

Remuneration report

1. Description of the procedure used in 2015 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 2015 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

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.

In 2015, the mid-term and long-term variable remuneration policies for the members of the Executive Management have been reviewed in order to optimize the alignment with the interests of the Company and its shareholders. Two new long-term incentive plans were approved by a Special General Meeting in 2015. These new long-term incentive plans replace the current mid-term and long-term plan:

- **Share Option Plan 2015-2017:** The plan will offer options to acquire existing Company shares to the members of the BGE, the senior management and a limited number of management employees of the Company and a number of its subsidiaries. There will be one offer of share options in each of the years 2015 through 2017, and the aggregate number of share options to be offered will be determined each year by the Board of Directors on the motion of the Nomination and Remuneration Committee. The number of share options to be offered to each individual beneficiary will be variable in part, based on an assessment of such person's long term contribution to the success of the Company. The share options will be offered to the beneficiaries for free. Each accepted share option will entitle its holder to acquire one existing share of the Company against payment of the exercise price, which will be conclusively determined at the time of the offer and which will be 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 share options cannot be exercised during a period of three calendar years after the year in which the offer has occurred, nor after a period of ten years as from the date of their offer.
- **Performance Share Plan 2015-2017:** The plan will offer 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 subject to the conditions of the Performance Share Plan 2015-2017. These performance share units will vest following a vesting period of three years, conditional to the achievement of a pre-set performance target. The performance target will be set annually by the Board of Directors, in line with the Company strategy. 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. It is proposed that, 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. There will be one performance share unit grant in each of the years 2015 through 2017, and the aggregate number of performance share units to be offered will be determined each year by the Board of Directors on the motion of the Nomination and Remuneration Committee. The performance shares will be offered to the beneficiaries for free.

3. Remuneration of the Directors in respect of 2015

The amount of the remuneration and other benefits granted directly or indirectly to the Directors, by the Company or its subsidiaries, in respect of 2015 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 his 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					
Alan Begg		42 000	25 200	12 000	79 200
Leon Bekaert		42 000	25 200	18 000	85 200
Roger Dalle		21 000	12 600	0	33 600
Grégory Dalle		21 000	25 200	0	46 200
Charles de Liedekerke		42 000	25 200	18 000	85 200
François de Visscher		42 000	25 200	0	67 200
Hubert Jacobs van Merlen		42 000	25 200	15 000	82 200
Maxime Jadot		42 000	25 200	18 000	85 200
Lady Barbara Judge CBE		42 000	25 200	32 000	99 200
Mei Ye		42 000	25 200	0	67 200
Matthew Taylor		42 000	25 200	0	67 200
Bernard van de Walle de Ghelcke		42 000	25 200	0	67 200
Baudouin Velge		42 000	25 200	15 000	82 200
Manfred Wennemer		42 000	25 200	18 000	85 200
Total Directors' Remuneration					1 282 200

4. Remuneration of the Chief Executive Officer in respect of 2015 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 annual financial 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, in the form of:
 - the offer of a variable amount of stock options (cf. section 8 below);
 - the grant of a fixed amount of performance share units which will vest following a vesting period of three years, conditional to the achievement of a pre-set performance target (cf. section 2 above).

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 the total pay-out of this variable remuneration is deferred with at least twenty-four months or does only vest after a period of three years.

6. Remuneration of the Chief Executive Officer in respect of 2015

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 2015 for his Chief Executive Officer role is set forth below.

Matthew Taylor	Remuneration ⁽¹⁾	Comments
Base remuneration	722 038	Includes Belgian base remuneration as well as Belgian and foreign director fees ⁽²⁾
Short-term variable remuneration	606 375	Annual variable remuneration, based on 2015 performance ⁽³⁾
Mid-term variable remuneration	0	Mid-term variable remuneration, based on 2013-2015 performance
Long-term variable remuneration:		
- Stock option grant	86 000 options	Number of stock options granted
- Performance share units	6 500 units	Number of performance share units granted
Pension	144 375	Defined Contribution Plan
Other remuneration elements	57 796	Includes: company car and risk insurances

(1) In respect of 2015, in €

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

(3) This does include the deferred annual variable remuneration based on 2015 performance

7. Remuneration of the other Bekaert Group Executive members in respect of 2015

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 2015 is set forth below on a global basis.

	Remuneration ⁽¹⁾	Comments
Base remuneration	2 670 291	Includes Belgian base remuneration as well as Belgian and foreign director fees
Short-term variable remuneration	1 716 332	Annual variable remuneration, based on 2015 performance
Mid-term variable remuneration	0	Mid-term variable remuneration, based on 2013-2015 performance
Long-term variable remuneration:		
- Stock option grant	93 000 options	Number of stock options granted
- Performance share units	17 500 units	Number of performance share units granted
Pension	431 718	Defined Contribution and Defined Benefit Plan
Other remuneration elements	145 776	Includes : company car and risk insurances

(1) In respect of 2015, in €

8. Stock Options and Performance Share Units for Executive Management granted in 2015

The number of performance share units and the number of stock options granted to the Chief Executive Officer and the other members of the BGE in 2015, and the number of options exercised by them or forfeited in 2015 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 in 2015 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 was one regular offer of options in December in each of the years 2010 through 2014, and the options were granted on the sixtieth 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 2014 and granted in February 2015 is € 26.055 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 calendar year following the date of their offer.

The stock options that were exercisable in 2015 are based on the initial two grants of the SOP 2010-2014 plan and 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.

The performance share units granted in 2015 to the Chief Executive Officer and the other BGE members are based on the new Performance Share Plan 2015-2017 which is described in detail in section 2 above.

Name	Number of performance share units granted in 2015	Number of stock options granted in 2015	Number of stock options exercised in 2015	Number of stock options forfeited in 2015
Matthew Taylor	6 500	86 000	-	-
Bruno Humblet	2 500	15 000	-	-
Lieven Larmuseau	2 500	12 000	-	-
Geert Van Haver	2 500	12 000	-	-
Piet Van Riet	2 500	15 000	-	-
Curd Vandekerckhove	2 500	15 000	-	-
Frank Vromant	2 500	12 000	-	-
Bart Wille	2 500	12 000	-	-

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 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. Departure of Executive Managers

Dominique Neerinck, former Chief Technology Officer, stepped down from the BGE on 31 March 2015 and left the company on 30 June 2015. In accordance with Belgian law and normal practice taking into account the executive's seniority, a severance arrangement based on twenty-one months has been agreed.

11. 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, except for the Chief Executive Officer for whom one third of the annual short-term variable remuneration is deferred over a period of twenty-four months.