Report of the Chairman of the Board of Directors on Corporate Governance and on Internal Control and risk management procedures

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

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

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

It was presented to the Accounts and Audit Committee and approved by the Board of Directors on February 10, 2014.

In compliance with paragraph 9 of Article L.225-37 of the French Commercial Code, it is specified that the disclosures required by Article L.225-100-3 of said Code are included in the Management Report for the year ended on December 31, 2013, presented by the Board of Directors.

Contents

I. Corporate governance

II. Internal control and risk management procedures implemented at Nexans

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 June 2013, (the "**AFEP-MEDEF Corporate Governance Code**"). The AFEP-MEDEF Corporate Governance Code is available on the MEDEF's website (www.medef.fr). Nexans applies all of the recommendations of the Code except for three non-compliances specified in section 7 below.

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, 2013, the Board of Directors comprised 14 members from diverse backgrounds. Members are selected for their expertise and experience in varied fields. The Board included two foreign nationals (i.e., 14% of the Board) and four women, representing 28% of the Board. The Company therefore meets the 20% of women directors' requirement of French Law of January 27, 2011 on equal representation between men and women on Boards of Directors.

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

Pursuant to Article 12 *bis* of the bylaws, one of the members of the Board of Directors is appointed at the Ordinary Shareholders' Meetings, 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.

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

2014 Shareholders' Meeting	Véronique Guillot-Pelpel, François Polge de Combret
2015 Shareholders' Meeting	Robert Brunck, Georges Chodron de Courcel, Nicolas de Tavernost, Cyrille Duval, Hubert Porte[1], Mouna Sepehri
2016 Shareholders' Meeting	Frédéric Vincent, Colette Lewiner, Lena Wujek[2]
2017 Shareholders' Meeting	Jérôme Gallot, Francisco Pérez[1], Andrónico Luksic Craig[1]

1.1 Policy on the composition of the Board of Directors

The Board is committed to promoting the diversity of its members in terms of professional background, nationality and the proportion of women.

[1] Directors proposed by the principal shareholder Invexans (Quiñenco Group), previously called Madeco.
[2] Director and employee shareholder

In accordance with Recommendation 6.3 of the AFEP-MEDEF Corporate Governance Code, the Board discussed its composition and that of its committees at its meeting on January 13, 2014:

- 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 independence rate of more than 61%[3] at the end of 2013 was satisfactory. The Board set itself the objective of maintaining an independence rate of at least 50% in accordance with Recommendation 9.2 of the AFEP-MEDEF Corporate Governance Code.

- With two foreign nationals on the Board at the end of 2013, i.e., more than 14%, an adequate number of international members is also deemed to be on the Board; however, if the opportunity arises, the Board would like to add more international members.

- The proportion of women on the Board, currently more than 28%, must increase in order to reach the 40% legal requirement by 2017.

- Lastly, the Board would like about half the seats to continue to be held by people with experience in industry, and several seats to continue to be held by directors with experience in the energy sector.

The Board considered the composition of the Committees of the Board of Directors to be adequate in the light of the Company's organization, procedures and objectives.

1.2 Members of the Board of Directors

At the Annual Shareholders' Meeting held on May 14, 2013, Nexans' shareholders re-elected as directors Jérôme Gallot and Francisco Pérez Mackenna, proposed by Nexans' principal shareholder Invexans (Quiñenco Group), in accordance with the shareholders' agreement between Nexans and Invexans. The shareholders also appointed Andrónico Luksic Craig, proposed by Invexans (Quiñenco Groupe) to replace his brother, Guillermo Luksic Craig. Finally, the term of office of a director, Gianpaolo Caccini, expired, and he was not proposed for re-election.

At December 31, 2013, the members of the Board of Directors were as follows:

Frédéric Vincent **Chairman and CEO**	59 years old, French nationality
	8 rue du Général Foy, 75008 Paris, France
Number of shares held	20,270 (including 1,140 held by his wife)
Number of corporate mutual fund units invested in Nexans shares	4,410 (value of one unit = value of one share)
First appointed as a director	April 10, 2008
Appointment as Chairman and CEO	April 3, 2009 (taking effect on May 26, 2009) Renewal on May 15, 2012.
Expiration of current term	2016 Annual Shareholders' Meeting

3 Independence rate calculated without counting the director who is an employee shareholder, in accordance with Recommendation 9.2 of the AFEP-MEDEF Corporate Governance Code.

Expertise/Experience	In 1986, Frédéric Vincent joined Alcatel after working for a major auditing firm from 1978 to 1985. He moved to Alcatel's Cables and Components sector in 1989 and in 1994 was appointed Deputy Managing Director (Administration and Finance) for Alcatel's submarine telecommunications activities, and in 1997, for Saft, Alcatel's batteries activity. He became Nexans' Chief Financial Officer and a member of the Executive Committee in 2000, was appointed Chief Operating Officer in 2006 and was elected as a director on April 10, 2008. He has been Chairman and CEO of Nexans since May 26, 2009.

Robert Brunck
Director

64 years old, French nationality

Chairman of the Board of Directors of CGG
Tour Maine-Montparnasse
33, avenue du Maine, B.P. 191
75755 Paris Cedex 15, France

Number of shares held	500
First appointed as a director	May 31, 2011
Expiration of current term	2015 Annual Shareholders' Meeting
Expertise/Experience	Robert Brunck began his career at the Compagnie Générale de Géophysqiue (CGG) in 1985. He was named Deputy Executive Officer in 1987, Chief Financial and Legal Officer in 1989, and Vice President of Administration and Development in 1991. In 1995, Robert Brunck was appointed CEO of CGG, and subsequently Vice Chairman and CEO and Director in September 1998, and Chairman and CEO on 20 May 1999. Upon acquisition of Veritas on January 12, 2007, CGG became the Compagnie Générale de Géophysique-Veritas (CGGVeritas), where he was appointed Chairman and Chief Executive Officer then Chairman of the Board of Directors. CGGVeritas became CGG at the beginning of 2013. He also holds several offices at a number of academic and professional organizations, such as the Centre Européen d'Education Permanente (CEDEP), the Ecole Nationale Supérieure de Géologie (ENSG) and the Bureau of Geological & Mining Research (BRGM).

Georges Chodron de Courcel
Director

63 years old, French nationality

Chief Operating Officer of BNP Paribas
Member of the Executive Committee
3 rue d'Antin, 75002 Paris, France

Number of shares held	500
First appointed as a director	June 15, 2001
Expiration of current term	2015 Annual Shareholders' Meeting
Expertise/Experience	Georges Chodron de Courcel joined BNP in 1972. After holding several management positions, he became Deputy CEO in 1993, then Managing Director in 1996. From 1999 to 2003 he was a member of the Executive Committee and Head of the Finance and Investment

Bank of BNP Paribas and has held the post of Chief Operating Officer of the Group since 2003.

Cyrille Duval
Director

	65 years old, French nationality General Secretary of Eramet Alliages (Alloys division of Eramet Group) Tour Maine-Montparnasse 33, avenue du Maine 75755 Paris Cedex 15, France
Number of shares held	713
First appointed as a director	May 31, 2011
Expiration of current term	2015 Annual Shareholders' Meeting
Expertise/Experience	Cyrille Duval became Chief Administrative and Financial Director of Aubert et Duval (a subsidiary of Eramet) in 2004, and has served as General Secretary of Eramet's alloys division since 2007. Cyrille Duval was also appointed director and member of the Finance Committee of Metal Securities (Eramet's centralized cash management company) in 2005 and director of Comilog (main mining subsidiary of Eramet's manganese business) in 2006.

