

# CORPORATE GOVERNANCE STATEMENT

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## Board of Directors and Executive Management

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 Corporate Governance Charter was further revised by the Board of Directors on 13 November 2014, on 28 July 2016 and on 28 February 2019 (the “Bekaert Charter”).

Bekaert complies in principle with the Belgian Corporate Governance Code, and explains in the Bekaert Charter and 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

The Board of Directors currently consists of fifteen members, who are appointed by the General Meeting of Shareholders.

Eight of the Directors are appointed from among candidates nominated by the principal shareholder. 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.

Five 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: Celia Baxter (first appointed in 2016), Pamela Knapp (first appointed in 2016), Martina Merz (first appointed in 2016), Colin Smith (first appointed in 2018) and Mei Ye (first appointed in 2014).

Contrary to provision 4.5 of the Belgian Corporate Governance Code, according to which non-executive directors should not consider taking on more than five directorships in listed companies, Ms Merz accepted a sixth directorship in a listed company in November 2018 (Chairwoman of the Supervisory Board of thyssenkrupp AG). Ms Merz will resign as Director of the Company at the close of the Annual General Meeting of 8 May 2019.

The Board met on ten occasions in 2018: there were six regular meetings and four extraordinary meetings. In addition to its statutory powers and powers under the Articles of Association and the Bekaert Charter, the Board of Directors discussed the following matters, among others, in 2018:

- » strategic projects;
- » the strategic plan for the period 2019-2023;
- » the business plan for 2019;
- » the Bridon-Bekaert Ropes Group (“BBRG”) business, including but not limited to the acquisition of full ownership of BBRG and the refinancing of the debt of BBRG;
- » performance updates and related press releases;
- » the succession planning at the Board and Executive Management levels;
- » the remuneration and long-term incentives for the Chief Executive Officer and the other members of the Executive Management;
- » governance, risk and compliance;
- » continuous monitoring of the debt and liquidity situation of the Group.

Name	First appointed	Expiry of current Board term	Principal occupation <sup>(4)</sup>	Number of regular/extraordinary meetings attended
<b>Chairman</b>				
Bert De Graeve <sup>(1)</sup>	2006	2019	NV Bekaert SA	10
<b>Chief Executive Officer</b>				
Matthew Taylor	2014	2022	NV Bekaert SA	10
<b>Members nominated by the principal shareholder</b>				
Leon Bekaert	1994	2019	Director of companies	9
Gregory Dalle	2015	2019	Managing Director, Credit Suisse International, Investment Banking and Capital Markets	10
Charles de Liedekerke	1997	2019	Director of companies	10
Christophe Jacobs van Merlen	2016	2020	Managing Director, Bain Capital Private Equity (Europe), LLP (UK)	10
Hubert Jacobs van Merlen	2003	2019	Director of companies	10
Maxime Jadot	1994	2019	CEO and Chairman of the Executive Board, BNP Paribas Fortis (Belgium)	7
Emilie van de Walle de Ghelcke	2016	2020	Senior Legal Counsel, Sofina (Belgium)	9
Henri Jean Velge	2016	2020	Director of Companies	9
<b>Independent Directors</b>				
Celia Baxter	2016	2020	Director of companies	8
Alan Begg <sup>(2)</sup>	2008	2018	Director of companies	2
Pamela Knapp	2016	2020	Director of companies	9
Martina Merz	2016	2020	Director of companies	8
Colin Smith <sup>(3)</sup>	2018	2022	Independent director of and advisor to companies	6
Mei Ye	2014	2022	Independent director of and advisor to companies	8

<sup>(1)</sup> Bert De Graeve was first appointed as Board Member in 2006. In 2014 he became Chairman of the Board.

<sup>(2)</sup> Until the Annual General Meeting in May 2018.

<sup>(3)</sup> As of the Annual General Meeting in May 2018.

<sup>(4)</sup> The detailed résumés 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 four 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, Ms Pamela Knapp, is independent. Ms Knapp's competence in accounting and auditing is demonstrated by her former position as Chief Financial Officer of the Power Transmission and Distribution Division of Siemens (from 2004 to 2009) and her position as Chief Financial Officer of GfK SE (from 2009 to 2014). The Committee members as a whole have competence relevant to the sector in which the Company is operating. Mr Hubert Jacobs van Merlen chairs the Committee.

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 the Executive Management.

Name	Expiry of current board term	Number of regular and extraordinary meetings attended
Hubert Jacobs van Merlen	2019	15
Bert De Graeve	2019	15
Pamela Knapp	2020	13
Christophe Jacobs van Merlen	2020	13

The Committee had four regular and eleven extraordinary meetings in 2018. In addition to its statutory powers and its powers under the Bekaert Charter, the Committee discussed the following main subjects:

- » the financing structure of the Group;
- » the debt and liquidity situation;
- » the activity reports of the internal audit department;
- » the reports of the Statutory Auditor;
- » governance, risk and compliance and review of the major risks and the related mitigation plans under Bekaert's enterprise risk management program.

### 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 other members 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 board term	Number of meetings attended
Bert De Graeve	2019	3
Celia Baxter	2020	5
Alan Begg <sup>(1)</sup>	2018	1
Martina Merz <sup>(2)</sup>	2020	4

(1) Until the Annual General Meeting in May 2018.

(2) As of the Annual General Meeting in May 2018

Two of the Directors nominated by the principal shareholder and the Chief Executive Officer are invited to attend the Committee meetings without being a member.

The Committee met five times in 2018. In addition to its statutory powers and its powers under the Bekaert Charter, the Committee discussed the following main subjects:

- » organization and talent;
- » the executive compensation plan;
- » the succession planning at the Board and top management levels;
- » the results of a global employee engagement survey;
- » the variable remuneration for the Chief Executive Officer and the other members of the Executive Management for their performance in 2017;
- » the base remuneration for the Chief Executive Officer and the other members of the Executive Management for 2018;
- » target setting for 2018;
- » the long-term incentive grants.

### 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.

Name	Expiry of current board term	Number of meetings attended
Bert De Graeve	2019	3
Leon Bekaert	2019	3
Charles de Liedekerke	2019	3
Maxime Jadot	2019	3
Martina Merz	2020	3
Matthew Taylor	2022	3

The Committee met three times in 2018 and discussed the Bekaert strategy as well as various strategic projects.

### BBRG Committee

In the course of 2018, the Board of Directors established an ad hoc advisory committee that focuses on BBRG, in accordance with Section II.5.2 of the Bekaert Charter.

The BBRG Committee has three members: all of its three members are non-executive directors. It is chaired by Mr Gregory Dalle. The Chief Executive Officer is not a member of the Committee, but is invited to attend its meetings.

Name	Expiry of current board term	Number of meetings attended
Gregory Dalle	2019	8
Charles de Liedekerke	2019	8
Martina Merz	2020	8

The Committee met eight times in 2018.

### Evaluation

The main features of the process for evaluating the Board of Directors, its Committees and the individual Directors are described in this section and in paragraph II.3.4 of the Bekaert Charter. The Chairman is in charge of organizing periodic performance appraisals through an extensive questionnaire that addresses:

- » the functioning of the Board or Committee;
- » the effective preparation and discussion of important issues;
- » the individual contribution of each Director;
- » the present composition of the Board or Committee against its desired composition;
- » the interaction of the Board with the Executive Management.

In 2018, a performance appraisal was conducted of the Chief Executive Officer and of the Chairman.

### Diversity

Since the Annual General Meeting of 11 May 2016, the Company is compliant with the legal requirement that at least one third of the members of the Board of Directors are of the opposite gender.

More information on diversity is available in Bekaert's Group-wide Sustainability report.

### Executive Management

The Bekaert Group Executive (BGE) has the collective responsibility to deliver the long-term and short-term objectives of the Group. It is chaired by the Chief Executive Officer.

On 1 March 2018, Mr Jun Liao became a member of the Bekaert Group Executive and was appointed Executive Vice President North Asia.

On 15 November 2018, Bekaert announced the departure of Ms Beatriz García-Cos Chief Financial Officer. Mr Frank Vromant, Executive Vice President Bekaert Americas, was appointed Chief Financial Officer ad interim with immediate effect, in addition to his executive responsibilities for the Regional Operations Latin America.

