2017 REPORT ON THE COMPENSATION POLICY OF EXECUTIVE DIRECTORS

This report, issued in accordance with the provisions of Article L.225-37-2 of the French Commercial Code, is attached to the report referred to in Articles L225-100 and L225-102 on the results and activities of the Company and the Nexans Group for the year ended December 31, 2016.

The purpose of this report is to present the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional components of the total compensation and benefits of all kinds of Nexans executive directors for the financial year 2017. It was issued by the Board of Directors of February 8, 2017, upon the recommendation of the Appointments, Compensation and Corporate Governance Committee.

I Principles applicable to all executive directors

The work of the Appointments, Compensation and Corporate Governance Committee is structured around three to four reflection sessions throughout the year and intermediate preparatory work carried out by the Chairwoman of the Committee. The principles and criteria for the determination, distribution and allocation of the components of the total compensation and benefits of all kinds of Nexans executive directors for the financial year 2017 were examined by the Appointments, Compensation and Corporate Governance Committee during three meetings between November 2016 and February 2017, before being proposed to and approved by the Board of Directors.

The compensation components of executive directors, whether acquired or potential, are made public after the decision of the Board of Directors having determined them.

The executive directors' compensation policy as set out in this report is subject to approval by shareholders at the annual general meeting. The Board of Directors also submits to the annual general meeting the elements that make up the remuneration due or allocated for the fiscal year ended to each of the executive directors. This presentation is followed by an imperative vote of the shareholders. When the ordinary general meeting of shareholders issues a negative opinion, the Board, on the advice of the Appointments, Compensation and Corporate Governance Committee, shall decide on the changes to be made to the compensation due or granted for the financial year ended or to the future compensation policy. It shall immediately publish on the Company's website a press release indicating the action it intends to take following the vote of the ordinary general meeting and shall report thereon at the next meeting.

II Compensation of the non-executive officers

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

The Chairman of the Board receives a fixed annual fee. He does not receive variable compensation. He does not receive directors' fees and has no other advantage.

III Compensation of the executive officers

When the Appointments, Compensation and Corporate Governance Committee sets the rules applicable for calculating the compensation of executive officers it ensures that they are consistent with the annual assessment of the individual performance of the Group's executives as well as the Company's performance. It also takes into account the alignment of objectives with the medium-term strategy, the interests of shareholders and modifications of the Afep-Medef Code.

When setting the overall structure of the compensation packages for executive officers, the Committee draws on reports by external consultants on market practices for comparable companies. These studies are carried out on the basis of a panel of French companies with common characteristics, selected according to the following criteria: market capitalization, industrial activity, turnover, total staff.

It ensures that none of the components of the compensation package is disproportionate and analyzes the compensation package as a whole by taking into account all of its components: fixed compensation, variable compensation, long-term incentive plan for, pension plan supplementary pension plan and benefits of all kinds.

Components of the total compensation package of the executive officers

Fixed compensation

The Chief Executive Officer's fixed compensation package is determined taking into account the level and complexity of his responsibilities, his experience in the position, seniority in the Group and market practices for comparable groups and companies. It is reviewed at relatively long intervals.

The amount of the fixed compensation has been unchanged since the appointment of the Chief Executive Officer in 2014. It was renewed for the fiscal year 2017.

Variable compensation

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

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

The targeted percentage of Arnaud Poupart-Lafarge's variable annual compensation for 2017 paid in 2018 will represent 100% of his fixed annual compensation and 60% will be determined based on the fulfillment of collective objectives and 40% based on the achievement of specific pre-determined individual objectives that are not disclosed because of confidentiality. Arnaud Poupart-Lafarge's variable compensation for 2017 paid in 2018 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 set the financial objectives for the collective portion and their relative weighting as follows: (1) Operating margin: 40%; (2) ROCE: 40% and (3) Free cash flow: 20%. Furthermore, if a minimum level for the operating margin objective is not reached, no quantitative portion of the variable compensation will be paid for 2017.

In addition, the payment of the elements of variable compensation due for the financial year 2017 to executive officers will be conditional upon the approval by the annual ordinary general meeting.

Extraordinary compensation

Highly specific circumstances may warrant the award of an extraordinary compensation (for example due to their importance for the corporation; the involvement they demand and the difficulties they present). The allocation of extraordinary remuneration would be exceptional, justified and disclosed by the Board. Its payment would be subject to approval by the annual general meeting of shareholders.

Benefits of all kinds in favor of executive officers

Long-term compensation

The Group's long-term compensation policy is part of a global strategy for retention and motivation of its employees under competitive market practices. Each long term incentive plan is subject to approval by the annual general meeting of shareholders.

The long-term remuneration policy of the Group is adjusted according to the population concerned. For the Chief Executive Officer, the long-term incentive policy is based on the granting of performance shares which are subject to vesting conditions linked to the Group's financial performance over three years and comparative stock market performance. Since 2016, the latter consists of measuring the TSR (total shareholder return) of Nexans over three years and comparing it to the TSR of a reference panel. The vesting conditions, performance and continuing employment conditions, the vesting period and the lock-up period are the same for all grantees.

