

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

This report has been prepared in compliance with paragraph 6 of Article L.225-37 of the French Commercial Code. It presents the policy on the composition of the Board and the application of the principle of equal representation of men and women, the preparation and organization of the Board's work, the financial risks arising from the effects of climate change and the Group's low carbon strategy, and the internal control and risk management procedures set up by the Group, in particular those governing the preparation and processing of financial and accounting information for the financial statements of the Company and the Group.

This report covers the parent company and all Group companies included in the scope of consolidation. In compliance with paragraph 10 of Article L.225-37 of the French Commercial Code, it is specified that the disclosures required by Article L.225-100-3 of said Code are included in the Management Report for the year ended on December 31, 2016, presented by the Board of Directors.

I CORPORATE GOVERNANCE

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

Nexans applies all of the recommendations of the Code.

1. GOVERNANCE STRUCTURE

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

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

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

2. MANAGEMENT BODIES

Management Board

The Management Board is headed by the Group's Chief Executive Officer, Arnaud Poupart-Lafarge. It is responsible for defining the Group's strategy, allocation of resources and organization. It is also tasked with ensuring that the Group is managed efficiently and effectively. The Management Board's members are:

Arnaud Poupart-Lafarge - Chief Executive Officer

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

Christopher Guérin - Senior Executive Vice President, Europe

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

Nicolas Badré - Chief Financial Officer

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

Management Council

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

Kamil Beffa, Executive Vice President, Controlling, Strategy and Clusters Europe

Norbert Bluthé, Executive Vice President, Asia-Pacific Area

Giuseppe Borrelli, Executive Vice President, Land High Voltage Business

Max-André Delannoy, Vice President, Strategy and TPO
Vincent Dessale, Executive Vice President, Submarine High Voltage Cables
Benjamin Fitoussi, Executive Vice President, MERA and R&TI
Paul Floren, Senior Corporate Vice President, Communications
Krister Granlie, Executive Vice President, Hybrid Underwater Cables
Pierre Kayoun, Corporate Vice President, Technology & Innovation
François Lavernos, Chief Information Officer
Marc Mertens, Executive Vice President, Power Accessories Business Group
Patrick Noonan, Senior Corporate Vice President, General Secretary
Jean-Marc Réty, Executive Vice President, Purchasing
Marc Rogers, Executive Vice President, LAN Cables & Systems Business Group
Bernard Sallé, Executive Vice President, Industrial Operations
Steven Vermeulen, Executive Vice President, North and South America Areas
Andreas Wolf, Executive Vice President, Automotive and Industrial Harness Business Group

3. ADMINISTRATIVE BODY

3.1. Composition of the Board of Directors

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

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

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

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

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

Pursuant to Article 12 of the bylaws, the term of office of directors is four years. As at December 31, 2016, the directors' terms of office expire as follows:

2017 Annual Shareholders' Meeting	Jérôme Gallot, Francisco Pérez Mackenna ^(a) , Andónico Luksic Craig ^(a)
2018 Annual Shareholders' Meeting	Véronique Guillot-Pelpel, Fanny Letier ^(b) , Philippe Joubert
2019 Annual Shareholders' Meeting	Georges Chodron de Courcel, Cyrille Duval, Hubert Porte ^(a)
2020 Annual Shareholders' Meeting	Marie-Cécile de Fougères ^(c) , Colette Lewiner, Kathleen Wantz-O'Rourke

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

b) Director proposed by the shareholder Bpifrance Participations

c) Director representing employee shareholders

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

3.1.1 Members of the Board of Directors

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

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

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

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

For more information on the members of the Board of Directors, their expertise and their directorships at December 31, 2016 as well as their expired directorships, see section 7.1 of the 2016 Management Report.

