Main risk factors and risk management

In an ever-evolving environment, Nexans ("**Nexans**" or the "**Company**") is dedicated to protecting the safety and health as well as the interests of its employees, the interests of its shareholders, clients, suppliers, and all of its stakeholders, while achieving its objectives. To navigate this landscape, Nexans has implemented a proactive risk management policy to efficiently respond to any internal and external threats likely to affect its finance, operations, reputation or future prospects. Given Nexans' global presence, the competitive nature of the cable industry and the diversity of its businesses, Nexans faced a variety of risks, both endogenous and exogenous. Nexans diligently manages Strategic, Operational, Legal and Compliance, and Financial risks to not only minimize their occurrence but also to mitigate their potential impact. To achieve this, Nexans and its consolidated subsidiaries taken as a whole (the "**Group**") has established and consistently enhances its risk management processes and organization.

As part of Nexans' risk management process, the Group has conducted an assessment to identify the primary risk factors it faces.

Pursuant to the provisions of Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, this presentation (the "**Presentation**") outlines the main specific risks that could, on the date of this Presentation, impact the Group's business, financial condition, outlook reputation, operational results or ability to achieve its objectives. The 15 risks are clustered in four categories (Strategic Risks, Operational Risks, Legal and Compliance Risks, and Financial Risks). These 15 risks are, however, not exhaustive and other risks or uncertainties, whether unknown or not considered herein at the date of this Presentation, could occur or arise and have a material adverse effect on the Group.

In term of methodology, the 15 identified risks are those which are specifically pertinent to Nexans and have the most significant net impact. The ranking is based on the assessment of i) the highest level of criticality (potential impact on the Group multiplied by probability of occurrence), and ii) for each risk the effectiveness of the risk mitigation measures deployed by the Group to prevent and/or minimize their impact. Then, the risks are ordered by their level of importance, and within each category, those with the greatest residual exposure are presented first. The Group classifies the residual risks on a scale ranging from "low", "moderate", "material" to "critical".

This Presentation exclusively outlines risks that have been assessed as either "material" or "critical".

- Other risks such as health and safety as well as human risks:
  - These risks relate to issues of primary and vital importance for Nexans. Although they may not be categorized as specific to Nexans, the Group constantly deploys and monitors preventive measures or actions to limit the occurrence of those risks and minimize their impacts.
  - A comprehensive overview of the main non-financial risks and the policies in place to prevent or mitigate their occurrence are presented in detail in the Non-Financial Performance Statement.
- Other risks such as talent scarcity:
  - These risks, which are not specific to Nexans, relate to Group's internal and external development partly dependent on its ability to hire, integrate and retain new talents in all the regions in which it operates. More generally, the Group may be face difficulties in hiring talents and developing the skills and talents of all staff members.
- Other risks such as market and innovation risks:
  - These are risks with medium or long-term trends that may impact the Group's strategy and business model.
- Other financial risks such as risk of internal control and tax risks:
  - These risks are considered "moderate risks" in the current context. In addition, measures are deployed to prevent and/or mitigate their potential impact.

RECESSION ENVIRONMENT

Nexans is committed to maintaining and improving its performance, even in the face of geopolitical and economic uncertainty. In terms of potential risk of recession, Nexans deems it non-specific and not material for the following reasons:

- the Generation & Transmission business is minimally affected thanks to its robust backlog providing visibility, and a surge in demand for high voltage cables, especially within the renewable energy sector. Any impacts, if at all, might be associated with customers deferring projects due to cost increase stemming from an inflationary environment;
- the impacts on the Distribution business is limited thanks to 2 to 3 years frame-agreements with key customers ensuring committed volumes, as well as the increased demand for medium voltage cables aiming at strengthening and modernizing the power grid. Any impacts, if at all, might be associated with customers deferring projects due to cost increase stemming from an inflationary environment;
- the Usages segment is more exposed to economic slowdowns. However, Nexans considers it can mitigate its impacts for the following key reasons:
  - Nexans' business model prioritizes value growth over volumes, providing a resilient foundation,
  - the economic slowdown doesn't uniformly affect the entire Group and the Group leverages its presence in different regions. For instance, in 2023, economic slowdowns were particularly acute in countries such as Ghana, Colombia, Lebanon and China, but lower in other countries,
  - the Group actively anticipates risks of slowdown and deploy proactive measures to mitigate the effects such as cost reductions, or shift to other markets.

1 Strategic risks

1.1 Geopolitical, political and social instability risk

RISK RANKING

Potential impacts on the Group	Main correlated Risks
• Impact in the assets' integrity and safety of employees, loss of human resources to other less affected industries • Impact on the performance of the facilities • Decrease in sales volumes	• Risk related to the safety of Nexans employees • Risk related to the security of Nexans assets • Risk relating to business development • Counterparty risks • Currency risk • Liquidity risk

RISK DESCRIPTION

Certain high-growth regions playing a role in the Group's strategic are exposed to significant geopolitical risks. In 2023, around 9% of the Group's sales at current non-ferrous metal prices were generated in the Middle East & Africa region and around 2% from countries classified by the Group's credit insurer as having "a very unsettled economic and political environment" or posing a very high risk. With respect to the conflict between Russia and Ukraine, Nexans maintains a presence in Ukraine through Nexans Autoelectric a unit specializing in the manufacturing of automotive harnesses, operating three plants in Western part of Ukraine. The Group's total assets in Ukraine represent less than 1% of the consolidated balance sheet of the Group.

A key element of Nexans' strategy involves expanding in high-growth regions, including South America and Africa, which may be subject to geopolitical, political and social instabilities. Early 2023 social instabilities and political tensions in Peru and Ecuador following respectively destitution of the Peruvian President in December 2022 and Presidential elections in 2023 might have impacted business activities, and were closely monitored and managed.

The evolving relations between China and the United States are also factor of risks and uncertainties, encompassing potential trade policy changes that may affect customs protection and export controls regulations.

US political approach to windfarm may affect our business activity for G&T business group.

The enduring Gulf crisis continues to alter the export opportunities for the Group's subsidiary in Qatar (consolidated by equity method) to the Gulf states, with conditions remaining uncertain.

With respect to Lebanon, since 2020, persistent political and economic instability has led in particular to a strict foreign exchange control policy by Lebanese banks, affecting activities of the subsidiary in Lebanon. Additionally, since October 2023, Lebanon is affected by the military conflict between Israel and Palestine.

In an environment shaped by chronic budget deficits in emerging countries in the past several years, governments are 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.

Lastly, economic recession in some countries may lead to economic and social instabilities, with potential implications materializing in 2024 and subsequent years.

RISK MANAGEMENT RESPONSE

The Group closely monitors its industrial and commercial operations and its turnkey projects in countries exposed to geopolitical risks, including but not limited to Ukraine, Brazil, China, Colombia, Ivory Coast, Ghana, Qatar, Lebanon, Libya, Tunisia, Philippines, Nigeria and Turkey.

