the majority of cable drum supplies for our European sites come from sustainably-managed forests, which guarantees that the wood is sustainably sourced.

NEXANS EASYREEL

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

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

Energy consumption

Saving energy is a major focal point for the Group. Energy management is integrated into the environmental management system. A special working group was formed with the Operations, Innovation, Purchasing and CSR Departments to design a joint program to reduce our CO_2 emissions and enhance energy efficiency. This program covers purchasing and generating renewable energy at our sites, as well as improving energy efficiency.

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

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

Since 2019, energy assessments have formed an integral part of the annual environmental survey.
The Group is continuing to implement measures aimed at reducing its carbon footprint and improving its energy intensity (target of a 5% reduction between baseline 2016 and 2022).

Nearly 50% of the Group's environment-related investments in 2019 focused on making equipment and production lines more energy efficient, for example by replacing air compressors or cooling towers, or installing highly energy-efficient motors.

Several of the Group's factories, depending on local energy prices, have taken steps to replace traditional lighting with more energy-efficient LED lighting.

Some countries already use renewable energy. For example:

- Cortaillod (Switzerland) has installed solar panels;
- Suzhou (China) has put in a solar water heating system;
- Buizingen (Belgium) has installed two 2 MW wind turbines;
- the Lebanon site has installed solar panels that have been in operation since June 2017. The green energy produced by these panels covered over 60% of the site's electricity requirements in 2019.

14% of electricity purchased by the following sites is from renewable energy sources: Buizingen, Elouges and Erembodegem (Belgium), Grimsas (Sweden), Ksar Hellal (Tunisia), Montreal (Canada), New Plymouth (New Zealand) and Rognan (Norway).

Waste management

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

- Reducing waste: production waste is monitored monthly at each site and consolidated by the Group Industrial Management Department. In 2019, the proportion of production waste per tonne of cable produced was 8.1% (5.7% in 2018);
- Increasing our waste recycling rate, through sorting, recovery, treatment and recycling:
  - Sorting and recovery – All sites, including those subject to minimal waste management regulations, have put in place an ambitious waste sorting program at source (for wood, cardboard, metals, etc.) and wherever possible production waste is re-used directly on site as a secondary raw material. Hazardous waste (which requires specific processing) is identified, sorted and then processed by specially authorized service providers in accordance with the applicable local rules and regulations.
  - Processing and recycling – The Group continues its ambitious program to recover more of its production waste and is working to implement treatment processes that have a limited impact on the environment.
    The Group recycles a portion of its manufacturing waste, notably through RecyCâbles, a company in which it owns a 36% interest. In 2019, it recycled 14,800 tonnes of cable waste (17,300 in 2018). In late 2017, the Group launched Nexans Recycling Services, which enables its customers and partners to recover and dispose of their waste copper and aluminum cables.

Food waste

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

Conserving biodiversity

The Group's manufacturing operations only have a limited impact on biodiversity. To date, no major impact on biodiversity at Group sites has been reported.
Nevertheless, biodiversity is taken into account for each new facility construction project and cable laying or removal operation. Certain sites have put in place biodiversity conservation initiatives and several tree-planting programs are in process in order to offset a portion of sites' CO_2 emissions.

In another measure, bee hives have been installed at the Group's head office and activities are organized to raise employees' awareness about the life of bees and their role in biodiversity.

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

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

- emissions related to the use of fossil fuels and fugitive GHG emissions (scope 1);
- indirect emissions related to the purchase of electricity and steam (scope 2);
- all emissions upstream and downstream of our business operations (scope 3) were assessed and measured using the Group's methodology, which has been approved by external experts (Carbone4 consulting firm). The significant sources included in our calculation of upstream and downstream emissions, combined with our direct and indirect emissions, cover over 99% of our GHG emissions;
- the predominant source of our emissions involves the use of our products to distribute electricity over the course of their life cycle. The use of raw materials, purchased goods and services, and transportation of goods and people were measured and are not significant sources of emissions compared with the use of the products.

The Group's target is to reduce total greenhouse gas emissions by 5% (compared to 2016, the base year) for scopes 1 and 2 of the regulations, as well as for certain scope 3 emissions for which the Group is able to make a direct impact (upstream emissions related to energy consumption and emissions related to waste treatment, in particular).

For example:
The Group has signed up to the Fret 21 process, supported by ADEME (the French Environmental Agency), aimed at reducing the environmental impact of its transport.

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

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

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

The main source of direct GHG emissions within the Group is energy consumption. Measures taken to improve energy efficiency at sites and the use of renewable energy are outlined in section 4.2.3., Conserving resources.

To tackle emissions generated by employee travel, the Group has rolled out a policy to limit travel and reduce its impact. Remote communication tools are available at most sites to limit unnecessary travel so that employees from around the world can easily communicate with each other (videoconferencing, teleconferencing, etc.). As these emissions are not significant compared with all other emissions sources, the Group does not include them in calculating its scope 3 emissions.

In addition, local initiatives have been taken to encourage employees to reduce their emissions during their commute. In France, Nexans promotes the use of energy-efficient service vehicles on lease and offers sales employees training in environmentally friendly driving techniques.

Similarly, at the Group's head office there is an electric car is available for employees to use on a car-share basis for journeys in the Paris area, as well as electric bicycles. Employees are partially reimbursed for their public transport passes and a program is available for Nexans France employees that authorizes them to work remotely.

Mobility plan

A Mobility Plan was defined to improve the mobility of staff working at the Group's head office and reduce their commute time. This means optimizing the use of cars, promoting alternative means of transport and encouraging flexible work arrangements to limit home-to-work travel.
To design its Mobility Plan, the Group first studied existing and planned future accessibility to the site, analyzed daily commutes and reviewed current mobility practices. In the second phase, the Group defined an adapted, rational and attainable action plan to meet mobility improvement targets.

Climate change risks

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

4.3. Products

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

The primary goal is to continue contributing to the energy transition by undertaking, alongside our customers, to work for a sustainable economy.

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

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

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

			2016	2017	2018	2019	Evolution	Target 2022
PRODUCT	Energy transition	Revenues generated from products and services that contribute to energy transition[(1)]	M€485	M€770	M€581	M€618	↗	NC
	Innovation	R&D investments (% in constant metal prices sales)[(2)]	M€89 (2.00%)	M€102 (2.23%)	M€107 (2.43%)	M€98 (2.13%)	↘	NC
	Sustainable Products	Total waste recycled[(3)]	42%	44%	55%	42%	↘	>50%

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

4.3.1. DRIVING THE ENERGY TRANSITION

As a global player in cables and cabling systems, Nexans draws on its expertise and innovation capacity to advance towards the energy transition. Climate change is a key issue for Nexans, which brings concrete responses that span every phase of its business activities to reduce the carbon impact of products throughout their life cycle.

In reaffirming its commitment to the French Business Climate Pledge in August 2019, alongside some 100 other French organizations, the Group reiterated the undertakings it made at COP21 in relation to fighting climate change.

Innovative products

Developing zero-carbon electricity

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

Adapting electricity transmission and distribution

The Group helps meet growing worldwide demand by facilitating the integration of renewable energy production and electricity exchanges between countries, and by improving grid resilience and energy efficiency through safer, more eco-friendly solutions for powering cities.

Nexans provides solutions to interconnect networks, secure the power supply, develop installed solar and wind capacity and supply energy to islands and offshore facilities.

Reducing energy consumption and emissions from transport

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

Improving the energy efficiency of buildings and data centers

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

Bringing electrical power to more people

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

4.3.2. PROMOTING ECODESIGN

Nexans integrates an ecodesign approach into its product development process in two ways:

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

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

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

Circular economy

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

Within the Group, circular economy policy focuses on:

- increasing the use of recycled materials in products from internal or external sources;
- reducing the amount of raw materials used in products;
- providing recycling services to customers.

The use of renewable resources in products, such as biosourced materials, was measured but is currently limited for two main reasons:

- inadequate technical properties on the whole prevent cables from meeting the requirements provided for in the applicable standards;
- mixed environmental impact of biosourced products. For example, the environmental advantages of biopolymers (reducing climate impact or consumption of resources) are generally offset by a rise in other environmental indicators (water consumption, water toxicity, energy consumption).

Life cycle assessment of products

The Group assesses the environmental impact of some of its products, at every stage in their life cycle, covering the extraction of raw materials used in their composition, manufacturing, distribution, installation, use and scrapping or recycling.

To conduct life cycle assessments of products, the Group uses the PEP (Product Environmental Profile) methodology developed by the PEPecopassport® program, of which Nexans France is a founding member.

This program meets ISO 14025 concerning type III environmental declarations, which provide the findings of the assessment of the product's environmental impact.

The PEP, or Product Environmental Profile, applies:

- a 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;
- an internationally recognized methodology used to determine life cycle impact assessments (CML), with indicators that comply with the EN 15804 standard and include nine environmental indicators (including global warming, scarcity of resources, water and air pollution) and 18 indicators to monitor consumption of energy, water, waste, etc.

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

To date, Nexans has registered 52 PEPs covering over a thousand product references, essentially in the French, Belgian, German and Italian markets, as well as in the United States and Norway. In the United States and France, these environmental declarations are mainly used to obtain environmental certification for buildings, such as the LEED® program and the E+/C- label for energy-positive, low-carbon buildings.

Product use

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

Product life cycle

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

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

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

End of product life - Recycling

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

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

4.3.3. REDUCING THE USE OF HAZARDOUS SUBSTANCES

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

Hazardous substances

Nexans' products must comply with laws on chemical substances, in particular REACh regulations, which aim to improve protection of human health and the environment. In 2019, the Group continued its action to comply with and uphold these regulations:

- **Anticipate:** by identifying chemicals currently being assessed at European level, participating in European consultation processes, and managing the use of these substances at our factories and in our products. Twice a year, the Technology and Innovation Department issues an internal roadmap on the substances used at Nexans and for which Europe has launched a process to assess the risk of a change in classification or restriction in use. Nexans also introduced a rule banning the use of hazardous substances on the REACh authorization list for any new product development in Europe.
- **Innovate:** several research programs have been initiated to find innovative solutions to replace substances that could potentially be subject to restriction or authorization under REACh regulations.
- **Communicate:** through dialogue with its suppliers, the Group maintained its strict monitoring of the composition of raw materials used to manufacture its products.

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

Environmental disclosures

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

The Material Declaration is an environmental communication format developed by Europacable, a European association that is the voice for Europe's leading cable manufacturers. It 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, and packaging).

4.4. Partners

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

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

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

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

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

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

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

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

			2016	2017	2018	2019	Evolution	Target 2022
PARTNERS	Business ethics	Managers having signed the Compliance Certificate[1]	95%	96%	97%	92%	↘	100%
	Stakeholders	OTIF - 1C[2]	92.6%	93.0%	92.8%	94%	↗	94%
		Employee engagement index[3]	72%	NA	74%	NA		+3 points
	Nexans Foundation	Amount allocated by the Nexans Foundation	€300,000	€300,000	€300,000	€300,000	→	€300,000

(1) On Time In Full first Confirmed.
(2) HR tool My Click, "graded" employees who have signed a compliance certificate by which they commit to comply with Nexans Code of Ethics and Business Conduct and declare conflicts of interest, if any.
(3) Scope: Cable activity.

4.4.1. REGIONAL, ECONOMIC AND SOCIAL IMPACT OF THE GROUP'S BUSINESSES

The Group's interaction on a regional level is based on fostering close links with local organizations and communities. Through the nature of its business, the Group contributes to local employment and therefore plays a role in regional development.

As reiterated in the Code of Ethics and Business Conduct, it places great importance on building up close ties with local and regional communities, economic and social players, universities, schools and training centers with a view to capitalizing on its strong local presence.

The Group also contributes to community projects and its subsidiaries' sites seek to forge high-quality relationships with their neighboring communities, deploying both financial and human resources to support non-profit organizations, aid programs, volunteer work, and partnerships with schools.

The following are just a few examples of the initiatives supported in 2019:

- Local economic and industrial development projects organized through employer federations, chambers of commerce and industry and cooperatives. For example in South Korea, Nexans is represented by the country's Chamber of Commerce and Industry.

- Contribution to organizations that take measures to improve the environment (litter pick-up, recycling, energy spending awareness, pollution, etc.): in Canada, China, Japan and Lebanon, employees are engaged in environmental protection.

- Well-being programs for employees and their families (addiction counseling, nutrition advice, sports facilities, etc.) and sponsorship of disease control and disaster relief organizations. The well-being programs and sports activities are offered to employees in the majority of the Group's host countries, as well as grants for sports organizations;
  - South Korea and Italy, various initiatives are organized to support the elderly, the needy and orphans;
  - In Lebanon, Canada and the United States, several non profit organizations (The Children's Cancer Center, the Red Cross, SOS Villages d'Enfants and Saint Vincent de Paul among others) are regularly promoted by Nexans as well as given donations.
  - In Chile, the Group provides support for offender rehabilitation programs, via a local NGO that offers training and paid carpentry work.
  - Higher education: Most countries work with universities and technical schools to train students with the plan of eventually hiring them as interns, recruiting young talent to take on professional positions and developing the image of Nexans.
  - In Switzerland every year, the Group gives 20,000 Swiss francs to a student selected by a jury from the University of Neuchâtel;
  - In China and Canada, scholarships are granted to students in need;
  - In Chile, Peru, Canada, Germany, Sweden, England and the United States, employees and their families have been given financial assistance or scholarship programs for higher education;
  - In Colombia, flexible work arrangements are available for employees who want to continue their education or work towards a degree;
  - In Lebanon and Morocco, aid was given, in partnership with the Nexans Foundation, to the «Seeds of Hope» project coordinated by IECD, an organization that provides training for jobs in the electricity industry.

Since 2017, the Group has worked in partnership with the Leonard de Vinci Engineering School (ESILV) in Paris to strengthen relations between universities and Nexans in France. This partnership involves participating in lectures and various events, giving classes (since 2019), helping to design training programs, and hiring students for internships and work placements.

Projects were also launched in collaboration with ESILV students in 2019 focusing on the «factory of the future».

The Group also set up a sponsorship program with Vinci EcoDrive, an organization made up of students from different departments at Leonard de Vinci Engineering School. They are working to develop a prototype for an electric battery-powered vehicle. They can compete in races such as the Shell Eco Marathon in which teams complete seven laps, aiming to achieve the highest possible fuel efficiency.

4.4.2. RELATIONS WITH STAKEHOLDERS

The Group has a policy of encouraging frequent high-quality dialogue with its stakeholders. This policy is underpinned by a rigorous and proactive ethical and CSR approach.

The Group strives to take stakeholder expectations fully into account, which led to the development of the materiality matrix used to define its CSR strategy.
Furthermore, to define its long-term strategy, Nexans 2030, a panel of stakeholders was formed in 2017 with customers and companies from the Energy & data management ecosystem, a «green» investment fund, Collège de France members, economists, Group staff, etc.

Examples of dialogue with stakeholders:

Stakeholder	Type of dialogue	Department
Customers	■ Regular satisfaction surveys ■ Online publication of environmental data on products ■ Trade fairs and exhibitions ■ Customer events ■ Publication of environmental data on products	Market lines, Marketing, Innovation, Services & Growth, Communications
Shareholders and investors	■ Conference calls to present results ■ Meetings with investors (roadshows, etc.) ■ Meetings with all shareholders (AGMs, etc.) ■ Information meetings ■ Universal Registration Document ■ Quarterly shareholder newsletters ■ Shareholders' e-club and toll-free shareholder hotline ■ Response to non-financial rating agencies ■ Response to questions from SRI analysts ■ Individual meetings with SRI analysts	Finance, Communications, Legal, Site Management, CSR Site Management, CSR
Suppliers	■ Supplier CSR Charter(1) ■ Supplier CSR risk map ■ Supplier audits	Purchasing
Employees	■ Intranet ■ NewsWire, electronic newsletter ■ Surveys ■ Employee forum at European sites ■ Corporate values ■ Safety day ■ Individual skills development meetings ■ Social dialogue with employee representative bodies	Human Resources, Communications, Site Management
ESG analysts and investors(2)	■ Response to rating questionnaires ■ Individual meetings	RSE, Finance
Technical and Research Centers	■ Collaborative approach, setting up and participating in competitiveness clusters, R&D programs ■ University chairs and trade associations ■ Partnerships with universities ■ Taking on apprentices and interns ■ PEPecopassport® program	Innovation, Services & Growth
Communities, NGOs	■ Corporate citizenship programs ■ Partnerships with local NGOs ■ Open house days	RSE, Communication, Pays

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

Employees

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

Customers

Customer relations is one of Nexans' priority CSR ambitions. Customer satisfaction is measured through OTIF-1C[1] delivery performance (2022 target of 94% achieved by 2019).
Customer satisfaction surveys are conducted regularly by different market segments to understand their expectations and better serve them.

Suppliers

See section 4.4.3. "Sustainable purchasing".

Non-financial rating agencies

The Group's CSR performance is measured regularly by non financial rating agencies. Nexans maintains structured relations with analysts and takes their scores into account as part of its continuous improvement policy.

The Group's CSR performance improved further in 2019, as mentioned in the introduction to Chapter 4.

Financial community

The Group maintains regular dialogue with the financial community, reporting on events indicated in the table above or other special events, such as Investor Day in December 2019 to present the Group's strategic direction, the new CSR roadmap and scores from non-financial rating agencies.

Sphere of influence

Nexans engages in lobbying in line with the Code of Ethics and Business Conduct. These activities primarily take place through professional organizations of which Group companies are a member. They cover issues relating to cable manufacturing, especially renewable energy and safety, but can also involve policy in technical areas such as governance, labor relations or taxation.

4.4.3. SUSTAINABLE PURCHASING

One of the objectives of the Group's Purchasing policy is to ensure that we work with a base of high-performing and reliable suppliers who can help us achieve our business objectives while at the same time respecting export control requirements and environmental, financial, ethical and social obligations, as well as national and international compliance rules.

The Group's subsidiaries strive to develop fair and sustainable relations with their subcontractors and suppliers while taking into account the social and environmental impacts of their activities. In 2019, subcontracting accounted for 3.5% of the Group's purchases, representing 2.74% of its consolidated sales.

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

This sustainable purchasing policy was reinforced in 2018 and is based on:

- CSR Supplier Charter, introduced in 2009 in line with the Code of Ethics and Business Conduct, which aims to raise suppliers' awareness about the following: respecting ILO principles and OECD Guidelines, human rights, labor, environmental and corporate governance standards, product liability, etc. This Charter is available in English, French and Spanish.

- A risk analysis tool used to identify purchasing categories and suppliers and subcontractors that should be assessed as a priority. This assessment, performed with the support of EcoVadis, is based on criteria including company size, operations in a high-risk country, business streams with Nexans, labor and environmental risks, and the supplier's logistics chain.

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

- CSR assessment of suppliers and subcontractors via the EcoVadis platform. Questions are grouped into four main categories (environment, fair labor practices, ethics/fair business practices and supply chain) covering 21 criteria, including requirements under the Sapin II Act, the new French anti-corruption legislation, and under the duty of care.
  Since 2017, suppliers representing 80% of the Group's purchases were surveyed about their CSR policy. At end 2019, 47% of these suppliers had answered the EcoVadis questionnaire and had been assessed, accounting for 49% of the Group's expenditure for 2019. Of those assessed, 98% achieved an EcoVadis rating of 35 or higher out of 100. Suppliers attributed a rating of 25 or less out of 100 were urged to implement a plan to improve their CSR performance. Contractual relations with these suppliers can be terminated if no progress is made within a specified timeframe.

- Internal supplier audits encompassing CSR criteria may be conducted where necessary for some of our businesses, both by internal staff and an external party.

The Group's objective for 2020 is to continue to roll out its EcoVadis questionnaire to the following suppliers:
- - Strategic suppliers representing 80% of the Group's purchases: the Group will send out another EcoVadis questionnaire to these suppliers if the last one they completed was more than three years ago.
- - Suppliers in «critical» purchase categories and/or located in countries included in the EcoVadis list of high-risk countries.

As mentioned above, the Group's sustainable sourcing policy is reviewed every year by EcoVadis. With a rating of 74%, Nexans ranks in the Advanced category (65% to 84%) and earned the EcoVadis Gold level CSR recognition medal. Nexans now ranks among the top 1% of the thousands of companies analyzed by EcoVadis.

Minerals from conflict zones

As the Group is not quoted on any U.S. stock exchange, it is not required to comply with the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act on minerals from conflict zones (Democratic Republic of the Congo and adjoining countries).

However, the Group takes the rules of the Dodd-Frank Act seriously, in line with its CSR commitments, especially to the United Nations Global Compact. As such, it has implemented a procedure to address this issue within its own supply chain and meet its customers' requests:

- As a downstream manufacturer, Nexans works with its suppliers at the greatest risk (primarily suppliers of tin) to ensure that the minerals used originate from sources free of these conflict minerals. Inquiries led thus far have confirmed that supplies come from «conflict-free» sources, as defined by the Dodd-Frank Act.

- If the Group becomes aware that one of its supply sources is not conflict-free, it will take immediate action to remedy the situation. This position was articulated in the Group's Conflict Mineral Policy signed by the Executive Vice President for Purchasing and updated in January 2015.

In 2019, the Group had 29 suppliers that used tin in their production chain. None of these sources is currently non compliant with applicable regulations.

In 2020, the Group will commission an independent, specialized external party to draw up an audit plan of Nexans suppliers that use tin, in accordance with the relevant OECD guidelines.

The Group is currently working to conduct broader investigations on the traceability of the materials and minerals it sources beyond the scope defined in the U.S. Dodd-Frank Act.

4.4.4. FAIR PRACTICES

Compliance with rules on ethics is one of Nexans' underlying commitments in conducting business. Nexans' Code of Ethics and Business Conduct lays down the ethical rules and values with which Group employees are required to comply within the course of their work. Nexans' business partners are also expected to comply with these rules and values. They cover competition law, the prevention of fraud, corruption and conflicts of interest, compliance with applicable regulations on embargoes, money laundering, personal data protection, etc.

Executive management commitment

Nexans' Executive Management is the cornerstone in this commitment, which it firmly upholds. This is reflected in the CEO's opening statement to the Code of Ethics, which underscores everyone's responsibility and interest in complying with these rules, and zero tolerance and application of sanctions for any violation. This commitment also took form in Nexans' adherence to the United Nations Global Compact and its ten fundamental principles, which cover anti-corruption.

Special ethics compliance program

In all these areas, the purpose of the Group's Ethics Compliance Program is to establish the actions to prevent, detect and handle any breaches.

Above and beyond the Code of Ethics and Business Conduct, which lays down basic rules, this program applies specific procedures and guidelines adapted to the Group's mapping of ethical risks. These procedures and guidelines explain and illustrate the rules and/or processes that all Group employees must follow in the areas of corruption prevention, gifts and hospitality, competition law, export controls and personal data protection. The Group's business partners are required to sign a specific ethical charter or a written commitment to respect these or similar rules.

Detailed due diligence procedures on ethics compliance must be conducted prior to any mergers and acquisitions, investments or real estate transactions.

Certified anti-corruption procedure

The anti-corruption procedure developed by Nexans requires due diligence on the integrity of agents and business partners, commitments to comply with applicable international regulations relating to anti-corruption, and a written report describing the work delivered by the business partner to check that compensation aligns with the work provided (man-hours).

Nexans has been awarded ETHIC Intelligence certification since 2016, demonstrating the quality of the corruption prevention policy featuring in its Ethics Compliance Program. This certification is in the process of being renewed for 2020.

Targeted and motivated actions

Each year, a specific action plan is established and rolled out throughout the Group by top management and executive management at operating entities and subsidiaries.

It includes in particular the signing of Ethics Code compliance certificates by all Group managers and an advanced required training program consisting of e-learning or classroom instruction, depending on the year and the topic.

The sales and purchasing teams are particularly made aware of competition rules, anti-corruption measures and embargoes. Adapted measures and procedures are defined mainly based on a specific assessment of compliance risks using a risk map created with the contribution of the operational departments. These measures and actions are reviewed regularly.

The annual review of managers' performance encompasses their compliance with and their teams' implementation of the Group's rules and procedures covered in the areas of the Code of Ethics and Business Conduct and in the updated annual action plan included in the Ethics Compliance Program.

High accountability and involvement from operating departments

These programs involve not only the central functions that regularly work to strengthen the rules and procedures implemented and develop awareness, training and control measures but also all the Group's subsidiaries that implement the Ethics Compliance Program locally and take any other necessary steps to comply with and/or adapt to all applicable regulations. The operational departments also contribute to defining the ethical risk map.
The commitment from operational division directors and country directors culminates twice a year in a report prepared for the Group's CEO describing any cases of non-compliance and the application of the Nexans action plan.

Compliance with rules

The Group's general internal control and audit program covers the policies and systems relating to compliance oversight. As such, the Group's internal audit team reviews the implementation and completion of the annual action plan under the Ethics Compliance Program every year during on-site audits.

Whistle-blowing procedure

A whistle-blowing procedure is open to all Group employees and third parties to report any violations of the Code of Ethics and Business Conduct. They can report any suspected wrongdoing in various ways, including via a digital system, or through a fully confidential call center, or to the Group's Ethics Officer. Reports are then investigated without disclosing the identity of the persons involved or their data, which may give rise, depending on the situation, to corrective measures and/or disciplinary sanctions.

The Ethics Officer reports directly to the General Secretary and has a dotted-line reporting relationship with the Chief Executive Officer. He reports the cases handled at least once a year to the Accounts, Audit and Risk Committee and to the Governance and Social Committee. The Ethics Officer also informs the Accounts, Audit and Risk Committee of any reports concerning members of the Executive Committee and manages directly with the Committee any reported cases concerning the CEO or the

Chairman of the Board of Directors.

Program coordination

About 20 people are involved in managing and coordinating the Ethics Compliance Program, which comes under the responsibility of the Group's General Secretary, including:

- the Ethics Officer
- the Ethics Compliance Program Manager, who is responsible for designing the program and supporting managers in its rollout
- the Data Protection Officer
- Some 20 legal advisors throughout the Group.

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

Achievements in 2019 and goals for 2020

The following actions were taken in 2019:

- "Compliance Days" were organized, during which all employees were offered employees awareness and training initiatives on the main ethical risks the Group faces in carrying out its business activities. The event was a success. All subsidiaries were actively involved, organizing interactive workshops and sharing customer testimonials in video format, and inviting well-known specialists to share their compliance experience. The subjects addressed included conflicts of interest, harassment, corruption risks, antitrust law, and personal data management.

- 92% of both managerial and non-managerial sales and marketing employees signed their annual compliance certificate, attesting that they are aware of the applicable internal procedures concerning compliance and conflicts of interest.

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

- 93% of Group managers answered the mandatory ethics and compliance quiz developed internally and adapted to the Group's business: In 2019, the quiz related to corruption risks, antitrust law, regulations about international trade sanctions, and data that – depending on the situation – can lead to corrective measures and/or disciplinary sanctions.

- More specifically, in the domain of preventing corruption, the Group created a digital anti-corruption tool to optimize the mandatory workflows for approval and integrity checks of its business partners.

  The Group also finalized its corruption risk map. All of its stakeholders participated in this mapping process in their specific areas of expertise. The analysis was reviewed and validated by Management, with particular emphasis placed on countries ranked by Transparency International as highly exposed to corruption risks.
  Additionally, the Group put in place a systematic procedure whereby compliance messages are regularly sent out by managers ("Tone at the Top") and are documented by the Group Compliance Department.
  It also analyzed any risks specifically related to sales agents.

  Lastly, the Group reinforced its accounting control system for transactions that could conceal corruption risks, including compensation and marketing expenses paid to sales agents, gifts and hospitality.

- Concerning personal data protection, the Group pursued its measures to standardize its procedures and provide training to its employees. These notably comprised: a new personal data protection policy that was relayed throughout the Group, dedicated training and processes related to employee access rights, and a specific procedure on analyzing the impacts of personal data protection. At the same time, the number of local data protection officers was increased to 42, spanning 35 countries. Data protection officers were also appointed in departments that are particularly affected by the issue, i.e., HR, IT, Purchasing and Sales & Marketing.

  Training was provided for all of these personal data representatives. and the local data protection officers continued to work on mapping their entities' personal data processing operations. The Group IT Department ensured that Privacy by Design and Privacy by Default best practices are being properly implemented by issuing recommendations for security measures to be used for the Group's applications, from the project planning phase through to when applications are decommissioned. Actions were stepped up to raise employee awareness about privacy issues, with a new on-line training module covering all of the Group's best practices for information security. In parallel, penetration tests are conducted once a year to identify any vulnerability that could jeopardize both personal and professional data security at Nexans.

As well as the recurring measures carried out yearly, the 2019 CSR action plan included the following new initiatives:

- Reinforcing the procedure for compliance messages regularly sent out by managers ("Tone at the Top").
- Reinforcing internal controls in order to more effectively manage risks related to conflicts of interest, corruption and antitrust law.
- Continuing to roll out CSR digital tools.

As part of its CSR compliance goals, the Group has set a target to have all of its managers sign the compliance certificate by 2022. As at end-2019, 92% of them had signed.

4.4.5. FIGHTING TAX EVASION

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

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

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

4.4.6. DUTY OF CARE PLAN

Under French Act 2017-399 of March 27, 2017, corporations in France are subject to a duty of care with respect to safety, human rights and the environment, and are required to draw up a duty of care plan. The Group has set up various risk prevention and management procedures and systems in order to ensure it meets this duty of care.

In 2019, the CSR risk analysis covering the issues contained in the Group's duty of care plan was updated and the section on human rights was worked on in deeper detail by the Human Resources Department as part of a dedicated risk mapping process.

The duty of care plan resulting from the risk analysis highlighted the following main risks:

- Risk of accidental pollution (including hazardous waste/materials such as oils, fuels, solvents, etc.)
- Risk of historical pollution
- Workplace safety risk
- Workplace health risk
- Risks related to human rights and fundamental freedoms

The 2019 duty of care plan was presented to the Board of Directors in November 2019 and is monitored and reviewed during dedicated CSR Committee meetings.

4.4.6.1. ENVIRONMENTAL RISKS

Identification and assessment of environmental risks

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

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

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

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

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

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

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

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

A survey conducted in 2016 at each production site identified 110 tanks that needed a protection system.
Following investment and measures taken, 60 of these 110 tanks no longer posed a pollution risk at end-2019.

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

Historical pollution

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

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

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

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

Monitoring indicator:
Number of sites that have conducted a phase 2 following a phase 1 and/or an Initial Soil Diagnosis leading to the detection of pollution risk: 100% target for 2034 (50% at December 31, 2019).

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

4.4.6.2. HEALTH AND SAFETY RISKS

Identification and assessment of health and safety risks

In addition to the Group's existing procedures and actions described in Section 4.1.1 "An active workplace health and safety policy", in 2019 the Group created a tool for mapping health and safety risks for all its sites and for suppliers and subcontractors that work at its sites. This map is to be updated every year. The insights gained through the mapping process are used to adapt measures taken to prevent and manage these health and safety risks to the local context.

Workplace safety

Employee health and safety is an absolute priority for the Group, both in relation to its own employees and those of all its partners (subcontractors, temporary staff, customers, etc.) who are fully part of the Group's core values. Workplace health and safety is a key performance indicator covered by the CSR ambitions and an integral part of the managerial routines. (see section 4.1.1. "An active workplace health and safety policy").

With a view to encouraging risk prevention, in 2008 the Group set up a dedicated Health and Safety unit reporting to the Industrial Management Department which relays health and safety standards and implements related initiatives for all employees and anyone present at any Group site (temporary employees, suppliers, subcontractors, etc.) through a network of HSE representatives.

Main safety risks

Most of the accidents that occurred within the Group in 2019 are were caused by behavior, involving hazards relating to:
- manual handling;
- movement of people; and
- rotating equipment (e.g., forklifts).

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

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

This compliance rate was 86% at end-2019.

Based on the risks listed above, the following monitoring indicators are used:
- manual handling risks: concerning 15% of sites;
- risks associated with the movement of people: concerning 20% of sites;
- risks associated with rotating equipment (e.g., forklifts): concerning 43% of sites.

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

Main health risks

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

A considerable number of training courses and prevention campaigns are organized to prevent these risks from occurring (see section 4.1.1.2. "Workplace health").
Other safety measures include the systematic use of personal protective equipment when risk assessments require it in certain site areas or workstations.

In addition to regular health check-ups, surveys are conducted to assess employee stress level, exposure to noise pollution and hazardous substances, workstation ergonomics, etc., to prevent health and safety risks and invest in appropriate equipment.

Monitoring indicator:
At least one medical check-up every two years for each employee.

Governance:
This indicator will be monitored by the CSR Governance and Social Committee.

4.4.6.3. HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS RISKS

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

The Code of Ethics and Business Conduct remains the Group's shared set of standards that applies to all its employees around the world. Nexans business partners are also expected to comply with this Code (see section 4.4.4. "Fair practices"). This Code of Ethics and Business Conduct is derived from the UN Global Compact Ten Principles, the Universal Declaration of Human Rights and international labor standards, especially those concerning forced labor and child labor.

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

A questionnaire was sent to all country HR managers in 2019 to assess respect for human rights and fundamental freedoms across the Group. Although no major issues were identified, the Group is planning to send out the questionnaire every two years and monitor the indicators in order to ensure there is long-term compliance.

Monitoring indicators

1 - 100% of the manufacturing sites human-rights compliant with the questionnaire.

2 - Any issues raised with the Group's Ethics Officer concerning human rights and fundamental freedoms dealt with within three months.

Governance:

These indicators will be monitored by the CSR Governance and Social Committee.

4.4.6.4. SUSTAINABLE PURCHASING POLICY

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

Since 2017, subcontractors representing 80% of the Group's purchases were surveyed about their CSR policy. As at end-2019, 47% of these suppliers had answered the EcoVadis questionnaire and had been assessed, accounting for 49% of the Group's expenditure for 2019. Of those assessed, 98% achieved an EcoVadis rating of 35 or higher out of 100. Suppliers attributed a rating of 25 or less out of 100 were urged to implement a plan to improve their CSR performance.

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

The Group's objective for 2020 is to continue to roll out its EcoVadis questionnaire, sending it to the following suppliers:

- Strategic suppliers representing 80% of the Group's purchases: the Group will send out another EcoVadis questionnaire to these suppliers if the last one they completed was more than three years ago.

n Suppliers in «critical» purchase categories and/or located in countries included in the EcoVadis list of high-risk countries.

n Suppliers falling into the category of conflict minerals. The Group is careful about the source of its purchases of gold, tin, tantalum and tungsten, and the purchases of these minerals by its suppliers. The Group asks its suppliers to complete the Conflict Minerals Reporting Template (CMRT) to confirm that they take steps to comply with the Responsible Minerals Initiative, which aims to guarantee that the smelters and refiners with which they work respect fundamental rights.

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

4.4.6.5. ASSESSMENT AND CONTROL

The Group has set up an internal control and risk management system to better prevent and reduce the risks to which Nexans is exposed.

The internal control and risk management principles and procedures are described in Chapter 2, Corporate governance. These principles apply to all Group subsidiaries and employees, and state that they must comply with the Code of Ethics and Business Conduct and the principles of the United Nations Global Compact.

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

4.4.6.6. WHISTLE-BLOWING MECHANISMS

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

4.4.6.7. PLAN MONITORING – AREAS FOR IMPROVEMENT

Reporting on the progress of the Duty of care plan will be included in the 2020 Universal Registration Document.

4.4.7. MEASURES TAKEN TO PROTECT CONSUMERS' HEALTH AND SAFETY

Protecting consumers' health and safety is a priority for the Group. Nexans takes steps to achieve this in two main areas:

- managing and tracing chemical substances used to manufacture its products;
- disclosing environmental product information.

Nexans has developed a special tool (REACh Supplier) available in all European Union (EU) countries and other countries to identify the composition of raw materials and monitor the use of hazardous substances (see section 4.3.3., Reducing the use of hazardous substances).

Nexans designed another tool (Nexans Tracker) to provide customers with up-to-date information and full traceability of substances of very high concern. If these substances are found in its products, Nexans, in line with REACh regulations, informs its customers through a Material Declaration or through the Nexans Tracker.

Substances of very high concern are those included in the REACh candidate list of substances and substances subject to an authorization or restriction process.

Nexans has a worldwide network of technical and HSE experts who are informed whenever a substance used by the company changes status under REACh regulations. They can also express an opinion during the consultation process concerning substances at EU level.

An internal «substances roadmap» informs Nexans sites of the regulatory status of substances of high concern, and identifies the factories impacted and the measures taken to develop alternative solutions. Various R&D programs have been launched to find substitutes for several substances that could be restricted in the future due to their classification as being hazardous to health.

4.4.8. THE NEXANS FOUNDATION: SOLIDARITY THROUGH ELECTRICAL POWER

In 2013, Nexans became the first cable player to create a Foundation to act and serve in the general interest of society. The Nexans Foundation aims to support initiatives that help bring electrical power to disadvantaged communities throughout the world by giving priority to grassroots-level organizations and sustainable solutions.

Energy plays a key role in Nexans' business, so the Group decided to make it a priority for its Foundation.

This commitment follows on from the call from the United Nations (UN) in 2012 to promote awareness worldwide about energy poverty and the importance of developing access to energy. In 2015, the UN took this initiative further by including an energy component in its new sustainability targets – to ensure access to affordable, reliable, sustainable and modern energy for all (Sustainable Development Goal no. 7) – a priority long recommended by the International Energy Agency (IEA)[1], which advocates universal energy access by 2030.

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

Sustainable Energy for All[2] currently estimates that over 1 billion people do not have access to electricity and at least 3 billion people do not have access to clean energy for cooking. More than 95% of these people live in sub-Saharan Africa or in developing countries in Asia.

The governance of the Nexans Foundation is organized with a project selection committee made up of employees from different countries and functions who meet every year to review the projects submitted in the annual call for projects. A short-list of projects is then presented to the Board of Directors, which is chaired by the Group's CEO and includes eight members divided into three groups (founding companies, employee representatives and qualified experts).

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

Supporting 62 organizations and helping over 1,400,000 people since 2013

With an annual budget of 300,000 euros, the Nexans Foundation has supported 111 projects in 38 countries in partnership with 62 organizations since it was created. These projects have brought or plan to bring electrical power to nearly 1,400,000 people.

Due to the ever growing involvement of the Group's local entities, the Nexans Foundation supports large non-profits that are well known in the area of access to energy such as Electricians Without Borders, the Group for the Environment, Renewable Energy and Solidarity (GERES) and the Fondation Energies pour le Monde for large-scale projects, as well as smaller organizations.
It works in all countries, primarily in countries affected by energy poverty. While most of the Foundation's projects are developed in sub-Saharan Africa (in 17 countries), projects also exist in Morocco, Lebanon, Asia (in nine countries), South America (in six countries), the Caribbean and France.