3.1.2 Independence

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

On January 18, 2017 the Board of Directors examined the individual status of each of its members in light of the independence criteria defined by Recommendation 8.4 of the AFEP-MEDEF Corporate Governance Code and confirmed the characterization previously used, namely that, as at December 31, 2016:

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

- In order to characterize a director as independent, the Board of Directors takes into account the recommendation from the AFEP-MEDEF Corporate Governance Code that stipulates that: *"the criteria to be reviewed by the Committee and the Board in order for a director to qualify as independent and to prevent risks of conflicts of interest between the director and the management, the corporation, or its group, are the following: [...] not to have been a director of the corporation for more than twelve years."* The AFEP-MEDEF Code further states that loss of the status of independent director on the basis of this criterion occurs upon expiry of the term of office during which the 12-year limit is reached. However, this stipulation applies only until the close of the 2017 Annual Shareholders' Meeting. After that Meeting, loss of the status of independent director on the basis of this criterion will occur on the date when the 12-year limit is reached.

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

The Board of Directors considers **Colette Lewiner** to be independent with respect to the Group from an economic standpoint given that she has income from other various business activities.

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

Lastly, through Colette Lewiner's personality, she demonstrates that her judgment is completely independent. Her length of service on the Board strengthens her understanding of challenges and risks, and her ability to question Executive Management and express herself. Thus the Board of Directors does not consider that the length of Colette Lewiner's service on the Board affects in any way her independence given the great freedom of judgment and the ability for critical thinking that she demonstrates.

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

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

- The meeting of the Board of Directors held on February 17, 2016 decided to appoint **Georges Chodron de Courcel** as Chairman of the Board, as of the end of business on March 31, 2016. Thus, as from this date, he receives annual fixed compensation instead of directors' fees and is characterized as a non-executive corporate officer within the meaning of the AFEP-MEDEF Corporate Governance Code. The Board of Directors therefore decided to characterize him as a non-independent director as from the date when he took up his position.
- The following directors are not independent: (1) Georges Chodron de Courcel, in view of his position as Chairman of the Board of Directors; (2) Andrónico Luksic Craig, (3) Francisco Pérez Mackenna and (4) Hubert Porte, as these last three directors were proposed by the main shareholder Invexans; (5) Fanny Letier, the director proposed by the shareholder Bpifrance Participations and (6) Marie-Cécile de Fougères, as an employee of the Group.

At December 31, 2016, six of Nexans' eleven directors were therefore independent, representing an independence rate of more than 54.5%². This exceeds the proportion of 50% recommended by the AFEP-MEDEF Corporate Governance Code for widely held companies.

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

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

3.2.1 Internal Regulations

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

3.2.2 Board decisions

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

- (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.

3.2.3 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.

Each year, the Chairman presents a report to the Annual Shareholders' Meeting describing the preparation and organization of the Board of Directors' work, any limits that the Board of Directors sets on the powers of the Chief Executive Officer, and the internal control and risk management procedures set up by the Company. To this end, he receives all necessary information from the Chief Executive Officer.

² Independence rate calculated without counting the director representing employee shareholders, in accordance with Recommendation 8.3 of the AFEP-MEDEF Corporate Governance Code

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

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

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

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

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

3.2.4 Management structure

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

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

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

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

3.2.5 Other provisions of the Internal Regulations and Code of Ethics

The Board's Internal Regulations also cover:

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

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

3.3. Operation and work of the Board of Directors

3.3.1. Board meetings in 2016

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

The Board met ten times in 2016, sometimes as part of sessions without the presence of executive or internal Board members, with an average annual attendance rate of over 89.55%³. The number of 2016 meetings attended by each Board member as of the end of 2016 is indicated in the table below:

³ Annual attendance rate determined based on the number of directors in office present at the Board meeting in question and including members who left the Board during the year (Frédéric Vincent and Lena Wujek)