Jérôme Gallot
Director

	54 years old, French nationality Advisor to the Chairman of Veolia Environnement 32 boulevard Gallieni, 92130 Issy les Moulineaux, France
Number of shares held	920 (jointly with his wife)
First appointed as a director	May 10, 2007
Expiration of current term	2017 Annual Shareholders' Meeting
Expertise/Experience	After serving as an Auditor at the Cour des Comptes for three years, between 1989 and 1992, Jérôme Gallot worked for the General Secretariat of the French Inter-Ministerial Committee on European Economic Cooperation, after which he joined the French Budget Directorate. He was successively Chief of Staff at the Ministries of Industry, Post, and Telecommunications, International Trade, and Public Services, before becoming Chief of Staff for the Deputy Finance Minister (1993 to 1997). Between 1997 and 2003 he served as Director General of the Department of Competition, Consumer Affairs, and Anti-Fraud Division within the French Ministry of the Economy, Finance, and Industry and was subsequently named Senior Executive Vice President and member of the Executive Committee of Caisse des Dépôts and Consignations. He was Chairman of CDC Entreprises from 2006 to March 2011. Additionally, he has been a member of the Executive Committee of Fonds Stratégique d'Investissement (FSI, which became BPIfrance Participations). He also served as Chief Executive Officer of Veolia Transdev from March 2011 to December 2012, and is now Advisor to the Chairman of Veolia Environnement.

Véronique Guillot-Pelpel

Nexans

Director	63 years old, French nationality Judge at the Paris Commercial Court 8 rue de Tocqueville, 75017 Paris, France
Number of shares held	3,885
Number of corporate mutual fund units invested in Nexans shares	3,554 (value of one unit = value of one share)
First appointed as a director	May 25, 2010
Expiration of current term	2014 Annual Shareholders' Meeting
Expertise/Experience	From 1971 to 1990, Véronique Guillot-Pelpel held various public relations positions and went on to become Head of Communications of the BASF Group and La Compagnie Bancaire. In 1990, she joined Paribas as Head of Communications, and then in 1997 she became Head of Human Resources and Communications and a member of the Paribas Group's Executive Committee. She joined the Nexans Group in 2000 as Head of Communications and held the position of Head of Human Resources and Communications from 2006 to 2008. She was a member of Nexans' Executive Committee from October 2001 until she left the Group in 2008. Véronique Guillot-Pelpel is a judge at the Paris Commercial Court.

Colette Lewiner **Director**	68 years old, French nationality *Advisor to the Chairman* Cap Gemini Tour Europlaza – La Défense 4 20 avenue Andre Prothin 92927 Paris La Défense, Cedex, France
Number of shares held	1,600
First appointed as a director	June 3, 2004
Expiration of current term	2016 Annual Shareholders' Meeting
Expertise/Experience	Following several years of physics research and university lecturing (Maître de conférences at the University of Paris VII), Colette Lewiner joined Electricité de France in 1979 where she set up the Development and Commercial Strategy Department in 1989. She was appointed Chair and Chief Executive Officer of SGN-Réseau Eurysis in 1992, before joining Cap Gemini in 1998 to set up the International Utilities Department. After Cap Gemini's merger with Ernst & Young, she was made Head of the extended Energy, Utilities & Chemicals Department. In 2004, she also set up the Global Marketing Department of Cap Gemini which she managed until 2007. In September 2010, in addition to her role at Cap Gemini, Colette Lewiner became non-executive Chair of TDF. In July 2012, she became Advisor to the Chairman of Cap Gemini on "Energy and Utilities" matters. She is a director of several major industrial groups, including Lafarge, Eurotunnel, Bouygues and TGS-NOPEC Geophysical Company ASA, in addition to, as of January 28, 2013, the Indian industrial group Crompton Greaves.

Andrónico Luksic Craig	59 years old, Chilean nationality

Director proposed by Invexans (Quiñenco Group)	Chairman of the Board of Directors of Quiñenco Enrique Foster Sur 20, piso 15, Las Condes Santiago, Chile
Number of shares held	500
First appointed as a director	May 14, 2013
Expiration of current term	2017 Annual Shareholders' Meeting
Expertise/Experience	Andrónico Luksic Craig is currently Chairman of the Board of Directors of Quiñenco, one of the main conglomerates in Chile, and has been a member of the Board of Directors since 1978. He holds several offices within the companies of the Quiñenco Group. Since 2002, he has served as Vice Chairman of the Board of Directors of Banco de Chile, one of the main financial institutions in Chile. Also, within the Quiñenco Group, he is Chairman of the Board of Directors of LQ Inversiones Financieras, Chairman of the Management Board of Compañia Cervecerías Unidas (CCU), and Vice Chairman of the Board of Directors of Compañia Sudamericana de Vapores (CSAV) and a member of the Board of Directors of Madeco and Antofagasta Minerals Plc. Outside the Quiñenco Group, Andrónico Luksic Craig has non-executive duties within Barrick Gold as a member of the International Advisory Board. He is also an active member of several leading organizations and advisory boards, both in Chile and internationally, including the Federation of Chilean Industry (*Sociedad de Fomento Fabril* – SOFOFA), the Chile-Pacific Foundation, the International Business Leaders' Advisory Council of the municipality of Shanghai, the Brookings Institution and the APEC Business Advisory Council. Andrónico Luksic Craig is extremely committed to education. He helps manage the educational foundation that he created and takes part in consultative committees for Harvard University, MIT, the University of Oxford, Tsinghua University, Fudan University and Babson College.

Francisco Pérez Mackenna

Director proposed by Invexans (Quiñenco Group)	55 years old, Chilean nationality Chief Executive Officer of Quiñenco Enrique Foster Sur 20, piso 14, Las Condes Santiago, Chile
Number of shares held	100
First appointed as a director	May 31, 2011
Expiration of current term	2017 Annual Shareholders' Meeting
Expertise/Experience	Francisco Pérez Mackenna has served as Chief Executive Officer of the Chilean company Quiñenco S.A. since 1998. He is also a director of some Quiñenco group companies, including Banco de Chile, Madeco, CCU (Compañía Cervecerías Unidas S.A.), CSAV (Compañía Sud Americana de Vapores), SAAM (Sudamericana Agencias Aéreas y Marítimas S.A) and ENEX (Empresa Nacional de Energía Enex S.A.). Before joining Quiñenco, between 1991 and 1998 Francisco Pérez Mackenna was Chief Executive Officer of CCU. He is also on the consultative board of the Booth School of Business at the University of Chicago (USA) and of the EGADE Business School

of the Monterrey Institute of Technology (Mexico). Francisco Pérez Mackenna teaches at the Catholic University of Chile.

François Polge de Combret
Director

72 years old, French nationality

Chemin des Ramiers 8
1009 Pully, Switzerland

Number of shares held	500
First appointed as a director	May 15, 2006
Expiration of current term	2014 Annual Shareholders' Meeting
Expertise/Experience	François Polge de Combret was Advisor to the Cour des Comptes before being appointed Advisor for economic and industrial affairs under Valéry Giscard d'Estaing (1971-1978), first at the French Ministry of Finance and the Economy, then to the President of the Republic. He subsequently served as the President's Deputy General Secretary between 1978 and 1981. He joined Banque Lazard in 1982, spending three years based in New York before being appointed a managing partner of the bank in Paris in 1985. In 2006 he left Banque Lazard to become a Senior Advisor at UBS then at Calyon (Crédit Agricole CIB) from 2010 to 2011.

