

OUR BELIEFS, SOLUTIONS AND COMMITMENTS

FOR SUSTAINABLE AND RESPONSIBLE DEVELOPMENT









Corporate Social Responsibility

02 BELIEFS

 03 • "Being responsible benefits everyone" Interview with the Chairman and Chief Executive Officer
 04 • Work Globally

06 SOLUTIONS

- 07 A company focused on its customers
- 08 Energy resources
- 10 Electricity transmission and distribution
- 12 Means of transportation14 Transportation and logistics infrastructure
- 16 Building
- 18 Telecommunications

20 COMMITMENTS

- 21 Ethics, Values and Commitment
- 22 Governance
- 24 Production
- 26 Purchases and distribution
- 28 Employees
- 31 Solidarity and corporate sponsorship

33 KEY FIGURES

- 34 Environmental data
- 35 Social data

CSR PERFORMANCE ASSESSED AND RECOGNIZED

Since 2010, Nexans has been selected for the Ethibel Excellence investment register. This selection is made following an in-depth analysis of performance in six areas covering all aspects of corporate social responsibility (CSR): human rights, human resources, the environment, community involvement, market conduct and corporate governance. This register is a database for managers of socially responsible investments (SRI). As a result of its inscription, Nexans appears in two indices: ESI Excellence Europe and ESI Excellence Euro.



MEET ESSENTIAL NEEDS

Access to energy and information as well as mobility for people and goods broadly condition economic and social development and the quality of life. They also raise huge challenges. As a global actor in the cable industry, Nexans contributes to meeting these essential needs and is committed to doing so in the best possible conditions of performance, safety, and respect for people and the environment.

Electrical cables have become the nervous system for our societies; they transport and distribute the electricity and the data needed for them to operate. Evolving with our needs and our life styles, cables incorporate increasing levels of technology to meet ever increasing demands.

In market terms, since 2001, Nexans has continued its global expansion through internal growth, partnerships and acquisitions, and is now one of the top two global groups in its industry. Its main shareholders, at the end of May 2012, are the Chilean group Madeco with 20% of the capital; Fonds Stratégique d'Investissement (FSI) and Manning & Nappier each of which have around 5%; Axa with nearly 4% and the employees with nearly 3%.

Nexans supports the United Nations Global Compact for a responsible economy. It implements and promotes 10 fundamental principles regarding human rights, labor rights, environmental protection and combatting corruption.



BE RESPONSIBLE • WORK GLOBALLY

COMMITTED MANAGEMENT

The CSR* Committee defines the sustainable management strategy and oversees its roll out. Chaired by Frédéric Vincent, it is made up of two Senior Corporate Executive Vice Presidents who are members of the Management Committee, and representatives of the main departments. Two Expert Committees steer and coordinate projects.

* CSR: Corporate Social Responsibility

INTERVIEW "BEING RESPONSIBLE BENEFITS EVERYONE"



HOW DO YOU PERCEIVE CSR(1)?

I believe that the demands for sustainable development are drivers of both growth and progress. They spur innovation and continuous improvement. Providing sustainable solutions sets us favorably apart in the eyes of our customers and develops our markets.

More broadly, a company is a community of people. To succeed, its employees must support its strategy and believe in its priorities. By placing workplace safety, skills development and respect for people and the environment at the heart of its strategy, Nexans encourages its employees' commitment, which is one of the conditions for its long-term performance. Our customers, our suppliers and our business partners have similar concerns. This prompts us to develop sustainable relations with each of them to create more value together and to share it. We also make sure that our governance contributes to ensuring respect for the interests of each of our stakeholders.

WHAT ARE THE MAIN CHALLENGES?

Population growth, urbanization, industrialization and rising living standards, globalization of trade, and the boom in communication via the Internet are generating huge needs for energy, electrical infrastructure, transportation and buildings that support the demand for cables. Meeting this demand while limiting waste, containing the environmental impact, avoiding black-outs, and ensuring safety for people and property are all major challenges. They are also opportunities for Nexans as we help our customers take up these challenges.

HOW CAN SUSTAINABLE DEVELOPMENT AND PROFITABILITY BE RECONCILED?

Through responsible governance we strive to contain our risks and take decisions that ensure the future of our Group. As a result, many of our initiatives benefit both sustainable development and profitability. For example, the plants that are the safest for those who work in them are generally those that are operationally the most efficient. Maximizing quality reduces the reject percentage and so the consumption of materials. Energy savings decrease our expenditure and our greenhouse gas emissions. The use of recycled copper for our electrical wires is one way of making best use of this valuable resource and an advantageous source of supply for Nexans. All these examples contribute to improving competitiveness and our sustainable development performance. Being responsible benefits everyone.

WHAT ARE YOUR MAIN SUSTAINABLE DEVELOPMENT GOALS?

I have four:

- → For our **customers**, we want to help them choose cables more environmentally friendly combining energy efficiency, reduced CO₂ emissions and safety.
- For our **employees**, we will continue to improve workplace safety and further reduce the accident frequency rate. We practically lowered our frequency rate by two thirds between 2008 and 2011. We want to do better still and reduce it by 30% each year.
- → For our **partners** and in particular our shareholders we strive to promote governance's best practices which contribute to the risk management and ensures decisions taken in conformity with the Group's interests.
- For the **environment**, we want to better contain our raw material consumption. In addition we want to reduce in the coming years our energy consumption by 10%.

FRÉDÉRIC VINCENT

Chairman and Chief Executive Officer



WORK GLOBALLY

Sharing best practice, training, technology transfer: Nexans acts globally to apply all its resources for customers' benefit.

25,000 EMPLOYEES

- → Global sales/marketing presence
- → Production units in 40 countries
- → 56 sites certified ISO 14001
- \rightarrow 71 sites certified EHP⁽¹⁾
- → 100% of activities under ISO 9001 quality assurance
- → 70% of the employees are working in ISO 14001 quality assurance sites

CABLING SOLUTIONS IN 5 SECTORS

- ➔ Energy resources
- → Electricity transmission and distribution
- Transportation and industry
- → Building
- Telecommunications

OPERATION CONTINUITY

- → Call center
- → 24/7 technical assistance
- ➔ Emergency stocks
- ➔ Express deliveries

SOLIDARITY

- → Partners with Electricians without Borders
- → Committed to youth training
- → Support to local communities

CABLE INDUSTRY R&D LEADER

- \rightarrow 4 global research centers
- → 24 development networks
- → 600 engineers and technicians
- → More than one patent application filed each week

SERVICES THROUGHOUT THE VALUE CHAIN

- Design, production, installation, trials, training and services
- Studies, specifications, consultancy, engineering and turnkey projects

LIFE CYCLE MANAGEMENT

- → LCA⁽²⁾
- → Maintenance
- ➔ Energy optimization
- → Recycling
- → Product environmental profile

GLOBAL PRESENCE SERVING ESSENTIAL NEEDS



04–05

Europe

Belgium Bulgaria Czech Republic Denmark France Germany Greece Italy Lithuania

Middle East, Russia, Africa

Egypt Ghana Lebanon Morocco Nigeria Qatar Russia Turkey

North America

Canada Mexico United States Norway Poland Romania Slovak Republic Spain Sweden Switzerland United Kingdom

Asia-Pacific

Australia China Japan New Zealand South Korea Vietnam

South America Argentina Brazil

Brazil Chile Colombia Peru



SOLUTIONS THINK CUSTOMER · TAKE ACTION



INNOVATIVE TEAMS

Each year, three Innovaction Awards are presented to three innovative teams at the Management Convention attended by more than 200 Group managers: the Employees Award, the Jury Award and the Country Award in honor of the wealth of its contribution. Belgium, France and the United States won the most recent Awards.

A COMPANY FOCUSED

A partner in its customers' performance, Nexans makes sure it fully understands and meets their expectations with products that have less impact on the environment throughout their life cycle.

Under its Customer Orientation program, Nexans leverages its organization designed to work closely with customers and its in-depth knowledge of their applications to provide safe, economical and sustainable solutions that help them stay in the forefront of their industry.

The Group's activities are widely performed under ISO 9001 or 9002 quality assurance standards. Each month, each unit monitors a set of indicators to assess its quality and customer satisfaction progress.

REDUCE ENVIRONMENTAL IMPACT

Nexans uses life cycle analysis to select the best solutions as it measures a cable's impact on the environment from the extraction of raw materials through to its end-of-life processing. The analysis also includes the production processes, packaging, distribution and the cable's energy efficiency throughout its use. The EIME⁽¹⁾ program helps compare the environmental impact of each option.

Design-to-cost combines marketing, development and industrialization to define a cable's exact performance and helps save raw materials at an equivalent performance for customers.

SPEED UP DEVELOPMENT

Modeling and digital simulation are used to test, faster and more comprehensively, fire resistance and mechanical and thermal behavior to speed up product development, reducing the number of prototypes needed while also contributing to improving design.

Nexans has application centers to test and compare cable performance under actual service conditions: robotics in Nuremberg (Germany), handing and fire resistance in Lyon (France), and data transmission in New Holland (United States). Open to customers who want to test their equipment, the application centers provide continuous technical dialogue between Nexans and its customers.

