

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
Chairman				
Bert De Graeve	250 000			250 000
Board members				
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
Total Directors' Remuneration				1 407 950

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 ⁽¹⁾	Comments
Base remuneration	€ 802 261	Includes Belgian base remuneration as well as Belgian and foreign director fees ⁽²⁾
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

⁽¹⁾ In respect of 2018.

⁽²⁾ 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 ⁽¹⁾	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

⁽¹⁾ 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 ⁽¹⁾	-	-
Curd Vandekerckhove	-	9 000	-	-
Geert Van Haver	-	10 000	-	-
Stijn Vanneste	-	10 000	-	-
Piet Van Riet	-	10 000	-	-
Frank Vromant	-	10 000	-	-

⁽¹⁾ 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.