The systematic and continuous review of the most current geopolitical situation is embedded in the Group's investment decision-making processes, including for M&A initiatives.

To minimize any potential impacts of geopolitical, political and social instability risk, the Group is i) developing a policy of diversification of suppliers and internal sourcing and ii) continuously enhancing its Business Continuity Management processes at its industrial sites.

Finally, for several years, the Group has been vigilant in monitoring export control regulations.

With respect to the military conflicts between Ukraine and Russia as well as between Israel and Palestine, since the beginning of the conflicts, the Group has been monitoring the related risks very closely, focusing first on protecting employees as well as the supply chain and business continuity. In order to limit its exposure to Russia, end of July 2022, the Group has divested its minority shareholding in Impex, a company based in Russia.

1.2 Risk related to the competitive environment of the Group's operating subsidiaries

RISK RANKING

Potential impacts on the Group	Main correlated Risks
• Decrease in sales volumes • Pressure on the selling price	• Risks related to M&A operations

RISK DESCRIPTION

The number and size of competitors of the Group's operating companies vary depending on the market, geographical area and product line.

The medium and low voltage cable markets are very competitive, both regionally and internationally.

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). 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 the high voltage cable market an escalation in competition both from existing operators and from new players, not necessarily from the industry but with leaner and more flexible organizational models, and/or significant financial resources, could have an impact.

RISK MANAGEMENT RESPONSE

In high voltage markets, throughout the years, Nexans has prioritized on innovative technologies, investment in differentiating assets such as the Nexans Aurora cable-laying vessel, building up its EPCI know-how, and consolidating its track record. This focus ensures smooth project execution, the delivery of high quality product and centricity customer approach, while always abiding by this risk-reward mindset. Nexans' risk management starts at the very earliest stage and as early as the tendering phase. In order to abide by Nexans commitment to focus and generate value, the Group ensures strict and comprehensive selectivity criteria. For each project, notably for Interconnections and Wind Offshore activities representing a value above 5 million euros, Nexans/rigorously applies its risk and reward analysis, combining three fundamental dimensions: i) financial modelling, ii) technological risk and iii) the terms and conditions. This holistic approach ensures the maintenance of a healthy and balanced backlog, aligning with Nexans' commitment to excellence and risk mitigation.

In medium and low voltage businesses, Nexans relies on its diversified and strong local presence. As part of its SHIFT Prime program, the Group is strengthening its brand and customer relationship, and provides a full portfolio of solutions for customers from product to sub-systems and services.

Nexans also reinforces its offer in selected markets through strategic acquisitions.

1.3 Risk related to M&A

RISK RANKING

Potential impacts on the Group	Main correlated Risks
• Difficulty in realizing identified synergies • Difficulty of integration endangering operating performance of the facilities	• Compliance risk • Risk of liquidity

RISK DESCRIPTION

Nexans pursues a strategy to become an electrification pure player, through a portfolio rotation relying on both acquisitions in electrification markets and the disposal of non-core activities.

The primary risk associated with this strategy lies in the Group's effectiveness in concurrently divesting non-electrification activities while acquiring identified targets in the electrification sector.

RISK MANAGEMENT RESPONSE

The Group is conducting detailed market analysis to identify the best merger and acquisition opportunities aligning with its strategy. Strategic fit of potential targets is closely evaluated, considering factors such as the market attractiveness of the business, the potential to create value and potential synergies with Nexans. This diligent approach ensures that each pursued opportunity not only aligns with the Group's overarching strategy but also possesses the potential to enhance market positioning, create sustainable value, and leverage synergies for mutual benefit.

The Group has implemented specific processes and governance structure for each project, in particular the Mergers and Acquisitions Committee responsible for reviewing and approving all acquisition and divestment projects.

Each acquisition undergoes a robust due diligence process with the support of internal specialists and/or external experts or advisors as the case may be. This approach enables to identify potential risks related to the acquired company and implement mitigation action, whether by obtaining a price reduction or contractual provisions such as indemnification clauses. In addition, an integration plan process led by an integration project manager is executed under the supervision of a member of the Executive Committee.

With respect to disposals, the Mergers & Acquisitions Department leads initiatives with the support of recognized external advisors to prevent any risks.

Based on the above, the Group has successfully completed the following transactions, and for acquisitions deployed synergies ahead of plan:

- Acquisitions:
  - on April 1, 2022, Nexans finalized the acquisition of Centelsa, a premium cable maker in Latin America active in the production of low and medium voltages cables from Xignux,
  - on April 26, 2023, Nexans announced that it has completed the acquisition of REKA Cables, a Finnish company active in the manufacturing of low and medium voltages cables for the Usages and Distribution applications. This acquisition will strengthen Nexans' position in the Nordics notably in the segment Distribution and Usages;
- Disposals:
  - on October 31, 2023, Nexans has completed the sale of its Telecom Systems business, rebranded to Aginode, to Syntagma Capital, a Belgium-based private equity fund.

2 Operational risks

2.1 Risk related to cyber security, continuity and performance of information systems

RISK RANKING

Potential effects for the Group	Main correlated Risks
• Financial impact • Reputational impact • Operational impact • Competitiveness impact (Loss of sales/contract/customer)	• Risk of business interruption/disruption • Risk of data loss and/or disclosure • Risk of fraud • Risk related to quality and safety of Nexans employees • Risk of third-party claims

RISK DESCRIPTION

Nexans' business fully relies on information technology, systems and infrastructure (datacenters, servers and networks). Like any organization using information technology, the Group is exposed to the risk of cyber-attacks. Cyber-attacks could originate from within the Group (system obsolescence, configuration or human errors, lack of infrastructure maintenance, malicious acts) – or from outside Nexans (criminal organizations acting on their own behalf or that of State organizations).

Technically advanced in the world of information systems as well as in industrial systems, benefiting of important means, these attacks are becoming increasingly sophisticated and can lead to business interruption, theft of know-how or confidential information, fraud attempts or ransomware with financial and reputational impacts which can be potentially extremely high. It is important to highlight that any crisis, such as the Covid-19 pandemic, is capable of exacerbating the risk of cyber-attacks also due to the widespread policies of remote and home working activities.

Due to the global presence of the Group, Nexans' business activity requires multiple and often interconnected information systems, IT applications as well as industrial information systems. In addition, the implementation of more digital initiatives, new services for customers and partners, and potentially disruptive technologies increase Nexans' potential exposure to cyber security threats, including without limitation, denial of service attacks, industrial espionage, and ransomware attacks.

Any disruption or interruption of service could potentially affect multiple regions and businesses, with significant disruption on i) industrial processes (disturbance of production or distribution activities) and ii) the capacity for internal communication. It could also affect our business partners, customers and suppliers. Finally, it could also affect Group's image.