ROHS⁽²⁾ AND REACH⁽³⁾: NEXANS 100% COMPLIANT

The Group complies with European RoHS and REACh hazardous substance regulations. RoHS prohibits the use of lead, mercury, cadmium, hexavalent chrome and flame retardants in certain equipment.

All steps have been taken to comply with registration demands to the REACh regulation and to pursue discussions with our partners in preparation for the second registration phase in 2013.

A dedicated monitoring and management system tracks hazardous substances throughout the value chain and answers customers' questions to help them with their own compliance procedures.

Chemical risk management is implemented in exposure to scenarios provided by suppliers in detailed safety data sheets.

A RECYCLING SOLUTION CABLES AT THEIR END-OF-LIFE

Involved for more than 30 years in the collection and recovery of cable production waste and cables at end-of-life, the Group provides a comprehensive recycling system.

In 2008, Nexans created RECYCABLE (the European sector leader), 36% owned in partnership with Sita (Suez Environnement Group) to provide the most comprehensive cable recovery solution possible. The aluminum and copper scrap are melted down. Some plastics are recycled as exterior coatings, sidewalk curbs or traffic cones, and the grinding dust is recovered as packaging product.

In 2011, Nexans recycled through RECYCABLE 15,371 metric tons of cable manufacturing waste from its European and African facilities.

(1) Environmental Information and Management Explorer.

(2) Restriction of Hazardous Substances.

⁽³⁾ Registration, Evaluation, Authorization and Restriction of Chemicals.

SOLUTIONS

ENERGY RESOURCES



Oil • Gas • Wind and solar energy • Hydroelectricity • Power plants • Nuclear energy • Mining operations

Energy resources, electricity transmission and distribution grids and transportation infrastructure and equipment account for two thirds of Nexans' revenue.

CHALLENGES

Global demand for energy is set to increase by one third between 2010 and 2035⁽¹⁾, driven by population growth, the economic development of emerging countries and the rapid rise in road transportation. The latter is increasing the demand for petroleum fuels pending the new generations of engines that will be gradually rolled out. To meeting this strong demand, oil fields have to be exploited in increasingly difficult environments, and new refinery and transformation complexes have to be built. At the same time, greenhouse gas emission reduction targets and energy security are buoying the production of electricity from renewable sources, such as, hydroelectricity, biomass plants, wind and solar energy, etc. Coal will remain a major source and, despite the Fukushima disaster, the outlook for nuclear plants remains strong, especially in India, South Korea and China where energy needs are enormous.

Whatever the energy source, cabling systems are at the heart of their operation. The challenge is to develop solutions that enable access to new resources for them to be exploited under the best possible conditions of personal safety, environmental protection and competitiveness so that this energy is accessible to the greatest number of people possible.

AND TOMORROW?

continent will appear.

Off-shore platforms already produce one third of the world's oil^[2]. Oil will continue to be extracted in deep waters and, onshore and offshore above the Arctic Circle, where extensive deposits have been identified.

Onshore and offshore wind farms will continue to grow, especially offshore in Europe, with increasingly powerful wind turbines and large-capacity farms.

Current, wave, tidal and thermal power: sea energy could represent an installed capacity of 240 GW by 2050⁽³⁾. The global leader in submarine applications, Nexans is stepping up its research and innovation efforts in all these areas. The decentralized production and consumption of energy will grow, even very large projects involving an entire country or Europe is examining the feasibility of a super-grid to interconnect the production capacity from sea energy and landbased transmission networks to get the most out of the installed base as a function of Member States' needs.

The Desertec project aims to install massive solar energy production capacity in the southern Mediterranean countries. The MedGrid partnership, of which Nexans is a member, is looking at importing part of the electricity produced by these facilities by installing high-voltage direct current transmission cables between the northern and southern shores of the Mediterranean: new lines for sustainable electricity.

International Energy Agency. WEO 2011, "New Policy Scenario," November 2011.
 IFP.
 Carbon Trust.

OUR SOLUTIONS

OIL AND GAS ACCESS NEW RESOURCES

The global leader in umbilical cables, Nexans equips submarine facilities operating in the most demanding environments: deep sea, high pressure and extreme temperatures. Umbilical cables include optical fiber, sensors and analyzers to monitor and control facilities.

Nexans also develops special cables for platforms operating in the far north at minus 50°C and sometimes frozen-in for two thirds of the year.

Nexans contributes to securing liquefied natural gas (LNG) transfers from floating liquefaction platforms using cryogenic cables able to withstand temperatures down to minus 160°C.

Also, thanks to its lead-free range of HYPRON® cables, Nexans provides an ecological and competitive alternative for onshore oil and gas facilities. As resistant as standard cables using corrosive substances, they are up to 40% lighter, which reduces the carbon footprint from their production and distribution by 20% and 10% more flexible.

FACILITATE THE DEVELOPMENT OF RENEWABLE ENERGIES

Hydroelectricity, biomass plants, wind farms, photovoltaic installations and solar power plants: Nexans encourages the development of renewable energies by making them more reliable to operate and facilitating their connection to the grid.

Wind energy: turnkey solutions

The Group designs complete cabling systems for all sizes of wind turbines. Its high-performance cables help secure production in all weather. For example, the medium voltage cables connecting the transformer in the nacelle to the circuit-breaker supporting 600 kg of traction and 100° rotation in both directions across a distance of one meter for more than 5,000 cycles at minus 40°C. Involved in the largest offshore projects, Nexans provides turnkey solutions for the installation of offshore and onshore farms: medium voltage cables to collect the electricity generated by wind turbines, high voltage cables to carry it back to shore, optical fiber cables to monitor the facilities and connection accessories. The Group designs, lays and buries high voltage cables for offshore wind farms in shallow water to protect them from accidental attack.



Solar energy: yield and recyclability

Nexans offers a comprehensive range of photovoltaic connection facilities under the KEYLIOS® brand to optimize facility performance, safety and life span. In particular, this range includes the ENERGYFLEX® cables (0.6 to 1 kV) designed to withstand exterior conditions: extreme temperatures (minus 40°C to plus 120°C), UV rays (complete protection against ultraviolet rays), and ozone. They are used to interconnect the panels and their connection to the converter. Free of halogen compounds, low-smoke producing, flame-retardant and certified LCIE, TÜV, UL and IMQ, these cables are suitable for the main types of connectors.

COPPER AND COAL ENSURE SAFETY FOR PEOPLE AND OPERATIONS

Nexans provides a range of cables and connection accessories designed to ensure maximum safety in mines, especially in the event of a fire, and to withstand harsh conditions, especially crushing that might paralyze production. To reduce this risk, the Group recently developed reflective cables that are highly visible in daylight and at night.

More solutions on <u>www.nexans.com</u>

SOLUTIONS

ELECTRICITY TRANSMISSION AND DISTRIBUTION



Overhead, underground and submarine electricity transmission and distribution grids

1.3 billion people do not have access to electricity⁽¹⁾.

More than 7.2 trillion dollars need to be invested in electricity transmission and distribution grids between 2011 and 2035⁽¹⁾.

(1) AIE, WEO 2011.

CHALLENGES

Access to electricity is essential for development and its availability is critical for an increasing number of applications. While demand is increasing, the first challenge is to secure electricity supply.

In emerging countries, 1.3 billion people live without electricity and many of those that do have access only have minimal supply. Production is often remote from consumption areas. Electricity has to be transported over great distances under the best possible conditions of energy efficiency and cost.

In developed countries, the frequency and intensity of peak consumption times weaken grids that have to be renovated and strengthened.

Making energy transport and electricity distribution more efficient is a shared challenge for reducing CO_2 emissions. The integration of renewable energies, intermittent by nature, is a major challenge for electricity network security and necessary to successfully make the transition to less carbon-dependent economies. Flexibility, meshing and interconnection of transport networks spanning several countries are needed to maximize all production capacity installed and absorb consumption peaks while avoiding major faults.

There is also the need to meet new demand on islands, protect landscapes and marine environments, and find safer and more discreet solutions with a lower footprint for intra-urban networks.

AND TOMORROW?

Smarter grids are set to revolutionize the way we produce, distribute and consume energy, opening the way to new reliability, security and energy efficiency performances. The ecological challenge is threefold: smarter grids reduce the overall consumption of electricity, limit the need for more heavily polluting plants during peak consumption periods and integrate all decentralized sources of renewable energies. The system is set to evolve toward a true network with sensors and meters communicating at all levels. Energy producers and suppliers will have real-time data about consumers' needs who in turn will know at all times how much they are consuming and at what price.

Nexans is clearly involved in these changes and already offers many solutions that contribute to network performance while providing improved environmental protection.

OUR SOLUTIONS

SUBMARINE HIGH VOLTAGE: OPTIMIZE THE INSTALLED BASE



A global leader in submarine high voltage, Nexans provides turnkey solutions for interconnecting networks, exchanging electricity, and making supply more reliable. The Group handles major projects and regularly establishes new power, length and depth records in response to these expectations. Nexans has one of the largest cable-laying ships in the world and has developed its own robots to bury cables.

Submarine links are also the main method for meeting the high-season energy requirements of tourist islands to replace polluting generator sets. Optical fiber can be combined with power cables to cover communication needs. This environmentally friendly solution is also being developed for oil platforms.