After 36 years with Bekaert, and a lifelong career built on business and technology expertise, Mr Geert Van Haver, Chief Technology Officer retired on 31 December 2018. The responsibilities of Mr Geert Van Haver have since then been coordinated internally, initially with a direct reporting line to the Chief Executive Officer and since 1 March conform the new organizational structure.

Name	Position	Appointed
Matthew Taylor	Chief Executive Officer	2013
Rajita D'Souza	Chief Human Resources Officer	2017
Beatriz García-Cos	Chief Financial Officer	2016
Lieven Larmuseau	Executive Vice President Rubber Reinforcement Business Platforms	2014
Jun Liao <sup>(2)</sup>	Executive Vice President North Asia	2018
Curd Vandekerckhove	Executive Vice President Global Operations	2012
Geert Van Haver <sup>(3)</sup>	Chief Technology and Engineering Officer	2014
Stijn Vanneste	Executive Vice President Europe, South Asia and South East Asia	2016
Piet Van Riet	Executive Vice President Industrial Products and Specialty Products Business Platforms, Marketing & Commercial Excellence	2014
Frank Vromant	Chief Financial Officer ad interim <sup>(4)</sup> and Executive Vice President Latin Americas	2011

<sup>(1)</sup> Until 15 November 2018.

<sup>(2)</sup> As of 1 March 2018.

<sup>(3)</sup> Until the end of 2018.

<sup>(4)</sup> As of 15 November 2018.

As announced on 1 March 2019, the composition of the BGE changes according to the new organizational structure.

The BGE is composed of representatives of global business units and global functions.

As of 1 March 2019, the BGE consists of following members:

Name	Position	Appointed
Matthew Taylor	Chief Executive Officer	2013
Frank Vromant	Chief Financial Officer ad interim	2011
Rajita D'Souza	Chief Human Resources Officer	2017
Curd Vandekerckhove	Chief Operations Officer	2012
(external recruitment)	Chief Strategy Officer	
Lieven Larmuseau	Divisional CEO Rubber Reinforcement ad interim	2014
Stijn Vanneste	Divisional CEO Steel Wire Solutions	2016
Jun Liao	Divisional CEO Specialty Businesses	2018

Mr Brett Simpson, CEO Bridon-Bekaert Ropes Group, is not a member of the BGE, but is invited to attend its meetings.

## Conduct policies

### Statutory conflicts of interest in the Board of Directors

In accordance with Article 523 of the Companies Code, a member of the Board of Directors should give the other members prior notice of any agenda items in respect of which he has a direct or indirect conflict of interest of a financial nature with the Company, and should refrain from participating in the discussion of and voting on those items. A conflict of interest arose on three occasions in 2018, and the provisions of Article 523 were complied with on such occasions.

On 27 February 2018, the Board had to determine the remuneration of the Chief Executive Officer (amongst which the proposed short term variable remuneration of € 477 521 on account of his 2017 performance and the proposed mid-term variable remuneration of € 95 504 in respect of the period 2015-2017). Excerpt from the minutes:

#### RESOLUTION

*On the motion of the Nomination and Remuneration Committee, the Board:*

- » *approves the proposed short-term variable remuneration payable to the CEO on account of his 2017 performance, i.e. 100% of the target variable remuneration or € 477 521;*
- » *approves the proposed base salary increase for the CEO, to apply as from 1 July 2018;*
- » *resolves to waive the contractually agreed deferral of one third of the CEO's annual variable pay for this year;*
- » *resolves to use the whole fixed pay as basis for the calculation of the variable pay and the merit increase for the CEO as from 2019.*

#### RESOLUTION

*On the motion of the Nomination and Remuneration Committee, the Board approves the mid-term variable remuneration payable in respect of the period 2015-2017, payable in March 2018.*

#### RESOLUTION

*On the motion of the Nomination and Remuneration Committee, the Board approves the short-term variable remuneration objectives for the CEO in respect of 2018 as modified by the Board.*

On 14 November 2018, the Board discussed and had to decide on the new executive compensation plan. The executive compensation plan is also applicable to the Chief Executive Officer. Excerpt from the minutes:

#### RESOLUTION

*On the motion of the Nomination and Remuneration Committee, the Board resolves to stop granting stock options and to move fully to performance share units, as proposed by management, within the framework of the current Performance Share Plan 2018-2020.*

On 20 December 2018, the Board discussed and had to decide on the 2019-2021 performance conditions for the performance share units. The 2019-2021 performance conditions are also applicable to the Chief Executive Officer. Excerpt from the minutes:

#### RESOLUTION

*The Board authorizes the Nomination and Remuneration Committee to finalize the 2019-2021 performance conditions based upon the following:*

- » *use combination of EBITDA and Unlevered Free Cash Flow, with equal 50% weight;*
- » *Unlevered Free Cash Flow to be corrected for M&A;*
- » *the estimated Net Asset Value increase will be calculated and shared with the Board (for information purposes);*
- » *target setting to be linked to the X+5 plan by taking into consideration the relative growth of the different years in the X+5 plan*

## Other transactions with Directors and Executive Management

The Bekaert Charter contains conduct guidelines with respect to direct and indirect conflicts of interest of the members of the Board of Directors and the BGE that fall outside the scope of Article 523 of the Companies Code. Those members are deemed to be related parties to Bekaert and have to report, on an annual basis, their direct or indirect transactions with Bekaert or its subsidiaries. Bekaert is not aware of any potential conflict of interest concerning such transactions occurring in 2018 (cf. Note 7.5 to the consolidated financial statements).

## Market abuse

In accordance with provision 3.7 of the Belgian Corporate Governance Code, the Board of Directors has, on 27 July 2006, promulgated the Bekaert Dealing Code. As a result of the EU Market Abuse Regulation, the Board of Directors has, on 28 July 2016, approved a new version of the Bekaert Dealing Code, effective 3 July 2016. The Bekaert Dealing Code is included in its entirety in the Bekaert Charter as Appendix 4. The Bekaert Dealing Code restricts transactions in Bekaert financial instruments by members of the Board of Directors, the BGE, senior management and certain other persons during closed and prohibited periods. The Code also contains rules concerning the disclosure of executed transactions by leading managers and their closely associated persons through a notification to the Company and to the Belgian Financial Services and Markets Authority (FSMA). The Company Secretary is the Dealing Code Officer for purposes of the Bekaert Dealing Code.

## Remuneration Report

### 1. Description of the procedure used in 2018 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 Meetings of 11 May 2011 and of 14 May 2014.

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 BGE other than the Chief Executive Officer is determined by the Board of Directors acting 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 BGE member with the Company reflects the remuneration policy. A copy of each such contract is available to any Director upon request to the Chairman.

### 2. Statement of the remuneration policy used in 2018 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.

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 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 for the attendance fees in respect of Board or Committee meetings.

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 Board Member Expense Policy.

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 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

##### Remuneration policy used in 2018

The main elements of the Group's executive remuneration policy are a base remuneration, a short-term and a long-term variable remuneration, a pension contribution and various other components. 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 and individual level is reflected in the short-term variable remuneration program, which is directly linked to the annual business objectives. The Group's long-term variable remuneration program aims at rewarding managers and executives for their contribution to the creation of enhanced shareholder value over time. This program is typically linked to the Company's longer term performance and to the future appreciation of the Company's shares.

The remuneration package of the Chief Executive Officer consists of a base remuneration, a short-term and a long-term variable remuneration, a pension contribution and various other components. The remuneration package aims to be competitive and is aligned with the responsibilities of a Chief Executive Officer leading a globally operating industrial group with various business platforms.

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

The remuneration package of the BGE members other than the Chief Executive Officer consists of a base remuneration, a short-term and long-term variable remuneration, a pension contribution and various other components. The remuneration package aims to be competitive and is aligned with the role and responsibilities of each BGE member leading a globally operating industrial group with various business platforms.

The Chief Executive Officer evaluates the performance of each of the other BGE members and submits his assessment to the Nomination and Remuneration Committee. This evaluation is done annually based on documented objectives directly derived from the business plan and taking into account the specific responsibilities of each BGE member. The achievements measured against those objectives will determine all performance-related elements of the remuneration package of each BGE member other than the Chief Executive Officer. The objectives 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 BGE is determined by the Board of Directors acting on a reasoned recommendation from the Nomination and Remuneration Committee.