Hubert Porte

Director proposed by Invexans (Quiñenco Group)

49 years old, French nationality

Executive Chairman of Ecus Administradora General de Fondos S.A.
Magdalena 140, Oficina 501
Las Condes
Santiago, Chile

Number of shares held	571
First appointed as a director	November 10, 2011
Expiration of current term	2015 Annual Shareholders' Meeting
Expertise/Experience	Hubert Porte is Executive Chairman of the management company Ecus Administradora General de Fondos SA, which was founded in 2004 and is dedicated to investments in Chile through private equity fund Axa Capital Chile and Ecus Agri-Food. He is Chairman of the Board of Directors of the Chilean companies Albia and Green Pure, and is a director of Loginsa and Vitamina. He is also general partner of Latin American Asset Management Advisors Ltd (LAAMA), also founded in 2004 which is the exclusive distributor for Chilean and Peruvian pension funds of Axa Investment Managers' mutual funds and for which LAAMA currently manages US$3 billion.

Mouna Sepehri

Director

50 years old, French nationality

	Executive Vice-President, Office of the CEO of Renault 13-15 quai le Gallo 92513 Boulogne Billancourt Cedex, France
Number of shares held	716
First appointed as a director	May 31, 2011
Expiration of current term	2015 Annual Shareholders' Meeting
Expertise/Experience	Mouna Sepehri holds a law degree and is a member of the Paris Bar. She began her career in 1990 as an attorney in Paris and then New York, where she specialized in Mergers & Acquisitions and International Business Law. Mouna Sepehri joined Renault in 1996 as Deputy General Counsel. She helped drive Renault's strong international growth and was involved in the Renault-Nissan Alliance from its founding in 1999 as a member of the team that negotiated the partnership. In 2007, Mouna Sepehri joined the Office of the CEO where she was in charge of managing the Cross-Functional Teams. In 2009, she was appointed Executive Vice President of the Renault-Nissan Alliance and Secretary of the Board of the Renault-Nissan Alliance. She also became a member of the steering committee in charge of the Alliance's cooperation with Daimler in 2010. In this role, she was in charge of developing Alliance synergies, coordinating strategic cooperation and conducting new projects. On April 11, 2011, she became a member of the Renault Group Executive Committee as Executive Vice-President at the Office of the CEO. She oversees the following areas: the Legal Department, the Public Affairs Department, the Communications Department, the Corporate Social Responsibility Department, the Real Estate and Facilities Department, the Prevention and Protection Department, the Cross-Functional Teams Department and the Program for Business Efficiency of Operating Costs. In 2012, she was appointed as a member of the Board of Directors of Danone and a member of the Supervisory Board of M6.

Nicolas de Tavernost
Director

	63 years old, French nationality
	Chairman of the Management Board of the M6 Group 89, avenue Charles de Gaulle, 92575 Neuilly Cedex, France
Number of shares held	501
First appointed as a director	May 10, 2007
Expiration of current term	2015 Annual Shareholders' Meeting
Expertise/Experience	Nicolas de Tavernost began his career in 1974 as head of mission for the French Ministry of International Trade (Commerce Extérieur). He was later appointed as head of mission for the Secretary of State for Post and Telecommunications in 1977. He joined Lyonnaise des Eaux in 1986 as Director of AudioVisual Operations. He has been Managing Director of M6 since it was formed in 1987, and was appointed Chairman of the Management Board of the M6 Group in 2000.

Lena Wujek
Director and employee

38 years old, French nationality

shareholder

	Employee of Nexans France Member of the Supervisory Board of FCPE Actionnariat Nexans (employee mutual fund) Legal Counsel
Number of shares held	16
Number of corporate mutual fund units invested in Nexans shares	110 (value of one unit = value of one share)
First appointed as a director	May 15, 2012
Expiration of current term	2016 Annual Shareholders' Meeting
Expertise/Experience	Lena Wujek holds degrees in business and in law. She has worked for the Nexans Group since 2008 and serves as Legal Counsel in the areas of company law and securities law. Before joining Nexans, for seven years she worked as an attorney with the Paris Bar for the law firm Cleary Gottlieb Steen & Hamilton LLP, where she focused primarily on international financial transactions. She is a member of the Supervisory Board of FCPE Actionnariat Nexans.

Pursuant to Article 11 of the bylaws, all directors must own 10 shares. Such principle is respected by all directors. Furthermore, the Directors' Charter adopted by the Board of Directors (appended to the Internal Regulations and published on the Company's website) states that each Board member should own at least 500 shares, a condition fulfilled by almost all directors, and which does not apply to the director who is an employee shareholder. The Board of Directors therefore considers that the directors (who are not employees) comply with the recommendation of the AFEP-MEDEF Corporate Governance Code according to which each director must own a significant number of shares in view of the directors' attendance fees received.

On July 24, 2013, in accordance with the recommendation of the Appointments, Compensation and Corporate Governance Committee, the Board of Directors has set to 15,000 the number of shares to be held by the Chairman and CEO to meet the objective prescribed by Recommendation 23.2.1 of the AFEP-MEDEF Corporate Governance Code. Pursuant to this decision, the Chairman and CEO increased its number of shares to 23,540 (directly or indirectly owned) at the end of 2013, which corresponds to the number prescribed by the Board of Directors. It is noted that the Chairman and CEO has held a consistently increasing number of the Company' shares since his first appointment on 2009. Moreover, the Chairman and CEO has non-exercised options and non fully vested performance shares that are subject to an obligation to retain and to purchase shares.

(See section 7.1 of the 2013 Management Report for the list of corporate offices and positions held by the corporate officers during 2013 as well as the list of the corporate offices ended during the last five years).

1.3 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 Annual Report.

As part of its annual review, on January 13, 2014 the Board of Directors examined the individual status of each of its members in light of the independence criteria defined by Recommendation 9.4 of the AFEP-MEDEF Corporate Governance Code and implemented within Article 1 of the Internal Regulations of the Board of Directors, and confirmed the characterization previously used, as such that:

- The following directors are independent: (1) Robert Brunck, (2) Cyrille Duval, (3) Jérôme Gallot, (4) Véronique Guillot-Pelpel, (5) Colette Lewiner, (6) François Polge de Combret, (7) Mouna Sepehri and (8) Nicolas de Tavernost.

  Jérôme Gallot, who is bound by an agreement with Bpifrance Participations (previously Fonds Stratégique d'Investissement), is deemed independent provided that Bpifrance Participations owns less than 10% of the share capital and voting rights of the Company and does not have an controlling interest. On July 16, 2013, Véronique Guillot-Pelpel had no longer been exercising her management duties within the Group for five years, and could therefore, under strict application of the criteria set out by the AFEP-MEDEF Corporate Governance Code, be recharacterized as an independent director as of this date. Noting also that Véronique Guillot-Pelpel's previous connection with the Group did not compromise her independent judgment, the Board considered that she could be recharacterized as an independent director as of July 2013.

- The following directors are not independent: (1) Frédéric Vincent, in view of his position as Chairman and CEO; (2) Georges Chodron de Courcel; (3) Andrónico Luksic Craig, (4) Francisco Pérez Mackenna and (5) Hubert Porte, as these last three directors were proposed by the principal shareholder Invexans (Quiñenco Group)[4]; and (6) Lena Wujek, as an employee of the Group.

  Georges Chodron de Courcel was characterized as non-independent due to his position within BNP Paribas, with which the Group has business relations. These relations were considered "significant" in 2013 in view of BNP Paribas' role leading the global coordination of bank advisory services within the scope of the share issue with pre-emptive subscription rights for existing shareholders carried out on November 8, 2013, even though the Group maintains significant relationships with other banking institutions.

At December 31, 2013, eight of Nexans' thirteen[5] directors were therefore independent, representing an independence rate of more than 61%. This exceeds the proportion of 50% recommended by the AFEP-MEDEF Corporate Governance Code for widely held companies and the rule applied by the Board in its Internal Regulations.

