

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 special 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 value creation.

It is the prime responsibility of the Board, under the leadership of its Chairperson, to determine the strategy and general policy of the Company and the Group, and to monitor the Company's and the Group's operations. The Board also determines the risk appetite of the Company in order to achieve the Company's strategic objectives. It approves the framework of internal control and risk management and monitors the implementation thereof. The Board has delegated certain special operational powers to the BGE, under the leadership of the CEO. The Board supports the BGE in the fulfilment of its duties and constructively challenges the BGE whenever appropriate. To underscore the division of responsibilities between the Board and the BGE:

- the Chairperson 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:

- engage actively in their duties and be able to make their own sound, objective and independent judgements when discharging their responsibilities;
- 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;
- make sure they receive detailed, accurate and timely information and spend sufficient time studying it carefully so as to acquire and maintain a clear understanding of the key issues relevant to the Group's business;
- pay attention to corporate social responsibility, gender diversity and diversity in general;
- update their skills and improve their knowledge of the Group to fulfil their roles both on the Board and on the Board Committees they serve on;
- communicate to the Board any information in their possession that could be relevant to the Board's decision-making, and in the case of sensitive or confidential information, members of the Board should consult the Chairperson.

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 will be made aware of the extent of their duties at the time of their application, in particular, as to the time commitment involved in carrying out those duties, also taking into account the number and importance of their other commitments. Changes to their other relevant commitments and their new commitments outside Bekaert should be reported to the Chairperson as they arise.

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.

The non-executive Directors meet at least once a year in the absence of the CEO and the other executives.

II.1.3. Authority

The following powers are reserved to the Board:

- the decision on, and the regular review of, the Company's medium and long-term strategy based on proposals from the BGE, as well as the approval of the operational plans and main policies developed by the BGE to give effect to the approved strategy. This includes the authority to determine the important strategic issues within the Company, to approve plans, budgets and important structural changes (including any material acquisition or disposal of a company or business), and the responsibility for the relationship between the Company and its shareholders. The strategy shall be formulated in close co-operation with the CEO;
- the approval of the framework of internal control and risk management for the Company and the Group set up by the BGE, and the monitoring of the implementation of the framework;
- 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:
 - take all necessary measures to ensure the integrity and timely disclosure of the financial statements of the Company and the Group and other material financial and non-financial information in accordance with applicable laws;
 - ensure that Bekaert presents an integrated view of Bekaert's performance in its annual report and that it contains sufficient information on issues of societal concern and the relevant environmental and social indicators; and
 - supervise the performance of the Statutory Auditor and supervise the internal audit function;

- the election of the Chairperson of the Board, and the division of responsibilities between the Chairperson 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 the appointment, dismissal and remuneration of the CEO and the other members of the BGE. It should also develop a clear delegation policy, in close consultation with the CEO;
- the supervision of the BGE, whereby it should review the BGE's performance and the realisation of the Company's strategic objectives annually against agreed performance measures and targets: the Board will in its supervisory task be guided by the Chairperson 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; and
- all other powers not delegated to the BGE, to the Chairperson or to the CEO.

The Board will:

- establish a process for the monitoring of Bekaert's compliance with laws and other regulations, as well as for the application of the internal guidelines relating thereto;
- approve a Code of Conduct, setting out the expectations for Bekaert's leadership and employees in terms of responsible and ethical behaviour and monitor the compliance with the Code of Conduct annually;
- ensure that there is a succession plan in place for the Directors, the CEO and the other members of the BGE. The Board should review the succession plan of the CEO and the other members of the BGE periodically.

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.

The Board strives to be small enough for efficient decision-making and large enough for its Directors to contribute experience and knowledge from their different fields and for changes to the Board's composition to be managed without undue disruption.

At the date of this CG Charter, a majority of Board members are appointed from among candidates proposed 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 and expertise in the Group's areas of activity 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 sufficient diversity of skills, background, age and gender.

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.

All Directors should uphold the highest standards of integrity and probity.

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.

For any appointment, the skills, knowledge and experience already present or required on the Board shall be evaluated and, in light of that evaluation, a description of the role and skills, knowledge and experience required shall be prepared.

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

All Directors shall demonstrate independence of mind and shall always act in the best interests of Bekaert.

At least three members of the Board must be independent within the meaning of Article 7:87 of the Companies Code and of the CG Code. The fact that a Director is not independent within the meaning of either set of provisions 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. A non-executive Director should not take more than five board memberships in listed companies (inclusive of membership in the Company's Board of Directors).

II.2.5. Gender diversity

In accordance with Article 7:86 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 NRC, which 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

Newly appointed Directors will receive a comprehensive, formal and tailored induction including an update on the legal and regulatory environment, to ensure their capacity to swiftly contribute to the Board. 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 Board, under the lead of the Chairperson, 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;
- assess the interaction between the Board and the BGE;
- 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 as well as its size.

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

The Chairperson organizes in the second year of a 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 Chairperson. This evaluation should be conducted annually considering the importance of the position of the Chairperson.