Until the end of 2017, the long-term variable remuneration component for the Chief Executive Officer and the other BGE members existed of the offer of a variable amount of stock options under a share option plan and the grant of a fixed amount of performance share units under a performance share plan. As of 2018, the long-term variable remuneration is delivered solely by the grant of performance share units under a performance share plan. The 2018 performance share units under this new plan have been granted in February 2019.

Until 2018, the Chief Executive Officer and the other members of the BGE participated in a personal shareholding requirement plan, pursuant to which they are required to build and maintain a personal shareholding in Company shares and

whereby the Company matches the BGE member's investment in Company shares in year  $x$  with a direct grant of a similar number of Company shares at the end of year  $x + 2$ . As of 2019, this plan will be replaced by a voluntary share-matching plan whilst the personal shareholding requirement remains in place.

### **Review in 2018**

A performance driven culture is important for achieving the Group's growth aspirations. The Group has started using the Enterprise Performance Management (EPM) approach to manage its business cycle, including planning and monitoring targets and resources, value creation and team accountabilities. The other performance process that was introduced is People Performance Management (PPM) focusing on clear alignment of team and individual targets with business priorities, including frequent performance steering and coaching, leading to sufficiently differentiated recognition and reward based on performance.

In light of the above, the Nomination and Remuneration Committee has carried out an in-depth review of the executive remuneration structure during 2018. This has resulted in a new executive remuneration policy applicable as of 2019.

Key changes are as follows:

- » The short-term variable remuneration program is linked with performance achievements measured and monitored by both the EPM and the PPM process and leads to more differentiated rewards based on performance.
- » The long-term variable remuneration program is fully delivered by a performance share plan granting awards depending on the achievement of pre-agreed performance conditions set by the Board of Directors over a 3-year performance horizon.
- » A voluntary share-matching plan has been introduced, replacing the existing personal shareholding requirement plan. This plan facilitates members of the Executive Management to build a personal investment in Bekaert shares.
- » Malus and clawback clauses allow to adjust or claim back some or all of the value of awards of performance related payments to Executive Managers (see Section 12 of the Remuneration Report).

### **3. Remuneration of the Directors in respect of 2018**

The amount of the remuneration and other benefits granted directly or indirectly to the Directors, by the Company or its subsidiaries, in respect of 2018 is set forth on an individual basis in the table below.

The remuneration of the Chairman for the performance of all his duties in the Company was a set gross amount of € 250 000.

The remuneration of each Director, except the Chair, for the performance of the duties as a member of the Board was a set amount of € 42 000, and an amount of € 4 200 for each meeting of the Board attended in person (with a maximum of € 25 200 for six meetings per year).

The remuneration of the Chair of the Audit and Finance Committee, in the capacity as Chair and member of such a Committee, was an amount of € 4 000 for each Committee meeting attended in person.

The remuneration of each Director, except the Chairman and the Chief Executive Officer, for the performance of the duties as a member of a Board Committee was an amount of € 3 000 for each Committee meeting attended in person.

in €	Set amount	Amount for board attendance	Amount for committee attendance	Total
<b>Chairman</b>				
Bert De Graeve	250 000			250 000
<b>Board members</b>				
Celia Baxter	42 000	25 200	15 000	82 200
Alan Begg	21 000	8 400	3 000	32 400
Leon Bekaert	42 000	25 200	9 000	76 200
Gregory Dalle	42 000	25 200	13 500	80 700
Charles de Liedekerke	42 000	25 200	22 500	89 700
Christophe Jacobs van Merlen	42 000	25 200	29 000	96 200
Hubert Jacobs van Merlen	42 000	25 200	44 000	111 200
Maxime Jadot	42 000	25 200	9 000	76 200
Pamela Knapp	42 000	25 200	30 000	97 200
Martina Merz	42 000	25 200	33 750	100 950
Colin Smith	21 000	25 200	0	46 200
Matthew Taylor	42 000	25 200	0	67 200
Emilie van de Walle de Ghelcke	42 000	25 200	0	67 200
Henri Jean Velge	42 000	25 200	0	67 200
Mei Ye	42 000	25 200	0	67 200
<b>Total Directors' Remuneration</b>				<b>1 407 950</b>

#### 4. Remuneration of the Chief Executive Officer in respect of 2018 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). The remuneration received by the Chief Executive Officer as a Director is included in the base remuneration mentioned in the table in section 6 below.

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

The remuneration package of the Chief Executive Officer and the other members of the BGE comprises the following performance related elements:

- » a short-term variable remuneration, with objectives related to the annual business plan. The objectives are set at the beginning of the year by the Nomination and Remuneration Committee and are approved by the Board. Those objectives include a weighted average of both Group and individual financial and non-financial targets which are relevant in evaluating the annual performance of the Group and progress achieved against the agreed strategic objectives; they are evaluated annually by the Board. One third of the annual short-term variable remuneration of the Chief Executive Officer is deferred over a period of twenty-four months; no deferral is applicable for the other members of the BGE.
- » a long-term variable remuneration, as of 2018, in the form of a grant of performance share units which will vest following a vesting period of three years, conditional to the achievement of pre-set performance targets.

The set of performance criteria used to evaluate the short-term remuneration is a basket of financial targets (sales, underlying EBIT and working capital) and non-financial targets (such as safety, implementation of transformation programs, improvement on engaged and empowered teams), combined with specific individualized objectives.

The target value of the short-term variable remuneration of the Chief Executive Officer is 75% of fixed pay, and 60% of fixed pay for the other members of the BGE. The maximum opportunity is 200% of this target.

The performance criteria used to evaluate the new long-term remuneration as of 2019 are specific company financials; more in particular an EBITDA growth target and a cumulative cash flow target.

The target value of the long-term variable remuneration of the Chief Executive Officer is 85% of fixed pay, and 65% of fixed pay for the other members of the BGE. The maximum vesting is 300% of the target.

At par level, the value of the variable remuneration elements of the Chief Executive Officer and the other members of the

BGE exceeds 25% of their total remuneration. More than half of this variable remuneration is based on criteria over a period of minimum three years.

#### 6. Remuneration of the Chief Executive Officer in respect of 2018

The amount of the remuneration and other benefits granted directly or indirectly to the Chief Executive Officer, by the Company or its subsidiaries, in respect of 2018 for his Chief Executive Officer role is set forth below.

No short-term variable remuneration is paid to the Chief Executive Officer on account of his performance in 2018.

Matthew Taylor	Remuneration <sup>(1)</sup>	Comments
Base remuneration	€ 802 261	Includes Belgian base remuneration as well as Belgian and foreign director fees <sup>(2)</sup>
Short-term variable remuneration	-	Annual variable remuneration, based on 2018 performance
Long-term variable remuneration:		
- Stock option grant	20 000 options	Number of stock options granted
- Performance share units	0 units	Number of performance share units granted See also section 8 of the Remuneration Report
Pension	€ 163 949	Defined Contribution Plan
Other remuneration elements	€ 50 507	Includes company car and risk insurances

<sup>(1)</sup> In respect of 2018.

<sup>(2)</sup> The base remuneration includes the remuneration received by the Chief Executive Officer in his capacity as a Director.

#### 7. Remuneration of the other Bekaert Group Executive members in respect of 2018

The amount of the remuneration and other benefits granted directly or indirectly to the BGE members other than the Chief Executive Officer, by the Company or its subsidiaries, in respect of 2018 is set forth below on a global basis.

No short-term variable remuneration is paid to the other Bekaert Group Executive members on account of their performance in 2018.

	Remuneration <sup>(1)</sup>	Comments
Base remuneration	€ 3 256 005	Includes Belgian base remuneration as well as Belgian and foreign director fees
Short-term variable remuneration	-	Annual variable remuneration, based on 2018 performance
Long-term variable remuneration:		
- Stock option grant	86 250 options	Number of stock options granted
- Performance share units	0 units	Number of performance share units granted  See also Section 8 of the Remuneration Report
Pension	€ 558 064	Defined Contribution and Defined Benefit Plan
Other remuneration elements	€ 311 327	Includes company car, risk insurances, school fees and housing allowance

<sup>(1)</sup> In respect of 2018.