HIGH-PERFORMANCE OVERHEAD SOLUTIONS

Facilitate river crossings, free up bottlenecks and increase the transport capacity of an overhead line, improve the safety distances to natural or human obstacles are all challenges that can be met using conductors with a composite carbon fiber core produced by Nexans. Their high conductivity transport capacity can double; their light weight reduces the number and height of pylons. The Group also develops overhead power lines that withstand extreme climate conditions at reduced electric fields and improved conductivity, thereby reducing lines losses.

A FUTURE SYSTEM FOR INTRA-URBAN NETWORKS

Superconductor cables transport five times more power than standard cables of the same diameter with no electromagnetic or thermal impact on the environment. This is a future solution for cities with high environmental restrictions, limited space and high electricity needs growing.

Nexans has recently demonstrated the economic viability of this approach in the AmpaCity project (Essen, Germany): this system will have a one-kilometer 10 kV three phase superconductor cable, a world record for length, two end pieces and a fault current limiter to protect the network from short-circuits. Despite the cost of the superconductor cable, this solution is less expensive, safer and more efficient. The right of way is limited to a single cable. Connection is faster and more economical. The superconducting link avoids having to install transformers in the city.

PROTECT NETWORKS FROM FAULTS

Nexans is the world leader in superconducting fault current limiters (SFCL) that act like mega-fuses for a transport network or industrial facility. In the event of a short circuit, they instantly limit the current to a tolerable level. After developing the first SFCL for power plants, the Group, together with Siemens and AMSC (American Superconductor), successfully tested the first SFCL designed to protect a high voltage transport network. Nexans is also coordinating the European secondgeneration, multi-purpose superconductor current limiter. ECCOFLOW involves 13 partners including five grid operators in Germany, Spain, Italy, Sweden and Slovakia. It will make it possible to manage better short circuits in power transport networks: this is a major issue for increasingly interconnected grids.

COMMUNICATE FOR LESS VIA THE NETWORK

Nexans has designed a coupling unit that enables consumption data to be repatriated from smart meters, and to check the network and provide remote maintenance. This patented economical solution uses powerline communication (PLC) technology.

The Group has also designed electric vehicle recharging terminals that enable communication via the Internet between the vehicle and a remote center. The top of the terminal contains outlets that adapt to the operator's needs and the base complies with network standards.

More solutions on <u>www.nexans.com</u>

SOLUTIONS

MEANS OF

Automotive, aeronautical, railroad construction and shipbuilding

CHALLENGES

The mobility of people and goods is a factor underpinning economic and social development, but its rapid growth poses immense challenges. Transportation accounts for almost one quarter of CO_2 emissions from human activity, and the number of vehicles is set to exceed 1.5 billion by 2030⁽¹⁾. Dwindling and more and more costly fossil fuels and raw materials, climate change, the deteriorating environment and expanding megacities are forcing automobile, aircraft, ship and railroad manufacturers to look for sustainable solutions.

The challenges include reducing oil dependency, consumption and greenhouse gas emissions; improving safety and recyclability; and maximizing information technology to achieve these goals. These changes are encouraged by new regulations, integrated mass transit policies in urban areas (metros, light rail and outer urban trains) and significant growth in long-distance high-speed rail transportation. Security, lighter weight, compactness, onboard communication capabilities, ease of cable system installation and recyclability: to provide solutions to these challenges, several Nexans engineers have been seconded to its manufacturer customers. They are contributing to the development of new projects by providing the most appropriate cabling solutions.

(1) International Energy Agency.

AND TOMORROW?

Improved transportation energy efficiency, the development of mobility largely reliant on electricity, produced from renewable sources, the rollout of intelligent transportation systems to smooth traffic flow and facilitate multi-modal solutions are all areas that will contribute to achieving sustainable mobility.

Metropolitan and outer urban rail transportation and high-speed trains will undergo sustained development, especially in emerging countries. The development of hybrid and electric vehicles will incorporate new motors; for aircraft, the replacement of hydraulic fluids and compressed air with electric current will result in sizeable weight reductions and fuel savings. Broadband will be available in all means of transportation to optimize management of various functions, safety and efficient travel and for passenger entertainment or work.

OUR SOLUTIONS

ULTRA-LIGHT DATA AND COMMAND CABLES

Thanks to the use of an alloy with high mechanical strengh, DATAGREEN® signal cables allow savings in terms of weight, volume and energy efficiency, all the while reducing considerably the impact of these types of cable on the environment. These cables will withstand temperatures above 125°C and only require minimum energy to transmit the data needed for multimedia and onboard navigation systems. Nexans has also developed a signaling and control cable with the same conductivity and the same tensile strength as standard cables, while containing half as much copper. Lighter, more compact and more economical, it is suitable for numerous applications, such as operating the many LEDs and sensors found in transportation vehicles.



AUTOMOTIVE CONSTRUCTION FACILITATE NEW MOTORS

Nexans contributes to automakers' objectives with fully recyclable halogen-free cables, finer and lighter cables with high-temperature insulation and flexible cables with high electromagnetic compatibility (EMC) for hybrid and electric vehicles. Assembled in tight and burning hot spaces, these high voltage cables can withstand 180°C for 3,000 hours and do not create any interference liable to disrupt control and safety equipment.

AERONAUTICAL CONSTRUCTION MINIMIZE CABLE WEIGHT

For Airbus, Nexans has developed control and data cables with aluminum conductors and fiber optics that have reduced the weight of cabling in the A380 by 10%, eradicated the risk of electric arcing and can withstand temperatures of 350°C for 400 hours. More generally, the Group has designed a new generation of more powerful data transmission cables for the same size and 20 to 60% lighter.

SHIPBUILDING WITHSTAND EXTREME COLD

Omnipresent in ships, Nexans' cables are easy to install and ensure a greater level of safety onboard, even in hostile environments. In particular, the Group has developed ICEFLEX® cables an exclusive technology for ships sailing in Arctic waters that ensures cables remain fully flexible down to minus 50°C and have excellent fire resistance. These cables are also resistant to oil, chemical agents and corrosive fluids. Certified by Lloyds Register, they are the first maritime energy cables qualified for such low temperatures.

RAIL ROLLING STOCK GUARANTEE FIRE RESISTANCE

Fully halogen-free and with enhanced fire resistance, FLAMEX® cables facilitate passenger evacuation in the event of a fire by protecting power supply to the doors, ventilation systems, and warning and communication systems. Nexans is the only manufacturer to produce diesel fuel-resistant, halogen-free cables for hybrid locomotives. Its patented INFIT® technology that ensures the integrity of electrical circuits by transforming the flexible insulation into a ceramic in the presence of fire, further improves the fire resistance of cables for metros and signaling systems.

More solutions on <u>www.nexans.com</u>

TRANSPORTATION AND LOGISTICS



CHALLENGES

Road, rail, port and airport infrastructure is essential for the economy to operate smoothly and for access to essential services, like health and education.

Infrastructure availability and the safety of people and property are central to operators' concerns. They expect safety and operation equipment and systems to be reliable and enable crisis management under the most efficient conditions. Rail transportation is highly dependent on the quality of its infrastructure. Greater urban transportation frequency, the development of very high speed and interoperability considerably increase the performance expected from cabling systems.

The globalization of maritime trade has led to the development of intermodal «megaports» with extensive access facilities for trucks and freight trains, powerful handling equipment, advanced telecommunications systems and networks to ensure the safety and efficiency of operations.

AND TOMORROW?

The aims of sustainable development will speed up the electrification of rail systems, ports, aircraft parking bays, cranes and other handling equipment to limit emissions. The commitment to reducing environmental impact will encourage the deployment of carbon balances, life-cycle analyses and high quality environment approaches. Eco-design, energy efficiency and recyclability of cabling systems will become key differentiating factors. Infrastructure will incorporate increasing intelligence in the form of sensors, analyzers and communication capacity to optimize their preventive maintenance, availability and operation. These approaches will improve the quality of service and return on investment.

OUR SOLUTIONS

ENSURE OPERATION CONTINUITY AND SAFETY

Nexans responds to these demands by delivering solutions for efficient, robust, compatible and upgradable energy and telecommunications networks.

Equipment designed for stations, tunnels, platforms, port and airport terminals have enhanced fire resistance to protect critical functions and facilitate emergency and evacuation operations.

Local and remote telecommunications solutions enable vast hubs to be operated under the best possible conditions of reliability and safety. These include intelligent infrastructure management systems.

Surveillance systems are heightened in airports, stations and port terminals. Nexans provides advanced solutions using high-definition digital cameras integrated into local networks.

SECURE RAIL TRAFFIC MANAGEMENT

Energy, signaling and telecommunications cables for rail systems combine electromagnetic compatibility with fire resistance. Nexans supplies optical fiber for communication lines and the European radio train control system ERTMS/ETCS.

The Group recently developed halogen-free ETCS eurobeacons for trackside installation. They provide exceptional performance over long distances and operate at temperatures of between minus 30°C and plus 70°C. Nexans also provides an advantageous combined communication and control-command system to improve safety on regional lines: DUOTRACK® is laid directly along the rail, reducing installation time by 30 to 40% and providing overall savings of more than 50%.





