

## **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 or the Companies Code, the Board Committees do not have the power of decision, which is the privilege of the collegial Board.

The members of each Board Committee are proposed by the Chairperson 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.

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. The Board shall receive oral feedback from each Board Committee at the next Board meeting.

Each of the Committees, through its Chairperson, 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. Chairperson

The NRC is chaired by the Chairperson of the Board. The Audit, Risk and Finance Committee appoints its chairperson.

Should the Chairperson of a Committee have a conflict of interest 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, Risk and Finance Committee include only one independent Director, the Chairperson of the Board) will assume the Chair.

### III.2. TERMS OF REFERENCE AUDIT, RISK AND FINANCE COMMITTEE ("ARFC")

#### III.2.1. Role and responsibilities

In addition to the duties specified by the Companies Code, the ARFC 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);
- establishing an independent internal audit function with resources and skills adapted to the Bekaert's nature, size and complexity;
  - 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 ARFC;
  - 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;
  - assisting the Board in fulfilling its monitoring responsibilities in respect of control in the broadest sense, including risks, and in particular monitoring the responsiveness of the management to the findings of the internal audit function and to the recommendations made in the external auditor's management letter; and
  - adopting and reviewing specific arrangements for raising concerns to the ARFC – in confidence – about possible improprieties in financial reporting or other matters, agreeing on arrangements whereby staff may inform the Chairperson of the ARFC directly, and, if deemed necessary, making arrangements for the proportionate and independent investigation of such matters and for the appropriate follow-up actions.

The ARFC 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 ARFC is authorized:

- to approve the annual budget for the functioning of the Board, including an estimate of the remuneration to be paid to the Board members (subject to approval by the General Meeting) as well as all expenses related to the Chairperson, the Chairperson'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 ARFC is composed of at least three and maximum five non-executive Directors, including the Chairperson of the Board and at least one independent Director who has the required competence in accounting and auditing. The ARFC appoints its chairperson, and the Company Secretary acts as its secretary.

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

### III.2.3. Meetings

The ARFC meets at least four times a year.

Matters relating to the audit plan and any issues arising from the audit process should be placed on the agenda of every ARFC meeting and should be discussed specifically with the external and internal auditors at least once a year.

The external auditor and the head of internal audit function should have direct and unrestricted access to the Chairperson and the Chairperson of the ARFC.

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

### III.3.1. Role and responsibilities

In addition to the duties specified by the Companies Code, 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, the CEO and the other members of the BGE;
- the annual review of the BGE's performance and on the realisation of the Company's strategy against agreed performance measures and targets; and
- generally, any remuneration or appointment related proposals to be submitted by the Board to the General Meeting.

The NRC ensures that sufficient and regular attention is paid to the succession of Directors, the CEO and the other members of the BGE. The NRC also ensures that appropriate talent development programs and programs to promote diversity in leadership are in place. The NRC should prepare plans for the orderly succession of Directors.

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

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 propose or co-opt, as the case may be, any candidate for an office of Director who has not been 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 (excluding his own appointment and his own remuneration and compensation package).

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

### III.3.2. Membership

The NRC is composed of at least three and 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 Chairperson 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 four times a year.