## 8. Stock Options and Performance Share Units for Executive Management granted in 2018

Until the end of 2017, long-term incentives have been based on a combination of stock options (or, outside of Europe, stock appreciations rights) and performance share units.

As of 2018, the long-term incentives are delivered in full through performance share units granted under the 2018-2020 Performance Share Plan proposed by the Board of Directors and approved by the Annual General Meeting on 9 May 2018. The 2018 performance share units under this plan have been granted to the Chief Executive Officer and the other members of the BGE in February 2019.

### Stock Options 2018

The above change does not affect any existing stock option plans and stock appreciation rights plans. Set out below are the number of stock options granted to the Chief Executive Officer and the other members of the BGE in 2018, and the number of options exercised by them or forfeited in 2018 in relation to the previous long-term incentive plans in place before 2018.

The stock options granted to the Chief Executive Officer and the other BGE members in 2018 are based on the Stock Option Plan 2015-2017 that was proposed by the Board of Directors and approved by a Special General Meeting in 2015. The plan offers options to acquire existing Company shares. There was one regular offer of options in December in each of the years 2015 through 2017, and the options were granted on the sixtieth day following the date of their offer (i.e. in February of the following year). Hence, the stock options granted during 2018 shown in the table below relate to the December 2017 offer.

The options were offered to the beneficiaries free of charge. Each accepted option entitles the holder to acquire one existing share of the Company against payment of the exercise price, which is conclusively determined at the time of the offer and which is equal to the lower of: (i) the average closing price of the Company shares during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer.

The exercise price of the regular stock options offered in December 2017 and granted in February 2018 is € 34.60 per share.

Subject to the closed and prohibited trading periods and to the plan rules, the options can be exercised as from the beginning of the fourth calendar year following the date of their offer until the end of the tenth year following the date of their offer.

The stock options that were exercisable in 2018 are based on the grants of the Stock Option Plan 2010-2014 and on the predecessor plans to the Stock Option Plan 2010-2014.

The terms of the earlier plans are similar to those of the Stock Option Plan 2015-2017, but the options that were granted to employees under the predecessor plans to the Stock Option Plan 2010-2014 took the form of subscription rights entitling the holders to acquire newly issued Company shares, while self-employed beneficiaries are entitled to acquire existing shares as in the SOP2010-2014 plan.

### Performance Share Units 2018

The Performance Share Plan 2018-2020 was proposed by the Board of Directors and approved by the Annual General Meeting on 9 May 2018. The 2018 performance share units under this plan have been granted to the Chief Executive Officer and the other members of the BGE in February 2019.

The plan offers rights with respect to Company shares to the members of the BGE, the senior management and a limited number of management staff members of the Company and a number of its subsidiaries (the rights, "performance share units" and the shares, "performance shares").

Each performance share unit entitles the beneficiary to acquire one performance share for free subject to the conditions of the performance share plan. These performance share units will vest following a vesting period of three years, conditional to the achievement of pre-set performance targets.

The performance targets are set annually by the Board of Directors, in line with the Company strategy. Company financials retained as performance targets covering the 2019-2021 performance period are EBITDA growth and elements of cumulative cash flow.

The precise vesting level of the performance share units will depend upon the actual achievement level of the vesting criterion, with no vesting at all if the actual performance is below the defined minimum threshold. Upon achievement of said threshold, there will be a minimum vesting of 50% of the granted performance share units; full achievement of the agreed vesting criterion will lead to a par vesting of 100% of the granted performance share units, whereas there will be a maximum vesting of 300% of the granted performance share units if the actual performance is at or above an agreed ceiling level. In between these levels, the vesting will be proportionate. Upon vesting, the beneficiaries will also receive the value of the dividends relating to the previous three years with respect to such (amount of) performance shares to which the effectively vested performance share units relate.

It is foreseen that there is one performance share unit grant for each of the years 2018 through 2020, and the target value of the performance share units of the Chief Executive Officer is 85% of fixed pay, and 65% of fixed pay for the other members of the BGE. The performance share units are granted to the beneficiaries for free.

The 2018 performance share units under the Performance Share Plan 2018-2020 have been granted to the Chief Executive Officer and the other members of the BGE in February 2019. Hence they are not included in the table below.

	Number of performance share units granted in 2018	Number of stock options granted in 2018	Number of stock options exercised in 2018	Number of stock options forfeited in 2018
Matthew Taylor	-	20 000	-	-
Rajita D'Souza	-	10 000	-	-
Beatriz Garcia-Cos	-	10 000	-	-
Lieven Larmuseau	-	11 000	5 000	-
Jun Liao	-	6 250 <sup>(1)</sup>	-	-
Curd Vandekerckhove	-	9 000	-	-
Geert Van Haver	-	10 000	-	-
Stijn Vanneste	-	10 000	-	-
Piet Van Riet	-	10 000	-	-
Frank Vromant	-	10 000	-	-

<sup>(1)</sup> Stock Appreciation Rights

## 9. Severance pay for Executive Management

Belgian labor law and normal practice are the basis for the severance arrangements with the executive managers, except for the Chief Executive Officer, the former Chief Financial Officer and the Chief Human Resources Officer, whose contractual arrangements, entered into at the time of their appointment, provide for a notice period of twelve months.

## 10. Change announced in 2019

The term of office of the Chairman of the Board, Bert De Graeve, will expire at the close of the Annual General Meeting of 8 May 2019. Mr De Graeve seeks no re-election.

Subject to approval by the Annual General Meeting on 8 May 2019, the Board of Directors agreed that the remuneration of the successor of Mr De Graeve for his services as Chairman of the Board of Directors in the period June 2019 - May 2023 is set as follows:

- » a one-time welcome award of € 150 000;
- » a fixed amount of € 200 000 per year (for the period June – May);
- » by way of additional fixed remuneration, a fixed amount of € 300 000 per year converted into a number of Company shares by applying an average share price; the applied average share price will be the average of the last five closing prices preceding the date of the grant; the Company shares will be granted on the last trading day of May 2019, 2020, 2021 and 2022 and will be blocked for a period of three years as from the grant date;
- » with the exception of support items, such as infrastructure, telecommunication, risk insurance and expense reimbursement, the Chairman shall not be entitled to any additional remuneration in accordance with the Company's remuneration policy.

## 11. Departure of Executive Managers

Beatriz García-Cos, former Chief Financial Officer, left the company on 15 November 2018. In accordance with the contractual agreement, a severance arrangement based on twelve months total remuneration has been agreed.

## 12. Company's right of reclaim

Until the end of 2018, there were no provisions allowing the Company to reclaim any variable remuneration paid to Executive Management based on incorrect financial information.

Upon recommendation of the Nomination and Remuneration Committee, as of 2019, the Board has discretion to adjust (malus) or reclaim (claw back) some or all of the value of awards of performance related payments in the event of

- » significant downward restatement of the financial results of Bekaert,
- » material breach of Bekaert's Code of Conduct or any other Bekaert compliance policies,
- » breach of restrictive covenants by which the individual has agreed to be bound,
- » gross misconduct or gross negligence by the individual, which results into significant losses or serious reputation damage to Bekaert.

## Shares

### The Bekaert share in 2018

Bekaert's share price lost approximately 40% of its value in 2018. Increased economic and political uncertainty driven by international trade tensions and the lack of clarity about the eventual form and implications of Brexit started to affect market developments and forecasts in our relevant sectors and regions. The share price dropped about 20% on 20 July 2018, when Bekaert issued a press release revising its outlook down. The share price remained under stress for the remainder of the year, amid a long series of profit warnings by sector players in our industries.

### Approach

Bekaert is committed to providing transparent financial information to its shareholders. It is Bekaert's intention to engage constantly in an open dialogue with its shareholders.

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), which have been adopted by the European Union. Both private and institutional investors can count on our sustained commitment to transparent reporting, be it at shareholders' or analyst meetings.

### Share identification

The Bekaert share is listed on NYSE Euronext Brussels as ISIN BE0974258874 (BEKB) and was first listed in December 1972. The ICB sector code is 2727 Diversified Industrials.