An activity report must be submitted to ensure that the project meets all the necessary requirements to receive financial assistance.

A Foundation that acts fast in emergencies

Working with Electricians Without Borders for many years, the Nexans Foundation also supports one-off projects involving emergency situations, for example in the Philippines, Haiti, several Caribbean territories, Indonesia and Mozambique in 2019 after Hurricane Idai.

To respond even faster in handling humanitarian emergencies, the Nexans Foundation, along with ten other leaders from the electricity industry, formed a partnership in late 2017 with the crisis center of the French Ministry for Europe and Foreign Affairs and Electricians Without Borders. In the event of a humanitarian crisis, Electricians Without Borders intervenes to restore access to energy. This action is crucial in an emergency because it allows international solidarity organizations to act in the best conditions possible to help people in need.

For more information on the Nexans Foundation, please visit: www.fondationnexans.com

4.5. Environmental and social indicators – CSR concordance tables

ENVIRONMENTAL INDICATORS

	Évolution	2019	2018	2017
SITES MANAGEMENT				
Number of sites monitored	↘	82	88	88
Number of ISO 14001 certified sites	→	65	66	66
% of ISO 14001 certified sites	↗	79%	75%	75%
Number of EHP[1] certified sites	↘	73	78	78
% of EHP certified sites	→	89%	89%	89%
ENERGY				
Energy purchased (MWh)	↘	1,176,992	1,181,197	1,174,576
Energy intensity (MWh/M€)	↘	256	268	257
■ o/w electricity (MWh)	↘	692,029	696,232	689,309
■ o/w fuel oil (MWh)	↘	48,879	58,398	64,411
■ o/w gas (MWh)	↗	434,781	414,642	407,852
■ o/w steam (MWh)	↘	1,302	11,924	13,004
WATER				
Water consumption (m^3)	↘	2,159,174	2,319,212	2,299,150
Water intensity (m^3/M€)	↘	469	526	503
RAW MATERIALS & CONSUMABLES				
Copper consumption (tonnes)[2]	↗	525,000	495,000	460,000
Aluminum consumption (tonnes)[2]	↗	110,000	105,000	103,000
Solvent purchased (tonnes)	↘	448	452	476
WASTES				
Waste tonnage (tonnes)	↗	105,889	93,507	87,014
Waste intensity (tonnes/M€)	↗	23	21	19
■ o/w hazardous wastes (tonnes)	↘	4700	5,074	10,152
Hazardous wastes intensity (tonnes/M€)	→	1	1	2
GHG EMISSIONS (SCOPES 1-2-3)[3]				
GHG emissions (tonnes CO_2 eq)	↗	240,443,613	228,443,990	201,776,239
GHG emissions intensity (tonnes/M€)	↘	52,214	51,813	44,143
■ o/w scope 1 (tonnes CO_2 eq.)	↗	130,017	125,427	130,598
■ o/w scope 2 (tonnes CO_2 eq.)	↘	214,364	239,170	232,073
■ o/w scope 3 (tonnes CO_2 eq.)	↗	240,099,232	228,079,393	201,413,568

(1) EHP: Highly Protected Environment - Group's internal environmental label.
(2) The tonnes consumed correspond to the tonnes sold to Group external customers during the year.
(3) In accordance with the regulatory obligations relating to the calculation of CO_2 emissions, a change in methodology took place in 2017 to include scope 3 emissions related to the purchase of products and services, the immobilization of goods, the transport of upstream and downstream goods, the use of the products sold and the end of life of the products sold).

SOCIAL INDICATORS

NEXANS GROUP

	Evolution	2019	2018	2017
NEXANS GROUP				
TOTAL HEADCOUNT	↘	**25,945**	**27,058**	**26,308**
Europe	↘	14,142	15,448	15,272
Asia-Pacific	↘	2,317	2,414	2,737
North America	↘	3,199	3,470	3,341
South America	→	1,372	1,369	1,389
Middle East, Russia, Africa	↗	4,915	4,357	3,569
% Female managers (into manager population)	↗	24%	23%	22%
EMPLOYMENT DATA				
Absenteeism rate	↗	5,5%	5,2%	5,9%
SAFETY				
Global workplace accident frequency rate(1)	↗	2,70	2,01	2,02
Global workplace accident severity rate(2)	→	0,15	0,14	0,11
TRAINING				
Total number of training hours	↘	538,092	603,301	330,353

(1) Global workplace accident frequency rate = total number of workplace accidents with more than 24 hours of lost time/total number of hours worked x 1,000,000. As of 2019, this rate concerns the internal and temporary workers. Beforehand, it integrated internals and externals.
(2) Global workplace accident severity rate = total number of lost calendar days (due to accident at work)/total number of hours worked x 1,000. As of 2019, tThis rate is available for internals only. Beforehand, it integrated internals and externals..

CABLE BUSINESS

	Evolution	2019	2018	2017
CABLE BUSINESS				
HEADCOUNT CABLE BUSINESS	↘	15,454	15,930	16,111
% Female overall employees	→	16%	16%	16%
% Female managers (into manager population)	↗	24%	23%	22%
Average age (years)	↗	44.2	43.8	43.6
Average length of service (years)	→	12.5	12.7	13.1
% Temporary employees	↗	7.3%	7.0%	6.8%
Disabled employees[(3)]	↗	378	314	329
EMPLOYMENT DATA				
Natural departures	↘	-1,605	-1,705	-1,501
Restructuring	↘	-309	-215	-237
New hires	↘	1,418	1,727	1,678
Impact of changes in Group structure	↘	0	32	-182
Transfers	↗	1	-20	24
Employee turnover rate[(4)]	→	10.4%	10.6%	9.3%
Overtime rate[(5)]	↘	5.5%	6.0%	6.2%
Part-time contracts	↘	341	394	389
% Fixed-term contracts	↘	5.8%	6.6%	7.8%
Absenteeism rate	→	5.0%	4.8%	4.4%
SAFETY				
Global workplace accident frequency rate[(1)]	↗	4.06	3.15	3.03
Number of sites having zero accident	↘	32	42	35
Global workplace accident severity rate[(2)]	↗	0.26	0.23	0.17
TRAINING				
Total number of training hours	↘	225,225	283,646	258,078

(1) Global workplace accident frequency rate = total number of workplace accidents with more than 24 hours of lost time/total number of hours worked x 1,000,000. As of 2019, this rate concerns the internal and temporary workers. Beforehand, it integrated internals and externals.
(2) Global workplace accident severity rate = total number of lost calendar days (due to accident at work)/total number of hours worked x 1,000. As of2019, this rate is available for internals only. Beforehand, it integrated internals and externals.
(3) This figure does not take into account countries where this information is not disclosed due to local regulation.
(4) Personal turnover rate = number of natural departures (resignations, contract expirations, individual terminations, retirement, death) excluding departures due to restructuring, business disposal and employee mobility transfers/average headcount x 100. New formula since 2018, data recalculated for 2017. For the Harnesses business, it should be noted that turnover is inherent in the very agile business model of this activity, which generates numerous hires on fixed-term contracts and then departures at the end of the contract.
(5) Overtime rate = number of overtime hours worked/total number of internal hours worked.

HARNESSES BUSINESS

	Evolution	2019	2018	2017
HARNESSES BUSINESS				
HEADCOUNT HARNESSES BUSINESS	↘	10,491	11,128	10,197
Europe	↘	5,098	6,054	5,925
Asia-Pacific	↗	509	389	550
North America	↘	1,694	1,985	1,859
Middle East, Russia, Africa	↗	3,190	2,700	1,863
% Female overall employees	→	60%	60%	59%
% Female managers (into manager population)	↗	21%	20%	20%
Average age (years)	→	34,8	34,5	34,5
Average length of service (years)	→	5,0	4,8	4,8
EMPLOYMENT DATA				
Natural departures	↗	-4,808	-4,642	-3,953
Restructuring	↘	-150	-209	-2
New hires	↘	4,369	5,781	4,351
Impact of changes in Group structure	→	0	0	0
Mobility (net variation)	↗	-1	1	-128
Employee turnover rate(4)	↗	43,9%	42,4%	39,6%
Absenteeism rate	↗	6,2%	5,7%	8,4%
SAFETY				
Global workplace accident frequency rate(1)	↗	0,74	0,29	0,27
Global workplace accident severity rate(2)	→	0,01	0,00	0,00
TRAINING				
Total number of training hours	↘	312,867	319,655	72,275

(1) Global workplace accident frequency rate = total number of workplace accidents with more than 24 hours of lost time / total number of hours worked x 1,000,000. As of 2019, this rate concerns the internal and temporary workers. Beforehand, it integrated internals and externals.
(2) Global workplace accident severity rate = total number of lost calendar days (due to accident at work) / total number of hours worked x 1,000. As of 2019, this rate is available for internals only. Beforehand, it integrated internals and externals.
(3) This figure does not take into account countries where this information is not diclosed due to local regulation.
(4) Personal turnover rate = number of natural departures (resignations, contract expirations, individual terminations, retirement, death) excluding departures due to restructuring, business disposal and employee mobility transfers / average headcount x 100. New formula since 2018, data recalculated for 2017. For the Harnesses business, it should be noted that turnover is inherent in the very agile business model of this activity, which generates numerous hires on fixed-term contracts and then departures at the end of the contract.
(5) Overtime rate = number of overtime hours worked / total number of internal hours worked.

CSR CROSS-REFERENCE TABLES

The CSR cross-reference tables are available in section 8.4. These tables include the following components:
Cross-references between Articles R.225-104 et seq. of the French Commercial Code and the GRI-G4 indicators,
Cross-references with the principles of the Global Compact.

4.6. Data compilation methodology for CSR indicators

4.6.1. DATA COMPILATION METHODOLOGY FOR ENVIRONMENTAL INDICATORS

The environmental indicators are presented in section 4.5., Environmental and social indicators – CSR cross-reference tables.

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

The information disclosed in section 4.2., Planet above is based on environmental data collected annually, by entity, through an internal data collection system (EMP – Environmental Management Plan), as well as discussions with teams during site visits and internal audits.

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

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

Scope – The scope of consolidation for the environmental data covers all of the Group's manufacturing sites (82 sites) and covers companies that are over 50%-held by the Company, either directly or indirectly. Sites acquired in year Y are included in the scope of environmental reporting in year Y+1. Administrative and logistics sites are not included in the scope of consolidation as their environmental impact is not significant.

Where information is provided on resource consumption per tonne of cable produced, the scope is limited to the Group's cable entities (excluding harnesses, accessories and metallurgy), corresponding to 48 sites.

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

Definitions of key indicators used:

- **Energy consumption** – Fuel oil consumption corresponds to purchases of fuel oil made during the year rather than actual consumption.
- **Raw materials** – Use of solvents corresponds to purchases of solvents made during the year rather than actual consumption.
- **Waste production** – Waste sent by one Nexans manufacturing site to another Nexans site - whether for recycling or not - is counted as waste. Waste is counted as such once it leaves the site where it was generated, except for the Lens site in France, whose waste generated from wire drawing activities is transferred for reuse in casting operations.
- **Controls** – Consistency controls are performed by entities when data is entered and by the Group at the end of the data collection process. Any inconsistency in data is discussed with the entities concerned, and corrected as necessary.

4.6.2. DATA COMPILATION METHODOLOGY FOR SOCIAL INDICATORS

Social indicators are presented in section 4.5."Environmental and Social indicators - CSR cross-reference tables".

The Group's social 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 are 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 snapshot analyses of the Group's HR situation.

The scope of consolidation for the social data covers companies that are over 50%-held by the Company, either directly or indirectly. The year 2019 was the first time that Nexans Financial and Trading Services (France) was included in the reporting scope.
As regards Qatar International Cable Company, 30.3% owned by the Group, joins the social reporting for the 1st year on a pro rata basis.

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 Social 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 accident frequency and severity rates:** These indicators are calculated based on the actual number of hours worked, the number of workplace accidents with more than 24 hours of lost time and the number of calendar days lost due to workplace accidents. The frequency rate also takes into account fatal accidents when they occur. Note: This data is for Nexans employees and temporary workers. The severity rate only concerns interns. In 2017 and 2018, the frequency and severity rate data included both internals and externals.
- **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 4.5. "Environmental and HR indicators – CSR cross-reference tables".

4.6.3. DATA COMPILATION METHODOLOGY FOR SOCIETAL DATA

The data set out above was compiled as follows: ethics data was compiled by the Internal Audit Department, anti corruption data by the Legal Department, and the other data by the departments concerned (Communications Department, Human Resources Department, Technical Department).

The Group's subcontractor data is tracked, analyzed and consolidated by the Purchasing Department.

The share of subcontracting corresponds to the amount of product purchases in relation to the total annual amount of external purchases.

As regards the CSR evaluation process of suppliers via the EcoVadis platform, it is the Group Purchasing Department that consolidates them on the basis of the information gathered by EcoVadis. The proportion of suppliers who answered the EcoVadis questionnaire corresponds to the annual amount of purchases with these suppliers, compared to the total annual amount of external purchases. Only internal Group purchases are excluded. Previously, internal purchases as well as Copper and Aluminum purchases were excluded.

The information disclosed in section 4.4., Partners is collected annually through a survey of the Group's different units. Amounts include value added tax (VAT).

Methodology for the materiality test:
Each key issue in ISO 26000 is subject to a relevance and importance test for the Group and for its stakeholders. It is then weighted based on the following criteria:

- **Relevance:** degree of relation to Nexans businesses and values, or relation to major social issues that impact Nexans' industry and stakeholders ;
- **Importance :** impact on the Group's business activity.

This weighting is based on information reported by the Group's various support functions.

Under Article R.225-105-2 of the French Commercial Code, organizations must report on the issues of food insecurity, respect for animal welfare, responsible and sustainable food production and fair food trade. These issues are not monitored as the Group is not directly concerned by them.

4.7. Report by the independent third party on the consolidated non-financial statement included in the Group management report

FOR THE YEAR ENDED DECEMBER 31ST 2019

To the General Assembly,

In our capacity as Statutory Auditor of your Company, appointed as independent third party and accredited by COFRAC under number 3-1058 (whose scope is available at www.cofrac.fr), we hereby report to you on the non-financial statement for the year ended December 31st 2019 (hereinafter the "Statement"), included in the Group management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code *(Code de commerce)*.

The entity's responsibility

The Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement (which are available on request from the entity's head office).

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics *(Code de déontologie)* of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the Statutory Auditor, appointed as independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, and with ISAE 3000(1),

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;

(1) ISA 3000 - Assurance engagements other than audits or reviews of historical financial information.

- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III, as well as information regarding compliance with human rights and anti corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (safety at work, talent attractivity and retention, and climate change), our work was carried out on the consolidating entity and on a selection of entities[1]; for the others risks, our work was carried out on the consolidating entity;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code, within the limitations set out in the Statement (paragraph CSR indicators Methodology);
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1[1], we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities[1] and covers between 18% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

(1) See Appendix 1.

Means and resources

Our work was carried out by a team of 7 people between October 2019 and February 2020 and took a total of 7 weeks. We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 5 interviews with people responsible for preparing the Statement, representing in particular CSR, legal, HR Industrial and Purchase Directions.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris La Défense, February 19, 2020
MAZARS SAS

Isabelle Sapet
Partner

Edwige Rey
Sustainable Development Partner

Appendix 1:

Qualitative information (actions and results) that has been considered as most important topics, related to main CSR risks:

- Sustainable purchase et conflict minerals;
- Respect of legal requirement, especially regarding substances;
- Safety at work;
- Talents attractivity and retention;
- Environmental pollutions;
- Loyalty of practices;
- Climate change.

Key performance indicators and other quantitative information that has been considered as most important topics:

Themes	Key Performance indicators and other information	Audited entities
HR	Headcount	Nexans France (cables) Nexans Benelux (cables) Nexans Roumanie (Harness)
	Frequency rate of work accident	
	Frequency rate of work accident	
	Part of women among "cadres" category (management category);	
	Recrutements externes	
	External hirings	
	Turnover rate	
	Number of training hours	
	Absenteeism rate	
	Part of Directors having an individual training plan	Group HR Direction
	Percentage of directors with CSR criteria in their annual performance objectives	
SOCIAL	Income generated by sustainable services and products activities	Group Communication Direction
	Investment in R&D	Group Technical Management
	Amount allocated by the Nexans Foundation	Group CSR Department
	Percentage of managers who have signed the certificate of compliance	Group Legal Department
	OTIF-1C	Group Corporate Industrial Management Direction
ENVIRONMENTAL	Percentage of reduction in greenhouse gas emissions	Group Corporate Industrial Management Direction
	Percentage of EHP/ ISO14001 certified sites	
	Energy intensity: consumption of electricity, natural gas, fuel	- Charleroi (Belgium) - Bourg-en-Bresse (France) - Pancota (Romania) - Denizli (Turkey) - Noyelles (France) - New Holland (the US) - Montreal (Canada - remote) - Mesaieed (Qatar - remote - waste only) - Nahr Ibrahim (Turkey - remote - water and fuel consumption only)
	Recycled waste proportion	
	Water consumption	
	Quantity of solvents purchased	

5

FINANCIAL STATEMENTS

5.1. Consolidated financial statements

5.1.1. CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	2019[1]	2018
NET SALES	1.E.a, 4 and 5	**6,735**	**6,490**
Metal price effect[2]		(2,129)	(2,081)
SALES AT CONSTANT METAL PRICES[2]	1.E.a and 4	**4,605**	**4,409**
Cost of sales		(5,949)	(5,728)
Cost of sales at constant metal prices[2]		(3,820)	(3,646)
GROSS PROFIT		**786**	**762**
Administrative and selling expenses		(442)	(469)
R&D costs		(94)	(105)
OPERATING MARGIN(2)	1.E.b and 4	**249**	**188**
Core exposure effect[3]	1.E.c	(11)	(15)
Other operating income and expenses[4]	7 and 8	2	(9)
Reorganization costs	23.B	(251)	(53)
Share in net income of associates		(0)	0
OPERATING INCOME (LOSS)	1.E.d	**(11)**	**112**
Cost of debt (net)[5]	1.E.e	(38)	(47)
Other financial income and expenses	1.E.e and 10	(24)	(9)
INCOME BEFORE TAXES		**(73)**	**56**
Income taxes	11	(44)	(44)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**(118)**	**13**
Net income from discontinued operations		-	-
NET INCOME (LOSS)		**(118)**	**13**
■ attributable to owners of the parent		(122)	14
■ attributable to non-controlling interests		5	(1)
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE *(in euros)*	12		
■ basic earnings (loss) per share		(2.81)	0.32
■ diluted earnings (loss) per share		(2.81)	0.32

*(1) IFRS 16 has been applied for the preparation of the consolidated financial statements for the year ended December 31, 2019, using the retrospective approach without restating prior-year comparative data (see **Note 3**).*
(2) Performance indicators used to measure the Group's operating performance.
*(3) Effect relating to the revaluation of Core exposure at its weighted average cost (see **Note 1.E.c**).*
*(4) As explained in **Notes 7** and **8**, «Other operating income and expenses» for 2018 included a 44 million euro net disposal gain and 44 million euros in net asset impairment.*
(5) Financial income amounted to 4 million euros in both 2019 and 2018.

5.1.2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	Notes	2019	2018
NET INCOME (LOSS)		**(118)**	**13**
Recyclable components of comprehensive income (loss)		**64**	**(82)**
■ Currency translation differences		21	(14)
■ Cash flow hedges	26	43	(68)
Tax impacts on recyclable components of comprehensive income (loss)	11.C	**(11)**	**17**
Non-recyclable components of comprehensive income (loss)		**(32)**	**(8)**
■ Actuarial gains and losses on pensions and other long-term employee benefit obligations	22.B	(31)	(7)
■ Financial assets at fair value through other comprehensive income		(1)	(1)
■ Share of other non-recyclable comprehensive income of associates		-	-
Tax impacts on non-recyclable components of comprehensive income (loss)	11	**8**	**2**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**29**	**(70)**
TOTAL COMPREHENSIVE INCOME (LOSS)		**(88)**	**(58)**
■ attributable to owners of the parent		(93)	(57)
■ attributable to non-controlling interests		5	(1)

5.1.3. CONSOLIDATED BALANCE SHEET

(At December 31, in millions of euros)	Notes	2019	2018
ASSETS			
Goodwill	8	242	243
Intangible assets	13	126	131
Property, plant and equipment[(1)]	14	1,382	1,135
Investments in associates	15	37	39
Deferred tax assets	11.D	175	162
Other non-current assets	16	92	60
NON-CURRENT ASSETS		2,053	1,770
Inventories and work in progress	17	1,113	1,110
Contract assets	5	69	95
Trade receivables	18	1,015	1,021
Current derivative assets	26	40	38
Other current assets	19	186	184
Cash and cash equivalents	24.A	642	901
Assets and groups of assets held for sale		0	0
CURRENT ASSETS		3,065	3,349
TOTAL ASSETS		**5,117**	**5,119**

(1) At December 31, 2019, property, plant and equipment included 113 million euros in right-of-use assets recognized on the Group's first-time application of IFRS 16, "Leases" from January 1, 2019 (see Note 3*).*

(At December 31, in millions of euros)	Notes	2019	2018
EQUITY AND LIABILITIES			
Capital stock, additional paid-in capital, retained earnings and other reserves		1,167	1,339
Other components of equity		42	(14)
Equity attributable to owners of the parent		**1,209**	**1,325**
Non-controlling interests		42	42
TOTAL EQUITY	21	**1,251**	**1,367**
Pensions and other long-term employee benefit obligations	22	373	363
Non-current provisions	23	106	84
Long-term debt(1)	24	923	778
Non-current derivative liabilities	26	7	11
Deferred tax liabilities	11.D	118	109
NON-CURRENT LIABILITIES		**1,527**	**1,345**
Current provisions	23	191	63
Short-term debt(1)	24	190	453
Contract liabilities	5	256	252
Current derivative liabilities	26	33	51
Trade payables	25	1,319	1,290
Other current liabilities	25	350	298
Liabilities related to groups of assets held for sale		0	0
CURRENT LIABILITIES		**2,339**	**2,407**
TOTAL EQUITY AND LIABILITIES		**5,117**	**5,119**

(1) At December 31, 2019, the Group's debt included 116 million euros in liabilities for future lease payments recognized on the first-time application of IFRS 16, "Leases" from January 1, 2019 (see Note 3).

5.1.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of euros)	Number of shares outstanding[(5)]	Capital stock	Additional paid-in capital	Treasury stock
JANUARY 1, 2018[(1)]	**43,412,614**	**43**	**1,605**	**(4)**
Net income for the year	-	-	-	-
Other comprehensive income (loss)	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	-	-	-	-
Dividends paid	-	-	-	-
Cancelation of treasury stock	-	(0)	(12)	12
Share buyback program	(702,336)	-	-	(24)
(Purchases)/sales of treasury stock	150,089	-	-	7
OCEANE bonds	1,418	-	-	-
Employee share-based and stock option plans:				
■ Service cost[(2)]	-	-	-	-
■ Proceeds from share issues[(3)]	510,211	1	13	-
Transactions with owners not resulting in a change of control	-	-	-	-
Other	-	0	0	0
DECEMBER 31, 2018	**43,371,996**	**44**	**1,606**	**(8)**
JANUARY 1, 2019[(4)]	**43,371,996**	**44**	**1,606**	**(8)**
Net income (loss)	-	-	-	-
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	-	-	-	-
Dividends paid	-	-	-	-
Share buyback program	-	-	-	-
(Purchases)/sales of treasury stock	77,839	-	-	3
OCEANE bonds	-	-	-	-
Employee share-based plans:				
■ Service cost	-	-	-	-
■ Proceeds from share issues	-	-	-	-
Transactions with owners not resulting in a change of control	-	-	-	-
Other	-	0	0	0
DECEMBER 31, 2019	**43,449,835**	**44**	**1,606**	**(5)**

(1) "Retained earnings and other reserves" at January 1, 2018 include the impacts of the application of IFRS 9.
(2) Including a 2 million euro expense related to the ACT 2018 plan.
*(3) Corresponding to the impact of the Act 2018 plan following the share settlement-delivery that took place on July 18, 2018 (see **Note 21.F**).*
(4) "Retained earnings and other reserves" at January 1, 2019 include the impacts of the application of IFRIC 23.
(5) The number of shares outstanding at December 31, 2019 corresponds to 43,606,320 issued shares less 156,485 shares held in treasury.

Retained earnings and other reserves	Changes in fair value and other	Currency translation differences	Equity attributable to owners of the parent	Non controlling interests	Total equity
(286)	**17**	**36**	**1,411**	**47**	**1,458**
14			14	(1)	13
(5)	(52)	(14)	(71)	1	(70)
9	**(52)**	**(14)**	**(57)**	**(1)**	**(58)**
(30)	-	-	(30)	(3)	(33)
-	-	-	-	-	-
-	-	-	(24)	-	(24)
(7)	-	-	-	-	-
(0)	-	-	(0)	-	(0)
9	-	-	9	-	9
-	-	-	14	-	14
0	-	(0)	0	(0)	(0)
1	(0)	(0)	1	0	1
(303)	**(36)**	**22**	**1,325**	**42**	**1,367**
(309)	**(36)**	**22**	**1,319**	**42**	**1,361**
(122)	-	-	(122)	5	(118)
(24)	33	21	29	0	29
(146)	**33**	**21**	**(93)**	**5**	**(88)**
(13)	-	-	(13)	(2)	(15)
-	-	-	-	-	-
(3)	-	-	-	-	-
-	-	-	-	-	-
6	-	-	6	-	6
-	-	-	-	-	-
(13)	-	4	(9)	(3)	(12)
0	0	(1)	(1)	0	(1)
(479)	**(4)**	**47**	**1,209**	**42**	**1,251**

5.1.5. CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Notes	2019	2018
Net income		(118)	13
Depreciation, amortization and impairment of assets (including goodwill)	8, 13 and 14	151	180
Cost of debt (gross)		43	51
Core exposure effect(1)		11	15
Current and deferred income tax charge (benefit)	11	44	44
Net (gains) losses on asset disposals	9	(7)	(44)
Other restatements(2)		135	(68)
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX(3)		260	**191**
Decrease (increase) in working capital(4)	20	56	117
Impairment of current assets and accrued contract costs		19	0
Income taxes paid		(36)	(45)
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		40	**72**
NET CASH GENERATED FROM OPERATING ACTIVITIES		300	**263**
Proceeds from disposals of property, plant and equipment and intangible assets		12	51
Capital expenditure	13, 14	(238)	(207)
Decrease (increase) in loans granted and short-term financial assets		(1)	10
Purchase of shares in consolidated companies, net of cash acquired		(1)	(13)
Proceeds from sale of shares in consolidated companies, net of cash transferred		(1)	-
NET CASH USED IN INVESTING ACTIVITIES		(228)	**(158)**
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		71	**105**
Proceeds from (repayments of) long-term and short-term borrowings(5)	24	(261)	88
▪ of which repayment of 2016-2019 OCEANE bonds		(269)	-
▪ of which proceeds from 2018-2023 ordinary bond issue		-	323
▪ of which repayment of the 2012-2018 ordinary bonds		-	(250)
Cash capital increases (reductions)	21	-	(10)
Interest paid(5)		(52)	(47)
Transactions with owners not resulting in a change of control		(5)	-
Dividends paid		(15)	(33)
NET CASH USED IN FINANCING ACTIVITIES		(332)	**(2)**
Net effect of currency translation differences		0	(10)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(260)**	**93**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24.A	886	**794**
CASH AND CASH EQUIVALENTS AT YEAR-END	24.A	626	**886**
▪ of which cash and cash equivalents recorded under assets		642	901
▪ of which short-term bank loans and overdrafts recorded under liabilities		(16)	(15)

(1) Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact (see Note 1.E.c*).*

(2) "Other restatements" in 2019 primarily included (i) 103 million euros to cancel the net change in operating provisions (including provisions for pensions, reorganization costs and antitrust proceedings), (ii) 13 million euros related to the cash impact of hedges and (iii) 6 million euros to cancel the cost of share-based payments. "Other restatements" in 2018 primarily included (i) a negative 75 million euros to cancel the net change in operating provisions (including provisions for pensions, reorganization costs and antitrust proceedings), (ii) a negative 7 million euros related to the cash impact of hedges and (iii) a positive 9 million euros to cancel the cost of share-based payments.

(3) The Group also uses the "cash from operations" concept, which is mainly calculated after adding back cash outflows relating to reorganizations (129 million euros and 61 million euros in 2019 and 2018 respectively) and after restating the income taxes paid.

(4) In 2018, the Group sold 20 million euros worth of tax receivables. As the sales concerned transferred substantially all the risks and rewards of ownership, they met the derecognition criteria in IFRS 9 and the receivables were therefore derecognized.

(5) In 2019, these lines included principal and interest payments in respect of lease liabilities.

5.1.6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL PRINCIPLES

Nexans (the Company) is a French joint stock corporation *(société anonyme)* governed by the laws and regulations applicable to commercial companies in France, notably the French Commercial Code *(Code de commerce)*. The Company was formed on January 7, 1994 (under the name Atalec) and its headquarters is at Le Vinci, 4 allée de l'Arche, 92400 Courbevoie, France.

Nexans is listed on the regulated market of Euronext Paris (Compartment A) and forms part of the SBF 120 index.

The consolidated financial statements are presented in euros rounded to the nearest million. Rounding may in some cases lead to non-material differences in totals or year-on-year changes. They were approved by the Board of Directors on February 19, 2020 and will become final after approval at the Annual Shareholders' Meeting, which will take place on May 13, 2020 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, 2019.

The Group has applied all of the new standards, interpretations and amendments to existing standards that were mandatory for the first time in the fiscal year beginning January 1, 2019, and which were as follows:

- IFRS 16, "Leases". This standard replaces IAS 17 "Leases" and all related interpretations. IFRS 16 applies to all of the Group's lease contracts. The changes resulting from applying IFRS 16 are presented in **Note 3**. A new paragraph entitled "Leases" has been added in **Note 1.F.m**;
- IFRIC 23, "Uncertainty over Income Tax Treatments";
- Amendments to IFRS 9, "Prepayment Features with Negative Compensation";
- Annual improvements to IFRSs (2015-2017), including IAS 12, "Income Tax Consequences of Dividends (Including Payments on Financial Instruments Classified as Equity), IAS 23, "Borrowing Costs Eligible for Capitalisation", and IFRS 3 and IFRS 11, "Previously Held Interests in a Joint Operation";
- Amendments to IAS 19, "Plan Amendments, Curtailments and Settlements";
- Amendments to IAS 28, "Long-Term Interests in Associates and Joint Ventures".

Besides IFRS 16, described in **Note 3**, the other amendments and the new interpretation did not have a material impact on the Group's consolidated financial statements.

New standards, amendments and interpretations published by the IASB but not yet effective

The IASB has not issued any new standards, amendments or interpretations that have been endorsed by the European Union but are not yet applicable.

The IASB has issued the following amendments that have not yet been endorsed by the European Union and are potentially applicable by the Group:

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3, "Definition of a Business";
- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture";
- Amendments to IAS 1 and IAS 8, "Definition of Materiality".

The Group does not expect its application of these amendments to have a material impact on its consolidated financial statements.

Accounting estimates and judgments

The preparation of consolidated financial statements requires Management to exercise its judgment and make estimates and assumptions that could have a material impact on the reported amounts of assets, liabilities, income and expenses.

The main sources of uncertainty relating to estimates are expanded upon where necessary in the relevant notes and concern the following items:

- The recoverable amount of certain items of property, plant and equipment, goodwill and other intangible assets, and determining the groups of cash-generating units (CGUs) used for goodwill impairment testing (see **Note 1.F.a, Note 1.F.b, Note 1.F.c** and **Note 8**).
- Recognition and recoverability of deferred tax assets for unused tax losses (see **Note 1.E.f** and **Note 11.E**).
- Margins to completion and percentage of completion on long-term contracts (see **Note 1.E.a**).
- The measurement of pension liabilities and other employee benefits (see **Note 1.F.j** and **Note 22**).
- Provisions and contingent liabilities (see **Note 1.F.k, Note 23** and **Note 30**).
- The measurement of derivative instruments and their qualification as cash flow hedges (see **Note 1.F.n** and **Note 26**).
- Cancelable lease terms for real estate leases (see **Note 1.F.m**).

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, (ii) the subsidiaries over which Nexans 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) 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.

C. FOREIGN CURRENCY TRANSLATION

The Group's financial statements are presented in euros. Consequently:

- The balance sheets 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 balance sheet 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.n.

D. BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method, whereby the identifiable assets acquired, liabilities assumed and any contingent liabilities are recognized and measured at fair value.

For all business combinations the acquirer must (other than in exceptional cases) recognize any non-controlling interest in the acquiree either (i) at fair value (the "full goodwill" method) or (ii) at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets measured at their acquisition-date fair value, in which case no goodwill is recognized on non-controlling interests (the "partial goodwill" method).

Goodwill, determined as of the acquisition date, corresponds to the difference between:

- The aggregate of (i) the acquisition price, generally measured at acquisition-date fair value, (ii) the amount of any non controlling interest in the acquiree measured as described above, and (iii) for a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and

- The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3.

The Group has a period of 12 months from the acquisition date to complete the initial accounting for a business combination, during which any "measurement period adjustments" may be made. These adjustments are notably made to reflect information obtained subsequent to the acquisition date about facts and circumstances that existed at that date.

The consideration transferred in a business combination must be measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. Any contingent consideration at the acquisition date is systematically included in the initial fair value measurement of the consideration transferred in exchange for the acquiree, based on probability tests. Any changes in the fair value of contingent consideration that the acquirer recognizes after the acquisition date and which do not correspond to measurement period adjustments as described above – such as meeting an earnings target different from initial expectations – are accounted for as follows:

- Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.
- Contingent consideration classified as an asset or liability that is a financial instrument and is within the scope of IFRS 9 is measured at fair value, with any resulting gain or loss recognized in the income statement (notably the effect of unwinding the discount) or in other comprehensive income as appropriate.

The Group accounts for acquisition-related costs for subsidiaries as expenses in the periods in which the costs are incurred and the services received. However, if the acquisition of a subsidiary is financed through the issuance of equity or debt instruments, the related costs are recognized in equity or debt respectively in accordance with IFRS 9 and IAS 32.

E. INCOME STATEMENT ITEMS

a. Sales

Net sales

Net sales (at current metal prices) represent revenue from sales of goods held for resale, as well as sales of goods and services deriving from the Group's main activities, for which consideration has been promised in contracts drawn up with customers.

The Group's main activities correspond to sales of cables produced in its plants, as well as cable installation services. Cables are sold either separately under specific contracts with customers (see below, "Sales of goods") or together with installation services under contracts that combine both sales of cables and installation services (see below, "Goods and services contracts").

In accordance with IFRS 15, revenue is recognized under sales when the control of goods or services is transferred to the customer. The amount recognized corresponds to the consideration the entity expects to receive in exchange for the goods or services.

For all business, the sales amount recognized in revenue corresponds to the amount of consideration to which the entity expects to be entitled based on the terms and conditions of each contract and standard commercial practices. Penalties are deducted from revenue from the underlying contract as soon as they are accepted. Revenue also includes certain variable consideration, notably relating to discounts and rebates, which are measured using the expected value method or based on the single most likely amount, depending on the specific terms and conditions of the contracts concerned.

For all of the Group's activities, the revenue recognized as the consideration promised from customers for the transfer of goods or services takes into account the financial impact of payment deferrals when such deferrals are significant and represent a period of more than one year.

Sales of goods

Customer contracts covering sales of goods include a single performance obligation for each delivery.

Revenue from sales of goods is recognized at a specific point in time, corresponding to the moment when control of the asset concerned is transferred to the customer, which is generally when the goods are delivered.

In addition, as the delivery of goods also corresponds to the moment when the Group obtains an enforceable right to payment, the contra-entry to the recognized amount of sales is presented in "Trade receivables" on the assets side of the consolidated balance sheet.

Goods and services contracts

Contracts covering both sales of goods and cable installation services essentially concern the Group's high-voltage cable and umbilical cable activities. They are contracts that are specifically negotiated for constructing and installing an asset or a group of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. When the customer cannot use an asset or a group of assets during their production or installation due to the specific features of their design and interdependency as provided for contractually, then a single performance obligation is identified per contract.

Performance obligations under goods and services contracts are considered to be satisfied over time if (i) the asset or group of assets created in connection with a goods and services contract is specific to the requirements of the customer and cannot have an alternative use, and (ii) Nexans has an enforceable right to payment for the services performed up until the date in question. The input method is used to measure progress towards fulfilling the performance obligation based on costs incurred. The costs taken into account do not include any inefficiencies that were not anticipated and cannot therefore trigger any revenue recognition.

For each goods and services contract, the cumulative amount of revenue recognized in respect of all of the Group's service obligations under the contract, less any advance payments received from customers and trade receivables which are recognized separately, is presented in the consolidated balance sheet under "Contract assets" or "Contract liabilities".

When it is probable that total contract costs will exceed total contract revenue, the expected loss to completion is recognized immediately in cost of sales in the consolidated income statement, and under "Short-term provisions" or "Long-term provisions" in the consolidated balance sheet.

Customer advance payments

The Group may receive partial payments from customers before the corresponding work is performed, which are referred to as customer advance payments. In accordance with IFRS 15, these advance payments are recorded under "Contract liabilities" or "Contract assets" depending on the net balance sheet position of the related goods and services contract.

In the same way as for recognition of consideration promised by customers, when recognizing customer advance payments the Group takes into account the financial impact of payment deferrals when such deferrals are significant and represent a period of more than one year.

Sales (and cost of sales) at constant metal prices

On an operating level, the effects of fluctuations in metal prices are passed on in selling prices.

To neutralize the effect of fluctuations in non-ferrous metal prices and thus measure the underlying trend in its business, the Group also presents its sales figures based on a constant price for copper and aluminum (the cost of sales figure is adjusted in the same way). For both 2019 and 2018, these reference prices were set at 1,500 euros per tonne for copper and 1,200 euros per tonne for aluminum.

b. Operating margin

Operating margin, a key indicator, measures the Group's operating performance and comprises gross profit (which includes indirect production costs), administrative and selling expenses and research and development costs (see **Note 1.F.a**).

Share-based payments (see **Note 1.F.i**), pension operating costs (see **Note 1.F.j**) and employee profit-sharing are allocated by function to the appropriate lines in the income statement based on cost accounting principles.

Operating margin is measured before the impact of: (i) revaluing Core exposure (see **Note 1.E.c**); (ii) impairment losses recorded on property, plant and equipment, goodwill and other intangible assets following impairment tests; (iii) changes in fair value of non-ferrous metal derivatives; (iv) gains and losses on asset disposals; (v) acquisition-related costs when they concern acquisitions that have been completed and acquisition fees and costs related to planned acquisitions; (vi) expenses and provisions for antitrust investigations; (vii) reorganization costs; (viii) share in net income of associates; (ix) financial income and expenses; (x) income taxes; and (xi) net income (loss) from discontinued operations.

