

## **PART II: BOARD OF DIRECTORS: TERMS OF REFERENCE**

## II.1. ROLE, RESPONSIBILITIES, AUTHORITY

### II.1.1. Role

The Board is the prime decision-making body of the Company, with the exception of matters reserved by the Companies Code or the Articles to the General Meeting (cf. section V.4.2), and subject to the management and operational powers delegated by the Board to the BGE (cf. section IV.1).

The underlying objective of decision-making by the Board is to pursue the long term interests of the Company, its shareholders and other stakeholders (e.g. its customers, its employees and the communities in which the Group operates worldwide).

The Board believes that this involves a primary focus on sustainable profitable growth.

It is the prime responsibility of the Board, under the leadership of its Chairman, to determine the general policy of the Company and the Group, and to monitor the Company's and the Group's operations. The Board has delegated its management and operational responsibilities to the BGE, under the leadership of the CEO. To underscore the division of responsibilities between the Board and the BGE:

- the Chairman of the Board and the CEO are never the same individual;
- apart from the CEO, who is always nominated for Board membership, all Directors are non-executive, unless otherwise proposed by the Board; and
- the BGE is composed exclusively of individuals with executive responsibilities, unless otherwise proposed by the Board.

### II.1.2. Responsibilities

As members of the Board, all Directors are required to:

- provide entrepreneurial leadership of the Group within a framework of prudent and effective controls which enable risk to be assessed and managed;
- set the Group's strategic aims and monitor their realization, ensure that the necessary leadership, human and financial resources are available for the Group to meet its objectives, and review management performance;
- set the Group's values and standards and ensure that its obligations to the shareholders and others are understood and met;
- pay attention to corporate social responsibility, gender diversity and diversity in general.

In addition to these general requirements for all Directors, the role of the non-executive Director has the following key elements:

- **Strategy:** non-executive Directors should constructively challenge and help develop strategy and key policies proposed by the CEO.
- **Performance:** non-executive Directors should assess the performance of executive management in meeting the agreed goals and objectives, and monitor the reporting of performance.
- **Risk:** non-executive Directors should satisfy themselves that financial information is accurate and that the financial and other internal controls and systems of risk management are robust.
- **People:** non-executive Directors are responsible for determining appropriate levels of remuneration of executive management and have a prime role in appointing, removing and planning the succession of BGE members.

Non-executive Directors should constantly seek to establish and maintain confidence in the conduct of the Company. They should be independent in judgment and have an enquiring mind.

An effective non-executive Director should:

- seek for sufficient recognition with executive management in order to promote openness and trust;
- be well-informed about the Company and the external environment in which it operates, with a strong command of relevant business issues;
- update and enhance continuously his knowledge and skills to ensure that his contribution to the Board remains pertinent.

The non-executive Directors will receive information sufficiently in advance of Board meetings to enable thorough consideration of the issues facing the Board. The non-executive Directors should insist that information is sufficient, accurate, and timely.

The non-executive Director:

- maintains the highest ethical standards of integrity;
- supports executive management in their leadership of the business while monitoring their conduct;
- questions intelligently, debates constructively, challenges rigorously and decides dispassionately;
- listens sensitively to the views of others, both inside and outside the Board;
- gains the trust and respect of other Board members;
- promotes the highest standards of corporate governance and always seeks compliance with the CG Code.

### II.1.3. Authority

The following powers are reserved to the Board:

- the determination of the general policy of the Company. This includes the authority to determine the important strategic issues within the Company, to approve plans, budgets and important structural changes (including any acquisition or disposal of a company or business), and the responsibility for the relationship between the Company and its shareholders. The general policy shall be formulated in close co-operation with the CEO and shall carry his support;
- the adoption of the annual accounts for approval by the General Meeting, and the approval of the annual report. In connection herewith, the Board should:
  - approve a framework of internal control and risk management for the Company and the Group set up by the BGE, and monitor the implementation of the framework;
  - ensure the integrity and timely disclosure of the financial statements of the Company and the Group; and
  - supervise the performance of the Statutory Auditor and supervise the internal audit function;
- the election of the Chairman of the Board, and the division of responsibilities between the Chairman and the CEO;
- the monitoring and review of the effectiveness of the Committees of the Board of Directors;
- the determination of the structure, powers and duties of the Company's executive management. This includes primarily the appointment, dismissal and remuneration of the CEO and the other members of the BGE;
- the supervision of the BGE: the Board will in its supervisory task be guided by the Chairman assuming the role indicated in section II.4 with the help of the Board Committees described in Part III. The CEO shall inform the Board, in great detail, at the end of each quarter, about the evolution and prospects of the Company. The CEO shall provide the Board at least two times per year with follow-up reports regarding the major strategic programs of the Company.