At the end of each Director's term, the NRC shall evaluate the Director's presence at the Board or Committee meetings, his commitment and his constructive involvement in discussions and decision-making in accordance with a pre-established and transparent procedure. The NRC shall also assess whether the contribution of each Director is adapted to changing circumstances.

The Board shall act on the results of the performance evaluation.

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 CHAIRPERSON

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

As the position of Chairperson is pivotal in creating the conditions for overall Board and individual Director effectiveness, both inside and outside the Board room, the Chairperson should be appointed on the basis of his knowledge, skills, experience and mediation strength. The Chairperson shall be a person trusted for his professionalism, independence of mind, coaching capabilities, ability to build consensus, and communication and meeting management skills.

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

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

Specifically, it is the responsibility of the Chairperson to:

- run the Board and, in consultation with the CEO and the Company Secretary, 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. All Board members should receive the same Board information;
- 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 the shareholder (in particular major investors) and other significant stakeholders;
- 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. The agenda of the Board should specify which topics are for information, for deliberation or for decision-making purposes;
- 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 Chairperson to address the development needs of the Board as a whole with a view to enhancing its overall effectiveness as a team;
- take the lead in ensuring 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 Chairperson:

- upholds the highest standards of integrity;
- leads Board discussions promoting constructive debate leading to effective decisions and engendering a climate of trust, allowing for open discussions and constructive challenge;
- 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 Chairperson has a budget available that is approved and controlled by the ARFC;
- takes the lead in building 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 close relationship of trust with the CEO, providing support and advice while fully respecting the executive responsibilities of the CEO;
- ensure effective interaction between the Board and the executive management;
- provides coherent leadership.

Furthermore, the Board has delegated certain special powers to the Chairperson.

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 Chairperson 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 Chairperson, 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 the 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 fulfil their responsibilities.

In order for a Board meeting to be valid, at least half of its members have to be present or represented by proxy.

The Board can pass its resolutions by a simple majority vote. In the case of a tie, the vote of the Chairperson 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 Chairperson 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 Chairperson will be informed of any interactions between Directors and members of the BGE.

The Board and its individual members are 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. The minutes should summarize the discussions, specify the decision taken and note diverging views expressed by Board members.

II.5.2. Board Committees

In order to fulfil its role and responsibilities efficiently, the Board has set up two advisory Committees: an Audit, Risk and Finance Committee, and a Nomination and Remuneration 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, and has the necessary skills and knowledge of corporate governance matters.

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) preparing the CG Charter and the Corporate Governance Statement, (iii) ensuring the continuous development of governance, in line with best market practices and the needs of the Company, (iv) ensuring a good information flow within the Board and its Committees and between the BGE and non-executive Directors, (v) organizing the General Meetings and the Board meetings, (vi) ensuring that the essence of the discussions and decisions at Board meetings are accurately captured in the minutes, (vii) facilitating induction and assisting with professional development as required, and (viii) acting as secretary of the General Meetings, the Board, and the Board Committees (or ensuring proper replacement as required).

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

Individual Board members have access to the Company Secretary.

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.

The Company is also validly represented towards third parties by special proxyholders within the limits of their mandate.

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, and place it above their own.

The Directors have the duty to look after the interests of all shareholders on an equivalent basis. Each Director should act according to the principles of reasonableness and fairness. When the Board takes a decision, board members should disregard their personal interests.

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 interest

Directors should not directly nor indirectly compete or cause third parties to compete with the Company or the Group. They should not use business opportunities intended for the Company for their own benefit.

Each Director should, in particular, be attentive to conflicts of interest that may arise between Bekaert, the Directors, the members of the BGE, its principal shareholder and other shareholders. The Directors who are proposed by the principal shareholder should ensure that the interests and intentions of this shareholder are sufficiently clear and communicated to the Board in a timely manner.

To the extent possible, Directors should try to avoid direct or indirect conflicts of interest 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 interest of Article 7:96 of the Companies Code, each Director should inform the Board of any conflict of interest that could in his view affect his capacity of judgement. In particular, at the beginning of each Board or Committee meeting, Directors should declare whether they have any conflict of interest regarding the items on the agenda.

The Board should act in such a manner that a conflict of interest, or the appearance of such a conflict, is avoided. In the possible case of a conflict of interest, the Board should, under the lead of the Chairperson, decide which procedure it will follow to protect the interests of Bekaert and all its shareholders. In the next annual report, the Board should explain why they chose such procedure. However, where there is a substantial conflict of interest, the Board should carefully consider communicating as soon as possible on the procedure followed, the most important considerations and the conclusions.

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 interest 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 Chairperson and/or the CEO, or upon their delegation the Corporate Communication Manager, shall act as spokesperson of the Company.

Directors should not use the information obtained in their capacity as Director for purposes other than for the exercise of their mandate. Directors should handle the confidential information received in their capacity as a Director with utmost care.

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 NRC and included by the Board in the annual report as part of the Corporate Governance Statement.

II.7.2. Insurance

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