The Group also uses EBITDA and ROCE as operating performance indicators.

Consolidated EBITDA is defined as restated operating margin before depreciation and amortization, while ROCE corresponds to the return on capital employed and is calculated as operating margin divided by capital employed.

c. Core exposure effect

This line of the consolidated income statement includes the following two components (see also **Note 27.C**):

- A "price" effect: In the Group's IFRS financial statements non-ferrous metal inventories are measured using the weighted average unit cost method, leading to the recognition of a temporary price difference between the accounting value of the copper used in production and the actual value of this copper as allocated to orders through the hedging mechanism. This difference is exacerbated by the existence on a permanent basis of a minimum inventory of metal that is not hedged (called "Core exposure").

  The accounting impact related to this difference is not included in operating margin and instead is accounted for in a separate line of the consolidated income statement, called "Core exposure effect". Within operating margin – which is a key performance indicator for Nexans – inventories consumed are valued based on the metal price specific to each order, in line with the Group's policy of hedging the price of the metals contained in the cables sold to customers.

- A "volume" effect: At the level of operating margin – which is a performance indicator – Core exposure is measured at historic cost, whereas at operating income level it is valued at weighted average cost (see Note 1.F.e) in accordance with IFRS. The impact of any changes in volumes of Core exposure during the period is also recorded under "Core exposure effect" in the consolidated income statement. However, this effect is generally limited, as the tonnage of Core exposure is usually kept at a stable level from one period to the next, except for any structural change, in accordance with the management principles described in Note 27.C.

d. Operating income

Operating income includes operating margin (see Note 1.E.b), Core exposure effect (see Note 1.E.c), reorganization costs (see Note 1.F.k), share in net income of associates, and other operating income and expenses. Other operating income and expenses are presented in Note 7 and mainly include impairment losses recorded on property, plant and equipment, goodwill and other intangible assets following impairment tests (see Note 1.F.c), gains and losses on asset disposals, and expenses and provisions for antitrust investigations.

e. Financial income and expenses

Financial income and expenses include the following:
- Cost of debt, net of financial income from investments of cash and cash equivalents.
- Other financial income and expenses, which primarily include (i) foreign currency gains and losses on transactions not qualified as cash flow hedges, (ii) additions to and reversals of provisions for impairment in value of financial investments, (iii) net interest expense on pensions and other long-term benefit obligations, and (iv) dividends received from non-consolidated companies.

Details on the majority of these items are provided in Notes 10 and 24.

f. Income taxes

The income tax expense for the year comprises current and deferred taxes.

Deferred taxes are recognized for temporary differences arising between the carrying amount and tax base of assets and liabilities, as well as for tax losses available for carryforward. In accordance with IAS 12, no deferred tax assets or liabilities are recognized for temporary differences resulting from goodwill for which impairment is not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (except in the case of finance leases and actuarial gains or losses on pension benefit obligations).

Deferred tax assets that are not matched by deferred tax liabilities expected to reverse in the same period are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, based on medium-term earnings forecasts (generally covering a five-year period) for the company concerned. The Group ensures that the forecasts used for calculating deferred taxes are consistent with those used for impairment testing (see Note 1.F.c).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. The rates applied reflect Management's intentions of how the underlying assets will be realized or the liabilities settled. All amounts resulting from changes in tax rates are recorded either in equity or in net income in the year in which the tax rate change is enacted or substantively enacted, based on the initial recognition method for the corresponding deferred taxes.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that (i) the Group is able to control the timing of the reversal of the temporary difference, and (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the entity is legally entitled to offset current tax assets and liabilities and if the deferred tax assets and liabilities relate to taxes levied by the same taxation authority.

F. ITEMS RECOGNIZED IN THE CONSOLIDATED BALANCE SHEET

a. Intangible assets

See Notes 1.D and 1.F.c for a description of the Group's accounting treatment of goodwill.

Intangible assets are stated at cost less any accumulated amortization and impairment losses. When they are acquired in a business combination, their cost corresponds to their fair value.

The Group applies the cost model for the measurement of intangible assets rather than the allowed alternative method that consists of regularly revaluing categories of assets. Government grants are recognized as a deduction from the gross amount of the assets to which they relate.

Intangible assets primarily correspond to the following:
- Trademarks, customer relationships and certain supply contracts acquired in business combinations. Except in rare cases, trademarks are deemed to have an indefinite useful life. Customer relationships are amortized on a straight-line basis over the period during which the related economic benefits are expected to flow to the Group (between five and twenty-five years). Supply contracts can be deemed to

have an indefinite useful life when they are automatically renewable and where there is evidence, notably based on past experience, indicating that the contractual rights will be renewed. Otherwise, their useful lives generally correspond to the term of the contract.

- The costs for acquired or developed software, usually intended for internal use, and development costs, to the extent that their cost can be reliably measured and it is probable that they will generate future economic benefits. These assets are amortized by the straight-line method over their estimated useful lives (between three and five years).
- Development costs that meet the recognition criteria in IAS 38. Capitalized development costs are amortized over the estimated useful life of the project concerned, from the date the related product is made available. Research costs, as well as development costs that do not meet the recognition criteria in IAS 38, are expensed as incurred. Research and development costs to be rebilled to or by customers under the terms of construction contracts are included in "Contract assets" and "Contract liabilities".

Intangible assets are derecognized when the risks and rewards of ownership of the asset are transferred.

b. Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and impairment losses. When they are acquired in a business combination, their cost corresponds to their fair value. In accordance with IAS 23, directly attributable borrowing costs are included in the cost of qualifying assets.

The Group applies the cost model for the measurement of property, plant and equipment rather than the allowed alternative method that consists of regularly revaluing categories of assets. Government grants are recognized as a deduction from the gross amount of the assets to which they relate.

Property, plant and equipment are depreciated by the straight-line method based on the following estimated useful lives:

INDUSTRIAL BUILDINGS AND EQUIPMENT	
■ Buildings for industrial use	20 years
■ Infrastructure and fixtures	10-20 years
■ Equipment and machinery:	
- Heavy mechanical components	30 years
- Medium mechanical components	20 years
- Light mechanical components	10 years
- Electrical and electronic components	10 years
■ Small equipment and tools	3 years
BUILDINGS FOR ADMINISTRATIVE AND COMMERCIAL USE	20-40 years

The depreciation method and periods applied are reviewed at each year-end where necessary. The residual value of the assets is taken into account in the depreciable amount when it is deemed significant. Replacement costs are capitalized to the extent that they satisfy the criteria in IAS 16.

Property, plant and equipment are derecognized when the risks and rewards of ownership of the asset are transferred.

Property, plant and equipment also include right-of-use assets recognized for leases (see Note 1.F.m).

c. Impairment tests

At each period-end, the Group assesses whether there is an indication that an asset may be impaired. Impairment tests are also carried out whenever events or changes in the market environment indicate that property, plant and equipment or intangible assets (including goodwill), may have suffered impairment. An impairment loss is recognized where necessary for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Intangible assets with indefinite useful lives and goodwill are tested for impairment at least once a year.

For operating assets that the Group intends to hold and use in its operations over the long term, the recoverable amount of a cash-generating unit (CGU) corresponds to the higher of fair value less costs to sell (where determinable) and value in use. Where the Group has decided to sell particular operations, the carrying amount of the related assets is compared with their fair value less costs to sell. Where negotiations in relation to such a sale are in progress, fair value is determined based on the best estimate of the outcome of the negotiations at the reporting date.
Value in use is calculated on the basis of the future operating cash flows determined in the Group's budget process and strategic plan, which represent Management's best estimate of the economic conditions that will prevail during the remainder of the asset's useful life. The assumptions used are made on the basis of past experience and external sources of information, such as discount rates and perpetual growth rates.

When an analysis of the related context reveals that a CGU, intangible asset, or item of property, plant and equipment that is in use or ready for use may have become impaired, the asset concerned is tested for impairment in accordance with IAS 36, based on the following:

- CGU: a cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of goodwill is tested at the level of the CGU or group of CGUs to which it is allocated. The structure of the Group's CGUs is aligned with its operational organization and is based on a combined vision of market segments and geographic areas.

- 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 business plans are used, based on the Group's budget process and strategic plan, with an extrapolation calculated in conjunction with local management for the final years of the projection period if appropriate.
- Operational cash flows are extrapolated based on growth rates specific to each geographic area.

Impairment losses (net of reversals) are recorded in the income statement under "Other operating income and expenses" unless they directly relate to a reorganization operation (see Note 1.F.k).

d. Financial assets at fair value through profit or loss or other comprehensive income

Financial assets at fair value through profit or loss or through other comprehensive income relate to the shares in non-consolidated entities. They are initially recognized at fair value. For each of these assets, the Group decides whether to measure subsequent changes in fair value either through profit or loss or through other comprehensive income (without any possibility of subsequently being recycled to profit or loss). This choice is made at the initial recognition date and is irreversible.

e. Inventories and work in progress

Inventories and manufacturing work in progress are stated at the lower of cost and net realizable value. The costs incurred in bringing inventories to their present location and conditions are accounted for as follows:

- Raw materials: purchase cost according to the weighted average cost (WAC) method;
- Finished goods and work in progress: cost of materials and direct labor, and share of indirect production costs, according to the WAC method.

In compliance with IAS 23, qualifying inventories include directly attributable borrowing costs.

Inventories include Core exposure:

- With respect to continuous casting activities, the Core exposure represents the minimum quantity of non-ferrous metal inventories necessary to establish and maintain casting operations.
- In respect to Nexans cabling activities, the Core exposure represents the amounts of non-ferrous metals required for the Group's cable plants to operate effectively in the current business context.

Its overall volume is generally kept stable and is constantly replenished, however the level of Core exposure may have to be adapted at times, particularly in the event of a significant contraction or expansion in business volumes. In the event of structural reorganizations within the Group, the level of Core exposure may have to be revised.

The impact of changes in value of this component is shown in a separate line of the income statement and is included as a component of cash flows from operations in the statement of cash flows.

Net realizable value of inventories is the estimated sale price in the ordinary course of business, less estimated completion costs and the costs necessary to carry out the sale. If the carrying amount of non-ferrous metal inventories is higher than their market value at the year-end, an impairment loss is only recognized when the products to which the assets are allocated have a negative production margin. As stated in Note 1.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.

f. Trade receivables and other receivables

Trade receivables are stated at their transaction price, determined in accordance with IFRS 15. Interest-free short-term operating receivables are recognized at nominal value as the impact of discounting is not material.

Impairment losses for trade receivables are recognized based on two methods:

- A collective method based on a statistical approach that reflects the expected credit losses over the lifetime of receivables, including receivables not past due, in accordance with IFRS 9.
  In order to apply this method, the Group has drawn up a matrix of the rates used to write down its trade receivables that factor in country risks, observed default probabilities and expected losses in the event of default. The base used to calculate these statistical loss allowances also takes into account any contractual guarantees received in relation to the receivables concerned.
  The carrying amount of the asset is written down and the amount of the loss is recognized in the income statement under "Cost of sales".

- An individual method, whereby an impairment loss is recorded for a trade receivable whenever there is an objective indication that the Group will not be able to collect the full amounts due under the conditions originally provided for at the time of the transaction.

The following are indicators that a receivable may be impaired: (i) major financial difficulties for the debtor; (ii) the probability that the debtor will undergo bankruptcy or a financial reorganization; and (iii) a payment default. The amount of the impairment loss recorded represents the difference between the carrying amount of the asset and the estimated value of future cash flows, discounted at the initial effective interest rate.

Receivables written down by the individual method are excluded from the calculation base for impairment losses determined by the collective method.

In the same way as for the collective method described above, under the individual method, the carrying amount of the asset is written down and the amount of the impairment loss is recognized in the income statement under "Cost of sales".

These impairment methods also apply to "Contract assets" recognized in the consolidated balance sheet.

g. Cash and cash equivalents

Cash and cash equivalents, whose changes are shown in the consolidated statement of cash flows, comprise the following:

- Cash and cash equivalents classified as assets in the balance sheet, 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 balance sheet, bank overdrafts are recorded as current financial liabilities.

h. Assets and groups of assets held for sale

Presentation in the consolidated balance sheet

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 balance sheet. 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 "Other operating income and expenses" in "Net asset impairment".

Presentation in the income statement

A group of assets sold, held for sale or whose operations have been discontinued is a major component of the Group if:

- It represents a separate major line of business or geographical area of operations;
- It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- It is a subsidiary acquired exclusively with a view to resale.

Where a group of assets sold, held for sale or whose operations have been discontinued is a major component of the Group, it is classified as a discontinued operation and its income and expenses for all periods presented are shown on a separate line of the income statement, "Net income (loss) from discontinued operations", which comprises the total of:

- The post-tax profit or loss of discontinued operations; and
- The post-tax gain or loss recognized on the measurement at fair value less costs to sell or on the disposal of assets or groups of assets held for sale constituting the discontinued operation.

When a group of assets previously presented as "held for sale" ceases to satisfy the criteria in IFRS 5, each related asset and liability component – and, where appropriate, income statement item – is reclassified to the relevant items of the consolidated financial statements.

i. Share-based payments

Stock options, performance shares and free shares may be granted to senior managers and certain other Group employees. These plans correspond to equity-settled share-based payment transactions and are based on the issue of new shares in the parent company (Nexans S.A.).

In accordance with IFRS 2, "Share-based Payment", stock options, performance shares and free shares are measured at fair value at the grant date (corresponding to the date on which the plan is announced). The Group uses different measurement models to calculate this fair value, notably the Black & Scholes and Monte-Carlo pricing models.

The fair value of vested stock options, performance shares and free shares is recorded as a payroll expense on a straight-line basis from the grant date to the end of the vesting period, with a corresponding adjustment to equity recorded under "Retained earnings and other reserves".

If stock options or share grants are subject to internal performance conditions their fair value is remeasured at the year-end. For plans that are subject to market performance conditions, changes in fair value after the grant date do not affect the amounts recognized in the financial statements.

The Group has also set up employee stock ownership plans that entitle employees to purchase new shares at a discount to the market price. These plans are accounted for in accordance with IFRS 2, taking into consideration the valuation effect of the five year lock-up period that generally applies.

j. Pensions, statutory retirement bonuses and other employee benefits

In accordance with the laws and practices of each country where it operates, the Group provides pensions, early retirement benefits and statutory retirement bonuses.

For basic statutory plans and other defined contribution plans, expenses correspond to contributions made. No provision is recognized as the Group has no payment obligation beyond the contributions due for each accounting period.

For defined benefit plans, provisions are determined as described below and recognized under "Pensions and other long-term employee benefit obligations" in the balance sheet (except for early retirement plans which are deemed to form an integral component of a reorganization plan, see Note 1.F.k):

- Provisions are calculated using the projected unit credit method, which sees each service period as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. These calculations take into account assumptions with respect to mortality, staff turnover, discounting, projections of future salaries and the return on plan assets.
- Plan assets are measured at fair value at the year-end and deducted from the Group's projected benefit obligation.
- In accordance with the revised version of IAS 19, actuarial gains and losses – resulting from experience adjustments and the effects of changes in actuarial assumptions – are recognized as components of other comprehensive income that will not be reclassified to the income statement, and are included in "Changes in fair value and other" within equity.
- The Group analyzes the circumstances in which minimum funding requirements in respect of services already received may give rise to a liability at the year-end.

When the calculation of the net benefit obligation results in an asset for the Group, the recognized amount (which is recorded under "Other non-current assets" in the consolidated balance sheet) cannot exceed the present value of available refunds and reductions in future contributions to the plan, less the present value of any minimum funding requirements.

Provisions for jubilee and other long-service benefits paid during the employees' service period are valued based on actuarial calculations comparable to the calculations used for pension benefit obligations. They are recognized in the consolidated balance sheet under "Pensions and other long-term employee benefit obligations". Actuarial gains and losses on provisions for jubilee benefits are recorded in the income statement.

In the event of an amendment, curtailment or settlement of a defined benefit pension plan, the Group's obligation is remeasured at the date when the plan amendment, curtailment or settlement occurs and the gain or loss on remeasurement is included within operating margin. When a defined benefit pension plan is subject to a reduction in liquidity or an amendment as a result of a reorganization plan, the related impact is presented in "Reorganization costs" in the income statement.

The financial component of the annual expense for pensions and other employee benefits (interest expense after deducting any return on plan assets calculated based on the discount rate applied for determining the benefit obligations) is included in other financial expenses (see Note 10).

k. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) resulting from a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of discounting is material, the provisions are determined by discounting expected future cash flows applying a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liabilities concerned. The effect of unwinding the discounting is recognized as a financial expense and the effects of any changes in the discount rate are recognized in the same account as that through which the provision was accrued.

A provision is set aside to fully cover reorganization costs when they relate to an obligation by the Group to another party resulting from a decision made at an appropriate managerial or supervisory level, backed by a detailed formal plan that has been announced before the year-end to the party or parties concerned. Such costs primarily correspond to severance payments, early retirement benefits (except where qualified as employee benefits, see Note 1.F.j), costs for unworked notice periods, training costs of employees whose employment contracts have been terminated, and other costs directly linked to the shutdown of facilities.

Asset retirements and impairment of inventories and other assets, as well as other cash outflows directly linked to reorganization measures but which do not meet the criteria for the recognition of a provision are also recorded under reorganization costs in the income statement. In the consolidated balance sheet, this type of impairment is presented as a deduction from the related non current or current assets.
Reorganization costs also include costs directly related to the programs undertaken by the Group under the transformation strategy announced on November 9, 2018.

l. Financial liabilities

Financial liabilities are initially recognized at fair value, corresponding to their issue price less transaction costs directly attributable to the acquisition or issue of the financial liability. If the liability is issued at a premium or discount, the premium or discount is amortized over the life of the liability using the effective interest method. The effective interest method calculates the interest rate that is necessary to discount the cash flows associated with the financial liability through maturity to the net carrying amount at initial recognition.

Convertible bonds and other borrowings

Under IAS 32, "Financial Instruments: Presentation", if a financial instrument has both a liability and an equity component, the issuer must account for these components separately according to their nature.

This treatment applies to OCEANE bonds which are convertible into new shares and/or exchangeable for existing shares, as the conversion option meets the definition of an equity instrument.
The liability component is measured on the issue date on the basis of contractual future cash flows discounted applying the market rate (taking into account the issuer's credit risk) for a similar instrument but which is not convertible/redeemable for shares.
The value of the conversion option is calculated as the difference between the issue price of the bonds and the value of the liability component. This amount is recognized under "Retained earnings and other reserves" in equity.

Following initial measurement of the liability and equity components, the liability component is measured at amortized cost. The interest expense relating to the liability is calculated using the effective interest method.

Put options given to minority shareholders

Put options given to minority shareholders in subsidiaries are recognized as financial liabilities at their discounted value. In accordance with the revised version of IFRS 3, the impact of changes in the exercise price of these options is recognized in equity.

m. Leases

Leases are recognized in the balance sheet at their inception for an amount corresponding to the present value of the future lease payments. The discount rates used for the present value calculations are based on the Group's incremental borrowing rate to which a spread is added to take into account the economic environments specific to each country.

This amount is recognized under "Lease liabilities" on the liabilities side and "Right-of-use assets" on the assets side. The right of use asset recognized for a lease is then depreciated over the term of the lease, which generally corresponds to the non-cancelable period of a lease, together with optional periods, i.e., periods where the Group is reasonably certain that it will exercise an extension option or not exercise a termination option.
In the income statement, due to the balance sheet treatment referred to above, lease payments are recognized as (i) depreciation of the right-of-use asset, included in "Operating margin", and (ii) interest on the lease liability, included in "Cost of debt (net)". The tax impact of the restatements carried out on consolidation is accounted for via the recognition of deferred taxes.

In the statement of cash flows, lease payments are included in cash flows from financing activities, under "Proceeds from (repayments of) long-term and short-term borrowings" for the portion corresponding to the repayment of the lease liability and under "Interest paid" for the interest portion.
Payments under leases corresponding to low-value assets or short-term leases are recognized directly as expenses.

n. 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.

Foreign exchange 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.

Foreign exchange 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 of risks associated with fluctuations in non-ferrous metal prices

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.

Hedges of risks associated with fluctuations in non-ferrous metal prices that do not qualify for hedge accounting

Changes in fair value of derivatives that do not qualify for hedge accounting are recognized directly within operating income under "Changes in fair value of non-ferrous metal derivatives". Any realized gains or losses are recorded in operating margin when the derivatives expire.

These derivatives notably include instruments used as economic hedges that were never or are no longer designated as hedges for accounting purposes.

NOTE 2. SIGNIFICANT EVENTS OF THE YEAR

A. FRAMEWORK AGREEMENT FOR NORTH AMERICAN OFFSHORE WIND FARM DEVELOPMENT

On December 3, 2019, Nexans, the group Eversource, New England's premier transmission builder, and Ørsted, the world leader in offshore wind, announced a framework agreement. The agreement will reinforce their long-term partnership and will result in Nexans having the opportunity to provide up to 1,000 km of subsea high voltage export cables for Ørsted's offshore wind farms in North America. The first delivery is expected by 2022 and the agreement extends until 2027.

B. FINANCING THE CONSTRUCTION OF THE AURORA CABLE-LAYING VESSEL

In 2018, work began on a new cable-laying ship which is due to be delivered to the Group in 2021 to support growth in the submarine high-voltage cables business. The financing contract for this cable laying vessel is worth 1,050 million Norwegian kroner and was signed on May 10, 2019.
(See Note 14 and 24 for further details).

C. REDEMPTION OF BONDS CONVERTIBLE INTO NEW SHARES AND/OR EXCHANGEABLE FOR EXISTING SHARES (OCEANE BONDS)

All of the outstanding 2019 OCEANE bonds were redeemed at maturity at the beginning of January 2019, for a total of 276 million euros including accrued interest.

D. EUROPEAN REORGANIZATION PROJECT

On January 24, 2019, Nexans launched an information and consultation procedure and announced a European reorganization plan with the objective of:

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

This plan is now being implemented and enables Nexans to:

- Resize corporate business activities at the global head office level;
- Pool certain functional activities between countries;
- Adapt selected manufacturing infrastructure.

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

The main social impact are in Germany, France, Switzerland and, to a lesser extent, Belgium, Norway and Italy. Nexans is working closely with all stakeholders to minimize the social impact of the plan, in accordance with the applicable laws. Nexans is deeply committed to working closely with the affected employees and the union representatives to provide the appropriate support.

As a consequence of the plan, the Group recorded 184 million euros of net reorganization costs in the income statement for 2019, including a provision which stood at 128 million euros in the balance sheet at December 31, 2019 (see Note 23).

NOTE 3. CHANGES IN ACCOUNTING METHODS: IFRS 16

IFRS 16, "Leases" – which is effective from January 1, 2019 – requires lessees to account for leases covered by the standard by recognizing:

- Right-of-use assets, under fixed assets; and
- Lease liabilities, under debt, for future lease payments.

The application of IFRS 16 also resulted in the following changes in presentation:

- In the income statement, lease payments, which were previously recognized as expenses within "Operating margin", are now recognized as (i) depreciation of the right-of-use asset, included in "Operating margin", and (ii) interest on the lease liability, included in "Cost of debt (net)".
- In the statement of cash flows, lease payments were previously all included in cash flows from operating activities, whereas in accordance with IFRS 16, the portion corresponding to the repayment of lease liabilities is now recognized under "Proceeds from (repayments of) long-term and short-term borrowings" and the portion corresponding to the payment of interest on lease liabilities is recognized under "Interest paid", with both of these portions recognized in cash flows from financing activities.

The Group has elected to use the modified retrospective approach for its transition to IFRS 16. Under this approach, comparative data is not restated and any cumulative effect of first-time application of the standard is recognized as an adjustment to equity at the date of initial application.
The Group has also applied the simplified options provided for in the standard. Consequently, lease payments corresponding to a low-value asset or a short-term lease (less than 12 months) have been recognized directly as expenses.
The following practical expedients were also applied for the transition to IFRS 16:

- No assets or liabilities were recognized for leases with a residual term of less than 12 months from January 1, 2019.
- The discount rates applied at the transition date were based on the Group's incremental borrowing rate to which a spread was added to take into account the economic environments specific to each country. These discount rates were determined taking into consideration the residual terms of the leases from the date of the Group's first-time application of IFRS 16, i.e., January 1, 2019.

The impact of applying IFRS 16 at January 1, 2019 resulted in a 126 million euro increase in the Group's debt and a corresponding 126 million euro increase in property, plant and equipment.

The table below shows an opening-balance reconciliation at January 1, 2019 between (i) lease liabilities recognized under IFRS 16 (representing the value of future lease payments), and (ii) the amount recognized for future lease payments at December 31, 2018 for operating leases, as defined in IAS 17.

(in millions of euros)	Future payments under non-cancelable operating leases	Exemption for short-term leases	Exemption for leases relating to low-value assets	Portion of leases corresponding to services	Change in estimates of lease terms	Discounting of lease payments	Lease liabilities under IFRS 16
JANUARY 1, 2019	156	(6)	(1)	(4)	3	(22)	**126**

The impact of applying IFRS 16 resulted in a 29 million euro increase in EBITDA compared with 2018.
At both January 1, 2019 and December 31, 2019, the Group's lease contracts that resulted in the recognition of right-of-use assets and lease liabilities mainly corresponded to real estate leases.

NOTE 4. OPERATING SEGMENTS

The Group has the following four reportable segments within the meaning of IFRS 8 (after taking into account the aggregations authorized by the standard):

- **Building & Territories:** This segment provides reliable cabling systems and smart energy solutions enabling buildings and territories to be more efficient, sustainable and people-friendly. It covers the following markets: building, smart cities/grids, e-mobility, local infrastructure, decentralized energy systems and rural electrification.

- **High Voltage & Projects:** This segment partners its customers from the start of the cycle (design, engineering, financing, asset management) right through to the end (systems management) to help them find the cabling solution that is the best suited to their needs in terms of efficiency and reliability. It covers the following markets: offshore wind farms, subsea interconnections, land high-voltage, and smart solutions for the oil and gas sector (direct electric heating, subsea heating cables).

- **Telecom & Data:** This segment helps customers to easily deploy copper and fiber optic infrastructure thanks to plug and play cabling and connection solutions. It encompasses the following activities: data transmission (subsea, fiber, FTTx), telecom networks, hyperscale data centers and LAN cabling solutions.

- **Industry & Solutions:** This segment provides support to OEMs and industrial infrastructure project managers in personalizing their cabling and connection solutions to enable them to meet their electrification, digitization and automation requirements. It covers the following markets: transport (aeronautics, rail, shipbuilding, automotive), automatic devices, renewable energy (solar and wind power), resources (oil and gas, mining) and other sectors (nuclear, medical, handling, etc.).

The Group's segment information also includes a column entitled **"Other Activities"**, which corresponds to (i) certain specific or centralized activities carried out for the Group as a whole which give rise to expenses that are not allocated between the various segments, and (ii) the Electrical Wires business, comprising wire rods, electrical wires and winding wire production operations.

Two specific facts should be noted for the **"Other Activities"** column:

- A total of 92% of the sales at constant metal prices recorded under "Other Activities" in 2019 were generated by the Group's Electrical Wires business (compared with 93% in 2018).
- Operating margin for "Other Activities" was a negative 29 million euros in 2019, 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.

In the following tables, the information for 2019 includes the consequences of the first-time application of IFRS 16, "Leases".

A. INFORMATION BY REPORTABLE SEGMENT

2019 *(in millions of euros)*	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other Activities	Group total
Net sales at current metal prices	2,799	779	572	1,374	1,212	6,735
Net sales at constant metal prices	1,807	715	515	1,159	409	4,605
EBITDA	155	103	52	105	(2)	413
Depreciation and amortization	(47)	(41)	(11)	(38)	(27)	(163)
Operating margin	108	62	41	67	(29)	249
Net impairment of non-current assets (including goodwill) (see **Note 8**)	-	15	-	(1)	-	13

2018 *(in millions of euros)*	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other Activities	Group total
Net sales at current metal prices	2,774	745	561	1,390	1,020	6,490
Net sales at constant metal prices	1,742	683	496	1,160	329	4,409
Net sales at constant metal prices and 2019 exchange rates	1,747	671	500	1,164	334	4,416
EBITDA	120	68	44	86	7	325
Depreciation and amortization	(48)	(34)	(11)	(35)	(10)	(137)
Operating margin	72	34	34	51	(2)	188
Net impairment of non-current assets (including goodwill) (see **Note 8**)	(2)	(46)	-	-	3	(44)

The Executive Committee also analyzes the Group's performance based on geographic area.

B. INFORMATION BY MAJOR GEOGRAPHIC AREA

2019 *(in millions of euros)*	France	Germany	Norway	Other[3]	Group total
Net sales at current metal prices[1]	1,040	819	758	4,118	6,735
Net sales at constant metal prices[1]	660	741	691	2,514	4,605
Non-current assets (IFRS 8)[1] [2] (at December 31)	203	195	291	1,097	1,786

(1) Based on the location of the assets of the Group's subsidiaries.
(2) Non-current assets include right-of-use assets recognized on first-time application of IFRS 16.
(3) Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

2018 *(in millions of euros)*	France	Germany	Norway	Other[2]	Group total
Net sales at current metal prices[1]	1,038	829	693	3,930	6,490
Net sales at constant metal prices[1]	644	745	631	2,389	4,409
Net sales at constant metal prices and 2019 exchange rates[1]	644	745	615	2,412	4,416
Non-current assets (IFRS 8)[1] (at December 31)	169	161	204	1,015	1,548

(1) Based on the location of the assets of the Group's subsidiaries.
(2) Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

C. INFORMATION BY MAJOR CUSTOMER

The Group does not have any customers that individually accounted for over 10% of its sales in 2019 or 2018.

NOTE 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

A. CONSOLIDATED SALES

Consolidated sales can be analyzed as follows:

2019 *Sales (in millions of euros)*	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other Activities	Group total
Performance obligations satisfied at a point in time	2,799	105	572	1,374	1,212	6,062
Performance obligations satisfied over time	-	674	-	-	-	674
NET SALES AT CURRENT METAL PRICES	**2,799**	**779**	**572**	**1,374**	**1,212**	**6,735**

2018 *Sales (in millions of euros)*	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other Activities	Group total
Performance obligations satisfied at a point in time	2,774	121	561	1,390	1,020	5,866
Performance obligations satisfied over time	-	624	-	-	-	624
NET SALES AT CURRENT METAL PRICES	**2,774**	**745**	**561**	**1,390**	**1,020**	**6,490**

B. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets and contract liabilities can be analyzed as follows:

(in millions of euros)	December 31, 2019		December 31, 2018	
	Sales of goods	Goods and services contracts	Sales of goods	Goods and services contracts
Contract assets	-	69	-	95
Contract liabilities	(54)	(203)	(56)	(195)
TOTAL NET ASSETS/(LIABILITIES)	**(54)**	**(134)**	**(56)**	**(100)**

Sales of goods

Contract liabilities correspond to customer advance payments. The related performance obligation is satisfied within two years of receipt of the advance payment. The majority of the amounts reported at December 31, 2018 are included in 2019 sales.

Goods and services contracts

Contract assets correspond mainly to revenue recognized in respect of services rendered but not yet invoiced at the period-end. Amounts recorded in "Contract assets" are transferred to "Trade receivables" when the Group obtains an enforceable right to payment.

The 34 million euro increase in contract liabilities, net of contract assets, reflects:

- Billings of items included in the opening balance (negative impact of around 100 million euros),
- A net increase in advances received by the Group (negative impact of around 40 million euros), and
- Reduction in timing differences between the satisfaction of the performance obligation and the Group obtaining enforceable rights to payment (negative impact of around 20 million euros), partly offset by
- Revenue recognized by the percentage-of-completion method on projects in progress at the beginning of the year (positive impact of 130 million euros).

C. UNSATISFIED PERFORMANCE OBLIGATIONS

Sales of goods

Due to the nature of the business, performance obligations related to sales of goods are satisfied within the short term. Consequently, no details are provided of unsatisfied performance obligations.

Goods and services contracts

Goods and services contracts mainly concerns the Group's high-voltage cable and umbilical cable activities. The amount of unsatisfied performance obligations for these activities is greater than 1,060 million euros, of which more than 85% should be satisfied over the next two years.

The framework agreement signed with Eversource and Ørsted for the development of offshore wind farms in North America is not included in the above amount of unsatisfied performance obligations. The agreement provides for the supply of up to 1,000 kilometers of export cable for multiple Ørsted projects through 2027 in the United States.

NOTE 6. PAYROLL COSTS AND HEADCOUNT

		2019	2018
Payroll costs (including payroll taxes)	*(in millions of euros)*	1,150	1,192
Staff of consolidated companies at year-end	*(in number of employees)*	25,890	27,058

Payroll costs in the above table include share-based payments within the meaning of IFRS 2. These payments totaled 7 million euros in 2019 (including payroll taxes). See **Note 21** for further details.

Compensation paid to employees affected by reorganization plans in progress is not included in the above table.

NOTE 7. OTHER OPERATING INCOME AND EXPENSES

(in millions of euros)	Notes	2019	2018
Net asset impairment	8	13	(44)
Changes in fair value of non-ferrous metal derivatives		1	(5)
Net gains (losses) on asset disposals	9	7	44
Acquisition-related costs (completed and planned acquisitions)		(1)	(3)
Expenses and provisions for antitrust investigations		(19)	(1)
OTHER OPERATING INCOME AND EXPENSES		**2**	**(9)**

Other operating income and expenses include a net expense of 19 million euros corresponding primarily to provision allowances recorded further to the reassessment of the risks associated with potential civil claims arising from antitrust investigations in the submarine and underground high-voltage power cable industry.

NOTE 8. NET ASSET IMPAIRMENT

(in millions of euros)	2019	2018
Impairment losses – non-current assets	(1)	(47)
Reversals of impairment losses – non-current assets	14	3
Impairment losses – goodwill	-	-
Impairment losses – assets and groups of assets held for sale	-	-
NET ASSET IMPAIRMENT	**13**	**(44)**

The Group carries out impairment tests on goodwill at least once a year, on intangible assets with an indefinite useful life at least once a year, and on other intangible assets and property, plant and equipment whenever there is an indication that they may be impaired (see **Note 1.F.c.**).

Impairment tests are performed on goodwill at the level of the CGUs to which it is allocated, and an impairment loss is recognized if the carrying amounts of the underlying assets are lower than their recoverable amounts.
Following the Group's operational reorganization announced in late 2018 and included in the transformation plan announced on November 9, 2018, the CGUs were adapted and restructured effective from January 1, 2019. These changes to the CGUs did not have any impact on the net asset impairment figure because the calculations were performed based on both the old and new CGU structure.

A. RESULTS OF THE IMPAIRMENT TESTS PERFORMED IN 2019

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.
The tests performed in 2019 did not result in any material impairment losses being recognized and the review of business projections led to the reversal of 11 million euros of previously recognized impairment losses, mainly on the United States high voltage business, following the strategic refocusing of the plant's business.

The 47 million euro impairment loss recorded in 2018 mainly concerned property, plant and equipment. Of this amount, 18 million euros concerned assets in China and 28 million euros concerned the Europe Land high-voltage business.

B. GOODWILL BREAKDOWN

Goodwill balances and movements in goodwill in 2019 can be analyzed as follows by CGU based on the new organization:

(in millions of euros)	Asia-Pacific Building & Territories CGU	South America Building & Territories CGU	Europe Industry & Solutions CGU	North America Industry & Solutions CGU	Other CGUs	Total
DECEMBER 31, 2018	66	65	31	27	54	243
Business combinations	-	-	-	-	-	-
Disposals/acquisitions	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Exchange differences and other movements	1	(0)	(0)	1	(3)	(2)
DECEMBER 31, 2019	67	64	31	28	51	242

No impairment loss on goodwill was recognized by the Group in 2019 or 2018.

Following the reorganization of the CGUs, the main items of goodwill are allocated as follows:
- The Asia-Pacific Building & Territories CGU includes the goodwill recognized on acquisition of Nexans Yanggu New Rihui, which joined the Group in 2011, and most of the goodwill recognized on the 2006 acquisition of the Olex sub-group.
- The South America Building & Territories CGU, mainly comprises the Madeco sub-group acquired in 2008, but also includes Nexans' long-standing business in Brazil.
- The Europe Industry & Solutions CGU includes Intercond and Cabloswiss, which were merged into Nexans Intercablo in 2012, and Nexans Industry Solutions, acquired in 2018.
- The North America Industry & Solutions CGU corresponds to AmerCable.

C. MAIN ASSUMPTIONS

The main assumptions applied by geographic area when preparing the business plans used in connection with impairment testing are listed below:
- Stable discount rates in the Group's main monetary areas at December 31, 2019 compared with December 31, 2018, except for the discount rate used for the euro zone, which was 75 basis points lower, and that for Australia, which was 50 basis points lower.
- The perpetuity growth rates used for the Group's CGUs at December 31, 2019 were downgraded for most of the main regions compared with those used at December 31, 2018.
- 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 2020 Budget and the Strategic Plan). Cash flows are projected over a five-year period for the purpose of these assumptions.

D. SENSITIVITY ANALYSES

The main assumptions described above are used for measuring the CGUs that are tested for impairment. In addition, analyses are performed to test the sensitivity of the calculations to a 50 basis point increase or decrease in the discount rate and perpetuity growth rate.

The sensitivity analysis performed at December 31, 2019 did not reveal the need to recognize any impairment losses.

NOTE 9. NET GAINS (LOSSES) ON ASSET DISPOSALS

(in millions of euros)	2019	2018
Net gains (losses) on disposals of fixed assets	7	44
Net gains (losses) on disposals of investments	-	1
Other	-	-
NET GAINS (LOSSES) ON ASSET DISPOSALS	**7**	**44**

In 2019, gains and losses on asset disposals mainly concerned disposals of real estate assets in France and Switzerland.

The 44 million euro net gain recorded under "Net gains (losses) on disposals of investments" in 2018 corresponded mainly to the net gain on the sale of the Lyon industrial site.

NOTE 10. OTHER FINANCIAL INCOME AND EXPENSES

(in millions of euros)	2019	2018
Dividends received from non-consolidated companies	1	1
Provisions	(0)	-
Net foreign exchange gain (loss)	(11)	6
Net interest expense on pensions and other long-term employee benefit obligations(1)	(5)	(5)
Other	(9)	(10)
OTHER FINANCIAL INCOME AND EXPENSES	**(24)**	**(9)**

(1) See Note 22.B.

