

## Corporate Governance



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In accordance with the original Belgian Code on Corporate Governance published in 2004, the Board of Directors has, on 16 December 2005, adopted the Bekaert Corporate Governance Charter. Following the publication of the 2009 Belgian Code on Corporate Governance, the Board of Directors has, on 22 December 2009, adopted the 2009 Code as the reference code for Bekaert and revised the Bekaert Corporate Governance Charter (the 'Bekaert Charter').

Bekaert complies in principle with the Belgian Corporate Governance Code and explains in the Bekaert Charter or in this Corporate Governance statement why it departs from some of its provisions.

The Belgian Corporate Governance Code is available at [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be)

The Bekaert Corporate Governance Charter is available at [www.bekaert.com](http://www.bekaert.com)

## Board of Directors & Committees

### Board of Directors

The Board of Directors consists of fourteen members, who are appointed by the General Meeting of Shareholders. Eight of the Directors are appointed from among candidates nominated by the principal shareholders. The Chairman and the Chief Executive Officer are never the same individual. The Chief Executive Officer is the only Board member with an executive function. All other members are non-executive Directors.

Four of the Directors are independent in accordance with the criteria of Article 526ter of the Belgian Companies Code and provision 2.3 of the Belgian Corporate Governance Code: Dr Alan Begg (first appointed in 2008), Sir Anthony Galsworthy (first appointed in 2004), Lady Barbara Thomas Judge (first appointed in 2007), and Mr Manfred Wennemer (appointed in 2009, independent since 1 January 2010).

The Board held six regular meetings in 2011. In line with its intention to keep in touch with Bekaert's global operations the Board held one of its regular meetings in Slovakia. In addition to its statutory powers and powers under the Articles of Association and the Bekaert Charter, the Board of Directors examined the following matters, among others, in 2011:

- the implications of the worsening business, economic and financial conditions on the long term strategy of Bekaert, and the Group's response;
- the consolidation of Bekaert's joint venture operations in Chile, Peru and Canada;
- the acquisition of Qingdao Hansun;
- the disposal of the specialized films operations;
- the 2011 budget;
- the plans for the period 2012-2014;
- the distribution of an interim dividend in the gross amount of €0.67 per share;
- the grant of new stock options in accordance with the Share Option Plan 2010-2014 ("SOP2010-2014");
- the debt position of the Group, including the public issue of retail bonds in the aggregate amount of €400 million.

Name	First appointed	Expiry of current term	Principal occupation (*)	Number of regular meetings attended
<b>Chairman</b>				
Baron Buysse	2000	2012	NV Bekaert SA	6
<b>Chief Executive Officer</b>				
Bert De Graeve	2006	2012	NV Bekaert SA	6
<b>Members nominated by the principal shareholders</b>				
Baron Bekaert	1994	2012	Director of companies	6
Roger Dalle	1998	2013	Director of companies	6
Count Charles de Liedekerke	1997	2012	Director of companies	6
François de Visscher	1992	2013	President, de Visscher & Co. LLC (United States)	6
Hubert Jacobs van Merlen	2003	2012	President & CEO, IEE SA (Luxembourg)	5
Maxime Jadot	1994	2012	CEO and Chairman of the Executive Board, BNP Paribas Fortis, Belgium	6
Bernard van de Walle de Ghelcke	2004	2013	Of Counsel, Linklaters LLP (Belgium)	6
Baudouin Velge	1998	2013	CEO, Interel Belgium (Belgium)	6
<b>Independent Directors</b>				
Dr Alan Begg	2008	2014	Senior Vice President Group Technology and Development, SKF (Sweden)	5
Sir Anthony Galsworthy	2004	2012	Advisor to Standard Chartered Bank (United Kingdom)	6
Lady Barbara Thomas Judge	2007	2013	Chairman of the UK Pension Protection Fund (United Kingdom) Chairman <i>Emeritus</i> of the UK Atomic Energy Authority (United Kingdom)	6
Manfred Wennemer	2009	2012	Director of companies	6

(\*) The detailed resumes of the Board members are available at [www.bekaert.com](http://www.bekaert.com).