HIGH-AVAILABILITY SOLUTIONS FOR FREIGHT TERMINALS

Thanks to new materials, BUFLEX[®] X'PREM cables enable cranes and gantries used at large port and rail terminals to operate safely, faster and seamlessly, 10 times longer. They withstand high acceleration and deceleration tensile loads, torsion, abrasion, UV and ozone. These cables can incorporate copper twisted pairs or optical fibers and so can be used for advanced control-command functions for handling equipment.

Nexans has also developed an intelligent crane cable that delivers data about its status while in operation, especially its tensile strength. This system facilitates preventive maintenance, helping avoid breakdowns and accidents.

REDUCE CO2 EMISSIONS AT PORTS AND AIRPORTS

Nexans provides connection systems to power berthed ships so they can shut off their engines and reduce their greenhouse gas emissions.

At the same time, the Group has also designed hybrid connection cables that meet ships' power supply, data transfer and telecommunications requirements. For aircraft on the ground, the Group has developed 400 Hz power supply systems that reduce the need to use aircrafts' auxiliary power units and highly polluting diesel generators.

More solutions on <u>www.nexans.com</u>

SOLUTIONS

BUILDING

Housing • Offices, hotels, exhibition centers, shopping malls • Sports, cultural, educational, medical, community facilities • Industrial buildings, logistics centers



CHALLENGES

Safety, durability and ease of installation are the main challenges for building cabling.

The expansion of megacities in emerging countries, the construction of increasingly large and complex buildings and community facilities, the increased number of high towers, and the densification of energy and communication networks needed for their operation heighten the demand for reliability and security, especially with regard to fire risk.

In the face of rising energy costs and deteriorating environments, new standards are prompting a more sustainable approach to building and renovation that reconciles energy savings with material longevity and recyclability, interior air quality and respect for the environment. HQE[®] (France), BREEAM[®] (UK), LEED[®] (North America), Green Mark[®] (Singapore) and Green Star[®] (Australia) all share these aims.

Fast and easy-to-install cabling systems are another challenge. They provide a faster and better response to the high demand from emerging countries. They contribute to improving competiveness and access to products and services in mature countries.

AND TOMORROW?

Buildings will not just consume less energy. Many will generate energy. This already is the case for homes, buildings, plants, logistics centers and shopping malls equipped with photovoltaic solar panels.

Then there are electric cars. Private garages and public car parks will be equipped with battery charging terminals so they can run, of course, but not only. While cars are not in use, the storage capacity of their batteries could be used. The aim will be to store the excess electricity generated during the day by positive energy buildings and then feed it back in the evening and morning periods of peak use. This is one of the challenges facing tomorrow's smart grids and smart meters which will have to match supply to demand as closely as possible to maximize the use of installed capacity.

OUR SOLUTIONS

ENSURE SAFETY IN THE EVENT OF A FIRE

Nexans has developed several generations of cables with improved fire resistance and halogen-free compounds. In the event of a fire, these cables do not spread flames, give off any corrosive smoke or react in contact with dry ice or water that could damage facilities. Fire-resistant cables continue to operate during a fire and so ensure the continued operation of detection, alarm and emergency exit indication systems facilitating evacuation and fire-fighting operations.

The ALSECURE® PREMIUM range of cables continues to operate at more than 1,000°C. They benefit from the exclusive INFIT® insulation technology that transforms a flexible and easy-to-connect material into an insulating ceramic in the presence of fire. INFIT® is used for other applications requiring a high level of fire-resistance.

FACILITATE INSTALLATION CONTRACTORS' WORK

To help professionals in their work, Nexans develops packaging that makes cable storage, transportation and unwinding easier; speeds up installation and electrical cabinet cabling; and improves cut precision. Recent innovations include EASYFIL® available with the preassembly of 3, 4 or 5 wires. Joined together for laying, they can be easily separated by hand when it comes to their connection. A single reel is used which makes transportation, handling and installation easier. For installation in residential buildings, the time savings can be as much as 50%.

HELP CUSTOMERS MAKE THE MOST ENVIRONMENTALLY-FRIENDLY AND ECONOMICAL CHOICES

With the EcoCalculator, all our customers can choose cables combining energy efficiency, reduced CO_2 emissions and safety. Once technical parameters have been entered, the EcoCalculator suggests the most advantageous cable cross-section to maximize the installation's energy efficiency by limiting electrical losses during service.

It calculates the kWh, the CO_2 emissions, the savings made, the cable's estimated return on investment and the end benefit for the installation's entire life span. When available, the EcoCalculator also suggests halogen-free alternatives that limit the emission of dense smoke and toxic gases thereby facilitating the evacuation of people and operations by rescue teams.



REFERENCE SYSTEM FOR PRODUCT ENVIRONMENTAL DATA

Nexans is a founding member of the PEPecopassport® (created in June 2010) together with Schneider Electric, Legrand and other industrial groups. Its aim is to provide rigorous information about the environmental impact of electrical, electronic and air conditioning products. All the Product Environmental Profiles (PEP) published by the PEPecopassport® members comply with the standard ISO 14025⁽¹⁾.

Cables covered by an eco-declaration in accordance with the PEPecopassport® reference system can be used as part of an HQE® (High Quality Environment) certification procedure. Similarly, the data supplied can also be used by customers for all their eco-design approaches.

CONTINUING EDUCATION FOR INSTALLATION CONTRACTORS

Improving installation contractors' qualifications and installation safety, and sharing best practices are the aims of the training courses provided by Nexans. The Nexans Morocco Training Center trains a large number of electricians each year. Entirely funded by the Group, it is fully equipped for hands-on training sessions: professional tools, installation panels and test benches. Mobile workshops provide an education outreach service in most of the country's towns and cities.

More solutions on <u>www.nexans.com</u>

SOLUTIONS

TELECOMMUNICATIONS



CHALLENGES

The challenges network operators face are highly diverse with the opening of the telecommunications market: rollout at lesser cost for alternative operators, combatting digital ditch for administrations and authorities, creation of new networks by electricity infrastructure operators, etc. Nonetheless, all share the same reliability, availability and capacity demands. Local networks have to treat increasing volumes of data and evolve along with their users' needs, applications and equipment. At the same time, they have to ensure a high degree of security and reliability to process personal data and service critical applications, such as in hospitals, research centers and financial services. The quality of shields and resistance to attacks are additional challenges in industrial environments with increasing levels of communication needs. Energy efficiency has become a major challenge for data centers that are constantly increasing in size and consumption. Reducing consumption involves installing architectures and cabling systems that are more resistant to heat build-up, and intelligent management systems to optimize energy consumption, availability, reliability and security.

AND TOMORROW?

Demands and constraints will simply rise with the exponential development of Internet traffic, high-definition video, the rollout of triple play offers combining Internet access, TV and landline telephone, and then quadruple play that will see landline and mobile services converge. These changes call for the rapid rollout of optical fiber with advanced solutions to reduce investment and operation costs, to physically access subscribers and allow the greatest number of people to benefit from these new facilities. Ethernet will progress to 40 Gbits/s and beyond for LANs. The energy constraint will continue to push innovation in data center design, equipment and management. Nexans is anticipating these changes and is already delivering solutions. The CAT7A copper cables and Multi mode fiber optic cables will facilitate this migration to 40G, and then 100G. These upgradable systems will enable seamless capacity increases while controlling the energy bill of our customers. For intercontinental transmissions or between islands and continents, innovative solutions for rolling out fiber networks and even submarine repeater cables able to extend considerably optical transmission distances in order to unload existing communication networks.

OUR SOLUTIONS

REDUCE DIGITAL GLITCH FACILITATE OPTIC FIBER ROLLOUT

Nexans offers optimized solutions to facilitate access to broadband in remote regions and the rollout of networks to the subscriber's door:

- optical fiber submarine cables, more than 16,000 km already installed;
- robotized unwinding of optical fiber cables on high voltage overhead lines;
- medium voltage cables integrating optical fiber for remote meter reading and broadband data transmission, which avoids duplication;
- solutions using railroads, metros and wastewater networks and rapid installation techniques, like microcables air blown over long distances in existing pipes;
- an integrated solution combining cables, components, distribution boxes and flexible subscriber outlets that are easy to install and secure with sockets designed to ensure eye protection from the laser beam.



INCREASE ENERGY EFFICIENCY OF DATA CENTERS

Large data centers consume as much energy as a mediumsized town, mainly for cooling to counter the heat emitted by their operation. Nexans provides intelligent real-time management of their energy consumption and equipment that resists heat build-up.

Its EMAC⁽¹⁾ system optimizes energy efficiency.
 It determines the capacities needed and their changes, checks the energy consumed by customers hosted, provides access control, monitors unauthorized connection, manages and plans loads, warns in the event of a problem and proposes solutions.

- The LANsense analyzer part of the Nexans offer for intelligent infrastructure management systems reduces its energy consumption and heat radiation by more than 70% thanks to its completely reworked inlet-outlet system.
- Its cabling system has become the benchmark because of its reduced dimensions, resistance to heat build-up and transmission capacity. Its connectors allow for future extensions by accepting broadband speeds of 40G and above.



