

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 exclusively of 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 Nomination and Remuneration Committee and the Strategic Committee are chaired by the Chairman of the Board. The Audit and Finance Committee is chaired by an independent Director.

Should the Chairman of a Committee 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 (or, should the Audit and Finance Committee include only one independent Director, the Chairman of the Board) 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 ensuring 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 program 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 raised 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 organization of the Board meetings, and to review on an annual basis the actual expenses incurred;
- to approve a policy for the reimbursement of Board member expenses, and to ensure compliance with such policy;
- to approve a formal policy on the non-audit services of the Statutory Auditor, with a view to ensuring adequate independence, and to ensure compliance with such policy;
- to approve the charter of the internal audit function.

III.2.2. Membership

The AFC is composed of maximum five non-executive Directors, including the Chairman of the Board and at least one independent Director who has the required competence in accounting and auditing. The AFC is chaired by one of its independent Directors (subject to the second paragraph of section III.1.2), and the Company Secretary acts as its secretary.

The CEO is not a member of the AFC but has a standing invitation to attend its meetings.

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;
- the individual remuneration of the Directors;
- the individual remuneration of the CEO and the other members of the BGE, including base remuneration, variable remuneration and other components;
- 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
- generally, any remuneration or appointment related proposals to be submitted by the Board to the General Meeting.

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 composed of maximum five non-executive Directors, a majority of whom are independent, and must have the required competence in the field of remuneration policy. The NRC is chaired by the Chairman of the Board, and the Company Secretary acts as its secretary.

The CEO is not a member of the NRC but has a standing invitation to attend its meetings. 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 three times a year.

III.4. TERMS OF REFERENCE STRATEGIC COMMITTEE

III.4.1. Role and responsibilities

The Board defines the strategy of the Group.

The Strategic Committee examines the proposals made by the BGE to implement the strategy. 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 advises the Board on changes to the assumptions that defined the general strategic policy of the Group, as well as on the major strategic issues related to its further development.

The Strategic Committee from time to time conducts specific reviews of the overall risk environment in which Bekaert is operating, and ensures that the major identified risks are adequately considered when determining the strategy and when making decisions for its execution and implementation.

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 composed of maximum seven Directors, including the Chairman of the Board, the CEO and at least one independent Director. The Strategic Committee is chaired by the Chairman of the Board, and the Company Secretary acts as its secretary.

III.4.3. Meetings

The Strategic Committee meets at least three times a year.