Director	Number of meetings attended ⁽⁴⁾
Georges Chodron de Courcel	10
Marie-Cécile de Fougères ⁽¹⁾	5 ⁽⁸⁾
Cyrille Duval	10
Jérôme Gallot	10
Véronique Guillot-Pelpel	9
Philippe Joubert	8 ⁽⁵⁾
Fanny Letier	8 ⁽⁵⁾
Colette Lewiner	8 ⁽⁵⁾
Andrónico Luksic Craig	6 ⁽⁶⁾
Francisco Pérez Mackenna	9
Hubert Porte	9
Frédéric Vincent ⁽²⁾	4 ⁽⁸⁾
Kathleen Wantz-O'Rourke ⁽¹⁾	10 ⁽⁷⁾
Lena Wujek ⁽³⁾	3 ⁽⁸⁾

(1) Director elected for the first time on May 12, 2016

(2) Director who resigned from the Board after taking retirement on March 31, 2016

(3) Director who resigned from the Board on February 17, 2016

(4) Out of 10 meetings, of which 8 meetings set in advance and 2 special meetings on specific topics

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

(6) Of which 4 meetings set in advance and 2 special meetings on specific topics

(7) Of which 5 meetings as non-voting director and 5 meetings as voting director

(8) 100% of meetings held during the director's term of office

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

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

Monitoring the Group's key strategic areas and activities	<ul style="list-style-type: none"> • Review of strategic plans and of certain strategic initiatives including business portfolio management • Review of strategic options and acquisitions (particularly those completed in prior periods) • Review of business performance • Review of progress in implementing profitability improvement initiatives • Presentations on the competition's performance • Presentation of pricing policies
The Group's financial position, cash position and commitments	<ul style="list-style-type: none"> • 2016 budget • Approval of the parent company and consolidated financial statements for the year ended on December 31, 2015 and the six months ended on June 30, 2016 (after reviewing asset impairment and hearing the presentation of the Statutory Auditors and the report of the Chairman of the Accounts and Audit Committee) – Approval of management forecasts • Adoption of the management report on the operations and results of the Nexans Group and its parent company • Adoption of the interim activity report • Review and approval of press releases on such topics as asset impairment and the annual and interim consolidated financial statements • Funding projects (including a bond issue) • Share buyback program
Internal control and risk management	<ul style="list-style-type: none"> • Review of the Group's risk management system and the external assessment of risk management • Internal Audit and internal control report • Review of the Ethics Compliance Program and its independent certification • Adoption of the Chairman's Report on internal control and risk management procedures

Management compensation	<ul style="list-style-type: none"> • Determination of the former Chairman of the Board's compensation and his termination package following his decision to take retirement • Determination of the new Chairman's compensation applicable from the end of business on March 31, 2016 • Review of the Chief Executive Officer's 2015 performance and determination of his compensation and benefits for 2016 • Quantitative objectives for 2016 used as a basis for determining the variable compensation payable to the Chief Executive Officer and Group senior managers • Long-term compensation policy for Group senior managers – Launch of performance share and free share plans • Determination that the performance conditions of the long-term compensation plans had been met – Specific conditions applicable to the Chief Executive Officer • Amendment of the supplementary pension plan covering certain employees and corporate officers • Review of publicly available information about the compensation of executive corporate officers
Corporate governance	<ul style="list-style-type: none"> • Formal assessment of the composition, organization and operation of the Board and its committees with the help of an external consultant and initiatives to be implemented following this assessment • Launch (end-2016) of an annual assessment of the Board with the assistance of an external consultant • Transition from paper to electronic meeting files for meetings of the Board of Directors and its committees • Adoption of a projected work program for the Board and its committees for 2017 • Appointment of a new Chairman of the Board and definition of the terms and conditions for performing his duties • Adoption of the Chairman's Report on Corporate Governance • Candidates for election or re-election to the Board to be recommended at the 2016 Annual Shareholders' Meeting • Characterization of the independence of Board members • Work on the composition of the Board committees and their chairs • New requirements for the Accounts and Audit Committee following the EU audit reform
Market transactions	<ul style="list-style-type: none"> • Employee share issue under "Act 2016" • Capital increase following the exercise of stock options • Share capital increase linked to the creation of new shares following the vesting of free shares and performance shares
Other	<ul style="list-style-type: none"> • Review of the Company's ownership structure • Notice of the Annual Shareholders' Meeting, approval of the texts of the proposed resolutions and the reports to be presented to the Meeting • Authorizations to grant parent company guarantees • Review of the Corporate Social Responsibility program