ROBUST AND SECURE LANS FOR CAMPUSES

Optical fiber cables used for campus local area networks can carry up to 1 Gbit/s up to 800 meters and 10 Gbits/s up to 550 meters with a high density and the integration of numerous applications. Inside buildings, the networks are composed of LSZH⁽²⁾ cables. Outside, they have been designed to resist rodents, humidity and extreme cold.

IMPROVE SECURITY

Security is a new priority for many organizations and companies. Nexans offers surveillance solutions combining voice, data and video. Integrated into LANs, they use highdefinition video cameras connected by copper and optical fiber cabling systems, making it possible to cover vast surveillance areas very efficiently.

More solutions on <u>www.nexans.com</u>

COMMITMENTS VALUE PEOPLE · COMMIT TO EXCELLENCE



SHARED VALUES

Twenty-two managers representative of the diversity of activities and countries have worked together to define precisely Nexans' values and their deployment:

- Commit to excellence
- → Be responsible
- Work globally

ETHICS, VALUES AND COMMITMENT

Working at Nexans, means sharing values that encourage employees to innovate, share and progress to achieve ambitious objectives while respecting a strong ethic.

RIGOROUS ETHICS IMPLEMENTED

The Code of Ethics and Business Conduct sets out the principles that the Group's employees must abide by in their professional activity. Adopted by the Board of Directors in 2008 and regularly updated, it is available in 16 languages on the Group Internet and intranet sites, distributed to all employees and introduced to all stakeholders.

Its application is the management's responsibility in all units and subsidiaries and is included in the scope of the Group audit. Training courses ensure its importance is clearly understood.

A particular effort is made to ensure sales and purchasing teams are aware of its implications. The Group has also rolled out a global program for competition compliance rules. A reporting procedure for any breaches of the Code of Ethics rules in the areas of accounting, finance and banking, as well as corruption and competition was instituted in 2011. A Group Ethics correspondent was appointed as part of this same procedure.

CREATE VALUE APPLY OUR VALUES EVERYDAY

As the Group becomes increasingly global, it is essential to be able to refer to shared values. Nexans defined its values following a participative approach involving an international cross-activity team. Six assertions determine how Nexans wants to progress and create value for all stakeholders: customers, shareholders, employees, partners, the planet and society.

Designed to guide and inspire each employee every day, Nexans' values convey its ambition of achieving excellence. The contribution and exemplary conduct by managers will be key to their successful roll out.

PROMOTE A CITIZEN ECONOMY

In 2008, Nexans signed the United Nations Global Compact. In so doing, it has undertaken to implement and promote 10 fundamental principles related to human rights, labor standards, environmental protection and combatting corruption. The Group has therefore demonstrated its commitment to contributing to a more citizen-focused global economy and to encouraging its suppliers and partners to follow the same path. Nexans incorporates these principles in its strategy and day-to-day management and compiles an annual report on the renewal of its commitment and the achievements and progress made for each of the 10 principles.

A DEDICATED CSR STRUCTURE

Nexans' sustainable development strategy has been defined and monitored since 2009 by the CSR⁽¹⁾ Committee. Chaired by Frédéric Vincent, Chairman and Chief Executive Officer of the Group, it meets twice a year. Its members are the two Senior Corporate Executive Vice Presidents and the heads of Human Resources, Communications, Risk Management, the General Councel/Secretary General. The secretariat is managed by the CSR Manager. Two expert committees, co-chaired by two members of the Board of the Directors and two members of the Executive Committee, one for Governance and Social, and the other for Environment and Products, steer and coordinate projects in their respective areas. These two Expert Committees also meet twice a year.

COMMITMENTS

GOVERNANCE

The Nexans Board of Directors implements quality corporate governance focused on sustained improvement.

THE BOARD OF DIRECTORS

The Nexans Board of Directors has, at May 2012, 15 members of whom 8 are independent members, 4 women and 3 members of non-French nationality. The members are chosen for their expertise and experience in various fields. The statutory, renewable term of office is maximum four years. The Board of Directors is governed by internal regulations that are regularly updated to incorporate the recommendations of the AFEP-MEDEF Code of Corporate Governance. These internal regulations appended a Board Director charter which stipulate the members' rights and duties.

THE BOARD COMMITTEES

The Board of Directors set up two advisory Committees to assist the Board in its decision-making.

- The Accounts and Audit Committee met six times in 2011 with the Senior Corporate Executive Vice President Administration and Finance, Corporate Vice President Internal Audit and the Auditors. It examines the full-year and half-year financial statements and monitors the effectiveness of internal control and risk management systems.
- The Appointments and Compensation Committee met seven times in 2011. It examined the renewal of board members' terms of office and the nomination of new members, reviewed the qualification of members' independence, and examined the components of the Chairman and Chief Executive Officer's remuneration and the arrangements for the draft employee share ownership plan for 2012. Since March 2012, the missions of this Committee have been expanded to all questions regarding Corporate Governance.



IN ACTION

The Board's annual assessment

Since 2003, the Board of Directors' operation has been assessed annually either through a detailed questionnaire sent to each Board Member, or using specialist external consultants (in 2006, 2009 and 2011). More information on <u>www.nexans.com/governance</u> (SpencerStuart evaluation).

A summary is prepared by the Appointments and Compensation Committee, which is then discussed at a Board meeting.

Audit: certified procedures

The Internal Audit Department was one of the first to have been certified by IFACI (French Institute of Audit and Internal Control) in 2005. Its certification was renewed in 2011.

→ Listening to shareholders

All queries may be submitted for swift handling via N°Vert 0800 898 898 a toll-free service in France only or via e-mail to <u>investor.relation@nexans.com</u>

RISK MANAGEMENT

Close attention has been paid to managing and consistently reducing risk. The Internal Audit Department and the Risk Management Department work closely together.

The Group's risk is mapped every two years by the Internal Audit Department. It serves as the basis for compiling the Group's annual internal audit plan and optimizes the allocation of resources and action planning. The Group has set up working groups combining operational personnel and members of the functional departments to work on some of the main risks identified for which an improvement procedure or process is feasible. The aim of these workshops, chaired by the Risk Management Department, is to put forward solutions to overcome these risks or to limit their impact. The summary report is presented to the Executive Committee.

The Risk Management Department is responsible for rolling out the mapping risk tool in the countries and business groups and for making sure that it is correctly used by management. It also makes sure that warning and crisis management procedures are effective.



Mexans Shareholder E-Club

SHAREHOLDER INFORMATION

Listed on the NYSE Euronext Paris, Nexans is committed to establishing a constructive relationship of trust with its shareholders and subscribers to its bond issues through quality information and dialogue.

Nexans regularly consults its shareholders to gain a better understanding of their information expectations.

Joyal individual shareholders

73% have held their shares for more than five years and 46% have more than 100 shares. For 64%, the Group's strategy and outlook are the subjects that most interest them.

The sources of information they consider most useful are: the Annual Report and the Shareholder Newsletter (80%). Nexans published four Shareholder Newsletters in 2011, including a special issue about innovation.

April 2011 survey, 2,317 respondents.

An E-Club for shareholders

In 2011, Nexans formed four panels of shareholders to explore their needs: four days of discussions that were rated 4.7 by the participants on a scale of 1 to 5. The suggestions led to the creation in 2012 of an E-Club for shareholders (www.eclub.nexans.com): its multimedia content, especially reports and video interviews of managers, will provide the individual shareholders with a better understanding of the Group, its activities, initiatives and successes.

Corporate governance scores 17.75/20

Nexans is among the companies (CAC 40 and SBF120 Paris Bourse indexes) with a level of governance judged as "very good" in an independent comparative study on governance by Ernst & Young in 2011.

The analysis grid has almost 150 criteria and takes into account all the recommendations of the relevant French and European institutions.

Nexans obtained the maximum score for the implementation of its governance which in particular covers the missions of the Boards of Directors.

The areas of progress identified in 2011 include: the increase in the number of women Board Members, information transparency about the senior management's retirement plans and the clarity of information about multiple directorships.

Nexans governance	2011	2010	2009	2011 average ⁽¹⁾
Organization	15	13	14	12.65
Tools and dedicated resources	18	18	16	11.55
Deployment and implementation	20	18	16	12.45
Information transparency	18	16	14	11.65
General score ⁽¹⁾	17.75	16.25	15	12.08

(1) of all CAC 40 and SBF120 companies

COMMITMENTS

PRODUCTION

Consume less, produce better: these goals are at the heart of the manufacturing performance program implemented by Nexans, which innovates, invests and applies a continuous improvement approach to reduce its activities' environmental footprint.

RIGOROUS ENVIRONMENTAL MANAGEMENT

The Group's environmental policy is defined in the "Industrial Risk Management" charter. New plants are designed to minimize their environmental footprint and improvements investments are made

at the older plants. The Nexans environmental management system (EMS) is applied at all its sites. Its aim is to reduce pollution risks and manage environmental costs (consumption of energy, water, raw materials and hazardous materials, and waste disposal and recycling). In line with the ISO 14001 standard, the EMS is based on the assessment of industrial risk, raw material consumption, pollution emissions, training in best practices, attentive monitoring of results at each site, continuous improvement programs and audits. A Group Environnement Manual sets out the objectives, procedures, crisis management plans and tools available for the sites. All this information is available on a dedicated Intranet site where best practices can also be exchanged. An annual online questionnaire is used to monitor sites. The rating grid is updated annually to reflect changes in regulations and the areas of improvement determined by the Group. Following audits, performed at least once every three years, the internal EHP⁽¹⁾ label is awarded to those sites that meet the Group's criteria. Those that do not must implement corrective actions as part of the plant's three-year plan.