The award of performance shares to executive officers are conditional upon the acknowledgement by the Appointments, Compensation and Corporate Governance Committee that the performance conditions determined upon grant have been achieved.

Performance shares, valued in accordance with IFRS standards, must not represent a disproportionate percentage of all of the compensation and shares allocated to each executive officer. The Board has thus limited the allocation of performance shares to the Chief Executive Officer for less than 0.1% of the share capital over the past three years. In addition, at each award of performance shares, the Board ensures that the awards for executive officers do not represent an excessive portion of the total number of performance shares or that are granted, unless a decision to the contrary with the reasons thereof is provided, and over the last three years, it has represented less than 12% of the total allocation of performance shares.

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

Executive officers formally undertake not to use hedging instruments for the duration of the lock-up period.

The sale of the shares definitively vested by executive officers is not possible during the abstention periods, in accordance with the applicable legal and regulatory provisions and the group procedure "Insider trading".

Shares holding obligation

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

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

Benefits for taking up a position

Benefits for taking up a position may only be granted to a new executive officer who has come from a company outside the group.

The payment of this benefit is intended to compensate the executive officer for the loss of the entitlements from which he or she previously benefited before joining the Group. It is explicitly indicated and the amount is made public at the time it is determined.

Commitments given to executive officers

All commitments given to executive officers are authorized by the Board of Directors and submitted for approval to the annual general meeting of shareholders in accordance with the provisions of article L.225-42-1 of the French Commercial Code.

Termination payments

In accordance with the Afep-Medef Code, the termination indemnity and the payment made under a non-compete clause must not exceed two (2) years of effective compensation (fixed and variable).

Termination indemnity

The payment to an executive officer of a termination indemnity is conditional upon the acknowledgement by the Board that the performance conditions determined by the Board have been satisfied and can only occur in case of forced departure linked to a change of control or strategy, which latest condition shall be deemed satisfied unless otherwise decided by the Board (such as in the case of serious misconduct). A forced departure can take the form, in particular, of a dismissal or a negative vote by the general shareholders meeting on the Board’s proposal to renew the officer’s mandate, as the case may be.

The termination indemnity and the payment made under a non-compete clause must not exceed two (2) years of effective compensation (fixed and variable).

Non-compete indemnity

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

In return for his undertaking he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond to one year of his total fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

In accordance with Article 23.2.5 of the AFEP-MEDEF Code, in the event of Executive Officer’s departure, the Board of Directors will decide whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no non-compete indemnity will be payable).

Supplemental defined benefit pension plan

Executive officers have a defined benefit pension plan established by the Group for the benefit of certain employees and corporate officers.

The regulations for the defined benefit plan – which the Board of Directors adopted in 2004 and subsequently amended several times – make the plan's benefits conditional upon the beneficiary ending his professional career while still with the Company. The beneficiary shall also have at least five years of seniority in the Group, be aged at least 62 years and have obtained the liquidation of his basic and supplementary pension rights.

This defined benefit pension plan stipulates the payment of a supplemental retirement benefit corresponding to 10% of the reference income (average of the sum of the fixed compensation, variable compensation, and benefits paid during the three years preceding his retirement), plus 1.70% of tranche D per year of seniority.

The lifetime pension amount is based on the beneficiary's average annual compensation for the last three years before his retirement. It is maintained for 60% of its value to the survivor. This supplemental retirement plan is in addition to the mandatory and base supplemental plans and cannot lead to a replacement rate of less than 30% of the reference income, with all mandatory retirement plans taken together. The supplemental benefit is therefore equal to the difference between the total benefits receivable under mandatory plans and other supplemental plans and 30% of the reference income, representing a replacement rate that is lower than the 45% rate provided for in the AFEP-MEDEF Code. The amount of the supplemental benefit alone may not exceed 30% of the reference income and is capped at 8 annual Social Security caps, i.e. €309,000 in 2016.

Rights under the supplementary pension plan are funded through quarterly contributions from Nexans with an insurer in a dedicated fund. The amounts necessary to serve pensions of retired beneficiaries are taken from this dedicated fund as of retirements.

This plan was closed to new entrants in 2014. The beneficiaries are members of the former Executive Committee of Nexans.

Pension and health plans and unemployment insurance plan

Executive officers benefit from Group pension and health care plans (medical, disability, invalidity and death) under the same terms and conditions as Nexans employees. They have coverage for loss of employment, acquired from an insurance agency, guaranteeing them, in case of an involuntary loss of professional activity, daily indemnities in the amount of 55% of 1/365th of tranches A, B and C of their professional income for the fiscal year preceding their departure, applicable for a twelve-month period following the loss of employment.

Company car

Executive officers benefit from the use of a company car.

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

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