## II.2. COMPOSITION

### II.2.1. Size

By law, the Board must consist of a minimum of three Directors. The actual number of Directors is determined by the General Meeting.

At present, in addition to the Chairman, the CEO (who is an executive Director) and the independent Directors, a majority of Board members are appointed from among candidates nominated by the principal shareholder.

### II.2.2. Board competency profile

The Board should through the sum of its Directors, regularly attending the meetings, provide sufficient competencies to define the mission and strategies of the Group, to challenge executive management in its implementation of those strategies, to define short and long term budgets and to ensure adequate control over the operational and financial transactions of the Group. The Board should reflect gender diversity and diversity in general.

This means the Board should through its members have ready access to outstanding expertise on:

- the financial and accounting requirements for an international listed company;
- the technological core competences of the Group;
- industrial activities in a global market place;
- marketing and sales;
- the global macro-economic and political environment.

### II.2.3. Selection criteria

The criteria for the selection of candidates relate to the Board competency profile described in section II.2.2, and to the contribution a candidate can make to the Board considering his expertise, interests, experience and willingness and availability to devote sufficient time to his directorship.

At the moment of his initial appointment, a Director should be at least 30 years of age and at most 66 years of age.

All members of the Board are non-executive, with the exception of the CEO, unless otherwise proposed by the Board.

### II.2.4. Independence requirements

At least three members of the Board must be independent within the meaning of Article 526ter of the Companies Code and of the CG Code. The fact that a Director is not independent within the meaning of either provision does not qualify in any respect the Company's judgment about his independence.

The non-executive Directors should not, as a rule, assume any directorship in any other company (subsidiary or jointly controlled entity) of the Group, or perform any operational action or activity which might cast any doubt on their independent judgment when discussing the operational activities of the Group at Board level.

#### II.2.5. Gender diversity

In accordance with Article 518bis of the Companies Code at least one third of the Directors are of the opposite gender.

### II.3. APPOINTMENT AND EVALUATION

#### II.3.1. Nomination and appointment procedure

The nomination process for each candidacy for an office of Director is led by the Chairman. The Nomination and Remuneration Committee submits a reasoned recommendation to the Board. On the basis of such recommendation, the Board decides which candidates will be nominated to the General Meeting for appointment.

Members of the Board have the legal status of a self-employed person for the purposes of Belgian labour and social security law.

The Nomination Procedure and Selection Criteria for Directors is attached hereto as [Appendix 1](#).

#### II.3.2. Terms of office

Each Director shall be appointed by a simple majority resolution of the General Meeting, for a maximum term of four years. Each Director can at any time be removed from office by a simple majority resolution of the General Meeting.

Directors retire at the Annual General Meeting of the year in which they reach the age of 69.

Both a physical person and a legal entity can assume a directorship. If a legal entity assumes a directorship, it has to appoint a physical person as its permanent representative, who must himself fulfil all conditions for appointment as a Director and who shall, together with the legal entity, be personally liable for the performance of the office of Director.

A Director whose term has expired can be re-appointed for an indefinite number of new terms, subject to the retirement rule set forth above.

#### II.3.3. Induction

A non-executive Director will receive a comprehensive, formal and tailored induction. The induction is not restricted to the Board room but will include visiting sites and meeting senior management.

The Induction Procedure for New Directors is attached hereto as [Appendix 2](#).

#### II.3.4. Evaluation

The Chairman organizes every other year a performance appraisal of the full Board, and every intervening year a performance appraisal of the Board Committees, through an extensive questionnaire.

The questionnaire should at least:

- assess how the Board or the relevant Committee operates;
- check that important issues are effectively prepared and discussed;
- evaluate each Director's contribution and constructive involvement;
- assess the present composition of the Board or the relevant Committee against the desired composition.

The Chairman remains available at all times to consider suggestions for improvement of the functioning of the Board or the Board Committees.

The Chairman organizes in the second year of a non-executive Director's term a documented personal performance evaluation. An update of this performance evaluation is part of any re-appointment process.

All Board members, under the guidance of the longest serving independent member of the Board, should make a similar evaluation of the Chairman. This evaluation should be conducted annually considering the importance of the position of the Chairman, who is also the Chairman of two of the three Board Committees.

The non-executive Directors meet at least once a year in the absence of the CEO in order to assess their interaction with executive management.

#### **II.4. ROLE OF THE CHAIRMAN**

The Board shall elect a Chairman from among its members for a term corresponding to his term as a Director. The Chairman is re-eligible.