This risk enrolls itself in a context of reinforced regulatory requirements related to protection and confidentiality of data.

RISK MANAGEMENT RESPONSE

The cyber security team, led by the Chief Information Security Officer, is a core part of the Risk Management Department and is fully committed to cyber risk. It outlines and executes policies and projects pertinent to the cyber security program as well as personal data protection. It also devises guidelines for the use of information and industrial systems across the Group. Cybersecurity Incident Management is integral part of cyber risk management. The cybersecurity team proactively manages alerts of cybersecurity incidents, conducts detailed investigations of the said alerts, and implements remediation of identified cybersecurity incidents. Additionally, the cyber security team is tasked with carrying out regular security audits and testing on the Group's critical business and industrial assets, with the support of external service providers.

Operational teams of the Corporate Information System Department and of the Business Groups Information System Departments in collaboration with the cyber security teams are continuously strengthening Group's cyber security processes and tools. This commitment is structured around the three fundamental axes of cybersecurity: to prevent, detect, and respond to cyber incidents, in close collaboration with their service providers.

In recent years, cybersecurity governance has been enhanced through the development of a network of correspondents within Business Groups and factories. This network facilitates the effective dissemination and application of Nexans General Management Procedure regarding cyber risk management, in synergy with the central cyber team. Cyber securities issues and measures implemented to safeguard against cyber security are evaluated annually with the Business Groups EVP and presented on a regular basis to the Nexans Executive Committee. Besides, with the support of the Risk Management Department in 2023, central cyber team run a cyber security risk assessment to support the design of the cyber security action plan.

In addition, Cyber security program and realization of the actions plan are regularly presented to the Accounts, Audit and Risk Committee.

The cybersecurity team has designed a cyber security program based on 4 pillars:

1) raise awareness and empower Nexans' employees and contractors to effectively thwart threats by placing them at the center of its detection and response capabilities:

- an online training is required for all new employees and any person failing a phishing campaign,
- monthly communications are published reminding Cybersecurity user's best practices. In addition, a Cyber Month is organized in October with communication tailored to specific targeted populations, such as Industrial Workers, the Legal Team…,
- phishing campaigns are performed several times per year. In 2023, 7 phishing campaigns were performed,
- Nexans' Information and Cyber Risk policy is regularly updated, to be adapted to emerging threats. In 2022 the End-user Security policy has been updated and communicated during Nexans annual Compliance Week. The objective of this End-user Security policy is to advise users on key rules to be applied when using Nexans' information system tools so that to avoid cyber incidents;

2) protect key technological assets and among others industrial activities by controlling access to information and their treatments:

- in particular, any IT project is analyzed to assess the level of business impacts in case of a security incident. Based on a risk analysis, security controls – technical, operational as organizational – are defined and their implementation controlled,
- as part of our Industry 4.0 transformation program, a dedicated stream is deploying an OT Threat detection and protection solutions in our factories. This deployment will continue in the coming years to reach all industrial sites,

- based on an approach of defense, the teams of the Information System Department have deployed security technologies such as web filtering, email analysis, endpoint detection and response on workstations and servers, network segmentation,
- Nexans has implemented access control solutions of last generation enhancing management of access and their related controls;

3) respond to any threat and cyber incident as soon as possible to limit the adverse impact on the business and industrial operations:

- threats are constantly monitored and security incidents detected thanks to our enhanced Security Operations Center (SOC), including in the industrial environment,
- cybersecurity incidents are timely and adequately handled by means of an internal crisis response team integrating internal and external experts in cyber security thanks to specialized probes,
- to prevent any situation such as a Cyber security attack whereby Nexans would forbid its employees access to Nexans IT systems, the Group has acquired a tool to manage crisis which is independent from Nexans IT system,
- Nexans has subscribed a cyber security insurance whereby an insurer is partnering Nexans should the Group was to face cyber incidents or attacks;

4) control the effectiveness of operated security tool and controls and provide means of continuous improvement:

- cyber penetration tests are performed on a yearly basis on Group's key business and industrial systems to identify the main vulnerabilities and develop mitigation actions,
- specific security acceptance tests are performed in the phase of development of business, industrial and IT projects before going into production.

2.2 Risks related to climate change and natural hazards

RISK RANKING

Potential effects for the Group	Main correlated Risks
• Business impact – Disruption of activity • Financial impact • Destruction of physical assets	• Risk related to the safety of Nexans employees • Assets physical risk • Business continuity risk

RISK DESCRIPTION

With respect to physical risks, some of the Group's manufacturing sites are located in areas at risk of natural disasters (earthquakes like in Morocco in 2023, tornadoes, floods, heat waves, etc.).

For example, the Charleston plant in the United States is located next to a river and enjoys access to the sea; the area is prone to hurricanes. The site is therefore subject to natural disaster risks that were taken fully into account at the time of its construction. Although the Group draws up a systematic audit plan of its sites in cooperation with its property insurer for the purpose of implementing plant integrity risk management processes, it is impossible to rule out all risks of production stoppages.

Climate change is creating new sources of risk for the Group by increasing the frequency and impacts of perils (like floods, droughts, cyclones, etc.). The occurrence of such perils may cause disruption to the Group's organization or operations which may have a significant impact on the business.

Lastly, like other international organizations, Nexans activities may be exposed to a risk of energy transition (which arise from the transition to a low-carbon economy). The Group has been committed to reducing its environmental impacts. This responsibility applies not only to the Group's sites but also to the design of its products as well as to its value chain.

The Group also designs energy efficiency products and solutions. Nevertheless, it may be unable to meet stakeholders' expectations in terms of addressing environmental and climate risks. This may relate to decarbonization efforts and the increasing desire to reduce energy consumption.

RISK MANAGEMENT RESPONSE

Nexans is continuously assessing risks related to natural disasters with the support of its property insurer reviewing in the meantime the mitigations plan to be implemented to better mitigate the impacts of such risks should a natural disaster occur.

With respect to perils related to climate change, the Group has decided to lead, with the support of a recognized service provider, a physical risk analysis more detailed compared to 2021 study and covering this time all industrial sites of Nexans Group. Based on this physical risk analysis giving the gross risk, the Group has launched with the most exposed industrial sites an assessment of the adaptation measures already implemented and will decide in a second stage a further detailed adaptation plan if needed.

When investing in industrial sites especially when exposed to high risks of natural hazards, the Group ensures technical solutions are defined to reduce impacts of such natural disaster risks. This has been the case like in Charleston or more recently for the extension of Halden. For example, In Charleston, several adaptation measures have been implemented to mitigate the risks:

- in the facility design: several measures have been taken such as all roof elements are attached with Hurricane Approved fasteners;
- in the site design: for illustration, the site was purposely built up to have the Building Elevation at 15 foot (4.5 meters);
- with an emergency management plan in particular relate to hurricane where designated plant personnel follow and coordinate with local county and state emergency Management Departments when a hurricane has formed in the region.

