As a high performing company, Bekaert sees the creation of economic added value as its fundamental responsibility. We strive to deliver quality products and services which meet the needs of our customers, to generate and maintain the profitability necessary to secure the future of our company and to provide acceptable returns for our shareholders and competitive remuneration for our personnel.

At the same time, Bekaert wishes to operate sustainably and with respect for people, society and the environment.

Sustainable operation depends on an ongoing process of improvement, a process which we continued to pursue in 2007 by endeavoring to provide our personnel with the opportunity to develop in a healthy and safe working environment. We seek to minimize our impact on the environment of both our products and our manufacturing operations. Finally, we aim to be loyal and responsible partners within the local communities in which we operate and within society as a whole.
Our people – a capital asset

Bekaert sets out to appeal to people who have the abilities and competences needed to achieve our corporate objectives. Given our plans for growth, recruitment was the main focus in 2007. Our recruitment efforts – representing an investment in the sustainability of our company – have been extremely successful. Due to the scarcity of young people with a higher technical education, a war for talent is raging in most of the regions in which we operate.

Attract people in emerging markets: improve name recognition

Bekaert is working hard to raise name recognition in its growth markets. This is essential if we are to be seen as an attractive employer, in particular in Slovakia and China where many other fast-growing companies are setting up. Bekaert presents itself as a global player with strong regional links.

Developing existing talent

Bekaert aims to provide all its in-house talent with opportunities for development. Good progress was made in 2007 in this area and we were successful in attracting 2,000 new employees.

A total of over 6,000 employees (on a consolidated basis) participated in some form of training, ranging from forklift driver training to financial training for non-financial managers.

85% of managers are engineers
- Over 2,000 new recruits worldwide
Recruitment in fast-growing Slovakia

Slovakia’s gross national product is growing at more than 8%. Foreign investors are moving very quickly to get started in this growing market. In the Trnava region, where both of Bekaert’s plants are located, they are all competing for the right people.

This imbalance in supply and demand is reflected in high staff turnover. Our plants in Hlohovec and Sládkovičovo faced serious labor shortages in 2006, but we were successful in stemming this tide in 2007 thanks to an intensive recruitment and retention campaign.

First, we carried out an in-depth review of those leaving the company. We launched a regional image campaign, including open-door days, job days, visits to schools and a recruitment commercial on local television. Job descriptions were redefined, enabling us to place female staff in some jobs. We ensured that the selection process was fast and efficient and that additional training was provided where the appropriate resources were not available in the region.

In order to benchmark our performance in relation to the fast-changing pay conditions in the region, we conducted a market study and, on the basis of the findings, implemented a wider range of job descriptions and pay scales.

Lastly, we devoted particular attention to internal communication. In Hlohovec we organized a successful open-door day for all our staff and their families and welcomed more than 1,600 visitors. We also improved the working environment, including a brand-new staff canteen.

The positive effect of all these efforts is demonstrated by the significant reduction in staff turnover in Sládkovicovo and Hlohovec.
Globalization brings in its train many time-consuming relocations. Staff must be able to provide leadership from a distance and deal with cultural differences, all of which requires specific skills. In 2007 we focused in particular on the problems of running an organization with outposts up to twelve hours away by air. We have learned how to work together efficiently without needing to be face to face.

The Operational Excellence Program (OEP) is designed to give promising managers an insight into the various functional areas of operational management.

The General Management Program (GMP) is for experienced executives who have the potential to be the senior managers of the future. The program is designed to deepen their understanding of the strategic issues and their impact on the business and the adaptation of the company’s strategy and organization to a constantly changing world.

Ongoing professionalization of recruitment in 2007

- Our new multi-lingual jobsite is a great success. We can post all vacancies worldwide on this website, which raises Bekaert’s profile as an employer.
- This jobsite is linked to a global internal e-recruitment system which processes job applications on a fully automated basis and provides Bekaert with a single central database of applicants. We receive some 600 applications a month and have filled over 425 vacancies using this system.
- We have replaced our various local selection systems around the world with one global test platform, covering all function profiles. This on-line test system is available in 24 languages to all recruitment staff worldwide via a secure internet application.
- Given the tough competition in the labor markets, we compared Bekaert’s terms of employment with those offered by other employers in 34 countries. This benchmarking exercise was important in terms of both attracting new talent and retaining existing talent.
With the launch of the Performance Development Review on the intranet in 2007, all executives throughout the group are now using the same system. This has clarified and improved the quality of the targets, both for individual staff members and for teams. It also facilitates the follow-up and, where necessary, fine-tuning of those targets.

It is important that the individual employee and the company work together as partners and associates. In 2007, a meeting was organized where 150 managers from all regions discussed the company’s priorities and how they relate to Bekaert’s strategy and to the individual’s personal values, talents and terms of employment.