### Share performance

in €	2013	2014	2015	2016	2017	2018
Price as at 31 December	25.720	26.345	28.385	38.485	36.445	21.060
Price high	31.110	30.195	30.000	42.450	49.915	40.900
Price low	20.010	21.900	22.580	26.560	33.500	17.410
Price average closing	24.926	27.155	26.124	37.065	42.052	28.211
Daily volume	126 923	82 813	120 991	123 268	121 686	154 726
Daily turnover (in millions of €)	3.1	2.1	3.1	4.5	5.0	4.4
Annual turnover (in millions of €)	796	527	804	1 147	1 279	1 121
Velocity (% annual)	54	35	52	53	51	65
Velocity (% adjusted free float)	90	59	86	88	86	109
Free float (%)	59.9	55.7	56.7	59.2	59.6	59.3

## Volumes traded

The average daily trading volume was about 155 000 shares in 2018. The volume peaked on 20 July, when 2 060 725 shares were traded.



On 20 February 2019, Bekaert had a market capitalization of € 1.5 billion and a free float market capitalization of € 0.9 billion. The free float was 59.33% and the free float band 60%.

After having been an established value in the Euronext Brussels Star Index since its start in 1991, Bekaert was excluded from BEL20 as from 19 March 2018 and included in the BEL Mid Index of Euronext Brussels.

In connection with the entry into force of the Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act) Bekaert has, in its Articles of Association, set the thresholds of 3% and 7.50% in addition to the legal thresholds of 5% and each multiple of 5%. An overview of the notifications of participations of 3% or more can be found in the Parent Company Information section (Interests in share capital).

Stichting Administratiekantoor Bekaert (principal shareholder) owns 34.21% of the shares, while institutional shareholders are estimated to hold 36.42% of the shares. Retail represents 12.12% while Private Banking 10.79% and treasury shares 6.46%.

## Capital structure

As of 31 December 2018 the registered capital of the Company amounts to € 177 793 000, and is represented by 60 408 441 shares without par value. The shares are in registered or dematerialized form.

## Authorized capital

The Board of Directors has been authorized by the General Meeting of Shareholders of 11 May 2016 to increase the Company's registered capital in one or more times by an aggregate maximum amount of € 176 000 000 (before any issue premium). The authority is valid for five years from 20 June 2016 and can be renewed in accordance with the applicable statutory provisions. Pursuant to this authorization, the Board

of Directors may, among others, effect a capital increase under the authorized capital by means of issuing ordinary shares, subscription rights or convertible bonds and may limit or disapply the preferential subscription right of the Company's shareholders in accordance with Article 596 and following of the Companies Code.

Furthermore, the Board of Directors has been authorized, for a period of three years from 14 June 2018, to make use of the authorized capital upon receipt by the Company of a notice from the FSMA of a public takeover bid for the Company's securities.

## Convertible bonds

The Board of Directors has made use of its powers under the authorized capital when it resolved on 18 May 2016 to issue senior unsecured convertible bonds due June 2021 for an aggregate amount of € 380 000 000 (the "Convertible Bonds"). These convertible bonds carry a zero-coupon and their conversion price amounts to € 50.71 per share.

In connection with the issuance of the Convertible Bonds, the Board of Directors resolved to disapply the preference subscription right of existing shareholders set forth in Articles 596 and following of the Companies Code. The terms of the convertible bonds allow the Company, upon the conversion of the bonds, to either deliver new shares or existing shares or pay a cash alternative amount.

In order to mitigate dilution for existing shareholders upon conversion of the Convertible Bonds, the Board of Directors intends where possible, to repay the principal amount of the convertible bonds in cash and, if the then prevailing share price is above the conversion price, pay the upside in existing shares of the Company. The conversion of the Convertible Bonds would then have no dilutive effect for existing shareholders.

Furthermore, the terms of the Convertible Bonds allow the Company to redeem the bonds at their principal amount together with accrued and unpaid interest in certain circumstances, for example on or after 30 June 2019, if the Company's shares trade at a price higher than 130% of the conversion price during a certain period.

## Stock option plans, performance share plan and personal shareholding requirement plan

The total number of outstanding subscription rights under the Stock Option Plan 2005-2009 and convertible into Bekaert shares is 173 570. A total of 34 600 subscription rights were exercised in 2018 under the Stock Option Plan 2005-2009, resulting in the issue of 34 600 new Company shares, and an increase of the registered capital by € 103 000 and of the share premium by € 473 436.

In addition to the 3 636 280 treasury shares held by it as of 31 December 2017, the Company purchased 352 000 own shares in the course of 2018. In 2018 a total of 37 200 stock

options were exercised under the Stock Option Plan 2010-2014 and 14 000 under the Stock Option Plan 2. A total of 51 200 treasury shares were used for that purpose. 15 251 treasury shares were sold to members of the Executive Management in the context of the Personal Shareholding Requirement Plan (at a price equal to the closing price at Euronext on the day of the transfer) and 19 797 treasury shares were transferred to members of the Executive Management pursuant to the Company matching mechanism under the Personal Shareholding Requirement Plan. No treasury shares were cancelled in 2018. As a result, the Company held an aggregate 3 902 032 treasury shares as of 31 December 2018.

A third grant of options under the Stock Option Plan 2015-2017 took place on 20 February 2018, when 225 475 options were granted. Each such option will be convertible into one existing Company share at an exercise price of € 34.60.

The Stock Option Plan 2015-2017 and its predecessor stock option plans comply with the relevant provisions of the Act of 26 March 1999 and with Articles 520ter and 525, last paragraph, of the Companies Code. Detailed information about capital, shares and stock option plans is given in the Financial Review (Note 6.12 to the consolidated financial statements).

### Dividend policy

The Board of Directors will propose that the Annual General Meeting to be held on 8 May 2019 approve the distribution of a gross dividend of € 0.70 per share.

The temporary dividend cut is reflecting the lower earnings and high debt leverage of the Company. The Board reconfirms the Dividend Policy which foresees, insofar as the profit permits, a stable or growing dividend while maintaining an adequate level of cash flow in the Company for investment and self-financing in support of growth. Over the longer term the Company strives for a pay-out ratio of 40% of the result for the period attributable to equity holders of Bekaert.

in €	2014	2015	2016	2017	2018 <sup>(1)</sup>
Total gross dividend	0.850	0.900	1.100	1.100	0.700
Net dividend <sup>(2)</sup>	0.638	0.657	0.770	0.770	0.490
Coupon number	6	7	8	9	10

<sup>(1)</sup> The dividend is subject to approval by the General Meeting of Shareholders 2019.

<sup>(2)</sup> Subject to the applicable tax legislation.

### General Meeting of Shareholders

The Annual General Meeting was held on 9 May 2018. An Extraordinary General Meeting was held on the same day. The resolutions of the meetings are available at [www.bekaert.com](http://www.bekaert.com).

## Elements pertinent to a take-over bid

### Restrictions on the transfer of securities

The Articles of Association contain no restrictions on the transfer of Company shares, except in case of a change of control, for which the prior approval of the Board of Directors has to be requested in accordance with Article 11 of the Articles of Association.

Subject to the foregoing, the shares are freely transferable. The Board is not aware of any restrictions imposed by law on the transfer of shares by any shareholder.

### Restrictions on the exercise of voting rights

Each share entitles the holder to one vote. The Articles of Association contain no restrictions on the voting rights, and each shareholder can exercise his voting rights provided he was validly admitted to the General Meeting and his rights had not been suspended. The admission rules to the General Meeting are laid down in the Companies Code and in Articles 31 and 32 of the Articles of Association. Pursuant to Article 10 the Company is entitled to suspend the exercise of rights attaching to securities belonging to several owners.

No person can vote at General Meetings of Shareholders using voting rights attaching to securities that had not been timely reported in accordance with the law.

The Board is not aware of any other restrictions imposed by law on the exercise of voting rights.

### Agreements among shareholders

The Board of Directors is not aware of any agreements among shareholders that may result in restrictions on the transfer of securities or the exercise of voting rights, except those disclosed in the notifications referred to in the Parent Company Information section (Interests in share capital).

### Appointment and replacement of Directors

The Articles of Association (Articles 15 and following) and the Bekaert Charter contain specific rules concerning the (re) appointment, induction and evaluation of Directors.