NOTE 11. INCOME TAXES

A. ANALYSIS OF THE INCOME TAX CHARGE

(in millions of euros)	2019	2018
Current income tax charge	(52)	(43)
Deferred income tax (charge) benefit, net	8	(1)
INCOME TAX CHARGE	**(44)**	**(44)**

Nexans S.A. heads up a tax group in France that comprised 11 companies in 2019. Other tax groups have been set up where possible in other countries, including in Germany, North America, Italy and South Korea.

B. EFFECTIVE INCOME TAX RATE

The effective income tax rate was as follows for 2019 and 2018:

Tax proof *(in millions of euros)*	2019	2018
Income before taxes	(73)	56
■ of which share in net income of associates	0	0
INCOME BEFORE TAXES AND SHARE IN NET INCOME OF ASSOCIATES	**(73)**	**56**
Standard tax rate applicable in France (in %) (1)	34.43	34.43
THEORETICAL INCOME TAX CHARGE	**25**	**(19)**
Effect of:		
■ Difference between foreign and French tax rates	16	12
■ Change in tax rates for the period	0	2
■ Unrecognized deferred tax assets	(76)	(32)
■ Taxes calculated on a basis different from "Income before taxes"	(7)	(7)
■ Other permanent differences	(2)	0
ACTUAL INCOME TAX CHARGE	**(44)**	**(44)**
EFFECTIVE TAX RATE (IN %)	**-60.42**	**77.80**

(1) For the purpose of simplicity, the Group has elected to only use the standard tax rate for France, i.e., including surtaxes.

The theoretical income tax charge is calculated by applying the parent company's tax rate to consolidated income before taxes and share in net income of associates.

C. TAXES RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME

Taxes recognized directly in other comprehensive income in 2019 can be analyzed as follows:

(in millions of euros)	January 1, 2019	Gains (losses) generated during the year(1)	Amounts recycled to the income statement(1)	Total other comprehensive income (loss)	December 31, 2019
Currency translation differences	(5)	(1)	-	(1)	(7)
Cash flow hedges	(10)	(8)	(3)	(10)	(1)
TAX IMPACT ON RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME(2)	**5**	**(9)**	**(3)**	**(11)**	**(8)**
Financial assets at fair value through other comprehensive income	-	-	-	-	-
Actuarial gains and losses on pensions and other long-term employee benefit obligations	50	8	N/A	8	58
Share of other non-recyclable comprehensive income of associates	-	-	-	-	-
TAX IMPACT ON NON-RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME	**50**	**8**	**-**	**8**	**58**

(1) The tax effects relating to cash flow hedges and available-for-sale financial assets, as well as the gains and losses generated during the year and amounts recycled to the income statement are presented in the consolidated statement of changes in equity in the "Changes in fair value and other" column.
(2) These taxes will be recycled to the income statement in the same periods as the underlying transactions to which they relate (see Notes 1.C *and* 1.F.n*).*

D. DEFERRED TAXES RECOGNIZED IN THE CONSOLIDATED BALANCE SHEET

Deferred taxes break down as follows by type:

(in millions of euros)	December 31, 2018	Impact on income	Change in consolidation scope	Impact on equity	Exchange differences and other	December 31, 2019
Fixed assets	(45)	4	(0)	-	(0)	(42)
Other assets	(76)	(2)	-	-	(1)	(79)
Employee benefit obligations	60	(4)	-	7	0	64
Provisions for contingencies and charges	18	17	-	-	0	36
Other liabilities	15	8	-	(10)	2	15
Unused tax losses	563	42	(0)	-	(3)	601
DEFERRED TAX ASSETS (GROSS) AND DEFERRED TAX LIABILITIES	**535**	**65**	**(0)**	**(3)**	**(2)**	**596**
Unrecognized deferred tax assets	(482)	(57)	-	-	0	(538)
NET DEFERRED TAXES	**53**	**8**	**(0)**	**(3)**	**(2)**	**57**
■ of which recognized deferred tax assets	162					175
■ of which deferred tax liabilities	(109)					(118)
NET DEFERRED TAXES EXCLUDING ACTUARIAL GAINS AND LOSSES	**3**					**(1)**

At December 31, 2019, deferred tax assets of 538 million euros were not recognized as the Group deemed that their recovery was not sufficiently probable (482 million euros at December 31, 2018). These mainly concern the tax losses described in Note 11.E below.

E. UNUSED TAX LOSSES

Unused tax losses carried forward represented potential tax benefits for the Group of 601 million euros at December 31, 2019 (563 million euros at December 31, 2018). The main entities to which these tax losses related at those dates were as follows:

- German subsidiaries, in an amount of 196 million euros (162 million euros at December 31, 2018), of which 37 million euros were recognized in deferred tax assets at December 31, 2019 (34 million euros at December 31, 2018).
- French subsidiaries, in an amount of 205 million euros (187 million euros at December 31, 2018), of which 13 million euros were recognized in deferred tax assets at December 31, 2019 (13 million euros at December 31, 2018).

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 balance sheet 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)	2019	2018
Year Y+1	3	3
Years Y+2 to Y+4	14	12
Year Y+5 and subsequent years(1)	583	548
TOTAL	**601**	**563**

(1) This line includes the potential tax benefits derived from unused tax losses that may be carried forward indefinitely.

F. TAXABLE TEMPORARY DIFFERENCES RELATING TO INTERESTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

No deferred tax liabilities have been recognized in relation to temporary differences where (i) the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, or (ii) the reversal of the temporary difference will not give rise to a significant tax payment.

NOTE 12. EARNINGS PER SHARE

The following table presents a reconciliation of basic earnings per share and diluted earnings per share:

	2019	2018
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT(1)	(122)	14
Interest expense on OCEANE convertible bonds, net of tax(1)	N/A	Anti-dilutive
ADJUSTED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT(1)	(122)	14
Average number of shares outstanding	43,405,477	43,307,515
Average number of dilutive instruments		
▪ of which free shares and performance shares	Anti-dilutive	908,085
▪ of which convertible bonds	N/A	Anti-dilutive
Average number of diluted shares	43,405,477	44,215,600
ATTRIBUTABLE NET INCOME PER SHARE (IN EUROS)		
▪ Basic earnings per share(2)	(2.81)	0.32
▪ Diluted earnings per share(2)	(2.81)	0.32

(1) In millions of euros.
(2) In euros.

NOTE 13. INTANGIBLE ASSETS

(in millions of euros)	Trademarks	Customer relationships	Software	Intangible assets in progress	Other	Total
Gross value	56	193	96	37	48	429
Accumulated amortization and impairment	(25)	(175)	(79)	-	(20)	(298)
NET AT JANUARY 1, 2019	**31**	**18**	**17**	**37**	**28**	**131**
Acquisitions and capitalizations	-	-	3	6	-	9
Disposals	-	-	-	(1)	(2)	(3)
Amortization expense for the year	-	(3)	(7)	-	(3)	(13)
Impairment losses, net of reversals(1)	-	-	-	-	-	-
Changes in Group structure	-	-	-	-	-	-
Exchange differences and other	-	-	14	(13)	(1)	1
NET AT DECEMBER 31, 2019	**31**	**16**	**27**	**29**	**22**	**126**
Gross value	57	195	113	29	45	438
Accumulated amortization and impairment	(26)	(179)	(86)	-	(23)	(313)

(1) See Note 8.

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

(in millions of euros)	Land and buildings	Plant, equipment and machinery	Right-of-use assets(1)	Property, plant and equipment under construction	Other	Total(1)
Gross value	927	2,245	126	104	236	3,637
Accumulated depreciation and impairment	(576)	(1,625)	-	(6)	(170)	(2,377)
NET AT JANUARY 1, 2019	**351**	**620**	**126**	**98**	**66**	**1,261**
Acquisitions and capitalizations	3	43	15	179	3	243
Disposals	(5)	(9)	(1)	(0)	(0)	(14)
Depreciation expense for the year	(23)	(90)	(26)	-	(9)	(149)
Impairment losses, net of reversals(2)	7	6	-	(1)	0	12
Changes in Group structure	(0)	(0)	-	-	(0)	(0)
Exchange differences and other	33	64	(0)	(43)	(23)	30
NET AT DECEMBER 31, 2019	**367**	**634**	**113**	**232**	**36**	**1,382**
Gross value	950	2,279	135	234	195	3,793
Accumulated depreciation and impairment	(583)	(1,646)	(22)	(1)	(159)	(2,410)

(1) Right-of-use assets result from the application of IFRS 16, "Leases", using the modified retrospective approach (see Note 3). The gross value of property, plant and equipment at December 31, 2018, i.e., before applying IFRS 16, was 3,470 million euros.
(2) See Note 8.

Right-of-use assets primarily concern real estate leases for 100 million euros at December 31, 2019.

NOTE 15. INVESTMENTS IN ASSOCIATES – SUMMARY OF FINANCIAL DATA

A. EQUITY VALUE

(At December 31, in millions of euros)	% control	2019	2018
Qatar International Cable Company	30.33%	13	16
Cobrecon/Colada Continua	50%/41.00%	10	8
Recycables	36.50%	4	4
IES Energy	27.80%	11	12
TOTAL		**37**	**39**

B. FINANCIAL DATA RELATING TO ASSOCIATES

The information below is presented in accordance with the local GAAP of each associate as full balance sheets 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 balance sheet

(At December 31, in millions of euros)	2019	2018
Property, plant and equipment and intangible assets	122	121
Current assets	109	136
TOTAL CAPITAL EMPLOYED	**230**	**257**
Equity	115	123
Net financial debt	42	37
Other liabilities	73	97
TOTAL FINANCING	**230**	**257**

Condensed income statement

(in millions of euros)	2019	2018
Sales at current metal prices	228	289
Operating income	(1)	5
Net income	(6)	(1)

NOTE 16. OTHER NON-CURRENT ASSETS

At December 31, in millions of euros (net of impairment)	2019	2018
Long-term loans and receivables	33	19
Shares in non-consolidated companies	31	21
Pension plan assets	8	5
Derivative instruments	9	3
Other	11	12
TOTAL	**92**	**60**

The maturity schedule for non-current assets at December 31, 2019 is presented below, excluding (i) shares in non-consolidated companies, and (ii) pension plan assets:

(At December 31, 2019, in millions of euros)	Value in the consolidated balance sheet	1 to 5 years	> 5 years
Long-term loans and receivables	33	31	2
Derivative instruments	9	9	-
Other	11	2	8
TOTAL	**53**	**43**	**10**

Movements in impairment losses recognized for other non-current assets carried at net realizable value were as follows:

(in millions of euros)	Long-term loans and receivables	Other
AT DECEMBER 31, 2018	**6**	**3**
Additions	1	-
Disposals/reversals	(1)	-
Other	(1)	-
AT DECEMBER 31, 2019	**4**	**3**

NOTE 17. INVENTORIES AND WORK IN PROGRESS

(At December 31, in millions of euros)	2019	2018
Raw materials and supplies	384	356
Industrial work in progress	323	319
Finished products	462	483
GROSS VALUE	**1,170**	**1,158**
Impairment	(56)	(48)
NET VALUE	**1,113**	**1,110**

NOTE 18. TRADE RECEIVABLES

(At December 31, in millions of euros)	2019	2018
Gross value	1,056	1,061
Impairment	(41)	(40)
NET VALUE	**1,015**	**1,021**

At December 31, 2019 and 2018, as part of a receivables securitization program set up by the Group in 2010, renewed for five years on March 30, 2015 and amended in May 2017 (referred to as the "On Balance Sheet" program), Nexans France SAS had respectively sold 66 million euros and 87 million euros worth of euro denominated trade receivables to a bank (excluding security deposit). The receivables sold under this program cannot be derecognized, as they do not meet the required criteria under IAS 27 and IFRS 9.

Changes in provisions for impairment of trade receivables can be analyzed as follows (see **Note 27.D** for details on the Group's policy for managing customer credit risk):

(in millions of euros)	At January 1	Additions	Utilizations	Reversals	Other (currency translation differences, IFRS 5 requirements	At December 31
2019	**40**	**9**	**(3)**	**(5)**	**0**	**41**
2018	45	3	(3)	(4)	(1)	40

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, 2019	**32**	**20**
December 31, 2018	40	14

At December 31, 2019 and 2018, the remaining receivables past due but not written down mainly related to leading industrial groups, major public and private electricity companies and telecommunications operators, and major resellers.

NOTE 19. OTHER CURRENT ASSETS

(At December 31, in millions of euros)	2019	2018
Prepaid and recoverable income taxes	33	46
Other tax receivables	75	56
Cash deposits paid	7	9
Prepaid expenses	27	29
Other receivables, net	45	44
NET VALUE	**186**	**184**

Cash deposited to meet margin calls on copper forward purchases traded on the LME whose fair value was negative at the year end (see **Note 27.C**) is presented under "Cash deposits paid" in the above table and amounted to 3 million euros at December 31, 2019 (3 million euros at December 31, 2018).

NOTE 20. DECREASE (INCREASE) IN WORKING CAPITAL

(At December 31, in millions of euros)	2019	2018
Inventories and work in progress	(23)	(32)
Trade receivables and other receivables	10	58
Trade payables and other debts	69	91
DECREASE (INCREASE) IN WORKING CAPITAL	**56**	**117**

The Group did not sell any tax receivables in 2019.

NOTE 21. EQUITY

A. COMPOSITION OF CAPITAL STOCK

At December 31, 2019, Nexans S.A.'s capital stock comprised 43,606,320 fully paid-up shares with a par value of 1 euro each, compared with 43,606,320 shares at December 31, 2018.
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 0.40 euros per share, representing an aggregate payout of 17.4 million euros based on the 43,606,320 shares making up the Company's capital stock at December 31, 2019.

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, 2020 and the date of the Annual Shareholders' Meeting called to approve the dividend payment.

At the Annual Shareholders' Meeting held on May 15, 2019 to approve the financial statements for the year ended December 31, 2018, the Company's shareholders authorized payment of a dividend of 0.30 euros per share, representing an aggregate payout of 13 million euros based on the 43,606,320 shares making up the Company's capital stock on the payment date (May 21, 2019).

C. TREASURY STOCK

During 2019, 77,839 shares were delivered under free share and performance share plans.

In 2018, Nexans S.A. purchased 702,336 shares into treasury under the buyback programs approved by the Board of Directors on November 22, 2017 and June 19, 2018.

At December 31, 2019, 156,485 shares were held in treasury stock.
At December 31, 2018, 234,324 shares were held in treasury stock.

D. FREE SHARES AND PERFORMANCE SHARES

The Group allocated an aggregate 319,700 free shares and performance shares in 2019 and 265,317 in 2018.

At December 31, 2019, there were 996,625 free shares and performance shares outstanding, each entitling their owner to one share on vesting, representing a total of 2.3% of the Company's capital stock (762,584 shares at December 31, 2018, representing 1.7% of the Company's capital stock).

The free shares and performance shares outstanding at December 31, 2019 can be analyzed as follows:

a. Plan characteristics

Grant date	Number of shares originally granted	Number of shares outstanding at the year-end	End of vesting period
January 1, 2016	30,000	30,000	January 1, 2020
May 12, 2016	253,200	219,117	May 12, 2020
November 23, 2016	3,900	3,400	November 23, 2020
March 14, 2017	225,300	200,850	March 14, 2021
March 13, 2018	211,100	189,950	March 13, 2022
July 27, 2018	39,717	19,858	July 27, 2021
July 27, 2018	14,500	14,500	July 27, 2022
March 19, 2019	319,700	318,950	March 19, 2023
TOTAL	**1,097,417**	**996,625**	

b. Movements in outstanding free shares and performance shares

	Number of shares
SHARES OUTSTANDING AT BEGINNING OF YEAR	**762,584**
Shares granted during the year	319,700
Shares canceled during the year	(7,820)
Shares vested during the year[1]	(77,839)
SHARES OUTSTANDING AT THE YEAR-END	**996,625**

(1) Including 77,839 shares allocated from treasury stock.

c. Valuation of free shares and performance shares

The assumptions applied to value the shares impacting income for 2019 and 2018 were as follows:

Grant date	July 24, 2014	July 28, 2015	Jan. 1, 2016	May 12, 2016	Nov. 23, 2016	Mar. 14, 2017	Mar. 13, 2018	July 27, 2018	Mar. 19, 2019
Share price at grant date (in euros)	34.85	36.19	33.84	43.47	49.80	48.31	44.64	29.28	28.22
Vesting period	3 to 4 years	3 to 4 years	4 years	4 years	4 years	4 years	4 years	3-4 years	4 years
Volatility (%) (1)	42%	35%	35%	37%	37%	38%	35%	42%	35%
Risk-free interest rate (%)	0.25%	0.00%	0.00%	0.00%	0.00%	0.06%	0.02%	0.00%	-0.22%
Dividend rate (%)	2.3%	2.0%	2.0%	1.0%	1.0%	2.0%	2.0%	2.0%	2.0%
Fair value of each share (in euros)	11.61 - 31.79	12.04 - 33.41	17.27 - 31.24	28.50 - 41.76	25.76 - 47.85	23.48 - 44.59	21.14 -41.21	12.53 - 28.70	10.90 -26.05

(1) Only for shares subject to a stock market performance condition.

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. The cost recorded in the income statement totaled 6 million euros in 2019 (5 million euros in 2018).

E. PUT OPTIONS GRANTED TO NON-CONTROLLING INTERESTS

At December 31, 2019, Nexans had commitments under put options granted to non-controlling interests in Olex Australia and Olex New Zealand.

At December 31, 2018, there were no outstanding put options on non-controlling interests.

F. EMPLOYEE SHARE OWNERSHIP PLAN

In 2018, Nexans launched a new employee share ownership plan made up of an employee share issue involving a maximum of 500,000 shares. The settlement-delivery of the shares took place on July 18, 2018 and resulted in the issuance of 496,477 new shares, representing an aggregate amount of 13.8 million euros. The expense relating to this plan (representing 2 million euros including the employer contribution) was recognized in 2018 and included the impact of valuing the lock-up period applicable to plans in countries where it was possible to set up a corporate mutual fund.
Out of the proceeds of this employee share issue (net of the related issue costs), 0.5 million euros was recognized in "Capital stock" and 12.6 million euros in "Additional paid-in capital".

NOTE 22. PENSIONS, RETIREMENT BONUSES AND OTHER LONG-TERM BENEFITS

There are a large number of retirement and other long-term employee benefit plans in place within the Group:

- In France, each Group employee is eligible for state pension plans and is entitled to statutory retirement indemnities paid by the employer. For historical reasons, certain employees are also members of defined benefit supplementary pension plans, one of which has been closed to new entrants since 2005, the other since 2014. Senior executive vice president members of the Executive Committee and corporate executive officers are members of a defined contributions supplementary pension plan that has been set up by the Company.
- In other countries, pension plans are subject to local legislation, and to the business and historical practices of the subsidiary concerned. Nexans takes care to ensure that its main defined benefit plans are funded in such a way as to ensure that they have plan assets that approximate the value of the underlying obligations. The majority of unfunded defined benefit plans have been closed.

Provisions for jubilee and other long-term benefits paid during the employees' service period are valued based on actuarial calculations comparable to the calculations used for pension benefit obligations, but actuarial gains and losses are not recognized in other comprehensive income but in benefit expense.

The Group also has certain guaranteed-yield plans that are not included in pension benefit obligations as defined in IAS 19 because they are not material.

A. MAIN ASSUMPTIONS

The basic assumptions used for the actuarial calculations required to measure obligations under defined benefit plans are determined by the Group in conjunction with its external actuary. Demographic and other assumptions (such as for staff turnover and salary increases) are set on a per-company basis, taking into consideration local job market trends and forecasts specific to each entity.

The weighted average rates used for the main countries concerned are listed below (together, these countries represented some 94% of the Group's pension obligations at December 31, 2019).

	Discount rate 2019	Estimated future salary increases 2019	Discount rate 2018	Estimated future salary increases 2018
France	0.70%	1.80% - 2.30%	1.60%	2.00% - 2.30%
Germany	0.70%	3.00%	1.60%	3.00%
Norway	2.50%	N/A	2.85%	N/A
Switzerland	0.10%	1.00%	0.90%	1.00%
Canada	2.85%	3.50%	3.45%	3.50%
United States	3.60%	3.50%	4.15%	3.50%
Australia	1.90%	2.50%	3.35%	2.50%

The discount rates applied were determined as follows:

- By reference to market yields on high-quality corporate bonds (rated AA or above) in countries or currency zones where there is a deep market for such bonds. This approach was notably used to determine the discount rates in the Eurozone, Canada, the United States, Switzerland, South Korea, Australia and Norway.
- By reference to market yields on government bonds with similar maturities to those of the benefit payments under the pension plans concerned in countries or currency zones where there is no deep market for high-quality corporate bonds (including for bonds with short maturities).

B. PRINCIPAL MOVEMENTS

(in millions of euros)	2019	2018
RETIREMENT COSTS FOR THE YEAR		
Service cost	(13)	(14)
Net interest expense	(5)	(5)
Actuarial gains (losses) (on jubilee benefits)	(2)	0
Past service cost	7	12
Effect of curtailments and settlements	2	1
Impact of asset ceiling	-	-
NET COST FOR THE YEAR	**(11)**	**(6)**
▪ of which operating cost	(6)	(1)
▪ of which finance cost	(5)	(5)

(in millions of euros)	2019	2018
VALUATION OF DEFINED BENEFIT OBLIGATION		
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT JANUARY 1	**773**	**812**
Service cost	13	14
Interest expense	13	13
Employee contributions	2	2
Plan amendments	(9)	(12)
Business acquisitions and disposals	(0)	(0)
Plan curtailments and settlements	(9)	(3)
Benefits paid	(45)	(58)
Actuarial (gains) losses	69	(1)
Exchange differences and other	17	6
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT DECEMBER 31	**825**	**773**

(in millions of euros)	2019	2018
PLAN ASSETS		
FAIR VALUE OF PLAN ASSETS AT JANUARY 1	415	432
Interest income	8	8
Actuarial gains (losses)	37	(7)
Employer contributions	14	12
Employee contributions	2	2
Business acquisitions and disposals	-	-
Plan curtailments and settlements	(9)	(3)
Benefits paid	(25)	(35)
Exchange differences and other	17	7
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**459**	**415**

(At December 31, in millions of euros)	2019	2018
FUNDED STATUS		
Present value of wholly or partially funded benefit obligations	(538)	(497)
Fair value of plan assets	459	415
FUNDED STATUS OF BENEFIT OBLIGATION	(79)	(82)
Present value of unfunded benefit obligation	(287)	(276)
BENEFIT OBLIGATION NET OF PLAN ASSETS	(365)	(358)
Unrecognized surplus (due to asset ceiling)	-	-
NET PROVISION RECOGNIZED	**(365)**	**(358)**
■ of which pension assets	8	5

(in millions of euros)	2019	2018
CHANGE IN NET PROVISION		
NET PROVISION RECOGNIZED AT JANUARY 1	358	380
Expense (income) recognized in the income statement	10	6
Expense (income) recognized in other comprehensive income	31	7
Utilization	(34)	(35)
Other impacts (exchange differences, acquisitions/disposals, etc.)	(0)	(0)
NET PROVISION RECOGNIZED AT DECEMBER 31	**365**	**358**
■ of which pension assets	8	5

C. SIGNIFICANT EVENTS OF THE YEAR

Actuarial losses recognized in 2019 were mainly due to the use of lower discount rates, the effect of which was partly offset by 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 7 million euros in non-recurring income as a result of the reduction in pension and other retirement benefit obligations recorded due to the reorganization plans put in place for the Group's operations in Europe.

The Group's employer contributions relating to defined benefit plans are estimated at 8 million euros for 2020.

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 98 million euros in 2019 (90 million euros in 2018).

In 2018, the Board of Directors decided to terminate the Key Management Personnel's defined benefit supplementary pension plan for beneficiaries who are more than seven years younger than the age from which they can claim their pension under the standard government-sponsored pension regime. Compensation was granted for the potential rights already accrued under the defined benefit plan.

This plan curtailment resulted in the recognition of a 12 million euro gain in the Group's 2018 income statement.

As a result of this Board decision, Nexans S.A. also put in place a new defined contribution supplementary pension plan for senior executive vice president members of the Executive Committee and executive corporate officers.

The actuarial losses recognized in 2018 primarily reflected the return on plan assets excluding amounts included in net interest on the net defined benefit obligation and experience adjustments, partially offset by changes in the discount rates applied.

D. ANALYSIS OF ACTUARIAL GAINS AND LOSSES

Actuarial gains and losses arising on the Group's defined benefit obligation (DBO) can be analyzed as follows:

	2019		2018	
	in millions of euros	% of DBO	in millions of euros	% of DBO
Discount rate	71	9%	(7)	-1%
Salary increases	(0)	0%	(5)	-1%
Mortality	(0)	0%	(0)	0%
Staff turnover	0	0%	0	0%
Other changes in assumptions	(1)	0%	3	0%
(GAINS) LOSSES FROM CHANGES IN ASSUMPTIONS	**69**	**8%**	**(9)**	**-1%**
(GAINS) LOSSES FROM PLAN AMENDMENTS	**-**	**0%**	**-**	**0%**
(GAINS) LOSSES FROM EXPERIENCE ADJUSTMENTS	**(2)**	**0%**	**8**	**1%**
OTHER	**2**	**0%**	**0**	**0%**
TOTAL (GAINS) LOSSES ARISING DURING THE YEAR	**(69)**	**8%**	**(1)**	**0%**

E. BREAKDOWN OF PLAN ASSETS BY CATEGORY

The Group's portfolio of plan assets breaks down as follows:

(At December 31)	2019		2018	
	in millions of euros	% of DBO	in millions of euros	% of DBO
Equities[(1)]	146	32%	130	31%
Bonds and other fixed income products[(1)]	171	37%	160	39%
Real estate	90	20%	71	17%
Cash and cash equivalents	7	1%	14	3%
Other Activities	45	10%	41	10%
FAIR VALUE OF PLAN ASSETS	**459**	**100%**	**415**	**100%**

(1) All of the instruments recognized under "Equities" and "Bonds and other fixed income products" are listed.

F. SENSITIVITY ANALYSES

The present value of the Group's obligation for pensions and other retirement benefits is sensitive to changes in discount rates. In 2019, 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:

	2019		
	Actual DBO in millions of euros	Adjusted DBO in millions of euros	% change
Europe	613	652	6.36%
North America	176	187	6.25%
Asia	20	21	4.33%
Other countries	15	16	6.66%
TOTAL	**825**	**876**	**6.18%**

The present value of the Group's obligation for pensions and other retirement benefits is also sensitive to changes in inflation rates. Depending on the type of plan concerned, changes in inflation rates can affect both the level of future salary increases and the amounts of annuity payments. A 50 basis-point increase in the inflation rates used would have had the following impacts on the present value of the Group's defined benefit obligation (assuming that the discount rates applied remain constant):

	2019		
	Actual DBO in millions of euros	Adjusted DBO in millions of euros	% change
Europe	613	632	3.09%
North America	176	176	0.00%
Asia	20	20	0.00%
Other countries	15	15	1.08%
TOTAL	**825**	**843**	**2.26%**

G. CHARACTERISTICS OF THE MAIN DEFINED BENEFIT PLANS AND ASSOCIATED RISKS

The two plans described below represent 58% of the total present value of the Group's defined benefit obligation at December 31, 2019.

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 12 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 23. PROVISIONS

A. ANALYSIS BY NATURE

(At December 31, in millions of euros)	2019	2018
Accrued contract costs	38	32
Provisions for reorganization costs	159	34
Other provisions	101	81
TOTAL	**297**	**147**

Movements in these provisions were as follows during 2019 and 2018:

(in millions of euros)	TOTAL	Accrued contract	Provisions for reorganization	Other provisions
AT DECEMBER 31, 2017	**173**	**36**	**48**	**89**
Additions	41	16	19	6
Reversals (utilized provisions)	(39)	(9)	(26)	(4)
Reversals (surplus provisions)	(21)	(11)	(4)	(6)
Business combinations	-	-	-	-
Exchange differences and other	(7)	-	(3)	(4)
AT DECEMBER 31, 2018	**147**	**32**	**34**	**81**
Additions	212	19	172	21
Reversals (utilized provisions)	(56)	(11)	(39)	(6)
Reversals (surplus provisions)	(26)	(4)	(21)	(1)
Business combinations	-	-	-	-
Exchange differences and other	20	(1)	13	6
AT DECEMBER 31, 2019	**297**	**38**	**159**	**101**

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 include provisions for construction contracts in progress, where applicable, in accordance with the method described in **Note 1.E.a**.

The "Other provisions" column mainly includes provisions set aside for antitrust investigations, which amounted to 74 million euros at December 31, 2019 (59 million euros at December 31, 2018) (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 REORGANIZATION COSTS

Reorganization costs amounted to 251 million euros in 2019, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairment and retirements[1]	Other monetary costs	Total
Charges to provisions, net of reversals of surplus provisions	120	12	31	164
Other costs for the year	10	-	78	87
TOTAL REORGANIZATION COSTS	**130**	**12**	**109**	**251**

(1) Presented as a deduction from the corresponding assets in the consolidated balance sheet.

"Other monetary costs" primarily correspond to site maintenance costs, project management costs and the cost of reallocating assets within the Group.
In 2019, they also include 17 million euros in costs directly related to the transformation program announced by the Group on November 9, 2018.

Reorganization costs for 2019 also include 184 million euros in costs related to the project to reorganize the Group's operations in Europe announced on January 24, 2019 (see **Note 2**). This amount corresponds mainly to provisions recognized for employee related costs and, to a lesser extent, costs for which no provisions could be recorded in accordance with IFRS (notably in Germany, France and Belgium).

The remaining costs relate for the most part to reorganization plans in progress in the Asia-Pacific region, Brazil and North America.

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 reorganization plans are deducted from "Other monetary costs" when the sales are completed.

As was the case in previous years, wherever possible the reorganization plans implemented by the Group in 2019 included assistance measures negotiated with employee representative bodies as well as measures aimed at limiting lay-offs and facilitating redeployment.

The 53 million euro expense recognized under reorganization costs in 2018 corresponded mainly to (i) provisions for reorganization plans in Europe, South Korea and Brazil, and (ii) costs expensed as incurred, primarily in Europe and the United States.

NOTE 24. NET DEBT

At both December 31, 2019 and December 31, 2018 the Group's long-term debt was rated BB by Standard & Poor's with a negative outlook.

A. ANALYSIS BY NATURE

(At December 31, in millions of euros)	Notes	2019	2018
Long-term – ordinary bonds(1)	24.C	772	771
Other long-term borrowings(1)		59	7
TOTAL LONG-TERM DEBT(2)		**831**	**778**
Short-term – OCEANE convertible bonds(1)	24.C	-	269
Short-term borrowings and short-term accrued interest not yet due(2)		150	169
Short-term bank loans and overdrafts		16	15
TOTAL SHORT-TERM DEBT(2)		**165**	**453**
GROSS DEBT(2)		**996**	**1,231**
Short-term financial assets		-	-
Cash		(617)	(870)
Cash equivalents		(25)	(31)
NET DEBT EXCLUDING LEASE LIABILITIES		**355**	**330**
Lease liabilities(3)		116	-
NET DEBT		**471**	**330**

(1) Excluding short-term accrued interest not yet due and lease liabilities.
(2) Excluding lease liabilities.
(3) Out of the total lease liabilities recognized at December 31, 2019, 92 million euros corresponded to non-current liabilities and the balance to current liabilities. The related interest expense amounted to 4 million euros in 2019.

The amount recognized under "Other long-term borrowings" at December 31, 2019 includes a 51 million euro liability related to financing the construction of a cable-laying vessel (see **Note 2** and **Note 14**).

Since the second quarter of 2010, short-term borrowings have included a securitization program (the "On-Balance Sheet" program) set up by Nexans France involving the sale of euro-denominated trade receivables, which is contractually capped at 80 million euros (see **Note 18**).

Interest expense on lease liabilities amounted to 4 million euros in 2019.

B. CHANGE IN GROSS DEBT

(in millions of euros)	December 31, 2018	New borrowings/ repayments	Change in consolidation scope	Change in accrued interest	Transfers from long-term to short-term	Other[1]	December 31, 2019
Long-term – ordinary bonds	771	-	-	-	-	1	772
Other long-term borrowings	7	52	-	-	(0)	-	59
Short-term – ordinary bonds	-	-	-	-	-	-	-
Short-term – OCEANE convertible bonds	269	(269)	-	-	-	-	-
Other short-term borrowings	148	(20)	-	-	0	7	135
Lease liabilities	-	(24)	-	-	-	140	116
Short-term accrued interest not yet due	21	N/A	-	(7)	-	1	15
GROSS DEBT EXCLUDING SHORT-TERM BANK LOANS AND OVERDRAFTS	**1,216**	(261)	-	(7)	-	149	**1,097**

(1) Including the non-cash impacts of (i) the transition to IFRS 16 and (ii) new leases signed during the year.

C. BONDS

(in millions of euros)	Carrying amount at end-2019	Face value at issue date	Maturity date	Nominal interest rate
Ordinary bonds redeemable in 2021	254	250	May 26, 2021	3.25%
Ordinary bonds redeemable in 2023	328	325	August 8, 2023	3.75%
Ordinary bonds redeemable in 2024	203	200	April 5, 2024	2.75%
TOTAL ORDINARY BONDS[1]	**786**	**775**		

(1) Including 14 million euros in short-term accrued interest.

All of the OCEANE 2019 bonds were redeemed in early January for an aggregate amount of 276 million euros, including accrued interest.

On August 8, 2018, Nexans issued 325 million euros worth of fixed-rate bonds with a five-year term, maturing on August 8, 2023. The bonds were issued at par and had an annual coupon of 3.75%. The issue price was 100% of the bonds' par value.

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

D. ANALYSIS OF GROSS DEBT BY CURRENCY AND INTEREST RATE

Long-term debt

(At December 31, excluding short-term accrued interest not yet due)	Weighted average EIR[1] (%)		in millions of euros	
	2019	2018	2019	2018
Ordinary bonds redeemable in 2021	3.40	3.40	249	249
Ordinary bonds redeemable in 2023	3.89	3.89	324	323
Ordinary bonds redeemable in 2024	2.87	2.87	199	199
Other	4.68	3.22	59	7
TOTAL[2]	**3.55**	**3.47**	**831**	**778**

(1) Effective interest rate.
(2) Excluding lease liabilities.

Over 90% of the Group's medium- and long-term debt is at fixed interest rates.

Long-term debt denominated in currencies other than the euro correspond primarily to loans granted to Nexans Norway for the financing of construction of the Aurora cable-laying vessel, loans to Liban Câbles at preferential rates, and loans to Nexans Côte d'Ivoire.

Short-term debt

(At December 31)	Weighted average EIR[1] (%)		in millions of euros	
	2019	2018	2019	2018
2019 OCEANE convertible bonds	N/A	5.73	N/A	269
Euro (excluding ordinary bonds)	1.05	1.82	85	78
US dollar	3.98	4.24	7	16
Other	4.49	5.55	59	69
TOTAL SHORT-TERM DEBT EXCLUDING ACCRUED INTEREST	**2.51**	**4.94**	**150**	**432**
Accrued interest (including short-term accrued interest on long-term debt)	N/A	N/A	15	21
TOTAL SHORT-TERM DEBT[2]	**2.51**	**4.94**	**165**	**453**

(1) Effective interest rate.
(2) Excluding lease liabilities.

At December 31, 2019, US dollar-denominated debt primarily concerned subsidiaries located in Lebanon and Brazil.

Debt denominated in currencies other than euros and US dollars corresponds to borrowings taken out locally by certain Group subsidiaries in Asia (China), the Middle East/Africa (Morocco and Côte d'Ivoire), and South America (primarily Brazil). In some cases such local borrowing is required as the countries concerned do not have access to the Group's centralized financing facilities. However, it may also be set up in order to benefit from a particularly attractive interest rate or to avoid the risk of potentially significant foreign exchange risk depending on the geographic region in question.

The vast majority of the Group's short-term debt is at variable rates.

E. ANALYSIS BY MATURITY (INCLUDING ACCRUED INTEREST)

Nexans Financial and Trading 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 Financial and Trading Services monitors changes in the liquidity facilities of the holding companies, as well as the Group's overall financing structure on a weekly basis (see Note 27.A).

In view of Nexans' available short-term liquidity facilities and long-term debt structure, the Group's debt maturity schedule set out below is presented on a medium- and long-term basis.

Maturity schedule at December 31, 2019

(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
Ordinary bonds redeemable in 2021	-	8	250	8	-	-	250	16
Ordinary bonds redeemable in 2023	-	12	325	37	-	-	325	49
Ordinary bonds redeemable in 2024	-	6	200	22	-	-	200	28
Other long-term borrowings	-	3	46	7	13	0	59	9
Short-term bank loans and overdrafts	149	2	-	-	-	-	149	2
TOTAL	**149**	**31**	**821**	**73**	**13**	**0**	**983**	**104**

Notes concerning the preparation of the maturity schedule:

- Foreign exchange and interest rate derivatives used to hedge the Group's external debt are not material for the Group as a whole.
- The euro equivalent amount for borrowings in foreign currencies has been calculated using the year-end exchange rate at December 31, 2019.
- 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 2020.
- The interest cost has been calculated based on contractual interest rates for fixed-rate borrowings and on weighted average interest rates at December 31, 2019 for variable-rate borrowings (see **Note 24.D** above).

NOTE 25. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

(At December 31, in millions of euros)	2019	2018
TRADE PAYABLES	**1,319**	**1,290**
Social liabilities	230	201
Current income tax payables	46	43
Other tax payables	29	16
Deferred income	0	0
Other payables	45	39
OTHER CURRENT LIABILITIES	**350**	**298**

At December 31, 2019, trade payables included approximately 226 million euros (292 million euros at December 31, 2018) related to copper purchases whose payment periods can be longer than usual for such supplies.

Amounts due to suppliers of fixed assets totaled 1 million euros at December 31, 2019 (8 million euros at December 31, 2018).

NOTE 26. DERIVATIVE INSTRUMENTS

(in millions of euros)	December 31, 2019							December 31, 2018		
	Notional amounts					Market value		Notional amounts	Market value	
FOREIGN EXCHANGE DERIVATIVES	USD	NOK	EUR	Other	Total	Assets	Liabilities		Assets	Liabilities
FOREIGN EXCHANGE DERIVATIVES – CASH FLOW HEDGES						19	12		21	28
Forward sales	372	604	688	248	1,912			1,857		
Forward purchases	289	909	427	298	1,923			1,853		
FOREIGN EXCHANGE DERIVATIVES – ECONOMIC HEDGES						17	22		17	14
Forward sales	245	28	99	313	685			975		
Forward purchases	221	25	224	213	683			977		
METAL DERIVATIVES	Copper	Aluminum	Lead	Other	Total	Assets	Liabilities	Notional amounts	Assets	Liabilities
METAL DERIVATIVES – CASH FLOW HEDGES						10	5		2	17
Forward sales	111	16	2	-	128			99		
Forward purchases	285	35	29	-	349			428		
METAL DERIVATIVES – ECONOMIC HEDGES						2	2		1	3
Forward sales	38	15	1	-	54			63		
Forward purchases	49	20	1	-	70			94		
TOTAL FOREIGN EXCHANGE AND METAL DERIVATIVES						**48**	**41**		**41**	**62**

Foreign exchange derivatives

In 2019, the Group recorded a 6 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 25 million euro net gain was recognized in the consolidated statement of comprehensive income in 2019 for foreign exchange derivatives designated as cash flow hedges; the net amount recycled to the income statement during the year was not material.