## Committees of the Board of Directors

The Board of Directors has established three advisory Committees.

### Audit and Finance Committee

The Audit and Finance Committee is composed as required by Article 526bis §2 of the Companies Code: all of its four members are non-executive Directors, and one member, Lady Judge, is independent. Her competence in accounting and auditing is demonstrated by her position as vice chairman of the Financial Reporting Council, the British accounting and corporate governance regulator, which she held until the end of 2007.

Contrary to provision 5.2/3 of the Belgian Corporate Governance Code, the Committee is chaired by the Chairman of the Board: Bekaert wishes the Chairman to preside over all Committees, to enable him to discharge as effectively as possible his specific duties with regard to protecting the interests of all shareholders. Contrary to provision 5.2/4 of the Belgian Corporate Governance Code, according to which at least a majority of the members should be independent, Bekaert takes the view that the Audit and Finance Committee should reflect the balanced composition of the full Board.

The Chief Executive Officer and the Chief Financial Officer are not members of the Committee, but are invited to attend its meetings. This arrangement guarantees the essential interaction between the Board of Directors and executive management.

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2012	4
François de Visscher	2013	4
Baudouin Velge	2013	4
Lady Barbara Thomas Judge	2013	3

The Committee met four times in 2011. In addition to its statutory powers and its powers under the Bekaert Charter the Committee discussed the following main subjects:

- the treasury situation;
- the activity reports of the internal audit department;
- Bekaert's enterprise risk management analysis and mitigation progress: this ERM analysis is based on Bekaert's risk mapping and prioritization (probability, impact and evolution) of identified risks and is subject to continuous monitoring.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed as required by Article 526quater §2 of the Companies Code: all of its three members are non-executive Directors, it is chaired by the Chairman of the Board, and its two other members, Dr Begg and Lady Judge, are independent. The Committee's competence in the field of remuneration policy is demonstrated by the relevant experience of its members.

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2012	4
Dr Alan Begg	2014	4
Lady Barbara Thomas Judge	2013	3

Two of the Directors nominated by the principal shareholders are invited to attend the Committee meetings without being members.

The Committee met four times in 2011. In addition to its statutory powers and its powers under the Bekaert Charter the Committee discussed the following main subjects:

- the succession of the Chairman of the Board;
- the succession of a departing member of the Bekaert Group Executive;
- Bekaert's future management backbone;
- the remuneration policies and long-term incentives plans.

### Strategic Committee

The Strategic Committee has six members, five of whom are non-executive Directors. It is chaired by the Chairman of the Board and further consists of the Chief Executive Officer and four Directors, one of whom is independent.

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2012	4
Bert De Graeve	2012	4
Baron Bekaert	2012	4
Count Charles de Liedekerke	2012	4
Maxime Jadot	2012	4
Sir Anthony Galsworthy	2012	4

The Committee met four times in 2011. In addition to its powers under the Articles of Association and the Bekaert Charter, the Committee reviewed the 2012-2014 plans for Bekaert's operations in China.

## Evaluation & Gender diversity law

### **Evaluation**

The main features of the process for evaluating the Board of Directors, its Committees and the individual Directors are described in paragraph II.3.4 of the Bekaert Charter. For that reason they are not described in this statement as prescribed by provision 4.15 of the Belgian Corporate Governance Code.

In 2011 the Chairman initiated a performance appraisal of the Board, its Committees, the individual Directors and the Chairman in accordance with the provisions of the Bekaert Charter.

### **Gender diversity law**

The Board has acknowledged the Act of 28 July 2011 requiring one third of its members to be of the opposite gender as from 1 January 2017, and has held initial reflections on the subject. The Board will dedicate more efforts to this requirement in the course of 2012.

