

Remuneration Report

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1. Description of the procedure used in 2012 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 Bekaert Group Executive 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 Bekaert Group Executive 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 2012 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.

Bekaert does not expect its present remuneration policy for the Chairman and for the other non-executive Directors to undergo significant changes in 2013 and 2014.

The main elements of the Group's executive remuneration policy are base remuneration, short term, mid term and long term variable remuneration, pension and 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, Team 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, short term, mid term and long term variable remuneration, pension and 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 Bekaert Group Executive members other than the Chief Executive Officer consists of a base remuneration, short term, mid term and long term variable remuneration, pension, and other components. The remuneration package aims to be competitive and is aligned with the role and responsibilities of each Bekaert Group Executive 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 Bekaert Group Executive 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 Bekaert Group Executive member.

The achievements measured against those objectives will determine all performance-related elements of the remuneration package of each Bekaert Group Executive 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 Bekaert Group Executive 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 2013 and 2014

3. Remuneration of the Directors in respect of 2012

The amount of the remuneration and other benefits granted directly or indirectly to the Directors, by the Company or its subsidiaries, in respect of 2012 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 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
Chairman					
Baron Buysse		500 000			500 000
Directors					
Alan Begg		38 000	20 000	7 500	65 500
Baron Bekaert		38 000	20 000	4 500	62 500
Roger Dalle		38 000	20 000	-	58 000
Bert De Graeve		38 000	20 000	-	58 000
Count Charles de Liedekerke		38 000	20 000	4 500	62 500
François de Visscher		38 000	17 500	6 000	61 500
Sir Anthony Galsworthy		38 000	20 000	4 500	62 500
Hubert Jacobs van Merlen		38 000	10 000	-	48 000
Maxime Jadot		38 000	15 000	4 500	57 500
Lady Barbara Thomas Judge		38 000	15 000	13 500	66 500
Bernard van de Walle de Ghelcke		38 000	20 000	-	58 000
Baudouin Velge		38 000	17 500	6 000	61 500
Manfred Wennemer		38 000	20 000	-	58 000
Total Directors' Remuneration					1 280 000

4. Remuneration of the Chief Executive Officer in respect of 2012 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 Bekaert Group Executive 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 2012

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 2012 is set forth below. In the context of the business challenges the Company is facing, the CEO has waived any short term variable remuneration in respect of 2012.

Bert De Graeve	Remuneration in respect of 2012, in €	Comments
Base remuneration	830 200	Includes Belgian base remuneration as well as Belgian and foreign director fees (1)
Short term variable remuneration (2)	0	Annual variable remuneration, based on 2012 performance
Mid term variable remuneration (3)	0	Mid term variable remuneration, based on 2010-2012 performance
Pension	168 600	Defined Contribution Plan
Other remuneration elements	65 100	Includes: company car and risk insurances
Long term variable remuneration	24 000 stock options	Number of stock options granted

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

(2) In 2012 a short term variable remuneration of € 332 500 was paid, based on 2011 performance

(3) In 2012 a mid term variable remuneration of € 25 000 was paid, based on 2009-2011 performance

7. Remuneration of the other Bekaert Group Executive members in respect of 2012

The amount of the remuneration and other benefits granted directly or indirectly to the Bekaert Group Executive members other than the Chief Executive Officer, by the Company or its subsidiaries, in respect of 2012 (five members) is set forth below on a global basis. In the context of the business challenges the Company is facing, the members of the Bekaert Group Executive have waived any short term variable remuneration in respect of 2012.

Five Group Executive Vice Presidents	Remuneration in respect of 2012, in €	Comments
Base remuneration	1 808 000	Includes Belgian base remuneration as well as Belgian and foreign director fees
Short term variable remuneration (1)	0	Annual variable remuneration, based on 2012 performance
Mid term variable remuneration	0	Mid term variable remuneration, based on 2010-2012 performance
Pension	236 000	Defined Contribution Plan and Defined Benefit Plan
Other remuneration elements	75 000	Includes company cars and risk insurances

(1) In 2012 a short term variable remuneration of € 450 700 was paid, based on 2011 performance

(2) In 2012 a mid term variable remuneration of € 110 900 was paid, based on 2009-2011 performance

8. Stock options for executive management granted in 2012

The number of stock options granted to the Chief Executive Officer and the other members of the Bekaert Group Executive in 2012, and the number of options exercised by them or forfeited in 2012 are set forth on an individual basis in the table below.

The stock options granted to the Chief Executive Officer and the other Bekaert Group Executive 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 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 stock options granted in 2012 is € 25.14. 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 2012 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 2012	Number of stock options exercised in 2012	Number of stock options forfeited in 2012
Bert De Graeve	24 000	-	-
Bruno Humblet	15 000	-	-
Dominique Neerinck	9 000	-	-
Curd Vandekerckhove	8 000	-	-
Henri-Jean Velge	12 000	-	-
Frank Vromant	12 000	-	-

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 Bekaert Group Executive.

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 and the Chief Financial Officer whose contractual arrangements, entered into at the time of their appointment, provide for notice periods of 24 and 12 months respectively.

10. Departure of executive managers

No member of the executive management left the Group in 2012.

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.