Metal derivatives

In 2019, the ineffective portion of gains or losses arising on the fair value remeasurement of metal derivatives designated as cash flow hedges represented a non-material amount that was recognized in the consolidated income statement on the line "Changes in fair value of non-ferrous metal derivatives" in "Other operating income and expenses".

An aggregate 14 million euro gain was recognized in the consolidated statement of comprehensive income in 2019 for metal derivatives designated as cash flow hedges and a 4 million euro loss was recycled to the income statement.

NOTE 27. FINANCIAL RISKS

The Group Finance Department determines the Group's overall policy for managing financial risks. It is assisted by the following two departments:

- The Treasury and Financing Department, which manages risks related to liquidity, foreign exchange, interest rates, credit and banking counterparties, deposits and investments.
- The Metals Management Department, which manages risks relating to changes in non-ferrous metal prices, as well as credit and financial counterparty risks for entities that trade in non-ferrous metals markets.

These two departments are part of the legal entity, Nexans Financial Trading Services.

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, 2019 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, 2019, only subsidiaries in Australia, New Zealand and China had direct access to such markets.

A. LIQUIDITY RISKS

Group financing

Monitoring and controlling liquidity risks

The Treasury and Financing Department monitors changes in the treasury and liquidity positions of the Group on a two-weekly basis (encompassing both holding companies and operating entities). In addition, subsidiaries are required to provide monthly cash forecasts, which are compared to actual cash figures on a two-weekly basis.

Bank borrowings taken out by subsidiaries that are not part of the Nexans Financial Trading Services centralized cash management system must be approved in advance by the Treasury and Financing Department and may not have maturity dates exceeding 12 months, unless express authorization is obtained.

The key liquidity indicators that are monitored are (i) the unused amounts of credit facilities granted to the Group, and (ii) available cash and cash equivalents.

The Group also monitors its net debt position on a monthly basis (see Note 24 for the definition of net debt).

Management of cash surpluses

The Group's policy for investing cash surpluses is guided by the overriding principles of ensuring sufficient availability and using safe investment vehicles. The banks considered by the Group as acceptable counterparties must be rated at least A2 by Standard & Poor's and P2 by Moody's, or must be majority-owned by the government of their home country (which must be either an EU member, Canada or the United States).

At December 31, 2019, the Group's cash surpluses were recognized under "Cash and cash equivalents" in the consolidated balance sheet and were invested in:

- Current accounts with banks considered by the Group as acceptable counterparties that do not apply negative interest rates;
- Money-market mutual funds (OPCVM) which are not exposed to changes in interest rates and whose underlying assets are investment-grade issues by both corporations and financial institutions; or
- Term deposits and certificates of deposit issued by banks, with an initial investment period of less than one year.

Main sources of financing

Over the past several years the Group has implemented a strategy of diversifying its sources of financing, through:

- Issues of convertible bonds, i.e., the 2019 OCEANE bonds redeemed at the beginning of 2019 (see **Note 24**);
- Issues of ordinary bonds maturing in 2021, 2023 and 2024 (see **Note 24**);
- A medium-term syndicated credit facility representing an amount of 600 million euros, including a very short-term drawing facility representing an amount of 200 million euros;
- Receivables securitization and factoring programs:

  The Group's existing securitization program – set up on March 29, 2010 and covering the securitization of trade receivables in France and Germany – was renewed on March 30, 2015 for five years. On May 23, 2017, the Off Balance Sheet program was terminated, leaving only the On Balance Sheet program (see **Note 18**). Following termination of the Off Balance Sheet program, Nexans France is now the only participant in the securitization program. The On Balance Sheet program will expire in March 2020. The amount of receivables that may be sold under the program is currently capped at 80 million euros.

  The other main receivables securitization and factoring programs concern Norway and Brazil.

  In Norway, receivables sold under the factoring program totaled 36 million euros at December 31, 2019 (54 million euros at December 31, 2018).

  In Brazil, receivables sold under the factoring program totaled 9 million euros at December 31, 2019 (non-material amount at December 31, 2018).
- Local credit facilities.

Covenants and acceleration clauses

On December 12, 2018 an amendment to the 600 million euro syndicated credit facility was signed, extending the expiration date until December 12, 2023 and including in the facility's 600 million euro total amount a 200 million euro very short-term drawing facility utilizable to finance a negotiable instruments program. This program was signed on December 21, 2018 for a maximum amount of 400 million euros, of which 30 million euros had been drawn down at December 31, 2019.

The amended syndicated credit facility is subject to the following two covenants, applicable since June 30, 2019:

- The consolidated net debt to equity ratio (including non-controlling interests) must not exceed 1.20; and
- Consolidated debt is capped at 3.2x consolidated EBITDA, as defined in **Note 1.E.b**.

These ratios were well within the specified limits at both December 31, 2019 and at the date the Board of Directors approved the financial statements.

If any of the facility's covenants were breached, any undrawn credit lines would become unavailable and any drawdowns would be repayable, either immediately or after a cure period of 30 days depending on the nature of the breach.

In addition, in order to finance the construction of Nexans' new cable-laying vessel, a Group subsidiary took out a loan of 1,050 million Norwegian krone in May 2019. This loan – which will be drawn down in tranches throughout the vessel's construction – will be repaid on a straight-line basis over the twelve years following delivery of the vessel. It includes two options exercisable by the Group on the vessel's delivery date to (i) replace the variable interest rate with a fixed rate and (ii) to select either the Norwegian krone, the euro or the US dollar as the repayment currency.

The loan also includes (i) the same financial covenants as those set out in the Group's amended syndicated credit facility described above and (ii) the following covenants specific to the Group's subsidiary, based on its statutory accounts at the year-end:

- an equity to asset ratio
- a net debt to equity ratio, and
- a certain level of cash and cash equivalents.

The subsidiary's statutory financial statements had not yet been issued as of the date the Board of Directors approved the consolidated financial statements for the year ended December 31, 2019.

These covenants were well within the specified limits at June 30, 2019.

The Group is not subject to any other financial ratio covenants.

This syndicated loan agreement, together with the indentures for the ordinary bonds redeemable in 2021, 2023 and 2024 also contain standard covenants (negative pledge, cross default, *pari passu* and change of control clauses), which, if breached, could accelerate repayment of the syndicated loan or the bond debt.

The receivables securitization program renewed for five years on March 30, 2015 and amended in May 2017 contains clauses similar to those negotiated when the original program was set up in 2010. The program does not include any acceleration clauses. However, it does contain change of control and cross default clauses as well as a clause relating to significant changes in the behavior of the portfolios of sold receivables, which could lead to a termination of the receivables purchases and consequently the program itself.

B. INTEREST RATE RISKS

The Group structures its financing in such a way as to avoid exposure to the risk of rises in interest rates:
- The vast majority of Nexans' medium- and long-term debt is at fixed rates. At December 31, 2019, the bulk of this debt corresponded to the ordinary bonds redeemable in 2021, 2023 and 2024.
- All of the Group's short-term debt at December 31, 2019 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 for a shorter maturity than that of the investment). Consequently, the Group's short-term net exposure to changes in interest rates is limited and concerned its variable rate net cash position of 491 million euros at December 31, 2019 and 739 million euros at December 31, 2018.

The Group did not have any interest rate hedges in place at either December 31, 2019 or December 31, 2018.

(At December 31, in millions of euros)	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
VARIABLE RATE						
Financial liabilities[1]	151	51	203	162	1	163
Cash and cash equivalents	(642)	-	(642)	(901)	-	(901)
NET VARIABLE RATE POSITION	**(491)**	**51**	**(439)**	**(739)**	**1**	**(738)**
FIXED RATE						
Financial liabilities[1]	38	871	910	291	777	1,068
NET FIXED RATE POSITION	**38**	**871**	**910**	**291**	**777**	**1,068**
NET DEBT	**(452)**	**923**	**471**	**(448)**	**778**	**330**

(1) Including the short-term portion of accrued interest not yet due on long-term debt.

C. RISQUES SUR LES COURS DE CHANGE ET DE MÉTAUX

The Group's foreign exchange risk exposure primarily relates to operations-based transactions (purchases and sales). The Group considers that it only has low exposure to foreign exchange risk on debt. However, other than in exceptional cases, when debt is denominated in a currency that is different to the Group's functional currency the inherent foreign exchange risk is hedged.

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

The Group's policy for managing non-ferrous metal risks is defined and overseen by the Metals Management Department and implemented by the subsidiaries that purchase copper, aluminum and, to a lesser extent, lead. The Group's main exposure to metal price risk arises from fluctuations in copper prices.

The Group's sensitivity to foreign exchange risk on operating cash flows is considered to be moderate due to its operational structure, whereby the majority of Nexans' operating subsidiaries have a very strong local presence, except in the high-voltage business.
The Group's policy is to hedge its foreign exchange and non-ferrous metal price risks on cash flows relating to (i) foreseeable significant contractual commercial transactions, and (ii) certain forecast transactions. The operations arising from this hedging activity may result in certain positions being kept open. Where this happens, the positions are limited in terms of amount and tenor and they are overseen by the Metals Management Department for metal hedges and the Treasury and Financing Department for foreign exchange hedges.

Methods used to manage and hedge exposure to foreign exchange risk

The Group verifies that its procedures for managing foreign exchange risk are properly applied by means of quarterly reports provided to the Treasury and Financing Department by all subsidiaries exposed to this type of risk, irrespective of whether or not they are members of the cash pool. The reports contain details on the subsidiaries' estimated future cash flows in each currency and the related hedges that have been set up, as well as a reconciliation between actual figures and previous forecasts.

The Treasury and Financing Department has developed training materials for the Group's operations teams and carries out ad hoc audits to ensure that the relevant procedures have been properly understood and applied. Lastly, the Internal Audit Department systematically verifies that the procedures for identifying and hedging foreign exchange risks have been properly applied during its audit engagements carried out at the Group's subsidiaries.

In addition, some bids are made in a currency other than that in which the entity concerned operates. Foreign exchange risks arising on these bids are not systematically hedged, which could generate a gain or loss for the Group if there is a significant fluctuation in the exchange rate between the date when the bid is presented and the date it is accepted by the customer. However, in such cases, the Group takes steps to reduce its potential risk by applying expiration dates to its bids and by incorporating the foreign exchange risk into the price proposal.

Foreign exchange risk is identified at the level of the Group's subsidiaries, whose treasurers execute hedges centrally or locally using forward currency transactions. For subsidiaries that are members of the cash pool, these transactions are carried out with the Treasury and Financing Department. Other subsidiaries enter into forward currency transactions with their local banks. The objective of these transactions is for operating cash flows to be denominated in the functional currency of the entity concerned.

Methods used to manage and hedge exposure to metal risks

The Group verifies that its procedures for managing and hedging metal risks are correctly applied by means of each operating subsidiary reporting monthly on its exposure to copper, aluminum and lead risk in both tonnage and value terms. The related reports are analyzed and consolidated at Group level by the Metals Management Department.

In addition, the Metals Management Department regularly provides training sessions and performs controls within the subsidiaries to ensure that the procedures are properly understood and applied. It has also created training modules on the Group intranet for operations teams, including salespeople, buyers, finance staff and "hedging operators", who are in charge of daily hedging activities concerning metal risks. Lastly, the Internal Audit Department systematically checks that the procedures for identifying and hedging metal risks have been properly applied during its audit engagements carried out at the Group's operating subsidiaries.

In order to offset the consequences of the volatility of non-ferrous metal prices (copper and, to a lesser extent, aluminum and lead), Nexans' policy is to pass on metal prices in its own selling prices, and hedge the related risk either by setting up a physical hedge or by entering into futures contracts on the London, New York and, to a lesser degree, Shanghai, metal exchanges. Nexans does not generate any income from speculative trading of metals.

The Group's production units require access at all times to a minimum level of metal inventories for their routine operations, which is referred to as "Core exposure". Core exposure represents the minimum amounts that are necessary for the production units to operate appropriately. Consequently, the quantities of metal corresponding to Core exposure are not hedged and are recorded within operating margin based on initial purchase cost. However, as described in Note 1.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, see Note 27.D, "Metals derivatives"). The Group's main subsidiaries document their hedging relationships in compliance with the requirements of IAS 39 relating to cash flow hedges.

D. CREDIT AND COUNTERPARTY RISK

In addition to customer credit risk, counterparty risk arises primarily on foreign exchange and non-ferrous metal derivatives as well as on the Group's investments and deposits placed with banks.

Customer credit risk

The Group's diverse business and customer base and wide geographic reach are natural mitigating factors for customer credit risk. At December 31, 2019, no single customer represented more than 5% of the Group's total outstanding receivables.

The Group also applies a proactive policy for managing and reducing its customer credit risk by means of a Group-wide credit management policy which has been rolled out to Nexans' international subsidiaries. The Group has also set up a master credit insurance program for most of its subsidiaries, although a portion of its trade receivables is not covered by this program. Credit risk has been amplified by the difficult market environment caused by the recent global economic and political crises, and the Group has experienced late and disputed payments from a number of customers. Although the problem has eased slightly in Brazil, it is currently still difficult to obtain credit insurance in Turkey, Saudi Arabia and sub-Saharan Africa.

Foreign exchange derivatives

In accordance with Group policy, to keep counterparty risk as low as possible, entities wishing to hedge the foreign exchange risk on their medium- or long-term commercial commitments may only purchase long-term derivatives (expiring in more than one year) from banks that have been assigned medium- and long-term ratings of at least A- by Standard & Poor's and A3 by Moody's. For short-term derivatives (expiring in less than one year), the banks must have been assigned short-term ratings of at least A2 by Standard & Poor's and P2 by Moody's. Where this requirement cannot be fulfilled due to local banking conditions, the entities in the countries concerned limit their counterparty risk by keeping their exposure to a minimum and spreading it between at least three banks.

For subsidiaries that are not members of the cash pool, the same criteria apply but exceptions may be made, notably for subsidiaries located in countries with sovereign ratings that are below the specified thresholds. In this case, foreign exchange derivatives involving counterparty risk can only be set up with branches or subsidiaries of banking groups whose parent company satisfies the above risk criteria.

Counterparty risk for these subsidiaries is subject to a specific monthly monitoring process that tracks the external commitments made by each subsidiary in relation to foreign exchange hedges.

Based on a breakdown by maturity of notional amounts (the sum of the absolute values of notional amounts of buyer and seller positions) at December 31, 2019, 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)	2019		2018	
	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	2,191	2,191	2,322	2,323
Between 1 and 2 years	412	404	500	501
Between 2 and 3 years	3	2	7	8
Between 3 and 4 years	-	-	-	-
Between 4 and 5 years	-	-	-	-
Beyond 5 years	-	-	-	-
TOTAL	**2,606**	**2,597**	**2,829**	**2,832**

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, 2019 – its Australian, New Zealand and Chinese entities. Non-ferrous metal hedging transactions carried out on commodity exchanges may give rise to two different types of counterparty risk:

- The risk of not recovering cash deposits made (margin calls); and
- The replacement risk for contracts on which the counterparty defaults (mark-to-market exposure, i.e., the risk that the terms of a replacement contract will be different from those in the initial contract).

The Metals Management Department manages counterparty risk on the Group's derivative instruments by applying a procedure that sets ceilings by counterparty and by type of transaction. The level of these ceilings depends notably on the counterparties' ratings. In addition, the transactions carried out are governed by master netting agreements developed by major international Futures and Options Associations that allow for the netting of credit and debit balances on each contract.

The Group's counterparties for these transactions are usually its existing financial partners, provided they have a long-term rating of at least A-/A3. Counterparties rated between BBB-/Baa3 and BBB+/Baa1 can also be approved provided the Group's aggregate exposure to these counterparties does not exceed (i) 25 million US dollars for counterparties rated BBB+ or BBB, and (ii) 10 million US dollars for counterparties rated BBB-.

In Australia and New Zealand, because of the countries' time zone, the Group's subsidiaries carry out metal derivatives transactions with an Australian broker, which is not rated. However, the Group only has a low level of exposure to this broker. Subsidiaries in China hedge their metal risks on the Shanghai Futures Exchange (SHFE), which can only be used by local brokers.
The Group's metal derivatives transactions are governed by master netting agreements developed by major international Futures and Options Associations that, in the event of a default, allow for the netting of a Group subsidiary's assets and liabilities related to the defaulting counterparty.
The Group's maximum theoretical counterparty risk on its metal derivatives transactions can be measured as the sum of credit balances (including positive mark-to-market adjustments) and cash deposits, after contractually permitted asset and liability netting. This maximum theoretical risk amounted to 6 million euros at December 31, 2019 (5 million euros at December 31, 2018).

The notional amounts of metal derivatives (sum of the absolute values of buy and sell positions) at December 31, 2019 are analyzed by maturity in the table below:

(At December 31, in millions of euros)	2019		2018	
	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	378	182	413	161
Between 1 and 2 years	39	1	105	1
Between 2 and 3 years	2	-	4	-
Between 3 and 4 years	-	-	-	-
Between 4 and 5 years	-	-	-	-
Beyond 5 years	-	-	-	-
TOTAL	**419**	**183**	**522**	**162**

Cash deposited to meet margin calls on copper forward purchases whose fair value was negative at the year-end (see **Note 19**) amounted to 3 million euros at December 31, 2019 (3 million euros at December 31, 2018).

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 Financial Trading Services' cash surpluses placed with banks at December 31, 2019. These Nexans Financial Trading Services deposits and investments amounted to an aggregate 328 million euros at that date, representing approximately 51% of the Group total.

(At December 31, 2019, in millions of euros)

COUNTERPARTY RATINGS[1]	AA-	A+	A	A-	BBB+	Money market funds (SCAV)	Total
Cash on hand	55	17	256	-	-	-	328
Short-term money market funds (OPCVM)[2]	-	-	-	-	-	-	-
Certificates of deposit/EMTN	-	-	-	-	-	-	-
TOTAL	**55**	**17**	**256**	**-**	**-**	**-**	**328**

(1) Based on Standard & Poor's ratings.
(2) Based on the AMF classification.

For the Group's other subsidiaries, counterparty risk on deposits and investments is managed in accordance with the principles and procedures described in Note 27.A.

E. MARKET RISK SENSITIVITY ANALYSIS

A sensitivity analysis is provided below on the impact that a theoretical change in the above-mentioned main market risks would have on consolidated income and equity.

Sensitivity to changes in copper prices

Fluctuations in copper prices can impact both consolidated income and equity, as well as the Group's financing needs. Sensitivity calculations are based on an assumed increase in copper prices. A fall in copper prices would have the inverse effect.

A rise in copper prices would result in:
- A rise in the fair value of the Group's portfolio of cash-settled copper derivatives (the Group is a net buyer);
- A revaluation of the Group's Core exposure;
- A limited increase in working capital and therefore a limited increase in financing needs (any short-term positive impact of margin calls is not taken into account in the sensitivity analysis).

At Group level, the impact on working capital is limited and mainly relates to the timing of derivatives settlement. Potential significant variations could occur at local level due to pricing conditions.

An increase in the fair value of cash-settled copper derivatives would positively affect either consolidated operating income or equity, based on the accounting treatment used for these derivative instruments (the derivatives of the Group's main subsidiaries are designated as cash flow hedges within the meaning of IAS 39).

A revaluation of the Group's Core exposure would positively affect consolidated operating income.

The simulation below is based on the following assumptions (with all other assumptions remaining constant, notably exchange rates):
- A 10% increase in copper prices at December 31, 2019 and December 31, 2018 and translation of this impact evenly across the entire price curve without any distortion of forward point spreads.
- All working capital components (inventories, and the copper component of trade receivables and payables) would be impacted by the increase in copper prices.
- 53,000 tonnes and 40,000 tonnes of copper included in working capital at December 31, 2019 and December 31, 2018 respectively.
- Short-term interest rate (3-month Euribor) of -0.38% in 2019 and -0.32% in 2018.

- A worst-case scenario, in which the increase in working capital would be constant throughout the year, leading to an annualized increase in financial expenses (not taking into account the temporary positive impact of margin calls or the effect of changes in exchange rates).
- 49,750 tonnes of copper classified as Core exposure at December 31, 2019 (50,375 tonnes at December 31, 2018).
- A theoretical income tax rate of 34.43% for 2019 and 2018.

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)	2019	2018
Impact on operating income	26	29
Impact on net financial expense	0	0
NET IMPACT ON INCOME (AFTER TAX)	**17**	**19**
IMPACT ON EQUITY[(1)] (AFTER TAX)	**13**	**15**

(1) Excluding net income for the period.

Sensitivity to the US dollar (USD) exchange rate

The US dollar is the main foreign currency to which the Group is exposed.

The simulation below is based on a 10% decrease in the US dollar spot rate against the world's other major currencies compared with the rates prevailing at December 31, 2019 and December 31, 2018, e.g., using US dollar/euro exchange rates of 1.24 and 1.26 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, 2019 *(in millions of euros)*	Impact on income (net after tax[(2)])	Impact on equity[(1)] (after tax[(2)])
Trade receivables	(15)	N/A
Bank accounts	(2)	N/A
Trade payables	13	N/A
Loans/borrowings	(1)	-
NET POSITION – USD UNDERLYINGS[(3)]	**(5)**	-
Portfolio of forward purchases[(4)]	(16)	(11)
Portfolio of forward sales[(4)]	11	19
NET POSITION – USD DERIVATIVES	**(4)**	**8**
NET IMPACT ON THE GROUP	**(8)**	**8**

(1) Excluding net income for the period.
(2) Using a theoretical income tax rate of 34.43%.
(3) Impact primarily due to net open positions in countries whose currencies are very closely correlated to the US dollar.
(4) Forward purchases and sales that comprise an exposure to US dollars.

Sensitivity at December 31, 2018 *(in millions of euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
Trade receivables	(13)	N/A
Bank accounts	(5)	N/A
Trade payables	22	N/A
Loans/borrowings	(2)	-
NET POSITION – USD UNDERLYINGS[3]	**2**	-
Portfolio of forward purchases[4]	(29)	(18)
Portfolio of forward sales[4]	18	23
NET POSITION – USD DERIVATIVES	**(11)**	**5**
NET IMPACT ON THE GROUP	**(9)**	**5**

(1) Excluding net income (loss) for the period.
(2) Using a theoretical income tax rate of 34.43%.
(3) Impact primarily due to net open positions in countries whose currencies are very closely correlated to the US dollar.
(4) Forward purchases and sales that comprise an exposure to US dollars.

Sensitivity to the Norwegian krone (NOK) exchange rate

The Norwegian krone is an essential counterparty currency used in contracts for submarine high-voltage cables.

The simulation below is based on similar assumptions to those used for the US dollar (i.e., a 10% decrease in the Norwegian krone spot rate against the world's other major currencies), e.g., using closing NOK/euro exchange rates of 10.9 and 10.9 at December 31, 2019 and December 31, 2018 respectively, without any changes in the forward points curve.

Sensitivity at December 31, 2019 *(in millions of euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
Trade receivables	3	N/A
Bank accounts	1	N/A
Trade payables	(1)	N/A
Loans/borrowings	0	-
NET POSITION – NOK UNDERLYINGS	**3**	-
Portfolio of forward purchases[3]	8	13
Portfolio of forward sales[3]	(2)	(35)
NET POSITION – NOK DERIVATIVES	**6**	**(21)**
NET IMPACT ON THE GROUP	**9**	**(21)**

(1) Excluding net income (loss) for the period.
(2) Using a theoretical income tax rate of 34.43%.
(3) Forward purchases and sales that comprise an exposure to the Norwegian krone.

Sensitivity at December 31, 2018 *(en millions d'euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
Trade receivables	2	N/A
Bank accounts	(3)	N/A
Trade payables	(1)	N/A
Loans/borrowings	11	-
NET POSITION – NOK UNDERLYINGS	**9**	-
Portfolio of forward purchases[3]	(6)	28
Portfolio of forward sales[3]	-	(45)
NET POSITION – NOK DERIVATIVES	**(6)**	**(17)**
NET IMPACT ON THE GROUP	**3**	**(17)**

(1) Excluding net income (loss) for the period.
(2) Using a theoretical income tax rate of 34.43%.
(3) Forward purchases and sales that comprise an exposure to the Norwegian krone.

NOTE 28. ADDITIONAL DISCLOSURES CONCERNING FINANCIAL INSTRUMENTS

A. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The Group has defined the following main categories of financial assets and liabilities:

(At December 31, in millions of euros)	IFRS 9 category	Fair value hierarchy level	2019		2018	
			Carrying amount	Fair value	Carrying amount	Fair value
ASSETS						
Shares in non-consolidated companies	Financial assets at fair value through profit or loss		23	23	14	14
	At fair value through other comprehensive income		7	7	7	7
Other non-current financial assets	Loans and receivables		44	44	31	31
Commercial receivables						
■ Contract assets	Loans and receivables		69	69	95	95
■ Trade receivables	Loans and receivables		1,015	1,015	1,021	1,021
Derivative instruments[1]	Financial assets at fair value through profit or loss	Foreign exchange: 2 Metal: 1	37 12	37 12	38 3	38 3
Other current financial assets	Loans and receivables		126	126	109	109
Cash and cash equivalents	Financial assets at fair value through profit or loss	Term deposits: 2 Other: 1	25 617	642	31 870	901
LIABILITIES						
Gross debt						
■ Convertible bonds[2]	Financial liabilities at amortized cost		-	-	276	276
■ Ordinary bonds[2]	Financial liabilities at amortized cost		786	835	785	782
■ Other financial liabilities	Financial liabilities at amortized cost		211	211	170	170
Commercial payables						
■ Contract liabilities	Financial liabilities at amortized cost		256	256	252	252
■ Trade payables	Financial liabilities at amortized cost		1,319	1,319	1,290	1,290
Derivative instruments[1]	Financial liabilities at fair value through profit or loss	Foreign exchange: 2 Metal: 1	34 7	34 7	42 20	42 20
Other current financial liabilities	Financial liabilities at amortized cost		304	304	255	255

(1) Derivatives designated as cash flow hedges are carried at fair value through other comprehensive income. Any gains or losses previously recognized in equity are reclassified to the income statement in the period in which the hedged item impacts income.
(2) Including short-term accrued interest (see ***Note 24.C****).*

At December 31, 2019, the Group's fixed rate debt mainly comprised its ordinary bonds redeemable in 2021, 2023 and 2024, whose fair values may differ from their carrying amounts in view of the fact that the bonds are carried at amortized cost.

The fair value of the 2021, 2023 and 2024 ordinary bonds was calculated based on a bank valuation provided at December 31, 2019 and included interest accrued at the year-end. The same method was used at December 31, 2018.

The fair value of OCEANE convertible bonds at December 31, 2018 corresponded to their redemption price on January 1, 2019.

B. CALCULATIONS OF NET GAINS AND LOSSES

(in millions of euros)	Net gains (losses)					
	Interest	On subsequent remeasurement			On disposal	2019
		Fair value adjustments	Currency translation	Impairment		
OPERATING ITEMS						
Receivables	N/A	N/A	14	(4)	-	10
Financial assets and liabilities at fair value through profit or loss	N/A	(25)	N/A	N/A	-	(25)
Financial liabilities at amortized cost	N/A	N/A	1	N/A	-	1
Cost of hedging						*(1)*
SUB-TOTAL – OPERATING ITEMS	-	(25)	15	(4)	-	(15)
FINANCIAL ITEMS						
Shares in non-consolidated companies	N/A	-	-	-	-	-
Loans	-	N/A	4	(1)	-	3
Financial assets and liabilities at fair value through profit or loss	N/A	6	N/A	N/A	-	6
Financial liabilities at amortized cost	(37)	N/A	(4)	N/A	-	(41)
Cost of hedging						*(5)*
SUB-TOTAL – FINANCIAL ITEMS	(37)	6	0	(1)	-	(37)
TOTAL	**(37)**	**(18)**	**16**	**(5)**	**-**	**(52)**

- Gains and losses corresponding to interest are recorded under "Cost of debt (net)" when they relate to items included in consolidated net debt (see Note 24).
- The accounting treatment of changes in fair value of derivatives is described in Note 27 above. Other than the impact of foreign exchange and metal derivatives, gains and losses relating to financial assets and liabilities at fair value through profit or loss include fair value adjustments recognized on cash and cash equivalents which amounted to a positive 4 million euros in 2019 and 4 million euros in 2018. These amounts are calculated taking into account interest received and paid on the instruments concerned, as well as realized and unrealized gains.
- Gains and losses arising from currency translation differences are recorded under "Other financial income and expenses" when they relate to operating items as classified in the table above, or under "Cost of debt (net)" if they relate to items included in consolidated net debt.
- Impairment losses on operating receivables are recognized as operating expenses and impairment losses on loans are recognized as financial expenses.

NOTE 29. 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.C** below).

A. RELATED PARTY TRANSACTIONS WITH ASSOCIATES AND NON-CONSOLIDATED COMPANIES

Income statement

(in millions of euros)	2019	2018
REVENUE		
■ Non-consolidated companies	48	38
■ Associates	2	8
COST OF SALES		
■ Non-consolidated companies	(2)	(42)
■ Associates	(7)	(7)

CONSOLIDATED BALANCE SHEET

The main items in the balance sheet affected by related party transactions in 2019 and 2018 were as follows:

(At December 31, in millions of euros)	2019	2018
ASSETS		
■ Non-consolidated companies	9	8
■ Associates	1	1
FINANCIAL LIABILITIES/(RECEIVABLES)		
■ Non-consolidated companies	(15)	(11)
■ Associates	-	-
OTHER LIABILITIES		
■ Non-consolidated companies	0	10
■ Associates	1	1

B. RELATIONS WITH THE QUIÑENCO GROUP

At December 31, 2019, the Quiñenco group held approximately 29% of the Company's capital stock through two subsidiaries, Invexans Limited (UK) and Tech Pack (Chile). The Quiñenco group has given the Company a long-term undertaking that it would not request representation on the Board in excess of three non-independent members in a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

At December 31, 2019, the main contractual relations between Nexans and the Quiñenco group concerned agreements related to the contract dated February 21, 2008 for the acquisition of the Quiñenco group's cables business, as amended by an addendum signed on September 30, 2008.

The impact of the commercial agreements with the Quiñenco group on the income statement and balance sheet is included in the tables set out in **Note 30.A** above, on the line "Associates".

C. COMPENSATION OF KEY MANAGEMENT PERSONNEL

In 2019, Key Management Personnel correspond to corporate officers and members of the Executive Committee.
In 2018, Key Management Personnel corresponded to corporate officers, members of the Management Board, as it existed until November 2018, and members of the Executive Committee, effective December 2018.

Total compensation

Total compensation paid to the Group's Key Management Personnel can be analyzed as follows:

(en millions d'euros)	2019	2018
Compensation for corporate officer positions(1)	1.4	3.4
Directors' fees(1)	-	-
Compensation under employment contracts and benefits in kind(1)	7.0	6.2
Stock options(2)	-	-
Performance shares(2)	1.9	2.5
Termination benefits(1)	1.1	-
Long-term incentive plan(2)	0.1	0.4
Accruals for pensions and other retirement benefit obligations(3)	2.7	2.3
TOTAL COMPENSATION	**14.2**	**14.8**

(1) Amounts paid during the year, including payroll taxes.
(2) Amounts expensed in the income statement during the year.
(3) For defined benefit plans, this item includes the service cost and interest expense for the year.

Additional information on the compensation of Key Management Personnel (corporate officers and members of the Executive Committee):

- The Group's total obligation for pensions and other retirement benefits relating to Key Management Personnel (net of plan assets) amounted to 7 million euros at December 31, 2019, compared with 12 million euros at December 31, 2018
- On March 19, 2019, the Board of Directors adopted a new long-term compensation plan for the Group's key managers and executives, in the form of a performance share plan. For the performance shares to vest, the beneficiary must still be employed by the Group on the vesting date and conditions concerning Nexans' financial performance and its share performance must also be met.

Commitments given to the Chief Executive Officer

All of the commitments given to Christopher Guérin in his capacity as Chief Executive Officer are described in the Universal Registration Document in section "Commitments given to the Chief Executive Officer".

As Chief Executive Officer, Christopher Guérin has received the following commitments from the Company, which were authorized at the Board Meeting of July 3, 2018 and approved at the Annual Shareholders' Meeting held on May 15, 2019:

- If Christopher Guérin is removed from his position as Chief Executive Officer, he will be entitled to payment of a termination indemnity representing two years' worth of his total fixed and variable compensation. This indemnity will be subject to actual performance in relation to the objectives applicable to his target annual variable compensation being at least equal to 60% of said objectives on average over the three years preceding his removal. This indemnity will be payable only in the event of a forced departure due to a change of control or strategy, which will be deemed to be the case unless specifically decided otherwise by the Board of Directors, notably in the event of serious misconduct.
  If Christopher Guérin's forced departure takes place before the end of three full years as from the date he took up his position as Chief Executive Officer, the indemnity will be equal one year's worth of his total fixed and variable compensation and the performance conditions will be assessed based on the number of full years completed (either one or two years).

- As compensation for an undertaking not to exercise any business that would compete either directly or indirectly with any of the Company's businesses for a period of two years from the end of his term of office as Chief Executive Officer, Christopher Guérin will receive a non-compete indemnity, regardless of the cause of termination of his duties. Said indemnity will be paid in 24 equal and successive monthly installments and will equal one year of his fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

In accordance with Article 23.3 of the AFEP-MEDEF Code (June 2018 version), in the event of Christopher Guérin's departure, the Board of Directors will decide whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no non-compete indemnity will be payable).

In addition, in accordance with Article 23.4 of the AFEP-MEDEF Code, no non-compete indemnity will be due if Christopher Guérin takes retirement upon leaving the Group.

Lastly, in accordance with the Group's 2020 compensation policy for key management personnel, as described in section 2.5.4, Christopher Guérin's total termination payments – i.e., termination and non-compete indemnities – may not exceed two years' worth of his actual compensation (fixed plus variable) received prior to his departure.

If Christopher Guérin retired, he would be entitled to benefits under the supplementary defined contribution pension plan set up by the Group in 2018 for certain employees and corporate officers. Annual contributions to the plan paid by the Company correspond to 20% of the Chief Executive Officer's total actual annual compensation (fixed plus variable), i.e., 240,000 euros in 2019.

NOTE 30. DISPUTES AND CONTINGENT LIABILITIES

A. ANTITRUST INVESTIGATIONS

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

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

In early July 2014, Nexans France SAS paid 70.6 million euro fine imposed on it by the European Commission.
Nexans France SAS and the Company appealed the European Commission's decision to the General Court of the European Union. The appeal was dismissed on July 12, 2018. Nexans France SAS and the Company appealed the General Court's judgment before the European Court of Justice. This action is still pending, with the Advocate General's Opinion and the subsequent judgment expected during the first semester 2020.

As an indirect consequence of the European Commission's decision, certain Group entities received in April 2019, claims from customers filed before the courts in the United-Kingdom, the Netherlands and Italy against Nexans and other defendants.
In the UK, Scottish and Southern Energy lodged a claim against Nexans France SAS, the Company and certain companies of the Prysmian Group. However, in September 2019, the claim against Nexans France SAS and the Company was stayed.
In addition, one of the Group's competitors, which has been subject to follow-on damage claims initiated in 2015 in the UK, has filed a contribution claim against the other cable producers sanctioned by the European Commission, including Nexans France SAS and the Company. The contribution claim is currently stayed, pending the result of the main proceedings.
The claim in Italy has been brought before the Court of Milan by Terna S.p.A. Nexans Italia filed a defense on October 24, 2019 focusing on Nexans Italia's lack of standing to be sued. Following an initial hearing on November 13, 2019, the judge ruled Terna's claim to be null for lack of clarity on February 3, 2020. Terna is to supplement its claim by May 11, 2020. The judge will then rule on the other preliminary questions and a hearing is scheduled for September 29, 2020.
The claim in Netherlands was made jointly by Electricity & Water Authority of Bahrain, GCC Interconnection Authority, Kuwait Ministry of Electricity and Water and Oman Electricity Transmission Company, against certain companies of the Prysmian Group and its former shareholders, and companies in the Nexans Group and ABB Groups. This action has been brought before the Court of Amsterdam. On December 18, 2019, Nexans filed a motion contesting jurisdiction to which claimants are required to submit their response. Hearing and decision on the procedural issues could occur in 2020.

Investigations carried out by the American, Japanese, New Zealand and Canadian authorities in the high-voltage power cable sector were closed without sanctions. During investigations led by the Australian antitrust authority (ACCC), the Australian courts dismissed ACCC's case and refused to sanction Nexans and its Australian subsidiary in the high-voltage power cable sector in a case pertaining to the sale of low- and medium-voltage cables.

Investigation in Brazil by the General Superintendence of the antitrust authority "CADE" in the high-voltage power cable sector has been concluded on February 11, 2019 and recommendation has been made by the same to the Administrative Tribunal of CADE to sanction the defendants in this case. A judgment by the Tribunal of CADE is expected first semester of 2020.

Investigation by the antitrust authority in South Korea ("KFTC") in the high-voltage power cable sector has not been officially closed but Nexans understands that the statute of limitations should be considered expired.

Nexans' local Korean subsidiaries have cooperated with the KFTC in investigations initiated between 2013 and 2015 in businesses other than the high-voltage. As a result, full leniency (zero fine) has been granted by KFTC in 15 cases, and for two other cases the Korean subsidiaries were granted a 20% reduction of fines and were ordered to pay the KFTC a total of approx. 850,000 euros. All such investigations are now closed, and the risks associated with the majority of claims brought by customers in connection with them are now all closed.

On November 24, 2017 in Spain, Nexans Iberia and the Company (in its capacity as Nexans Iberia's parent company) were notified of a decision by the Spanish competition authority ("CNMC"), which found that Nexans Iberia had participated directly in an infringement of Spanish competition laws in the low- and medium-voltage cable sectors. The Company was held jointly liable for the payment of part of the fine levied on Nexans Iberia by the CNMC. In early January 2018, Nexans Iberia settled the 1.3 million euro fine levied by the CNMC. Nexans Iberia and the Company have appealed the CNMC's decision. Appeal decision is expected to take place in 2020.