2. Operation and work of the Board of Directors

2.1 Board decisions, Internal Regulations and Code of Ethics

The Board of Directors adopted Internal Regulations in 2003. Their purpose is to supplement legal and regulatory rules and the Company's bylaws by setting out detailed operating procedures for the Board and its Committees and the duties of directors, particularly in light of the corporate governance principles contained in the AFEP-MEDEF Corporate Governance Code, which serves as the Company's reference framework. The Board's Internal Regulations contain an appendix on the "Principles governing Nexans' policy concerning the compensation

[4] Previously Madeco.
[5] Independence rate calculated without counting the director who is an employee shareholder, in accordance with Recommendation 9.2 of the AFEP-MEDEF Corporate Governance Code amended in June 2013.

of executive corporate officers." It is published in its entirety on the Company's website.

The Internal Regulations are updated regularly. They were updated on May 15, 2012 regarding expanding the scope of the Appointments and Compensation Committee with regard to corporate governance issues, defining management rules about potential conflicts of interest, and setting out the conduct expected of the directors in a Directors' Charter which is appended to the Board's Internal Regulations. It was subsequently supplemented in March 2013 with the creation of the Strategy Committee.

Following the publication of the AFEP-MEDEF Corporate Governance Code amended in June 2013, on July 24, 2013 the Board decided to update the Internal Regulations, in particular in order to add that every year the Board of Directors discusses the assessment of the performance of executive corporate officers, without the presence of executive or internal Board members (in accordance with Recommendation 10.4 of the amended AFEP-MEDEF Corporate Governance Code) and to provide additional information about the responsibilities of the Accounts and Audit Committee and the Appointments, Compensation and Corporate Governance Committee. This amendment also led to the adoption of a rule regarding the consultation of shareholders for the individual compensation of executive corporate officers, set out in an appendix to the Internal Regulations.

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.

These regulations also cover:
- information provided to the directors;
- the internal regulations of the Board Committees;
- rules governing stock option and performance share plans.

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

2.2 Board meetings in 2013

Board meetings are called in accordance with the applicable laws, the Company's bylaws and the Board's Internal Regulations.

The Board met nine times in 2013, sometimes without the presence of executive or internal Board members in accordance with Recommendation 10.4 of the AFEP-MEDEF Corporate Governance Code, with an average annual attendance rate of over 93%[6].

The number of 2013 meetings attended by each Board member as of the end of 2013 is indicated in the table below[7]:

Director	**Number of meetings attended**
Frédéric Vincent	9
Robert Brunck	9
Gianpaolo Caccini*	3
Georges Chodron de Courcel	9
Cyrille Duval	9
Jérôme Gallot	9
Véronique Guillot-Pelpel	8
Colette Lewiner	9
Andrónico Luksic Craig**	4
Francisco Pérez	9
François Polge de Combret	8
Hubert Porte	9
Mouna Sepehri	8
Nicolas de Tavernost	8
Lena Wujek	9

** Director whose term of office expired and was not presented for re-election in May 2013.*
*** Director whose office started on May 14, 2013.*

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 2013 were as follows:

Monitoring the Group's key strategic areas and activities:	- Review of strategic plan and of certain initiatives - External growth projects and review of various opportunities - Review of business performance
The Group's financial position, including cash flow and commitments:	- 2013 budget - Adoption of the management report on the operations and results of the Nexans Group and its parent company - Approval of the parent company and consolidated financial statements for the year ending on December 31, 2012 and the six months ending on June 30, 2013, after hearing the presentation of the Statutory Auditors and the report of the Chairman of the Accounts and Audit Committee - Presentations on business trends and the financial and net debt position of the Company and the Group and reports by the Chairman of the Accounts and Audit Committee on topics reviewed by the Committee

[6] Annual attendance rate determined based on the number of directors in office present at the Board meeting in question.

[7] It should be noted that the table above does not include Guillermo Luksic Craig, the director who passed away at the beginning of 2013, and only attended one meeting on January 14, 2013.

	- Review and approval of press releases on the annual and interim consolidated financial statements - Review of the Australian subsidiary
Executive Management and compensation:	- 2012 performance review and compensation and benefits of the CEO - Quantitative objectives for 2013 used as a basis for determining the variable compensation payable to the CEO and Group senior managers - Long-term compensation policy for Group senior managers - Performance share and free share plan - Adjustment of stock option or performance share plans following the share issue carried out on November 8, 2013
Corporate governance:	- Self-assessment of the Board and its committees - Launch (end-2013) of a self-assessment of the Board - Adoption of the Chairman's Report on Corporate Governance and on Internal Control and risk management procedures - Re-election and appointment of directors - Creation of the Strategy Committee and decision regarding its composition - Characterization of the independence of directors - Update of the Board's Internal Rules following the creation of the Strategy Committee and following the publication of the AFEP-MEDEF Corporate Governance Code amended in June 2013 - Internal Audit report
Market transactions:	- Share issue with pre-emptive subscription rights for existing shareholders
Other:	- Notice of the Annual Shareholders' Meeting - Review of antitrust investigations - Presentation of the metallurgy business - Review of the cost-savings plan

Reports are also presented to the Board of Directors on a regular basis by the Management Committee and the various managers in charge of corporate departments.

At the end of September 2013, directors were able to visit the Lens plant in France. They were given a presentation of the metals strategy for the entire Group, as well as a presentation of the plant along with a guided tour of the production facility and the research center.

2.3 The Board Committees

In July 2001, the Board of Directors set up the Accounts and Audit Committee and the Appointments and Compensation Committee, whose purview was extended in 2012 to cover corporate governance. Following the appraisal of the Board conducted at the end of 2012, the Board decided in early 2013 to set up a Strategy Committee.

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

2.3.1 The Accounts and Audit Committee

At December 31, 2013, the Accounts and Audit Committee comprised the following three members, who are all non-executive directors:

Georges Chodron de Courcel	Chairman
Cyrille Duval	Member
Jérôme Gallot	Member

In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code, the independence rate of this Committee, as appreciated on the basis of the annual review of independence characterization of directors conducted beginning 2013, was of two-thirds, as Mr. Chodron de Courcel had been characterized as non-independent.

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

- Georges Chodron de Courcel, with extensive experience in finance positions since joining the BNP Paribas Group in 1972 and as Chief Operating Officer of BNP Paribas since 2003 and head of the Finance and Investment Bank.

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

- Cyrille Duval, in view of the range of financial positions he has held at Aubert et Duval and Eramet Group, and his current duties as General Secretary of Eramet Alliages.

The Chairman of the Accounts and Audit Committee was characterized as non-independent in view of the criteria set forth in the AFEP-MEDEF Corporate Governance Code. However, the Company considered that his extensive professional experience, his excellent knowledge of the Group and his active contribution to the Accounts and Audit Committee since its setup in 2001 fully justify its decision to elect him as Chairman of this Committee.

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

In accordance with law and the Board of Directors' Internal Regulations, the main roles and responsibilities of the Accounts and Audit Committee are as follows:
- It examines the accounts and ensures the relevance and continuous application of the accounting methods used by the Company for its corporate and consolidated accounts.
- It monitors the process of preparing the financial information, the effectiveness of internal control and risk management systems and the independence of external auditors.

The Committee also:

- oversees the scope of consolidated companies, the presentation to the Committee of a description of internal procedures for identifying off-balance sheet commitments and risks,
- examines the work of the Internal Audit Department,
- participates in the selection of Statutory Auditors and defines the rules for using the auditors' networks for non-audit related engagements, and
- may carry out specific studies, for which purpose it can contact the Company's senior level managers and report its findings to the Board.

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

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

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

The Accounts and Audit Committee met three times in 2013, with an attendance rate of 100% at all meetings. The meetings were also attended by the Chief Financial Officer, the Head of Internal Audit and Nexans' Statutory Auditors.

