

## Remuneration Report

### 1. Description of the procedure used in 2013 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 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 2013 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 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.

In line with the policy, the remuneration for the future Chairman has been determined by the Board, subject to approval by the Annual General Meeting (cf. also paragraph 10 below).

## Executive managers

The main elements of the Group's executive remuneration policy are a base remuneration, a short-term, mid-term and 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 mid-term and long-term variable remuneration programs aim at rewarding 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 remuneration package of the Chief Executive Officer consists of a base remuneration, a short-term, mid-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 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 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, mid-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, being a member of a team leading a globally operating industrial group with various business platforms.

The Chief Executive Officer evaluates the performance of each of the other members of the BGE 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.

Bekaert regularly evaluates its overall remuneration policies, in order to ensure alignment with the business environment as well as with legislative requirements. It does not expect its present remuneration policy for the Chief Executive Officer and for the other members of the Executive Management to undergo significant changes in 2014 and 2015.

## 3. Remuneration of the Directors in respect of 2013

The amount of the remuneration and other benefits granted directly or indirectly to the Directors, by the Company or its subsidiaries, in respect of 2013 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 € 500 000.

The remuneration of each Director, except the Chairman, for the performance of his duties as a member of the Board was a set amount of € 38 000, and an amount of € 2 500 for each meeting of the Board attended in person.

The remuneration of each Director, except the Chairman and the Chief Executive Officer, for the performance of his duties as a member of a Board Committee was an amount of € 1 500 for each Committee meeting attended in person.

	in €	Set amount	Amount for Board attendance	Amount for Committee attendance	Total
<b>Chairman</b>					
Baron Buysse		500 000			500 000
<b>Board members</b>					
Alan Begg		38 000	15 000	6 000	59 000
Baron Bekaert		38 000	17 500	6 000	61 500
Roger Dalle		38 000	17 500	0	55 500
Bert De Graeve		38 000	17 500	0	55 500
Count Charles de Liedekerke		38 000	17 500	6 000	61 500
François de Visscher		38 000	15 000	4 500	57 500
Sir Anthony Galsworthy		38 000	17 500	6 000	61 500
Hubert Jacobs van Merlen		38 000	15 000	0	53 000
Maxime Jadot		38 000	17 500	6 000	61 500
Lady Barbara Thomas Judge		38 000	15 000	9 000	62 000
Bernard van de Walle de Ghelcke		38 000	17 500	0	55 500
Baudouin Velge		38 000	17 500	6 000	61 500
Manfred Wennemer		38 000	15 000	0	53 000
<b>Total Directors Remuneration</b>					<b>1 258 500</b>

#### 4. Remuneration of the Chief Executive Officer in respect of 2013 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 next table.

#### 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 three performance related elements:

- a short-term variable remuneration, with objectives related to the annual business plan. Those objectives include a weighted average of both Group and individual financial and non-financial targets, which are evaluated annually by the Board against pre-agreed criteria;
- a mid-term variable remuneration, with objectives related to the business plan for the next three-year period. Those objectives measure Bekaert's absolute performance against the plan, as well as its relative performance against a relevant panel of other companies. The achievement of those objectives is evaluated by the Board at the end of each three-year period, against pre-agreed criteria;
- a long-term variable remuneration, in the form of the offer of a variable amount of stock options (cf. paragraph 8 below).

#### 6. Remuneration of the Chief Executive Officer in respect of 2013

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, in respect of 2013 is set forth below.

<b>Bert De Graeve</b>	<b>Remuneration in respect of 2013, in €</b>	<b>Comments</b>
Base remuneration	818 777	Includes Belgian base remuneration as well as Belgian and foreign director fees <sup>(1)</sup>
Short term variable remuneration	660 000	Annual variable remuneration, based on 2013 performance, paid in March 2014
Mid term variable remuneration	0	Mid term variable remuneration, based on 2011-2013 performance
Long term variable remuneration:		
- Normal stock option grant	24 000	Number of stock options granted
- Exceptional stock option grant <sup>(2)</sup>	30 000	Number of stock options granted
Pension	175 338	Defined Contribution Plan
Other remuneration elements	69 079	Includes: company car and risk insurances

<sup>(1)</sup> The base remuneration includes the remuneration received by the Chief Executive Officer in his capacity as a Director.

<sup>(2)</sup> For more details, see paragraph 8.

## 7. Remuneration of the other Bekaert Group Executive members in respect of 2013

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 2013 is set forth below on a global basis.