Directors are appointed for a term not exceeding four years by the General Meeting of Shareholders, which can also dismiss them at any time. An appointment or dismissal requires a simple majority of votes. The candidates for the office of Director who have not previously held that position in the Company must inform the Board of Directors of their candidacy at least two months before the Annual General Meeting.

Only if and when a position of Director prematurely becomes vacant can the remaining Directors appoint (co-opt) a new Director. In such a case, the next General Meeting will make the definitive appointment.

The appointment process for Directors is led by the Chairman of the Board. The Nomination and Remuneration Committee submits a reasoned recommendation to the full Board, which, on that basis, decides which candidates will be nominated to the General Meeting for appointment. Directors can, as a rule, be reappointed for an indefinite number of terms, provided they are at least 30 and at most 66 years of age at the moment of their initial appointment and they have to resign in the year in which they reach the age of 69.

### Amendments to the Articles of Association

The Articles of Association can be amended by an Extraordinary General Meeting in accordance with the Companies Code. Each amendment to the Articles requires a qualified majority of votes.

### Authority of the Board of Directors to issue or buy back shares

The Board of Directors is authorized by Article 44 of the Articles of Association to increase the registered capital in one or more times by a maximum amount of € 176 000 000. The authority is valid for five years from 20 June 2016, but can be extended by the General Meeting.

Within the framework of that authority the Board can also, during a period of three years from 14 June 2018, increase the registered capital, upon receipt by the Company of a notice from the FSMA of a public takeover bid, and provided that:

- » the shares to be issued are fully paid up upon issue;
- » the issue price of such shares is not lower than the price of the bid; and
- » the number of shares to be issued does not exceed 10% of the issued shares representing the capital prior to the capital increase.

This authority can also be extended by the General Meeting.

The Board of Directors is authorized by Article 12 of the Articles of Association to acquire a maximum number of own shares that, in the aggregate, represent no more than 20% of the issued capital, during a period of five years from 20 June 2016 (that can be extended by the General Meeting), at a price ranging between minimum € 1.00 and maximum 30% above the arithmetic average of the closing price of the Bekaert share during the last thirty trading days preceding the Board's resolution to acquire. The Board is authorized to cancel all or part of the purchased shares during such five-year period.

Articles 12bis and 12ter of the Articles of Association provide rules for the disposal of purchased shares and for the acquisition and disposal of Company shares by subsidiaries.

The powers of the Board of Directors are more fully described in the applicable legal provisions, the Articles of Association and the Bekaert Charter.

### Change of control

The Company is a party to a number of significant agreements that take effect, alter or terminate upon a change of control of the Company following a public takeover bid or otherwise.

To the extent that those agreements grant rights to third parties that affect the assets of the Company or that give rise to a debt or an obligation of the Company, those rights were granted by the Special General Meetings held on 13 April 2006, 16 April 2008, 15 April 2009, 14 April 2010 and 7 April 2011 and by the Annual General Meetings held on 9 May 2012, 8 May 2013, 14 May 2014, 13 May 2015, 11 May 2016, 10 May 2017 and 9 May 2018 in accordance with Article 556 of the Companies Code; the minutes of those meetings were filed with the Registry of the Commercial Court of Gent, division Kortrijk on 14 April 2006, 18 April 2008, 17 April 2009, 16 April 2010, 15 April 2011, 30 May 2012, 23 May 2013, 20 June 2014, 19 May 2015, 18 May 2016, 2 June 2017 and 7 February 2019 respectively and are available at [www.bekaert.com](http://www.bekaert.com).

Most agreements are joint venture contracts (describing the relationship between the parties in the context of a joint venture company), contracts whereby financial institutions, retail investors or other investors commit funds to the Company or one of its subsidiaries, and contracts for the supply of products or services by or to the Company. Each of those contracts contains clauses that, in the case of a change of control of the Company, entitle the other party, in certain cases and under certain conditions, to terminate the contract prematurely and, in the case of financial contracts, also to demand early repayment of the loan funds. The joint venture contracts provide that, in the case of a change of control of the Company, the other party can acquire the Company's shareholding in the joint venture (except for the Chinese joint ventures, where the parties have to agree whether one of them will continue the joint venture on its own, whereupon that party has to purchase the other party's shareholding), whereby the value for the transfer of the shareholding is determined in accordance with contractual formulas that aim to ensure a transfer at an arm's length price.

### Other elements

- » The Company has not issued securities with special control rights.
- » The control rights attaching to the shares acquired by employees pursuant to the long-term incentive plans are exercised directly by the employees.
- » No agreements have been concluded between the Company and its Directors or employees providing for compensation if, as a result of a takeover bid, the Directors resign or are made redundant without valid reason or if the employment of the employees is terminated.

## Control and ERM

### Internal control and risk management systems in relation to the preparation of the consolidated financial statements

The following description of Bekaert's internal control and risk management systems is based on the Internal Control Integrated Framework (1992) and the Enterprise Risk Management Framework (2004) published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

#### Control environment

The accounting and control organization consists of three levels: (i) the accounting team in the different legal entities or shared service centers, responsible for the preparation and reporting of the financial information, (ii) the controllers at the different levels in the organization (such as plant and region), responsible inter alia for the review of the financial information in their area of responsibility, and (iii) the Group Control Department, responsible for the final review of the financial information of the different legal entities and for the preparation of the consolidated financial statements.

Next to the structured controls outlined above, the Internal Audit Department conducts a risk based audit program to validate the internal control effectiveness in the different processes at legal entity level to assure a reliable financial reporting.

Bekaert's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) which have been endorsed by the European Union. These financial statements are also in compliance with the IFRS as issued by the International Accounting Standards Board.

All IFRS accounting principles, guidelines and interpretations, to be applied by all legal entities, are grouped in the Bekaert Accounting Manual, which is available on the Bekaert intranet to all employees involved in financial reporting. Such manual is regularly updated by Group Control in case of relevant changes in IFRS, or interpretations thereof, and the users are informed of any such changes. IFRS trainings take place in the different regions when deemed necessary or appropriate. E-learning modules on IFRS are also made available by Group Control to accommodate individual training.

The vast majority of the Group companies use Bekaert's global enterprise resource planning ("ERP") system, and the accounting transactions are registered in a common operating chart of accounts, whereby accounting manuals describe the standard way of booking of the most relevant transactions. Such accounting manuals are explained to the users during training sessions, and are available on the Bekaert intranet. The in 2016 acquired companies of the Bridon Group are using different systems, which are in the process of being replaced, aligned to and harmonized in the way of working to the existing Bekaert practices.

All Group companies use the same software to report the financial data for consolidation and external reporting purposes. A reporting manual is available on the Bekaert intranet and trainings take place when deemed necessary or appropriate.

#### Risk assessment

Appropriate measures are taken to assure a timely and qualitative reporting and to reduce the potential risks related to the financial reporting process, including: (i) proper coordination between the Corporate Communication Department and Group Control, (ii) careful planning of all activities, including owners and timings, (iii) guidelines which are distributed by Group Control to the owners prior to the quarterly reporting, including relevant points of attention, and (iv) follow-up and feedback of the timeliness, quality and lessons learned in order to strive for continuous improvement.

A quarterly review takes place of the financial results, findings by the Internal Audit Department, and other important control events, the results of which are discussed with the Statutory Auditor.

Material changes to the IFRS accounting principles are coordinated by Group Control, reviewed by the Statutory Auditor, reported to the Audit and Finance Committee, and acknowledged by the Board of Directors of the Company.

Material changes to the statutory accounting principles of a Group company are approved by its Board of Directors.

#### Control activities

The proper application by the legal entities of the accounting principles as described in the Bekaert Accounting Manual, as well as the accuracy, consistency and completeness of the reported information, is reviewed on an ongoing basis by the control organization (as described above).

In addition, all relevant entities are controlled by the Internal Audit Department on a periodic basis. Policies and procedures are in place for the most important underlying processes (sales, procurement, investments, treasury, etc.), and are subject to (i) an evaluation by the respective management teams using a self-assessment tool, and (ii) control by the Internal Audit Department on a rotating basis.

A close monitoring of potential segregation of duties conflicts in the ERP system is carried out.