Improvements mainly refer to consumption (water, solvents, energy, packaging, etc.), air and water emissions, level of soil protection, water management, waste storage conditions and recycling methods, as well as the noise impact of the Group's activities.

Industrial risk prevention is the subject of a specific program run in close cooperation with the Group's general damages insurance experts.



REDUCE CONSUMPTION, WASTE AND EMISSIONS

Reducing its consumption of materials is one of Nexans' manufacturing priorities.

In addition, Nexans has launched an energy efficiency plan for 16 plants totaling 50% of its consumption. This project aims to reduce 10% of the energy consumption on these pilot sites and then on all of the Group's sites.

To achieve this goal, the Group improves its practices, production processes and equipment through two crossactivity programs: Nexans Excellence Way, launched in 2009 to identify, standardize and spread best practices, and Nexans Excellence Technologies, introduced in 2011 with the same goals in the areas of technical innovation and production processes. Under this program, plants sharing the same issues work together through 10 technology networks.

Monitoring consumption, the rollout of proven processes, managing quality and day-to-day performance help reduce excessive consumption and manufacturing rejects. The sites sort waste at the source and reuse whatever is possible. Process energy efficiency is calibrated. Consumption measurement campaigns and audits are used to check that utility networks are operating correctly and the most appropriate contracts applied, and to choose more efficient lighting, heating and air conditioning solutions. Manufacturing audits and certifications are performed using shared methods under a global partnership with Bureau Veritas. This encourages the rollout of best practices in the areas of quality, the environment and safety.

IN ACTION

Certified sites

	2009	2010	2011
Scope	95	92	92
EHP ⁽¹⁾	60	67	71
ISO 14001	56	54	56

The production reject rate decreased by **10%** between 2009 and 2011 to 4.8% (by production value)

95% of industrial service water is recycled

→ Recycling, quality and competitiveness

Nexans has developed an exclusive fire refining technique that produces conductors of the very highest quality from recycled copper at a cost well below electrolysis refining.

Thanks to this processes used at its Lens (France) plant, Nexans recovers on average 10,000 metric tons of recycled copper a year.

→ Recycling water

Within Nexans' core businesses 95% of the main water consumed as part of the manufacturing process is recycled.

> CO₂ emissions: effective reporting

Nexans monitors greenhouse gas (GHG) emissions at all its plants. This method takes into account the emissions from energy consumption, waste management and fugitive emissions. This monitoring identifies the priority actions that need to be implemented to contain the Group's climate impact.



(1) Environment Highly Protected.

INNOVATIONS SERVING QUALITY, COMPETIVENESS AND THE ENVIRONMENT

Treated industrial service water

Treated water is needed in various areas of production. By installing reverse osmosis units to treat water, the Group has been able to eradicate the use of acids and soda previously used to demineralize water vapor while at the same time reducing production overheads.

Improved FEP composition

Used for some cable sheaths, FEP (Fluorinated Ethylene Propylene) is a costly material from the Teflon family. Difficult to extrude, it produces up to 25% waste. By optimizing its composition, Nexans has significantly cut back this percentage, increased the extrusion speed by 40% and improved its competitiveness.

Renewable material in sustainable cables

Customers now expect low-environmental impact, sustainable products. The eco-design approach implemented by Nexans is already exploring options for using in cables materials that are recycled or coming from renewable resources.

Nexans has filed a new patent for biopolymers opening the way to a new generation of "natural" polymers that will increasingly be used to replace conventional materials. Even if the Group does not yet produce biocables, this patent will enable it to respond to its customers' demand to replace synthetic polymers with renewable materials that also have a better carbon balance.

COMMITMENTS

PURCHASES AND DISTRIBUTION

Upstream, Nexans involves its suppliers in its sustainable development approach. Downstream, the Group improves its logistics and develops services that contribute to customers' satisfaction while also reducing material loss and CO₂ emissions.



INVOLVE THE SUPPLIERS

Nexans works with suppliers that meet its quality, cost and reliability requirements, and that commit to ensuring their progress is not at the cost people or the environment. Since 2009, suppliers have been asked to sign the Supplier Social Responsibility Charter that explicitly refers to the principles of the Global Compact and the fundamental texts of the International Labor Organization. Copper, aluminum and plastics (polyethylene, PVC and plasticizers) are the main raw materials used by Nexans. Against a backdrop of dwindling raw materials and to secure supplies, the Group is strengthening its partnerships with key suppliers. For plastics, Nexans has undertaken co-development programs with leading chemicals companies. Nexans also aualifies new suppliers to increase the share of local purchases in response to the change of its installed production capacities and to its customers' expectations. Thanks to a policy of source diversification, Nexans has been able to avoid supply disruptions even following the Great East Japan Earthquake and the resultant shutdown of certain component plants.

REDUCE ENVIRONMENTAL IMPACT

Technology intelligence and openness to suppliers' innovation results in Nexans' qualifying equipment, material and services that contribute to the Group's own products and services.

Raw material suppliers are involved in the compliance approach for the European REACh (Registration Evaluation Authorization and Restriction of Chemicals) regulation that requires transparent information throughout the entire supply chain.

Several actions have been introduced to develop the purchase of products that are more environmentally friendly, especially reels, pallets, transportation, travel and energy consumption. For example, a campaign to replace motors with motors that consume less energy has been started.

In the area of logistics, efforts are concentrated on filling trucks, distribution and frequency of deliveries, the use of alternative means of transportation (waterway when possible – for example, the majority of dispatches to Antwerp are made by waterway). Optimizing reel collection also reduces our consumption of new reels. An analysis of freight-related carbon emissions has been undertaken. A KPI (Key Performance Indicator) used to measure the evolution in carbon emissions has been introduced in the main European countries.

Pilot experiments have been run to reduce the frequency of deliveries to customers that accept to be involved, resulting in fuel savings and CO₂ emission reductions. Consolidated delivery services and inventory management shared with manufacturing customers or distributors also contribute to optimizing trip numbers.





IN ACTION

Ready-to-lay: another way to avoid waste

The delivery of ready-to-lay cables combines material savings with added value. The cables are delivered just-in-time, precut to specified lengths.

The customer is relieved of having to manage any cable inventory and there is less offcut waste from installation.

468,000 metric tons of copper

155,000 metric tons of aluminum bought in 2011

Almost **2/3** of suppliers have signed the Nexans CSR Charter

Travel offsets

Nexans enables its employees to limit their business travel by using new communication tools: videoconference, electronic work hubs, etc.

Business air travel nonetheless totals nearly 64 million kilometers a year and generates 11,000 metric tons of CO_2 . Since 2010, Nexans fully offsets these emissions by supporting the Unchindle-Mapanda reforestation program in Tanzania.

Almost 11 000 hectares (27,000 acres) of degraded land has been reforested with pine, eucalyptus and native species to protect the biodiversity. Ten percent of the funds are allocated to improving the living conditions in the villages.

Watch the video on www.nexans.com/tanzania



→ PEFC[™] certified reels

Nexans uses about 350,000 reels a year in Europe. Since 2010, the Group's European sites essentially use PEFC[™] labeled reels. Nexans was the world's first cable industry group to use this label certifying that the wood used is sourced from sustainably managed forests. The aim is to replace at least 95% of reels with PEFC[™] reels.

→ Eurocable sustainable management

The Nexans subsidiary, specializing in the production of reels, implements sustainable management for the entire life cycle of its products.

Reel dimensions are designed to match the volume and weight of cables they are to carry. Production wood chips are used to heat the driers for the high-temperature treatment of the reels without the use of any chemical products. The reels are transported knocked-down, reducing by two thirds the number of trucks needed, and then assembled at customers' premises.

They are repaired so long as their condition allows, then recovered at end-of-life as a secondary raw material to manufacture particle board or for use as fuel.

COMMITMENTS

EMPLOYEES

Nexans is an attentive and responsible employer. It monitors its employees' workplace safety, encourages their professional development and values their contribution.

ENSURE A SAFE WORKING ENVIRONMENT

Workplace safety is an absolute priority and the first KPI on monthly plant management charts. A concerted program was introduced in 2009 with shared rules and standards to prevent the most serious potential risks, such as electrical tests, progress actions in each country, Safety Days at each site attended by the management teams, and the Safety Awards presented in recognition of the results obtained. A Corporate Health and Safety Manager coordinates cross-activity initiatives, and ensures information is shared.

In 2011, Nexans rolled out the Job Safety Analysis used to determine the safest operating methods for each workstation. Critical situations at the limit of the accident have been included in plant management charts and the Group has focused its attention on the 10 sites with the worst performance.

These efforts are paying off: the accident frequency rate has come down by a factor of 2.8 in three years.