<b>7 Members</b>	<b>Remuneration in respect of 2013, in €</b>	<b>Comments</b>
Base remuneration	2 522 483	Includes Belgian base remuneration as well as Belgian and foreign director fees
Short term variable remuneration	1 495 171	Annual variable remuneration, based on 2013 performance, paid in March 2014
Mid term variable remuneration	0	Mid term variable remuneration, based on 2011-2013 performance
Pension	344 033	Defined Contribution and Defined Benefit Plan
Other remuneration elements	126 931	Includes : company car and risk insurances

## 8. Stock Options for Executive Management granted in 2013

The number of stock options granted to the Chief Executive Officer and the other members of the BGE in 2013, and the number of options exercised by them or forfeited in 2013 are set forth on an individual basis in the table below. The stock options granted to the Chief Executive Officer and the other BGE members are based on the SOP 2010-2014 plan that was proposed by the Board of Directors and approved by a Special General Meeting in 2010. The plan offers options to acquire existing Company shares. There is one regular offer of options in December in each of the years 2010 through 2014, and the options are granted on the 60th day following the date of their offer (i.e. in February of the following year). The aggregate number of options to be offered is determined each year by the Board of Directors on the motion of the Nomination and Remuneration Committee. The number of options to be offered to each individual beneficiary is variable in part, based on an assessment of such person's long term contribution to the success of the Company. The options are 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 2012 and granted in February 2013 is € 19.20.

An exceptional offer of options was made to the Chief Executive Officer and the other BGE members on 29 March 2013 and was aimed at ensuring commitment of the Executive Management in challenging times. The beneficiaries were invited to accept the offer to give a clear signal of trust in the long-term performance of Bekaert and to financially participate in the future growth and success of the Group. The exercise price of the exceptional stock options granted in 2013 is € 21.45.

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 calendar year following the date of their offer.

The stock options that were exercisable in 2013 are based on the predecessor plans to the SOP 2010-2014 plan. The terms of such earlier plans are similar to those of the SOP 2010-2014 plan, but the options that were granted to employees 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 SOP 2010-2014 plan.

Name	Number of stock options granted in 2013 Normal + exceptional grants	Number of stock options exercised in 2013	Number of stock options forfeited in 2013
Bert De Graeve	54 000	-	-
Matthew Taylor	-	-	-
Bruno Humblet	40 000	-	-
Dominique Neerinck	29 000	6 000	-
Curd Vandekerckhove	22 000	5 400	-
Henri-Jean Velge	32 000	-	-
Frank Vromant	29 500	-	-
Bart Wille	25 500	-	-

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 BGE.

## 9. 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, the Chief Executive Officer Designate, the Chief Financial Officer and the Chief Human Resources Officer, whose contractual arrangements, entered into at the time of their appointment, provide for notice periods of 24 months (for the Chief Executive Officer) and 12 months (for the others).

## 10. Leadership changes announced in 2013

The original contract of the incumbent Chairman Baron Buysse, entered into in 2000, entitled him to a deferred income in the form of a pension promise. The promised amount was adapted in 2001, 2002, 2004 and 2006 and has been fully provided for in the annual accounts of the Company in each of the respective years. From 2006 onwards, the Chairman has received the annual remuneration without any additional deferred income, as specifically approved by the Annual General Meeting. The deferred income was fixed at its 2006 level of € 2 557 353 and has only accrued interest on an annual basis. As from 2012 the accrual of such interest has been externalized under an insurance contract. The deferred income in the principal amount of € 2 557 353, together with the accrued interest of € 983 900, will be paid out to Baron Buysse upon his retirement in May 2014.

As part of the leadership succession plans of the Chairman and the Chief Executive Officer, the Board of Directors agreed that the Company's existing contract with Bert De Graeve will terminate early on 31 May 2014, subject to the continuing confidentiality obligations. Consistent with such contract it was agreed that the Company will owe Mr De Graeve a gross compensation of € 1 836 180 on account of such early termination, which will be payable partly in June 2014 and partly in March 2015. The Board also agreed to apply the usual exercise conditions to the regular stock options granted to the Chief Executive Officer in February 2012 and February 2013.

Subject to approval by the Annual General Meeting on 14 May 2014, the Board of Directors agreed that the remuneration of Bert De Graeve for his services as Chairman of the Board of Directors will be a set gross amount of € 250 000 per year. With the exception of support items, such as a service car, infrastructure, telecommunication, risk insurance and expense reimbursement, the future Chairman will not be entitled to any additional remuneration, in line with the remuneration policy.

## 11. Departure of executive managers

No member of the Executive Management left the Group in 2013.

## 12. 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.