In 2013, the Committee discussed the following main issues:

Financial information:	- Presentation of the annual and interim financial statements by the Finance Department, review of provisions for disputes - Presentation by the Statutory Auditors on their work - Status report on the action plans undertaken to limit the risks related to pension and other retirement benefit obligations - Press releases on annual and interim earnings
Internal audit and risk management:	- Presentation by the Head of Internal Audit of the activity report for 2012 and a status report on the 2012-2013 internal audit plan, follow-up on the measures taken, submission of the 2013-2014 internal audit plan for approval - Review of the "Risk factors" section of the 2012 management report - Review of Chairman’s Report on Corporate Governance and Internal Control and risk management procedures - Review of material risks and off-balance sheet commitments - Review of risk management procedures - Review of the Australian subsidiary - Review of antitrust investigations
Other:	- Appointment of KPMG to verify extra-financial data - Pensions in Norway

Nexans

2.3.2 The Appointments, Compensation and Corporate Governance Committee

At the end of year 2013, the Appointments, Compensation and Corporate Governance Committee comprised the following five members, who are all non-executive directors:

Robert Brunck	Chairman
Jérôme Gallot	Member
Véronique Guillot-Pelpel[8]	Member
François Polge de Combret	Member
Francisco Pérez (*)	Member

(*) The appointment of Francisco Pérez Mackenna to the Appointments, Compensation and Corporate Governance Committee falls within the scope of the commitments undertaken by the Company in the agreement signed with Invexans (Quiñenco Group)[9] on March 27, 2011.

On the basis of the annual review of the characterization of independence of directors conducted beginning 2014, the proportion of independent members on the Appointments, Compensation and Corporate Governance Committee amounted to 80% taking into account the characterization of Francisco Pérez Mackenna as non-independent. Thus the independence rate of this Committee exceeded the recommendations of the AFEP-MEDEF Corporate Governance Code and the Board's Internal Regulations, which call for a proportion of at least 50%.

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

- It proposes candidates to the Board of Directors for the appointment of new Board members and corporate officers, for cooptation or proposal to the Shareholders at the Annual Shareholders' Meeting.
- It examines the determination of independence of each Board member subject to the Board of Directors' final decision.
- It formulates a proposal to submit for the Board's decision regarding the fixed and variable portions of the Executive Director's compensation based on short- and medium-term strategy and market practices, and it reviews the termination benefits.
- It examines the policy concerning stock option or performance share plans (the frequency, persons concerned and amount), which it proposes to the Board of Directors, and gives its opinion to the Board on plans proposed by Management.

The assignments undertaken by the Committee were extended in May 2012 to corporate governance involving the Board of Directors and to examine any issues related to the application of the Directors' Charter and, in particular, conflicts of interest.

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

During 2013, the Appointments, Compensation and Corporate Governance Committee met five times with a total average attendance rate of 96%.

[8] Since March 20, 2013, to replace Gianpaolo Caccini whose term of office as a director expired on May 14, 2013 and whose re-election was not proposed to the shareholders.
[9] Previously Madeco.

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

Directors	- Review of terms of office expiring at the 2013 Shareholders' Meeting - Renewal of the terms of office of two directors - Appointment of a new director representing Invexans (Quiñenco Group) - Characterization of the independence of Board members - Composition of committees
Compensation	- Variable portion of the Chairman and CEO's compensation paid for 2012 - Chairman and CEO's compensation in 2013: fixed and variable portions (examination of the calculation methods used for Group and individual performance objectives) - Long-term compensation policy for Group senior managers: Terms of Long-Term Compensation Plan No. 12 – Conditions applicable to the Chairman and Chief Executive – Approval of beneficiaries - Acknowledgment of achievement of the performance conditions for vesting of stock options granted under Long-Term Compensation Plans No. 8 and No. 9 - Acknowledgment early 2013 of the achievement rate for the Group's quantitative objectives used to determine the Chairman and CEO's termination benefits applicable under the first mandate of Chairman and CEO - Rules for the breakdown of directors' fees - Adjustment of free stock option or performance share plans following the share issue with pre-emptive subscription rights for existing shareholders carried out on November 8, 2013
Other	- Results of the Board's appraisal conducted for 2012 - Launch of the Board's self-assessment for 2013 - Creation of a Strategy Committee - Review of the Internal Regulations following the publication of the AFEP-MEDEF Corporate Governance Code amended in June 2013 - Review, given a possible conflict of interest, of plans to enter into agreements with BNP Paribas within the scope of the share issue carried out on November 8, 2013 - Succession plan for members of the Management Council (previously called the Executive Committee)

2.3.3 The Strategy Committee

At the end of 2013 the Strategy Committee had five members, who are all non-executive directors:

Frédéric Vincent	Chairman
Robert Brunck	Member
Jérôme Gallot	Member
Colette Lewiner	Member
Francisco Pérez	Member

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

- The three-year strategic plan (through a preliminary review before the strategic plan is presented to the Board of Directors), and in particular, any change to the scope of the businesses (discontinuing significant operations or expanding into significant new segments);

- Annual follow-up on the progress of some of the most important strategic initiatives;

- Any recommendations from independent consultants hired by the Company to develop plans or strategic initiatives; and

- Strategic considerations related to major mergers, acquisitions, divestments and/or industrial investments which are reviewed by the Board of Directors in accordance with the Board's Internal Regulations.

During 2013, the Strategy Committee met twice with an attendance rate of 100%. The Committee reviewed the 2013-2015 strategic plan, the recommendations issued by an independent consulting firm on the strategic plan, as well as several other specific strategic initiatives. Presentations were made to the Committee by several senior managers from the Group and representatives from an independent consulting firm. The Head of Strategy and Development attended the Committee's three meetings.

2.4 Directors' training

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

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

The Board's appraisal of 2011 led to improving the process for taking on new directors and several types of training sessions for new directors, including a general training session during which members of the management team and representatives from the main corporate departments present the Nexans Group, its manufacturing businesses, strategy, financial and accounting matters, stock market information, corporate governance and human resources.

In the continuous improvement of their knowledge of the Group, directors are given regular presentations by the main representatives from the corporate departments or geographic areas and participate in an annual on-site meeting (see section 2.2 above on the on-site visit organized at the end of September 2013).

In accordance with Recommendation 13 *in fine*, of the AFEP-MEDEF Corporate Governance Code, the director who is an employee shareholder took several internal training courses in 2013 offered by Nexans University, through e-learning and training modules led by experts from the Group, on topics related the Group's business and its challenges, for example on supply chain management.

2.5 Evaluation of the Board of Directors

An annual appraisal procedure has been set up since 2003 concerning the Board's operating procedures, composition and organization. This appraisal is carried out to assess the contribution and involvement of directors, and to ensure that significant issues are properly prepared, dealt with and discussed at Board meetings.

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

At the end of 2012, the Board conducted a self-assessment of its organization and procedures that was reviewed and discussed by the Board on February 6, 2013. The proposals made were implemented: review of the succession plan, follow-up on sales achievements and failures, and more thorough information on the Company's markets and competitors. At its meeting on February 6, 2013, the Board also decided to create a Strategy Committee.

An appraisal questionnaire was given to the directors at the end of 2013 and was discussed by the Appointments, Compensation and Corporate Governance Committee and then by the Board of Directors at the beginning of 2014. This appraisal highlighted directors' positive evaluation of Nexans' governance, in particular as regards the balance and independence of the Board with respect to the Chairman and CEO, as well as the effectiveness of the Board's meetings and the quality of the discussions. Suggested areas of improvement included an in-depth presentation of the analysis of certain matters prepared by the committees and a greater focus on certain matters by the Board, for example R&D policy and the competitive environment.

3. Management Structure

In accordance with Article L.225-25-1 of the French Commercial Code and given in particular the evaluation of Board governance led by an external consultant at the end of 2011, the Board of Directors decided to continue a non-separation of functions by renewing Frédéric Vincent’s term as Chairman of the Board and Chief Executive Officer of Nexans.

