



## Compensation elements published in accordance with the AFEP-MEDEF Code of Corporate Governance

### Decisions of the Board of Directors of February 16<sup>th</sup>, 2021

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#### 1. 2021 compensation of Jean Mouton, Chairman of the Board of Directors

The Board decided to maintain the same fixed compensation of 250,000 euros for Jean Mouton as Chairman of the Board for 2020, without variable compensation or other benefits, as recommended by the Appointments, Compensation and Corporate Governance Committee.

#### 2. 2020 variable compensation of Christopher Guérin, Chief Executive Officer

In accordance with the decisions of the Board of Directors on January 27, 2020 and July 28, 2020 the amount of Christopher Guérin's 2020 variable compensation as Chief Executive Officer, may vary between 0% and 150% of the 2020 base compensation as Chief Executive Officer and is determined 60% based on the fulfillment of collective objectives and 40% based on the achievement of specific pre-determined individual objectives.

On February 16, 2021, the Board of Directors decided on the amount of Christopher Guérin's variable compensation as Chief Executive Officer for 2020 as follows:

- as regards the collective portion of the variable compensation, under strict application of the level of achievement of the objectives set for 2020 (25% ROCE, 50%: EBITDA, 25% OFCF),
  - The achievement rate for ROCE is 100% of the maximum amount, reflecting a significant achievement compared to the 2020 revised budget approved by the Board of Directors in July 2020,
  - The achievement rate for EBITDA is 93.3% of the maximum amount, this indicator having overachieved compared to the 2020 revised budget,
  - The achievement rate for OFCF is 100% of the maximum amount, this indicator having also over achieved compared to the 2020 revised budget.

Based on these figures, the Board of Directors noted that the collective portion came to 522,360 euros (relative to a potential maximum amount of 540,000 euros, i.e. 96.7% of the maximum amount).

- as regards the portion related to individual objectives, they are specific and predetermined and their achievement was assessed on the year 2020. After assessing the extent to which they were achieved, the Board of Directors set them as follows:
  - The achievement rate of “anchoring the transformation change internally, delivering against the transformation plan targets (including Land High Voltage) and achieving the Net Income at € 80 million adjusted from CORE exposure impact and FX results, below € 40 million achievement will be 0” is 100% of the maximum amount. Net income for 2020 (adjusted from COREX and FX) is 59 M€ in spite of Covid effect. Regarding internal transformation, SHIFT has been launched in 2020 mainly in Europe Area, Australia and New Zealand. SHIFT transformation has been redesigned to safeguard Nexans liquidity (with a result above expectations – FCF generation of 200M€ for the first semester). Covid crisis management was in place the first week of March and forced Nexans to rethink the entire management cash model.

- The achievement rate of “Deploying and overseeing projects to boost operating efficiency and tracking and controlling the related cost (All workstreams, + Charleston Capex deployment project) is 100% of the maximum amount. The Board noted that Game Changers projects were launched and implemented (Brazil, Switzerland, and closure of Chester in US). A bimonthly follow up of Charleston Capex deployment (strongly complexity follow up and implementation due to Covid) was implemented. Enhanced fixed cost reduction program due to COVID impact was launched in April (indirect expenses).
- The achievement rate of “Strategic plan update beyond 2021, to prepare the next sequence to be introduced to the market through an Investor day to be held in Q3 2020” is 100% of the maximum amount. Due to COVID crisis, Investor Day has been postponed in February 2021; however, an ESG event was organized and 35 investors interviewed for a 2020 perception survey and thanks to Nexans re-rating, Nexans increased its market capitalization. The virtual strategic seminar of the Board validated structural strategic decisions and the next Equity Story will be presented on the February 17<sup>th</sup>, 2021.
- The achievement rate of “CSR deployment, continue the deployment of the CSR scorecard” is 100% of the maximum amount given that the New ESG scorecard was launched and communicated through a dedicated event on November 18<sup>th</sup>, 2021 and webcasted. Nexans integrated RE100 Club.
- The achievement rate of “Finalize the assessment Business Unit leaders and prepare development accordingly. Strengthen the succession plan for the Top Executives. Define a new mission statement, culture and values for the group” is 100% of the maximum amount.  
16 BU leaders have been assessed and 9 potential successors were found. Based on the results, specific actions such as training, job rotation or special projects have been designed and implemented. Purpose and mission have been defined and communicated in November 2020 and Values will be disclosed in February 2021.