Additionally, employees are regularly trained to adequately react should natural disaster event take place. Business continuity plans are developed, and crisis management processes are in place to manage exceptional natural events.

With respect to transition risk, the Group has led, with the support of a recognized service provider, in 2023 a further detailed study (aligned with TCFD guidelines) to assess the risks and opportunities related to climate. From the study, it appears that climate change could lead to business opportunities for Nexans.

2.3 Risks related to Generation & Transmission turnkey projects

RISK RANKING

Potential effects for the Group	Main correlated Risks
• Group reputation • Financial impact	• Risk related to claims and legal proceedings • Risk related to contractual liability: product liability • Risk related to the competitive environment of the Group's operating subsidiaries

RISK DESCRIPTION

The majority of contracts as part of turnkey projects involve both subsea and land high-voltage cable operations. The sales generated on such projects vary from one year to another and represent approximately 12% of Group 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). The two market segments in which Nexans is mainly engaged are, on the one hand, the interconnection and electrification projects (land and subsea), and on the other hand, the offshore wind projects. Trends in these two markets are i) the increase in the size of projects, and ii) increased technical complexity with increased water depths, bigger size cables and dynamic applications. In this regard, it is to be noted that these trends take place in a context where some customers have increased their requirements as to the level of risk-liability that suppliers must be prepared to assume in order to be awarded the project.

Risks related to the expansion in the United States

The US market for high voltage cables is expected to show strong growth, driven by the development of offshore wind farms to support the energy transition. The United States are targeting 30 GW of installed offshore wind capacities by 2030. For this purpose, the Group has transformed its high voltage subsea cable plant in Charleston, South Carolina, United States, to supply the rapidly expanding US offshore wind market. The one-of-a-kind subsea, sole high voltage cable plant in the United States of America, contributes to the development of a local supply chain and supports for the offshore wind industry.

The Group is exposed *inter alia* to the following risks:

- cancellations and or delays to awarded projects;
- duration of the permit process dependent of the political context;
- market dependent of subsidies/financing. For the sake of illustration, New York Public Service Commission rejected in September 2023 the request for higher rates from offshore wind developers;
- costs increase which may render projects less profitable; and
- regulations changes at Federal State and/or local States level which could incur a reinforcement of local content regulations and potentially impact Nexans sales in the US market.

Risks related to projects size and complexity

Due to the amplification in complexity and/or size of interconnection subsea projects (such as Great Sea) as well as of offshore wind projects (Empire Wind 1) together with the increased volume of backlog, Nexans operating entities have to manage multiple subcategories of risks such as:

- high value sub-contract packages (in particular off-shore protection, on-shore civil works) requiring from Nexans operating entities a high level of expertise in such packages as well as the ability to select robust subcontractors and to manage them;
- technical challenges such as increased voltages and depth of installations;
- potential claims related to delivery schedule and/or with quality requirements;
- price volatility on raw materials and energy costs in particular in a context of inflation;
- complexity of the costing scheme in the pricing of the turnkey project;
- delays in the manufacturing schedule. The Group might face difficulties in assessing when final award of turnkey projects will take place as this depend on several factors, *inter alia* of the customers' ability in finding financing. Delays could impact Nexans forecasts and ability of Nexans to bid for such turnkey projects.

Risk related to human resources

The Group's internal and external development is partly dependent on its ability to hire, integrate, train, motivate, promote and retain new talent in all the regions in which it operates for its high voltage activity (in particular in the US market). Due to the increase in complexity and size of the projects of interconnection subsea projects as well as of offshore wind projects, the need to manage important sub-contract portion and the significant increase in key assets to manage.

Risk of contractual liability

This risk is significative due to i) the increase in the size of the projects and ii) the number of projects taken which make the cumulative exposure higher.

Risks related to deterioration of key assets

Should Nexans suffer damage and/or deterioration on key assets for the land and subsea high voltage activities (including vessels or industrial sites), this could result in particular delays in projects.

Risk in project execution

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 are able to agree with the customer to amend the related contractual provisions, but that company may have to temporarily or permanently carry extra 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) claims may be filed against then 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. Should the Group or its companies be 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 of Nexans for the year ended 31 December 2023 (the "**2023 Consolidated Financial Statements**").

RISK MANAGEMENT RESPONSE

For US expansion

To address the risks related to US expansion, the following measures are in place:

- Nexans has signed a framework agreement with Eversource and Ørsted to supply the first US-made subsea high voltage export cables for the projects and will deliver up to 1,000 km of cables for Ørsted's and Eversource offshore wind farms in North America up until 2027;
- a dedicated team has been appointed to ensure a timely ramp up of our high voltage subsea cable plant in Charleston;
- in addition of the decision to transform its high voltage subsea cable plant in Charleston, South Carolina, United States, Nexans is closely following and monitoring any potential evolution of regulations in relation with local content issues;
- Nexans will continue the project Empire Wind 1 (the US offshore wind export cables turnkey contract awarded in 2022). The project is part of the larger Empire Wind offshore wind farm that will generate enough renewable energy to energize over one million homes in New York state.

For amplified complexity and size in turnkey projects

To address the risks on turnkey projects, the Group has developed detailed risk management system for turnkey projects based on the following:

- all major contracts entered into by the Group's operating subsidiaries are subject to a systematic risk-assessment procedure and all bids representing over 25 million euros for the Business Group Generation & Transmission are submitted to the Group Tender Review Committee. Particular focus is placed on ensuring that the Group's sales and technical teams are able to pinpoint the risks inherent in sales contracts and that they involve the Legal Department in contractual negotiations;

- the execution of the projects are directly managed by a Project Director who relies on specialized teams tasked with delivering the project within budget, with the right quality and on time. In addition, the teams ensure the proper implementation of the Group's risk management policy. In this context, the teams implement a continuous risk assessment and implementation of actions to identify and mitigate risks which may appear during project execution;
- quality policy and control procedures are in place to monitor quality in production;
- production sites are ISO 9001 and ISO 14001 certified;
- technology aimed at guaranteeing customers reliable industrial processes as well as high quality and performance of the products;
- launching of the manufacturing of a new vessel for implementation of new installation capacity in addition to Skagerrak and Nexans Aurora;
- the Group has subscribed a Construction All Risk (CAR) insurance program specifically designed to address turnkey project risks;
- Nexans is in partnership with Bureau Veritas aimed at certifying Nexans' organization and risk management processes for the execution of turnkey projects;
- cables are tested several times: i) before the start of manufacturing, ii) before delivery subject to factory acceptance tests (FAT) and iii) after installation and before entry into service (Site Acceptance Test);
- entering into strategic partnerships with sub-contractors;
- experienced staff resources to manage early engagement of sub-contractors from tender stage onwards;
- the recruitment of qualified human resources *via* post graduate programs and the development of retention program.