The Company adopted this management approach of combining the functions of Chairman and CEO when it was first floated in 2001, as it is a structure suited to the Company's operating and organizational procedures and its effectiveness has been demonstrated. The combination of functions enables Nexans to maintain a direct link between strategy and operations in a highly competitive and fast-changing environment, and to optimize the decision-making process. Additionally, the Group’s industrial activity organized along a long-term cycle of investments does not justify putting in place additional controls consistent with dissociating these functions.

Furthermore, the fact that the majority of Nexans’ directors and Board Committee members are independent, as well as the limits imposed on the CEO’s powers by the Internal Regulations of the Board, and the powers given to the Chairman of the Appointments, Compensation and Corporate Governance Committee and the Chairman of the Accounts and Audit Committee (in particular the power to call Board meetings), provides the necessary assurances that its management structure complies with good corporate governance practices.

The decision-making power of the Chairman and CEO is limited in particular for the transactions or decisions that require, pursuant to the Board's Internal Regulations, prior approval by the Board (in particular relating to mergers, acquisitions and financing proposals representing a unit value of over 50 million euros). The Board of Directors has not placed any other restrictions on the powers of the Chairman and CEO than those imposed by the law and by the Internal Regulations of the Board[10].

This organization is also part of the efforts to strengthen Executive Management in July 2013 with the arrival of a Chief Operating Officer responsible for all of the Group's operating business and who reports to the Chairman and CEO, with whom he works in close collaboration.

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 was formally set out in May 2012 in a Directors' Charter which is appended to the Board's Internal Regulations.

Corporate officers (directors) are not subject to any restrictions concerning the sale or transfer of their shares, with the exception of rules applicable to insider trading and, if regarding the Chief Executive Officer, the holding period applicable to a portion of the shares held on exercise of stock options and to a portion of the performance shares acquired, subject to decision of the Board. A table detailing transactions in Nexans shares carried out by corporate officers during 2013 is provided in section 7.2 of the 2013 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 (Shareholder's Meeting) 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 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.

6. Compensation and benefits paid to corporate officers

Nexans' corporate officers are the fourteen members of the Board of Directors at December 31, 2013. Frédéric Vincent, as Chairman and CEO, is Nexans' sole executive corporate officer at December 31, 2013.

The principles and rules approved by the Board of Directors for determining the compensation and benefits payable to the Company's corporate officers are described in section 7.3

[10] It is noted that there is no statutory limitation to the Chairman and CEO's powers.

(Compensation of directors) and section 7.4 (Compensation and benefits of the Chairman and CEO) of the 2013 Management Report. The Board's Internal Regulations contain an appendix on Nexans' policy concerning the compensation of executive corporate officers based on the recommendations set out in the AFEP-MEDEF Corporate Governance Code.

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

In accordance with Recommendation 24.3 of the AFEP-MEDEF Corporate Governance Code and the Board's Internal Regulations, the compensation of the executive corporate officer will be reviewed and subject to an advisory vote at the Shareholders' Meetings on May 15, 2014.

7. Application of the AFEP-MEDEF Corporate Governance Code

The Company considers that it applies all of the recommendations of the AFEP-MEDEF Corporate Governance Code based on the implementation deadlines for the recommendations, with the exception of the following recommendations:

Recommendation	The Company's current practices – Explanations
Evaluation of the Board (10.2): The evaluation must measure the actual contribution of each director.	The Company carries out an annual evaluation of the Board that indirectly measures the actual contribution of each director in ensuring that the Board functions smoothly as well as in the Committees works. Furthermore, the regular attendance and involvement of each director in the discussions and decisions can be used to assess their individual contributions. The Company considers that this evaluation information is appropriate and sufficient given the Board's legal status and, in particular, given its collegial way of operating, and does not find it appropriate to conduct a formal evaluation of each individual director. Furthermore, this kind of evaluation would not reflect the Board's dynamic and active way of operating. The Board has diverse members and representatives of several shareholders whose added value is complementary.
Selection of new directors (17.2.1): The Committee must organize a procedure for the nomination of future independent directors and perform its own review of potential candidates.	The process used by the Company to select directors involves a procedure and reviews of potential candidates conducted in full collaboration with the Appointments, Compensation and Corporate Governance Committee. Potential candidates are reviewed jointly by the Committee and Executive Management. The Company will strive to further strengthen the role of the Appointments, Compensation and Corporate Governance Committee in the procedure for selecting new directors in the future.
Supplementary pension schemes (23.2.6): The increase in potential rights shall only account for a percentage limited to 5% of the beneficiary's compensation.	The supplementary pension scheme implemented by the Group and that benefits in particular the executive corporate officer meets the conditions of the AFEP-MEDEF Corporate Governance Code, except for the fact that the potential increase in benefits is gradual and may exceed 5% of the beneficiary's compensation per year. However, given Frédéric Vincent's number of years of service (28 years including 13 years at Nexans as of the end of 2013), it is deemed that the condition for a gradual increase in benefits is

	indeed met.

The Company has also identified the following two main points in the recommendations of the AFEP-MEDEF Corporate Governance Code that will come into effect upon appointments or re-elections for upcoming terms, in accordance with the Guidelines for the AFEP-MEDEF Corporate Governance Code:

Recommendation that will come into effect at a later date	**The Company's current practices – Explanations**
Limits on the number of directorships held by the directors (19): A non-executive director should not hold more than four other directorships in listed corporations, including foreign corporations.	In accordance with the AFEP-MEDEF Corporate Governance Code, the Company plans to focus on this recommendation during the upcoming appointments and re-elections as some directors had more directorships at the end of 2013 than recommended by the Code.
Non-compete indemnities (23.2.5): The Board must incorporate a provision that authorizes it to waive the application of this agreement when the executive director leaves.	The non-compete indemnities adopted in 2009 and from which the Chairman and CEO benefits do not comply with the new recommendation insofar as the non-compete obligation does not include a provision to allow the Board to waive the application of this agreement when the executive director leaves. The Group will pay close attention to this recommendation at the next re-election of the Chairman and CEO.

In accordance with Recommendation 24.3 of the AFEP-MEDEF Corporate Governance Code, the Company will submit to the shareholders the individual compensation of the Chairman and CEO at the Shareholders' Meetings on May 15, 2014.

8. Additional information

To the best of the Company's knowledge, there are no family relationships between Nexans' corporate officers, or any service contracts (other than the employment contract of the director who represents employee shareholders) between any of the Board members and the Company or any of its subsidiaries.

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

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

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

Under the acquisition agreement signed with Invexans (Quiñenco Groupe)[11] in February 2008, Nexans undertook to recommend at the Annual Shareholders' Meeting that Invexans appoint a director and that this director remain a representative on the Board for as long as Invexans retains 50% of its initial stake in Nexans, i.e., 1.25 million shares. Under the agreement dated March 27, 2011, amended on November 26, 2012, Nexans undertakes to ask shareholders to appoint members proposed by Invexans so that Invexans maintains three seats on the Board throughout the life of the 10-year agreement as of November 26, 2012 (unless Invexans' stake is reduced to less than 20%). The March 27, 2011 agreement as amended entails, furthermore, Invexans' commitment to limit its holdings in Nexans to no more than 28% of capital (standstill) and its commitment to retain its holdings in Nexans at a minimum of 20% (25% if Invexans crosses upwards the 25% threshold). As recalled in paragraph 5 above, voting rights expressed by each shareholder in the Assembly, including by Invexans, are limited to 20% for structuring operations.

Apart from this undertaking and any related party agreements approved in advance by the Board, no agreements or arrangements have been entered into with the Company's main shareholders, customers, suppliers or other parties concerning the appointment of a Nexans corporate officer.