As of 31 December 2019, and following a reassessment of risks, the Group has a recorded contingency provision of 74 million euros to cover all the investigations mentioned above as well as the direct and indirect consequences of the related rulings that have been or will be handed down and in particular the follow-on damages claims by customers (existing or potential claims). The amount of the provision is based on management's assumptions that take into account the consequences in similar cases and currently available information. There is still considerable uncertainty as to the extent of the risks related to potential claims and/or fines. The final costs related to these risks could therefore be significantly different from the amount of the provision recognized.

The Group's risk prevention and compliance systems have been strengthened regularly and significantly in recent years. However, the Group cannot guarantee that all risks and problems relating to practices that do not comply with the applicable rules of ethics and business conduct will be fully controlled or eliminated. The compliance program includes means of detection which could generate internal investigations, and even external investigations. As consistently communicated by the Company in the past, unfavorable outcomes for antitrust proceedings and/or investigations as well as the associated consequences could have a material adverse effect on the results and thus the financial position of the Group.

B. OTHER DISPUTES AND PROCEEDINGS GIVING RISE TO THE RECOGNITION OF PROVISIONS

For cases where the criteria are met for recognizing provisions, the Group considers the resolution of the disputes and proceedings concerned will not materially impact the Group's results in light of the provisions recorded in the financial statements. Depending on the circumstances, this assessment takes into account the Group's insurance coverage, any third party guarantees or warranties and, where applicable, evaluations by the independent counsel of the probability of judgment being entered against the Group.

The Group considers that the other existing or probable disputes for which provisions were recorded at December 31, 2019 do not individually represent sufficiently material amounts to require specific disclosures in the consolidated financial statements.

C. CONTINGENT LIABILITIES RELATING TO DISPUTES AND PROCEEDINGS

Certain contracts entered into by the Group as of December 31, 2019 could lead to performance difficulties, but the Group currently considers that those difficulties do not justify the recognition of provisions in the financial statements or specific disclosure as contingent liabilities.

NOTE 31. OFF-BALANCE SHEET COMMITMENTS

The Group's off-balance sheet commitments that were considered material at December 31, 2019 and December 31, 2018 are set out below.

A. COMMITMENTS RELATED TO THE GROUP'S SCOPE OF CONSOLIDATION

Receivables securitization program

A securitization plan for euro-denominated trade receivables (described in Note 27.A) was set up in the second quarter of 2010 and rolled over for up to five years on March 30, 2015. Following an amendment to the program in May 2017, this guarantee covers (i) the payment obligations of the Nexans subsidiary selling the receivables under the program and (ii) the consequences that could arise if any of the receivables sales under the program were rendered invalid, notably in the event that insolvency proceedings were initiated against the subsidiary selling the receivables.

At December 31, 2019, the Group considered the probability of the bank calling on this guarantee to be very low.

At the year-end, this joint and several guarantee was valued at 24 million euros for the portion covering the subsidiary's payment obligations and 95 million euros for the portion covering invalid receivables sales.

Risks relating to mergers and acquisitions

Group companies may grant sellers' warranties to purchasers of divested businesses, generally without taking out bank guarantees or bonds. When it is probable that the Group will be required to make payments under a warranty, a provision is recorded for the estimated risk (where such an estimate can be made). When such a payment is merely potential rather than probable, it is disclosed as a contingent liability if the amount concerned is sufficiently material (see Note 23 and Note 30).

Conversely, when acquiring other entities, Group companies are sometimes given sellers' warranties.

In late 2017, Nexans acquired 27.8% of the capital of IES, the leading manufacturer of electric vehicle fast-charging solutions. IES is accounted for by the equity method.
The agreement also includes a put option for the seller.

Acquisition of the Quiñenco group's cable business

When Nexans acquired the cables business of the Chile-based group Quiñenco on September 30, 2008, it took over a number of pending or potential disputes. The most significant of these, subject to certain deductibles, are covered by the seller's warranty granted by Invexans SA (formerly Madeco, Chile) under the purchase agreement. A provision was recorded for this business's liabilities and contingent liabilities when the Group completed the initial accounting for the acquisition in accordance with IFRS 3.
A settlement agreement was entered into on November 26, 2012 between the Company, Nexans Brasil and the Quiñenco group concerning the amounts payable by the Quiñenco group to Nexans Brasil in relation to the outcome of civil, employment law and tax proceedings in Brazil.

Under the terms of this agreement, Quiñenco undertook to pay Nexans Brasil a lump sum of around 23.6 million Brazilian reals (approximately 9.4 million euros). In return, the Quiñenco group was released from any obligation to pay compensation with respect to the civil and employment law proceedings in progress that were specified in the settlement agreement, except if the total amount of related losses incurred by the Company exceeds a certain limit. Some of the tax proceedings in Brazil relating to the period prior to the acquisition, or in progress at the time of the acquisition and still ongoing at the date of the settlement agreement, remain governed by the terms of previous agreements entered into between the parties. Settlement agreements were signed between 2014 and 2017 covering part of the amounts involved, in order to enable Nexans to benefit from a tax amnesty in Brazil.

B. COMMITMENTS RELATED TO THE GROUP'S FINANCING

The main off-balance sheet commitments related to the Group's financing are summarized below:

(At December 31, in millions of euros)	Notes	2019	2018
COMMITMENTS GIVEN			
Syndicated credit facility[1]	27.A	660	660
Collateral			
COMMITMENTS RECEIVED			
Syndicated credit facility – Unused line expiring on December 12, 2023	27.A	600	600
Receivables securitization program – Maximum amount of receivables that may be sold[2]	27.A	80	80

(1) When the Group's syndicated credit facility was set up, Nexans undertook to guarantee the commitments given by Nexans Financial & Trading Services to the banking pool concerned.
(2) The receivables securitization program was set up in April 2010 and amended in May 2017.

C. COMMITMENTS RELATED TO THE GROUP'S OPERATING ACTIVITIES

The main off-balance sheet commitments related to the Group's operations are summarized below:

(At December 31, in millions of euros)	Note	2019	2018
COMMITMENTS GIVEN			
Forward purchases of foreign currencies[1]	27	2,606	2,830
Forward purchases of metals	27	419	522
Firm commitments to purchase property, plant and equipment[2]		172	166
Commitments for third-party indemnities	See (a)	3,319	3,441
Take-or-pay copper purchase contracts (in tonnes)	See (b)	133,766	130,141
Other commitments given			
COMMITMENTS RECEIVED			
Forward sales of foreign currencies[1]	27	2,597	2,832
Forward sales of metals	27	183	162
Take-or-pay copper sale contracts (in tonnes)	See (b)	116,076	125,903
Other commitments received		369	418

(1) Including derivatives used to hedge the Group's net debt.
(2) Included at December 31, 2019 in the 65 million euro commitment concerning the construction of a new cable laying ship.

(a) Commitments for third-party indemnities

- Group companies generally give customers warranties on the quality of the products sold without taking out bank guarantees or bonds. They have, however, also given commitments to banks and other third parties, in particular financial institutions, which have issued guarantees or performance bonds to customers, and guarantees to secure advances received from customers (628 million euros and 725 million euros at December 31, 2019 and December 31, 2018 respectively).
  When it is probable that the Group will be required to make payments under a warranty due to factors such as delivery delays or disputes over contract performance, a provision is recorded for the estimated risk (where such an estimate can be made). When such a payment is merely potential rather than probable, it is disclosed as a contingent liability if the amount concerned is sufficiently material (see **Note 23** and **Note 30**).
- At December 31, 2019 the Group had granted parent company guarantees in an amount of 2,691 million euros (2,716 million euros at December 31, 2018). These mainly correspond to performance bonds given to customers.

(b) Take-or-pay contracts (physically-settled contracts)

The volumes stated in the table above correspond to quantities negotiated as part of copper take-or-pay contracts whose price was set at the year-end, including quantities presented in inventories (see **Note 27.D** for further details).

More generally, the Group enters into firm commitments with certain customers and suppliers under take-or-pay contracts, the largest of which concern copper supplies.

NOTE 32. MAIN CONSOLIDATED COMPANIES

The table below lists the main entities included in the Group's scope of consolidation at December 31, 2019.

Companies by geographic area	% control	% interest	Consolidation method[1]
FRANCE			
Nexans S.A.[2]	**100%**	**100%**	**Parent company**
Nexans Participations	100%	100%	
Lixis	100%	100%	
Nexans France	100%	100%	
Nexans Interface	100%	100%	
Nexans Wires	100%	100%	
Eurocable	100%	100%	
Tréfileries and Laminoirs de la Méditerranée S.A.	100%	100%	
Recycables	36.50%	36.50%	Equity method
Nexans Power Accessories France	100%	100%	
IES Energy	27.80%	27.80%	Equity method
Nexans Financial & Trading Services[3]	100%	100%	
BELGIUM			
Nexans Benelux S.A.	100%	100%	
Nexans Network Solutions NV	100%	100%	
Nexans Services	100%	100%	
Opticable S.A. NV	60%	60%	
GERMANY			
Nexans Deutschland 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 Subsea Operations	100%	100%	
Nexans Skagerrak	100%	100%	
Nexans Suisse S.A.	100%	100%	
Nexans Re[(5)]	100%	100%	
Nexans Logistics Ltd	100%	100%	
Nexans Sweden AB	100%	100%	
Nexans Industry Solutions	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.	100%	100%	
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 Magnet Wire USA Inc	100%	100%	
Nexans Specialty Holdings USA Inc	100%	100%	
Nexans Energy USA Inc	100%	100%	
Berk-Tek LLC	100%	100%	
Nexans High Voltage USA Inc	100%	100%	
SOUTH AMERICA			
Invercable	100%	100%	
Nexans Chile S.A.	100%	100%	
Colada Continua S.A.	41%	41%	Equity method
Nexans Colombie	100%	100%	
Indeco Peru[(2)]	96.73%	96.73%	
Cobrecon	50%	48,36%	Equity method
Nexans Brasil S.A.	100%	100%	
AFRICA AND MIDDLE EAST			
Liban Câbles SAL	91.15%	91.15%	
Nexans Maroc[(2)(6)]	86,46%	86,46%	
Qatar International Cable Company	30.33%	30.33%	Equity method
Nexans Kabelmetal Ghana Ltd	59.13%	59.13%	
Nexans Côte d’Ivoire	60%	54.45%	

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 Singapore	100%	100%	
Nexans China Wire & Cables Co. Ltd	100%	100%	
Nexans (Yanggu) New Rihui Cables Co. Ltd	100%	100%	
Nexans (Suzhou) Cables Solutions Co. Ltd	100%	100%	
Nexans Korea Ltd	99.51%	99.51%	
Kukdong Electric Wire Co. Ltd	97.90%	97.90%	
Nippon High Voltage Cable Corporation	100%	100%	
OLEX Australia Pty Ltd	100%	100%	
OLEX New Zealand Ltd	100%	100%	

(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.
(4) Nexans Auto Electric GmbH – a company based in Germany – itself consolidates various sub-subsidiaries, including in the United States, Germany, Romania, Ukraine, the Czech Republic, Slovakia, Tunisia, China, Bulgaria and Mexico.
(5) Nexans Re is the Group's captive reinsurer.
(6) Nexans Maroc prepares consolidated financial statements that include various subsidiaries located mainly in Morocco and Senegal.

NOTE 33. STATUTORY AUDITORS' FEES

The total fees paid to the Statutory Auditors for all controlled entities in France and recorded in the income statement for 2019 break down as follows:

(in thousands of euros)	Audit of the consolidated financial	Audit of the corporate financial statements	Other non audit-related services[(1)]	Total
Mazars	214	137	87	438
PricewaterhouseCoopers Audit	204	184	73	461
TOTAL	**418**	**321**	**160**	**899**

(1) Other services mainly consist of all the procedures that a reasonable buyer or investor would perform before entering into a transaction, and issuance of comfort letters in connection with financing operations.

NOTE 34. SUBSEQUENT EVENTS

No significant event for which disclosure is required has occurred since December 31, 2019.

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. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying consolidated financial statements of Nexans for the year ended December 31, 2019.

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, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Accounts, Audit and Risk Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2019 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics *(Code de déontologie)* for Statutory Auditors.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw your attention to Notes 1.A and 3 to the consolidated financial statements, which present the impact of the changes in accounting methods resulting from the first-time application of IFRS 16, "Leases" and IFRIC 23, "Uncertainty over Income Tax Treatments".

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide an opinion on specific items of the consolidated financial statements.

Recognition of goods and services contracts

Description of risk

As at December 31, 2019, sales from goods and services contracts, recognized on a percentage-of-completion basis as described in Notes 1.E.a and 5 to the consolidated financial statements, amounted to €674 million. These contracts mainly cover the Group's high-voltage cable and umbilical cable activities.

Sales and earnings on these goods and services contracts at the end of an accounting period mainly depend on:

- revenue and margin to completion estimates;
- the percentage of completion determined on the basis of the input method based on cost incurred.

Estimates of the data to completion and the percentage of completion are based on the Group's internal systems and procedures for each contract.

We deemed the recognition of goods and services contracts to be a key audit matter due to (i) the significant impact of these contracts on the Group's consolidated financial statements and (ii) the level of judgment required from management to determine the on the results to completion.

How our audit addressed this risk

As part of our audit of the consolidated financial statements, our work consisted mainly in:

- evaluating the Group's internal systems and procedures relating to estimates of revenue and costs at completion and the measurement of percentage of completion as well as testing the key controls put in place by Management;
- reconciling goods and service contract management data with accounting records;
- selecting contracts based on their financial impact and risk profile and conducting interviews with the business management controllers, the Business Lines and the Finance Department about the progress of these contracts and their assessment of the risks to:
  - corroborate key revenue and cost-to-complete assumptions in relation to costs incurred to date, contract data and correspondence with the customer or its representatives, as appropriate. This work is based in particular on experience gained in previous years on these contracts or comparable contracts;
  - corroborate the percentage of completion of revenue and assess the appropriate accounting treatment;
- assessing the appropriateness of the disclosures set out in Notes 1.E.a and 5 to the consolidated financial statements.

Antitrust investigations and disputes

Description of risk

In the same way as all other industrial players, in view of the Group's wide geographic reach it is required to comply with numerous national and regional laws and regulations, notably concerning commercial, customs and tax matters. In particular, the Group is involved in antitrust investigations or disputes as described in Note 30 to the consolidated financial statements, in particular in section A "Antitrust investigations" thereof, which reports on the antitrust investigations initiated against the Group.

As indicated in Note 1.F.k to the consolidated financial statements, provisions are recognized when the Company has a present obligation resulting from a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

We deemed this issue to be a key audit matter given the significance of disputes and antitrust investigations and the level of judgment required from management to determine provisions in multiple and constantly changing regulatory environments.

How our audit addressed this risk

As part of our audit of the consolidated financial statements, our work consisted mainly in:

- evaluating the procedures implemented by the Group to identify and list all disputes and antitrust investigations;
- carrying out interviews with the Group's legal department in order to obtain an understanding of the risks, as well as the status of antitrust proceedings and investigations;
- assessing the factors used by the Group to determine the risks and provisions recognized at the end of the reporting period to cover the financial consequences (direct and indirect) of these disputes, with particular attention paid to the opinions of the Group's legal advisors;
- verifying that the significant risks and disputes identified during the implementation of these procedures are described appropriately in Note 31 to the consolidated financial statements.

Measurement of goodwill, property, plant and equipment and intangible assets

Description of risk

As at December 31, 2019, the carrying amount of the Group's goodwill, property, plant and equipment and intangible assets totaled €242 million, €1,382 million and €126 million, respectively.

Goodwill is described in section D "Business combinations" of Note 1 "Summary of significant accounting policies" and the allocation by cash-generating unit (CGU) is presented in Note 8 to the consolidated financial statements.

Following the Group's operational reorganization announced in late 2018 and included in the transformation plan announced on November 9, 2018, the CGUs were adapted and restructured effective from January 1, 2019..

The Group carries out impairment tests on goodwill at each closing date and on property, plant and equipment and intangible assets whenever there is an indication that they may be impaired, as described in section F.c "Impairment tests" of Note 1 "Summary of significant accounting policies" to the consolidated financial statements.

We deemed the measurement of goodwill, property, plant and equipment and intangible assets to be a key audit matter given the significance of these assets in the Group's financial statements and the level of judgment required from management, particularly in terms of determining the recoverable amount of these assets, most often based on discounted cash flow forecasts that require the use of assumptions and estimates.

How our audit addressed this risk

We conducted a critical assessment of the methods implemented by management to determine the recoverable amount of goodwill, property, plant and equipment and intangible assets. We obtained management's latest budgets and strategic plans and impairment tests for CGUs and property, plant and equipment and intangible assets. On the basis of this information, our work mainly consisted in: :

- assessing the reasonableness of the key assumptions used by management, in particular for the determination of cash flows in relation to the underlying operational data and the long-term growth rate;
- assessing, with the support of our evaluation experts, the relevance of the discount rates used and their components;
- confirming that the new CGU allocation accurately reflects the Group's structure and the way the CGUs are managed;
- analyzing the impairment tests carried out by the Group using the former and new CGU allocation;
- performing our own sensitivity calculations to determine whether a reasonable change in the long-term growth rate and discount rate assumptions could result in the recognition of a significant impairment of the underlying assets.

Measurement of deferred tax assets

Description of risk

At December 31, 2019, deferred tax assets recognized in the Group's consolidated balance sheet amounted to €175 million.

The Group recognizes deferred tax assets on the basis of medium-term earnings forecasts, as described in section E.f. Income taxes" of Note 1 "Summary of significant accounting policies" to the consolidated financial statements and in Note 11 "Income taxes" to the consolidated financial statements.

Deferred tax assets that are not matched by deferred tax liabilities expected to reverse in the same period are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary losses and differences can be utilized, based on medium-term earnings forecasts (generally covering a five-year period) for the company concerned. The Group strives to ensure consistency between forecasts used for this purpose and those used to determine the recoverable amount of assets (in particular goodwill, property, plant and equipment and intangible assets) as described in section F.c. "Impairment tests" of Note 1 "Summary of significant accounting policies" to the consolidated financial statements.

We deemed the measurement of deferred tax assets to be a key audit matter due to the uncertainty of the recoverability of these assets and the level of judgment required from management in this regard. The recoverability of activated tax losses depends in particular on the ability of the tax group to achieve the objectives defined in the medium-term earnings forecasts established by the management of the tax group or the Group.

How our audit addressed this risk

As part of our audit of the consolidated financial statements, our work consisted in assessing the data and assumptions underlying the recognition and recoverability of deferred tax assets. Our audit approach consisted mainly in:

- assessing the ability of the subsidiaries concerned to make future taxable profits over the term of management's earnings forecasts and the reasonableness of the key assumptions used, in particular for the determination of cash flows, their long-term growth rate and discount rates;
- checking the consistency of the data and assumptions used against those used for impairment tests on goodwill, property, plant and equipment and intangible assets for the subsidiaries concerned;
- assessing the deferred tax liabilities that exist in the same tax jurisdiction and that could be charged against deferred tax assets for the same period.

SPECIFIC VERIFICATIONS

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the information pertaining to the Group provided in the management report comprises the consolidated non-financial information statement required under Article L.225-102-1 of the French Commercial Code. However, in accordance with Article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Nexans by the Shareholders' Meetings held on May 15, 2006 for PricewaterhouseCoopers Audit and on May 5, 2015 for Mazars.

At December 31, 2019, PricewaterhouseCoopers Audit and Mazars were in the fourteenth and the fifth consecutive year of their engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Accounts, Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Accounts, Audit and Risk Committee

We submit a report to the Accounts, Audit and Risk Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Accounts, Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Accounts, Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Accounts, Audit and Risk Committee.

Neuilly-sur-Seine and Courbevoie, February 20, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Édouard Demarcq	Isabelle Sapet

5.2. Corporate financial statements

5.2.1. INCOME STATEMENT

(in thousands of euros)	Notes	2019	2018
NET SALES	4.1	27,902	31,596
Other operating income		78	3,327
TOTAL OPERATING INCOME		27,980	34,923
Other purchases and external charges		(43,139)	(35,282)
Taxes other than on income		(1,573)	(1,228)
Payroll expenses	4.2	(17,145)	(13,604)
Net (additions to)/reversals of depreciation, amortization and provisions – Operating items		(1,417)	(2,060)
Other expenses		(549)	(590)
TOTAL OPERATING EXPENSES		(63,823)	(52,764)
NET OPERATING INCOME (LOSS)	4	**(35,843)**	**(17,841)**
Dividend income		84,856	56,421
Net interest expense		(27,240)	(28,052)
Net (additions to)/reversals of depreciation, amortization and provisions – Financial items		763	(1,761)
Net foreign exchange gains/(losses)		25	69
NET FINANCIAL INCOME (LOSS)	5	**58,404**	**26,677**
NET INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX		22,561	8,836
NET NON-RECURRING INCOME (LOSS)	6	**409**	**(3,546)**
Employee profit-sharing		(215)	(17)
Income taxes	7	686	944
NET INCOME (LOSS)		**23,441**	**6,217**

5.2.2. BALANCE SHEET

(in thousands of euros)	Notes	Gross amount	Depreciation, amortization and provisions	Net at December 31, 2019	Net at December 31, 2018
ASSETS					
Intangible assets		19	(19)	-	-
Financial assets	8	2,739,844	-	2,739,844	2,739,919
TOTAL FIXED ASSETS		**2,739,863**	**(19)**	**2,739,844**	**2,739,919**
Prepayments to suppliers		27	-	27	46
Trade receivables	9	9,254	-	9,254	10,803
Other receivables	9	53,794	-	53,794	268,764
Marketable securities	10 & 12.3	5,047	-	5,047	6,776
Prepaid expenses		286	-	286	422
TOTAL CURRENT ASSETS		**68,409**	-	**68,409**	**286,811**
Other assets	11	3,809		3,809	5,233
TOTAL ASSETS		**2,812,081**	**(19)**	**2,812,062**	**3,031,963**

(in thousands of euros)	Notes	December 31, 2019	December 31, 2018
EQUITY AND LIABILITIES			
Share capital		43,606	43,606
Additional paid-in capital		1,683,634	1,683,634
Legal reserve		4,399	4,399
Regulated reserves		0	0
Retained earnings		80,385	87,179
NET INCOME FOR THE YEAR		**23,441**	**6,217**
Regulated provisions		5,953	5,953
TOTAL EQUITY	12	**1,841,418**	**1,830,988**
PROVISIONS FOR CONTINGENCIES AND CHARGES	13	**632**	**3,020**
Convertible bonds	14.1	-	275,873
Other bonds	14.1 & 15	788,785	788,785
Other borrowings and debt	14.2 & 15	30,000	-
Trade payables	15	26,633	16,504
Other liabilities	15	124,594	116,793
DEFERRED INCOME		-	-
TOTAL LIABILITIES		**970,012**	**1,197,955**
TOTAL EQUITY AND LIABILITIES		**2,812,062**	**3,031,963**

5.2.3. NOTES TO THE CORPORATE FINANCIAL STATEMENTS

The notes below relate to the balance sheet at December 31, 2019, 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, 2019. The balance sheet total was 2,812,062 thousand euros and the Company ended the year with net income of 23,441 thousand euros.

The tables in these notes are presented in thousands of euros, rounded to the nearest thousand.

NOTE 1. THE COMPANY'S BUSINESS

As Nexans is a holding company, its business corresponds to managing the equity interests it holds in other companies.

Nexans is the consolidating parent company of the Nexans Group.

NOTE 2. SIGNIFICANT EVENTS

The following significant events occurred in 2019:

1. 2012-2019 OCEANE bonds were fully redeemed in cash at maturity on January 2, 2019. The total amount paid was 275,873 thousand euros including accrued interest.

2. On July 23, 2019, the Board of Directors:
   - noted that the first vesting period for half of the shares under Long-Term Compensation Plan no. 18 A of July 27, 2018 had expired, resulting in the allocation of 19,859 free shares to the beneficiaries concerned on July 27, 2019,
   - decided to allocate Nexans treasury shares to these beneficiaries, purchased under the shareholder-approved buyback plan.

3. On July 28, 2019, the vesting period for non-French tax residents under Long-Term Compensation Plan no. 14 of July 28, 2015 expired, resulting in the allocation of 42,200 performance shares and 15,780 free shares to the beneficiaries concerned.
   On July 25, 2018, the Board of Directors had decided to allocate Nexans treasury shares to these beneficiaries, purchased under the shareholder-approved buyback plan.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL PRINCIPLES

The corporate financial statements have been prepared in accordance with the general conventions prescribed by ANC Regulation no. 2014-03 dated June 5, 2014 for the French chart of accounts and the other regulations applicable on the date the financial statements were drawn up.
The balance sheet at December 31, 2019 and the income statement for the year then ended have been prepared on a going concern basis in accordance with French generally accepted accounting principles, including the principles of prudence, consistent application of accounting policies from one year to the next and segregation of accounting periods.
Assets and liabilities have been measured according to the historical cost convention.
The main accounting policies applied are described below.

INTANGIBLE ASSETS

This item consists mainly of software, which is measured at historical cost and amortized on a straight-line basis over three years.

FINANCIAL ASSETS

Shares in subsidiaries and affiliates

The gross value of these shares recognized in the balance sheet prior to December 31, 2006 corresponds to their purchase price (excluding incidental expenses) or their transfer value.
Shares in subsidiaries and affiliates acquired as from January 1, 2007 are stated at their purchase price plus any directly attributable transaction expenses, in accordance with the option available under CRC standard 2004-06.
An impairment loss is booked when the carrying amount of these interests exceeds their fair value.
Fair value is determined on the basis of value in use, which corresponds to the amount that the Company would be prepared to pay for the subsidiary or affiliate in the event of an acquisition. Factors that may be used for estimating value in use are actual and projected earnings, equity, the entity's business outlook, the economic environment, the entity's average share price for the most recent month, etc.

Share acquisition costs

Share acquisition costs incurred subsequent to December 31, 2006 and included in the cost of the shares are deducted for tax purposes through excess tax depreciation recorded over a period of five years (Article 209-VII of the French Tax Code).

TRADE RECEIVABLES

Trade receivables are stated at nominal value. An impairment loss is recorded when it is doubtful that the receivable will be collected.

RECEIVABLES, PAYABLES AND CASH AND CASH EQUIVALENTS DENOMINATED IN FOREIGN CURRENCIES

Receivables and payables denominated in foreign currencies are translated into euros at the exchange rate prevailing at the year-end:

- Hedged foreign currency receivables and payables do not have any impact on the income statement as the gains and losses on the currency hedging instruments are accounted for on a symmetrical basis with the losses or gains on the underlying hedged items (see below). In accordance with the principle of prudence, a provision is recorded for unrealized foreign exchange losses that are not hedged. Unrealized foreign exchange gains have no impact on the income statement.
- Gains and losses arising on the translation of unhedged foreign currency receivables and payables are recorded in the balance sheet under "Unrealized foreign exchange gains" or "Unrealized foreign exchange losses".

Cash and cash equivalents and cash pooling current accounts denominated in foreign currencies are translated into euros at the year-end exchange rate and any resulting foreign exchange gains or losses are recognized in the income statement.

TREASURY SHARES

Nexans buys back its own shares under shareholder authorizations given to the Board of Directors.

The shares are recognized and measured at the year-end based on the purpose for which they are being held:

- Shares that are not allocated to any specific purpose are initially recognized in "Other financial assets" at cost. At the period-end, a provision for impairment is recorded if the shares' carrying amount is greater than their market value as determined based on the average Nexans share price for the month of December.

- Shares held for allocation to certain employees and executive officers of the Group are recognized under "Marketable securities":
  - Shares available for allocation to employees but not reserved for any specific share-based payment plan are initially measured at cost. At the period-end, a provision for impairment is recorded if the shares' carrying amount is greater than their market value as determined based on the average Nexans share price for the month of December.
  - Shares reserved for a specific share-based payment plan are recognized in "Marketable securities" and are measured at cost if they are allocated at the outset to the plan or, if they are allocated to the plan subsequent to their acquisition, at their net book value on the reclassification date.
    In accordance with CRC Regulation no. 2008-15 dated December 4, 2008, a provision for charges is recorded in liabilities for these shares due to the commitment to allocate them to employees.

FINANCIAL INSTRUMENTS

Nexans manages market risks – primarily arising from changes in exchange rates – by using derivative financial instruments, notably currency swaps. These instruments are used solely for hedging purposes.

Gains and losses on the hedging instruments are accounted for in the income statement on a symmetrical basis with the losses or gains on the underlying hedged items. At the balance sheet date, unrealized gains are recorded in "Other receivables" and unrealized losses are included in "Other liabilities".

ADDITIONAL PAID-IN CAPITAL

Costs incurred on the issue of shares are charged against additional paid-in capital. If the share issue premium is not sufficient to offset all of these costs, the surplus is recorded as an expense in the income statement.

PROVISIONS FOR CONTINGENCIES AND CHARGES

Provisions are recognized when Nexans S.A. has a present legal or constructive obligation resulting from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably measured.

BONDS WITH REDEMPTION PREMIUMS

Ordinary and convertible bonds with redemption premiums are recognized as a liability in the balance sheet at their gross value, including the premium.
This applies even when the premium payment is contingent on the bonds not being converted into shares. The redemption premium is recognized as an asset and is amortized on a straight-line basis over the term of the bonds concerned.

DEBT ISSUANCE COSTS

Costs incurred on the issuance of debt are recorded under deferred charges on the assets side of the balance sheet and amortized over the life of the debt using the straight-line method.

NOTE 4. OPERATING INCOME AND EXPENSES

After taking into account rebillings to subsidiaries, the Company reported a net operating loss of 35,843 thousand euros for 2019, primarily corresponding to headquarters expenses, commissions and brokerage fees, depreciation, amortization and provisions, and various consulting fees.

4.1. NET SALES

The Company's 2019 net sales came to 27,902 thousand euros, and primarily related to the invoicing of services provided to Group entities.

4.2. PAYROLL EXPENSES

Payroll expenses include employees' gross salaries and related payroll taxes payable by the Company, as well as the net book value of shares allocated to Company employees under free share plans, if any.

4.2.1. Headcount

At December 31, 2019, the Company had a headcount of ten people (including two corporate officers).

4.2.2. Management compensation

The total amount of compensation (including benefits-in-kind) paid to the Chairman of the Board of Directors and the Chief Executive Officer in 2019 was 1,016 thousand euros.

In addition, under Long-Term Compensation Plan no. 18 A and pursuant to the decisions of the Board of Directors on July 23, 2019 (see Note 2) 3,731 free shares were allocated to Christopher Guérin. The cost of these share-based payments was 104 thousand euros.

The members of the Board of Directors received an aggregate 549 thousand euros in directors' fees for 2019 (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, 2019, the present value of its obligation under these plans, net of plan assets, was 948 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 2019 excluding payroll taxes).

- As compensation for an undertaking not to exercise any business that would compete with any of the Company's businesses for a period of two years from the end of his term of office, the Chief Executive Officer would receive a non-compete indemnity equal to one year of his fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.
  If he were to be removed from his position as Chief Executive Officer, he would be entitled to payment of a termination indemnity representing two years' worth of his total fixed and variable compensation. This indemnity would be subject to actual performance in relation to the objectives applicable to his target annual variable compensation being at least equal to 60% of said objectives on average over the three years preceding his removal. If his forced departure took place before the end of three full years as from the date he took up his position as Chief Executive Officer, the indemnity would be equal to one year's worth of his total fixed and variable compensation and the performance condition would be assessed based on the number of full years completed (either one or two years).

- Arnaud Poupart-Lafarge whose functions as Chief Executive Officer ended on July 3, 2018, was eligible for a non-compete indemnity of 1,400 thousand euros as compensation for agreeing not to exercise any competing activity for a period of two years from the end date of his position as Chief Executive Officer. This indemnity is being paid in twenty-four equal monthly installments. The portion of the indemnity paid by the Company in 2019 amounted to 700 thousand euros.

NOTE 5. FINANCIAL INCOME AND EXPENSES

The Company recorded net financial income of 58,404 thousand euros in 2019, mainly reflecting:

- Dividends received from Nexans Participations and Invercable SA representing a total amount of 84,856 thousand euros;
- 25,813 thousand euros in interest expenses on the Company's bonds (see **Note 14.1**);
- The financial expense resulting from Nexans Services' activation of the guarantee granted to International Cable Company (ICC): 1,036 thousand euros.

NOTE 6. NON-RECURRING ITEMS

In 2019, non-recurring items consisted mainly of:

- The loss on free shares allocated to Group employees, for 1,938 thousand euros.
- Reversal of the provision for charges in the amount of 2,396 thousand euros set aside at December 31, 2018 to cover the Company's liability towards grantees under the Group's free share plans (see **Note 12.3**).

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	22,561	194	-	22,755
Income taxes:				
▪ at the standard rate	-	-	961	961
▪ benefit/(charge) from tax consolidation	(275)	-	-	(275)
INCOME TAXES	**(275)**	**-**	**961**	**686**
NET INCOME	22,286	194	961	23,441

7.1. COMMENTS

The 961 thousand euros recorded under «Other tax effects» correspond 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 opt for French tax consolidation in accordance with Articles 223-A *et seq.* of the French Tax Code.
This option is automatically renewable every five years. The current option`s expiration date is December 31, 2021. For every taxation period, the contribution of each subsidiary to the corporate income tax payable on the consolidated net income of the tax group corresponds to the corporate income tax and other contributions for which each subsidiary would have been liable if it had been taxed on a stand-alone basis.

In accordance with the provisions of the tax consolidation agreement, the tax savings realized as a result of the tax losses of subsidiaries, which could be passed back to those subsidiaries if they return to profit, are recognized in "Other liabilities" in the balance sheet (see Note 15).
As part of the tax consolidation agreement under which Nexans is liable for the global tax charge, a tax loss was recorded at the end of 2019. The cumulative tax losses at December 31, 2019 represent an unrecognized tax asset of 205 million euros.

No non tax-deductible expenses, as defined in Article 39-4 of the French Tax Code, were incurred during 2019.

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 560,645 thousand euros at December 31, 2019 (512,454 thousand euros at December 31, 2018).

NOTE 8. FINANCIAL ASSETS

(in thousands of euros)	Gross values				Net values	
	December 31, 2018	Increase	Decrease	December 31, 2019	December 31, 2018	December 31, 2019
Shares in subsidiaries and affiliates	2,739,833	-	-	2,739,833	2,739,833	2,739,833
Other financial assets	86	-	(75)	11	86	11
TOTAL FINANCIAL ASSETS	**2,739,919**	**-**	**(75)**	**2,739,844**	**2,739,919**	**2,739,844**

8.1. TSHARES IN SUBSIDIARIES AND AFFILIATES

A breakdown of the shares held by Nexans S.A. in subsidiaries and affiliates is provided in Note 16.7 (List of subsidiaries and affiliates), and the methods used to calculate any impairment in value of these shares are described in Note 3.

Movements during the year

There were no movements in shares in subsidiaries and affiliates in 2019.

NOTE 9. RECEIVABLES BY MATURITY

(At December 31, in thousands of euros)	2019				2018
	Gross amount[1]	O/w accrued income	Due within one year	Due beyond one year	Gross amount[1]
OTHER FINANCIAL ASSETS	**11**	-	**11**	-	**86**
PREPAYMENTS TO SUPPLIERS	**27**	-	**27**	-	**46**
TRADE RECEIVABLES[2]	**9,254**	**6,264**	**9,254**	-	**10,803**
OTHER RECEIVABLES[3]	**53,794**	**4,608**	**37,258**	**16,536**	**268,764**
▪ Employee-related receivables and prepaid payroll costs	414	414	414	-	419
▪ Prepaid and recoverable income taxes	16,821	-	285	16,536	10,648
▪ Prepaid and recoverable VAT	5,047	4,194	5,047	-	3,116
▪ Group and associates: tax consolidation	1,479	-	1,479	-	-
▪ Group and associates: cash pooling current accounts[4]	29,936	-	29,936	-	254,484
▪ Other debtors	97	-	97	-	97
PREPAID EXPENSES	**286**	-	**286**	-	**422**

(1) No provisions for impairment in value had been recognized against the above receivables at either December 31, 2019 or 2018.
(2) At both December 31, 2019 and 2018, trade receivables mainly corresponded to intra-group receivables.
(3) Other receivables due beyond one year correspond to tax credits (essentially research and CICE tax credits) due to entities in the tax group headed by the Company (see Note 7). These tax credits are considered to be receivable beyond one year because there is a low probability that they will be offset against tax payable by the tax group in 2020.
(4) The cash pooling agreements put in place are open-ended agreements.

NOTE 10. MARKETABLE SECURITIES

At December 31, 2019, "Marketable securities" correspond to Nexans shares acquired under the buyback programs authorized by the Annual Shareholders' Meeting (see **Note 12.3**).

NOTE 11. OTHER ASSETS

(in thousands of euros)	Net at January 1, 2019	Increases	Additions to provisions for impairment	Other movements	Net at December 31, 2019
Debt issuance costs	5,233	-	(1,417)	(7)	3,809
Bond redemption premiums	-	-	-	-	-
Unrealized foreign exchange losses	0	-	-	0	0
TOTAL	**5,233**	**-**	**(1,417)**	**(7)**	**3,809**

Debt issuance costs are amortized on a straight-line basis over the life of the bonds.

NOTE 12. EQUITY

12.1. BREAKDOWN OF SHARE CAPITAL

At December 31, 2019, the Company's share capital comprised 43,606,320 shares, each with a par value of 1 euro.
All of these shares are fully paid up, in the same class and carry the same rights.
There are no founder's shares or other rights of participation in profits.

12.2. MOVEMENTS IN EQUITY DURING THE YEAR

(in thousands of euros)	Share capital	Additional paid-in capital	Legal reserve	Retained earnings	Net income for the year	Regulated provisions	Total
AT DECEMBER 31, 2018 (BEFORE APPROPRIATION OF NET INCOME)	43,606	1,683,634	4,399	87,179	6,217	5,953	1,830,988
Appropriation of 2018 net income	-	-	-	6,217	(6,217)	-	-
Dividends paid	-	-	-	(13,012)	-	-	(13,012)
Other movements	-	-	-	-	-	-	-
2019 net income	-	-	-	-	23,441	-	23,441
AT DECEMBER 31, 2019 (BEFORE APPROPRIATION OF NET INCOME)	**43,606**	**1,683,634**	**4,399**	**80,385**	**23,441**	**5,953**	**1,841,418**

12.3. TREASURY SHARES

At December 31, 2019, the Company held 156,485 treasury shares representing 0.36% of the share capital. Consequently, the number of shares outstanding at that date was 43,449,835.

Treasury shares are carried in "Marketable securities" for a gross amount of 5,047 thousand euros.