Talent review
The annual talent review helps determine whether we have sufficient talent in-house to meet all of tomorrow’s needs. We nurture this talent pool carefully, because these people are our future project leaders and business managers.

Talent management is crucial for the sustainable development of this company. Steps to ensure optimization of this talent were addressed within four discussion groups covering all regions and including the Bekaert Group Executive and senior management.
Health and safety in the workplace

For Bekaert, safety in the workplace is an absolute priority: safeguarding the physical wellbeing of our staff is a basic principle of sustainable operation. Safety is also an essential component of Bekaert’s operational excellence and is the focus of ongoing attention and improvement at all plants and in all regions in which we operate, in the interests of everyone in the workplace.

Our safety record is good: in several of our plants there have been no accidents involving absence from work for many years.

To help ensure that our vigilance does not weaken, all production plants were asked to include at least one safety-related action in their annual plan.

Practical action

In 2007, Bekaert fine-tuned its monitoring system, which is based on the international OHSAS 18001 standard for health and safety assessment.

All European and North American plants were asked to carry out a self-assessment and to formulate a plan to improve safety, using the internal monitoring system as a basis. The Chinese and South American plants had already done this. In these plants a follow-up external audit was carried out in 2007 in the presence of an accident-prevention advisor.

Training has been provided at several sites to raise local management’s awareness of its responsibility for safety. The Dupont STOP behavior-based safety program, which features observation of and feedback on safe and unsafe behavior, was introduced on an experimental basis. This program involves employees observing their colleagues at work at predetermined times and monitoring compliance with the prescribed ‘safe behavior’ rules.

A system has been developed which requires plants to report accidents necessitating absence from work via the intranet within 48 hours. Other plants with comparable activities are given additional information about the incident by e-mail, with a view to avoiding similar accidents in the future.
Safety highlights of 2007

• The annual Bekaert Safety Excellence Awards in North America are given to production plants which have made clear progress in this area. The Bekaert plants in Amherst, Orrville and Rogers were among the winners, and not for the first time.

• In October 2007, Belgo-Mineira Bekaert Artefatos de Arame Ltda in Brazil celebrated seven years without a single accident resulting in absence from work. The preparations for the safety campaign, designed to eliminate accidents entirely, had begun ten years earlier. All employees and subcontractors were involved in this process and are aiming to improve their record still further.

• The plant in Indonesia celebrated five years with no accidents resulting in absence. A teambuilding event was arranged to support this effort.

• Bekaert is also working hard to improve safety in China, where accident frequency and seriousness have been reduced by 30%. At our largest plant in Jiangyin (Jiangsu province), both measures were down by no less than 60%.
The environment: reducing our ecological footprint

Bekaert is committed to an ongoing process of reducing the ecological footprint left by its products and production processes. We strive for rational usage of raw materials and energy and seek in particular to develop products and services which will contribute to a cleaner and safer world. Our aim is not just to respect laws and regulations but to anticipate them.

Bekaert is in the process of implementing a uniform environment, health and safety policy worldwide, under which the prescribed procedures and guidelines are the same everywhere.

Compliance with procedures and guidelines is monitored by the EH&S (Environment, Health & Safety) team, which is part of the Bekaert Technology Center. The team gives the production plants guidance, advice and practical help, performs regular audits of compliance with the guidelines and monitors the environmental performance of all entities. The EH&S team reports its findings directly to the Bekaert Group Executive and formulates recommendations on EH&S policy for the entire organization.

Anticipating regulations, not just complying

Against the background of increasingly rigorous environmental regulations, Bekaert strives for strict but still proactive compliance with the most demanding of the rules at all its 96 locations. The standardization we have achieved in our production processes and raw materials is a great advantage here, because improvements that prove effective at one plant can be rolled out to the others. In this context, we have replaced trichloroethylene with environmentally friendly solvents at all our plants.

Developments in polymer coatings are an example of our proactive approach to environmental legislation. In response to the 2002 European RoHS Directive restricting the use of hazardous materials in electrical

- Proactive steps taken to comply with the European REACH (Registration, Evaluation and Authorization of Chemicals) directive;
- Around €3 million invested in energy-saving measures in advanced wire products.
and electronic equipment, Bekaert is now producing new polymer coatings that do not contain heavy metals such as cadmium. We recently developed a new category of biodegradable polymer coatings for wire products used in the agricultural sector. These products, which comply with the upcoming regulations, are already giving us a competitive edge.

In line with the 2007 European Registration, Evaluation and Authorization of Chemicals (REACH) directive, an inventory has been made of all materials for which we need to go through a pre-registration process. For the materials which are likely to be restricted in the future, such as lead and nickel, we are already seeking substitutes. Our research and development team is also looking into replacing solvent-based coatings with water-based alternatives.