II. Internal control and risk management procedures implemented at Nexans

1. Definitions, scope, objectives and limitations

Risk management relates to a set of measures, behaviors, procedures and actions adapted to each type of company that allows senior managers to keep risk at an acceptable level for the company, in accordance with the definition proposed by the Reference Framework published by the French financial markets authority (AMF) in June 2010 ("Risk management and internal control procedures").

Internal control involves implementing a set of rules, procedures, methods and organizational systems that helps the Group secure the achievement of its objectives and the efficient use of its resources. It aims at reasonably ensuring the safeguarding of the Group's assets, the reliable reporting of financial and non-financial information and compliance with laws and regulations as well as with the instructions and directional guidelines set by the Group's Management.

The Nexans Group takes a pragmatic approach to internal control and has set up procedures in consideration of the specific aspects of the Group's businesses and practices.
The process and methodology to identify and handle risks and the internal control procedures set out by the Group's Management are shared with and apply to all its entities.
Front line players regarding internal control and risk management are the local and Group operational managers, who draw on support from the corporate departments.

However, no system of internal control can provide absolute assurance that risks – particularly those related to errors and fraud – have been completely eliminated or brought under control.

[11] Previously Madeco.

2. Control environment

2.1 Code of Ethics and Business Conduct

The Group's Code of Ethics and Business Conduct sets out the values, principles of behavior and rules of conduct with which employees are required to comply within the course of their work. It focuses on the principles of legal and regulatory compliance, fair business practices, transparent information, commitment to the environment, product safety and respect for diversity. All new employees receive a copy of the Code of Ethics and Business Conduct.

2.2 Procedures

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

In accordance with the Group's procedures, each subsidiary must implement all the points set out in the Group's Internal Control Booklet. This manual, updated for the last time during the first half of 2011, presents principles and practical recommendations for the main areas of the internal control environment and the segregation of duties, and sets out the main internal controls to be implemented within the operating and financial processes based on the Reference Framework published by the French financial markets authority (AMF) in June 2010.

The Group also drew up an Accounting Manual based on the practices recommended by the Reference Framework published by the French financial markets authority (AMF). This manual is updated regularly by the Consolidation Department to take into account changes in accounting and reporting standards.

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 procedures for reporting, treasury, metals management, credit risk management and physical stock takes. Particular attention is paid to the hedging of foreign exchange and commodity risks (e.g., copper and aluminum).

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

2.3 Departments involved in internal control and risk management

- **Operational and corporate managers**

The entities' and the Group's business and functional managers, including the Management Board[12] and the Management Council[13], serve as the first line in managing risks insofar as

[12] Chaired by the Chairman and CEO, the Management Board brings together the COO, the Senior Corporate Executive Vice President, the CFO, the Corporate Secretary, the Senior Corporate Vice President in charge of Strategy and Development and the Senior Corporate Vice President in charge of Human Resources. It is responsible for defining the Group's strategy, allocation of resources and organization.

internal controls and risk management are incorporated into the systems and processes for which they are responsible.

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

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

- **The Group Risk Management Department**

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

The Department regularly presents the Group's risk management activities to the key managerial bodies: corporate and operational departments, the Management Council, and the Management Board, which is responsible for managing and ensuring the relevance of the procedures. These procedures are overseen by the Accounts and Audit Committee.

The Group Risk Management Department reports to the Corporate Secretary and liaises with the Group Internal Control Department and the Internal Audit Department on a regular basis.

- **Group Internal Control Department**

In 2013, Nexans created a Group Internal Control Department to complement the pre-existing Internal Control system with a dedicated leader and coordinator.
This Department reports to the Chief Financial Officer and liaises with the Risk Management and Internal Audit Departments on a regular and consistent basis. It also communicates regularly with the Group's corporate departments regarding controls over those processes that such departments oversee.

---

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

The Internal Control Department defines, deploys and drives the internal control process throughout the Group. The directional guidelines of the Group Internal Control system are set out in "The Nexans Group Risk Management and Internal Control Charter."

The Group's Internal Control Department manages the drafting and regular update of Group policies and tools designed to improve internal control. It provides assistance to the operational and functional departments with front-line responsibility over internal control. It participates on an *ad hoc* basis in reviewing existing internal control procedures and resolving internal control issues. It helps share good practices identified in the area of internal control, offers continuing education for those involved in internal control, and contributes to constantly improving procedures and fostering a strong internal control culture at Nexans.

The Group Internal Control Department – in its role as coordinator and leader of the Internal Control system – is relayed to the different levels of the organization by the finance managers of the areas and the countries.

- **The Internal Audit Department**

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

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

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

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

During 2013, audits assessing compliance with Group’s procedures were conducted in certain subsidiaries in France and abroad. A number of specific audit engagements were also carried out, notably in relation to monitoring the implementation of the Competition Compliance Program and overseeing capital expenditure in liaison with the Industrial Management Department.

- **The Ethics Officer**

A reporting management procedure was put in place in 2011 for issues related to the Code of Ethics and Business Conduct. An Ethics Officer was thus appointed to manage the handling of any ethics-related issues reported, ensure that any issues are verified and that appropriate decisions are taken and corrective measures are put in place if necessary.

- **The Group's corporate departments**

Functional departments (HR, legal, finance, etc.) provide – at Group, area and country level – the framework for internal control in their area of expertise and help implement it when controls are integrated into operations carried out by business / front-line teams. In particular, support functions design the internal control policies and procedures that fall within their expertise, help analyze operational risks and monitor and keep the organization informed of changes to laws and regulations.
In addition, the Group's corporate departments and their correspondents at the different levels within the organization are responsible for ensuring, for their area of expertise, that the first line of defense regarding risk management and internal control is properly designed, in place, and functioning as expected.

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

- **The Finance Department** includes the Internal Control Department presented above as well as six corporate departments: the Financial Control Department, the Consolidation Department, the Treasury and Financing Department, the Non-Ferrous Metals Management Department, the Tax Department and the Financial Transactions Department. These six corporate departments play a key role in the internal control and risk management systems, particularly through the guidelines and procedures that they establish, their monitoring of accounting and financial requirements, the analyses and controls that they perform on the financial statements and other financial reporting information from the units.

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

- **The Legal Department** reports to the Corporate Secretary's Department, as does the Group Risk Management Department. The Legal Department defines the Group's legal policy and offers legal support to the Group's activities.

- **The Strategy and Business Development Department** is responsible for guiding the definition and implementation of the Group’s strategic priorities. Its role particularly includes driving and facilitating the strategic plan process, following its implementation, and identifying opportunities for growth.

- **The Purchasing Department** is responsible for selecting suppliers that provide materials, equipment and services required for the Group to function smoothly. The responsibilities of the Group's Purchasing Department include selecting suppliers as well as negotiating and drawing up contracts, and monitoring and assessing each supplier. It oversees the purchasing process for the Group as a whole and defines and verifies the implementation of Group purchasing methods and procedures.

- **The Industrial Management Department** assists the Group's geographic areas in industrial matters and oversees industrial strategy, capital expenditure budgets, and the Area and country-level Industrial Management Departments, which are responsible for the performance of Nexans' manufacturing plants. The Industrial Management Department is also very involved in managing Nexans' industrial equipment, managing and monitoring capital expenditure and industrial projects, and assessing any new manufacturing tools and processes. It is involved in the industrial risk prevention policy through its Health, Safety & Environment unit, and by working with the Senior Corporate Vice President, Insurance, and the risk prevention engineering and consulting service of the "property damage and business interruption" insurer.

- **The Human Resources Department** is in charge of defining and coordinating the Group's Human Resources policies and handles relations with employee representatives at the European level. It is also tasked with coordinating the international network of Human Resources Directors.