- A total of 19,858 shares have been allocated to Plan no. 18A of July 27, 2018 (see **Note 16.1**). They were valued at 552 thousand euros (average price for the month of June 2019) following a decision of the Board of Directors on July 23, 2019 to use existing shares for the purposes of this plan.

- Treasury shares not allocated to a specific plan were valued at cost (4,495 thousand euros). As the average Nexans share price for December 2019 was €41.09, no provision for impairment was recognized at the reporting date.

At December 31, 2018, the Company held 234,324 Nexans shares representing 0.5% of the share capital, carried in "marketable securities" for a gross amount of 8,466 euros.

- An estimated 57,980 shares (for a value of 2,396 thousand euros) were allocated to Plan no. 14 of July 24, 2015.
  A provision for charges was recorded in liabilities for the value of these shares and reversed in 2019 (see **Note 13**).

- The market value of the 176,344 treasury shares not allocated to a specific plan was 24.83 euros per share based on the average share price for December 2018. A provision for impairment of 1,690 thousand euros was therefore recorded against these shares at December 31, 2018, reducing their carrying amount to 4,380 thousand euros.

Movements for the year:

In 2019, 77,839 treasury shares were delivered under free share and performance share plans:

- Following the Board of Directors' decision on July 23, 2019 to allocate free shares to non-French tax resident beneficiaries of Plan no. 14, a total of 57,980 shares with an acquisition cost of 2,396 thousand euros were delivered to employees.

  The net book value of these shares was valued at the average price for June 2018 (the month before the decision to use treasury shares to satisfy awards under Plan no. 14) at 1,938 thousand euros.

- At its meeting on July 23, 2019, the Board of Directors decided to use treasury shares to satisfy awards under Plan no. 18A. The net book value of the 39,717 shares allocated to the plan was 1,103 thousand euros based on the average share price for June 2019.
  On July 27, 2019, 19,859 shares corresponding to a value of 552 thousand euros were delivered to employees or executive directors of the Group.

Share buyback programs

Nexans S.A. did not buy back any of its own shares in 2019.

In 2018, the Company purchased 702,336 Nexans shares:

- During the first half of 2018, the Company purchased 202,336 Nexans shares at a total cost of 8,330 thousand euros under the buyback program decided by the Board of Directors on July 7, 2017.

- Pursuant to the decision of the Board of Directors on June 16, 2018 to use the shareholder authorization granted on May 17, 2018, the Company bought back 500,000 Nexans shares in June 2018 at a total cost of 15,194 thousand euros. Following the Board of Directors' decision on July 25, 2018, 400,000 shares bought back under the program were canceled.

12.4. DIVIDEND PAYMENT

At the 2020 Annual Shareholders' Meeting, the Board of Directors will recommend a dividend payment of 0.40 euro per share, representing a total payout of 17,442,528 euros based on the 43,606,320 shares making up the Company's capital at December 31, 2019.
If the Company holds any treasury shares at the time the dividend is paid, the amount corresponding to unpaid dividends on these shares will be allocated to retained earnings.

At the Annual Shareholders' Meeting held on May 15, 2019 to approve the financial statements for the year ended December 31, 2018, the Company's shareholders authorized the payment of a dividend of 0.30 euro per share – representing a total of 13,012 thousand euros – which was paid out on May 21, 2019.

At the Annual Shareholders' Meeting held on May 17, 2018 to approve the financial statements for the year ended December 31, 2017, the Company's shareholders authorized the payment of a dividend of 0.70 euro per share – representing a total of 30,257 thousand euros – which was paid out on May 24, 2018.

NOTE 13. PROVISIONS FOR CONTINGENCIES AND CHARGES

At December 31, 2019, this item consisted in a 632 thousand euro provision for contingencies set aside to cover risks relating to site dismantling and clean-up costs following the sale of the subsidiary, Indelqui S.A. (624 thousand euros at December 31, 2018).

The provision for the charge resulting from the Company's commitment at December 31, 2018 to allocate free shares to beneficiaries of the Long-Term Compensation Plans was totally reversed in 2019 (see **Notes 6 and 12**). It amounted to 2,396 thousand euros at December 31, 2018.

NOTE 14. FINANCIAL BORROWINGS AND DEBT

14.1. BONDS

The Company's borrowings and debt are primarily made up of bonds, which can be analyzed as follows:

	Issue date	Maturity date	Nominal amount[1]	Interest rate	Accrued interest at December 31, 2019[1]	Total bond debt recognized in the balance sheet at December 31, 2019[1]	Interest expense for 2019[1]
CONVERTIBLE BONDS							
2019 OCEANE bonds	Feb. 29, 2012	Jan.1, 2019	269,144	2.50%	-	-	-
ORDINARY BONDS							
Ordinary bonds maturing in 2021	May 26, 2016	May 26, 2021	250,000	3.25%	4,875	254,875	8,125
Ordinary bonds maturing in 2023	Aug. 8, 2018	Aug. 8, 2023	325,000	3.75%	4,842	329,842	12,188
Ordinary bonds maturing in 2024	Apr. 5, 2017	Apr. 5, 2024	200,000	2.75%	4,068	204,068	5,500
			775,000		**13,785**	**788,785**	**25,813**
TOTAL			**1,044,144**		**13,785**	**788,785**	**25,813**

(1) In thousands of euros.

All of the bonds in the above table are redeemable at face value at maturity.

At December 31, 2019, total bond debt amounted to 788,785 thousand euros including accrued interest. At December 31, 2018, bond debt totaled 1,064,658 thousand euros, of which 275,873 thousand euros related to 2019 OCEANE bonds.

On January 2, 2019, OCEANE bonds were redeemed at maturity. The total amount paid was 275,873 thousand euros including accrued interest.

14.2. COVENANTS

At December 31, 2019, Nexans and its subsidiaries had access to 600 million euros under a medium-term confirmed credit facility expiring on December 12, 2023. None of this facility had been drawn down at the year-end.

Under the syndicated loan agreement with standard covenants (negative pledge, cross default, pari passu and change of control clauses), Nexans undertakes to maintain a debt to equity ratio of below 1.20 and a maximum debt to EBITDA ratio of 3.2. These ratios are calculated based on consolidated data (see **Note 27** to the consolidated financial statements).

If any of the facility's covenants were breached, any undrawn credit lines would become unavailable and any drawdowns would be repayable, either immediately or after a cure period of 30 days depending on the nature of the breach.

These ratios were within the specified limits at both December 31, 2019 and at the date the Board of Directors approved the financial statements.

14.3. NEGOTIABLE EUROPEAN COMMERCIAL PAPER (NEU CP)

On December 21, 2018, the Company set up a 400 million euro Negotiable European Commercial Paper (NEU CP) program. At December 31, 2019, issuances under the program amounted to 30 million euros with maturity of three months or less.

NOTE 15. LIABILITIES BY MATURITY

(At December 31, in thousands of euros)	2019					2018
	Amount	O/w accrued expenses	Due within one year	Due between one and five years	Due beyond five years	Amount
CONVERTIBLE BONDS[1]	-	-	-	-	-	275,873
ORDINARY BONDS[1]	788,785	13,785	13,785	775,000	-	788,785
OTHER BORROWINGS AND DEBT	30,000	-	30,000	-	-	-
TRADE PAYABLES	26,633	24,902	26,633	-	-	16,504
OTHER LIABILITIES[2]	124,594	8,379	100,624	23,970	-	116,793
▪ Employee-related payables and accrued payroll costs	9,256	8,204	8,005	1,251	-	3,330
▪ Accrued VAT	1,490	-	1,490	-	-	1,545
▪ Other accrued taxes	597	125	597	-	-	157
▪ Tax consolidation suspense account[3]	81,913	-	81,913	-	-	77,232
▪ Group and associates: tax consolidation	31,019	-	8,300	22,719	-	34,154
▪ Other liabilities	319	50	319	-	-	375

(1) See Note 14.
(2) 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 2020.
(3) Tax losses of subsidiaries in the tax consolidation group that may have to be returned to those subsidiaries in subsequent years.

NOTE 16. MISCELLANEOUS INFORMATION

16.1. FREE SHARES AND PERFORMANCE SHARES

At December 31, 2019, there were 996,625 free share and performance share rights outstanding – each entitling their owner to one share – representing a total of 2.28% of the Company's share capital. At December 31, 2018, there were 762,584 free share and performance share rights outstanding, representing 1.7% of the capital.
A total of 319,700 free shares and performance shares were granted in 2019.

The free share and performance share rights outstanding at December 31, 2019 can be analyzed as follows.

Grant date	Number of shares originally granted	Number of shares outstanding at the year-end	End of vesting period
January 1, 2016	30,000	30,000	January 1, 2020
May 12, 2016	253,200	219,117	May 12, 2020
November 23, 2016	3,900	3,400	November 23, 2020
March 14, 2017	225,300	200,850	March 14, 2021
March 13, 2018	211,100	189,950	March 13, 2022
July 27, 2018[1]	39,717	19,858	50% on July 27, 2019 – 25% on July 27, 2020 – 25% on July 27, 2021
July 27, 2018	14,500	14,500	July 27, 2022
March 19, 2019	319,700	318,950	March 19, 2023
TOTAL ACTIONS EN CIRCULATION		**996,625**	

(1) Free shares allocated without any performance conditions or requirement to still be employed by the Company on the vesting date. The shares were allocated as partial compensation for the loss of rights accrued under the defined benefit pension plan by members of the Management Board who are no longer beneficiaries of the plan.

Movements in outstanding free shares and performance shares

FREE SHARES THAT HAD NOT YET VESTED OR WERE SUBJECT TO A LOCK-UP AT BEGINNING OF YEAR	**762,584**
Shares granted during the year[1]	319,700
Shares vested during the year	(77,839)
Shares canceled during the year	(7,820)
FREE SHARES THAT HAD NOT YET VESTED OR WERE SUBJECT TO A LOCK-UP AT YEAR-END	**996,625**

(1) Free shares and performance shares, assuming performance target is met.

The vesting conditions applicable to the performance shares are based both on Nexans' financial performance and its share performance.

16.2. RELATED PARTIES – RELATED COMPANIES

Related party transactions concern subsidiaries and associates and are carried out on arm's length terms.
The principal information concerning related companies is provided in the list of subsidiaries and affiliates in Note 16.7.
In 2019, no new agreements representing material amounts were entered into on non-arm's length terms with related parties within the meaning of Article 123-198 of the French Commercial Code.

16.3. OFF-BALANCE SHEET COMMITMENTS

Reciprocal commitments

None.

Commitments given

- The Company has granted parent company guarantees covering the contractual obligations of certain subsidiaries, amounting to 1,420 million euros at December 31, 2019 (excluding the commitments described below related to receivables sales and syndicated loans).
- When the Group's syndicated credit facility was set up, Nexans S.A. undertook to guarantee the commitments given by Nexans Financial and Trading Services to the banking pool concerned. This guarantee represented a maximum amount of 660 million euros.
- A securitization plan for euro-denominated trade receivables was set up in the second quarter of 2010 and rolled over for up to five years on March 30, 2015. Following an amendment to the program in May 2017, the joint and several guarantee granted by Nexans S.A. to the arranging bank covers (i) the payment obligations of the Nexans subsidiary selling the receivables under the program and (ii) the consequences that could arise if any of the receivables sales under the program were rendered invalid, notably in the event that insolvency proceedings were initiated against the subsidiary selling the receivables.

At December 31, 2019, the Group considered the probability of the bank calling on this guarantee to be very low.

At the year-end, this joint and several guarantee was valued at 24 million euros for the portion covering the subsidiary's payment obligations and 95 million euros for the portion covering invalid receivables sales. It had a minimum residual term of more than 12 months at December 31, 2019 and an actual term that varies depending on the seller and type of obligation concerned.

Commitments received

At December 31, 2019, commitments received corresponded to the Company's 600 million euro unused credit facility expiring on December 12, 2023.

16.4. FEES PAID TO THE STATUTORY AUDITORS

The total fees paid to the Statutory Auditors recorded in the income statement for 2019 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	10	214	87	311
PricewaterhouseCoopers Audit 63 rue de Villiers, 92208 Neuilly-sur-Seine	10	204	67	281
	20	**418**	**154**	**592**

16.5. SUBSEQUENT EVENTS

None.

16.6. OTHER INFORMATION

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

In early July 2014, Nexans France SAS paid the 70.6 million euro fine imposed on it by the European Commission.
Nexans France SAS and the Company appealed the European Commission's decision to the General Court of the European Union. The appeal was dismissed on July 12, 2018. Nexans France SAS and the Company appealed the General Court's judgment before the Court of Justice of the European Union. This action is still pending, with the Advocate General's Opinion and the subsequent judgment expected during the first half of 2020.

As an indirect consequence of the European Commission's decision, in April 2019 certain Group entities received claims from customers filed before the courts in the United-Kingdom, the Netherlands and Italy against Nexans and other defendants.
In the UK, Scottish and Southern Energy lodged a claim against Nexans France SAS, the Company and certain companies of the Prysmian Group with the UK courts. However, in September 2019, the claim against Nexans France SAS and the Company was stayed.
In addition, one of the Group's competitors, which has been subject to follow-on claims for damages initiated in 2015 in the UK, has filed a contribution claim against the other cable producers sanctioned by the European Commission, including Nexans France SAS and the Company. The contribution claim is currently stayed, pending the outcome of the main proceedings.
The claim in Italy has been brought before the Court of Milan by Terna S.p.A. Nexans Italia filed defense pleadings on October 24, 2019 focusing on Nexans Italia's lack of standing to be sued. Following an initial hearing on November 13, 2019, the judge ruled Terna's claim to be invalid for lack of clarity on February 3, 2020. Terna is to supplement its claim by May 11, 2020. The judge will then rule on the other preliminary questions and a hearing is scheduled for September 29, 2020.
The claim in Netherlands was filed jointly by Electricity & Water Authority of Bahrain, GCC Interconnection Authority, Kuwait Ministry of Electricity and Water and Oman Electricity Transmission Company, against certain companies of the Prysmian Group and its former shareholders, as well as companies in the Nexans Group and ABB Groups. This action has been brought before the Court of Amsterdam. On December 18, 2019, Nexans filed a motion contesting jurisdiction to which the claimants are required to submit their response. The hearing and a decision on the procedural issues could take place in 2020.

Investigations carried out by the American, Japanese, New Zealand and Canadian authorities in the high-voltage power cable sector were closed without sanctions. During investigations led by the Australian antitrust authority (ACCC), the Australian courts dismissed ACCC's case and refused to sanction Nexans and its Australian subsidiary in the high-voltage power cable sector in a case pertaining to the sale of low- and medium-voltage cables.

The investigation in Brazil by the General Superintendence of the antitrust authority "CADE" in the high-voltage power cable sector was concluded on February 11, 2019 and a recommendation was made by the same authority to the Administrative Tribunal of CADE to sanction the defendants in this case. A judgment by the Administrative Tribunal of CADE is expected the first half of 2020.

The investigation by the antitrust authority in South Korea ("KFTC") in the high-voltage power cable sector has not been officially closed but Nexans understands that the limitation period should be considered expired.

Nexans' local Korean subsidiaries have cooperated with the KFTC in investigations initiated between 2013 and 2015 in businesses other than high-voltage. As a result, the KFTC granted full immunity (zero fine) in 15 cases, and for two other cases, the Korean subsidiaries were granted a 20% reduction in the fines imposed and ordered to pay the KFTC a total of approximately 850,000 euros. All these investigations are now closed, and the risks associated with the majority of claims brought by customers in connection with these cases are now also closed.

On November 24, 2017 in Spain, Nexans Iberia and the Company (in its capacity as Nexans Iberia's parent company) were notified of a decision by the Spanish competition authority ("CNMC"), which found that Nexans Iberia had participated directly in an infringement of Spanish competition laws in the low- and medium-voltage cable sectors. The Company was held jointly and severally liable for the payment of part of the fine levied on Nexans Iberia by the CNMC. In early January 2018, Nexans Iberia settled the 1.3 million euro fine levied by the CNMC. Nexans Iberia and the Company have appealed the CNMC's decision. The appeal decision is expected to be handed down in 2020.

As consistently communicated by the Company in the past, unfavorable outcomes for antitrust proceedings and/or investigations as well as the associated consequences could have a material adverse effect on the results and thus the financial position of the Group.

16.7. LIST OF SUBSIDIARIES AND AFFILIATES

(at December 31, 2019)

Company name	Share Capital *(in thousands of currency units)*	Total equity (excluding share capital)[3] *(in thousands of currency units)*	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 Paris - France (SIREN : 428 593 230)	130,000	(79,644)	100.00	-	477,400	477,400	1,625,465	(57,504)
NEXANS PARTICIPATIONS Paris - France (SIREN : 314 613 431)	418,110	1,324,044	100.00	78,449	2,048,264	2,048,264	1,390	73,124
INVERCABLE S.A.[1] Santiago - Chili	82,400	134,469	100.00	6,407	194,948	194,948	-	10,944
2) AFFILIATES (10%-50% OWNED)								
NEXANS KOREA[2] Chungcheongbuk - Corée	17,125,879	72,160,465	35.53	-	16,940	16,940	262,112,873	(839,825)
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				-	2,281	2,281		

(1) Amount in thousands of USD (US dollars): 1 USD = 0.8902 euro at December 31, 2019.
(2) Amount in thousands of KRW (Korean won): 1,000 KRW = 0.7714 euro at December 31, 2019.
(3) Provisional data as these companies' financial statements had not yet been formally approved for issue at the date of the Board of Directors' meeting that approved these corporate financial statements.

Guarantees given by the Company with respect to its subsidiaries are described in the note on off-balance sheet commitments.

5.2.4. COMPANY'S FINANCIAL RESULTS FOR THE LAST 5 FINANCIAL YEARS

	2019	2018	2017	2016	2015
I - SHARE CAPITAL AT THE END OF THE FISCAL YEAR					
a) Share capital *(in thousands of euros)*	43,606	43,606	43,495	43,411	42,598
b) Number of shares issued	43,606,320	43,606,320	43,494,691	43,411,421	42,597,718
II - RESULTS OF OPERATIONS *(in thousands of euros)*					
a) Sales before taxes	27,902	31,596	27,422	21,917	22,831
b) Income before tax, employee profit-sharing, depreciation, amortization and provisions	21,236	9,749	29,429	(51,461)	(101,110)
c) Income taxes	686	944	894	815	816
d) Employee profit-sharing due for the fiscal year	(215)	(17)	(113)	(145)	(57)
e) Income after tax, employee profit-sharing, depreciation, amortization and provisions	23,441	6,217	25,333	7,013	1,885
f) Dividends	17,443[(1)]	13,012	30,257	21,605	-
III - INCOME PER SHARE *(in euros)*					
a) Income after tax and employee profit-sharing but before depreciation, amortization and provisions	0.50	0.24	0.69	(1.17)	(2.37)
b) Income after tax, employee profit-sharing, depreciation, amortization and provisions	0.54	0.14	0.58	0.16	(0.04)
c) Dividend per share	0.40	0.30	0.70	0.50	-
IV - PERSONNEL					
a) Average headcount during the year	8	6	8	6	6
b) Total fiscal year payroll *(in thousands of euros)*	6,098	6,980	4,860	3,945	4,375
c) Total amount paid for employee benefits during the fiscal year *(in thousands of euros)*	2,033	2,327	1,620	1,315	1,458

(1) Based on the number of shares at December 31, 2019.

5.2.5. NEXANS STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Shareholders of Nexans,

OPINION

In compliance with the engagement entrusted to us by your Shareholder's meeting, we have audited the accompanying financial statements of Nexans for the year ended December 31st, 2019.

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 as at December 31st, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Accounts, Audit and Risk Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics *(Code de déontologie)* for Statutory Auditors.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of shares in subsidiaries and affiliates

Description of risk

At December 31st, 2019, the carrying amount of the Company's shares in subsidiaries and affiliates amounted to €2,740 million.

The value in use of shares in subsidiaries and affiliates is assessed by the Company's management on the basis of various criteria that may correspond, depending on the situation, to historical or forecast data. As indicated in Notes 3 and 8 to the financial statements, an impairment loss is booked when the fair value of these shares, which is based on their value in use, falls below their carrying amount.

We deemed the valuation of shares in subsidiaries and affiliates to be a key audit matter due to their significance in the Company's financial statements and to the level of judgment required from management to determine and assess the value in use of each share.

How our audit addressed this risk

As part of our audit of the financial statements, our work mainly consisted in:
- examining the valuation undertaken by the Company, the methods used and the underlying assumptions;
- assessing the fair value on the basis of the factors used to estimate the value in use: actual and projected earnings, equity, the entity's business outlook, the economic environment and the entity's average share price for the most recent month.

Antitrust investigations and disputes

Description of risk

In the same way as all other industrial players, in view of the Company's wide geographic reach, it is required to comply with numerous national and regional laws and regulations, notably concerning commercial, customs and tax matters. In particular, the Company is involved in antitrust investigations and disputes as described in Note 16.6 to the financial statements, which notably describes the antitrust investigations initiated against the Company.

As indicated in Note 3 to the financial statements, provisions are recognized when the Company has a present obligation resulting from a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

We deemed this issue to be a key audit matter given the significance of the antitrust investigations and disputes and the level of judgment required from management to determine these provisions in multiple and constantly changing regulatory environments.

How our audit addressed this risk

As part of our audit of the financial statements, our work mainly consisted in:
- evaluating the procedures implemented by the Company to identify and list all antitrust investigations and disputes;
- carrying out interviews with the Company's Legal Department in order to obtain an understanding of the risks, as well as of the status of antitrust proceedings and investigations;
- assessing the factors used by the Company to determine the risks and provisions recognized at the end of the reporting period to cover the financial consequences (direct and indirect) of these disputes, with particular attention paid to the opinions of the Company's legal advisors;
- verifying that the significant risks and disputes identified during the implementation of these procedures are described appropriately in Note 16.6 to the financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

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 other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to the payment deadlines mentioned in Article D.441-4 of the French Commercial Code *(Code de commerce)*.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code *(Code de commerce)*.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received or awarded by the directors and any other commitments made in their favour, 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 controlled companies which are included in the scope of consolidation. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code *(Code de commerce)*, we have verified their compliance with the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Nexans by the Shareholder's meetings held on May 15th, 2006 for PricewaterhouseCoopers Audit and on May 5th, 2015 for Mazars.

As at December 31st, 2019, PricewaterhouseCoopers Audit and Mazars were in the 14th and 5th consecutive year of their engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Accounts, Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Accounts, Audit and Risk Committee

We submit a report to the Accounts, Audit and Risk Committee, which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Accounts, Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Accounts, Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(Code de déontologie)* for Statutory auditors. Where appropriate, we discuss with the Accounts, Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Courbevoie, March 23, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Édouard Demarcq	**Isabelle Sapet**

6

INFORMATION ABOUT THE SHARE CAPITAL AND OWNERSHIP STRUCTURE

6.1. Nexans share data

NEXANS IS LISTED ON EURONEXT PARIS (COMPARTMENT A)

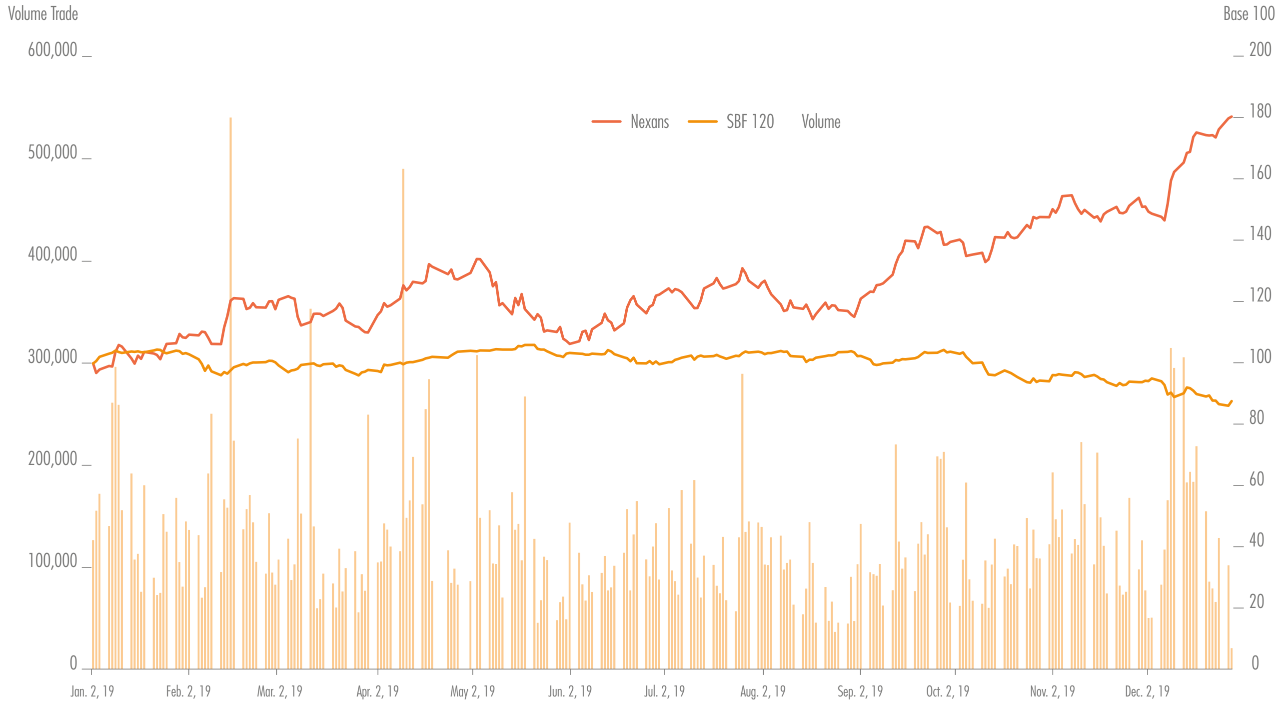
- Deferred settlement service
- ISIN code FR0000044448
- Par value: 1 euro

MARKET CAPITALIZATION AT DECEMBER 31, 2019

1.896 billion euros

SHARE PERFORMANCE

(in euros, from January 1, 2019 to December 31, 2019)



AVERAGE DAILY TRADING VOLUME IN 2019

125,579 shares

INDEX

- SBF 120

PER SHARE DATA

In euros (except ratios)	2019	2018	2017
Net assets(1)	27.73	30.39	32.74
Basic earnings/(loss) per share(2)	-2.81	0.32	3.04
Diluted earnings/(loss) per share(3)	-2.81	0.32	2.71
PER(4)	-9.87	94.95	10.77
Net dividend(5)	0.40	0.30	0.70
Dividend yields(4)	0.92%	1.23%	1.37%

(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 13, 2020 the Board of Directors will recommend a dividend payment of 0.40 euros per share for 2019.

STOCK MARKET DATA

Share price in euros *(except percentages)*	2019	2018	2017
High	43.58	52.06	56.72
Low	23.33	22.06	44.99
End-of-year closing price	43.49	24.33	51.11
Change over the year	+80.46%	-52.46%	+3.47%
Change in the SBF 120 over the year	-12.31%	-11.36%	+10.29%
Change in the CAC 40 over the year	+27.48%	-10.55%	+8.81%
MARKET CAPITALIZATION AT DECEMBER 31(1)	**1,896**	**1,061**	**2,223**
Average daily trading volume(2)	125,579	239,893	175,503
Number of shares in issue at December 31	43,606,320	43,606,320	43,494,691
SHARE TURNOVER(3)	**0.29%**	**0.55%**	**0.40%**

(1) In millions of euros.
(2) In number of shares.
(3) Daily average over the year.

6.2. Share capital

At December 31, 2019, the Company's share capital stood at 43,606,320 euros, fully paid-up and divided into 43,606,320 shares with a par value of one (1) euro each. This amount remained unchanged between January 28 and December 31, 2019.

Each of the Company's shares carries one voting right.

6.2.1. ESTIMATED BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS AT DECEMBER 31, 2019

6.2.1.1. CHANGES IN THE COMPANY'S SHARE CAPITAL OVER THE LAST FIVE YEARS

Date	Transaction	Number of shares issued/canceled	Nominal amount of the transaction	Total amount of share capital (in euros) and number of shares
January 21, 2015	Share capital increase reserved for employees	499,862	€499,862	42,551,299
November 24, 2015	Capital increase following the vesting of free shares and performance shares	46,419	€46,419	42,597,718
July 27, 2016	Capital increase following the exercise of stock options	70,655	€70,655	42,668,373
July 27, 2016	Capital increase following the vesting of free shares and performance shares	83,450	€83,450	42,751,823
July 28, 2016	Share capital increase reserved for employees	483,612	€483,612	43,235,435
November 23, 2016	Capital increase following the vesting of free shares and performance shares	30,356	€30,356	43,265,791
January 18, 2017	Capital increase following the exercise of stock options	145,630	€145,630	43,411,421
July 26, 2017	Capital increase following the exercise of stock options	24,570	€24,570	43,435,991
January 22, 2018	Capital increase following the exercise of stock options	58,700	€58,700	43,494,691
July 18, 2018	Share capital increase reserved for employees	496,477	€496,477	43,991,168
July 25, 2018	Capital increase following the exercise of stock options	13,734	€13,734	44,004,902
July 25, 2018	Capital increase following the conversion of OCEANE bonds	12	€12	44,004,914
July 25, 2018	Capital reduction via cancellation of shares	400,000	€400,000	43,604,914
January 28, 2019	Capital increase following the conversion of OCEANE bonds	1,406	€1,406	43,606,320

6.2.1.2. POTENTIAL SHARE CAPITAL AT DECEMBER 31, 2019

At December 31, 2019, the following securities carried rights to the Company's shares:

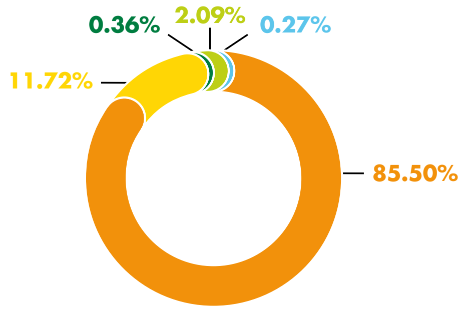
(1) The 833,117 performance shares (based on the achievement of maximum performance targets) granted to employees and corporate officers and not yet fully vested, representing approximately 1.9% of the Company's share capital at December 31, 2019.

(2) The 163,508 performance shares (not subject to performance targets) granted to employees and corporate officers and not yet fully vested, representing approximately 0.37% of the Company's share capital at December 31, 2019.

Except for the above-mentioned instruments, at December 31, 2019 there were no other securities that were convertible, redeemable, exchangeable or otherwise exercisable, directly or indirectly, 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 102.27% of the Company's capital at December 31, 2019.

6.2.1.3. ESTIMATED BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS[1] FOR THE YEAR ENDED DECEMBER 31, 2019



- Institutional investors: 85.50% o/w:
  - Invexans Limited (UK) and Teck Pack (Quiñenco group, Chile): approximately 28.92%, (12,610,914 shares)
  - Bpifrance Participations (France): 7.71% (3,363,446 shares)
- Private investors and employees: 11.72% (5,111,531 shares), o/w:
  - Private investors: 7.24%
  - Employees: 4.48%
- Nominee shareholders: 2.09% (910,442 shares)
- Treasury stock: 0.36% (156,485 shares)
- Unidentified shareholders: 0.27% (116,502 shares)

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

As the Company's ownership structure changes frequently, the above breakdown is not necessarily representative of the situation at the date this Universal Registration Document was published.

At December 31, 2019, corporate officers owned approximately 7.78%[2] of Nexans' share capital.

To the best of the Company's knowledge, no shareholder other than those cited above holds more than 5% of the share capital.

At December 31, 2019, the Company held 156,485 of its own shares in treasury and each member of the Board of Directors held at least the minimum number of shares set out in the Company's bylaws.

Nexans is not aware of the existence of any individual or legal entity that, directly or indirectly, acting alone or in concert, exercises control over its share capital, nor of any agreement that, if implemented, could trigger a change of control of the Company.

(1) For resolutions in Extraordinary Shareholders' Meetings that relate to major structural transactions (such as mergers and significant capital increases) no single shareholder may exercise voting rights representing more than 20% of the total voting rights of shareholders present or represented at the meeting concerned (see Article 21 of the Company's bylaws).
(2) Including the shares held by Bpifrance Participations, director of Nexans since May 13, 2019.

6.2.2. ESTIMATED OWNERSHIP STRUCTURE BY GEOGRAPHIC AREA

At December 31, 2019, Nexans' estimated ownership structure by geographic area was as follows:

Institutional investors – France	25.27%
Institutional investors – United States	14.61%
Institutional investors – UK and Ireland	7.94%
Institutional investors – Other European countries	8.55%
Institutional investors – Other countries (incl. South America)	29.12%
Private investors	7.24%
Employees	4.48%
Treasury stock	0.36%
Nominee shareholders	2.09%
Unidentified shareholders	0.27%

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

6.2.3. LEGAL THRESHOLD DISCLOSURES FILED IN 2019

No threshold disclosures were filed with the AMF in 2019.

6.2.4. CHANGES IN NEXANS' OWNERSHIP STRUCTURE OVER THE LAST THREE YEARS

Shareholders	Estimated situation at December 31, 2017			Estimated situation at December 31, 2018			Estimated situation at December 31, 2019		
	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
Institutional investors	38,103,862	87.60	87.60	37,768,909	86.61	86.61	37,283,160	85.50	85.50
Employees	1,454,827	3.34	3.34	2,051,005	4.70	4.70	1,953,445	4.48	4.48
Executive directors	39,085	0.09	0.09	27,134	0.06	0.06	3,395,826	7.78	7.78
Private investors	3,267,147	7.42	7.42	3,460,724	7.94	7.94	3,158,086	7.24	7.24
Treasury stock	82,077	0.19	0.19	234,324	0.54	0.54	156,485	0.36	0.36
Unidentified shareholders	586,778	1.35	1.35	64,224	0.15	0.15	116,502	0.27	0.27

6.3. Employee share ownership

The proportion of the Company's share capital owned by employees, calculated in accordance with Article L.225-102 of the French Commercial Code *(Code de commerce)*, was 4.48% at December 31, 2019.

6.4. Shareholders' Meetings

6.4.1. MEETINGS

Nexans' shareholders are called to General Meetings and vote in accordance with the applicable legal provisions and the Company's bylaws.

Information on General Shareholders' Meetings and the procedures for exercising voting rights is provided in Articles 20 (Shareholders' Meetings) and 21 (Voting Rights) of Nexans' bylaws, which can be viewed on Nexans' website (www.nexans.com, Corporate Governance section).

At the Shareholders' Meeting held on November 10, 2011, the "one-share-one-vote rule" was adopted to replace the double voting rights attached to shares owned by a single shareholder for more than two years.

At the same meeting, shareholders raised the 8% limit on each shareholder's total voting rights in a Shareholders' Meeting to 20%, applicable only to decisions made at Extraordinary Shareholders' Meetings on major transactions affecting the structure of the Group. This limit prevents any single major shareholder from having a right to veto strategic decisions and is therefore in the interest of all shareholders. At the Annual Shareholders' Meeting held on May 15, 2014, Article 21 of the bylaws was amended to stipulate that the automatic double voting rights provided for by the French law to regulate the real economy, enacted on March 29, 2014, would not apply to Nexans.

6.4.2. 2020 ANNUAL SHAREHOLDERS' MEETING

Nexans' 2020 Annual Shareholders' Meeting will be held on May 13, 2020. The notice for Nexans' Annual Shareholders' Meeting – containing the agenda, information on how to participate in the meeting, the proposed resolutions and the Board of Directors' report on the resolutions – will be available on Nexans' website (www.nexans.com), under Finance and then Shareholders' Information – Shareholders' Meetings – 2020 Annual Shareholders' Meeting.

6.5. Summary of authorizations to increase the Company's share capital and their use during 2019

Resolutions approved at the Annual Shareholders' Meetings of May 17, 2018 and May 15, 2019	Limit for each resolution(1)	Sub-limits applicable to several resolutions(1)	Limits applicable to several resolutions(1)	Use during fiscal 2019
CAPITAL INCREASES WITH AND WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS				
Issuance of ordinary shares or securities (French ORAs, OBSAs, OCEANEs, ABSAs, ABSOs, ABSARs) with preferential subscription rights (R19 – 2019 AGM), with a greenshoe option if over-subscribed (R23 – 2019 AGM)	€14,000,000 or 14,000,000 shares (32% of the share capital as of December 31, 2019) Debt securities = €350,000,000	-		-
Issuance of ordinary shares via the capitalization of premiums, reserves or profits, or any other sum, the capitalization of which is authorized (R20 – 2019 AGM)	€14,000,000 or 14,000,000 shares (32% of the share capital as of December 31, 2019)	-		-
Issuance of ordinary shares or securities (French ORAs, OBSAs, OCEANEs) without preferential subscription rights via a public offering (R21 – 2019 AGM) with a greenshoe option if over-subscribed (R23 - 2019 AGM) or an issuance of shares or securities representing debt and granting rights to equity securities (French ORAs, OBSAs, OCEANEs) via a private placement (R22 – 2019 AGM) with a greenshoe option if over-subscribed (R23 – 2019 AGM)	4,360,000 euros (4,360,000 shares) (<10% of the share capital) Debt securities €350,000,000	4,360,000 euros (4,360,000 shares) (<10% of the share capital)	€14,000,000 or 14,000,000 shares Securities representing debt and granting rights to equity securities = €350,000,000	-
Issuance of ordinary shares and securities granting rights to equity securities in consideration of tendered securities: as a method of payment for acquisitions (R24 – 2019 AGM)	4,360,000 euros (4,342,000 shares) (<10% of the share capital)			-
EMPLOYEE INCENTIVE PLANS				
Issuance of ordinary shares or securities granting rights to equity securities and reserved for employees who are members of company savings plans (R25 – 2019 AGM)	€400,000 (400,000 shares)	-		-
In the event that the above delegation is used, an issuance of ordinary shares or securities granting rights to equity securities for the benefit of a credit institution for the purpose of implementing an SAR (stock appreciation right) type alternative formula, in favor of certain foreign employees (USA, Italy, Chile, China, South Korea, Greece, Sweden) (R26 – 2019 AGM)	€100,000 (100,000 shares)			-
Allocation of performance shares in 2019 (R20 – 2018 AGM)	€300,000 (300,000 shares)	-	-	Allocation of 269,850 performance shares on March 19, 2019
Allocation of free shares in 2019 (R21 – 2018 AGM)	€50,000 (50,000 shares)			Allocation of 49,850 shares without performance conditions on March 19, 2019
Allocation of performance shares in 2020 (R27 – 2019 AGM)	€300,000 (300,000 shares)	-	-	-
Allocation of free shares in 2020 (R28 – 2019 AGM)	€50,000 (50,000 shares)	-	-	-

(1) The maximum number of shares that may be issued corresponds to the maximum nominal amount of the capital increases that could take place as the par value of a Company share is equal to 1 euro.