In Belgium, further progress was made in 2007 with implementation of the framework agreed with OVAM (Public Waste Agency of Flanders) for the proactive remediation of past contamination. A new remediation project was launched in Zwevegem (Belgium) for soil contaminated with cyanides and heavy metals and more than 30,000 m³ of earth was either removed and treated externally or cleaned up on site. In addition to the legally required soil surveys, we carried out further surveys at the plants in Rome (Georgia, United States) and Hlohovec (Slovakia).

Rational use of raw materials and energy is a priority

Our programs to reduce raw material usage, energy consumption and waste not only protect the environment but are also an integral element in our system of operational excellence.

The EH&S team conducted an internal benchmarking study which compared emissions and water pollution levels at all our plants and measured energy, water and raw material usage for each finished product. This international benchmarking is a key element of our Total Environmental Care management system and acts as a stimulus to do still better. Bekaert organized three round-table discussions in 2007, one in Europe, one in North America and one in South America, at which the various production centers were able to exchange information.

Our waste-reduction efforts are based on the Environmental Impact Assessment (EIA), which evaluates the impact on the environment of a standard Bekaert plant. The EIA inventorizes all waste streams (solids, gases and liquids) and, on that basis, we develop a plan of action to reduce them. In this same context, we investigate to what extent we can reuse water and whether waste can be recycled into useful raw materials or into a product with a high calorific value from which energy can be generated.
We are also focusing closely on reducing energy usage in our production processes around the world, because energy accounts for a large proportion of the cost of producing wire.

To this end, Bekaert formulated the Green 2007 action plan. For the past two years, a multi-disciplinary working party, consisting of staff from our steel cord plants, environmental experts, Bekaert Technology Center staff and specialist mechanical engineers from our Engineering Department, has been investigating methods of producing steel cord with the lowest possible CO₂ emissions per tonne. The next step was to implement in a cost-efficient manner the methods that had been identified. Some €2 million has been invested worldwide in Green 2007 in measures to reduce energy usage. We intend to repeat this drive to adopt more green measures in 2008.

The effort we invested in reducing our environmental impact did not go unnoticed by Chinese government agencies. In 2007, the Bekaert plants in the provinces of Jiangsu and Liaoning were accorded the Green Enterprise award, the highest award for environmental protection at the provincial level. Our plant in Weihai (Shandong province) also received special recognition from the local government as an ‘Excellent Enterprise in Environmental Protection’.

In Belgium, by signing up to the Benchmarking Covenant, Bekaert has given the government of Flanders an undertaking that it will strive to achieve the highest levels of energy efficiency in the world. In the meantime, we shall invest in energy-reduction programs at our Belgian plants.
Investing in the development of environment-friendly products

Bekaert strives to reduce its ecological footprint not only by optimizing production processes and materials, but also by actively investigating products that contribute to a better environment.

Our super-fine metal fibers (as used in gas burners, for instance) offer exceptionally efficient combustion and low NOx and carbon emissions. Our enclosed flare burners (used for burning off excess gas at oilfields and in factories) significantly reduce carbon emissions and reduce CO2 emissions to 10% of current levels. These burners are becoming the norm in areas with stringent regulations, such as California, Texas and the Netherlands.

We are also developing metal fibers for filtering extremely fine particulates from diesel truck exhausts, an approach which has many advantages over ceramic filters. As well as removing the particulates, metal fiber filters also reduce fuel consumption and CO2 emissions. An added bonus is that they require hardly any maintenance. Around 5% of trucks worldwide are fitted with metal fiber filters.

Another environmentally friendly solution is Bekaert window film. This is a thin polyester film that reflects infrared rays but is completely transparent. This keeps the home or car cool and thus reduces the need for air-conditioning, which in turn saves energy.
Environmentally friendly initiatives in 2007:

- By optimizing the settings and with careful machine maintenance, the steel cord plant at Shenyang (Liaoning province, China) reduced electricity usage by 46.2 kWh per tonne of steel cord. At the Weihai plant (Shandong province, China), electricity and gas consumption was reduced by 10%, water consumption by 20% and steam consumption by 30%.
- At the Van Buren plant (Arkansas, United States), a process improvement drive achieved a drastic reduction in the amount of waste water needing treatment. The water treatment unit now runs for 12 hours a day instead of 24.
- At the Shelbyville plant (Kentucky, United States), acid consumption fell 66%.
- The plants in China, including the new steel cord production unit which came on stream in Jiangyin (Jiangsu province, China) in 2007, are working to maximize the recycling of acids.
- In Bohumin (Czech Republic), we are recovering heat from combustion gases.
- At several plants, we cover and insulate process baths so that we need less energy to heat them.
Jan Boelens
General Manager
Bekaert Fiber Technologies

Andreas Aumüller
Managing director
Emitec GmbH
Emitec supplies almost all car and motorcycle manufacturers. As such, the company is the biggest producer of metal catalytic converter substrates in the world. Emitec, which is passionate in its concern for the environment, wishes to keep ahead of the constantly more stringent regulations in Europe and all relevant regions. The company had been looking for a sustainable, maintenance-free diesel particulate filter for trucks for quite some time.