As the position of Chairman is pivotal in creating the conditions for overall Board and individual Director effectiveness, both inside and outside the Board room, the Chairman should be appointed on the basis of his knowledge, skills, experience and mediation strength.

The Chairman of the Board shall function as a contact person of, and an intermediary between all stakeholders of the Company and the Group, including but not limited to the shareholders, the other Directors and, through the CEO, the executive management of the Company and the Group.

The person assuming the role of Chairman of the Board shall make sure that he is able, on a constant basis, to assume this role. Should the Chairman of the Board have a conflict of interests in respect of any Board matter, or not be available at a meeting, the longest serving independent Director will assume the Chair.

Any question a Director might have regarding the Company or the Group in general, or more specifically the management, should be raised to the Chairman. The Chairman shall take all necessary steps to have those questions answered and shall communicate such answer as soon as possible to all Directors. The Chairman has, in principle through the CEO's office, immediate access to all relevant documentation.

Specifically, it is the responsibility of the Chairman to:

- run the Board and set its agenda. The agenda should take full account of the issues and the concerns of all Board members. Agendas should be forward looking and concentrate on strategic matters rather than formalistic approvals of proposals that can be suitably delegated to the BGE;

- ensure that the members of the Board receive accurate, timely and clear information, in particular about the Company's performance, to enable the Board to take well-informed decisions, monitor effectively and provide advice to promote the success of the Company;
- ensure effective communication with shareholders at the General Meeting and ensure that the members of the Board gain a sound understanding of the views of major investors;
- manage the Board to ensure that sufficient time is allowed for discussion of complex or contentious issues, and where appropriate arrange for informal meetings in advance to enable thorough preparation for the Board discussion. It is particularly important that non-executive Directors have sufficient time to examine critical issues and are not faced with unrealistic deadlines for decision-making;
- take the lead in providing a properly prepared induction program for new Directors which is comprehensive, well structured and individually tailored, facilitated by the Company Secretary;
- take the lead in identifying and meeting the development needs of each individual Director, with the support of the Company Secretary facilitating the implementation. It is the responsibility of the Chairman to address the development needs of the Board as a whole with a view to enhancing its overall effectiveness as a team;
- ensure that the performance of the Board, the Board Committees and the individual Directors is evaluated in accordance with section II.3.4;
- encourage active engagement by all members of the Board.

#### The Chairman:

- upholds the highest standards of integrity;
- sets the agenda and leads Board discussions promoting constructive debate leading to effective decisions;
- promotes effective relationships and open communication, both inside and outside the Board room, between non-executive Directors and executive management;
- leads and promotes effective relationships with the principal shareholder;
- ensures adequate representation of Bekaert as a group towards diplomatic, economic or political forums; for that purpose the Chairman has a budget available that is approved and controlled by the Audit and Finance Committee;
- builds an effective Board, representing complementary backgrounds and experiences, initiates change and plans succession in Board appointments, subject to Board and shareholders' approval;
- promotes the highest standards of corporate governance and seeks compliance with the CG Code wherever possible;
- ensures that Board Committees are properly structured and effectively run;
- ensures proper communication of Board decisions to the external community (press releases, presentation of results);
- ensures effective implementation of Board decisions;
- establishes a relationship of trust with the CEO, providing support and advice while fully respecting the executive responsibilities of the CEO;
- provides coherent leadership.

## II.5. ORGANIZATION, DECISION-MAKING, REPRESENTATION

### II.5.1. Board Meetings

The Board has a minimum of six regular meetings each year.

Additional meetings may be called at any time with appropriate notice to address specific needs of the business. The Board tries to have one meeting a year at a Bekaert location in or outside Belgium in order to keep in touch with the operations and the business environment of the Group.

Board meetings are convened by the Chairman or, if he is not available, by the longest serving independent Director. The person convening the meeting sets its agenda. Each Director can propose agenda items. It is also the responsibility of the Chairman, assisted by the Company Secretary, to ensure that all members of the Board are properly and timely informed and documented on all items on the agenda. The Directors should thoroughly prepare and actively contribute to the meetings of the Board.

In normal circumstances the convening notices and accompanying documents are circulated to the Directors no later than five working days before the meeting; in case of urgency this notice period can be shortened.

While the Articles allow attendance and voting by proxy, as well as meetings by means of telephone or video conference, it is understood that face-to-face proceedings are largely to be preferred. Board members are expected to attend Board meetings regularly and in person, and to devote the required amount of time to fulfill their responsibilities.

In order for a Board meeting to be valid, a majority of its members have to be present or represented by proxy, duly notified in advance.