## Executive Management

### Composition

The Bekaert Group Executive has five members. It is chaired by the Chief Executive Officer and further consists of four members, who are responsible for the various businesses, finance and administration, and technology.

<b>Name</b>	<b>Position</b>	<b>Appointed</b>
Bert De Graeve	Chief Executive Officer	2006
Bruno Humblet	Chief Financial Officer	2006
Dominique Neerinck	Chief Technology Officer	2006
Henri-Jean Velge	Group Executive Vice President Wire	1998
Frank Vromant	Acting Global Head Steel Cord	2011

# Remuneration Report

## Remuneration Report

### Description of the procedure used in 2011 for (i) developing a remuneration policy for the non-executive Directors and executive management and (ii) setting the remuneration of the individual Directors and executive managers

The remuneration policy for non-executive Directors is determined by the General Meeting of Shareholders on the motion of the Board of Directors, acting upon proposals from the Nomination and Remuneration Committee. The policy was approved by the Annual General Meeting of 10 May 2006, and amended by the Annual General Meeting of 11 May 2011.

The remuneration policy for the Chief Executive Officer is determined by the Board of Directors, acting upon proposals from the Nomination and Remuneration Committee. The Chief Executive Officer is absent from this process. The Committee ensures that the Chief Executive Officer's contract with the Company reflects the remuneration policy. A copy of the Chief Executive Officer's contract is available to any Director upon request to the Chairman.

The remuneration policy for the members of the Bekaert Group Executive other than the Chief Executive Officer is determined by the Board of Directors upon proposals from the Nomination and Remuneration Committee. The Chief Executive Officer has an advisory role in this process. The Committee ensures that the contract of each Bekaert Group Executive member with the Company reflects the remuneration policy. A copy of each such contract is available to any director upon request to the Chairman.

### Statement of the remuneration policy used in 2011 for the non-executive Directors and executive management

#### Non-executive Directors

The remuneration of the non-executive Directors is determined on the basis of six regular meetings of the full Board of Directors per year. A portion of the remuneration is paid on the basis of the number of regular meetings attended in person by the non-executive Director.

Non-executive Directors who are members of a Board Committee receive a fee for each Committee meeting attended in person. As an executive Director the Chief Executive Officer does not receive such attendance fee. The Chairman of a Committee receives double the amount of such fee, except if he is also the Chairman of the Board of Directors.

If the Board of Directors requests the assistance of a Director in a specific matter on account of his or her independence and/or competence, such Director will be entitled, in respect of each session warranting specific travel and time, to a remuneration equal to the applicable variable amount payable in respect of a Board Committee meeting attended in person.

The actual amount of the remuneration of the Directors is determined by the Annual General Meeting for the running financial year.

The remuneration of the Directors is regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international references, in order to ensure that persons with competences matching the Group's international ambitions can be attracted.

Non-executive Directors are not entitled to performance-related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits, nor to any other type of variable remuneration except as described above in respect of Board or Committee meetings attended in person.

Expenses that are reasonably incurred in the performance of their duties are reimbursed to Directors, upon submission of suitable justification. In making such expenses, the Directors should take into account the standards applicable within the Group.

The remuneration of the Chairman of the Board of Directors is determined at the beginning of his term of office, and is set for the duration of such term. On the motion of the Nomination and Remuneration Committee, it is determined by the Board subject to approval by the Annual General Meeting. In making its proposal, the Committee should consider a clear description of the duties of the Chairman, the professional profile that has been attracted, the time expected to be effectively available for the Group, and an adequate remuneration corresponding to the formulated expectations and regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international references. The remuneration can comprise a cash remuneration as well as a deferred income scheme. The Chairman, when attending or chairing the meetings of a Board Committee, will not be entitled to any additional remuneration as this is deemed to be included in his global remuneration package.

## Executive managers

The main components of the Group's executive remuneration policy are base salary, short term and long term incentives, and benefits. The Group offers competitive total remuneration packages with the objective to attract and retain the best executive and management talent in every part of the world in which the Group is operating. The remuneration of the executive managers is regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international references.