Emitec and Bekaert joined forces in 2005. Bekaert developed a metal fiber filter medium comprising fine, corrosion resistant fibers. Emitec incorporated the Bekaert filter medium into its PM Metallit® system, a filter system that not only reduces exhaust emissions from truck diesel engines but is also maintenance-free.

Emitec successfully pioneered this new technology. The advantages were clear for many customers. The self-cleaning system leads to a substantial cost saving for large haulage firms. Moreover, the efficiency of the filter medium can be adjusted by adapting its design. By developing cleaner engines and filter systems it is possible to meet the strictest legislation. Thanks to this possibility of intervening in the engine management, metal filter systems do not cause higher fuel consumption, in contrast to their ceramic counterparts.

Finally, Emitec filter systems tackle the core of the filter problem. They not only offer high filter efficiency for large soot particles, but in particular also absorb over 90% of the small particles (which are harmful to the lungs). By doing so the filter system achieves an exceptional result.

Emitec has since recognized Bekaert as its in-house filter specialist. Bekaert produced six times more metal fiber in 2007 than in 2004 and has expanded its production capacity in the meantime to prepare for the future. Emitec is the undisputed market leader in metal fiber diesel particulate filters for truck engines. Today, 50 000 trucks drive over 1 million kilometers without any maintenance of their diesel soot filter.

In cooperation with Bekaert we succeeded in developing a solution which offers our client - the truck manufacturer - a competitive advantage and which also benefits the environment.

Herr Aumüller, Emitec
Managing director Emitec GmbH
A good citizen

Sustainability requires a company to fully live up to its responsibilities in every country and in every community in which it operates. This is part of Bekaert’s Code of Conduct, by which all employees are bound.

We value transparent and constructive dialogue with local authorities. We are committed to compliance with national laws and collective labor agreements. Our company adheres to the Universal Declaration of Human Rights and to the conventions and recommendations of the International Labor Organization.

We support selected local initiatives and projects for social, cultural and economic development, in a spirit of strict neutrality and without encroaching on the role of government. We do not support political institutions and we adopt a neutral position in all communications regarding political matters.

To ensure that our contributions serve real needs, we rely on our local management teams because they know the local sensitivities and needs better than anyone. They are given the responsibility and the necessary resources. Most of our initiatives relate to education and training and are tailored to the needs of the local community.

China: honored twice for corporate social responsibility
Bekaert Shandong Tire Cord Corporation (Shandong province) was chosen in 2007 to receive awards as National Outstanding Foreign Investment (CAEFI) Enterprise and Excellent Foreign Investment Enterprise in Fulfillment of Social Responsibility. Bekaert Shenyang Steel Cord was honored with the Excellent Contribution Award for CSR Compliance, in recognition of its support for local educational projects. The Chinese Association of Enterprises with Foreign Investment (CAEFI), the organization which makes the awards, singled out the Caring Employee program for special praise. Only 50 foreign companies have received this award to date.

Bekaert awarded scholarships in 2007 to 30 students at three leading Chinese universities. We also sponsor a renowned international educational institution, the China Europe International Business School in Shanghai.
**Latin America**

Proalco S.A. organized a Your Own Home Week in 2007 in Muña (Colombia), where the company is based. Contractors with projects in the area spent two days at the Bekaert plant giving presentations on their residential developments. Proalco helped with the evaluation of their proposals for employees who were interested. The number of home-owning employees has risen from 5% in 2004 to 35% in 2007.

Proalco is also making every effort to improve relations with the community by running its recruitment activities in liaison with the local authorities. In the period 2005-2007, a total of 82 new employees obtained jobs near home, which benefits local social and economic development.

Prodac S.A. in Callao (Peru) gave aid to the victims of the earthquake in Pisco and Chincha in August 2007. The company is also assisting a local church community (Cristo Camino in Carabaylo) with building materials for social projects.

**North America**

Bekaert Specialty Films in San Diego (California) made a significant donation to the local branch of the American Red Cross in support of the victims of the forest fires in October 2007.

The Rogers and Van Buren plants (Arkansas) provided financial support in 2007 for The United Way, a philanthropic organization. Both companies are active in local Chambers of Commerce and on the Boards of Governors of technical schools.

**Europe**

A donation equivalent to 2% of the corporate income tax paid by the Hlohovec plant (Slovakia) goes to not-for-profit organizations, primary and secondary schools and cultural and charitable institutions.

Bekaert offers internships in Belgium to promote closer interaction between schools and industry. We also support initiatives to make technical education more attractive to young people. Bekaert executives serve on the jury assessing final theses.