The Board can pass its resolutions by a simple majority vote. In case of a tie, the vote of the Chairman is decisive. Without prejudice to the rules governing Directors' liability, and without prejudice to the right of each Director to have his vote and its reasons recorded in the minutes of the meeting, each Director shall loyally execute the resolutions validly passed by the Board.

The Chairman and the CEO can invite other members of the BGE or of senior management to attend whole or part of a Board meeting if they consider their presence to be useful.

The Board is entitled to request the assistance and/or presence of internal experts, as well as of independent external experts at the expense of the Company.

Minutes are taken at every Board meeting, circulated to the Directors as quickly as practicable, and approved at the following meeting.

### II.5.2. Board Committees

In order to fulfill its role and responsibilities efficiently, the Board has set up three advisory Committees: an Audit and Finance Committee, a Nomination and Remuneration Committee, and a Strategic Committee. The terms of reference of the Board Committees are set forth in Part III of the CG Charter.

The Board may set up additional advisory committees to deal with specific matters if the need arises.

### II.5.3. Company Secretary

The Board appoints a Company Secretary, who assists and advises the Board, the Chairs of the Board Committees, and all Board members in exercising their general and specific roles and duties.

The core responsibilities of the Company Secretary include (i) ensuring that the corporate bodies comply with their requirements under the law, the Articles, the CG Code and the CG Charter, (ii) ensuring the continuous development of governance, in line with best market practices and the needs of the Company, (iii) organizing the General Meetings of Shareholders and the Board meetings, and (iv) acting as secretary of the General Meetings, the Board, and the Board Committees.

The Company Secretary is responsible to the Board and is accountable to the Board through the Chairman on all matters relating to his core duties. He has the authority and the duty to use adequate means in order to efficiently fulfill his responsibilities.

The Company Secretary is bound by a duty of discretion, and should observe the utmost confidentiality with respect to the proceedings, the resolutions and the documentation of the Board and its Committees.

### II.5.4. Representation

For matters belonging to the authority of the Board, the Company shall be validly represented towards third parties by the joint signature of two Directors, including always the Chairman or the CEO.

## II.6. CONDUCT GUIDANCE

The members of the Board owe their duties towards the Company as a whole; hence each Director should serve the interests of the Company, taking into account the proper interests of all its present and future shareholders.

### II.6.1. Applicability of General Conduct Policies

The members of the Board should fully comply with:

- the Bekaert Code of Conduct attached hereto as [Appendix 3](#);
- the Bekaert Dealing Code attached hereto as [Appendix 4](#).

### II.6.2. Conflicts of interests

Directors should not directly nor indirectly compete or cause third parties to compete with the Company or the Group. Neither should they take personal advantage of any opportunity open or offered to Bekaert without the full and informed consent of the Board.

To the extent possible, Directors should try to avoid direct or indirect conflicts of interests between themselves, or individuals, legal entities or organizations to which they are closely linked, and the Company or the Group. Without prejudice to the provisions on conflicts of interests of Article 523 of the Companies Code, a Director finding himself in a position of conflict of interests should in any event notify the Chairman who will inform the other members of the Board.

Each Director should each year provide the Company Secretary with a completed questionnaire describing material transactions or other material contractual relationships between himself, or individuals, legal entities or organizations to which he is closely linked, and the Company or the Group, and any other possible source of conflict of interests he might have had in the previous year.

#### II.6.3. Duty of confidentiality

Each Director is bound by a duty of discretion, and should observe the utmost confidentiality with respect to the proceedings, the resolutions and the documentation of the Board and its Committees. It is expressly understood that, except in case of a specific mandate by the Board to act as a spokesperson of the Company for a specific matter related to the activities and responsibilities of the Board, only the Chairman and/or the CEO, or upon their delegation the Corporate Communication Manager, shall act as spokesperson of the Company.

### II.7. REMUNERATION OF NON-EXECUTIVE DIRECTORS

#### II.7.1. Remuneration Policy

The remuneration policy for non-executive Directors is explained in the remuneration report that is prepared by the Nomination and Remuneration Committee and included by the Board as part of the Corporate Governance Statement of the annual report.

#### II.7.2. Exoneration from liability and insurance

It is a tradition within the Company to grant to Directors full indemnity for all direct and indirect financial consequences that may result from or be related to their civil liability as a Director of the Company, except in case of fraudulent intent or of wilful misconduct.

For each Director taking office, the proposal to grant him such indemnity is submitted to the Board, who decides by a simple majority vote and in accordance with the rules on conflicts of interests.

The Company furthermore procures that the Directors are covered by a Directors & Officers Liability insurance policy corresponding to best practice, at the Company's expense.