#### Information and communication

Bekaert has deployed in the majority of the Group companies a global ERP system platform to support the efficient processing of business transactions and provide its management with transparent and reliable management information to monitor, control and direct its business operations.

The provision of information technology services to run, maintain and develop those systems is to large extent outsourced to professional IT service delivery organizations, which are directed and controlled through appropriate IT governance structures and monitored on their delivery performance through comprehensive service level agreements.

Together with its IT providers, Bekaert has implemented adequate management processes to assure that appropriate measures are taken on a daily basis to sustain the performance, availability and integrity of its IT systems. At regular intervals the adequacy of those procedures is reviewed and audited and where needed further optimized.

Proper assignment of responsibilities, and coordination between the pertinent departments, assures an efficient and timely communication process of periodic financial information to the market. In the first and third quarters, a trading update is released, whereas at midyear and year-end all relevant financial information is disclosed. Prior to the external reporting, the sales and financial information is subject to (i) the appropriate controls by the above-mentioned control organization, (ii) review by the Audit and Finance Committee, and (iii) approval by the Board of Directors of the Company.

### Monitoring

Any significant change of the IFRS accounting principles as applied by Bekaert is subject to review by the Audit and Finance Committee and approval by the Company's Board of Directors, including the first-time adoption of IFRS in 2000.

On a periodic basis, the members of the Board of Directors are updated on the evolution and important changes in the underlying IFRS standards. All relevant financial information is presented to the Audit and Finance Committee and the Board of Directors to enable them to analyze the financial statements. All related press releases are approved prior to communication to the market.

Relevant findings by the Internal Audit Department and/or the Statutory Auditor on the application of the accounting principles, as well as the adequacy of the policies and procedures, and segregation of duties, are reported to the Audit and Finance Committee.

In addition, a periodic treasury update is submitted to the Audit and Finance Committee.

A procedure is in place to convene the appropriate governing body of the Company on short notice if and when circumstances so dictate.

### General internal control and ERM

The Board of Directors and the BGE have approved the Bekaert Code of Conduct, which was first issued on 1 December 2004 and last updated in November 2018. The Code of Conduct sets forth the Bekaert mission and values as well as the basic principles of how Bekaert wants to do business. Implementation of the Code of Conduct is mandatory for all companies of the Group.

The Code of Conduct is included in the Bekaert Charter as Appendix 3 and available at [www.bekaert.com](http://www.bekaert.com).

More detailed policies and guidelines are developed as considered necessary to ensure consistent implementation of the Code of Conduct throughout the Group.

Bekaert's internal control framework consists of a set of group policies for the main business processes, which applies Group-wide. Bekaert has different tools in place to constantly monitor the effectiveness and efficiency of the design and the operation of the internal control framework.

The Internal Audit Department monitors the internal control performance based on the global framework and reports to the Audit and Finance Committee at each of its meetings.

The BGE regularly evaluates the Group's exposure to risk, the potential financial impact thereof and the actions to monitor, mitigate and control the exposure.

At the request of the Board of Directors and the Audit and Finance Committee management has developed a permanent global enterprise risk management ("ERM") framework to assist the Group in managing uncertainty in Bekaert's value creation process.

The framework consists of the identification, assessment and prioritization of the major risks confronting Bekaert, and of the continuous reporting and monitoring of those major risks (including the development and implementation of risk mitigation plans).

The risks are identified in five risk categories: business, operational, legal, financial and country risks. The identified risks are classified on two axes: probability and impact or consequence. Decisions are made and action plans defined to mitigate the identified risks. Also the risk sensitivity evolution (decrease, increase, stable) is evaluated.

Below are the main risks included in Bekaert's 2018 ERM report which has been reported to the Audit and Finance Committee and the Board of Directors.

Business risks	<ul style="list-style-type: none"> <li> <p><b>• Wire rod price volatility may result in further margin erosion</b></p> <p>Wire rod, Bekaert's main raw material, is purchased from steel mills from all over the world. Wire rod represents about 45% of the cost of sales. In principle, price movements are passed on in the selling prices as soon as possible, through contractually agreed pricing mechanisms or through individual negotiation. If Bekaert is unsuccessful in passing on cost increases to the customers in due time, this may negatively influence the profit margins of Bekaert.</p> </li> <li> <p><b>• Globalizing competition could have an adverse impact on the results of Bekaert</b></p> <p>The competitive landscape consists of international, regional and local actors, which can be integrated or independent and active in several sectors or in one specific product/market segment. Local actors becoming global competitors can have a negative impact on Bekaert's profit margins. In some markets, customers or suppliers can also be competitors. Previously local steel cord competitors like Xingda (China) and Hyosung (South Korea) have become active on the international market through investments in steel cord production capacity abroad. Examples of other competitors are KIS-Wire (South Korea, internationally active in steel cord, bead wire, hose reinforcement wire and steel ropes), Davis Wire (USA: galvanized steel wire for industrial needs and spring wire), Keystone Steel &amp; Wire (USA, integrated steel mill (wire rod producer) and steel wire maker: fencing products, PC strand, welded mesh) and Gerdau (Americas: integrated player: wire rod, vineyard wire, galvanized wire, ...). In fixed abrasive sawing wire, the current market leaders include Asahi Diamond Industrial of Japan and Metron of China.</p> <p>To face the future and ever-stronger competition, Bekaert invests significantly in Research and Development (R&amp;D) for an amount of about € 65 million each year. The main R&amp;D activities of the Group are located in Belgium and China. Bekaert also pursues intensive cooperation with a variety of research institutes and universities around the world.</p> </li> <li> <p><b>• Bekaert is exposed to certain labor market risks</b></p> <p>A competitive labor market can increase costs for Bekaert and as such decrease profitability. The success of Bekaert depends mainly on its capacity to hire and to retain at all levels qualified people. Bekaert competes with other companies on its markets for hiring people. A shortage of qualified people could force Bekaert to increase wages or other benefits in order to be effectively competitive when hiring or retaining qualified employees or retaining expensive temporary employees. An increasingly mobile, young population in emerging markets further enhances the people continuity risk. It is uncertain that higher labor cost can be compensated by efforts to increase effectiveness in other activity areas of Bekaert.</p> </li> </ul>
Operational risks	<ul style="list-style-type: none"> <li> <p><b>• Source dependency might impact Bekaert's business activities and profitability</b></p> <p>The trade policy changes in the US have forced Bekaert to turn to alternative sourcing for all of its US wire rod needs that cannot be sourced locally in the US (in particular wire rod to produce rubber reinforcement products, as this quality is not available in the US). Bekaert might also in the future be dependent on alternative suppliers for its raw material needs, which may result in higher prices for such raw material. It is uncertain whether Bekaert will continue to be able to pass on these increased costs to its customers, for example because some of its competitors are integrated players (combining wire rod and steel wire manufacturing).</p> </li> <li> <p><b>• Failure to adequately protect the Bekaert's intellectual property could substantially harm its business and operating result</b></p> <p>Bekaert is a global technology leader in steel wire transformation and coatings and invests intensively in continued innovation. It considers its technological leadership as a differentiator versus the competition. Consequently, intellectual property protection is a key concern and risk. Intellectual property leakages can harm Bekaert and help the competition, both in terms of product development, process innovation and machine engineering. By the end of 2018, Bekaert (including Bridon-Bekaert Ropes Group) had a portfolio of 1,730 patents. Bekaert also initiates patent infringement proceedings against competitors in case infringements are observed.</p> <p>Bekaert cannot assure that its intellectual property will not be objected to, infringed upon or circumvented by third parties. Furthermore, Bekaert may fail to successfully obtain patent authorization, complete patent registration or protect such patents, which may materially and adversely affect our business, financial position, results of operations and prospects.</p> </li> <li> <p><b>• Bekaert is subject to stringent environmental laws</b></p> <p>Bekaert is subject to environmental laws, regulations and decrees. Those laws, regulations and decrees (which are becoming more stringent all over the world) could force Bekaert to pay for cleaning up and for damages at sites where the soil is contaminated. Under the environmental laws, Bekaert can be liable for repairing the environmental damage and be subject to related costs in its production sites, warehouses and offices as well as the soil on which they are located, irrespective of the fact that Bekaert owns, rents or sublets those production sites, warehouses and offices and irrespective of whether the environmental damage was caused by Bekaert or by a previous owner or tenant.</p> <p>Costs for research, repair or removal of environmental damage can be substantial and adversely affect the Group's business, financial condition and results of operations. It is Bekaert's practice to recognize provisions (per entity) for potential environmental liabilities.</p> <p>Prevention and risk management play an important role in Bekaert's environmental policy. This includes measures against soil and ground water contamination, responsible use of water and worldwide ISO14001 certification. Bekaert's global procedure to ensure precautionary measures against soil and ground water contamination (ProSoil) is continuously monitored in relation to regulations, best practices and actual implementation. Responsible use of water is also an ongoing priority. Bekaert constantly monitors its water consumption and has implemented programs that aim to reduce water usage in the long term. 93% of the Bekaert plants worldwide are ISO 14001 certified. ISO 14001 is part of the ISO 14000 internationally recognized standards providing practical tools to companies who wish to manage their environmental responsibilities. ISO 14001 focuses on environmental systems.</p> <p>Bekaert's full worldwide certification is an ongoing goal; it is an element in the integration process of newly acquired entities and of companies that are added to the consolidation perimeter. Bekaert also received a group-wide certification for ISO 14001 and ISO 9001. The ISO 9000 family addresses various aspects of quality management. Bekaert complies with the European RoHS regulation on hazardous substances.</p> </li> <li> <p><b>• Bekaert is subject to certain IT risks</b></p> <p>Many operational activities of Bekaert depend on IT systems, developed and maintained by internal and external experts. A failure in one of these IT systems could interrupt Bekaert's activities, which could result in a negative influence on its sales and profitability.</p> </li> </ul>