Based on these figures, the Board of Directors decided that the individual portion came at 360,000 euros (relative to a potential maximum amount of 360,000 euros, i.e. 100% of such amount).

The total amount of the variable compensation paid to Christopher Guérin as determined by the Board for 2020 was thus 882,360 euros, being 98.04% of the maximum amount, being specified that the payment of the annual variable compensation due to Christopher Guérin for 2020 is conditional on its approval by the Annual Ordinary General Shareholders' Meeting of May 12<sup>th</sup>, 2021.

### **3. 2021 compensation of Christopher Guérin, Chief Executive Officer**

As defined by the Board of Directors on July 3<sup>rd</sup>, 2018, the fixed annual compensation of Christopher Guérin has been set at 600,000 euros. This fixed annual compensation was reviewed after 3 years, in compliance with the compensation policy for executive directors.

Based on the updated following panel : Alstom, Arkema, Bic, Groupe Seb, Imerys, Ingenico, Legrand, Plastic Omnium, Rexel, Somfy, Spie, Valeo, Vallourec, it appears the fixed compensation of the CEO is below the first quartile of this panel.

Over the last three years, under Christopher Guerin leadership, significant frame agreements, like the exclusive contract signed with Orsted in the USA to supply wind offshore cables for the period from 2021 to 2027 (over EUR 1 Billion in contract value), have been signed. Both backlog and revenues from strategic customers has steadily increased while overall risk exposure mitigated.

Notwithstanding the pandemic outbreak, in 2020 Free Cash Flow has reached a record since Nexans inception in 2001, and is now at more than EUR 1,8 billion. The Group, in the 1<sup>st</sup> Quarter 2020, has anticipated the pandemic waves by early deployment of a series of initiatives including, ensuring of

early availability of employees protection equipment , securing customers supplies and safeguarding liquidity.

Deployment of SHIFT, a management business turnaround method that Christopher Guerin designed, has allowed the turnaround of about 98% of the less performing Group activities in less than 2 years. In spite of the severity of the COVID pandemic, Christopher has taken bold decisions to enhance the transformation of the Group by bringing a new long term perspective around Electrification, a new corporate purpose (Electrify the Future) , an altogether new corporate ambition, and by introducing new methodologies to accelerate Nexans carbon neutrality commitment.

Finally, as of December 31st 2020 Nexans Stock Price stands at EUR 60 from EUR 29.77 on the day of his appointment. Market capitalization has roughly doubled to EUR 2.8 billion as of the end of 2020.

Taking into account all these considerations, the Board resolved to increase the CEO fixed annual compensation from EUR 600,000 to EUR 750,000 in order to reach 94% of the panel median (median being at EUR 800.000).

For 2021, the targeted percentage of Christopher Guérin's variable annual compensation will represent 100% of his fixed annual compensation and will be determined 60% based on the fulfillment of collective objectives and 40% based on the achievement of specific pre-determined individual objectives. Christopher Guérin's variable compensation for 2021 may vary based on the achievement of objectives set by the Board of Directors, from 0% to 150% of his fixed annual compensation.

The Board of Directors decided to set the financial objectives for the collective portion and their relative weighting as follows: (1) return on capital employed (ROCE): 25%, (2) EBITDA: 50% and (3) Operating Free Cash Flow: 25%.

The target amounts for the collective objectives are those of the 2021 budget.

The Board of Directors has also decided to set the individual objectives and their relative weighting as follows:

1. 25% - Implementation of the new strategic chapter, as presented to Capital Market Day on February 17, 2021, first actions to be taken in alignment with electrification refocus ; kick-off Shift PRIME transformation program, innovation program AMPLIFY, and related partnerships ; related investors relations management ; net income 2021 : EUR 85 Million.
2. 25% - Rollout and oversight of operational efficiency projects, costs monitoring and control (new industrial strategy design, in regards to new strategic chapter, kick-off Industry 4.0 program, IT organization redesign).
3. 25% - Rollout of the new corporate purpose (Electify the Future), implementation and role modelling of new values and behaviors, strategic talent agenda, and diversity policy.
4. 25% - Rollout of the CSR agenda and continuation of the CSR scorecard rollout ; related Investors relations management.