Reports are also presented to the Board of Directors on a regular basis by the Management Board and the various managers in charge of functional departments. At the end of September 2016, directors were able to visit the Cortaillod site in Switzerland, where they were given a presentation of the site and its activities.

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

3.3.2. The Board Committees

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

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

3.3.2.1 The Accounts and Audit Committee

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

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

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

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

- Cyrille Duval, in view of the range of financial positions he has held during his career with the Eramet group, especially as General Secretary of Eramet Alliances.
- Jérôme Gallot, in view of his career as an Auditor at the Cour des Comptes, his experience in private equity as well as the diverse financial positions he has held within the French Finance Ministry.
- Hubert Porte, in view of his experience in private equity and asset management, especially as Executive Chairman of Ecus Private Equity and Managing Partner of Latin America Asset Management Advisors.
- Kathleen Wantz-O'Rourke, in view of the range of financial positions she has held at Siemens and Engie.

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

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

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

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

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

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

In 2016, the Committee discussed the following main issues:

Financial information	<ul style="list-style-type: none"> • Presentation of the annual and interim financial statements by the Finance Department • Review of provisions for disputes and for contingencies and charges • Review of asset impairment proposed by Executive Management • Presentation by the Statutory Auditors on their work • Press releases on asset impairment and annual and interim earnings
Internal audit and risk management	<ul style="list-style-type: none"> • Presentation of the activity report for 2015 and a status report on the 2015-2016 internal audit plan, follow-up on the measures taken, review of the 2016-2017 internal audit plan • Presentation of the 2016 Internal Control Plan • Review of the "Risk factors" section of the 2015 Management Report • Review of the 2015 Chairman's Report on internal control and risk management procedures • Review of material risks and off-balance sheet commitments • Review of antitrust investigations • Review of risk management procedures • Review of the ethics compliance risk map • Review of the Ethics Compliance Program • Presentation by the Ethics Officer of reported and potential ethics violations investigated and dealt with in 2015 and 2016
Other	<ul style="list-style-type: none"> • Status review covering the audit reform and the adoption of a procedure for authorizing the provision of non-audit services by the Statutory Auditors • Review of funding projects (including a project involving the issuance of bonds) • Review of the proposed share buyback program

3.3.2.2 The Appointments, Compensation and Corporate Governance Committee

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

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

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

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

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

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

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

Appointments	<ul style="list-style-type: none"> • Review of terms of office expiring at the 2016 Shareholders' Meeting, proposal of the re-election and election of directors • Work on the composition of the Board, its chair, its committees and their chairs • Proposed appointment of a new Chairman of the Board and definition of the terms and conditions for performing his duties • Proposed appointment of a director representing employee shareholders • Management Board's succession plan
Compensation	<ul style="list-style-type: none"> • Variable portion of the Chairman's and the Chief Executive Officer's compensation paid for 2015 • 2016 compensation of the Chairman and the Chief Executive Officer • Review of the former Chairman of the Board's termination package • 2016 compensation of the new Chairman • 2017 compensation package of the Chief Executive Officer • Acknowledgment of the failure to fully achieve performance conditions under Long-Term Compensation Plan No. 12 • 2016 and 2017 Long-Term Compensation Plans • Amendment of the defined benefit supplementary pension plan • Review of publicly available information about the compensation of executive corporate officers • International employee share ownership plan ("Act 2016")
Corporate governance	<ul style="list-style-type: none"> • Characterization of the independence of Board members • Results of the Board's assessment conducted for 2015 with the help of an external consultant and initiatives to be implemented following this assessment • Launch of an assessment of the Board with the assistance of an external consultant for 2016 • Review of compliance with the AFEP-MEDEF Corporate Governance Code • Amendments to the Internal Regulations • Review of the 2015 Chairman's Report on Corporate Governance • Review of the Committee's 2017 work program