Legal risks	<ul style="list-style-type: none"> <li> <b>Bekaert is exposed to regulatory and compliance risks</b>            As a global company, Bekaert is subject to many laws and regulations across all of the countries where it is active. Such laws and regulations are becoming more complex, more stringent and change faster and more frequently than before. These numerous laws and regulations include, among others, data privacy requirements (in particular the European General Data Protection Regulation), intellectual property laws, labour relation laws, tax laws, anti-competition regulations, import and trade restrictions (for example the trade policies in the US and the EU), exchange laws, anti-bribery and anti-corruption regulations. Compliance with those laws and regulations could lead to additional costs or capital expenditures, which could negatively impact the possibilities of Bekaert to develop its activities. In addition, given the high level of complexity of these laws, there is also the risk that Bekaert may inadvertently breach some provisions. Violations of these laws and regulations could result in fines, criminal sanctions against Bekaert, cessation of business activities in sanctioned countries, implementation of compliance programs and prohibitions on the conduct of Bekaert's business.            Bekaert has developed a GRC framework (Governance, Risk, Control) to anticipate and cope with different aspects of compliance. Bekaert is also training the organization in legal awareness and a Central Compliance Committee and Compliance Workgroup monitor and steer the actions that are needed to ensure compliance. Bekaert has a Code of Conduct in place. Management and white collars worldwide go through an annual mandatory acceptance process with the principles of the Code of Conduct. Bekaert could further also become subject to government investigations (including by tax authorities). Such investigations have in the recent years become much more regular in the emerging markets such as China and India and could require significant expenditures and result in liabilities or governmental orders that could have a material adverse effect on Bekaert's business, operating results and financial condition. It is Bekaert's practice to recognize provisions (per entity) for certain identified regulatory and compliance risks.         </li> </ul>
Financial risks	<ul style="list-style-type: none"> <li> <b>Bekaert is exposed to a currency exchange risk which could materially impact its results and financial position</b>            Bekaert's assets, income, earnings and cash flows are influenced by movements in exchange rates of several currencies. The Group's currency risk can be split into two categories: translational and transactional currency risk. A translational currency risk arises when the financial data of foreign subsidiaries are converted into the Group's presentation currency, the euro. The main currencies are Chinese renminbi, US dollar, Czech koruna, Brazilian real, Chilean peso, Russian ruble, Indian rupee and pound sterling. The Group is further exposed to transactional currency risks resulting from its investing (the acquisition and disposal of investments in foreign companies), financing (financial liabilities in foreign currencies) and operating (commercial activities with sales and purchases in foreign currencies). Bekaert has a hedging policy in place to limit the impact of currency exchange risks.         </li> <li> <b>Bekaert is exposed to tax risks, in particular by virtue of the international nature of its activities in a rapidly changing international tax environment</b>            As an international group operating in multiple jurisdictions, Bekaert is subject to tax laws in many countries throughout the world. Bekaert structures and conducts its business globally in light of diverse regulatory requirements and Bekaert's commercial, financial and tax objectives. As a general rule, Bekaert seeks to structure its operations in a tax efficient manner, while complying with the applicable tax laws and regulations. Although it is anticipated that these are likely to achieve their desired effect, if any of them were successfully challenged by the relevant tax authorities, Bekaert and its subsidiaries could incur additional tax liabilities which could adversely affect its effective tax rate, results of operations and financial condition. Furthermore, given that tax laws and regulations in the various jurisdictions in which Bekaert operates often do not provide clear-cut or definitive guidance, Bekaert and its subsidiaries' structure, business conduct and tax regime is based on Bekaert's interpretations of the tax laws and regulations in Belgium and the other jurisdictions in which Bekaert and its subsidiaries operate.            Although supported by tax consultants and specialists, Bekaert cannot guarantee that such interpretations will not be questioned by the relevant tax authorities or that the relevant tax and export laws and regulations in some of these countries will not be subject to change (in particular in the context of the rapidly changing international tax environment), varying interpretations and inconsistent enforcement, which could adversely affect Bekaert's effective tax rate, results of operations and financial condition. It is Bekaert's practice to recognize provisions (per entity) for certain potential tax liabilities.         </li> <li> <b>Bekaert is exposed to a credit risk on its contractual and trading counterparties</b>            Bekaert is subject to the risk that the counterparties with whom it conducts its business (including in particular its customers) and who have to make payments to Bekaert are unable to make such payment in a timely manner or at all. While Bekaert has determined a credit policy which takes into account the risk profiles of the customers and the markets to which they belong, this policy can only limit some of its credit risks. If amounts that are due to Bekaert are not paid or not paid in a timely manner, this may not only impact its current trading and cash-flow position but also its financial and commercial position. Bekaert has a credit insurance policy in place to limit such risks.         </li> </ul>
Country risks	<ul style="list-style-type: none"> <li> <b>Bekaert faces asset and profit concentration risks in China</b>            While Bekaert is a truly global company with a global network of manufacturing platforms and sales and distribution offices, reducing the asset and profit concentration to a minimum, it still faces a risk of asset and profit concentration in certain locations (such as Jiangyin, China). In case another risk would materialize, such as a political or social risk, or an environmental risk with major damage, then the risk of asset and profit concentration could materialize.            As part of a business continuity plan, Bekaert has measures in place to reduce this risk through back-up scenarios and delivery approvals from other locations. For example, in highly regulated sectors such as the automotive sector, Bekaert aims to have more than one production plant approved to supply the tire makers.         </li> <li> <b>Bekaert is exposed to the political and economical instability in Venezuela</b>            In Venezuela, Bekaert's activities have been affected in the past years due to shortages of raw material, power supply, and the extreme devaluation of the currency. Bekaert has over the past years downsized the business in Venezuela and the assets on Venezuelan soil have been impaired since 2010 in order to minimize any outstanding risk.            In spite of the political and monetary instability, management was able to keep the company operational and hence concluded that it is still in control. At year-end 2018, the cumulative translation adjustments amount to € -59,7 million, which - in case of loss of control - would be recycled to income statement.         </li> </ul>

An effective internal control and ERM framework is necessary to reach a reasonable level of assurance related to Bekaert's financial reports and in order to prevent fraud. Internal control on financial reporting cannot prevent or trace all errors due to limits peculiar for control, such as possible human errors, misleading or circumventing controls, or fraud. That is why an effective internal control only generates reasonable assurance for the preparation and the fair presentation of the financial information. Failure to pick up an error due to human errors, misleading or circumventing controls, or fraud could negatively impact Bekaert's reputation and financial results. This may also result in Bekaert failing to comply with its ongoing disclosure obligations.