DEVELOP SKILLS

Nexans is a responsible manufacturer committed to its employees. Throughout their professional life in the Group, it strives to make sure that every employee achieves a high level of expertise and remains attuned to market requirements while respecting the Group's values. Worldwide, Nexans implements a program designed to develop its employees' skills at all levels in the organization based on a managerial expertise model and models specific to each position. It identifies all the expertise and

conduct needed to fulfill missions. Based on the model for their position, during their personal

interview, employees and their line manager identify areas for development and jointly compile development and training plans tailored to each employee's situation.

To support this skills development process, Nexans has created and provides specific training to all its employees in managerial positions. The Group's aim is to facilitate skills evaluation and help managers define relevant and effective development plans.

Employees are kept informed through collective and personal presentations and via brochures explaining this process. Skills models are at the heart of Nexans' HR procedures: recruitment, mobility, training and career management. For its recruitment and new positions, Nexans strives to develop internal applications.

Since 2009, the Group has been using a global recruitment tool called "JobWay" to publish job offers internally so all employees are aware of the jobs available in the company's various entities. They can also submit an application directly, if applicable, via JobWay. The main uses of this tool have been defined by the Human Resources Department to ensure employee applicant confidentiality in the first stages of the selection process. This cross-business tool strengthens and promotes the Group's mobility policy.

At Nexans, international mobility is considered a lever for the transmission of expertise that helps contribute to employees' professional development, supports growth and conveys the Group culture worldwide. International mobility continues to be encouraged by Nexans. To support this process, a mobility charter has been written to ensure equal treatment between Group expatriates whatever their country of origin.

ATTRACT AND RETAIN TALENT

Each year, Nexans recruits talented recent graduates from engineering and business schools and universities. The Group aims to create a breeding ground for key talent and train its future managers. These young employees participate in the deployment of the Group's policies and procedures and are trained to take on operational responsibilities internationally to further their careers. Mobility is fully integrated into their career path.

28–29

To identify the best talent at all levels in the organization, the various Group entities participate in recruitment forums organized by schools and universities; sometimes, they create partnerships with certain institutions, and address target audiences about the Group's professions, activities, values and culture.

DIVERSITY AND EQUALITY

Like the countries and communities in which it operates, Nexans is also developing the diversity of its employees. It respects equal opportunity and makes sure that recruitment, remuneration, promotion and job retention decisions are based on employees' skills, aptitude and results. In France, the Gender Balance Observatory compiles a report on the comparative situation between men and women in each of the Group's companies. This report is used as the basis for an annual discussion between management and employee representatives about the objectives and measures needed to achieve professional equality.

Similarly, Sweden follows an equality plan and Australia complies with the directives issued by the Australian Human Rights Commission.

Employees aged over 50 account for one quarter of the total headcount. A working group is responsible for suggesting arrangements for employees at the end of their careers to ensure the handover of expertise, especially through the Nexans University and mentoring. At the end of 2011, the Group directly employed 323 disabled employees⁽¹⁾. The entities concerned take into account as best as possible the disability of each person to ensure appropriate working conditions.

 Taking into account the law in different countries some of which prohibit the publication of this information.

IN ACTION

> Workplace safety

Accident frequency rate (including temporary employees)⁽¹⁾

2008	2009	2010	2011
23.3	15	10.4	8.3

 Number of workplace accidents involving leave in excess of 24 hours per million hours worked.

20 sites certified OHSAS 18001

379,000 hours training in 2011

Of which **27%** devoted to workplace health and safety

Learning on the job

Apprenticeship and work-study programs are widespread throughout the Group, especially in France, Germany, Switzerland, northern Europe and Australia. About half the apprentices are recruited at the end of their apprenticeship contract. Nexans strives to remain a school where its manufacturing expertise and skills are passed on from generation to generation. For example, France has set itself the goal of training about 100 apprentices a year. Similarly, China is developing systems for young technicians to be tutored by experienced employees and Morocco uses a mentoring program for young recruits.

Nexans University: receive, enrich and transmit

Designed by Nexans for Nexans and its employees, Nexans University facilitates the sharing of knowledge and best practices, develops expertise and employees' ability to work together. Nexans University's vision goes well beyond the simple transmission of knowledge and expertise; it is also a place for discussion and the consolidation of professional knowledge, which is fundamental to building an evolving and dynamic career. A total of 330 employees have received specific training and participate in designing and teaching courses. The University offers more than 70 courses and offers teaching in 10 languages. In 2011, it trained more than 5,000 employees.

Nexans sponsors the 130th class at ESPCI ParisTech⁽¹⁾

In 2011, ESPCI ParisTech was the top-ranking engineering school in France for the fourth year in a row according to the ARWU⁽²⁾.

Through this sponsorship, Nexans sought to strengthen its ties with this prestigious engineering school from which many Nexans managers have graduated. For three years, the Group organizes numerous discussions, conferences and round tables with the student engineers on a variety of technical subjects, human resources, etc., with Group experts and other speakers. The students were given the opportunity to visit certain sites. Placement and internships were offered within Nexans' technical Division.

École Supérieure de Physique et de Chimie Industrielles de la ville de Paris.
 Academic Ranking of World Universities.

COMMITMENTS

ENCOURAGE COMMITMENT

The Group implements an equitable and attractive remuneration policy, taking into account the specifics of each of the countries where it operates.

Nexans contributes to the welfare (retirement, health and providence plans) of its employees at a level of commitment reflecting the company's social responsibility.

Nexans involves its employees in its future through profitsharing plans tailored to local contexts, performance-based stock option plans for its main managers, and international share-ownership plans open to all categories of employees.

OPEN AND CONSTRUCTIVE SOCIAL DIALOGUE

Relations between management and employees in the Group are based on respect and dialogue.

Nexans enjoys quality social dialogue thanks to a shared commitment to communication, frequent discussions and formal agreements. Discussions with local management are centered on numerous issues, such as workplace safety, improving working conditions and awareness of healthrelated issues.

Most sites have mandated union representatives. The Newco European Works Committee directly reflects this commitment to dialogue: created in 2003, it represents the employees in eight European countries and meets twice a year.



RESPONSIBLE MANAGEMENT

Nexans implements training policies that prefigure changes to employment so that employees can acquire the necessary skills, and develop their capacity to adapt or retrain.

If a unit has to reduce production, the plant managers use every means available to limit the impact on its employees. When industrial reorganizations are carried out, as has been the case in the past three years in Europe, North America and South America, Nexans offers each person concerned alternative solutions within the Group or personalized support if a solution outside the Group is preferred or unavoidable.

More broadly, Nexans invests in developing activities that generate new jobs in regions affected by these restructurings.

IN ACTION

→ Employee shareholders

Nexans ran four employee share ownership plans between 2000 and 2010. At the end of 2011, employees owned 2.93% of the shareholders' equity, calculated in accordance with the legal definition. A new worldwide plan has been launched during the first half of 2012 in 25 countries. As for the previous plan, it provides a type of investment designed to guarantee each employee's personal contribution in euros so that economic upheavals do not undermine their confidence in their company.

Listening to managers

Nexans surveyed 2,600 managers in 32 countries in 2010 with a 71% response rate. Of these 93% considered their work was interesting and 92% would recommend Nexans as an employer. Managers' expectations largely concerned more information about HR policies and systems, and improved communication about the Group's strategy.

SOLIDARITY AND CORPORATE SPONSORSHIP

Nexans uses its expertise and products to promote culture and heritage and to assist society's underprivileged. It encourages solidarity with its host communities and invests, with its employees, in training and educating young people.



PARTNERSHIP WITH ELECTRICIANS WITHOUT BORDERS⁽¹⁾

Electricians without Borders aims to improve the living conditions of the most underprivileged communities by helping them gain access to water and electricity. The association also operates in emergency and humanitarian crisis situations to install power in health centers, displaced persons camps, etc.

Under a sponsorship agreement signed in 2011, Nexans will supply Electricians without Borders half its cable requirements for three years to the value of 300,000 euros. The first projects supported by the Group:

- → The installation of mini-turbines in Phongsaly Province (Laos) to provide power to almost 1,000 families, that is between 4,000 and 5,000 people, in 30 isolated villages. More than 240 km of Nexans cable was laid, that is 50 to 60% of the cost of the project
- ➔ Electrical lighting in refugee camps and hospitals in Somalia
- Water and electricity for the Sissili dispensary and school (Burkina Faso)
- Water and power supply for Xaale Faage Hospital (Ethiopia)
- → Power supply for an orphanage and health center (Benin)

→ Power supply for two hospitals in Bebalem (Chad). In each case, there was an emphasis on local resources and environmentally friendly technology, and the association trained the local population to install and maintain the facilities.

SUPPORT EDUCATION AND TRAINING

In many countries, Nexans and its employees are committed to education and training for young people to help them prepare for their future and take their place in society.