The Business Group Generation and Transmission continuously review its processes and organization to better adapt to this change in project size and complexity.

2.4 Risk related to price fluctuations and availability of non-ferrous metals

RISK RANKING

Potential effects for the Group	Main correlated Risks
• Financial impact (liquidated damages for delay, claims for damages, etc.) • Business interruption • Sales decline	• Metal price risk and hedges of price volatility

RISK DESCRIPTION

The cable industry is highly dependent on the supply of core raw materials (in particular copper, aluminum and lead).

Copper, aluminum and lead are the main non-ferrous metals used by the Group's operating companies, with copper and aluminum accounting for the vast majority of their raw material purchases.

Consequently, price fluctuations and product availability have a direct effect on the Group's business. In that respect, the Group is constantly assessing the risks of supply tension on raw material prices and availability.

Copper purchases in 2023 amounted to around 413,000 tons (*versus* 460,000 tons in 2022), excluding the approximately 132,000 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 purchases in 2023 totaled 99,000 tons (*versus* 108,000 tons in 2022).

Risk of shortages

The Group does not rule out the possibility that supply and demand tensions on copper and aluminum markets could lead to supply shortages and thus have an impact on its activities.

Global shortages, supply interruptions or the inability to obtain non-ferrous metals at commercially reasonable prices could have an adverse effect on the Group's earnings.

Risk of price volatility

With respect to price volatility, should the price of its supplies increase, the Group may not be able to fully pass on the increases to its customers and may face pressure on credit line of copper suppliers who will be requiring payments spot. In addition to price risk, due to its multi-country and multi-zone sourcing policy, 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.

Additional risks can also be linked to the fact that non-ferrous metal markets (copper, aluminum and lead) work on the basis of take or pay contracts.

Finally, apart from cyclical events, the tensions on the commodities market are also due to structural factors. These elements are linked to an increasing demand for green energy supply, net zero emissions targets and broader climate issues. They are driving a sharp increase in the consumption of certain raw materials, while also impelling a search for substitute raw materials that are more environmentally friendly.

RISK MANAGEMENT RESPONSE

To reduce risks related to non-ferrous metals, the Group has developed various mitigation actions including in particular:

- the Group's policy is to secure its non-ferrous metals requirements under long-term contracts including significant upward and downward flexibility in order to make sure the Group's requirements are always met;
- as regards to copper supply, thanks to Nexans' vertical integration with 4 rodmills worldwide, the Group enjoys a privileged supply position with the mining industry;
- as a general principle, risks related to the supply of non-ferrous metal are specifically monitored by non-ferrous metal management. The supply strategy based on close relationships with a number of key partners is aimed at reducing the Group's exposure to shortages. The Group assesses the financial vulnerability of its most critical partners and ensures that they have robust business continuity plans in place. The Group's policy is to develop alternative sources of supplies for non-ferrous metal used in the manufacturing of Nexans products ("multi-source strategy");
- the Group has developed alternative sources to Russian origin metal.

The financial instruments used by Group subsidiaries to manage exposure to commodities risks for copper and aluminum are described in the notes to the 2023 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.

2.5 Industrial related risks

RISK RANKING

Potential effects for the Group	Main correlated Risks
• Stoppage of the industrial activity • Group's reputation • Fines/claims/legal proceedings • Decrease/Loss of sales	• Risk related to health & safety of the employees • Risk related M&A (selection of targets) • Risks related to the competitive environment of the Group's operating subsidiaries

RISK DESCRIPTION

Production sites maintenance and capital expenditure

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 aging industrial sites require permanent investment to avoid deterioration of the working conditions and participate actively to workplace safety. In that respect, employee safety is an absolute priority for the Group and remain an important area of focus of the management.

In view of the importance to the Group of the subsea high-voltage cables market, the Group has implemented significant capital expenditure project to support business growth:

- first, to meet the demand of the market for subsea high voltage cable worldwide, Nexans is making significant capital investments to extend its industrial site of Halden (Norway) and further enhance the capability of Charleston (USA). The ramp of the extension of Halden site will be critical for the development of Nexans Norway activity to meet the high demand of the market;
- second, the Group is launching the manufacturing of a new cable-laying vessel capable of performing installation contracts within the required timeframes in addition of its current cable-laying vessels (the Skagerrak and the Aurora which came in operation on May 2021). The delivery on time of the new vessel targeted in spring 2026 will be key to meet the increase demand in cable-laying;
- third, in view of the significant increase of the electrification of the grids, the Group has announced a major investment in Morocco to support the development of the Distribution segment. This greenfield will be a major asset for the Group to continue is role in the expansion and renewal of medium voltage grids.

When implementing capital expenditure projects, the Group is exposed to the risk of failing to achieve its targets in particular should Nexans operating entities fail to fill its increased production and/or installation capacity or lack ability to deliver cables and services under the required technical specificities or according to the expected schedule. 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.

Environmental Impacts

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-up operations. 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).

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 may also be subject to certain clean-up obligations (remediations works and/or monitoring obligations) including when it discontinues operations of a site.

As of December 31, 2023, consolidated provisions for environmental risks amounted to approximately 5 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

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, within the framework of applicable laws and regulatory provisions, 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.

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). In 2020, the Administrative Court of Appeal confirmed a decision of administrative court to cancel the classification by the French government.

As of the date of this Presentation, only 3 judicial proceedings remain regarding 3 plaintiffs.

Similar proceedings are also under way in France for other industrial sites for three Nexans' employees among which two judicial proceeding concern employees who alleged to have suffered exposition to asbestos in industrial sites which were not at the time under Nexans responsibility.

In addition, for historical reasons, in some buildings built before asbestos bans adopted locally country by country, there can be presence of asbestos.

RISK MANAGEMENT RESPONSE

- As regards capital expenditure, the Group has designed internal procedure to assess risks related to capital expenditure projects and assess return of investment. With the implementation of such capital expenditure projects, the Group defines actions plan to ensure the new assets will be properly used under formalized and detailed industrial processes as well as properly maintained. Prevention plans are defined to mitigate identified risks and vulnerabilities.
- To mitigate risks of obsolescence regular investments are made in modernization and maintenance of industrial facilities.
- Regarding safety, the Group has developed a strategy for safety based on 4 initiatives : i) provide safe equipment and work conditions for employees; ii) eliminate risks using tools for detection, observations (JSA, Safety Walk for managers), and risk identification (SUSA Cards, Take 5 for employees); iii) implement operational discipline, positive recognition, and consequences management; and iv) create conditions to guide teams towards a 'independent' or even 'interdependent' safety culture (Bradley curve).
- Industrial sites are continuously developing business continuity plans with the aim to secure ability of the industrial sites to identify risks and define back up/mitigation actions plan should a risk materialize.
- With respect to capital expenditures in Halden plant and with the new laying vessel, dedicated teams have been designed to ensure respectively a smooth ramp up of the site extension to meet expected return on investment in due time (the same process was implemented in relation with the capital expenditure made in Charleston site). In addition, a robust planification and quality, health and safety monitoring of the new laying vessel construction has been designed to meet expected delivery date and technical specifications.