3.3.2.3 The Strategy and Sustainable Development Committee

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

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

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

During 2016, the Strategy and Sustainable Development Committee met six times with an attendance rate of more than 93%. The Committee focused in particular on updating the strategic plans and their implementation timeline, several specific strategic initiatives, acquisition and divestment opportunities, management of the Group's business portfolio and Corporate Social Responsibility policies and initiatives. Presentations were made to the Committee by several senior managers from the Group. The manager in charge of Strategy and TPO⁴ functions acted as Committee Secretary.

3.4 Directors' training

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

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

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

In the continuous improvement of their knowledge of the Group, directors meet the main representatives from the functional departments or geographic areas and are given the opportunity to participate in annual on-site meetings (see section 3.3.1 above on the on-site visit organized at the end of September 2016).

3.5 Evaluation of the Board of Directors

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

⁴ TPO: Transformation Program Office, the team dedicated to providing support to the operating departments to implement the Group's transformation

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

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

The appraisal showed significant improvements.

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

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

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

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

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

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

Corporate officers are not subject to any restrictions concerning the sale or transfer of their shares, with the exception of rules applicable to insider trading and, regarding executive corporate officers, the requirement – unless waived by the Board of Directors – to hold a growing number of shares acquired under share-based payment plans. A table detailing transactions in Nexans shares carried out by corporate officers during 2016 is provided in section 7.2 of the 2016 Management Report.

5. SHAREHOLDERS' MEETINGS

Shareholders of Nexans are called to General Meetings and vote in accordance with the applicable legal provisions and the Company's bylaws.

Information on General Shareholders' Meetings and the procedures for exercising voting rights is provided in Articles 20 (Shareholders' meetings) and 21 (Voting rights) of Nexans' bylaws, which can be viewed on Nexans' website (www.nexans.com, Corporate Governance section).

At the Shareholders' Meeting held on November 10, 2011, the "one-share-one-vote rule" was adopted to replace the double voting rights attached to shares owned by a single shareholder for more than two years. At the same meeting, shareholders raised the 8% limit on each shareholder's total voting rights in a Shareholders' Meeting to 20%, applicable only to decisions made at Extraordinary Shareholders' Meetings on major transactions affecting the structure of the Group. This limit prevents the right to veto by any single major shareholder on strategic decisions and is therefore in the interest of all shareholders. At the Shareholders' Meeting held on May 15, 2014, Article 21 of the bylaws was amended to stipulate that the automatic double voting rights provided for by law to bring back the real economy, enacted on March 29, 2014, would not apply at Nexans.

6. COMPENSATION AND BENEFITS PAID TO CORPORATE OFFICERS

The corporate officers are the 12 members of the Board of Directors at December 31, 2016 and the Chief Executive Officer. The Company had two executive corporate officers at end-2016, Georges Chodron de Courcel, Chairman of the Board of Directors and Arnaud Poupart-Lafarge, the Chief Executive Officer.

The compensation and benefits payable to the Company's corporate officers, as determined by the Board of Directors, are

described in section 7 of the 2016 Management Report. The principles and criteria for determining, allocating and awarding executive corporate officers' fixed, variable and special compensation and benefits are described in the Appendix to the 2016 Management Report setting out the Company's policy on executive corporate officers' compensation.

Details on the compensation of the executive corporate officers and the termination benefits that could be payable in the event of a loss of office, as decided by the Board, are published on the Company's website, in accordance with the applicable legal requirements and the recommendations of the AFEP-MEDEF Corporate Governance Code.