- In Germany, Greece and Switzerland, Nexans entities reward the best students and work by young researchers. Donations of equipment, funding for classes, internships, plant visits: many sites support high schools and colleges that provide training in the electrical professions and make efforts to introduce young people to the corporate world.
- In Chile, China, France and Australia, Nexans welcomes numerous young people for internships and apprenticeships so they can learn more about its activities. In Sweden, Nexans participates in judging new company projects presented by young people.
- In Lebanon, the subsidiary took part in the construction of a university and finances the studies of employees enrolled in engineering and electrical and mechanical engineering courses.
- In North America, Nexans supports several humanitarian associations and provides study scholarships for employees' children and grandchildren.
- ➔ In Norway, Nexans contributes to university scholarships and supports SOS Children's Villages that reunites siblings who have no parental support and provides them with an education. Italy and Ghana also contribute to children's programs.
- In Brazil and Peru, Group companies help schools in poor districts by donating equipment.
- In Turkey, Nexans provides support for the UNICEF program to educate young girls. In South Korea, new recruits devote a day for the professional orientation of disabled people in a specialist center.
- ➔ In Australia, the Olex Spirit program, named after the subsidiary, supports training for underprivileged youth in partnership with several local associations.
- ➔ In New Zealand, apprentices learning electrical trades are given assistance and encouragement, while the Olex Rugby Academy coaches talented young players in Taranaki. Its aim is to champion rugby excellence in a region that has provided the All Blacks with several of their best players.
- → Qatar participates in a beach cleanup operation.

COMMITMENTS



Corporate sponsorship at Versailles

Nexans is the sponsor for the renovation of the electricity networks in the Château de Versailles since 2007. Nexans donated the expertise and cables needed, in particular ALSECURE® Plus fire-resistant cables that provide better protection for visitors and the collection in the event of a fire. This sponsorship operation contributed to the protection of an exceptional heritage property and the 7 million visitors it hosts each year.

For further information: www.versailles.nexans.com



SPONSOR OF THE LOUVRE MUSEUM IN LENS: REVITALIZING A REGION

Nexans has been involved in the creation of the new Louvre Museum in Lens (France) that will open to the public in December 2012 in the heart of the former Nord-Pas de Calais coal-mining region.

It is contributing its building network and security expertise for this innovative museum, one of the first in France to undertake an HQE® (High Quality Environment) approach. It is providing the power and communication cables that will run through the museum's 28,000 sq. m building and its 22 hectare (54 acres) park. It will also provide training for the installation contractors.

Nexans has a long-standing presence in Lens where its global Metallurgy Research Center is located along with an electrical wire production plant using recycled copper. The region was particularly hard hit by the industrial crisis that has not spared the Group's plants either. Nexans strives to help this region acquire new options that will create jobs and its sustainable development. The Louvre-Lens Museum will provide the city and the Nord-Pas de Calais region with a new center of attraction. About 550,000 visitors are expected annually.

For further information: www.nexans.com/sponsorofthelouvrelens

KEYFICATA BATA SOCIAL DATA

32–33

KEY FIGURES

ENVIRONMENTAL DATA

2011	2010	2009
92	92	95
1,442,089	1,425,400	1,407,000
842,225	821,000	794,000
75,786	83,100	85,500
523,049	504,400	516,100
3,011,044	3,000,000	4,400,000
757	720	810
468,000	510,000	546,000
155,000	149,000	139,000
99,337	97,280	91,910
7,166	6,580	6,360
15 371	14 123	18 335
13,371	14,120	10,000
86	86	76
416,000	445,000	541,000
71	67	60
56	54	56
5,820	5,500	7,100
5,186	4,600	4,200
9,949	6,500	5,300
	2011 92 1,442,089 842,225 75,786 523,049 3,011,044 757 468,000 155,000 99,337 7,166 15,371 86 416,000 71 56 5,820 5,186 9,949	2011 2010 92 92 1,442,089 1,425,400 842,225 821,000 75,786 83,100 523,049 504,400 3,011,044 3,000,000 757 720 468,000 510,000 155,000 149,000 99,337 97,280 6,580 15,371 14,123 86 416,000 445,000 71 67 54 54 5,820 5,500 5,186 4,600 9,949 6,500

Metric tonnage processed by RECYCABLE, ZIREC and CUPRAL.
 Sites where at least 75% of machines are equipped with a water recycling system.

(3) CO2 (carbon dioxyde) emissions including direct emissions and some indirect emissions (electricity and steam consumption, power line losses, production of fossil fuels (c) Co₂ (carbon analysis) ormanic mercaning and a single consumed, use of packaging, and waste landfilling).
(4) Environment Highly Protected.

SOCIAL DATA

	2011	2010	2009
TOTAL HEADCOUNT	24,561	23,648	22,716
- Europe	14,896	14,618	14,277
- Asia-Pacific	2,214	2,153	2,437
- North America	2,395	2,038	1,662
- South America	2,309	2,403	2,203
- Middle East, Russia and Africa	2,747	2,436	2,137
CABLE BUSINESS			
Headcount	18,026	18,007	18,410
% women	15.19%	14.74%	14.98%
Average age (years)	42.4	42.3	42.1
Average seniority (years)	12.8	13	13
% temporary employees	6.75%	6.80%	5%
Employment			
Natural attrition	(1,704)	(1,576)	(1,305)
Reorganizations	(554)	(468)	(942)
Hires	2.269	2.004	1.107
Scope effect	10	(363)	19
Transfers	(2)	(000)	(9)
% Personnel turnover ⁽¹⁾	8 60%	7 70%	6.50%
% overtime ⁽²⁾	6 50%	6.80%	5 50%
Part-time	/10	108	100
% fixed_term contracts	<u> </u>	400	407
Diversity	070	070	070
% women managers	10%	18 30%	18 00%
Number of disabled employees	202	245	10.70/0
Health and Safety	323	545	550
Absontonism rate	1 97 %	1 16%	1 1 2 %
Clobal work accident frequency rate (3)	4.27/0	4.40%	4.1370
Number of sites with zero assidents	0.3	10.41	14.70
			50
Tetal number of training bours	270.000	442.000	221.000
Second dislama	379,000	443,000	331,000
Social dialogue	> 00	> 40	> <i>E E</i>
Number of dgreements signed by countries	>90	>00	>00
CABLE HARNESS BUSINESS	(505	E (13	4 000
Headcount	6,535	5,641	4,309
- Europe	4,840	4,562	3,989
- North America	1,049	688	320
- Middle East, Russia and Africa	646	391	-*
% women	63%	63%	-
Average age (years)	34.3	34.4	-
Average seniority (years)	3.9	3.7	-
Employment			
Natural attrition	(2,078)	(2,291)	-
Restructuring	0	(22)	-
Hires	2,972	3,636	-
Scope effect	0	0	-
Transfers	0	9	-
Diversity			
% women managers	35%	36%	-
Health and Safety			
Global work accident frequency rate ⁽³⁾	4.54	2.98	-

(1) Personnel turnover rate = number of departures (resignations, contract expirations, individual terminations or death) excluding departures due to retirement, reorganizations, business divestitures

(1) resolute information of departicles (resignations, control expirations, individual reminificities of dealing excluding departicles and employee mobility transfers/average headcount x 100.
 (2) % overtime = number of overtime hours/number of actual hours of work.
 (3) Global Work accident frequency rate = Total number of work accidents involving leave in excess of 24 hours/Total number of hours worked x 1,000,000.
 (*) The harnesses business headcount in Tunisia were ranked in 2009 in Europe for 204 people and are now in 2010 in Middle East, Russia and Africa.
 (-) Data not available.

For further information

Nexans' institutional and financial publications may be accessed directly at <u>www.nexans.com</u> or may be requested from:

Communications Department

Nexans – 8, rue du Général Foy – 75008 Paris, France

- Tel.: +33 (0)1 73 23 84 00
- Fax: +33 (0)1 73 23 86 38
- E-mail: communication.institutionnelle@nexans.com

Press relations

- Tel.: +33 (0)1 73 23 84 12
- E-mail: communication.direction@nexans.com

Credits

Published by: Nexans – Communications Department – July 2012 Designed and produced by: TERRE DE SIENNE Paris | www.terredesienne.com Editorial and drafting consultant: Information & Conseil Photographs and computer graphics: Nexans, S. Dolidon, M. Labelle, S. Lavoué, V. Rackelboom, Image SANAA@SANAA / Imrey Culbert / Catherine Mosbach, P. Simard, Getty Images, Shutterstock, DR. Document printed on 100% PEFC-certified paper – PEFC certification no.: 10-31-1375/ PEFC-certified/This product comes from sustainably-managed forests and controlled sources/pefc-france.org





2011 Annual Report

2011 Registration Document



With energy at the basis of its development, Nexans, worldwide expert in the cable industry, offers an extensive range of cables and cabling solutions. The Group is a global player in the energy transmission and distribution, industry and building markets. Nexans addresses a wide series of market segments: from energy and telecom networks to energy resources (wind turbines, photovoltaic, oil and gas or mining...) to transportation (shipbuilding, aerospace, automotive and automation, railways...). Nexans is a responsible industrial company that regards sustainable development as integral to its global and operational strategy. Continuous innovation in products, solutions and services, employee development and commitment, customer orientation and the introduction of safe industrial processes with limited environmental impact are among the key initiatives that place Nexans at the core of a sustainable future. With an industrial presence in 40 countries and commercial activities worldwide, Nexans employs 25,000 people and had sales in 2011 of 7 billion euros. Nexans is listed on NYSE Euronext Paris, compartment A.

For more information, please consult: <u>www.nexans.com</u>