- In relation with the environmental risk, 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. Environmental due diligence Phase 1 or initial soil pollution diagnosis have been run in all its Nexans sites. Environmental due diligence Phase are run by international recognized specialized service providers.
- In the meantime with respect to environmental risks, Nexans is leading on an annual basis, a detailed survey to identify and define all potential risks and assess the means of prevention for each. This risk assessment is based on a series of steps, including i) the identification of risks, ii) the assessment of the risks criticality and iii) the definition of potential complementary actions required to reduce the risk. It also enable a better follow-up of the implementation of the defined mitigation actions as well as of the assessment of the results. The above also participates to the spread of risk culture within the operating entities and in particular to a proactive industrial risk management across the Group.
- In relation with asbestos risk, monitoring to check compliance with local regulations is lead under the responsibility of industrial business unit managers. In addition, industrial business unit managers develop and keep up to date elimination plans.

2.6 Risk related to contractual liability: product liability

RISK RANKING

Potential effects for the Group	Main correlated Risks
• Financial impacts	• Risks related to Claims and litigations • Risks related to turnkey projects

RISK DESCRIPTION

The manufacturing and commercial activities of the Group's operating companies expose them to potential product quality issues and possible claims for damage to property or third parties allegedly caused by its products. In particular, supplying Group's products to certain sectors such as the automotive or the aerospace industries, could expose the Group's operating companies to possible product recalls or grounding campaigns as a result of serial product defects that can affect a large number of vehicles or aircrafts.

Also, industry and market practices and trends have been evolving over the past years, and customers push for longer product warranty periods, and more stringent contract conditions (in particular related to liabilities). In the meantime, the warranties extended to the Group's various companies by their suppliers of materials and components used in these companies' products may remain shorter or be less extensive than the warranties granted by the Group's subsidiaries to their own customers (for example PVC materials and others).

In some countries such as in South America and Europe (like in France and Italy), utilities are imposing their terms and conditions whereby no limitation of liability is accepted for some categories of cables. In the same spirit, in certain industries such as in the automotive business, customers are imposing their terms and conditions with no limitation of liability.

RISK MANAGEMENT RESPONSE

To limit these risks related to product liability, the Group has developed the following control systems:

- all major contracts entered into by the Group's operating subsidiaries are subject to a systematic risk-assessment procedure and bids representing over 5 million euros for businesses other than high-voltage business are submitted to a Group Tender Review Committee. Particular focus is placed on ensuring that the Group's sales and technical teams (i) are able to pinpoint the risks inherent in sales contracts and (ii) involve the Group's Legal Department in contractual negotiations;
- a sales contract policy aiming at limiting the overall liability exposure of the Group's operating companies towards their clients in case of occurrence of a contract execution issue (such as delay, quality problem);
- in order to mitigate product liability risk, the Group has set up stringent product quality control procedures. The majority of its units are ISO 9001-certified. Many of them also hold certifications that are specific to their business (e.g. IRIS for rolling stock, ISO 9100 for aerospace…). In addition, each unit tracks a set of indicators on a monthly basis in order to assess progress made in terms of quality and customer satisfaction. The Group currently has third party liability insurance that covers product liability, which it considers to be in line with industry standards and whose coverage amounts largely exceed any past claims. However, the Group cannot guarantee that its insurance policies would provide sufficient coverage for all forms of liability claims and if several entities suffer claims in the same year as although the coverage amounts are high, they are capped at annual levels and the policies contain standard exclusion clauses, notably concerning the cost of the product itself and late-delivery penalties. The Group currently has third party liability insurance that covers product liability, which it considers to be in line with industry standards and whose coverage amounts largely exceed any past claims. However, the Group cannot guarantee that its insurance policies would provide sufficient coverage for all forms of liability claims and if several entities suffer claims in the same year as although the coverage

amounts are high, they are capped at annual levels and the policies contain standard exclusion clauses, notably concerning the cost of the product itself and late-delivery penalties.

3 Legal and compliance risks

3.1 Risk related to non-compliance with antitrust laws

RISK RANKING

Potential effects for the Group	Main correlated Risks
• Financial impact (Fines, indemnities…) • Ban from Clients & Public tenders • Reputational impact	• Risk related to M&A • Risks related to the competitive environment of the Group's operating subsidiaries • Risks related to Claims and litigations

RISK DESCRIPTION

In late January 2009, the European Commission launched an antitrust investigation against various cable manufacturers including Group companies in relation to alleged anticompetitive behavior in the subsea and underground high-voltage power cables sector. Several similar investigations were subsequently launched in other jurisdictions.

On April 2, 2014, the European Commission adopted a decision addressed *inter alia* to Nexans France SAS and the Company (the "**EC Decision**"), which found that Nexans France SAS had participated directly in an infringement of European antitrust legislation in the subsea and underground high-voltage power cable sector. The Company was held jointly liable for the payment of a portion of the fine imposed on Nexans France SAS by the European Commission.

In early July 2014, Nexans France SAS paid the 70.6 million euro fine imposed on it by the European Commission. Nexans France SAS and the Company appealed the EC 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, which, in turn, dismissed the appeal on July 16, 2020.

In the period following the decision, several customers alleged they had suffered loss as a result of the conduct subject of the EC Decision. However, only in around 2019, did certain customers issue legal proceedings against Group entities claiming damages for alleged losses. Most of these claims have been filed before the courts in the United Kingdom, Italy and the Netherlands against Nexans and other defendants.

In the UK, Scottish and Southern Energy (SSE) lodged a claim against the Company and Nexans France SAS and certain companies of the Prysmian Group. In September 2019, the claim against the Company and Nexans France SAS was discontinued, with no payment to SSE and each party bearing their own costs of the proceedings.

Prysmian was one of the main defendants in certain antitrust damages claims initiated in the UK by National Grid and Scottish Power in 2015. Contribution claims have been brought by Prysmian against Nexans France SAS and the Company in these cases. Prysmian and the other main defendants have now reached a settlement with National Grid and Scottish Power.

In March 2017, Vattenfall initiated a claim for alleged antitrust damages against Prysmian and NKT before the High Court in England. On June 12, 2020, Nexans France SAS and the Company were notified of a contribution claim brought by Prysmian. Both the main claim and the contribution claim were transferred from the High Court to the UK Competition Tribunal (a specialist competition court).