In accordance with the applicable laws, the compensation policy for executive corporate officers is subject to an advisory vote at Shareholders' Meetings. In addition, in accordance with Recommendation 26 of the AFEP-MEDEF Corporate Governance Code, the compensation of executive corporate officers is reviewed and subject to an advisory vote at Shareholders' Meetings.

7. ADDITIONAL INFORMATION

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

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

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

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

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

II INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED AT NEXANS

1. DEFINITION, SCOPE, OBJECTIVES AND ORGANIZATION

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

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

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

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

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

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

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

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

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

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

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

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

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

2. RISK MANAGEMENT POLICIES AND PROCEDURES

2.1 Code of Ethics and Business Conduct

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

2.2 Ethics Compliance Program

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

2.3 Whistle-blowing procedure

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

2.4 Other Risk Management and Internal Control procedures

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

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

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

3. MAIN RISK MANAGEMENT INITIATIVES IN 2016

- **Organization of a Safety Day:** for the third year running, the Group organized a Safety Day at all of its sites simultaneously, involving all employees. A high point in the implementation of the Group's safety policy, the event helps employees throughout the organization to better understand safety issues and take them into account. The presence of a member of senior management at each of the main sites during the Safety Day attests to the fact that workplace safety is a prime concern of Executive Management.
- **Annual information system (IS) security audit:** the audit includes penetration tests and leads to the issue of recommendations for security improvements that are taken up in the Group's IS Development Plan.
- **Mapping of business ethics compliance risks:** in 2016, the Group conducted a comprehensive business ethics risk mapping exercise covering all of its businesses. Once the exercise had been completed, an independent audit was commissioned to assess whether identified corruption risks were adequately addressed in the Group's Ethics Compliance Program. Following the audit, the Group's Corruption Prevention Program was certified by ETHIC Intelligence as effectively addressing the related risk.
- **Rollout of a program to strengthen the segregation-of-duties (SOD) process:** A standard matrix for the segregation of the main duties for the Group was established in 2015 for the risks identified as the highest and in 2016, a program was launched to roll out this matrix to all Group entities along with procedures to ensure that it is applied, spanning all the different IT environments in use within the Group.
- **Publication of the Nexans Management Handbook:** this document describes the Group's organization and operating principles and rules. It will be followed in 2017 by a rulebook covering the main business processes.
- **Optimization of the currency risk management process:** the Group focused on updating the currency risk maps of the entities with the greatest exposure and overhauling their currency risk management processes. This included creating a cross-entity Treasury function for the European entities and netting USD positions at Group level, a move that considerably reduced its overall exposure to changes in the EUR/USD exchange rate.
- **Crisis management exercise:** in 2016, the members of the Management Board, the General Secretary and the Senior Corporate Vice President, Communications took part in a crisis management exercise.

4. FINANCIAL RISKS ASSOCIATED WITH CLIMATE CHANGE AND LOW-CARBON STRATEGY

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

As explained in section 9.1 of the Management Report, the Group is pursuing its long-standing policy of reducing water and energy use.

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

5. PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

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

5.1 Process for the preparation of financial and accounting information

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

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

The breakdown by market line is based on the information from the internal reporting system. These statements are prepared according to standard accounting principles defined in numerous procedures. In particular, to ensure the consistency of the information produced, Nexans has an accounting manual which is used by all Group units and defines each line in the income statement and the statement of financial position by function for the unit and for the market lines within the unit.

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

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

A consolidated accounts closing procedure is carried out on a quarterly basis and a specific procedure is applied at the end of each half-year to review and analyze the financial statements. This specific half-year procedure involves meetings which are attended by the Group Finance Department, the Finance Departments from the countries of the Group's main operating subsidiaries and the financial controllers for the areas concerned. These meetings also provide an opportunity to review the various main points to be considered for the upcoming close.

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

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

5.2 Main internal control procedures for financial and accounting information

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

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

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

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

6. OVERSIGHT OF INTERNAL CONTROL

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

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

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

February 8, 2017

Georges Chodron de Courcel
Chairman of the Board of Directors