A strong focus on performance and achievements at Group, Team and Individual level is reflected in all short term incentives. Those incentives should provide appropriate bonus opportunities (such as an annual bonus), which are directly linked to the business objectives.

The Group's long term incentives programs aim to reward managers and executives for their contribution to the creation of enhanced shareholder value over time. Those programs are typically linked to the Company's longer term performance and to the future appreciation of the Company's shares.

The annual remuneration package of the Chief Executive Officer consists of a base salary, short and long term incentives, and benefits. The overall remuneration package, including benefits, aims to be competitive and is aligned with the responsibilities of a Chief Executive Officer leading a globally operating industrial group with various business applications.

The Nomination and Remuneration Committee recommends each year a set of key performance indicators (KPI's) directly derived from the business plan and based on any other priorities assigned to the Chief Executive Officer by the Board of Directors. The KPI's include both Group and individual financial and non-financial targets and are measured over a predetermined time period (up to three years). Those KPI's and the evaluation of the achievements are documented and submitted to the Nomination and Remuneration Committee and to the Board. The final evaluation leads to an assessment, based on measured results, by the Board of Directors of all performance-related compensation elements as specified in the remuneration package of the Chief Executive Officer.

The annual remuneration package of the Bekaert Group Executive members other than the Chief Executive Officer consists of base salary, short and long term incentives, and benefits. The overall remuneration package, including benefits aims to be competitive and is aligned with the role and responsibilities of each Bekaert Group Executive member, being a member of a team leading a globally operating industrial group with various business applications.

The Chief Executive Officer evaluates the performance of each of the other members of the Bekaert Group Executive and submits his assessment to the Nomination and Remuneration Committee. This evaluation is done annually based on documented KPI's directly derived from the business plan and taking into account the specific responsibilities of each Bekaert Group Executive member.

The achievements measured against those KPI's will determine all performance-related compensation elements of the remuneration package of each Bekaert Group Executive member other than the Chief Executive Officer. The KPI's include both Group and individual financial and non-financial targets and are measured over a predetermined time period (up to three years).

The actual amount of the remuneration of the Chief Executive Officer and the other members of the Bekaert Group Executive is determined by the Board of Directors acting on a reasoned recommendation of the Nomination and Remuneration Committee.

## Remuneration of the non-executive Directors in 2011

The amount of the remuneration and other benefits granted directly or indirectly to non-executive Directors, by the Company or its subsidiaries, is set forth on an individual basis in the table below.

in €	Fixed remuneration	Variable Board attendance	Variable Committee attendance	Total Gross 2011
<b>Chairman</b>				
Baron Buysse	500 040	-	-	500 040
<b>Directors</b>				
Alan Begg	38 000	12 500	6 000	56 500
Baron Bekaert	38 000	15 000	6 000	59 000
Roger Dalle	38 000	15 000	0	53 000
Bert De Graeve	38 000	15 000	0	53 000
Count Charles de Liedekerke	38 000	15 000	6 000	59 000
François de Visscher	38 000	15 000	6 000	59 000
Sir Anthony Galsworthy	38 000	15 000	8 974	61 974
Hubert Jacobs van Merlen	38 000	12 500	0	50 500
Maxime Jadot	38 000	15 000	6 000	59 000
Lady Barbara Thomas Judge	38 000	15 000	9 000	62 000
Bernard van de Walle de Ghelcke	38 000	15 000	0	53 000
Baudouin Velge	38 000	15 000	6 000	59 000
Manfred Wennemer	38 000	15 000	0	53 000
<b>Total gross remuneration Directors</b>				<b>1 238 014</b>

### Remuneration of the Chief Executive Officer in his capacity as a Director

In his capacity as a Director, the Chief Executive Officer is entitled to the same remuneration as the non-executive Directors, except the remuneration for attending Board Committee meetings for which he receives no compensation (cf. the table above). Any compensation received by the Chief Executive Officer as a Director is included in his base salary.