- **The Information Systems Department** is responsible for defining the Group's IT policy and overseeing its implementation. It helps protect the Group's information, puts in place control procedures and mechanisms to manage the information systems on a continuous basis, and ensures that the Group's business processes function smoothly.

- **The Communications Department** manages all of the Group's communications – encompassing sales, corporate, internal, press, and new media – in collaboration with the other corporate departments concerned.

- **The Technical Department** oversees all the Group's research and development projects, in particular through its Competence Centers and the Research Center.

3. Risk management

The Group put in place risk management procedures to prevent and manage the risks related to its activities. Such risk may affect people, the environment, the Group's assets, its reputation, or even prevent the Group from reaching its objectives. These procedures enable the Group to understand the risks to which it is exposed and to better control these risks so that it can deploy its risk management strategy properly.

The Group's risk management procedures are a key part of its governance. They are implemented by operational staff, organized by the Group Risk Management Department and monitored by the Board of Directors and its Accounts and Audit Committee, the Management Board and the Management Council.

The risk management procedures provide a systematic approach to identify, assess, prioritize and deal with the main risks to which the Group is exposed, and to monitor risk exposure over time. These procedures help operational staff understand and take account of risk in their day-to-day management, and ensure that relevant coverage plans, controls and monitoring procedures are put in place – in line with the levels of risk appetite set out by the Group.

Risk management at Nexans also involves various Committees (described below) and draws on specific procedures (see section 2.2 above).

3.1 Process and risk mapping

The risk management process is a continuous improvement drive that goes from defining the strategy all the way to implementing it. It covers all the risks – past, present and future – surrounding the Group's activities.
It must help each entity to better manage its objectives and ensure that it continues to add value to the Group. It enables managers to make more reliable decisions at every level and have a clear picture of the risks related to their activities.

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

Entities, and/or countries, and/or activities, and the corporate departments work with the Group Risk Management Department to develop a risk map for each of their activities. The major risks identified are presented in a risk summary. Over the course of the following year, the Group monitors how these risks are handled. All the Group's entities should be reviewed on a rotating basis over a five-year period.

A Group risk mapping process is performed at least every two years. The aim of this process is to identify risks and areas of risk brought to attention by the Group's Executive Management, contextualize the current audit and evaluate the potential impact of these risks on the Group's financial position. The risk map is used as a basis for preparing the Group's annual audit plan and expert workshops coordinated by the Head of Group Risk Management. A new risk mapping process was implemented by the Group in 2013.

3.2 Workshops for monitoring and handling major risks

The Group instituted expert workshops bringing together operational staff and members of corporate departments to analyze the Group's main identified risks through risk mapping so that procedures and processes could be improved.

The purpose of these workshops – which are coordinated by the Group Risk Management Department – is to propose solutions to remedy the risks or limit the impact of the main risks that have been identified. The summary report of the activity of these workshops and their recommendations are monitored by the Management Council. The findings are presented to the Accounts and Audit Committee.

In 2013, expert workshops proposed improvements in investment decision processes, the integration of newly-acquired companies and the management of metal risks.

3.3 Special committees that help manage risk

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

- **The Disclosure Committee** comprises the Corporate Secretary & General Counsel, Chief Financial Officer, Head of Management Control, Head of Consolidation, as well as the Corporate and Securities Counsel, Head of Internal Audit, Head of Group Risk Management, Head of Internal Control, Head of Tax and the Area Controllers. The Committee's role is to help identify the main risks surrounding the Group's businesses based on responses provided from the subsidiaries as part of the Group-wide reporting procedure, including in terms of contracts and disputes, to assess their materiality and ensure that risks are communicated properly outside the Group.

- **The Tender Review Committee** reviews the commercial, legal, financial, and technical terms and conditions of all bids in excess of 5 million euros. This Committee is chaired by the Chairman and CEO (when a bid exceeds 50 million euros) and comprises the COO, Senior Corporate Executive Vice President, Executive Vice President of the Area concerned, as well as the General Counsel/Corporate Secretary, Chief Financial Officer and Head of Group Risk Management.

- **The Mergers & Acquisitions Committee** reviews and approves (provided that the Board approves projects with a unit value higher than 50 million euros) any potential business acquisition or divestment projects, or possible strategic alliances or partnerships. This Committee is chaired by the Chairman and CEO and its other members are the COO, Senior Corporate Executive Vice President, Corporate Secretary/General Counsel, Chief Financial Officer, Head of Tax, Head of Financial Transactions, Head of Strategy and the Executive Vice Presidents of the Areas concerned by the project.

- **The CSR Committee** – Social Responsibility monitors the Group's various CSR initiatives and sets out its sustainable development policies. The CSR Committee is chaired by the Chairman and CEO and is assisted by two specialized committees, the Governance and Social Affairs Committee and the Environment and Products Committee[14].

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

3.4 Specific procedures that help manage certain risks

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

In view of the importance of non-ferrous metals (copper, aluminum) to Nexans' various businesses and the risks associated with price fluctuations, Nexans has implemented specific procedures for managing non-ferrous metals, which is overseen by a team reporting to the Group Finance Department (see **Notes 25(d)** and **25(f)** to the 2013 consolidated financial statements).

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

Centralized cash management

The Treasury and Financing Department (Nexans Services) sets out the treasury and financing policies of the subsidiaries and provides support and advice to the entities to help them manage their foreign exchange risk. It helps set up the Group's financing plans (see **Note 25** to the 2013 consolidated financial statements) and, for the subsidiaries that allow this kind of

[14] See section 9 of the 2013 Management Report for a description of the organization of the Sustainable Development/CSR function.

organization, pools their resources and financing needs, and performs foreign exchange hedging and makes payments in foreign currencies for these entities.

Crisis management

The Group has drawn up a crisis management procedure and created a specific crisis management unit. Biannual simulations are used to train the members of this unit. Crisis simulation exercises were conducted in 2007, 2010 and in January 2012. In addition, a supplemental Crisis Communication procedure was released in September 2012 and is available to all Group employees.

4. Preparation and processing of financial and accounting information

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

4.1 Process for the preparation of financial and accounting information

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

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.

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 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 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 Department, 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 corporate departments and concerning the existence of adequate internal control procedures that are effectively implemented.

4.2 Main internal control procedures for financial and accounting information

The Group's Finance Department keeps the Group Accounting Manual and the Internal Control Booklet, presented above, up-to-date.
It has also drawn up procedures for the main areas that fall within its purview, particularly procedures for reporting, treasury, metals management, credit risk management and physical stocktakes.

The Group's Finance Department also seeks to ensure at all times that there are clear procedures to deal with sensitive issues or financial risk factors identified (described in the Management Report) that are specific to the Nexans Group's business and could have an impact on its assets or earnings.
This is the case, for example, with the management of risks associated with exchange rates, interest rates, and the fluctuation of non-ferrous metal prices, for which specific reporting procedures are in place at business unit level. These risks are controlled and analyzed by both the Treasury and Financing Department and the Non-Ferrous Metals Management Department.

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

5. Oversight of internal control

As a result of the powers conferred upon it by law and by the Board of Directors' Internal Regulations, the Accounts and Audit Committee monitors the process for preparing the financial information and the effectiveness of internal control and risk management systems. Each year, the internal audit plan is reviewed by the Accounts and Audit Committee and the Committee is given a presentation on the main conclusions every six months. The Board of Directors contributes to monitoring internal control through the work and reports of the Accounts and Audit Committee.

The Internal Audit Department contributes to the surveillance of 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 Management carries out its oversight role for internal control, notably through reviews with the Head of Group Risk Management, regular business reviews for the Group, and performance-indicator monitoring.

February 10, 2014

Frédéric Vincent
Chairman and CEO