

## **PART III: BOARD COMMITTEES: TERMS OF REFERENCE**

### III.1. STANDING RULES APPLICABLE TO ALL COMMITTEES

#### III.1.1. Role, responsibilities, authority

As a general rule, the role of the Board Committees is to advise the full Board on the matters belonging to their respective jurisdiction. Unless specifically otherwise provided in the CG Charter, the Board Committees do not have the power of decision, which is the privilege of the full Board.

The members of each Board Committee are proposed by the Chairman and appointed by a simple majority vote of the Board, for a term that corresponds to their term of office as a Director. Each Committee is composed of preferably five members, all of whom are non-executive Directors with the exception of the CEO being a member of the Strategic Committee.

Minutes are taken at every Committee meeting, circulated to all members of the Board as quickly as practicable, and approved at the next Committee meeting. However, for the Nomination and Remuneration Committee, in view of the nature of the discussions, only its final and reasoned recommendations to the Board are communicated, albeit in a manner that allows all Board members to be fully informed to decide on such recommendations.

Each of the Committees, through its Chairman, shall have the right to invite other Directors, members of the BGE, or other management employees to its meetings at its own discretion. Each of the Committees shall have the right to request the assistance and/or presence of independent external experts at the expense of the Company. The Company Secretary shall co-ordinate such requests for external assistance.

#### III.1.2. Chairman

The Company believes that allowing the Chairman to chair all Board Committees enables him to optimize his specific role of safeguarding the interests of all shareholders. Accordingly, and as an exception to the provisions of the CG Code, the Chairman of the Board chairs the Audit and Finance Committee.

Should the Chairman have a conflict of interests in respect of any Committee business, or not be available at a meeting, the longest serving independent member of the Committee will assume the Chair.

## III.2. TERMS OF REFERENCE AUDIT AND FINANCE COMMITTEE ("AFC")

### III.2.1. Role and responsibilities

The AFC has the following duties:

- monitoring the financial reporting process, including:
  - reviewing the Company's annual accounts and the consolidated annual accounts, and the Company's annual report and the consolidated annual report before submission to the Board;
  - reviewing Bekaert's half-year results and quarterly trading updates before submission to the Board;
  - advising the Board on appropriate financial procedures;
  - advising the Board on Bekaert's financial position, indebtedness, and accounting rules;
  - discussing significant financial reporting issues with the BGE and the Statutory Auditor;
- monitoring the effectiveness of the internal control and risk management systems, with a view to ensure that the main risks are properly identified, managed and disclosed according to the framework adopted by the Board (including the review of any significant findings of internal investigations);
- reviewing the internal audit function's work programme and effectiveness, making recommendations on the appointment or removal of the head of internal audit and on the budget allocated to internal audit, and monitoring management's compliance with the findings and recommendations of the AFC;
- monitoring the statutory audit of the Company's annual accounts and the consolidated annual accounts, and any follow-up on any questions and recommendations made by the Statutory Auditor, including:
  - making recommendations to the Board on the appointment or reappointment of the Statutory Auditor, the Statutory Auditor's remuneration, and any questions related to the Statutory Auditor's resignation or dismissal;
  - discussing with the Statutory Auditor the nature and the scope of the audit, any problems or reservations arising from the audit, and any matters which the Statutory Auditor wishes to discuss;
  - reviewing the effectiveness of the external audit process, and management's responsiveness to the recommendations made in the Statutory Auditor's management letter.

The AFC prepares the relevant proceedings and resolutions of the Board, and submits its recommendations to the Board.

Pursuant to a specific delegation from the Board, the AFC is authorized:

- to approve the annual budget for the functioning of the Board, including the remuneration paid to the Board members as well as all expenses related to the Chairman, the Chairman's office and the functioning and organisation of the Board meetings. It also reviews on a yearly basis the actual expenses incurred;
- to approve a formal policy on the non-audit services of the Statutory Auditor, with a view to ensure adequate independence, and to ensure compliance with such policy.

### III.2.2. Membership

The AFC is chaired by the Chairman of the Board. In addition to the Chairman, preferably four Directors, at least one of whom is independent and has the required competence in accounting and auditing, are members of the AFC. The Company Secretary acts as its secretary.

As an exception to the provisions of the CG Code, Bekaert considers that a balanced composition of the AFC, reflecting the composition of the full Board, is the best structure to enable the Committee to perform its important tasks.

### III.2.3. Meetings

The AFC meets at least four times a year.

### III.3. TERMS OF REFERENCE NOMINATION AND REMUNERATION COMMITTEE ("NRC")

#### III.3.1. Role and responsibilities

The NRC advises the Board on:

- the remuneration policy for the Directors, the CEO and the other members of the BGE (including, where applicable, on the proposals to be submitted by the Board to the General Meeting);
- the individual remuneration of the Directors, the CEO and the other members of the BGE, including variable remuneration, long term performance bonuses, whether stock-related or not, and severance pay (including, where applicable, on the proposals to be submitted by the Board to the General Meeting);
- the remuneration policy for senior management;
- the appointment or reappointment of Directors, and the appointment of the CEO and the other members of the BGE; and
- the Company's long term incentive plans.

In addition, the NRC prepares the remuneration report, to be included by the Board as part of the Corporate Governance Statement of the annual report, and explains the remuneration report to the Annual General Meeting.

The Chairman leads and coordinates the preparation process to obtain the NRC's reasoned advice.

The CEO informs the NRC on:

- compliance with the above-mentioned remuneration policies;
- his evaluation of the operation and performance of the BGE;
- the overall personnel cost evolution of the Company and the Group;
- material collective bargaining agreements; and
- succession planning for the BGE and senior management.

The NRC prepares the relevant proceedings and resolutions of the Board, and submits its recommendations to the Board.

The Board shall not nominate or co-opt, as the case may be, any candidate for an office of Director who has not been previously supported by the Chairman and recommended by the NRC.

The Board shall not appoint any member of the BGE nor decide on a remuneration and compensation package for members of the BGE, without the support of the CEO.

Senior management employees, other than BGE members, will be appointed by the CEO only.

#### III.3.2. Membership

The NRC is chaired by the Chairman of the Board. In addition to the Chairman, preferably four Directors are members of the NRC. The NRC is composed of a majority of independent Directors and has the required competence in the field of remuneration policy. The CEO is not a member of the NRC but acts as its secretary. The CEO should excuse himself from the meeting whenever the NRC has to discuss his own remuneration or evaluation. He has an advisory vote whenever the NRC discusses the remuneration of the other members of the BGE or of senior management.

### III.3.3. Meetings

The NRC meets at least twice a year.

### III.4. TERMS OF REFERENCE STRATEGIC COMMITTEE

#### III.4.1. Role and responsibilities

The Strategic Committee advises the Board on the general policy of the Group, as well as on the major strategic issues related to its further development. It also examines the strategic proposals made by the BGE. It evaluates and reviews major strategic decisions in the first phase of their implementation or integration for compliance with the original objectives. It conducts follow-up meetings on major investments from time to time.

The Strategic Committee prepares the relevant proceedings and resolutions of the Board, and submits its recommendations to the Board.

#### III.4.2. Membership

The Strategic Committee is chaired by the Chairman of the Board. In addition to the Chairman and the CEO, not more than five Directors, at least one of whom is independent, are members of the Strategic Committee. The Company Secretary acts as its secretary.

#### III.4.3. Meetings

The Strategic Committee meets at least three times a year.