### Performance-related remuneration: criteria, term and method of performance evaluation

The remuneration package of the Chief Executive Officer and the other members of the Bekaert Group Executive comprises three performance related elements:

- an annual bonus, with KPI's related to the annual business plan. Those KPI's include both Group and individual financial and non-financial targets and are evaluated annually by the Board;
- a mid-term bonus, with KPI's related to the X+3 business plan. Those KPI's measure Bekaert's absolute performance against the agreed three-year plan, as well as its relative performance against a relevant panel of other companies. The achievement of those KPI's is evaluated by the Board at the end of the three-year period;
- the offer of a variable amount of stock options where the actual number of stock options to be offered to each individual beneficiary is determined by the Board of Directors on the motion of the Nomination and Remuneration Committee and is variable in part, based on the measurement of pre-agreed indicators that are related to the person's long term contribution to the success of the Company.

### Remuneration of the Chief Executive Officer in 2011 (1)

The contract between the present Chief Executive Officer and the Company was executed on 18 January 2006.

The amount of the remuneration and other benefits granted directly or indirectly to the Chief Executive Officer, by the Company or its subsidiaries, is set forth below.

	in thousands of €		Comments
<b>Bert De Graeve</b>			
<b>Fixed remuneration</b>	831		Includes Belgian fixed fees and all Belgian and foreign director fees
<b>Variable remuneration</b>	715		Annual bonus and X+3 bonus paid in 2011 (based on past performance). Form of payment: cash
<b>Pension</b>	162		
<b>Other remuneration elements</b>	75.5		Includes: company car (51k) and risk insurances (24.5k)
<b>Number of stock options granted</b>	30 000		Options

(1) Disclosed fixed remuneration includes board fees received as member of Board of NV Bekaert SA

### Remuneration of the other Bekaert Group Executive members in 2011 (4 FTE's)

The amount of the remuneration and other benefits granted directly or indirectly to the Bekaert Group Executive members other than the Chief Executive Officer, by the Company or its subsidiaries, is set forth below on a global basis.

	in thousands of €		Comments
<b>Fixed remuneration</b>	1549		Includes Belgian fixed fees and all Belgian and foreign director fees
<b>Variable remuneration</b>	1387		Annual bonus and X+3 bonus paid in 2011 (based on past performance). Form of payment is partly in cash, and partly in a group insurance, up to the applicable tax limit
<b>Pension</b>	199		
<b>Other remuneration elements</b>	84		Includes: company car and risk insurances

### Stock options for executive management

The number of stock options granted to the Chief Executive Officer and the other members of the Bekaert Group Executive, exercised by them or forfeited in 2011 is set forth on an individual basis in the table below.

	Number of options granted	Number of options exercised	Number of options forfeited
<b>Bert De Graeve</b>	30 000	24 000	
<b>Bruno Humblet</b>	21 000		
<b>Dominique Neerinck</b>	15 000		
<b>Geert Roelens</b>	10 000		44 500
<b>Henri-Jean Velge</b>	16 500		
<b>Frank Vromant</b>	9 000		

Other than the stock options referred to above, no shares or rights to acquire shares are granted to the Chief Executive Officer or to any other member of the Bekaert Group Executive.

**Severance pay for executive management**

Belgian law and normal practice are the basis for the severance arrangements with the executive managers, except for the Chief Executive Officer and the Chief Financial Officer whose contractual arrangements entered into at the time of their appointment provide for notice periods of 24 and 12 months respectively.

**Departure of a Bekaert Group Executive member**

Mr Geert Roelens resigned all his positions in the Group in 2011. As such he was not entitled to any severance pay, and his stock options that had not been fully vested at the time of his resignation were forfeited.

**Company's right of reclaim**

There are no provisions allowing the Company to reclaim any variable remuneration paid to executive management based on incorrect financial information.