Italian company Terna S.p.A. launched an antitrust damages claim in the Court of Milan. 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 supplemented its claim on May 11, 2020. On January 26, 2021, the judge ruled that the decision on jurisdiction and other preliminary issues will be rendered along with that on the merits. A hearing took place on May 4, 2022, at which the parties discussed their evidentiary requests, in which all parties restated the main arguments and evidentiary requests that they had previously raised. A final outcome is expected in 2024.

The claim in the 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 District Court of Amsterdam. On December 18, 2019, Nexans and other defendants filed a motion contesting jurisdiction. The court issued its judgment on November 25, 2020, declaring itself incompetent with regard to the claims against the non-Dutch defendants, including certain Group entities. The court also ordered the claimants to pay the costs of the proceedings. The claimants appealed this ruling and the case on the merits against the Dutch defendants is stayed pending the appeal judgment. The Dutch courts are considering whether to refer certain questions to the European Court of Justice (ECJ) for a ruling, which would delay the hearing of the substantive issues in the Netherlands by at least two years. On September 19, 2023, the Amsterdam Court of Appeal made a preliminary reference to the ECJ on issues relating to the jurisdiction of the Dutch courts. The referral judgment means that the main proceedings before the Dutch courts are suspended pending the ECJ's ruling 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.

An 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. On April 15, 2020 the Administrative Tribunal of CADE condemned the Company, together with other cable manufacturers. Nexans has paid the 1 million euro (BRL equivalent) fine and has appealed the decision. The case is ongoing.

An 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 relevant limitation periods 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) was granted by KFTC in 15 cases, and for two other cases the Nexans Korean subsidiaries were granted a 20% reduction on the fines imposed 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 concluded.

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 in 2023.

On July 27, 2020, Nexans Iberia was served with a claim filed by Iberdrola before the Commerce Court of Barcelona, on the basis on the CNMC's decision (which also sanctioned one of Iberdrola's subsidiaries). Iberdrola is seeking a total of 9.4 million euros in damages from the defendants, including Prysmian and several local Spanish producers. Nexans filed preliminary defense arguments and the case is pending.

On January 20 and May 10, 2022 the German Federal Cartel Office (FCO) carried out searches at three of Nexans' sites in Germany. The searches are part of an investigation on cable manufacturers concerning alleged coordination of industry-standard metal surcharges in Germany. The FCO also conducted inspections at the premises of other companies in Germany. Nexans successfully challenged the validity of the searches at its premises. However, the investigation is still ongoing and on February 20, 2024, the FCO carried out searches at another Nexans site in Germany.

In May 2022, an application for a "collective proceedings order" was made in the UK, seeking approval to bring an opt-out claim on behalf of millions of UK consumers (as well as an opt-in claim for non-UK domiciled customers who paid for electricity in the UK). This case is at a very early stage and a hearing on certification is expected to take place in 2024 which, if granted, will lead to lengthy proceedings over the next few years.

On July 8, 2022, London Array Limited and other participants in the London Array consortium commenced a claim in the UK Competition Appeal Tribunal for antitrust damages in relation to the EC Decision. The Company and Nexans France are the defendants in this claim. The claim is ongoing.

As of December 31, 2022, and following a reassessment of risks in July 2022, the Group has a recorded contingency provision of 66.5 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 systems and compliance program have been strengthened regularly and significantly in recent years and are at the core of the Group continuous improvement efforts. 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. 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.

RISK MANAGEMENT RESPONSE

Policy

As a complement to the section of the Code of Ethics and Business Conduct dedicated to fair competition, the Group's Antitrust Guidelines provide guidance on the application of basic competition law rules. The Antitrust Guidelines are applicable to all affiliates and subsidiaries everywhere Nexans does business.

Training

All top executives, managers and key personnel throughout the Group must complete the Compliance Week training every year. The training includes an antitrust section with test questions based on realistic business cases.

In addition, more in-depth/spot trainings are conducted to most exposed positions (sales & purchasing managers as well as members of a Trade association) and/or when a specific issue is identified.

Specific mitigation measures subsequent to the risk mapping

The Group has integrated all competition law aspects to the compliance risk mapping carried out pursuant to the "Sapin II" legislation.

These antitrust risks identified are managed through centrally monitored mitigation and remediation measures, including the use of dedicated digital tools which facilitate second and third level control.

Whistleblowing

Employees are encouraged, through internal communication and trainings, to use the Group's incident report system to raise concerns including about any breach of business ethics and anticorruption rules, whether within Nexans or by business partners.

The incident report system is also available, in 17 languages, to anyone outside the Group, by phone, through an application, or remotely through the website www.nexans.com. In addition, a simple search "Nexans alert" on any Internet search engine will direct to the incident report system portal.

Internal controls and internal audit

The Group Audit Department controls compliance with antitrust rules in the framework of the regular audits of operational entities and also performs missions dedicated to specific antitrust issues.

3.2 Risk of non-compliance with anti-bribery legislation

RISK RANKING

Potential effects for the Group	Main correlated Risks
• Financial impact (Fines, indemnities…) • Ban from Clients & Public tenders • Reputational impact	• Risk related to M&A • Risks related to the competitive environment of the Group's operating subsidiaries • Risks related to Claims and litigations

RISK DESCRIPTION

With a global presence worldwide and activities in a diversity of sectors such as in energy infrastructure, large international projects for high voltage, employees worldwide might be confronted to bribery and corruption practices.

The Group generates approximately 17% of its turnover in countries with a high-risk profile (rated 40 or below as per the Corruption Perception Index by Transparency International). In 2022, the Group had physical presence in Brazil, Colombia, Lebanon, Morocco, Nigeria, Peru, Turkey, Ivory Coast, Ecuador, and Ukraine.

In addition, the Group relies on an ecosystem of commercial partners, including sales intermediaries, resellers, and distributors. This ecosystem may represent a risk for the Group.

RISK MANAGEMENT RESPONSE

Policy

As a complement to the sections of the Code of Ethics and Business Conduct dedicated to anti-bribery and corruption, the Group has issued a number of specific guidelines to support its zero tolerance for such practice:

- the Corruption Prevention Policy sets out the rules and processes to be applied for preventing corruption and/or bribery in daily business with sales representatives and other business partners and keeping justification thereof;
- the Gifts and Hospitality Policy, also governing invitations, charity and donations;
- the Conflicts of Interests Policy explaining how to identify, disclose and manage potential and actual conflict of interest situations;
- the Tender Review and Contract Risk Management Policy ensures that sales offers, bids, quotations submitted or sales contracts signed by all Nexans subsidiaries are compliant with the Group ground rules, notably the Corruption Prevention Policy;
- the Charter for Responsible Public Advocacy issued end of 2021 which lays down the main commitments applicable to all Nexans employees and in particular those in charge of public advocacy activities.