In the above table, the abbreviation "R… – 2018 AGM" stands for the number of the resolution submitted for approval at the Annual Shareholders' Meeting of May 17, 2018.

In the above table, the abbreviation "R… – 2019 AGM" stands for the number of the resolution submitted for approval at the Annual Shareholders' Meeting of May 15, 2019.

6.6. Share buybacks

6.6.1. SHARE BUYBACKS IN 2019

In 2019, the Company was authorized to implement share buyback programs pursuant to the resolutions to this effect approved at the Annual Shareholders' Meetings of May 17, 2018 and May 15, 2019.

In accordance with Articles L.225-209 et seq. of the French Commercial Code *(Code de Commerce)*, the Annual Shareholders' Meeting of May 17, 2018 gave the Company an 18-month authorization to buy back its own shares provided that a takeover bid for the Company was not in progress, for the purposes and by the methods specified in the description of the buyback program published on the Company's website. The buyback price was capped at 60 euros per share (or the equivalent on the transaction date in foreign currency) and the number of shares that could be held at any time under the program was capped at 10% of the Company's share capital.

At its meeting on July 7, 2017, the Board of Directors decided to use the above-mentioned authorization to launch a 21 million euro share buyback program for a maximum of 300,000 shares that complies with the conditions set out in Article 5 of the EU Market Abuse Regulation (Regulation No 596/2014 dated April 16, 2014).

At its meeting on May 17, 2018, the Board of Directors decided to use the above-mentioned authorization to launch a 7 million euro share buyback program for a maximum of 100,000 shares that complies with the conditions set out in Article 5 of the EU Market Abuse Regulation (Regulation No 596/2014 dated April 16, 2014).

At its meeting on June 16, 2018, the Board of Directors decided to use the above-mentioned authorization to launch a 14.8 million euro share buyback program for a maximum of 400,000 shares that complies with the conditions set out in Article 5 of the EU Market Abuse Regulation (Regulation No 596/2014 dated April 16, 2014).

In 2019, the Company did not buy back any of its own shares.

In 2019, 77,839 shares were allocated to beneficiaries of performance share and free share plans no. 14 dated July 28, 2015 and no. 18A dated July 27, 2018 by a decision of the Board of Directors taken on July 23, 2019.

At December 31, 2019, the Company directly held 156,485 shares with a par value of 1 euro, representing approximately 0.36% of the share capital. These shares were bought back at a total cost of 5.7 million euros.

6.6.2. DESCRIPTION OF THE SHARE BUYBACK PROGRAM PRESENTED IN APPLICATION OF ARTICLES 241-1 *ET SEQ.* OF THE GENERAL REGULATIONS OF THE AMF

The following description of the share buyback program to be submitted for approval at the Annual Shareholders' Meeting on May 13, 2020 has been prepared in application of Article 241-2 of the General Regulations of the AMF.

NUMBER OF SHARES AND PERCENTAGE OF THE SHARE CAPITAL HELD BY THE COMPANY

As of December 31, 2019, the Company held 156,485 of its own shares directly or indirectly, representing 0.36% of the share capital.

ALLOCATION OF THE SHARES HELD AS OF DECEMBER 31, 2019 BASED ON THE PURPOSE FOR WHICH THEY WERE ACQUIRED

The 156,485 shares held by the Company in treasury have been allocated to the free share plan for eligible employees and corporate officers governed by Articles L.225-197-1 et seq. of the French Commercial Code *(Code de Commerce)*.

During the year, the Company did not cancel any shares held in treasury or re-allocate any shares to other purposes. None of these shares were re-allocated for any other purposes. The Company did not use any derivative instruments and did not hold any open positions.

PURPOSES OF THE SHARE BUYBACK PROGRAM

Subject to approval of the resolution submitted to the Annual Shareholders' Meeting of May 13, 2020, the shares bought back under the authorization will be used to:

- grant free shares to eligible employees and corporate officers in accordance with Articles L.225-197-1 et seq. of the French Commercial Code (Code de Commerce); or
- implement stock option plans governed by Articles L.225-177 et seq. of the French Commercial Code (Code de Commerce) or any similar plan; or
- allocate or sell shares to employees under the statutory profit-sharing plan or any company savings plan as provided for by law, including Articles L.3332-1 et seq. of the French Labor Code *(Code du Travail)* or any other employee stock ownership plan governed notably by foreign laws, and carry out any hedging transactions related to the above free share, stock option and employee stock ownership plans; or
- generally, meet any obligations associated with stock option plans or other plans for the allocation of shares to employees or corporate officers of the Company or a related company; or
- cancel all or some of the bought back shares; or
- permit an investment service provider to make a market in Nexans shares under a liquidity agreement that complies with the AMF-approved ethics charter; or
- deliver shares upon exercise of rights attached to securities redeemable, convertible, exchangeable or exercisable for shares upon presentation of a warrant or otherwise; or
- deliver shares (in exchange, payment or otherwise) in connection with an acquisition, merger, demerger or capital contribution, provided that the number of shares delivered does not represent more than 5% of the share capital.

MAXIMUM PERCENTAGE OF THE SHARE CAPITAL, MAXIMUM NUMBER AND CHARACTERISTICS OF THE SHARES THAT THE COMPANY PLANS TO ACQUIRE AND MAXIMUM PURCHASE PRICE

Subject to approval of the related resolution submitted to the Annual Shareholders' Meeting of May 13, 2020, the Company will be authorized to buy back Nexans shares (ISIN FR0000044448) traded in compartment A of Euronext Paris at a maximum price of 70 euros per share.

The maximum amount that may be invested in the program would be capped at 100 million euros and the buybacks would not result in the Company holding in treasury more than 10% of its share capital. The shares could be purchased, sold, exchanged or transferred at any time within the limits authorized by the laws and regulations in force on the transaction date, by any method, on- or off-market, via multilateral trading systems, transactions with systematic internalizers or over-the-counter transactions, including in the form of block trades (without any limit on the proportion of the program implemented by this method), or through a public buyback or exchange offer.

However, in the event of a takeover bid for the Company, the Board of Directors would not be authorized to implement the buyback program during the offer period, unless specifically authorized to do so by the shareholders in the General Meeting.

DURATION OF THE BUYBACK AUTHORIZATION

In accordance with Article L.225-209 of the French Commercial Code *(Code de Commerce)* and the resolution to be submitted to the Annual Shareholders' Meeting of May 13, 2020, the authorization to buy back shares is being sought for a period of 18 months as from May 13, 2020.

6.7. Information with a potential impact in the event of a public offer

In addition to the commitments given to Christopher Guérin in his capacity as Chief Executive Officer, as described in Chapter 2, "Compensation and benefits for executive officers", certain salaried members of the Company's Executive Committee would be entitled, in the event of termination of their employment contract (for any reason other than gross negligence or serious misconduct), to an indemnity representing one or two years of their total gross compensation.

The following commitments contain provisions relating to a change in control of the Company:

(1) A multi-year "On Balance Sheet" securitization program set up in April 2010, rolled over for five years in March 2015 and amended in May 2017, under which the amount of receivables that may be sold has been capped at 80 million euros. At December 31, 2019, the amount of financed receivables under the "On Balance Sheet" program was 66 million euros. According to the terms of this securitization program, the receivables sales and the program itself may be terminated in the event of a change in control of the Company.

(2) The syndicated loan agreement (Multicurrency Revolving Facility Agreement), effective from December 14, 2015, and amended on December 12, 2018, for an amount of 600 million euros and which contains an acceleration clause that would be triggered by a change in control of the Company.

(3) The prospectus for the issuance of the 3.25% 2021 OCEANE bonds, which provides bondholders with an early redemption option at 101% of the bonds' face value in the event of a change in control of the Company leading to a rating downgrade.

(4) The prospectus for the issuance of the 3.75% 2023 OCEANE bonds, which provides bondholders with an early redemption option at 101% of the bonds' face value in the event of a change in control of the Company leading to a rating downgrade.

(5) The prospectus for the issuance of the 2.75% 2024 OCEANE bonds, which provides bondholders with an early redemption option at 101% of the bonds' face value in the event of a change in control of the Company leading to a rating downgrade.

6.8. Shareholder information

Nexans strives to earn the trust of shareholders by engaging openly with them and providing them with transparent information.

CUSTOMIZED COMMUNICATION CHANNELS

Each year the Group publishes several documents for information and transparency purposes:

- a Universal Registration Document;
- a "Shareholder Newsletter", with information of specific interest to shareholders. The newsletters highlight significant events within the Group: financial results, commercial wins, new product launches and customer-focused innovations;
- Nexans also publishes an integrated report that provides information to stakeholders (shareholders, customers and employees) as well as to larger communities on the value created by the Group on a daily basis and how it considers developing and improving this process over the short, medium and long term

Digitalized communications is an area of key importance to the Group and in March 2019, a new section, *Nexans Insight*, appeared on the Company's website, Nexans.com, which was recently given a makeover to cater more effectively to stakeholder requirements.
In *Nexans Insight*, Group experts focus on a specific market trend or development, an innovation or a service provided by the Group. These blogs provide additional insight about what is going in the Company and they are another new feature of an attractive website that provides users with a better navigation experience thanks to a streamlined structure and more responsive user interface compatible with all devices (mobile phones, tablets, PCs). *Nexans Insight* is a great addition to Nexans.com whose stated purpose is to forge closer links with customers, shareholders, employees and everyone who is serious about the energy and digital transition.
Nexans also uses the web to showcase its innovative mindset.

In general, all economic and financial information concerning the Group is available on Nexans' website at www.nexans.com.

All queries may be submitted for swift handling via e-mail to nexansinvestor.relation@nexans.com.

OPEN DIALOGUE

Nexans ensures that its shareholders and investors receive timely and relevant information about its businesses, results, strategy, business model, key CSR-related imperatives and long-term outlook. Every year, it organizes a series of roadshows to promote discussion with institutional investors.

The Annual Shareholders' Meeting was held on first call on May 15, 2019 at the "Cœur Défense" conference center, Paris La Défense and a webcast is available on the Group's website (www.nexans.com) for a year.

REGISTERED SHARES

When shareholders register their shares directly with Nexans there are no custody fees. Registered shareholders are also sent information directly about the Group, including the notice for the Annual Shareholders' Meetings.

Shareholders wishing to convert their shares to registered form can contact Société Générale Securities Services, at the following address:

Société Générale Service des Titres
32, rue du Champ de Tir - BP 81236
44312 Nantes Cedex 3

Tel: +33 (0) 2 51 85 67 89, then press *122
Fax: +33 (0)2 51 85 53 42

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ADDITIONAL INFORMATION

7.1. Information about the Group and the Company

7.1.1. SIMPLIFIED ORGANIZATIONAL STRUCTURE [1]

NEXANS S.A.

NEXANS PARTICIPATIONS S.A. (FRANCE)		
Europe	France	Nexans Interface, Nexans Power Accessories France, Eurocable, Recycables [4], Lixis, Linearis, Netlink, Nexans Wires, TLM, IES Energy [4], Nexans Financial and Trading Services [2], Nexans Solar Technologies
	Germany	Nexans Deutschland, Nexans Logistik, Nexans Superconductors, Nexans Deutschland Metallurgie GmbH, Lackdraht Union Unterstutzüngseinrichtung, Nexans Power Accessories Germany, Nexans Autoelectric, Leitungstechnik Ostbayern (LTO), Elektrokontakt, Metrofunkkabel-Union, Kabeltrommel, Kabeltrommel GmbH & Co, Logistics Warehousing Systems GmbH
	Belgium	Nexans Benelux, Nexans Harnesses, Nexans Network Solutions, Opticable, Nexans Services, Cablebel, Cablinter
	Bulgaria	Makris GPH, Elektrokabel Bulgaria
	Denmark	Nexans Industrial Solutions
	Spain	Nexans Iberia
	Greece	Nexans Hellas, Opticable Greece
	Italy	Nexans Italia, Nexans Intercablo, Nexans Partecipazioni Italia
	Lithuania	Gerhardt Petri Vilnius UAB
	Luxembourg	Nexans Ré [3]
	Norway	Nexans Norway, Nexans Skagerrak, Nexans Subsea Operations
	Netherlands	Nexans Nederland, Nexans Cabling Solutions
	Poland	Nexans Polska, NPAP Sp Zo.o
	Czech Republic.	Elektrometall Sro, Elektromodul Sro, GPH Spol
	Romania	Nexans Romania, Elektrokontakt
	United Kingdom	Nexans UK, Nexans Logistics, Nexans Power Accessories UK
	Slovakia	Nexans Slovakia, Elekroconnect Sro
	Sweden	Nexans Sweden, Axjo Kabel, Elproman AB
	Switzerland	Nexans Suisse, Confecta, Voltimum [4]
	Ukraine	Elektrokontakt Ukraina TzOV, TOV Nexans Ukrain
Moyen-Orient, Russie, Afrique	South Africa	Nexans Trade, Dynamic Cables South Africa [4], Dynamic Cables Convergence [4], Isotech
	Angola	Nexans Angola
	Ivory Coast	Nexans Côte d'Ivoire
	Egypt	ICC
	United Arab Emirates	Nexans Trade JLT
	Ghana	Nexans Kabelmetal Ghana
	Kazakhstan	Nexans Kazakhstan
	Kenya	Nexans Power Network Kenya Limited
	Morocco	Nexans Maroc, Sirmel Maroc, Tourets et Emballages du Maroc, Coprema, Imouka, Nexans Interface Maroc
	Nigeria	Nexans Kabelmetal Nigeria [4], Northern Cable Processing and Manufacturing Company [4], Nexans Power Networks Nigeria, Nexans Subsea Energy Nigeria
	Qatar	Qatar International Cable Company [4]
	Russia	Impex Electro [4]
	Senegal	Sirmel Sénégal, Les Câbleries du Sénégal
	Tunisia	Nexans Tunisia, Electrocontact Tunisie
	Turkey	Nexans Turkiye Endustri Ve Ticaret
Amérique du Nord	Canada	Nexans Canada
	United States	Nexans USA, Nexans Energy USA, Nexans Magnet Wire USA, Berk-Tek., Autoelectric USA, Nexans High Voltage USA, AmerCable Incorporated, Nexans Specialty Holding
Amérique du Sud	Brazil	Nexans Brazil
	Colombia	Nexans Colombia
	Mexico	Elektrokontakt S. de R.L de C.V, Mexico
Asie-Pacifique	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, Nexans Cable (Tianjin) Co., Ltd.
	South Korea	Nexans Korea, Kukdong Electric Wire Co., Daeyoung Cable
	Indonesia	PT Nexans Indonesia
	Japan	Nippon High Voltage Cable Corporation
	New Zealand	Nexans New Zealand
	Singapore	Nexans Singapore Pte
INVERCABLE (CHILI)		Chile: Nexans Chile, Cotelsa, Colada Continua (4), Inversiones Nexans Uno, Centro Estudios y capacitation Nexans Indeco Peru, Cobrecon (Peru)
NEXANS FRANCE SAS (FRANCE)		Liban Cables, Liban Cables Contracting, Liban Cables Packing, Cables Technology Invest Holding Company [4]

(1) Simplified operational structure at December 31, 2019. Nexans' main direct and indirect subsidiaries are listed in Note 32 to the 2019 consolidated financial statements.
(2) The company responsible for the Group's cash management.
(3) The Group's captive reinsurance company.
(4) Companies in which Nexans holds a minority interest.

7.1.2. GENERAL INFORMATION

7.1.2.1. COMPANY PROFILE

Corporate name and registered office: Nexans
4, allée de l'Arche, 92400 Courbevoie, France
Tel.: + 33 (0) 1 78 15 00 00

7.1.2.2. LEGAL FORM AND GOVERNING LAW

Nexans is a French joint stock corporation *(société anonyme)*, subject to all the laws governing corporations in France, and in particular the provisions of the French Commercial Code.

7.1.2.3. TRADE REGISTER NUMBER

The Company is registered in the Nanterre Trade Register under number 393 525 852. Its APE business identifier code is 7112B.

7.1.2.4. DOCUMENTS AVAILABLE TO THE PUBLIC

Nexans' bylaws, the financial statements of the Company and the Group, reports submitted to the Shareholders' Meetings by the Board of Directors and the Statutory Auditors, and all other corporate documents that may be consulted by shareholders in accordance with the applicable laws and regulations are available at the Company's registered office and, in some cases, on Nexans' website at www.nexans.com. This website also contains the legal and financial information that has to be published in accordance with Articles 221-1 *et seq.* of the General Regulations of the AMF, the Internal Regulations of the Board of Directors, and Nexans' Code of Ethics and Business Conduct.

7.1.2.5. DATE OF INCORPORATION AND TERM

The Company was incorporated on January 5, 1994, under the name "Atalec" (changed to "Nexans" at the Shareholders' Meeting held on October 17, 2000), for a term of 99 years which will expire on January 7, 2093. Nexans was formed from most of the cable activities of Alcatel, which is no longer a Nexans shareholder and was floated on the Paris stock market in 2001.

7.1.2.6. CORPORATE PURPOSE (SUMMARY OF ARTICLE 2 OF THE BYLAWS)

The Company's purposes in all countries are the design, manufacture, operation and sale of any and all equipment, materials and software for domestic, industrial, civilian, military or other applications in the fields of electricity, telecommunications, information technology, electronics, the aerospace industry, nuclear power, and metallurgy, and in general any and all means of production or means of power transmission and communications (cables, batteries and other components), as well as all activities relating to operations and services which are incidental to these purposes. The acquisition of shareholdings in other companies, regardless of their form, associations, French and foreign groups, regardless of their corporate purpose and activity, as well as, in general, any and all industrial, commercial and financial transactions, involving both securities and real estate, related either directly or indirectly, in whole or in part, to any of the purposes of the Company indicated in the bylaws or to any similar or related purposes.

7.1.2.7. FISCAL YEAR

The Company's fiscal year begins on January 1 and ends on December 31.

7.1.3. SPECIFIC PROVISIONS OF THE COMPANY'S BYLAWS

7.1.3.1. FORM OF SHARES, EVIDENCE OF OWNERSHIP AND DISCLOSURE THRESHOLDS (ARTICLE 7 OF THE BYLAWS)

Shares must be held in registered form until they are fully paid up.

Fully paid-up shares may be held in either registered or bearer form, at the shareholder's discretion.

In addition to the legal requirement to inform the Company of holdings exceeding certain fractions of the Company's share capital, any individual or legal entity and/or any existing shareholder whose interest in the Company attains or exceeds 2% of the share capital must notify the Company of the total number of shares held within a period of fifteen days from the time the threshold is crossed; this notification shall be sent by registered letter with return receipt requested. The same disclosure formalities must be carried out each time the threshold of a multiple of 2% of the share capital is crossed. To determine the thresholds, all shares held indirectly shall be taken into account as well as all the forms of shareholding covered by Articles L.233-7 et seq. of the French Commercial Code.

In each notification filed as set forth above, the party making the disclosure must certify that it covers all shares held or deemed to be held pursuant to the foregoing paragraph. They must also disclose the relevant acquisition date(s).

In the event of non-compliance with these disclosure obligations and subject to applicable law, the shareholder shall forfeit the voting rights corresponding to any shares that exceed the thresholds which should have been disclosed. Any shareholder whose stake in the share capital falls below any of the above-mentioned thresholds must also notify the Company within fifteen days, in the same manner as described above.

Ownership of shares is evidenced by an entry in the shareholder's name in the share register held by the issuer or by an accredited intermediary. Transfers of registered shares are made by inter account transfer. All share registrations, payments and transfers shall be made in accordance with the applicable law and regulations. Unless the shareholders concerned are exempted by law, the Company may require that the signatures on disclosures or transaction or payment orders be certified in accordance with the prevailing law and regulations.

In accordance with the applicable laws and regulations the Company may request from any accredited intermediary or other body any information on its shareholders or holders of securities carrying immediate or deferred voting rights, including their identity, the number of securities held and any restrictions on the securities.

7.1.3.2. SHAREHOLDERS' MEETINGS (SUMMARY OF ARTICLE 20 OF THE BYLAWS)

Shareholders' meetings are convened and conduct business in accordance with the provisions set forth by law and the Company's bylaws. When the required quorum is reached, the Shareholders' Meeting represents all the shareholders. Its resolutions are binding on all shareholders, including those who were absent or dissenting at the meeting concerned. In addition, if decided by the Board of Directors, shareholders may participate in and vote at meetings by videoconference or any other remote transmission method that enables them to be identified, in accordance with the terms and methods set forth by law.

For shareholders to be eligible to attend General Meetings, cast a postal or electronic vote or be represented by proxy the following conditions must be met:

- registered shares must be recorded in the name of their owner in the share register managed by the Company or by its accredited intermediary;

- holders of bearer shares must provide a certificate evidencing ownership of their shares, in accordance with the law.

Postal votes and proxy documents may be signed electronically by shareholders or their legal or judiciary representative provided that the identification requirements set out in Article 1367 of the French Civil Code are respected. In order for postal votes to be taken into consideration they must be received by the Company at least one business day before the meeting (by 3 p.m. CET at the latest), unless a shorter timeframe is provided for under the applicable laws and regulations.

7.1.3.3. VOTING RIGHTS (ARTICLE 21 OF THE BYLAWS)

Subject to applicable law and the Company's bylaws, each shareholder shall have a number of votes equal to the number of shares that they hold or represent. As an exception to the last paragraph of Article L.225-123 of the French Commercial Code, the Company's bylaws do not provide for any double voting rights. Voting rights are exercisable by the beneficial owner at all Ordinary, Extraordinary and Special Shareholders' Meetings.

7.1.3.4. RESTRICTIONS ON VOTING RIGHTS (ARTICLE 21 OF THE BYLAWS)

Regardless of the number of shares held directly and/or indirectly, when voting on the following types of resolution at Extraordinary Shareholders' Meetings, either in person or by proxy, a shareholder may not exercise a number of voting rights representing more than 20% of the voting rights of all shareholders present or represented at the meeting concerned:

(i) Any resolutions relating to any form of reorganization transaction in which the Company is involved and which has an impact on the share capital and/or equity of any participating or resulting entity. Such reorganization transactions notably include partial asset transfers – including those governed by the legal regime applicable to demergers – as well as share for share exchanges, mergers, demergers, partial demergers, reverse mergers or any other similar transactions.

(ii) Any resolutions relating to a public tender offer, public exchange offer, alternative public offer or combined public offer, initiated by or with respect to the Company, including resolutions on how to defend against a takeover bid.

(iii) Any resolutions – other than those related to the transactions referred to in points (i) and (ii) above – that concern capital increases carried out through the issuance of either (a) ordinary shares representing over 10% of the Company's total outstanding ordinary shares at the date of the Extraordinary Shareholders' Meeting concerned and/or (b) securities carrying rights to shares in the Company within the meaning of Articles L.228-91 et seq. of the French Commercial Code, when exercise of such rights could result in a capital increase representing over 10% of the Company's total outstanding ordinary shares at the date of the relevant Extraordinary Shareholders' Meeting.

(iv) Any resolutions relating to a distribution in kind carried out equally for all shareholders.

(v) Any resolutions concerning voting rights, except for resolutions relating to (a) creating double voting rights, (b) lowering the limit on voting rights to below 20%, or (c) extending the list of resolutions subject to the 20% voting rights limit.

(vi) Any resolutions concerning delegating powers to the Board of Directors in connection with any of the transactions referred to in points (i) to (v) above.

For the purpose of applying this voting rights limit, all shares held indirectly shall be taken into account, as well as all the forms of shareholding covered by Articles L.233 7 et seq. of the French Commercial Code.

The above-described limit shall automatically become null and void if an individual or legal entity (acting alone or in concert with one or more other persons or legal entities) holds at least 66.66% of the total number of shares in the Company, following a public tender or exchange offer for all of Nexans' shares.

7.1.3.5. APPROPRIATION OF INCOME (ARTICLE 23 OF THE BYLAWS)

The difference between revenue and expenses for the year, net of any provisions, constitutes the net income or loss for the year as recorded in the income statement. Five percent of the net income, less any losses brought forward from prior years, is transferred to the legal reserve until such time as the legal reserve represents one tenth of the share capital. Further transfers are made on the same basis if the legal reserve falls below one tenth of the share capital, whatever the reason.

Income available for distribution consists of net income for the year less any losses brought forward from prior years and any transfer made to the legal reserve as explained above, plus retained earnings brought forward from prior years. On the recommendation of the Board of Directors, shareholders in a general meeting may appropriate all or part of said income to retained earnings or to general or special reserves, or decide to pay all or part of the amount to shareholders in the form of a dividend.

In addition, the shareholders may resolve to distribute amounts taken from discretionary reserves either to pay all or part of a dividend or as an exceptional dividend. In this case, the resolution shall indicate specifically the reserve account from which the payments are to be made. However, dividends will first be paid out of distributable income for the year.

Shareholders at an Ordinary General Meeting may decide to offer each separate shareholder the option of receiving all or part of the final dividend or any interim dividend in the form of shares instead of cash.

In the event of interim dividends, the Shareholders' Meeting or the Board of Directors shall determine the date on which the dividend is to be paid.

7.1.4. MATERIAL CONTRACTS

Apart from contracts entered into in the ordinary course of business, including acquisition, divestment and financing contracts relating to current bond debt and the multicurrency revolving facility agreement, as described in this Universal Registration Document in **Note 27** Financial risks to the 2019 consolidated financial statements and the receivables securitization program described in **Note 27.A** Liquidity risks to the 2019 consolidated financial statements, no other material contracts were entered into by the Company and/or any other member of the Group in the two years immediately preceding the publication of this Universal Registration Document which contain provisions under which any member of the Group has an obligation or entitlement that could have a material impact on the Group's operations, financial position or cash flow.

7.1.5. INVESTMENTS

Nexans' capital expenditure came to 238 million euros in 2019 (versus 207 million euros in 2018).

Capital expenditure during the year was mainly focused on three segments: improving the reliability of production at the Halden plant, the acquisition of a new cable-laying vessel and the transformation of the Charleston plant to serve the high voltage submarine cables market, develop new products, increase automation and continue to deploy production capacity in low-cost countries for the aeronautical cables segment.

The investments made in the Group's European plants were mainly dedicated to reducing production costs.

The Group's overall capital expenditure in 2019 was distributed as follows: 60% for expansion projects, 20% for cost reduction projects, 16% for plant maintenance and 4% for environmental and safety improvements, including reducing greenhouse gas emissions, thereby contributing to the Group's climate strategy.

In 2020, the Group intends to pursue its capital expenditure programs for energy infrastructure cables, particularly in North America, and for automotive harnesses as well as for its continuing expansion in Africa and the Middle East.

7.1.6. PROPERTY, PLANT AND EQUIPMENT

The Group's plants and facilities are located in 41 countries around the world, and they represent a wide range of sizes and types of business. The majority of the Group's property, plant or equipment do not individually represent a material amount for the Group as a whole (i.e., an amount exceeding 5% of the Group's total gross property, plant, and equipment – replacement value). Only two sites exceed this 5% proportion: Halden in Norway (approximately 8%) and Cortaillod in Switzerland (just under 6%).

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 section 4.2 "Planet" of this Universal Registration Document.

7.1.7. LEGAL AND ARBITRATION PROCEEDINGS

To the best of the Company's knowledge, other than the cases referred to in this Universal 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 Universal Registration Document are described in (i) Chapter 3, section 3.1., Risk factors, and (ii) Note 23 Provisions and Note 30 Disputes and contingent liabilities to the 2019 consolidated financial statements.

7.2. List of related-party agreements and commitments

7.2.1. AGREEMENTS AND COMMITMENTS REMAINING IN FORCE IN 2019

In accordance with Article L.225-40-1 of the French Commercial Code, at its meeting on February 19, 2020 the Board of Directors reviewed the agreements and commitments entered into in prior years which remained in force during 2019.

7.2.1.1. CORPORATE OFFICER INVOLVED: ANNE LEBEL, NEXANS BOARD MEMBER AND NATIXIS CHIEF HUMAN RESOURCES OFFICER

Addendum to the multi-currency revolving credit facility of December 14, 2015

On November 7, 2018, the Board of Directors authorized the execution of a related-party agreement corresponding to an addendum to the December 14, 2015 syndicated loan agreement entered into between (i) the Company and Nexans Services and (ii) a pool of 11 French and foreign banks, and concerning a 600 million euro confirmed credit facility. The Board also authorized the signature by the Company of a new first-demand guarantee for the lenders' benefit. Nexans wished to open a swingline facility for a maximum amount of 200 million euros, without increasing the total amount of the contract in principal, replacing Nexans Services as borrower with Nexans Financial and Trading Services, and extending the maturity by five years, i.e., through December 2023.

Anne Lebel, a Nexans Board member, is Natixis Chief Human Resources Officer and a member of Natixis Executive Management. In its capacity as a lender under the syndicated loan agreement, Natixis has received the same commitment fee as the ten other lenders. The objective, nature and terms and conditions of the agreement were reviewed by the Board of Directors without Anne Lebel being present. The Board acknowledged that it was in the Company's interests to sign the addendum to the syndicated loan agreement with Natixis before approving it.

In 2019, the Company paid Natixis a fee for the non-use of the syndicated loan totaling 261,625 euros.

Placement agent agreement for a Negotiable European Commercial Paper (NEU CP) program

Nexans has set up a money market securities program (NEU CP) for a maximum amount of 400 million euros. The program is not listed on a regulated market nor is it underwritten and it does not have an agency rating. Most of the notes issued are placed by a number of banks acting as placement agents. NEU CP are domiciled with a domiciliary agent.

Anne Lebel, a Nexans Board member, is also Natixis Chief Human Resources Officer and a member of Natixis Executive Management. At its meeting of November 7, 2018, the Board of Directors authorized the signature by the Company of a placement agent agreement with Natixis. The objective, nature and terms and conditions of the agreement were reviewed by the Board of Directors without Anne Lebel being present. The Board acknowledged that it was in the Company's interests to sign the placement agent agreement with Natixis before approving it.

In 2019, the Company paid Natixis an amount of 5,489.95 euros in respect of this agreement.

7.2.1.2. 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 BOARD MEMBER AND INVEXANS BOARD MEMBER UNTIL JANUARY 28, 2019)

Invexans (Quiñenco group) engagement letter of May 22, 2014

On May 22, 2014, the Board of Directors accepted Invexans' long term commitment under the terms and conditions of which Invexans will not request representation on the Board in excess of three non independent members on a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

This commitment entered into force on May 22, 2014 and will expire on November 26, 2022 or before this date should one of the following events transpire:

(1) The filing of a public offer for Nexans' entire share capital and voting rights including, to avoid any ambiguity, by Invexans.

(2) A third party not acting in concert, within the meaning of Article L.233-10 of the French Commercial Code, with Invexans, holds a share in the Company that exceeds the following thresholds: (i) 15% of the share capital or voting rights or (ii) the percentage of the share capital or voting rights held by Invexans at that time.

(3) The percentage of the share capital held by Invexans in Nexans falls below 10%.

(4) Invexans holds 30% or more of the share capital or voting rights in Nexans following a transaction approved by Nexans' shareholders and has obtained an exemption from the obligation to file a takeover bid from the French financial markets authority (Autorité des marchés financiers – AMF).

7.2.2. AGREEMENTS AND COMMITMENTS EXECUTED IN 2019 AND SUBMITTED FOR RATIFICATION AT THE MAY 2020 ANNUAL SHAREHOLDERS' MEETING

None

7.2.3. NEXANS STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS

To the Shareholders of Nexans

In our capacity, as Statutory Auditors of Nexans, we hereby report to you on related party agreements.
It is our responsibility to report to you, based on the information provided to us, on the main terms and conditions of the agreements 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. Under the provisions of Article R.225-31 of the French Commercial Code *(Code de commerce)*, it is your responsibility to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide you with the information required by Article R.225-31 of the French Commercial Code *(Code de commerce)* in relation to the implementation during the year of agreements 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 SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

We inform you that we have not been notified of any agreement authorized and entered into during the past year to be submitted to the Shareholders' Meeting for approval pursuant to Article L.225-38 of the French Commercial Code *(Code de commerce)*.

AGREEMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements approved in financial years

a) Agreements approved in previous years that remained in force during the year

In accordance with Article R.225-30 of the French Commercial Code *(Code de commerce)*, we were informed that the following agreements, approved by the Shareholders' Meeting in previous years, remained in force during the year.

Invexans (Quiñenco group) engagement letter of May 22, 2014 – Agreement entered into with a shareholder holding more than 10% of the Company's capital and voting rights

Corporate officers involved: Andronico Luksic Craig (Nexans and Invexans Board member), Francisco Pérez Mackenna (Nexans Board member and Vice-Chairman of the Board of Directors of Invexans) and Hubert Porte (Nexans and Invexans Board member until January 28, 2019)

On May 22, 2014, the Board of Directors accepted Invexans' long-term commitment, under the terms and conditions of which Invexans will not request representation on the Board of Directors in excess of three nonindependent members on a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

This commitment entered into force on May 22, 2014 and will expire on November 26, 2022 or before this date should one of the following events transpire:

(1) The filing of a public offer for Nexans' entire share capital and voting rights including, to avoid any ambiguity, by Invexans.

(2) A third party not acting in concert, within the meaning of Article L.233-10 of the French Commercial Code *(Code de Commerce)*, 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)*.

Amendment to the multi-currency revolving credit facility of December 14, 2015

Corporate officer involved: Anne Lebel, Nexans Board member, Natixis Chief Human Resources Officer and member of Natixis Executive Management.

On November 7, 2018, the Board of Directors authorized the execution of an addendum to the December 14, 2015 syndicated loan agreement entered into between (i) the Company and Nexans Services and (ii) a pool of 11 French and foreign banks and concerning a confirmed 600 million euro credit facility. Nexans wished to open a swingline facility for a maximum amount of 200 million euros, without increasing the total amount of this contract in principal, replacing Nexans Services as borrower with Nexans Financial and Trading Services, and extending the maturity by five years, i.e., through December 2023.

The Board of Directors also authorized the signature by the Company of a new first demand guarantee provided by Nexans Financial and Trading Services for the lenders' benefit.

As lender, Natixis receives the same fee for its services as the ten other lenders in the syndicated agreement. In 2019, the Company paid Natixis a non-use commission totaling 261,625 euros.

Placement agent agreement for a Negotiable EUropean Commercial Paper (NEU CP) program

Corporate officer involved: Anne Lebel, Nexans Board member, Natixis Chief Human Resources Officer and member of Natixis Executive Management

Nexans has set up a money market securities program (NEU CP) for a maximum amount of 400 million euros. The program is not listed on a regulated market nor is it underwritten and it does not have an agency rating. Most of the notes issued are placed by a number of banks acting as placement agents. NEU CP are domiciled with a domiciliary agent.

On November 7, 2018, the Board of Directors authorized the signature by the Company of a placement agent agreement with Natixis.

In 2019, Nexans paid 5,489.95 euros to Natixis related to this contract.

b) Agreements approved in previous years that did not remain in force during the year

Nothing.

Neuilly-sur-Seine and Courbevoie, March 23, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Édouard Demarcq	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 Édouard Demarcq
Appointed on May 17, 2018
Term expires at the 2024 Annual Shareholders' Meeting

SUBSTITUTE AUDITORS

Gilles Rainaut
61, rue Henri Régnault, 92075 Paris-La Défense Cedex, France
Appointed on May 5, 2015
Term expires at the 2021 Annual Shareholders' Meeting

Patrice Morot
63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France
Appointed on May 17, 2018
Term expires at the 2024 Annual Shareholders' Meeting

FEES PAID BY NEXANS TO THE STATUTORY AUDITORS IN 2019

	Mazars				PricewaterhouseCoopers Audit			
	Amount (excl. taxes)		%		Amount (excl. taxes)		%	
(in thousands of euros)	2019	2018	2019	2018	2019	2018	2019	2018
Audit services – Statutory and contractual audits								
■ Parent company	224	220	12%	10%	214	210	15%	15%
■ Fully consolidated companies	1,456	1,409	80%	63%	1,002	1,062	71%	74%
SUB-TOTAL	1,680	1,629	92%	72%	1,216	1,272	86%	89%
Other non audit-related services								
■ Parent company	88	604	5%	27%	68	62	5%	4%
■ Fully consolidated companies	62	16	3%	1%	137	102	10%	7%
SUB-TOTAL	150	620	8%	28%	205	164	14%	11%
TOTAL	**1,830**	**2,249**	**100%**	**100%**	**1,422**	**1,436**	**100%**	**100%**

7.4. Statement by the person responsible for the Universal Registration Document containing an annual financial report

Paris, March 27, 2020

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Universal 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.

Christopher Guérin,
Chief Executive Officer

8

CONCORDANCE TABLE

8.1. Concordance table of the Universal Registration Document

To make it easier to read this document, the following concordance tables help to identify:

- the main sections in Annex 1 and 2 of the Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of June 14, 2017;
- the information included in the annual financial report and referred to in Article L.451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulations;
- the information included in the Management Report presented by the Board of Directors in accordance with the French Commercial Code;
- the information that must be reported in the Non-financial Performance Statement in accordance with the French Commercial Code.

Pursuant to Article 19 of European Regulation 2017/1129 of June 14, 2017, the following information is incorporated by reference in this Universal Registration Document:

- for the year ended December 31, 2018: the Group's consolidated financial statements and the corresponding Statutory Auditors' report for the year ended December 31, 2018, the parent company financial statements and the corresponding Statutory Auditors' report, and the financial information contained in the Management Report presented in the Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 28, 2019 under no. D.19-0218;
- for the year ended December 31, 2017: the Group's consolidated financial statements and the corresponding Statutory Auditors' report for the year ended December 31, 2017, the parent company financial statements and the corresponding Statutory Auditors' report, and the financial information contained in the Management Report presented in the Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 30, 2018 under no. D.18-0234.

The sections of the 2017 and 2018 Registration Documents not included are either not applicable for investors or are covered by another section in this 2019 Universal Registration Document.

The page numbers in the table below refer to this Universal Registration Document.

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8.2. Concordance table of the annual financial report

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8.3. Concordance table of the Management Report

This Universal Registration Document contains all the information included in the Board of Directors' Management Report, within the meaning of Articles L.225-100, L.232-1, II and R.225-102 *et seq.* of the French Commercial Code.

The page numbers in the table below refer to this Universal Registration Document.

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This Universal Registration Document contains all the information referred to in Articles R.225-104 *et seq.* of the French Commercial Code.

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■ DUTY OF CARE PLAN		150-153

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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 Universal Registration Document
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■ Risks related to attracting and retaining talent	Human Resources	Managers with an IDP (Individual Development Plan) Women in management positions	114 ; 122-123 114 ; 118-119 ; 157-159
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