These Guidelines are applicable to all affiliates and subsidiaries, everywhere Nexans does business.

Training

Nexans has developed a 3 year strategy regarding compliance trainings and has identified key categories of population : (i) online strategy and (ii) offline strategy.

For online trainings, yearly all employees with a Nexans e-mail address – hence top executives, managers and key personnel as well as administrators – are invited to complete compliance e-learnings launched during the annual Compliance Week. These courses are robust trainings on anti-bribery and corruption, conflict of interests, gifts and hospitalities, sponsorship and donations or trade sanctions. The courses may also include reminders on Human Rights, Inclusion & Diversity, Data Privacy or Cybersecurity governing principles.

New joiners are also assigned to the recently developed "Living the Code of Ethics at Nexans" course when joining the Group, to ensure full understanding and adherence to Nexans working principles.

For offline strategy, colleagues working on lines and all over the globe must receive the "Living the Code of Ethics at Nexans", adapted for face-to-face, course.

In addition, high exposure employees as identified by Business Groups in key functions must conduct more in-depth trainings face-to-face. Over a three year period, high exposure employees must therefore follow anti-bribery and corruption, antitrust and trade sanctions trainings.

It has to be stressed that face-to-face trainings can occur as a mitigation measure when a specific issue is identified.

Specific mitigation measures

As part of its continuous improvement process , the Group is currently further enhancing the anti-bribery and corruption risk mapping. A fully digitalized exercise has been launched in 2023 across the Group. This exercise will further allow the Group to ensure robustness of its process to mitigate risk adequately.

As an example, through past risk mapping exercise conducted by the Group, sales representatives were identified as representing a potential anti-bribery and corruption risk. Specific risk mitigation activities, including specific due diligence, have been introduced through a dedicated online platform, enabling the Group to have a centralized tool to mitigate risk that sales intermediaries could represent.

In addition, all relevant employees who find themselves in a potential conflict of interest situation or are politically exposed have an obligation to disclose their situation through a centralized and automated digital tool. The system allows a harmonized management of cases, facilitating second and third level controls.

Furthermore, managers, similarly to new joiners, must sign a compliance certificate pledging to comply with Nexans' Code of Ethics and Business Conduct.

The Group also performs compliance due diligence in the framework of contemplated Merger and Acquisitions transactions so as to be able to identify compliance issues with potential acquisition targets early on.

Finally, in 2023, the Group has further defined its vigilance plan which includes a strengthened compliance due diligence for the categories of purchasers identified as most at risk.

Whistleblowing

Employees are encouraged, through internal communication and trainings, to use the Group's incident report system to raise concerns about any breach of business ethics and anticorruption rules, whether within Nexans or by business partners.

The incident report system is also available, in 17 languages, to anyone outside the Group, by phone, through an application, or remotely through the website www.nexans.com. In addition, a simple search "Nexans alert" on any Internet search engine will direct to the incident report system portal.

Internal controls and internal audit

The implementation of the Group Compliance Program is audited regularly by the Internal Audit Team to ensure robustness of controls. The Group Audit Department also controls compliance with anticorruption rules in the framework of the regular audits of operational entities and performs missions specifically dedicated to anticorruption issues.

4 Financial risks

This paragraph entitled "Financial risks" should be read in conjunction with Note 27 "Financial risks" to the 2023 Consolidated Financial Statements, which also sets out a sensitivity analysis for 2022.

Please also refer to Note 1.F.c to the 2023 Consolidated Financial Statements as well as Note 7 "Net asset impairment", which sets out the assumptions used for the purpose of impairment testing.

Metal price and hedging risk

RISK RANKING

Potential effects for the Group	Main correlated Risks
• Financial impact on EBITDA and financial results	• None

RISK DESCRIPTION

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) as non-ferrous metal represent a significative portion of the cables. For illustration purposes, during the last years 2022 and 2023, the price of copper has been subject to high volatility in a range of 3,000 USD/ton between the lowest and the highest prices. With respect to aluminum and lead, the Group may face lack of liquidity to secure a long term hedging.

Besides, for the sake of illustration, at the end of 2021, the low liquidity on the futures markets for metals generated high volatility on forward quotations and on the renewal of hedges. This phenomenon was probably linked to an increase in the demand. It is currently difficult to know whether this level of liquidity is a cyclical or structural phenomenon.

In the recent years, numerous banks exited the metal market as it mobilized too many resources compared to the level of risk. In 2022, new players strengthened their capacity to offer commodity hedges allowing the Nexans Group to secure access to the metal derivatives market.

RISK MANAGEMENT RESPONSE

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 exchange market. 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 volatility 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 2023 Consolidated Financial Statements.

Interest rate risk

RISK RANKING

Potential effects for the Group	Main correlated Risks
• Financial impact on EBITDA and financial results	• None

RISK DESCRIPTION

Main part external debts (bonds, EIB) approximately 800 million euros are on fix rates. Recent evolution of the economic environment (inflation and interests rates hikes) will have an impact on Group structure financing. A sensitivity analysis concerning changes in interest rates is provided in Note 27.E to the 2023 Consolidated Financial Statements.

RISK MANAGEMENT RESPONSE

This risk is monitored closing by the Group Treasury and Metal Direction with a regular update to Group CFO during the monthly Financing Committee.

The renewal of long term debts will be done through fixed debt (bond or loans) in order to have a limited percentage of gross debt with floating interest rates.

Liquidity risks

RISK RANKING

Potential effects for the Group	Main correlated Risks
• Financial impact on EBITDA and financial results	• None

RISK DESCRIPTION

The Group's main liquidity risk relates to:

- its obligation to repay or redeem its existing debt, primarily corresponding to (i) one issue of bond maturing in 2024, (ii) trade receivables securitization programs used within the Group, (iii) to a lesser extent, short-term debt taken out by a number of the Group's subsidiaries and (iv) commercial papers programs (NEU CP); and
- the Group's future financing requirements (including working capital fluctuations).

RISK MANAGEMENT RESPONSE

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

- extended the maturity of Nexans syndicated loan signed on October 26, 2022 (for an amount of 800 million euros – see Note 27.A to the 2023 Consolidated Financial Statements for further details) to October 2028 and for an amount of 800 million euros; and
- a commercial papers program for an amount up to 600 million euros (see Note 27.A to the 2023 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 2023 Consolidated Financial Statements.

Currency risk

RISK RANKING

Potential effects for the Group	Main correlated Risks
• Financial impact on EBITDA and financial results	• None

RISK DESCRIPTION

The foreign exchange risk to which the Group is exposed is described in Note 27.C to the 2023 Consolidated Financial Statements. Apart from in relation to non-ferrous metal transactions, 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.

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.

RISK MANAGEMENT RESPONSE

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.